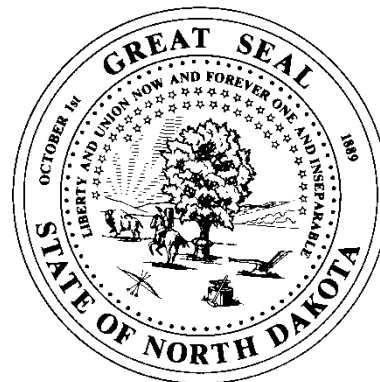


# **67<sup>TH</sup> LEGISLATIVE ASSEMBLY STATE BUDGET ACTIONS FOR THE 2021-23 BIENNIUM**

**(Including Supplemental and Statistical Information Regarding the State Budget)**



**LEGISLATIVE COUNCIL  
STATE CAPITOL  
BISMARCK, NORTH DAKOTA  
JUNE 2021**

This report contains information on actions by the 2021 Legislative Assembly affecting the state budget, including the 2021 Legislative Assembly's changes to base budget levels for the July 1, 2021, through June 30, 2023, biennium (2021-23). The 2021-23 biennium appropriations for state agencies and institutions are also compared to 2019-21 biennium appropriations.

In preparing this analysis, the Legislative Council staff reviewed 2021 appropriation acts, the "purposes of amendments" contained in the House and Senate journals, and other available fiscal records.

Also included are selected special funds analyses, an analysis of full-time equivalent (FTE) positions, graphs and other information regarding general fund revenues and appropriations, and information regarding historic comparisons of state spending.

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## EXECUTIVE SUMMARY

### GENERAL FUND BUDGET SUMMARY

Estimated unobligated general fund balance - July 1, 2021	\$710,259,973 <sup>1</sup>
Add estimated 2021-23 general fund revenues and transfers	4,346,281,995
Total resources available	\$5,056,541,968
Less 2021-23 general fund appropriations	4,992,957,330
Estimated general fund balance - June 30, 2023	\$63,584,638 <sup>2</sup>

<sup>1</sup>This amount reflects \$121,540,000 of 2019-21 biennium supplemental and deficiency appropriations, \$290,676,261 of estimated 2019-21 unspent general fund appropriation authority, and \$45,443,255 of exemptions to continue 2019-21 unspent general fund appropriation authority into the 2021-23 biennium.

<sup>2</sup>In addition, the budget stabilization fund is projected to have a June 30, 2023, balance of \$748,943,600.

### TOTAL APPROPRIATIONS SUMMARY

	2019-21 Legislative Appropriations	Increase (Decrease)	2021-23 Legislative Appropriations
General fund	\$4,965,103,166	\$27,854,164	\$4,992,957,330
Estimated income	11,931,090,242	12,297,993	11,943,388,235
Total all funds	\$16,896,193,408	\$40,152,157	\$16,936,345,565

### MAJOR SPECIAL FUND BALANCES

	Estimated June 30, 2023, Balance
Legacy fund	\$10,021,498,603
Tax relief fund	\$201,176,054
SIIF (unreserved)	\$544,462,532
Budget stabilization fund	\$748,943,600
Foundation aid stabilization fund (unreserved)	\$139,994,188

### 2021-23 GENERAL FUND REVENUES

1. The 2021 legislative revenue forecast reflects **general fund revenues** of \$5,057 million, a decrease of \$461 million, or 8.4 percent, compared to the revised 2019-21 biennium revenues.
2. Since the estimated June 30, 2021, general fund balance exceeds \$65 million, an estimated \$22 million will be **transferred from the general fund to the budget stabilization fund** at the end of the 2019-21 biennium. However, the transfer may be reduced or may not occur if the interest earnings of the budget stabilization fund bring the fund balance below its statutory limit.
3. Major areas of **tax and fee revenue change** (as compared to the revised revenue forecast for the 2019-21 biennium) include:

- a. Sales and use tax collections decreasing by \$20 million, or 1.1 percent.
  - b. Individual income tax collections increasing by \$38 million, or 5 percent.
  - c. Corporate income tax collections increasing by \$11 million, or 5.6 percent.
  - d. Coal conversion tax collections decreasing by \$42 million, or 100 percent.
  - e. Gaming tax collections decreasing by \$17.1 million, or 63.6 percent.
4. Legislative action estimated to have a **major impact on tax and fee revenues** includes:
    - a. House Bill No. 1309 exempts contractors from use tax on items not contained in a purchase contract resulting in an estimated decrease in sales and use tax collections of \$25 million.
    - b. House Bill No. 1412 exempts coal conversion facilities from the portion of the coal conversion tax that is distributed to the state general fund resulting in an estimated decrease in coal conversion tax collections of \$42.6 million.
    - c. House Bill No. 1212 deposits gaming tax collections in a charitable gaming operating fund rather than the general fund and decreases the gaming tax collections by applying the tax rate to the adjusted gross proceeds rather than the gross proceeds resulting in an estimated decrease in gaming tax collections of \$19.8 million.
    - d. House Bill No. 1087 continues an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool resulting in a decrease in insurance premium tax collections of \$17.5 million.
  5. Legislative action estimated to have a **major impact on transfers and other sources of revenue to the general fund** includes:
    - a. Senate Bill No. 2014 transfers \$140 million from Bank of North Dakota profits to the general fund.
    - b. House Bill No. 1015 transfers \$410 million from the strategic investment and improvements fund (SIIF) to the general fund.
    - c. House Bill No. 1380 establishes a percent of market value (POMV) calculation to determine the amount of legacy fund earnings available for spending each biennium and creates a legacy earnings fund. Pursuant to the bill, legacy fund earnings that are transferred to the general fund at the end of the 2021-23 biennium are immediately transferred to the legacy earnings fund. As a result, the 2021-23 biennium general fund revenue forecast does not include a transfer of legacy fund earnings.



## 2021-23 OIL AND GAS TAX REVENUES

1. **Oil prices** are anticipated to remain at \$50 per barrel for the 2021-23 biennium. The average oil price in April 2021 was \$58.53 per barrel based on the average of the Flint Hills Resources price (\$55.35) and the West Texas Intermediate price (\$61.70).
2. **Oil production** is anticipated to decrease from 1.1 million barrels per day in the 1<sup>st</sup> year to 1 million barrels per day in the 2<sup>nd</sup> year of the 2021-23 biennium. Average production in March 2021 was 1.1 million barrels per day.
3. The 2021 legislative revenue forecast reflects **oil and gas tax revenue** totaling \$3,718 million, an increase of \$105 million, or 2.9 percent, compared to the revised 2019-21 biennium revenues.
4. Legislative action estimated to have a **major impact on oil and gas tax revenues** includes:
  - a. House Bill No. 1015 - Increases the allocation limit for the state disaster relief fund by \$5 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to SIIF.
  - b. Senate Bill No. 2014 - Limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year for the 2021-23 biennium and allocates an additional \$4.5 million to the oil and gas research fund for the 2021-23 biennium.
  - c. Senate Bill No. 2319 - Allocates a portion of the oil and gas tax revenue collected from oil wells that cross into a reservation to the tribes decreasing the state's share of oil and gas tax revenues.

## 2021-23 GENERAL FUND APPROPRIATIONS

1. Provided general fund appropriations of \$4,993 million, \$27.9 million, or 0.6 percent, more than the 2019-21 legislative appropriations.
2. Major general fund appropriations changes relate to:
  - a. Department of Human Services - \$116.4 million.
  - b. Higher education - \$42.8 million.
  - c. Industrial Commission - \$24.1 million.
  - d. Agriculture Commissioner - \$13.0 million.
  - e. State Department of Health - \$7.7 million.
  - f. Bank of North Dakota - (\$7.5 million).
  - g. Highway Patrol - (\$8.0 million).
  - h. Department of Corrections and Rehabilitation - (\$11.5 million).
  - i. Department of Public Instruction - (\$63.0 million).
  - j. Department of Transportation - (\$102.5 million).

## 2021-23 SPECIAL FUNDS APPROPRIATIONS

1. Provided special funds (estimated income) appropriations of \$11,943.4 million, \$12.3 million, or 0.1 percent more than the 2019-21 legislative appropriations.
2. Major special funds appropriations changes include:
  - a. Department of Transportation - \$710.9 million.
  - b. Bank of North Dakota - \$614.8 million.
  - c. Department of Public Instruction - \$233.8 million
  - d. Department of Human Services - \$178.0 million
  - e. Department of Career and Technical Education - \$69.8 million.
  - f. Department of Corrections and Rehabilitation - (\$30.2 million).
  - g. State Treasurer - (\$53.2 million).
  - h. Industrial Commission - (\$65.1 million).
  - i. Adjutant General - (\$113.3 million).
  - j. Information Technology Department (ITD) - (\$136.7 million).
  - k. State Department of Health - (\$174.4 million).
  - l. Job Service North Dakota - (\$371.2 million).
  - m. Higher education - (\$410.5 million).
  - n. State Water Commission - (\$427.4 million).

## FEDERAL COVID-19 FUNDING

1. Appropriated \$1,250.5 million from the federal Coronavirus Relief Fund for the 2019-21 biennium (\$1,200.7 million) and the 2021-23 biennium (\$49.8 million).
2. Appropriated \$877.9 million estimated to be received through the federal Coronavirus Response and Relief Supplemental Appropriations Act for the 2019-21 biennium.
3. Appropriated \$1,079.1 million estimated to be received through the federal American Rescue Plan Act for the 2021-23 biennium. The Legislative Assembly did not appropriate an estimated \$1 billion of funding to be received through the state fiscal recovery fund approved through the American Rescue Plan Act. The state fiscal recovery funding must be obligated by December 2024.
4. Appropriated \$106.5 million of funding from the federal Coronavirus Capital Projects Fund for the 2021-23 biennium. An additional \$6 million is available to be appropriated from the federal Coronavirus Capital Projects Fund.

## 2021-23 ONGOING AND ONE-TIME RESOURCES AND APPROPRIATIONS

1. Ongoing general fund revenues total \$3,936 million for the 2021-23 biennium, a decrease of \$739 million, or 15.8 percent, from the

estimated ongoing general fund revenues of \$4,675 million for the 2019-21 biennium.

2. Provided \$4,879 million of ongoing general fund appropriations and \$114 million of one-time general fund appropriations for the 2021-23 biennium.
3. Retained an estimated \$813 million at the end of the 2021-23 biennium, including \$64 million in the general fund and \$749 million in the budget stabilization fund.

### HIGHER EDUCATION

1. Increased ongoing **general fund** support by \$37.7 million and increased one-time general fund support by \$5.2 million as follows:

	2019-21 Legislative Appropriations	2021-23 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$648,667,805	\$686,328,526	\$37,660,721	5.8%
One-time general fund appropriations	11,850,000	17,025,000	5,175,000	43.7%
Total	\$660,517,805	\$703,353,526	\$42,835,721	6.5%

2. Decreased appropriations from **special funds** by \$410,455,429 from \$2,400,897,468 to \$1,990,442,039, or 17.1 percent. The decrease relates primarily to decreases in funding for capital projects and federal coronavirus relief funds.
3. Decreased the authorized number of **full-time equivalent (FTE) positions** from 6,609.87 to 6,533.99, a decrease of 75.88. The 75.88 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control.
4. Increased campus **base funding formula distributions** from the general fund by \$23.1 million for credit-hour adjustments, funding formula changes, and employee salary and health insurance increases.
5. Added one-time funding of \$11.15 million from the general fund for the **higher education challenge fund** to provide matching grants for academic enhancements to North Dakota University System institutions. The Legislative Assembly appropriated \$9.4 million from the general fund for the program during the 2019-21 biennium.

### ELEMENTARY AND SECONDARY EDUCATION

1. Provided funding of \$2,216,925,000, of which \$1,640,450,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund, for state school aid, **including integrated formula payments, transportation aid, and special education**. This level of funding represents an increase of \$35,222,571, including increases in funding of \$30,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition

fund offset by a decrease in funding from the general fund of \$50,487,929, from the 2019-21 legislative appropriation of \$2,181,702,429.

- a. In 2013 the Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students, and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. For the 2021-23 biennium, the **integrated payment rates** are increased 1 percent each year of the biennium to provide \$10,136 during the 1<sup>st</sup> year of the biennium and \$10,237 during the 2<sup>nd</sup> year of the biennium. The Legislative Assembly provided funding for **integrated formula payments** totaling \$2,131,825,000, of which \$1,555,350,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund. This level of funding represents an increase of \$33,622,571, including a decrease in funding of \$55,087,929 from the general fund and increases in funding of \$33,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition fund, from the 2019-21 biennium appropriation for integrated formula payments of \$2,098,202,429.
- b. The Legislative Assembly provided **transportation aid** totaling \$58.1 million from the general fund, an increase of \$1.6 million from transportation aid funding of \$56.5 million provided during the 2019-21 biennium.
- c. The Legislative Assembly provided \$27 million from the general fund for **special education contracts**, an increase of \$3 million from special education contract funding of \$24 million provided during the 2019-21 biennium.
2. The Legislative Assembly also:
  - a. Transferred the **early childhood development program** for 4-year olds, including 3 FTE positions, to the Department of Human Services and reduced funding for salaries and wages by \$600,000 and operating expenses by \$100,000 pursuant to House Bill No. 1416;
  - b. Adjusted the funding source for professional fees related to **school approval** totaling \$1,012,000 from the general fund to special funds reimbursed by school districts; and
  - c. Removed \$780,000 provided from the general fund for **ACT/WorkKeys testing fees** no longer required to be paid by the department pursuant to Senate Bill No. 2141.
3. The Legislative Assembly combined funding for program and passthrough grants and adjusted the funding source to provide \$23,887,064 from other funds made available from continuing

unexpended 2019-21 biennium integrated formula payment authority for both program and passthrough grants. The Legislative Assembly provided funding from other funds available from carryover for the following grants:

- a. **Adult education grants** - \$5 million (increase of \$600,000 from the 2019-21 biennium).
  - b. **School food services** - \$1.38 million (the same as the 2019-21 biennium).
  - c. **Free breakfast program** - \$200,000 (the same as the 2019-21 biennium).
  - d. **Flexible program grant pool** - \$900,000 for a flexible program grant pool, including family engagement initiative, programs for leveraging the senior year, and leadership (decrease of \$600,000 from the 2019-21 biennium). Funding is no longer provided in the program grant pool for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, and transportation efficiency.
  - e. **National writing projects** - \$50,000 (the same as the 2019-21 biennium).
  - f. **North Dakota Museum of Art** - \$425,000 (increase of \$65,000 from the 2019-21 biennium).
  - g. **North Central Council for Educational Media Services** - \$202,300 (decrease of \$35,700 from the 2019-21 biennium).
  - h. **Teacher, principal, and instructional coach mentoring program** - \$2,125,764 (the same as the 2019-21 biennium).
  - i. **"We the People" program** - \$70,000 (increase of \$20,000 from the 2019-21 biennium).
  - j. **Cultural heritage grants** - \$34,000 (decrease of \$6,000 from the 2019-21 biennium).
  - k. **Development of science experiments** - \$13.5 million of **one-time** funding for a grant to the Bismarck Gateway to Science Center for developing science experiments, including space needed for the experiments.
4. Removed funding from the general fund for leadership professional development.
  5. Provided funding from the general fund for **national board certification** - \$176,290 (increase of \$68,290 from the 2019-21 biennium legislative appropriation).
  6. Provided \$5.25 million from the general fund for **PowerSchool** in a separate line item of the Department of Public Instruction's appropriation, a decrease of \$250,000 from the 2019-21 biennium legislative appropriation.

7. Provided \$200,000 of **one-time** funding from the general fund for **STARS maintenance** until the rewrite provided for during the 2019-21 biennium is completed. The Legislative Assembly also allowed the department to continue \$600,000 of funding remaining from a 2019-21 biennium one-time foundation aid stabilization fund appropriation of \$1.2 million for the STARS rewrite to the 2021-23 biennium.
8. Allowed the Department of Public Instruction to continue \$250,000 of funding from the general fund remaining in the integrated formula payments line item at the end of the 2019-21 biennium to the 2021-23 biennium for a **dyslexia screening program**. This amount is in addition to unspent general fund authority totaling \$23,887,064 continued for program and passthrough grants.
9. Provided \$226,579,150 of **federal COVID-19 funding for the 2019-21 biennium**, including \$64,316,217 of federal coronavirus relief funds, approved by the Emergency Commission and the Budget Section during the 2019-21 biennium and appropriated in House Bill No. 1395, and Elementary and Secondary School Emergency Relief (ESSER) Fund I and II distributions and Governor's Emergency Education Relief (GEER) Fund distributions of \$162,262,933 appropriated in House Bill No. 1394.
10. Provided \$326,200,480 of **federal COVID-19 funding for the 2021-23 biennium**, including ESSER Fund III distributions, federal coronavirus relief funds, federal coronavirus capital projects funds, and other federal funding related to individuals with disabilities, emergency assistance to nonpublic schools, and homeless children and youth appropriated in House Bill Nos. 1013, 1015, and 1395.

## HUMAN SERVICES

1. Provided total general fund appropriations for the Department of Human Services of \$1,579.0 million, \$116.3 million, or 8 percent, more than the \$1,462.7 million appropriated for the 2019-21 biennium.
2. Added \$39.9 million, of which \$19.6 million is from the general fund, for a 2 percent provider inflationary increase the 1<sup>st</sup> year of the 2021-23 biennium and a 0.25 percent provider inflationary increase the 2<sup>nd</sup> year of the biennium.
3. Anticipated the regular federal medical assistance percentage rate increasing from 52.4 percent in federal fiscal year 2021 to 53.5 percent for federal fiscal years 2022 and 2023. The changes are estimated to reduce the state's share of affected programs by \$45.8 million.
4. Provided \$299.3 million, of which \$124.3 million is from the general fund for **cost, caseload, utilization, rate, and other changes** in programs authorized by the 2021 Legislative Assembly.
5. Provided funding of \$189.9 million, of which \$1.2 million is from the general fund, and \$187.2 million is from the tax relief fund for a **county social and human services program**.

6. Provided one-time funding from federal funds and the general fund for a **child welfare technology project** (\$30 million) and for the first phase of a **Medicaid management information system upgrade** (\$35 million).
7. Approved the merger of the Department of Human Services and the State Department of Health into the Department of Health and Human Services effective September 1, 2022.

### CAPITAL CONSTRUCTION

1. Provided a total of \$2,958.2 million for the following capital projects:
  - a. \$192 million for major capital projects.
  - b. \$40.4 million for extraordinary repairs.
  - c. \$21.6 million for bond payments.
  - d. \$1,789.5 million for transportation-related projects.
  - e. \$912.4 million for water projects.
  - f. \$2.3 million for other projects.

The funding sources for capital projects are:

	General Fund	Special Funds
Major capital projects	\$7,350,000	\$184,695,000
Extraordinary repairs	17,147,286	23,263,382
Bond payments	17,059,513	4,557,913
Transportation-related projects	0	1,789,450,000
Water projects	0	912,394,712
Other projects	296,046	2,011,830
<b>Total</b>	<b>\$41,852,845</b>	<b>\$2,916,372,837<sup>1</sup></b>

<sup>1</sup>Includes \$680 million of bond proceeds. See subsection 2 of this section for additional information

2. The Legislative Assembly, in House Bill No. 1431, authorized \$680 million of capital projects to be funded through bonded indebtedness issued by the Public Finance Authority as reflected in the following schedule:

	Bond Proceeds
Fargo diversion project	\$435,500,000
Resources trust fund (repayment of Western Area Water Supply Authority and loan)	74,500,000
Infrastructure revolving loan fund	50,000,000
Highway fund (transportation projects)	70,000,000
North Dakota State University (agriculture products development center)	50,000,000
<b>Total</b>	<b>\$680,000,000</b>

### STATE EMPLOYEES

1. Provided **salary increases** for classified and nonclassified employees during the 2021-23 biennium of 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022.

Funding of \$71.7 million, of which \$32.3 million is from the general fund and \$39.4 million is from other funds is added for the salary increases.

2. Provided \$4.8 million for state employee salary equity increases in 11 state agencies, of which \$1 million is from the general fund and \$3.8 million is from other funds.
3. Continued funding for the full cost of **health insurance** premiums for state employees at \$1,428.77 per month, an increase of \$2.03, or 0.1 percent, compared to the 2019-21 biennium premium rate of \$1,426.74 per month. Funding of \$755,979, of which \$340,891 is from the general fund and \$415,088 is from other funds, is added for the health insurance premium increase.
4. Continued funding for the Public Employees Retirement System main system defined benefit plan. Contributions to the plan remain 7.12 percent from the state and 7 percent from employees, of which 4 percent is paid by the state on behalf of employees.
5. Increased contributions to the **Highway Patrolmen's retirement system** plan by 4 percent, of which 2 percent is from the state and 2 percent is from employees, resulting in total contributions of 37 percent, of which 21.7 percent is the state's responsibility and 15.3 percent is the employee's responsibility.
6. Authorized a total of 15,793.33 FTE positions, a decrease of 12.44 FTE positions from the 2019-21 authorized level of 15,805.77 FTE positions, including a decrease of 75.88 higher education FTE positions and an increase of 63.44 FTE positions in all other state agencies. Of the total 15,793.33 FTE positions, 6,533.99 are higher education FTE positions and 9,259.34 are FTE positions in other state agencies.
7. Transferred 53 FTE information technology positions from 10 agencies to ITD as part of the **information technology unification initiative**, resulting in a total of 149 FTE positions transferred to ITD for the 2019-21 and 2021-23 bienniums.

### CORRECTIONS

1. Provided a total general fund appropriation for the Department of Corrections and Rehabilitation of \$218.2 million, \$11.5 million, or 5.0 percent less than the \$229.7 million appropriation for the 2019-21 biennium.
2. Provided an ongoing general fund appropriation for the Department of Corrections and Rehabilitation of \$217.9 million, \$10.4 million, or 4.6 percent less than the \$228.3 million appropriated for the 2019-21 biennium.
3. Added 14 **new FTE positions**, including 9 FTE positions to expand community corrections and 5 FTE positions to expand pretrial services, and removed 6 FTE positions which were transferred to ITD as part of the information technology unification initiative.

4. Provided \$8 million from the general fund and \$3.3 million of federal funds for the **free through recovery** program.
5. Provided \$11.05 million from the general fund for **female inmate contract housing** (Dakota Women's Correctional and Rehabilitation Center).
6. Replaced \$18.4 million of general fund support with funding from the **federal Coronavirus Relief Fund** for law enforcement salaries and wages.

### INFORMATION TECHNOLOGY

1. Provided \$116.7 million, of which \$25.4 million is from the general fund and \$91.3 million is from other funds, for **state agency information technology projects** for the 2021-23 biennium.
2. Provided one-time funding of \$30 million, of which \$15 million is from the general fund and \$15 million is from federal funds, to the Department of Human Services for the Children and Family Services Division FRAME system replacement project and comprehensive child welfare information and payment system mainframe migration project.
3. Provided one-time funding of \$35 million, of which \$4.3 million is from the general fund and \$30.7 million is from federal funds, to the Department of Human Services for the **Medicaid management information system modernization** Phase 1 project.
4. Provided \$10.9 million from federal funds to Job Service North Dakota for the unemployment insurance system modernization project.
5. Provided \$17.4 million from the highway fund to the Department of Transportation for various information technology projects.
6. Provided one-time funding of \$7.5 million to Workforce Safety and Insurance for Releases 9 through 13 of the claims and policy system replacement project.
7. Appropriated \$275.1 million to ITD, of which \$29 million is from the general fund and \$246.1 million is from other funds.
8. Authorized 479 FTE positions for ITD, an increase of 77 FTE positions from the 2019-21 biennium authorized level. This includes the transfer of 53 FTE information technology positions from 10 agencies to ITD as part of the **information technology unification initiative**.
9. Added 29 FTE **cybersecurity** positions and related funding of \$19.5 million, of which \$11.2 million is ongoing funding from the general fund, \$1.8 million is ongoing funding from special funds, and \$6.5 million is one-time funding from the federal Coronavirus Relief Fund.
10. Provided a 2019-21 biennium appropriation of \$61.9 million from the federal Coronavirus Relief Fund to ITD for cybersecurity, telework, and digital government expenses related to the COVID-19 pandemic.

### ECONOMIC DEVELOPMENT

1. Provided funding of \$16.8 million for **North Dakota tourism** operating expenses (\$15.8 million) and grants (\$1 million), of which \$9.1 million is from the general fund, \$746,000 is from special funds, and \$7 million is from the federal Coronavirus Relief Fund. Of the total, \$9.2 million is considered ongoing funding and \$7.6 million is considered one-time funding.
2. Provided \$13 million for the **unmanned aircraft systems (UAS)** program, of which \$3 million is ongoing funding from the general fund for operating expenses of the Northern Plains UAS Test Site, \$2 million is for grants from the UAS fund, and \$8 million is for grants from federal funds. Of the \$2 million from the UAS fund, \$1 million is considered ongoing funding and \$1 million is considered one-time funding. Total funding provided for the 2019-21 biennium was \$4.25 million.
3. Provided one-time funding of \$20 million, of which \$1 million is from the general fund and \$19 million is from SIIF for the **beyond visual line of sight (BVLOS) UAS program**.
4. Provided one-time funding of \$7 million from SIIF for **enhanced use lease grants**. Total funding provided for the 2019-21 biennium was \$3 million from the general fund.
5. Provided \$948,467, of which \$740,956 is from the general fund and \$207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as **Innovate ND**. Total funding provided for the 2019-21 biennium was \$2.9 million.
6. Provided \$755,000 from the general fund to the Department of Commerce for Operation Intern, a program providing matching funds to help expand the number of internships, work experience, and apprenticeship positions with North Dakota employers. This appropriation is a \$100,000 decrease from the 2019-21 biennium appropriation of \$855,000.
7. Provided \$1.33 million from the general fund for **homeless shelter grants** in the Department of Commerce. The 2019 Legislative Assembly provided \$1.5 million from the general fund.
8. Provided \$1.56 million from the general fund to the Department of Commerce for partner programs, the same as the 2019-21 biennium.
9. Provided one-time funding of \$500,000 from the general fund to the Department of Commerce for providing workforce grants to tribally controlled community colleges in North Dakota, the same as the 2019-21 biennium.
10. Provided one-time funding of \$1.5 million from SIIF to the Department of Commerce to provide a job development and economic growth grant to be provided directly to an organization dedicated to promoting job development and economic growth in the state.

11. Provided \$4 million of one-time funding from the federal Coronavirus Relief Fund to the Department of Commerce for two **emergency resiliency grant programs**, of which \$2 million is for **event centers** and \$2 million is for **travel agent and tour operators**.
12. Provided \$2 million of one-time funding from the federal Coronavirus Relief Fund to the Department of Commerce for a technical skills training grant program, of which \$1 million is a 2019-21 biennium appropriation and \$1 million is a 2021-23 biennium appropriation.
13. Provided \$1.6 million from the general fund to the Agriculture Commissioner for the **North Dakota Trade Office**, the same as provided to the Department of Commerce for the 2019-21 biennium.
14. Appropriated \$3.15 million from the general fund for discretionary grants for the 2021-23 biennium, an increase of \$1 million from the 2019-21 biennium.
15. Provided funding of \$4.5 million for the **Agricultural Products Utilization Commission (APUC)**, of which \$1.76 million is from the APUC fund and \$2.7 million is from profits of the Bank of North Dakota, an increase of \$700,000 from the 2019-21 biennium appropriation.
16. Provided one-time funding of \$5.5 million from the general fund to the Agriculture Commissioner for **bioscience innovation grants**.
17. Provided \$2 million from the general fund for **workforce training** in the Department of Career and Technical Education, the same as the 2019-21 biennium.
18. Appropriated \$70 million from the federal Coronavirus Capital Projects Fund to the Department of Career and Technical Education for a statewide career center initiative grant program.

### INFRASTRUCTURE

1. Provided \$1,796.7 million, of which \$1,326.6 million is from federal funds and \$470.1 million is from state and local matching funds, for **road projects**.
2. Provided \$32.6 million, including funding from the general fund (\$450,000), the Aeronautics Commission fund (\$7.1 million), the airport infrastructure fund (\$20 million), and the federal Coronavirus Capital Projects Fund (\$5 million) for **airport grants**.
3. Provided \$912.4 million for **water projects** from various sources, including a Bank of North Dakota line of credit (\$50 million), the resources trust fund (\$402.4 million), and from bond proceeds (\$510 million).

### AID TO POLITICAL SUBDIVISIONS

1. House Bill No. 1015 provides \$8.2 million from the state disaster relief fund and \$11.8 million from the tax relief fund for distributions to townships in non-oil-producing counties for the maintenance and improvement of township roads and bridges. The bill also appropriated \$10 million from the highway fund to the Department of Transportation for road and bridge projects in all townships and \$30 million of federal funds to the Department of Transportation for matching the state funds available for townships road and bridge projects.
2. Other major aid to political subdivisions increases compared to the 2019-21 biennium include the following:
  - a. County social and human services program (\$13.5 million); and
  - b. State school aid (\$106.9 million).
3. In total, the Legislative Assembly is providing \$4.6 billion in state assistance to political subdivisions including schools for the 2021-23 biennium, a \$.64 billion or 16.3 percent increase compared to the \$3.96 billion provided during the 2019-21 biennium. See the schedule beginning on page M-29 for additional detail.

### MILITARY-RELATED PROGRAMS

1. Provided \$210,916 from the general fund for rental payments and project costs for **city-owned armories**.
2. Provided \$3,042,235 from the general fund for the National Guard **tuition assistance program**.
3. Provided \$925,524 from the general fund for the **reintegration program** to support National Guard members and their families.
4. Provided \$1.75 million from the general fund for the purchase of land to expand **Camp Grafton**.
5. Provided authority for the Adjutant General to accept and spend \$10 million for a **North Dakota military museum**.

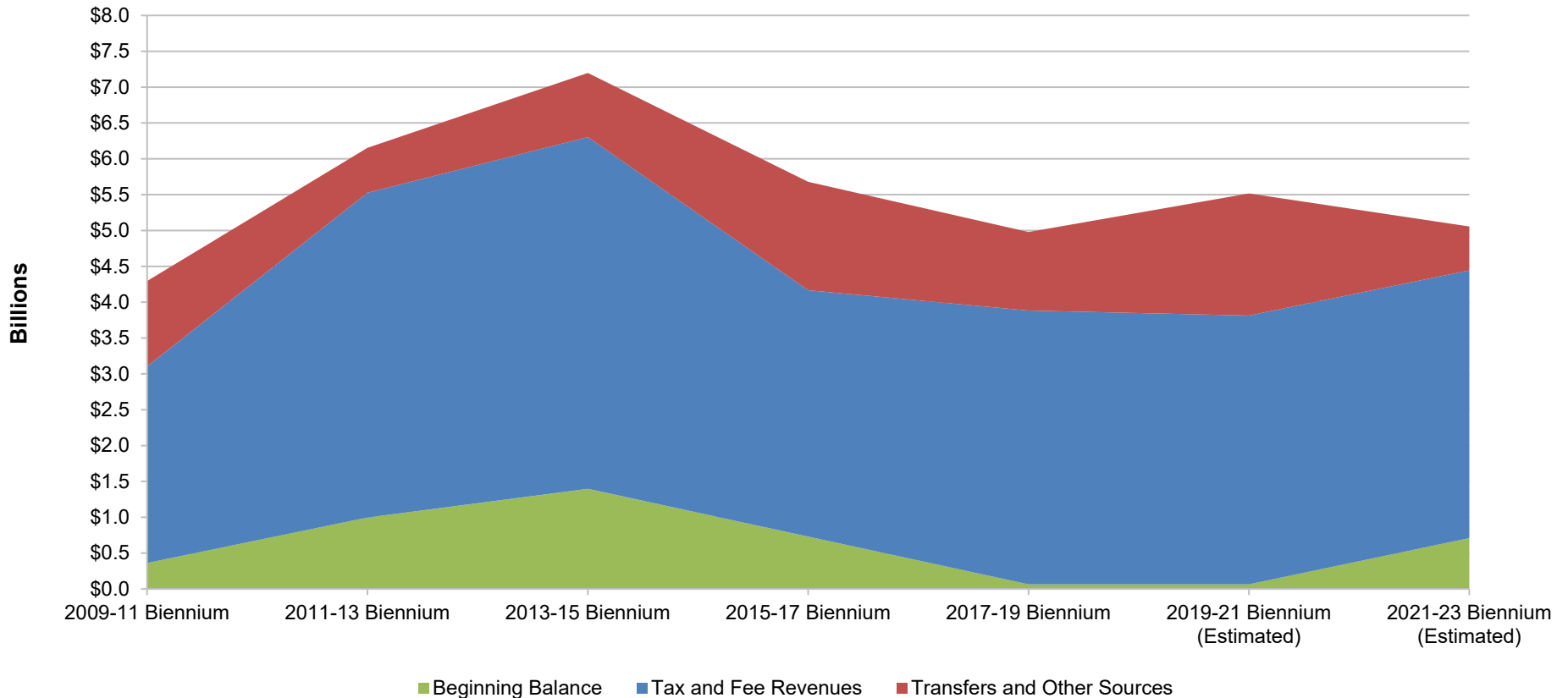
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# GENERAL FUND REVENUE SUMMARY

## TOTAL GENERAL FUND REVENUES

Based on the 2021 legislative revenue forecast, total 2021-23 biennium general fund revenues, including the beginning balance, tax and fee revenues, and transfers, are estimated to be \$5,056.5 million, which is \$460.9 million, or 8.4 percent, less than total 2019-21 biennium estimated revenues of \$5,517.4 million.



	Actual					Estimated	
	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium
Beginning balance	\$361,843,514	\$996,832,711	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$710,259,973
Tax and fee revenues	2,742,612,281	4,530,367,522	4,906,838,449	3,437,604,096	3,818,087,697	3,749,786,008	3,734,308,251
Transfers and other sources	1,190,082,508	625,487,038	894,959,058	1,511,601,317	1,095,360,965	1,702,570,682	611,973,744
<b>Total</b>	<b>\$4,294,538,303</b>	<b>\$6,152,687,271</b>	<b>\$7,197,856,693</b>	<b>\$5,678,734,802</b>	<b>\$4,978,448,662</b>	<b>\$5,517,356,690</b>	<b>\$5,056,541,968</b>

## GENERAL FUND BEGINNING BALANCE

Based on final legislative action, the July 1, 2021, estimated beginning balance is \$710.3 million. Pursuant to North Dakota Century Code Chapter 54-27.2, any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the



budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The 15 percent limit for the budget stabilization fund is \$748.9 million based on total general fund appropriations for the 2021-23 biennium of \$4,993 million. As a result, the estimated transfer from the general fund to the budget stabilization fund is \$22.4 million. However, if the interest earnings of the budget stabilization fund bring the balance of the budget stabilization fund to the 15 percent limit, the transfer from the general fund to the budget stabilization fund may be reduced or may not be required.

The schedule below provides information on other legislative action, excluding revenue forecast adjustments, relating to the July 1, 2021, beginning general fund balance and affecting the transfer to the budget stabilization fund.

Bill No.	Description	Amount
HB 1001	Provides an exemption to the Governor to continue 2019-21 biennium funding into the 2021-23 biennium for Rough Rider Awards	(\$10,800)
HB 1003	Provides an exemption to the Attorney General to continue 2019-21 biennium funding into the 2021-23 biennium for information technology equipment	(43,058)
HB 1008	Provides an emergency clause to deposit Public Service Commission fees in a special fund rather than the general fund during the 2019-21 biennium	(12,000)
HB 1012	Provides exemptions to the Department of Human Services to continue 2019-21 biennium funding into the 2021-23 biennium for the school behavioral health program (\$200,000), behavioral health recovery home grants (\$150,000), suicide prevention grants (\$750,000), a community behavioral health program (\$3,000,000), and a hyperbaric oxygen therapy pilot program grant (\$335,000)	(4,435,000)
HB 1013	Provides exemptions to the Department of Public Instruction to repurpose anticipated 2019-21 biennium unspent state school aid in the 2021-23 biennium for adult education matching grants (\$5,000,000), school food services matching grants (\$1,380,000), the free breakfast program (\$200,000), the program grant pool (\$900,000), a grant to the Bismarck Gateway to Science (\$13,500,000), national writing projects (\$50,000), rural art outreach projects (\$425,000), a grant for North Central Council for Education Media Services (\$202,300), a mentoring program (\$2,125,764), a "We the People" program (\$70,000), cultural heritage grants (\$34,000), and the dyslexia screen pilot program (\$250,000)	(24,137,064)
HB 1015	Provides an exemption to the Office of Management and Budget to continue 2019-21 biennium funding into the 2021-23 biennium for state student internships	(150,000)
HB 1015	Provides for a transfer during the 2019-21 biennium from the general fund to the highway fund for the Department of Transportation to match federal discretionary funds for road projects	(100,000,000)
HB 1016	Provides exemptions to the Adjutant General to continue 2019-21 biennium funding into the 2021-23 biennium for tuition assistance (\$1,400,000), computer-aided dispatch equipment (\$66,000), and message switch upgrades (\$95,000)	(1,561,000)
HB 1025	Provides 2019-21 biennium deficiency appropriations to the Tax Commissioner for the homestead and disabled veterans' tax credit programs (\$4,040,000) and the Bank of North Dakota to repay a loan associated with the Theodore Roosevelt Presidential Library and Museum endowment fund (\$17,500,000)	(21,540,000)
SB 2005	Authorizes a transfer from the operating expenses line item to the salaries and wages line item for additional spending by the Indian Affairs Commission prior to the end of the 2019-21 biennium	(15,000)
SB 2011	Replaces Highway Patrol general fund spending with federal funds in the 2019-21 biennium	6,966,000
SB 2011	Provides an exemption to the Highway Patrol to continue 2019-21 biennium funding into the 2021-23 biennium for ammunition purchases	(50,530)
SB 2015	Replaces Department of Corrections and Rehabilitation general fund spending with federal funds in the 2019-21 biennium	43,689,050
SB 2015	Provides an exemption to the Department of Corrections and Rehabilitation to continue 2019-21 biennium funding into the 2021-23 biennium for maintenance projects	(6,000,000)
SB 2018	Provides exemptions to the Department of Commerce to continue 2019-21 biennium funding into the 2021-23 biennium for the beyond visual line of site unmanned aircraft system project (\$4,858,803), the unmanned aircraft system project (\$150,000), an enhanced use lease grant program (\$1,500,000), a nonresident nurse employment recruitment program (\$320,000), and discretionary funds (\$2,150,000)	(8,978,803)
SB 2025	Provides an exemption to the Department of Veterans' Affairs for service dog grants	(50,000)
<b>Total</b>		<b>(\$116,328,205)</b>

## GENERAL FUND TAX AND FEE REVENUES

Based on final legislative action, **2021-23 biennium estimated general fund tax and fee revenues total \$3,734.3 million**, which reflects a decrease of \$27.5 million compared to the January 2021 base revenue forecast and a decrease of \$107 million compared to the March 2021 revised revenue forecast. The January 2021 base revenue forecast reflects 2021-23 biennium estimated tax and fee revenues of \$3,761.8 million. The March 2021 revised revenue forecast increased the 2021-23 biennium estimated tax and fee revenues by \$79.5 million, from \$3,761.8 million to \$3,841.3 million.

Based on the March 2021 revised revenue forecast and final legislative action, 2019-21 biennium estimated general fund tax and fee revenues total \$3,749.8 million. Compared to the 2019-21 biennium revised estimated general fund tax and fee revenues, 2021-23 biennium estimated general fund tax and fee revenues of \$3,734.3 million reflect a decrease of \$15.5 million, or 0.4 percent.

Major areas of 2021-23 biennium **tax and fee revenue change** compared to the 2019-21 biennium revised revenue forecast include:

- Sales and use tax collections are estimated to **decrease** by \$19.7 million, or 1.1 percent.
- Individual income tax collections are estimated to **increase** by \$38 million, or 5 percent.
- Corporate income taxes are estimated to **increase** by \$11 million, or 5.6 percent.
- Coal conversion tax collections are estimated to **decrease** by \$42.4 million, or 100 percent. (See the **coal conversion tax collections** section below.)
- Gaming tax collections are estimated to **decrease** by \$17.1 million, or 63.6 percent. (See the **gaming tax collections** section below.)

The 2021 Legislative Assembly approved the following bills, which are estimated to have a major impact on tax and fee revenues:

### Sales and use tax collections

- House Bill No. 1309 exempts contractors from use tax on items not contained in a purchase contract resulting in an estimated **decrease of \$25 million** in tax collections.
- House Bill No. 1449 creates a county aid distribution fund and deposits a portion of sales and use tax collections in the new fund rather than the general fund resulting in an estimated **decrease of \$1 million** in deposits in the general fund.

### Individual income tax collections

- House Bill No. 1137 continues an income tax credit for donations to nonprofit private schools in North Dakota and increases the credit limits resulting in an estimated **decrease of \$1 million** in tax collections.

### Coal conversion tax collections

- House Bill No. 1412 exempts coal conversion facilities from the portion of the coal conversion tax that is distributed to the general fund resulting in an estimated **decrease of \$42.6 million** in tax collections.

### Gaming tax collections

- House Bill No. 1212 deposits gaming tax collections in a charitable gaming operating fund rather than the general fund and decreases the gaming tax collections by applying the tax rate to the adjusted gross proceeds rather than the gross proceeds resulting in an estimated **decrease of \$19.8 million** in collections deposited in the general fund.

### Insurance premium tax collections

- House Bill No. 1010 increases the payments to fire departments and the North Dakota Firefighter's Association resulting in a **decrease of \$1.9 million** in deposits in the general fund.
- House Bill No. 1087 continues an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool resulting in a **decrease of \$17.5 million** in collections.

Other bills approved by the 2021 Legislative Assembly with an estimated fiscal impact on general fund tax and fee revenues include the following:

Bill No.	Description	Estimated Impact
HB 1003	Gaming tax - Adjusts the gaming tax allocations to political subdivisions increasing the deposits in the general fund	\$34,373
HB 1008	Departmental collections - Deposits fees collected by the Public Service Commission in a new special fund rather than the general fund	(\$90,000)
HB 1026	Departmental collections - Creates new grain processor and broker license fees based on the size of purchases	\$305,700
HB 1035	Departmental collections - Requires parents to reimburse the state for attorney fees related to the appointment of counsel for children	Cannot be determined
HB 1351	Sales and use tax - Creates a sales and use tax exemption for sales made to a qualifying senior citizen organization	Cannot be determined
HB 1405	Corporate income tax - Expands the corporate income tax credit for hiring a developmentally disabled or chronically mentally ill individual	Cannot be determined
HB 1449	Motor vehicle excise tax - Deposits a portion of motor vehicle excise tax collections in a county aid fund rather than the general fund	(\$136,000)
SB 2137	Sales and use tax - Provides sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center	Cannot be determined
SB 2152	Sales and use tax - Provides a sales and use tax exemption for carbon dioxide used for secure geologic storage	Cannot be determined
SB 2156	Cigarette and tobacco tax - Raises the legal age to purchase and use tobacco products from 18 to 21	(\$70,800)
SB 2220	Sales and use tax - Authorizes retail sales of alcoholic beverages before noon on Sundays	\$285,000
SB 2226	Sales and use tax - Creates a sales and use tax exemption for purchases made by a qualifying residential end-of-life facility	Cannot be determined

### TRANSFERS AND OTHER SOURCES OF REVENUE TO THE GENERAL FUND

Based on final legislative action, **2021-23 biennium transfers and other sources of revenue to the general fund total \$612 million**, which reflects an increase of \$426 million compared to the January 2021 base revenue forecast and an increase of \$410 million compared to the March 2021 revised revenue forecast. The January 2021 base revenue forecast reflects 2021-23 biennium estimated transfers and other sources of revenues to the general fund totaling \$186 million. The March 2021 revised revenue forecast increased the 2021-23 biennium estimated transfers and other sources of revenue by \$16 million, from \$186 million to \$202 million.

Major legislative action affecting the 2021-23 biennium transfers and other sources of revenue to the general fund includes:

- **House Bill No. 1380** establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending each biennium and creates a legacy earnings fund. Pursuant to the bill, legacy fund earnings that are transferred to the general fund at the end of the 2021-23 biennium are immediately transferred to the legacy earnings fund. As a result, the 2021-23 biennium general fund revenue forecast does not reflect a transfer of legacy fund earnings.
- **Senate Bill No. 2014** transfers \$140 million from Bank of North Dakota profits to the general fund.
- **House Bill No. 1015** transfers \$410 million from the strategic investment and improvements fund to the general fund.

### COMPARISON OF ONGOING AND ONE-TIME GENERAL FUND REVENUES 2021-23 Biennium

Based on final legislative action, 2021-23 biennium estimated general fund revenues total \$5,056.5 million, including ongoing general fund revenue of \$3,936.3 million and one-time general fund revenue of \$1,120.2 million.

Ongoing general fund revenues for the 2021-23 biennium include general fund tax and fee revenues (\$3,734.3 million) and transfers from Bank of North Dakota profits (\$140 million), 50 percent of the Mill and Elevator Association's profits (\$15.5 million), the lottery (\$14.6 million), the gas tax administration (\$1.9 million), and budget stabilization fund interest (\$30 million).

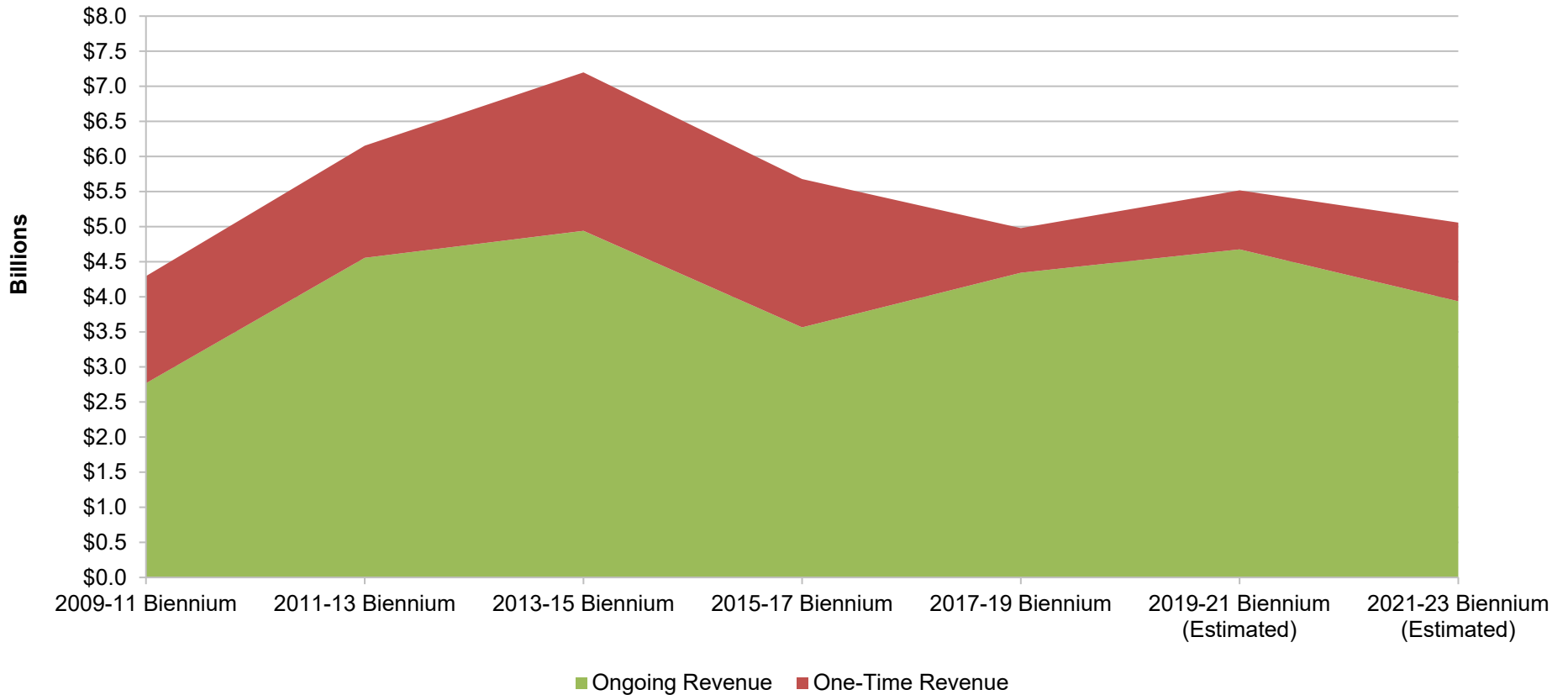
One-time general fund revenues for the 2021-23 biennium include the beginning balance (\$710.2 million) and a transfer from the strategic investment and improvements fund (\$410 million).

## 2019-21 Biennium

Based on the March 2021 revised revenue forecast, 2019-21 biennium estimated general fund revenues total \$5,517.4 million, including ongoing general fund revenue of \$4,675.5 million and one-time general fund revenue of \$841.9 million.

Ongoing general fund revenues for the 2019-21 biennium include general fund tax and fee revenues (\$3,749.8 million) and transfers from Bank of North Dakota profits (\$140 million), 50 percent of the Mill and Elevator Association's profits (\$11 million), the lottery (\$10.2 million), the gas tax administration (\$2 million), budget stabilization fund interest (\$26.5 million), and legacy fund earnings (\$736 million).

One-time general fund revenues for the 2019-21 biennium include the beginning balance (\$65 million) and transfers from the strategic investment and improvements fund (\$764.4 million), the tax relief fund (\$8.6 million), Research North Dakota fund (\$0.6 million), and other miscellaneous sources (\$3.3 million).



	Actual					Estimated	
	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium
Ongoing revenue	\$2,768,202,549	\$4,555,601,444	\$4,939,793,354	\$3,564,466,088	\$4,343,052,014	\$4,675,423,767	\$3,936,281,995
One-time revenues	1,526,335,754	1,597,085,827	2,258,063,339	2,114,268,714	635,396,648	841,932,923	1,120,259,973
<b>Total</b>	<b>\$4,294,538,303</b>	<b>\$6,152,687,271</b>	<b>\$7,197,856,693</b>	<b>\$5,678,734,802</b>	<b>\$4,978,448,662</b>	<b>\$5,517,356,690</b>	<b>\$5,056,541,968</b>

**GENERAL FUND REVENUES FROM THE 2015-17 BIENNIUM TO THE 2021-23 BIENNIUM**

General Fund Revenue Source	Actual		Estimated		2021-23 Biennium Increase (Decrease) Compared to the 2019-21 Biennium	
	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium <sup>1</sup>	2021-23 Biennium <sup>2</sup>	Amount	Percentage
<b>Beginning balance</b>	<b>\$729,529,389</b>	<b>\$65,000,000</b>	<b>\$65,000,000</b>	<b>\$710,259,973</b>	<b>\$645,259,973</b>	<b>992.7%</b>
<b>Tax and fee revenues</b>						
Sales and use tax	\$1,717,867,835	\$1,786,479,717	\$1,785,000,000	\$1,765,334,000	(\$19,666,000)	(1.1%)
Motor vehicle excise tax	221,784,455	239,039,038	246,000,000	260,864,000	14,864,000	6.0%
Individual income tax	666,659,667 <sup>3</sup>	778,054,899 <sup>3</sup>	758,000,000 <sup>3</sup>	796,000,000 <sup>3</sup>	38,000,000	5.0%
Corporate income tax	166,806,391 <sup>4</sup>	240,106,623 <sup>4</sup>	196,000,000 <sup>4</sup>	207,000,000 <sup>4</sup>	11,000,000	5.6%
Oil and gas taxes	300,000,000 <sup>5</sup>	400,000,000 <sup>5</sup>	400,000,000 <sup>5</sup>	400,000,000 <sup>5</sup>	0	0.0%
Coal conversion tax	43,669,236	44,572,709	42,398,724	0	(42,398,724)	(100.0%)
Cigarette and tobacco tax	56,398,692	52,381,863	49,032,505	43,775,200	(5,257,305)	(10.7%)
Wholesale liquor tax	17,897,487	17,768,453	17,972,734	16,932,000	(1,040,734)	(5.8%)
Gaming tax	6,722,715	9,156,498	26,804,238	9,753,592	(17,050,646)	(63.6%)
Insurance premium tax	110,725,700	115,544,049	94,520,219	101,573,801	7,053,582	7.5%
Financial institutions/Business privilege tax	1,309,357 <sup>6</sup>	0 <sup>6</sup>	0 <sup>6</sup>	0 <sup>6</sup>	0	N/A
Departmental collections	83,175,546	81,466,893	79,902,882	78,075,658	(1,827,224)	(2.3%)
Interest income	15,547,723	11,319,365	17,744,338	20,000,000	2,255,662	12.7%
Mineral leasing fees	29,039,292	42,197,590	36,410,368	35,000,000	(1,410,368)	(3.9%)
<b>Total tax and fee revenues</b>	<b>\$3,437,604,096</b>	<b>\$3,818,087,697</b>	<b>\$3,749,786,008</b>	<b>\$3,734,308,251</b>	<b>(\$15,477,757)</b>	<b>(0.4%)</b>
<b>Transfers and other sources</b>						
Transfer - Bank of North Dakota profits	\$100,000,000 <sup>7</sup>	\$140,000,000 <sup>7</sup>	\$140,000,000 <sup>7</sup>	\$140,000,000 <sup>7</sup>	\$0	0.0%
Transfer - Mill and Elevator Association profits	9,051,496 <sup>8</sup>	17,677,472 <sup>8</sup>	10,923,841 <sup>8</sup>	15,500,000 <sup>8</sup>	4,576,159	41.9%
Transfer - Lottery	15,780,000	15,900,000	10,222,500	14,600,000	4,377,500	42.8%
Transfer - Gas tax administration	2,030,496	2,016,120	1,991,418	1,873,744	(117,674)	(5.9%)
Transfer - Budget stabilization fund (Interest)	0	0	26,500,000	30,000,000	3,500,000	13.2%
Transfer - Legacy fund	0	455,263,216 <sup>9</sup>	736,000,000 <sup>9</sup>	0 <sup>9</sup>	(736,000,000)	(100.0%)
Transfer - Strategic investment and improvements fund	155,000,000 <sup>10</sup>	248,000,000 <sup>10</sup>	764,400,000 <sup>10</sup>	410,000,000 <sup>10</sup>	(354,400,000)	(46.4%)
Transfer - Tax relief fund	657,000,000	183,000,000	8,600,000	0	(8,600,000)	(100.0%)
Transfer - Budget stabilization fund	572,485,454	0	0	0	0	N/A
Transfer - Research North Dakota fund	0	4,000,000 <sup>11</sup>	581,000 <sup>11</sup>	0	(581,000)	(100.0%)
Transfer - Insurance tax distribution fund	0	475,000 <sup>12</sup>	0	0	0	N/A
Transfer - Other	253,871	1,154,157	3,351,923	0	(3,351,923)	(100.0%)
Other - Political subdivision oil tax distributions	0	2,875,000 <sup>13</sup>	0	0	0	N/A
Other - Western Area Water Supply Authority loan refinancing	0	25,000,000 <sup>14</sup>	0	0	0	N/A
<b>Total transfers and other sources</b>	<b>\$1,511,601,317</b>	<b>\$1,095,360,965</b>	<b>\$1,702,570,682</b>	<b>\$611,973,744</b>	<b>(\$1,090,596,938)</b>	<b>(64.1%)</b>
<b>Total general fund revenues</b>	<b>\$5,678,734,802</b>	<b>\$4,978,448,662</b>	<b>\$5,517,356,690</b>	<b>\$5,056,541,968</b>	<b>(\$460,814,722)</b>	<b>(8.4%)</b>

<sup>1</sup> These amounts reflect the revised 2019-21 revenue forecast (March 2021).

<sup>2</sup> These amounts reflect the legislative forecast for the 2021-23 biennium.

<sup>3</sup> The amount shown for the 2015-17 biennium includes estimated reductions of \$87 million relating to income tax rate reductions of 9.9 percent as provided in Senate Bill No. 2349 (2015) and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015). The amount shown for the 2019-21 biennium includes an estimated reduction of \$7.3 million for an income tax deduction for the taxable portion of Social Security benefits for eligible individuals. The 2017-19 and 2021-23 bienniums do not include any major reductions to individual income tax collections.

<sup>4</sup> The amount shown for the 2015-17 biennium includes estimated reductions of \$21 million relating to income tax rate reductions of 4.9 percent as provided in Senate Bill No. 2349 (2015); \$15 million relating to the phase-in of the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015); and \$15 million relating to housing incentive fund tax credits as provided in House Bill No. 1014 (2015). The amount shown for the 2017-19 biennium includes an estimated reduction of \$50 million relating to the single sales factor income apportionment method as provided in Senate Bill No. 2292 (2015). The 2019-21 and 2021-23 bienniums do not include any major reductions to corporate income tax collections.

<sup>5</sup> The 2011 Legislative Assembly created North Dakota Century Code Section 57-51.1-07.5 to designate the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. For the 2011-13 biennium through the 2015-17 biennium, the designations included allocations totaling \$300 million to the general fund. The 2017 Legislative Assembly amended the section to provide \$400 million of allocations to the general fund for the 2017-19 biennium and subsequent bienniums.

The amounts shown for the oil and gas tax collections for the 2019-21 and 2021-23 bienniums reflect the 2021 legislative revenue forecast. The state's share of oil and gas tax collections are estimated to total \$1,050 million for the 2019-21 biennium, including \$400 million of allocations to the general fund. The state's share of oil and gas tax collections are estimated to be \$1,052 million for the 2021-23 biennium, including \$400 million of allocations to the general fund. The "2021-23 Biennium Oil and Gas Tax Revenue Allocation Flowchart" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

<sup>6</sup> Senate Bill No. 2325 (2013) repealed the business privilege tax and requires financial institutions to file corporate income tax returns. This bill is anticipated to reduce business privilege tax collections by \$7.3 million and increase corporate income tax collections by \$22.5 million during the 2013-15 biennium. Prior period adjustments resulted in refunds in the 2013-15 biennium and collections in the 2015-17 biennium.

<sup>7</sup> Senate Bill No. 2379, approved by the Legislative Assembly during the August 2016 special session and amended in House Bill No. 1015 (2017), provides for a transfer of \$100 million from Bank of North Dakota profits to the general fund for the 2015-17 biennium. The Legislative Assembly provided for transfers of \$140 million for the 2017-19, 2019-21, and 2021-23 bienniums in Senate Bill No. 2014 (2017), House Bill No. 1014 (2019), and Senate Bill No. 2014 (2021), respectively.

<sup>8</sup> The 2009 Legislative Assembly repealed the \$5 million transfer from the Mill and Elevator Association for the 2007-09 biennium and provided for future transfers from the Mill and Elevator based on a percentage of mill profits. The 2013 Legislative Assembly provided that the transfer from the Mill and Elevator for the 2013-15 biennium be 50 percent of mill profits or \$6,817,200, whichever is less. The amount shown for the 2015-17 biennium reflects the changes approved by the 2015 Legislative Assembly, which provide for a transfer of 50 percent of the profits without limitation. Senate Bill No. 2014 (2017) increased the transfer from 50 to 75 percent only for the 2017-19 biennium. The amounts shown for the 2019-21 and 2021-23 bienniums reflect a transfer of 50 percent of the profits.

<sup>9</sup> Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. House Bill No. 1015 (2017) identifies \$200 million of estimated earnings for budget status reporting purposes for the 2017-19 biennium, but the 2019 Legislative Assembly revised the estimate to \$300 million. The amount shown for the 2017-19 biennium reflects the actual transfer to the general fund. The 2019 Legislative Assembly recognized legacy fund earnings of \$100 million for budgeting purposes to be deposited in the general fund at the end of the 2019-21 biennium, but the 2021 Legislative Assembly revised the estimate to \$736 million in House Bill No. 1015 (2021). In House Bill No. 1380 (2021), the Legislative Assembly provided for the legacy fund earnings to be immediately transferred from the general fund to a legacy earnings fund, and as a result, no legacy fund earnings are reflected for the 2021-23 biennium.

<sup>10</sup> Transfers from the strategic investment and improvements fund to the general fund include--\$155 million in House Bill No. 1024 (2017) for the 2015-17 biennium, \$248 million in House Bill No. 1015 (2017) for the 2017-19 biennium, \$764.4 million in Senate Bill No. 2015 (2019) for the 2019-21 biennium, and \$410 million in House Bill No. 1015 (2021) for the 2021-23 biennium.

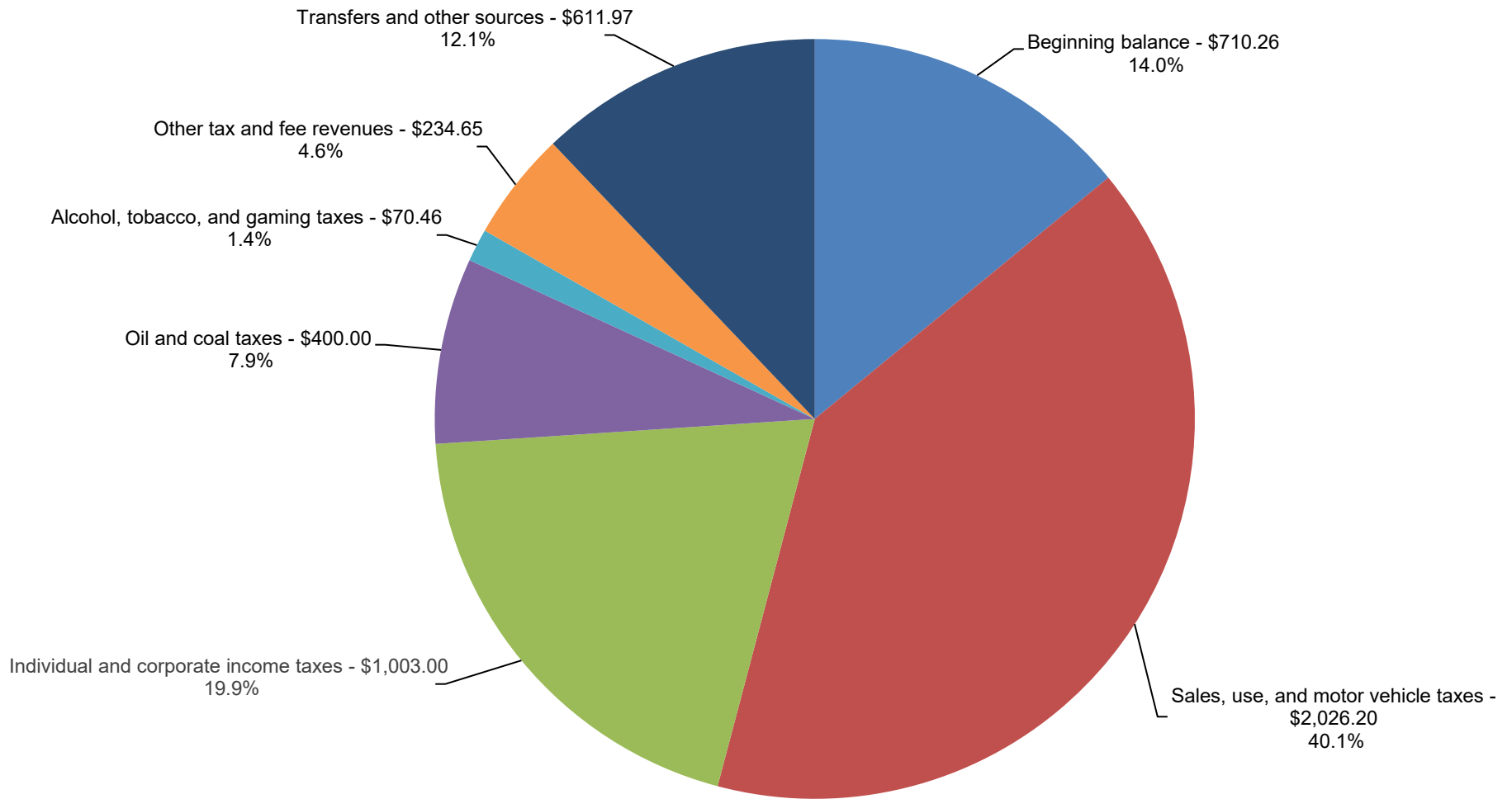
<sup>11</sup> Senate Bill No. 2018 (2017) transfers \$4 million from the Research North Dakota fund to the general fund for the 2017-19 biennium. Senate Bill No. 2224 (2019) transfers the remaining balance in the Research North Dakota fund to the general fund at the end of the 2019-21 biennium, which is estimated to total \$581,000.

<sup>12</sup> House Bill No. 1010 (2017) provides for an estimated transfer of \$475,000 from the insurance tax distribution fund to the general fund for the 2017-19 biennium.

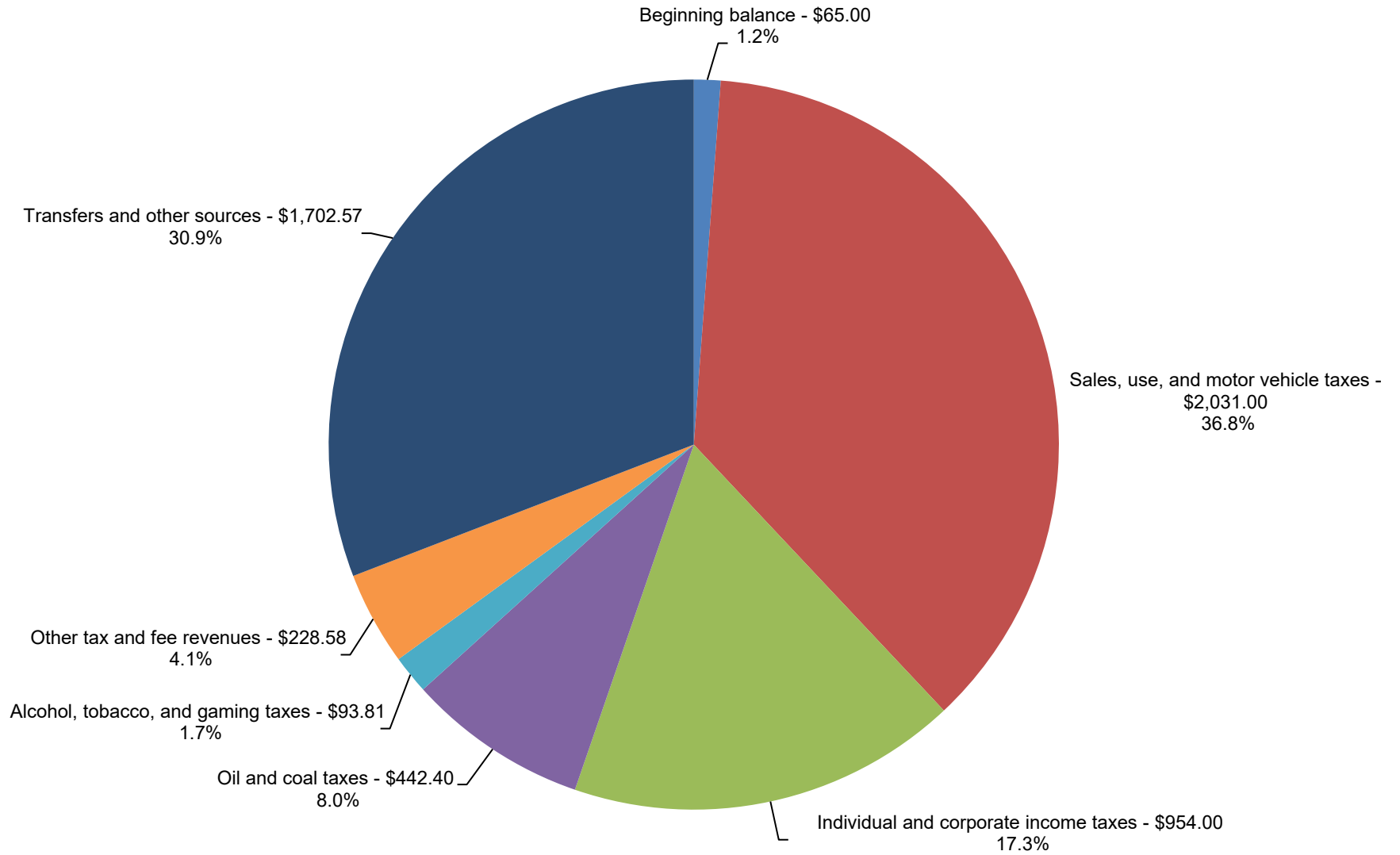
<sup>13</sup> Senate Bill No. 2003 (2017) requires the State Treasurer to withhold a portion of the oil and gas tax allocations to Dickinson and Stark County and to deposit the withholdings in the general fund.

<sup>14</sup> House Bill No. 1020 (2017) authorizes the refinancing of Western Area Water Supply Authority debt to repay a loan from the general fund.

**2021-23 BIENNIUM GENERAL FUND REVENUES**  
**Total 2021-23 Estimated General Fund Revenues - \$5,056,541,968**  
**(Amounts Shown in Millions)**



**2019-21 BIENNIUM GENERAL FUND REVENUES**  
**Total 2019-21 Estimated General Fund Revenues - \$5,517,356,690**  
**(Amounts Shown in Millions)**





## SUPPLEMENTAL AND DEFICIENCY APPROPRIATIONS FOR THE 2019-21 BIENNIUM

Bill No.	Description	General Fund	Other Funds	Total
HB 1003	<b>Attorney General</b> - \$355,000 from federal funds for a sexual assault evidence collection kit tracking system (\$255,000) and drug analyzers (\$100,000)		\$355,000	\$355,000
HB 1012	<b>Department of Human Services</b> - \$333,333 from the department's operating fund for a grant to a city providing fire protection services to the State Hospital		333,333	333,333
HB 1015	<b>Department of Transportation</b> - Transfers \$100 million from the general fund to the highway fund to match federal discretionary funding for road and bridge projects	\$100,000,000		100,000,000
HB 1025	Deficiency appropriations for various state agencies as follows: <b>Office of Management and Budget</b> - Authorizes payments for court-ordered judgements from the 2019-21 biennium litigation funding pool derived from the strategic investment and improvements fund		875,632	875,632
	<b>Tax Department</b> - \$4,040,000 for the homestead tax credit program (\$1,310,000) and the disabled veterans' tax credit program (\$2,730,000)	4,040,000		4,040,000
	<b>Adjutant General</b> - \$3,880,540 from the state disaster relief fund to repay a loan associated with the state's share of disaster costs related to flooding in 2019 and 2020 (\$3,130,540) and interest on a loan associated with the state's share of disaster costs related to the Dakota Access Pipeline protests (\$750,000)		3,880,540	3,880,540
	<b>Bank of North Dakota</b> - \$17.5 million from the general fund to repay a loan associated with the Theodore Roosevelt Presidential Library and Museum endowment fund	17,500,000		17,500,000
HB 1394	Supplemental appropriations from federal funds to defray COVID-19-related expenses (see the "Federal COVID-19 Relief Funding" schedule in the appropriations section for additional detail)		877,930,675	877,930,675
HB 1395	Supplemental appropriations from the federal Coronavirus Relief Fund (see the "Federal COVID-19 Relief Funding" schedule in the appropriations section for additional detail)		1,148,891,441	1,148,891,441
SB 2011	<b>Highway Patrol</b> - Authorizes \$8.1 million from the federal Coronavirus Relief Fund for public safety payroll costs which replaces funding from the general fund		8,100,000	8,100,000
SB 2015	<b>Department of Corrections and Rehabilitation</b> - Authorizes \$43,689,050 from the federal Coronavirus Relief Fund for public safety payroll costs which replaces funding from the general fund		43,689,050	43,689,050
Total supplemental and deficiency appropriations for the 2019-21 biennium		<b>\$121,540,000</b>	<b>\$2,084,055,671</b>	<b>\$2,205,595,671</b>

## OTHER FUNDS MAJOR TAX AND FEE CHANGES

### SUMMARY

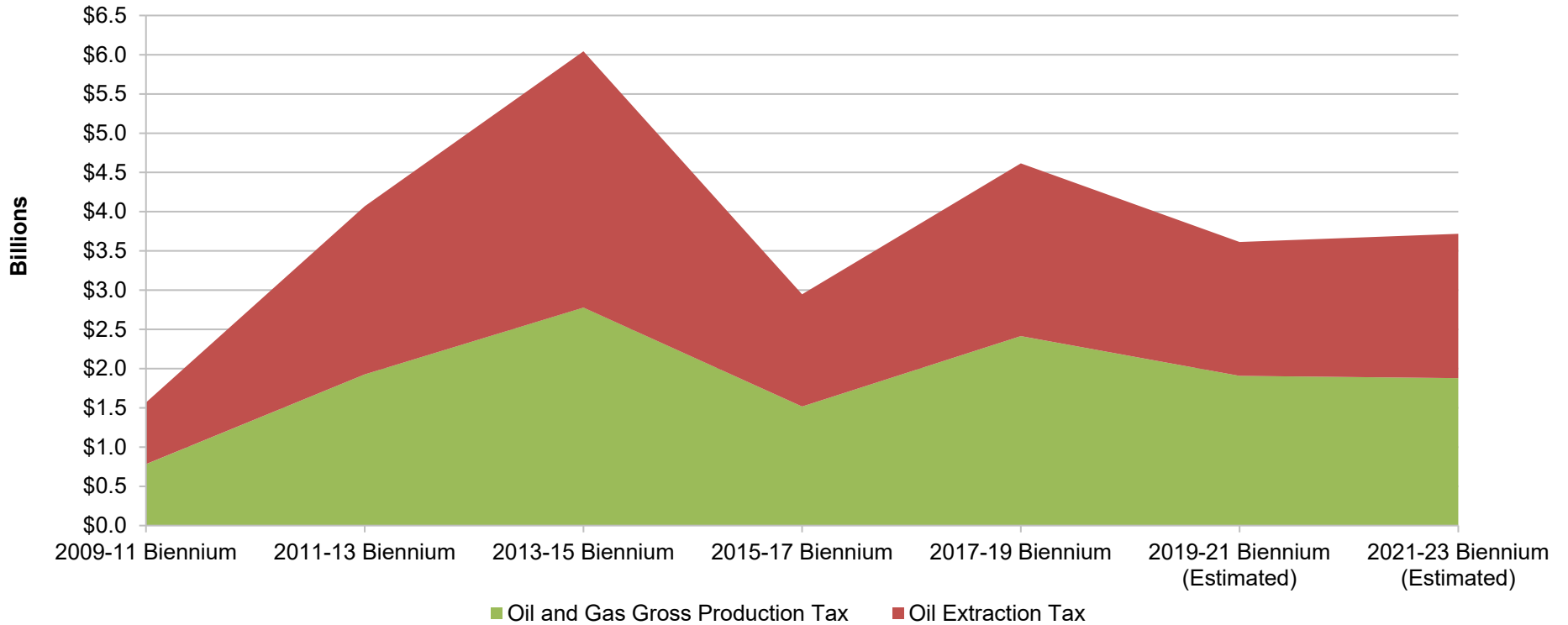
The schedule below summarizes bills approved by the 2021 Legislative Assembly with major tax or fee changes affecting other funds for the 2021-23 biennium.

Bill No.	Description	Estimated Impact - Other Funds
HB 1012	<b>Department of Human Services</b> - Authorizes the department to charge fees for early childhood workforce training and development courses to defray the cost of the courses	Cannot be determined
HB 1032	<b>Insurance Commissioner</b> - Deposits prescription drug wholesaler license fees in a newly created drug pricing fund	\$486,000
HB 1067	<b>Public Service Commission</b> - Authorizes a fee for the cost of investigating a public utility's integrated resource plan	Cannot be determined
HB 1080	<b>Department of Trust Lands</b> - Reduces the maximum fee for late oil and gas royalty payments	(\$69,400,000)
HB 1168	<b>Department of Transportation</b> - Authorizes a fee for users to access an electronic version of the knowledge portion of the driver's test	\$390,000
HB 1278	<b>Job Service North Dakota</b> - Increases unemployment insurance tax rates to provide unemployment insurance for military spouses related to a military transfer	\$2,329,425
HB 1417	<b>Information Technology Department</b> - Allows the department to collect fees for services provided in response to a cybersecurity incident	Cannot be determined
SB 2014	<b>Industrial Commission</b> - Allows the commission to charge fees for the carbon dioxide storage facility fund and the carbon dioxide trust fund based on the impact of a storage facility and the source of carbon dioxide	Cannot be determined
SB 2024	<b>Department of Environmental Quality</b> - Increases the fee for boiler inspections from \$20 to \$35	\$396,000
SB 2111	<b>Department of Transportation</b> - Authorizes the department to lease space to public or private entities on the department's radio towers or on the land on which the towers are located	Cannot be determined
SB 2241	<b>State Department of Health</b> - Authorizes the department to collect a fee related to the review of construction plans for health care facilities	Cannot be determined

# OIL AND GAS TAX REVENUE SUMMARY

## TOTAL OIL AND GAS TAX REVENUE COLLECTIONS

Based on the 2021 legislative revenue forecast, total 2021-23 biennium oil and gas tax revenues, including the oil and gas gross production tax and the oil extraction tax, are estimated to be \$3,717.5 million, which is \$104.5 million, or 2.9 percent, more than total 2019-21 biennium estimated revenues of \$3,613 million.

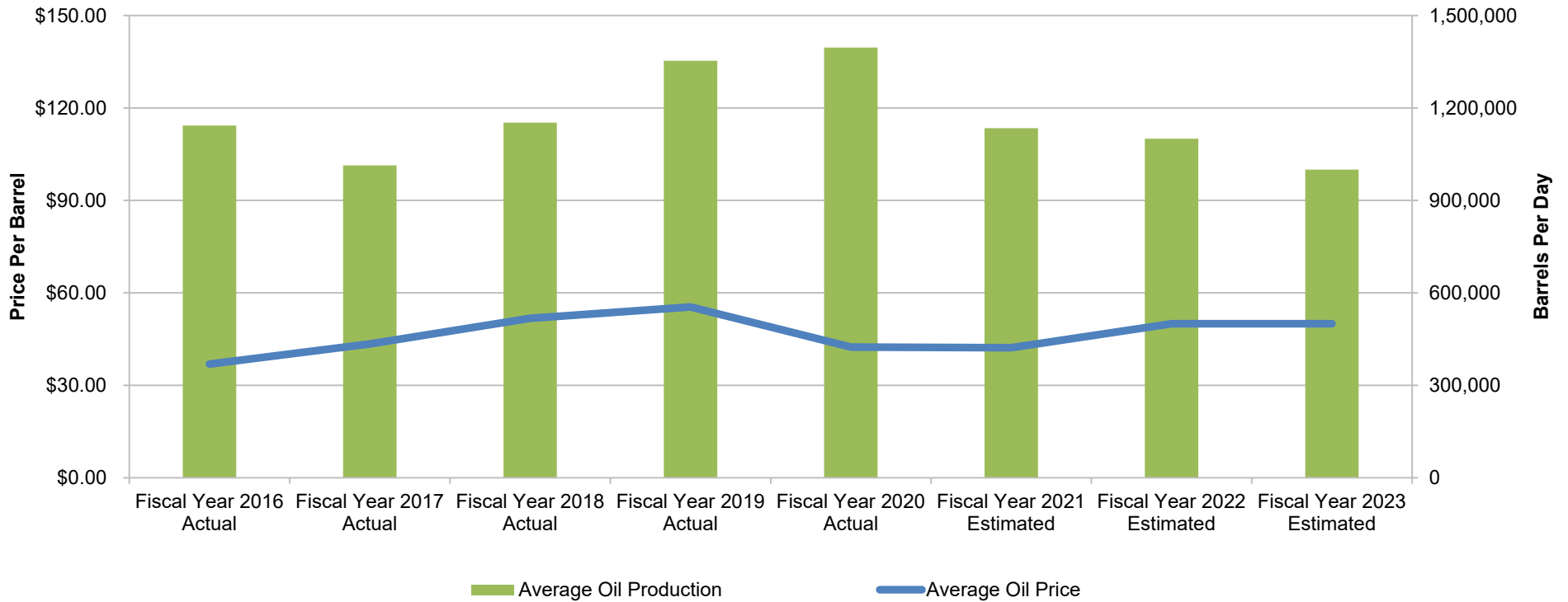


	Actual					Estimated	
	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium	2021-23 Biennium
Oil and gas gross production tax	\$783,182,869	\$1,926,078,873	\$2,778,556,383	\$1,517,963,563	\$2,415,030,017	\$1,907,160,000	\$1,877,930,000
Oil extraction tax	786,208,921	2,142,515,128	3,265,069,245	1,429,726,986	2,200,713,527	1,705,890,000	1,839,600,000
<b>Total</b>	<b>\$1,569,391,790</b>	<b>\$4,068,594,001</b>	<b>\$6,043,625,628</b>	<b>\$2,947,690,549</b>	<b>\$4,615,743,544</b>	<b>\$3,613,050,000</b>	<b>\$3,717,530,000</b>

**NOTE:** In House Bill No. 1476 (2015), the Legislative Assembly repealed the provisions of the "large trigger" effective with December 2015 oil production and changed the oil extraction tax rate from 6.5 to 5 percent effective with January 2016 oil production. The oil and gas gross production tax rate was not changed and remains at 5 percent.

## OIL PRODUCTION AND OIL PRICE Oil Production and Oil Price Trends

Based on the 2021 legislative revenue forecast, oil and gas tax revenue collections for the remainder of the 2019-21 biennium reflect average daily oil production decreasing from 1.2 to 1.1 million barrels per day and oil prices remaining at \$50 per barrel. Oil and gas tax revenue collections for the 2021-23 biennium reflect average daily oil production decreasing from 1.1 million barrels per day in the 1<sup>st</sup> year to 1 million barrels per day in the 2<sup>nd</sup> year of the biennium and reflect oil prices remaining at \$50 per barrel for the biennium.



	2015-17 Biennium		2017-19 Biennium		2019-21 Biennium		2021-23 Biennium	
	Fiscal Year 2016 Actual	Fiscal Year 2017 Actual	Fiscal Year 2018 Actual	Fiscal Year 2019 Actual	Fiscal Year 2020 Actual	Fiscal Year 2021 Estimated	Fiscal Year 2022 Estimated	Fiscal Year 2023 Estimated
Average daily oil production (barrels per day)	1,142,973	1,013,629	1,152,501	1,353,217	1,396,158	1,134,510	1,100,000	1,000,000
Average daily oil price (per barrel)	\$36.89 <sup>1</sup>	\$43.42 <sup>1</sup>	\$51.74 <sup>1</sup>	\$55.43 <sup>1</sup>	\$42.42 <sup>1</sup>	\$42.19	\$50.00	\$50.00

<sup>1</sup>These amounts reflect the average of the Flint Hills Resources prices and the West Texas Intermediate prices.

**NOTE:** Monthly oil tax revenue allocations reflect oil prices and oil production from 2 months prior. For example, June 2021 oil prices and oil production relate to August 2021 oil tax revenue allocations. As a result, the fiscal year averages are based on the oil prices and oil production for the period June through May.

## 2021-23 Biennium Oil Production and Oil Price Changes

Based on the oil prices in the 2021 legislative revenue forecast for the 2021-23 biennium:

- For every 100,000 barrels of variance from the forecast, the total 2021-23 biennium oil and gas tax revenue collections would change by \$354.1 million.
- For example, if oil production ranged from 1.2 million to 1.1 million barrels per day for the entire 2021-23 biennium, rather than ranging from 1.1 million to 1 million as forecasted, the total 2021-23 biennium oil and gas tax revenue collections would increase by \$354.1 million, from \$3,717.5 million to \$4,071.6 million.

Based on the oil production levels in the 2021 legislative revenue forecast for the 2021-23 biennium:

- For every \$1 of variance from the forecast, the total 2021-23 biennium oil and gas tax revenue collections would change by \$74.4 million.
- For example, if oil prices were \$51 per barrel for the 2021-23 biennium, rather than \$50 as forecasted, the total 2021-23 biennium oil and gas tax revenue collections would increase by \$74.4 million, from \$3,717.5 million to \$3,791.9 million.

## OIL AND GAS TAX ALLOCATION CHANGES

Changes to the oil and gas tax allocation formulas, as approved by the 2021 Legislative Assembly, were included in House Bill No. 1015 and Senate Bill Nos. 2014, 2249, 2319, and 2328.

- **House Bill No. 1015** - Increases the allocation limit for the state disaster relief fund by \$5 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.
- **Senate Bill No. 2014** - Limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year for the 2021-23 biennium and allocates an additional \$4.5 million to the oil and gas research fund for the 2021-23 biennium.
- **Senate Bill No. 2249** - Increases the allocation limit for the state disaster relief fund by \$5 million, the same as House Bill No. 1015.
- **Senate Bill No. 2319** - Allocates a portion of the oil and gas tax revenue collected from oil wells that cross into a reservation to the tribes decreasing the state's share of oil and gas tax revenues.
- **Senate Bill No. 2328** - Provides an oil extraction tax credit for the use of an onsite flare mitigation system resulting in a reduction to oil extraction tax collections, but the amount of the reduction cannot be determined.

The flowchart in the "2021-23 Biennium Oil and Gas Tax Revenue Allocation Flowchart" section of this report provides more detailed information on the allocation of oil and gas tax revenue.

## OIL AND GAS TAX ALLOCATIONS FROM THE 2015-17 BIENNIUM TO THE 2021-23 BIENNIUM

Allocations	Actual		Estimated		2021-23 Biennium Increase (Decrease) Compared to the 2019-21 Biennium	
	2015-17 Biennium	2017-19 Biennium	2019-21 Biennium <sup>1</sup>	2021-23 Biennium <sup>2</sup>	Amount	Percentage
Three Affiliated Tribes	\$228,369,195 <sup>3</sup>	\$453,699,550 <sup>3</sup>	\$415,920,000 <sup>3</sup>	\$486,890,000 <sup>3</sup>	\$70,970,000	17.1%
Legacy fund	815,796,247 <sup>4</sup>	1,248,613,201 <sup>4</sup>	959,140,000 <sup>4</sup>	971,340,000 <sup>4</sup>	12,200,000	1.3%
North Dakota outdoor heritage fund	19,958,442 <sup>5</sup>	10,799,177 <sup>5</sup>	15,000,000 <sup>5</sup>	15,000,000 <sup>5</sup>	0	0.0%
Abandoned well reclamation fund	10,304,327 <sup>6</sup>	8,399,588 <sup>6</sup>	11,300,000 <sup>6</sup>	11,720,000 <sup>6</sup>	420,000	3.7%
Oil and gas impact grant fund	78,073,753 <sup>7</sup>	28,353,446 <sup>7</sup>	0 <sup>7</sup>	0 <sup>7</sup>	0	N/A
Political subdivisions*	548,374,060 <sup>8</sup>	678,731,741 <sup>8</sup>	533,760,000 <sup>8</sup>	518,220,000 <sup>8</sup>	(15,540,000)	(2.9%)
Energy impact fund	0	4,000,000 <sup>9</sup>	0	0	0	N/A
Common schools trust fund	120,282,476 <sup>10</sup>	178,752,283 <sup>10</sup>	149,970,000 <sup>10</sup>	158,690,000 <sup>10</sup>	8,720,000	5.8%
Foundation aid stabilization fund	120,282,476 <sup>10</sup>	178,752,283 <sup>10</sup>	149,970,000 <sup>10</sup>	158,690,000 <sup>10</sup>	8,720,000	5.8%
Resources trust fund	240,564,951 <sup>11</sup>	357,504,568 <sup>11</sup>	307,440,000 <sup>11</sup>	325,310,000 <sup>11</sup>	17,870,000	5.8%
Oil and gas research fund	10,000,000 <sup>12</sup>	10,000,000 <sup>12</sup>	16,000,000 <sup>12</sup>	14,500,000 <sup>12</sup>	(1,500,000)	(9.4%)
State energy research center fund	0	0	5,000,000 <sup>13</sup>	5,000,000 <sup>13</sup>	0	0.0%
General fund	300,000,000	400,000,000	400,000,000	400,000,000 <sup>14</sup>	0	0.0%
Tax relief fund	300,000,000	200,000,000	200,000,000	200,000,000 <sup>14</sup>	0	0.0%
Budget stabilization fund	0	75,000,000	48,430,000	0 <sup>14</sup>	(48,430,000)	(100.0%)
Lignite research fund	0	3,000,000	10,000,000	10,000,000 <sup>14</sup>	0	0.0%
State disaster relief fund	3,482,364	0	0	18,190,000	18,190,000	N/A
Strategic investment and improvements fund	136,541,740	780,137,707	361,240,000	400,000,000 <sup>14</sup>	38,760,000	10.7%
Municipal infrastructure fund	0	0	29,880,000	11,990,000 <sup>14</sup>	(17,890,000)	(59.9%)
County and township infrastructure fund	0	0	0	11,990,000 <sup>14</sup>	11,990,000	N/A
Airport infrastructure fund	0	0	0	0 <sup>14</sup>	0	N/A
Political subdivision allocation fund	15,660,518	0	0	0	0	N/A
<b>Total oil and gas tax allocations</b>	<b>\$2,947,690,549</b>	<b>\$4,615,743,544</b>	<b>\$3,613,050,000</b>	<b>\$3,717,530,000</b>	<b>\$104,480,000</b>	<b>2.9%</b>
*The amounts shown for the allocations to political subdivisions include the following:						
	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>	<b>2019-21 Biennium<sup>1</sup></b>	<b>2021-23 Biennium<sup>2</sup></b>	<b>Amount</b>	<b>Percentage</b>
Hub cities in oil-producing counties	\$118,556,099	\$94,316,194	\$85,120,000	\$83,560,000	(\$1,560,000)	(1.8%)
Hub cities in non-oil-producing counties	10,312,502	437,498	0	0	0	N/A
Hub city schools	27,395,832	13,656,250	14,990,000	14,790,000	(200,000)	(1.3%)
Counties	245,669,770	362,532,313	279,850,000	271,190,000	(8,660,000)	(3.1%)
Cities	82,244,654	121,608,848	93,740,000	91,220,000	(2,520,000)	(2.7%)
Schools	39,949,465	50,615,676	41,200,000	39,880,000	(1,320,000)	(3.2%)
Townships	24,245,738	35,564,962	18,860,000	17,580,000	(1,280,000)	(6.8%)
<b>Total political subdivisions</b>	<b>\$548,374,060</b>	<b>\$678,731,741</b>	<b>\$533,760,000</b>	<b>\$518,220,000</b>	<b>(\$15,540,000)</b>	<b>(2.9%)</b>
<sup>1</sup> These amounts reflect the revised 2019-21 revenue forecast (March 2021). <sup>2</sup> These amounts reflect the legislative forecast for the 2021-23 biennium.						

- <sup>3</sup> The Legislative Assembly in House Bill No. 1198 (2013) amended North Dakota Century Code Section 57-51.2-02 to allocate revenue from tribal lands 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. The bill also eliminates the 5-year oil extraction tax exemption for wells drilled on tribal lands after June 30, 2013. Senate Bill No. 2362 (2019) increases the revenue allocation to the Three Affiliated Tribes providing 80 percent of the trust land revenue and 20 percent of the nontrust land revenue to the tribes with the remaining 20 percent of trust land revenue and 80 percent of nontrust land revenue allocated to the state. **Senate Bill No. 2319 (2021) provides an allocation to the Three Affiliated Tribes from wells that cross into a reservation.**
- <sup>4</sup> The passage of Constitutional Measure No. 1 in the November 2010 general election resulted in the creation of a legacy fund. Beginning July 1, 2011, the legacy fund receives an allocation of 30 percent of oil and gas gross production and oil extraction taxes.
- <sup>5</sup> The Legislative Assembly in House Bill No. 1278 (2013) amended Section 57-51-15 to provide an allocation of 4 percent of the first 1 percent of oil and gas gross production tax revenue, to a newly created North Dakota outdoor heritage fund with an annual funding limit of \$15 million, or \$30 million per biennium. The Legislative Assembly in House Bill No. 1176 (2015) increased the allocation to 8 percent with an annual funding limit of \$20 million. Senate Bill No. 2013 (2017) limits the allocation to \$10 million per biennium for the 2017-19 biennium. House Bill No. 1014 (2019) limits the allocations to \$7.5 million per fiscal year for the 2019-21 biennium. **Senate Bill No. 2014 (2021) limits the allocations to \$7.5 million per fiscal year for the 2021-23 biennium.**
- <sup>6</sup> House Bill No. 1333 (2013) amended Section 57-51-15 to provide for 4 percent of the first 1 percent of oil and gas gross production tax to be allocated to the abandoned oil and gas well plugging and site reclamation fund, but not in an amount exceeding \$5 million per state fiscal year and not in an amount that would bring the balance of the fund to more than \$75 million. In House Bill No. 1032 (2015), the Legislative Assembly increased the allocation limit from \$5 million to \$7.5 million per fiscal year and increased the fund balance limit from \$75 million to \$100 million. Senate Bill No. 2013 (2017) limits the allocation to \$4 million per fiscal year only for the 2017-19 biennium. House Bill No. 1014 (2019) decreases the fund balance limit from \$100 million to \$50 million.
- <sup>7</sup> The 2015 Legislative Assembly amended Section 57-51-15 to provide an allocation of up to \$140 million to the oil and gas impact grant fund for the 2015-17 biennium. However, the actual allocations to the oil and gas impact grant fund for the 2015-17 biennium were less than \$140 million due to lower oil prices and oil production levels than originally forecasted. Senate Bill No. 2013 (2017) decreases the allocations to provide up to \$25 million per biennium for the 2017-19 biennium. House Bill No. 1066 (2019) removes the allocation to the oil and gas impact grant fund.
- <sup>8</sup> Section 57-51-15 provides a formula for distribution of the oil and gas gross production tax to counties and other political subdivisions. In House Bill No. 1358 (2013), the Legislative Assembly changed the formula to provide 100 percent of the first \$5 million of revenue and 25 percent of all revenue over \$5 million to the county. In House Bill No. 1176 (2015), the Legislative Assembly increased the county allocation of revenue over \$5 million by 5 percent to provide 30 percent of all revenue over \$5 million to the county. Senate Bill No. 2013 (2017) changes the allocations to hub cities by excluding the first 2 percentage points of mining employment; changes the supplemental school district allocation to provide specific allocations at varying levels; and changes the basis for the distributions to political subdivisions to reflect the most recently completed even-numbered fiscal year. House Bill No. 1066 (2019) changes the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.
- <sup>9</sup> Senate Bill No. 2013 (2017) creates an energy impact fund and, only for the 2017-19 biennium, designates \$2 million per fiscal year of the allocations to counties that received more than \$5 million to the energy impact fund.
- <sup>10</sup> The Legislative Assembly passed Senate Concurrent Resolution No. 4011 (1993), and the voters approved the constitutional measure in the November 1994 general election. The constitutional measure allocates 10 percent of the oil extraction tax revenues to the common schools trust fund and 10 percent to the foundation aid stabilization fund. Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocations to the common schools trust fund and foundation aid stabilization fund.
- <sup>11</sup> Senate Bill No. 2014 (2013) provides an allocation of 5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$3 million, to the renewable energy development fund and an allocation of .5 percent of the oil extraction tax revenue deposited in the resources trust fund, not to exceed \$1.2 million, to a newly created energy conservation fund. House Bill No. 1020 (2017) decreases the percentage transferred to the renewable energy development fund from 5 to 3 percent and limits the allocations to the energy conservation fund to \$200,000 only for the 2017-19 biennium.
- Section 61-02-78 (Senate Bill No. 2233 (2013)) establishes an infrastructure revolving loan fund within the resources trust fund, which became effective January 1, 2015. The fund receives 10 percent of the oil extraction tax revenue deposited in the resources trust fund, which is available to provide loans for water supply, flood protection, or other water development and water management projects. House Bill No. 1020 (2017) limits the total amount deposited in the infrastructure revolving loan fund to \$26 million. **House Bill No. 1431 (2021) repeals the infrastructure revolving loan fund within the resources trust fund and transfers all remaining loans to a water infrastructure revolving loan fund.**

Senate Bill No. 2362 (2019) changes the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provides an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations both of which result in an increase in the allocations to the fund.

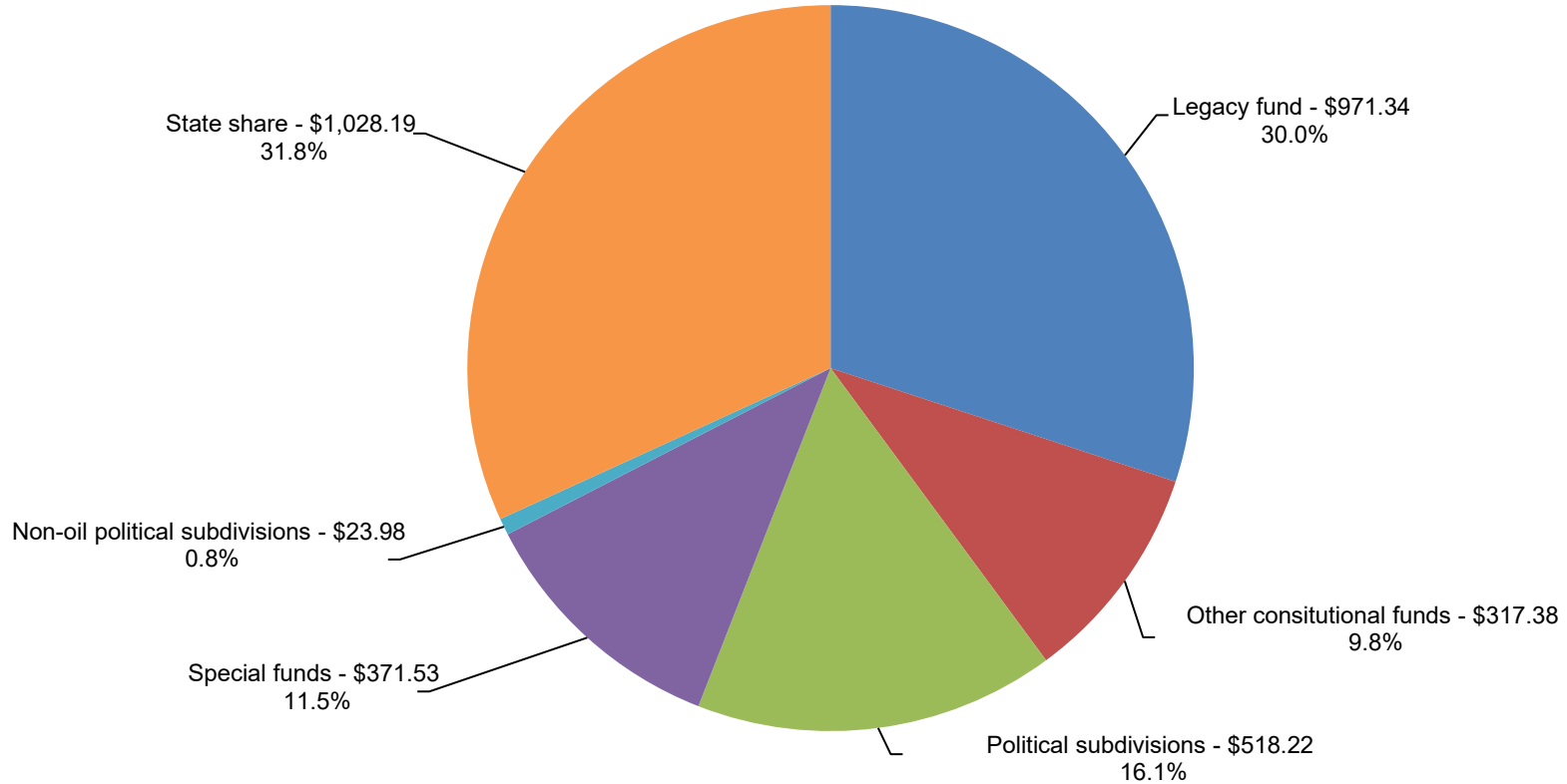
<sup>12</sup> Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes an oil and gas research fund and provides 2 percent of the state's share of oil and gas gross production tax and oil extraction tax revenues, up to \$4 million per biennium, are to be deposited in the oil and gas research fund. All money deposited in the oil and gas research fund is appropriated as a continuing appropriation to the Oil and Gas Research Council. The Legislative Assembly in Senate Bill No. 2014 (2013) increased the allocation to \$10 million per biennium. House Bill No. 1014 (2019) increases the allocations to the fund by \$6 million, from \$10 million to \$16 million, for the 2019-21 biennium. **Senate Bill No. 2014 (2021) increases the allocations to the fund by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium.**

<sup>13</sup> Senate Bill No. 2249 (2019) creates a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenue, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.

<sup>14</sup> The 2011 Legislative Assembly created a new section to Chapter 57-51.1 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1. In House Bill No. 1377 (2015), the Legislative Assembly amended the section to change the allocations. House Bill No. 1152 (2017) changes the allocations for the 2017-19 biennium to increase the allocation to the general fund from \$300 million to \$400 million (only for the 2017-19 biennium); to provide an allocation of \$75 million to the budget stabilization fund; to provide an allocation of up to \$3 million to the lignite research fund; and to decrease the allocation to the state disaster relief fund from up to \$22 million to up to \$20 million. House Bill No. 1066 (2019) continues the \$400 million allocation to the general fund; increases the allocation to the lignite research fund by \$7 million, from \$3 million to \$10 million; and allocates up to \$115 million to a newly created municipal infrastructure fund, up to \$115 million to a newly created county and township infrastructure fund, and \$20 million to a newly created airport infrastructure fund. Senate Bill No. 2016 (2019) decreases the allocation to the state disaster relief fund from up to \$20 million to up to \$15 million. **House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) increase the allocation limit for the state disaster relief fund by \$5 million, from \$15 million to \$20 million. House Bill No. 1015 (2021) aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.**



**2021-23 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS**  
**Total 2021-23 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$3,230,640,000**  
**(Amounts Shown in Millions)**



**NOTES:**

**Oil and gas tax revenue collections** - 2021-23 biennium oil and gas tax revenue collections total \$3,717,530,000, including \$486,890,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$3,230,640,000 of remaining collections.

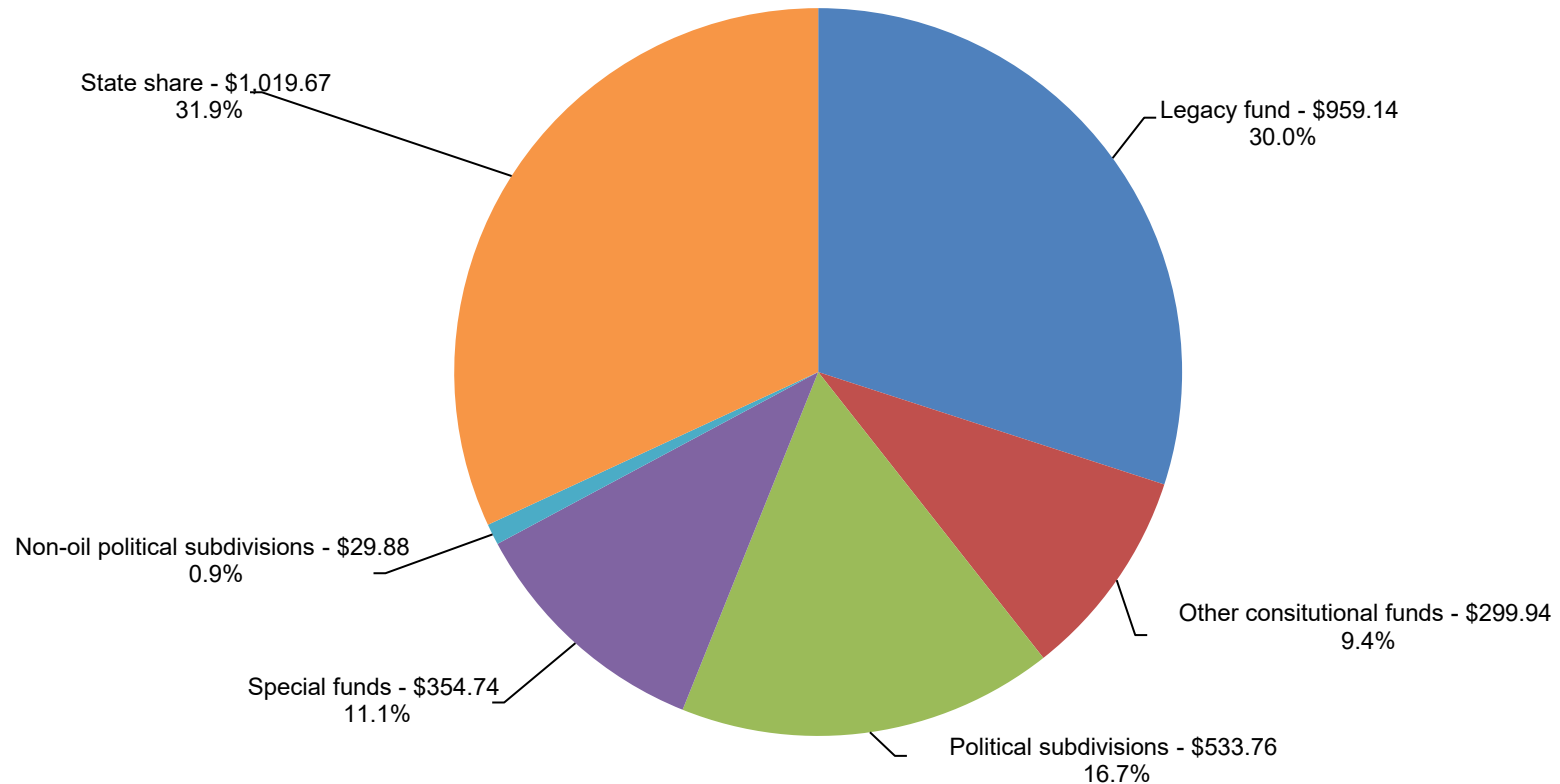
**Other constitutional funds** - Includes the common schools trust fund and foundation aid stabilization fund.

**Special funds** - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, resources trust fund, oil and gas research fund, state energy research center fund, and airport infrastructure fund.

**Non-oil political subdivisions** - Includes the municipal infrastructure fund and county and township infrastructure fund.

**State share** - Includes the general fund, tax relief fund, budget stabilization fund, lignite research fund, state disaster relief fund, and strategic investment and improvements fund.

**2019-21 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATIONS**  
**Total 2019-21 Estimated Oil and Gas Tax Revenues Excluding Tribal Allocations - \$3,197,130,000**  
**(Amounts Shown in Millions)**



**NOTES:**

**Oil and gas tax revenue collections** - 2019-21 biennium oil and gas tax revenue collections total \$3,613,050,000, including \$415,920,000 of allocations to the Three Affiliated Tribes of the Fort Berthold Reservation and \$3,197,130,000 of remaining collections.

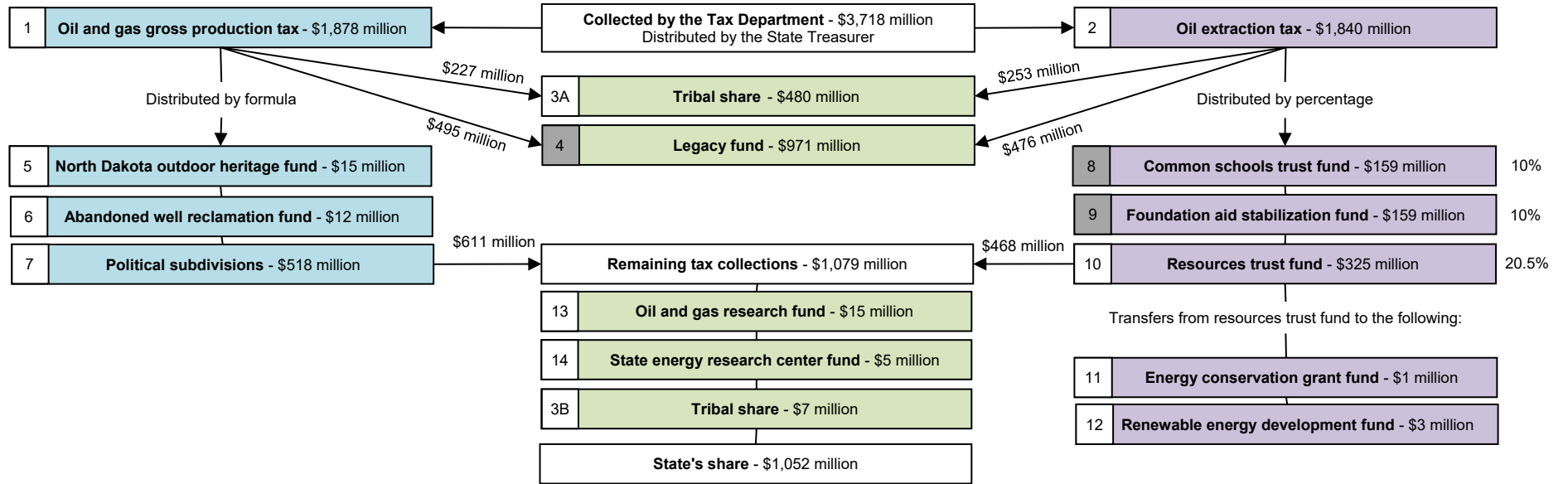
**Other constitutional funds** - Includes the common schools trust fund and foundation aid stabilization fund.

**Special funds** - Includes the North Dakota outdoor heritage fund, abandoned oil and gas well plugging and site reclamation fund, resources trust fund, oil and gas research fund, state energy research center fund, and airport infrastructure fund.

**Non-oil political subdivisions** - Includes the municipal infrastructure fund and county and township infrastructure fund.

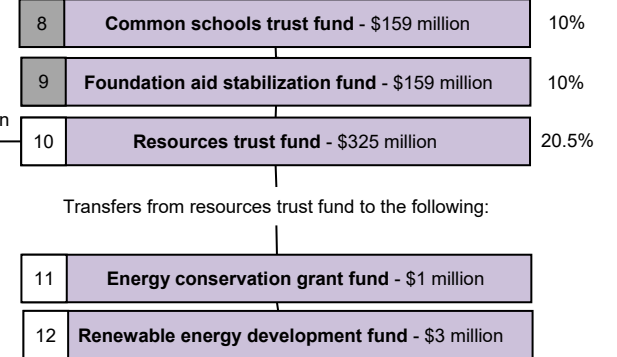
**State share** - Includes the general fund, tax relief fund, budget stabilization fund, lignite research fund, state disaster relief fund, and strategic investment and improvements fund.

# 2021-23 BIENNIUM OIL AND GAS TAX REVENUE ALLOCATION FLOWCHART BASED ON THE 2021 LEGISLATIVE REVENUE FORECAST



Summary of Estimated 2021-23 Biennium Allocations		
		Total
3	Tribal share	\$486,890,000
4	Legacy fund	971,340,000
5	North Dakota outdoor heritage fund	15,000,000
6	Abandoned well reclamation fund	11,720,000
7	Political subdivisions	518,220,000
8	Common schools trust fund	158,690,000
9	Foundation aid stabilization fund	158,690,000
10	Resources trust fund (net deposits)	321,110,000
11	Energy conservation grant fund	1,200,000
12	Renewable energy development fund	3,000,000
13	Oil and gas research fund	14,500,000
14	State energy research center fund	5,000,000
15	General fund	400,000,000
16	Tax relief fund	200,000,000
17	Budget stabilization fund	0
18	Lignite research fund	10,000,000
19	State disaster relief fund	18,190,000
20	Strategic investment and improvements fund	400,000,000
21	Municipal infrastructure fund	11,990,000
22	County and township infrastructure fund	11,990,000
23	Airport infrastructure fund	0
	<b>Total</b>	<b>\$3,717,530,000</b>

15A	<b>General fund -</b> First \$200 million - \$200 million
16	<b>Tax relief fund -</b> Next \$200 million - \$200 million
17	<b>Budget stabilization fund -</b> Next \$75 million - \$0
15B	<b>General fund -</b> Next \$200 million - \$200 million
18	<b>Lignite research fund -</b> Next \$10 million - \$10 million
19	<b>State disaster relief fund -</b> Next \$20 million if fund balance does not exceed \$20 million - \$18 million
20A	<b>Strategic investment and improvements fund -</b> Next \$400 million - \$400 million
21	<b>Non-oil-producing political subdivision infrastructure funds</b> 50 percent - Municipal infrastructure fund - \$12 million 50 percent - County and township infrastructure fund - \$12 million
22	
23	<b>Airport infrastructure fund -</b> Next \$20 million - \$0
20B	<b>Strategic investment and improvements fund -</b> Any remaining revenues - \$0



A summary of the funds is shown on the following page.

The shading in the number boxes represents constitutional allocations

NOTE: The amounts shown are preliminary estimates. The actual amounts allocated for the 2021-23 biennium may differ significantly from these amounts based on actual oil price and oil production.

Box	Tax/Fund	Description
1	Oil and gas gross production tax	North Dakota Century Code Section 57-51-02 provides for a tax of 5 percent of the gross value at the well of oil produced in North Dakota unless exempted, and a tax on gas of four cents times the gas base rate adjustment for each fiscal year as calculated by the Tax Department.
2	Oil extraction tax	Section 57-51.1-02, as amended by House Bill No. 1476 (2015), provides for a tax of 5 percent of the gross value at the well on the extraction of oil unless exempted. Prior to January 1, 2016, the oil extraction tax rate was 6.5 percent. <b>Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flare mitigation system.</b>
3A, 3B	Tribal share	Chapter 57-51.2 provides the requirements for allocating oil and gas tax related to the oil production within the Fort Berthold Reservation. The oil and gas tax revenues are allocated 50 percent to the state and 50 percent to the Three Affiliated Tribes of the Fort Berthold Reservation. <b>Senate Bill No. 2319 (2021) provides an allocation to the Three Affiliated Tribes from wells that cross into a reservation.</b>
4	Legacy fund	Section 26 of Article X of the Constitution of North Dakota provides for a deposit to the legacy fund of 30 percent of total revenue derived from taxes on oil and gas production and extraction.
5	North Dakota outdoor heritage fund	House Bill No. 1278 (2013) created the North Dakota outdoor heritage fund to preserve natural areas and public lands. House Bill No. 1176 (2015) amended Section 57-51-15 to provide 8 percent of revenues from the first 1 percent of the oil and gas gross production tax, up to \$20 million per fiscal year, be deposited in the fund. <b>Senate Bill No. 2014 (2021) limits the allocations to \$7.5 million per fiscal year for the 2021-23 biennium.</b>
6	Abandoned oil and gas well plugging and site reclamation fund	House Bill No. 1333 (2013) and House Bill No. 1032 (2015) amended Section 57-51-15 to increase the allocations to the abandoned oil and gas well plugging and site reclamation fund. Based on current law, 4 percent of the first 1 percent of oil and gas gross production tax is allocated to the fund not to exceed \$7.5 million per fiscal year and not in an amount that would bring the balance of the fund to more than \$100 million. House Bill No. 1014 (2019) decreased the maximum fund balance by \$50 million, from \$100 million to \$50 million.
7	Political subdivisions	Oil and gas gross production taxes are distributed to political subdivisions under Section 57-51-15 as amended by Senate Bill No. 2013 (2017). House Bill No. 1066 (2019) changed the funding source for the allocations to hub cities, hub city school districts, and school district supplement, and the bill also adjusts the allocation percentages for the distributions to townships and hub city school districts.
8	Common schools trust fund	Section 1 of Article IX of the Constitution of North Dakota provides for a common schools trust fund to be used to support the common schools of the state. Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the common schools trust fund to become part of the principal of the fund. The earnings are distributed through the state school aid payments. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund.
9	Foundation aid stabilization fund	Section 24 of Article X of the Constitution of North Dakota provides for a distribution of 10 percent of oil extraction taxes to the foundation aid stabilization fund. Section 24, as amended by Senate Concurrent Resolution No. 4003 (2015) and approved by the voters, restricts a portion of the fund to offset state school aid payments due to a revenue shortfall and allows the remainder to be used for educational purposes. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.
10	Resources trust fund	Section 57-51.1-07 provides for a distribution of 20 percent of oil extraction taxes to the resources trust fund. Section 22 of Article X of the Constitution of North Dakota provides the fund may be used, subject to legislative appropriation, for constructing water-related projects, including rural water systems, and funding of programs for energy conservation. Senate Bill No. 2362 (2019) changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands and provided an additional .5 percent allocation to the resources trust fund as an adjustment for prior period allocations, both of which result in an increase in the allocations to the fund.
11	Energy conservation grant fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of one-half of 1 percent of the amount credited to the resources trust fund from the resources trust fund into the energy conservation grant fund, up to \$1.2 million per biennium.
12	Renewable energy development fund	Senate Bill No. 2014 (2013) amended Section 57-51.1-07 to provide for a transfer of 5 percent of the amount credited to the resources trust fund from the resources trust fund into the renewable energy development fund, up to \$3 million per biennium. House Bill No. 1020 (2017) decreased the percentage transferred from 5 to 3 percent.
13	Oil and gas research fund	Section 57-51.1-07.3 (Senate Bill No. 2311 (2003)) establishes the oil and gas research fund for the Oil and Gas Research Council to provide grants. Senate Bill No. 2014 (2013) amended Section 57-51.1-07.3 to provide 2 percent of the state's share of the oil and gas tax revenues, up to \$10 million per biennium, is to be deposited into the oil and gas research fund. <b>Senate Bill No. 2014 (2021) increases the allocations by \$4.5 million, from \$10 million to \$14.5 million, for the 2021-23 biennium.</b>
14	State energy research center fund	Senate Bill No. 2249 (2019) created a state energy research center fund and allocates 1 percent of the state's share of oil and gas tax revenues, up to \$5 million per biennium, to the fund for the Industrial Commission to contract with the Energy and Environmental Research Center for research projects.

15A, 15B	General fund	The general fund is the chief operating fund of the state. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017), provides for an allocation of \$400 million of the state's share of oil and gas tax revenues to the general fund for the 2017-19 biennium and an allocation of \$300 million after the 2017-19 biennium. House Bill No. 1066 (2019) increased the allocation to \$400 million.
16	Tax relief fund	House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of \$200 million of the state's share of oil and gas tax revenues to the tax relief fund each biennium.
17	Budget stabilization fund	The budget stabilization fund is established under Section 54-27.2-01. The Governor may order a transfer from the budget stabilization fund to the general fund when certain criteria are met to offset a general fund revenue shortfall. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$75 million from the state's share of oil and gas tax revenues.
18	Lignite research fund	The lignite research fund is established under Section 57-61-01.6 for research, development projects, and marketing activities related to the lignite industry. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for an allocation of up to \$3 million from the state's share of oil and gas tax revenues. House Bill No. 1066 (2019) increased the allocation to \$10 million.
19	State disaster relief fund	Section 37-17.1-27 provides for the state disaster relief fund to be used for the required state share of funding for expenses associated with presidential-declared disasters. Section 57-51.1-07.5, as amended by House Bill No. 1152 (2017), provides for the distribution of up to \$20 million of oil tax revenues to the state disaster relief fund each biennium, but not in an amount that would bring the balance of the fund to more than \$20 million. Senate Bill No. 2016 (2019) decreased the allocation to provide up to \$15 million of allocations, but not in an amount that would bring the balance of the fund to more than \$15 million. <b>House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) increase the allocation limit by \$5 million, from \$15 million to \$20 million.</b>
20A, 20B	Strategic investment and improvements fund	Section 15-08.1-08 provides for the strategic investment and improvements fund. The fund is to be used for one-time expenditures to improve state infrastructure or initiatives to improve the efficiency and effectiveness of state government. Section 57-51.1-07.5 provides for the allocation of certain oil tax revenues to the strategic investment and improvements fund.
21	Municipal infrastructure fund	House Bill No. 1066 (2019) created a municipal infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing cities for essential infrastructure projects. <b>House Bill No. 1015 (2021) aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.</b>
22	County and township infrastructure fund	House Bill No. 1066 (2019) created a county and township infrastructure fund and allocates up to \$115 million per biennium for grants to non-oil-producing counties and townships for road and bridge infrastructure projects. <b>House Bill No. 1015 (2021) aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund.</b>
23	Airport infrastructure fund	House Bill No. 1066 (2019) created an airport infrastructure fund and allocates up to \$20 million per biennium for airport infrastructure projects, subject to legislative appropriation.

## SECTION C - APPROPRIATIONS

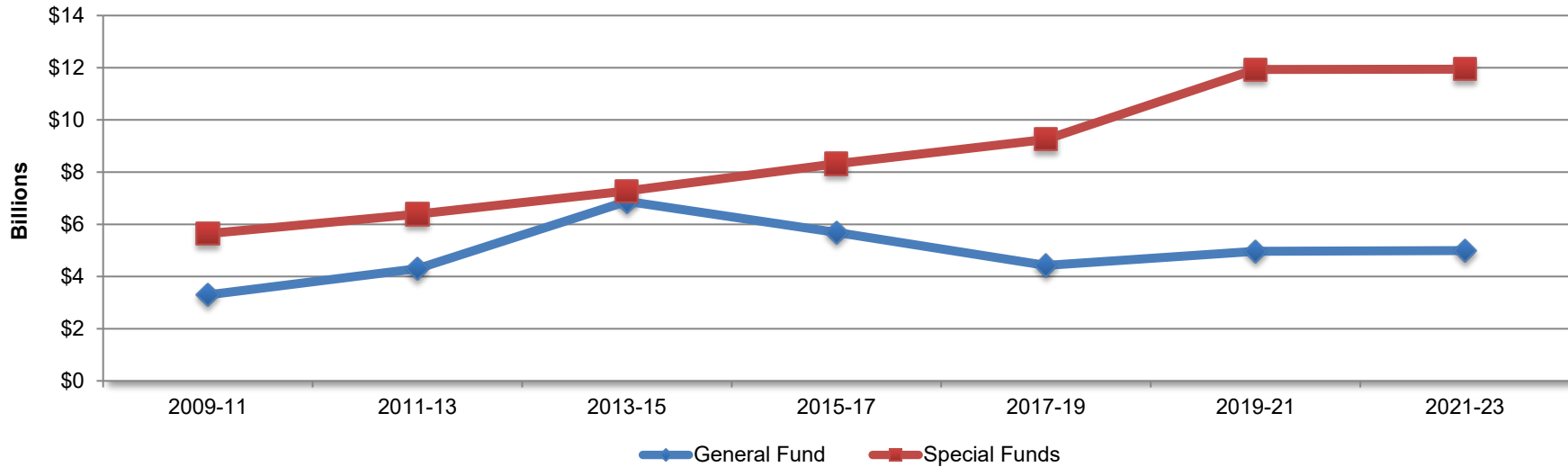
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# APPROPRIATIONS SUMMARY

The Legislative Assembly in 2021 provided general fund appropriations of \$4,992,957,330, \$27,854,164, or 0.6 percent, more than the 2019-21 legislative general fund appropriations. Of the \$4,992,957,330 of general fund appropriations, \$4,878,881,199 is considered ongoing general fund appropriations and \$114,076,131 is considered one-time general fund appropriations. Ongoing general fund spending increased by 1.8 percent compared to 2019-21 appropriations. Additional information regarding one-time general fund appropriations is provided in the one-time funding schedule included in this section.

The 2021 Legislative Assembly provided special fund appropriations of \$11,943,388,235, \$12,297,993, or 0.1 percent, more than the 2019-21 legislative special fund appropriations.

The following is a summary of legislative appropriations for the 2009-11 through 2021-23 bienniums:



Biennium	General Fund Appropriations	Special Fund Appropriations	Total Appropriations
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336
2015-17 <sup>1</sup>	\$5,687,291,911	\$8,319,007,773	\$14,006,299,684
2017-19 <sup>2</sup>	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704
2019-21 <sup>3</sup>	\$4,965,103,166	\$11,931,090,242	\$16,896,193,408
2021-23	\$4,992,957,330	\$11,943,388,235	\$16,936,345,565

**NOTE:** Appropriation amounts are restated to reflect, where appropriate, supplemental and deficiency appropriations provided by a subsequent Legislative Assembly or budget reductions made by the Legislative Assembly or budget allotments ordered by the Governor.

<sup>1</sup>The 2015-17 biennium amounts have been adjusted to reflect changes made during the August 2016 special legislative session. The Legislative Assembly reduced original general fund appropriations by \$359,487,777, from \$6,046,162,678 to \$5,686,674,901, and increased special fund appropriations by \$116,053,293, from \$8,174,234,116 to \$8,290,287,409. These amounts were further affected by deficiency appropriations approved by the 2017 Legislative Assembly.

<sup>2</sup>The special funds appropriations amount for the 2017-19 biennium reflects a change in reporting relating to the North Dakota University System to specifically appropriate higher education special funds, including tuition and fees. This reporting change increased special fund appropriations by \$1,848,493,203.

<sup>3</sup>The special funds appropriations amount for the 2019-21 biennium reflects \$2.1 billion from federal funds related to the COVID-19 pandemic appropriated as a deficiency appropriation by the 2021 Legislative Assembly.

**COMPARISON OF 2019-21 and 2021-23 LEGISLATIVE APPROPRIATIONS**

Budget No.	Budget	Legislative Appropriation 2019-21		Legislative Appropriation 2021-23		Increase (Decrease) From 2019-21 to 2021-23	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<b>General Government</b>							
101	Governor's office	\$4,492,106	\$4,492,106	\$4,587,944	\$4,587,944	\$95,838	\$95,838
108	Secretary of State	5,623,063	21,054,704	5,521,552	13,827,126	(101,511)	(7,227,578)
110	Office of Management and Budget	33,215,852	50,352,367	34,026,399	49,549,812	810,547	(802,555)
112	Information Technology Department	28,565,311	349,597,645	28,975,953	275,146,058	410,642	(74,451,587)
117	State Auditor	10,122,860	14,296,038	9,119,110	14,945,262	(1,003,750)	649,224
120	State Treasurer	1,746,370	1,781,370	1,705,918	71,865,918	(40,452)	70,084,548
125	Attorney General	45,804,596	84,908,836	42,646,718	91,805,846	(3,157,878)	6,897,010
127	Tax Commissioner	54,071,616	54,196,616	64,241,316	64,366,316	10,169,700	10,169,700
140	Office of Administrative Hearings		2,830,664		2,881,529		50,865
150	Legislative Assembly	15,825,515	15,965,515	19,692,464	19,692,464	3,866,949	3,726,949
160	Legislative Council	13,045,074	13,115,074	16,370,410	16,440,410	3,325,336	3,325,336
180	Judicial branch	107,503,043	110,615,340	112,312,790	113,729,853	4,809,747	3,114,513
188	Commission on Legal Counsel for Indigents	18,384,627	20,374,662	19,294,363	21,289,213	909,736	914,551
190	Retirement and Investment Office		14,869,164		6,402,505		(8,466,659)
192	Public Employees Retirement System		9,576,196		10,217,396		641,200
195	Ethics Commission	517,155	517,155	623,984	623,984	106,829	106,829
<b>Total General Government</b>		<u>\$338,917,188</u>	<u>\$768,543,452</u>	<u>\$359,118,921</u>	<u>\$777,371,636</u>	<u>\$20,201,733</u>	<u>\$8,828,184</u>
<b>Education</b>							
<b>Elementary, Secondary, and Other Education</b>							
201	Department of Public Instruction	\$1,721,361,137	\$2,538,914,880	\$1,658,396,873	\$2,936,330,623	(\$62,964,264)	\$397,415,743
226	Department of Trust Lands		10,458,401		10,402,999		(55,402)
250	State Library	5,781,419	8,155,780	5,831,721	10,362,864	50,302	2,207,084
252	School for the Deaf	7,528,850	10,229,208	7,406,556	10,916,084	(122,294)	686,876
253	North Dakota Vision Services - School for the Blind	4,717,989	6,050,804	4,761,879	6,238,557	43,890	187,753
270	Department of Career and Technical Education	40,064,988	54,768,109	41,735,063	126,754,880	1,670,075	71,986,771
<b>Total Elementary, Secondary, and Other Education</b>		<u>\$1,779,454,383</u>	<u>\$2,628,577,182</u>	<u>\$1,718,132,092</u>	<u>\$3,101,006,007</u>	<u>(\$61,322,291)</u>	<u>\$472,428,825</u>
<b>Higher Education</b>							
215	North Dakota University System office	\$113,977,097	\$144,979,303	\$128,198,476	\$153,955,511	\$14,221,379	\$8,976,208
227	Bismarck State College	31,068,227	101,517,629	32,084,055	102,493,948	1,015,828	976,319
228	Lake Region State College	12,945,280	41,276,544	14,242,152	39,876,580	1,296,872	(1,399,964)
229	Williston State College	10,067,743	34,133,922	11,286,737	35,306,272	1,218,994	1,172,350
230	University of North Dakota (UND)	148,332,155	1,108,741,434	156,024,079	916,681,850	7,691,924	(192,059,584)
232	UND School of Medicine and Health Sciences	64,883,503	223,920,514	67,026,005	227,832,254	2,142,502	3,911,740
235	North Dakota State University (NDSU)	132,714,983	921,873,867	138,556,325	813,973,425	5,841,342	(107,900,442)
238	North Dakota State College of Science	36,542,022	97,739,180	35,714,792	96,559,844	(827,230)	(1,179,336)
239	Dickinson State University	18,593,063	53,707,796	20,242,730	55,235,138	1,649,667	1,527,342
240	Mayville State University	16,420,616	48,558,605	20,279,828	52,562,268	3,859,212	4,003,663
241	Minot State University	39,896,693	104,570,295	41,206,630	105,254,397	1,309,937	684,102
242	Valley City State University	22,658,933	79,251,025	24,161,377	50,848,223	1,502,444	(28,402,802)
243	Dakota College at Bottineau	7,740,826	24,266,741	9,537,862	27,754,062	1,797,036	3,487,321
244	Forest Service	4,676,664	15,342,064	4,792,478	15,461,793	115,814	119,729
<b>Total Higher Education</b>		<u>\$660,517,805</u>	<u>\$2,999,878,919</u>	<u>\$703,353,526</u>	<u>\$2,693,795,565</u>	<u>\$42,835,721</u>	<u>(\$306,083,354)</u>
<b>Total Education</b>		<u>\$2,439,972,188</u>	<u>\$5,628,456,101</u>	<u>\$2,421,485,618</u>	<u>\$5,794,801,572</u>	<u>(\$18,486,570)</u>	<u>\$166,345,471</u>



Budget No.	Budget	Legislative Appropriation 2019-21		Legislative Appropriation 2021-23		Increase (Decrease) From 2019-21 to 2021-23	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
<b>Health and Welfare</b>							
301	State Department of Health	\$36,360,590	\$160,279,823	\$44,103,431	\$268,722,205	\$7,742,841	\$108,442,382
303	Department of Environmental Quality	12,480,922	58,714,496	13,661,075	60,631,005	1,180,153	1,916,509
313	Veterans' Home	5,679,324	24,955,146	5,805,643	26,829,683	126,319	1,874,537
316	Indian Affairs Commission	1,098,639	1,098,639	1,095,715	1,095,715	(2,924)	(2,924)
321	Department of Veterans' Affairs	1,416,430	2,793,587	1,570,624	3,374,274	154,194	580,687
325	Department of Human Services	1,462,663,487	4,106,823,991	1,579,020,870	4,771,142,514	116,357,383	664,318,523
360	Protection and Advocacy Project	3,312,565	7,306,700	3,139,350	7,402,940	(173,215)	96,240
380	Job Service North Dakota	430,624	65,686,194	410,229	65,405,492	(20,395)	(280,702)
<b>Total Health and Welfare</b>		<b>\$1,523,442,581</b>	<b>\$4,427,658,576</b>	<b>\$1,648,806,937</b>	<b>\$5,204,603,828</b>	<b>\$125,364,356</b>	<b>\$776,945,252</b>
<b>Regulatory</b>							
401	Insurance Commissioner		\$28,734,703		\$31,474,180		\$2,739,477
405	Industrial Commission	\$27,449,198	45,442,988	\$51,595,873	75,965,058	\$24,146,675	30,522,070
406	Department of Labor and Human Rights	2,395,169	2,875,850	2,394,186	2,911,054	(983)	35,204
408	Public Service Commission	6,714,928	19,323,404	6,431,087	19,892,782	(283,841)	569,378
412	Aeronautics Commission	500,000	49,331,082	475,000	31,216,987	(25,000)	(18,114,095)
413	Department of Financial Institutions		9,135,872		9,106,507		(29,365)
414	Securities Department		2,757,119		2,808,984		51,865
471	Bank of North Dakota		64,357,799	10,000,000	757,791,179	10,000,000	693,433,380
473	Housing Finance Agency	7,500,000	54,921,891	9,500,000	68,425,532	2,000,000	13,503,641
475	Mill and Elevator Association		76,994,824		88,377,209		11,382,385
485	Workforce Safety and Insurance		68,747,842		73,186,928		4,439,086
<b>Total Regulatory</b>		<b>\$44,559,295</b>	<b>\$422,623,374</b>	<b>\$80,396,146</b>	<b>\$1,161,156,400</b>	<b>\$35,836,851</b>	<b>\$738,533,026</b>
<b>Public Safety</b>							
504	Highway Patrol	\$44,295,405	\$61,494,103	\$36,327,762	\$66,811,414	(\$7,967,643)	\$5,317,311
530	Department of Corrections and Rehabilitation	229,678,076	271,633,965	218,165,809	284,813,424	(11,512,267)	13,179,459
540	Adjutant General	18,622,814	73,437,471	24,862,232	195,768,463	6,239,418	122,330,992
	Department of Emergency Services	8,948,383	74,618,768			(8,948,383)	(74,618,768)
<b>Total Public Safety</b>		<b>\$301,544,678</b>	<b>\$481,184,307</b>	<b>\$279,355,803</b>	<b>\$547,393,301</b>	<b>(\$22,188,875)</b>	<b>\$66,208,994</b>
<b>Agriculture and Economic Development</b>							
601	Department of Commerce	\$40,191,721	\$98,615,014	\$34,667,572	\$186,446,127	(\$5,524,149)	\$87,831,113
602	Agriculture Commissioner	10,910,429	41,232,835	23,959,712	58,470,487	13,049,283	17,237,652
627	Upper Great Plains Transportation Institute	4,396,329	23,292,223	4,485,607	25,752,957	89,278	2,460,734
628	Branch research centers	18,201,026	38,801,414	18,569,483	39,292,301	368,457	490,887
630	NDSU Extension Service	27,709,666	55,487,825	29,437,823	57,741,744	1,728,157	2,253,919
638	Northern Crops Institute	1,943,810	3,840,027	1,987,142	3,909,760	43,332	69,733
640	NDSU Main Research Center	53,417,326	111,360,566	55,088,232	114,249,188	1,670,906	2,888,622
649	Agronomy Seed Farm		1,565,975		1,579,655		13,680
665	State Fair Association	542,833	542,833	542,833	542,833		
670	Racing Commission	399,072	565,037	407,894	574,495	8,822	9,458
<b>Total Agriculture and Economic Development</b>		<b>\$157,712,212</b>	<b>\$375,303,749</b>	<b>\$169,146,298</b>	<b>\$488,559,547</b>	<b>\$11,434,086</b>	<b>\$113,255,798</b>
<b>Natural Resources</b>							
701	State Historical Society	\$18,965,691	\$22,244,943	\$19,411,350	\$26,841,302	\$445,659	\$4,596,359
709	Council on the Arts	1,606,204	3,345,126	1,662,766	4,210,748	56,562	865,622
720	Game and Fish Department		85,303,632		92,368,134		7,064,502
750	Parks and Recreation Department	14,343,129	43,034,982	13,573,491	48,705,884	(769,638)	5,670,902
770	State Water Commission		968,154,091		540,799,129		(427,354,962)
<b>Total Natural Resources</b>		<b>\$34,915,024</b>	<b>\$1,122,082,774</b>	<b>\$34,647,607</b>	<b>\$712,925,197</b>	<b>(\$267,417)</b>	<b>(\$409,157,577)</b>

Budget No.	Budget	Legislative Appropriation 2019-21		Legislative Appropriation 2021-23		Increase (Decrease) From 2019-21 to 2021-23	
		General Fund	Total Funds	General Fund	Total Funds	General Fund	Total Funds
801	Transportation Department of Transportation	\$2,500,000	\$1,464,745,404		\$2,249,534,084	(\$2,500,000)	\$784,788,680
	<b>Total Transportation</b>	<u>\$2,500,000</u>	<u>\$1,464,745,404</u>	<u>\$0</u>	<u>\$2,249,534,084</u>	<u>(\$2,500,000)</u>	<u>\$784,788,680</u>
	<b>TOTAL APPROPRIATIONS</b>	<u>\$4,843,563,166</u>	<u>\$14,690,597,737</u>	<u>\$4,992,957,330</u>	<u>\$16,936,345,565</u>	<u>\$149,394,164</u>	<u>\$2,245,747,828</u>
<b>APPROPRIATIONS SUMMARY</b>							
	General Government	\$338,917,188	\$768,543,452	\$359,118,921	\$777,371,636	\$20,201,733	\$8,828,184
	Education	2,439,972,188	5,628,456,101	2,421,485,618	5,794,801,572	(18,486,570)	166,345,471
	Health and Welfare	1,523,442,581	4,427,658,576	1,648,806,937	5,204,603,828	125,364,356	776,945,252
	Regulatory	44,559,295	422,623,374	80,396,146	1,161,156,400	35,836,851	738,533,026
	Public Safety	301,544,678	481,184,307	279,355,803	547,393,301	(22,188,875)	66,208,994
	Agriculture and Economic Development	157,712,212	375,303,749	169,146,298	488,559,547	11,434,086	113,255,798
	Natural Resources	34,915,024	1,122,082,774	34,647,607	712,925,197	(267,417)	(409,157,577)
	Transportation	2,500,000	1,464,745,404	0	2,249,534,084	(2,500,000)	784,788,680
	<b>TOTAL APPROPRIATIONS</b>	<u>\$4,843,563,166</u> *	<u>\$14,690,597,737</u> *	<u>\$4,992,957,330</u>	<u>\$16,936,345,565</u>	<u>\$149,394,164</u>	<u>\$2,245,747,828</u>
	* 2019-21 appropriations made by the 66th Legislative Assembly	\$4,843,563,166	\$14,690,597,737				
	2019-21 supplemental and deficiency appropriations made by the 67th Legislative Assembly (see deficiency appropriations schedule in Section B)	121,540,000	2,205,595,671				
	Total 2019-21 appropriations	<u>\$4,965,103,166</u>	<u>\$16,896,193,408</u>				

**COMPARISON OF 2019-21 and 2021-23 BIENNIUM ONGOING GENERAL FUND APPROPRIATIONS**

Budget No.	Budget	Ongoing Appropriations	Ongoing Appropriations	2021-23 Increase (Decrease)	
		2019-21	2021-23	From 2019-21	
		General Fund	General Fund	General Fund	Percentage
<b>General Government</b>					
101	Governor's office	\$4,287,298	\$4,587,944	\$300,646	7.0%
108	Secretary of State	5,623,063	5,521,552	(101,511)	(1.8%)
110	Office of Management and Budget	32,915,852	33,926,399	1,010,547	3.1%
112	Information Technology Department	17,165,311	28,975,953	11,810,642	68.8%
117	State Auditor	10,106,860	9,119,110	(987,750)	(9.8%)
120	State Treasurer	1,746,370	1,705,918	(40,452)	(2.3%)
125	Attorney General	45,604,596	42,646,718	(2,957,878)	(6.5%)
127	Tax Commissioner	54,071,616	64,241,316	10,169,700	18.8%
150	Legislative Assembly	15,307,755	17,926,180	2,618,425	17.1%
160	Legislative Council	12,890,318	15,672,410	2,782,092	21.6%
180	Judicial branch	107,355,691	110,312,790	2,957,099	2.8%
188	Commission on Legal Counsel for Indigents	18,384,627	19,294,363	909,736	4.9%
195	Ethics Commission	517,155	623,984	106,829	N/A
<b>Total General Government</b>		<b>\$325,976,512</b>	<b>\$354,554,637</b>	<b>\$28,578,125</b>	<b>8.8%</b>
<b>Education</b>					
<b>Elementary, Secondary, and Other Education</b>					
201	Department of Public Instruction	\$1,721,161,137	\$1,658,196,873	(\$62,964,264)	(3.7%)
250	State Library	5,781,419	5,831,721	50,302	0.9%
252	School for the Deaf	7,528,850	7,406,556	(122,294)	(1.6%)
253	North Dakota Vision Services - School for the Blind	4,717,989	4,761,879	43,890	0.9%
270	Department of Career and Technical Education	40,064,988	41,735,063	1,670,075	4.2%
<b>Total Elementary, Secondary, and Other Education</b>		<b>\$1,779,254,383</b>	<b>\$1,717,932,092</b>	<b>(\$61,322,291)</b>	<b>(3.4%)</b>
<b>Higher Education</b>					
215	North Dakota University System office	\$102,327,097	\$116,898,476	\$14,571,379	14.2%
227	Bismarck State College	31,068,227	32,084,055	1,015,828	3.3%
228	Lake Region State College	12,945,280	14,242,152	1,296,872	10.0%
229	Williston State College	10,067,743	11,286,737	1,218,994	12.1%
230	University of North Dakota (UND)	150,279,869	152,024,079	1,744,210	1.2%
232	UND School of Medicine and Health Sciences	62,935,789	67,026,005	4,090,216	6.5%
235	North Dakota State University (NDSU)	132,714,983	138,431,325	5,716,342	4.3%
238	North Dakota State College of Science	36,542,022	35,714,792	(827,230)	(2.3%)
239	Dickinson State University	18,393,063	20,242,730	1,849,667	10.1%
240	Mayville State University	16,420,616	18,679,828	2,259,212	13.8%
241	Minot State University	39,896,693	41,206,630	1,309,937	3.3%
242	Valley City State University	22,658,933	24,161,377	1,502,444	6.6%
243	Dakota College at Bottineau	7,740,826	9,537,862	1,797,036	23.2%
244	Forest Service	4,676,664	4,792,478	115,814	2.5%
<b>Total Higher Education</b>		<b>\$648,667,805</b>	<b>\$686,328,526</b>	<b>\$37,660,721</b>	<b>5.8%</b>
<b>Total Education</b>		<b>\$2,427,922,188</b>	<b>\$2,404,260,618</b>	<b>(\$23,661,570)</b>	<b>(1.0%)</b>
<b>Health and Welfare</b>					
301	State Department of Health	\$36,270,590	\$38,575,155	\$2,304,565	6.4%
303	Department of Environmental Quality	12,480,922	12,661,075	180,153	1.4%
313	Veterans' Home	5,654,324	5,780,643	126,319	2.2%
316	Indian Affairs Commission	1,098,639	1,095,715	(2,924)	(0.3%)

Budget No.	Budget	Ongoing Appropriations 2019-21	Ongoing Appropriations 2021-23	2021-23 Increase (Decrease) From 2019-21	
		General Fund	General Fund	General Fund	Percentage
321	Department of Veterans' Affairs	1,268,930	1,570,624	301,694	23.8%
325	Department of Human Services	1,461,150,884	1,554,787,654	93,636,770	6.4%
360	Protection and Advocacy Project	3,240,015	3,139,350	(100,665)	(3.1%)
380	Job Service North Dakota	430,624	410,229	(20,395)	(4.7%)
<b>Total Health and Welfare</b>		<b>\$1,521,594,928</b>	<b>\$1,618,020,445</b>	<b>\$96,425,517</b>	<b>6.3%</b>
<b>Regulatory</b>					
405	Industrial Commission	\$27,254,198	\$26,489,667	(\$764,531)	(2.8%)
406	Department of Labor and Human Rights	2,325,510	2,246,469	(79,041)	(3.4%)
408	Public Service Commission	6,714,928	6,431,087	(283,841)	(4.2%)
412	Aeronautics Commission	500,000	475,000	(25,000)	(5.0%)
<b>Total Regulatory</b>		<b>\$36,794,636</b>	<b>\$35,642,223</b>	<b>(\$1,152,413)</b>	<b>(3.1%)</b>
<b>Public Safety</b>					
504	Highway Patrol	\$44,213,575	\$36,327,762	(\$7,885,813)	(17.8%)
530	Department of Corrections and Rehabilitation	228,286,826	217,859,809	(10,427,017)	(4.6%)
540	Adjutant General	27,390,197	22,882,232	(4,507,965)	(16.5%)
<b>Total Public Safety</b>		<b>\$299,890,598</b>	<b>\$277,069,803</b>	<b>(\$22,820,795)</b>	<b>(7.6%)</b>
<b>Agriculture and Economic Development</b>					
601	Department of Commerce	\$32,866,721	\$31,502,140	(\$1,364,581)	(4.2%)
602	Agriculture Commissioner	10,700,429	13,459,712	2,759,283	25.8%
627	Upper Great Plains Transportation Institute	4,396,329	4,485,607	89,278	2.0%
628	Branch research centers	18,201,026	18,569,483	368,457	2.0%
630	NDSU Extension Service	27,709,666	29,437,823	1,728,157	6.2%
638	Northern Crops Institute	1,943,810	1,987,142	43,332	2.2%
640	NDSU Main Research Center	52,667,326	54,588,232	1,920,906	3.6%
665	State Fair Association	542,833	542,833	0	0.0%
670	Racing Commission	399,072	387,894	(11,178)	(2.8%)
<b>Total Agriculture and Economic Development</b>		<b>\$149,427,212</b>	<b>\$154,960,866</b>	<b>\$5,533,654</b>	<b>3.7%</b>
<b>Natural Resources</b>					
701	State Historical Society	\$17,368,691	\$19,386,350	\$2,017,659	11.6%
709	Council on the Arts	1,606,204	1,662,766	56,562	3.5%
750	Parks and Recreation Department	14,343,129	13,323,491	(1,019,638)	(7.1%)
<b>Total Natural Resources</b>		<b>\$33,318,024</b>	<b>\$34,372,607</b>	<b>\$1,054,583</b>	<b>3.2%</b>
<b>TOTAL ONGOING GENERAL FUND APPROPRIATIONS</b>		<b>\$4,794,924,098</b>	<b>\$4,878,881,199</b>	<b>\$83,957,101</b>	<b>1.8%</b>
<b>APPROPRIATION SUMMARY</b>					
General Government		\$325,976,512	\$354,554,637	\$28,578,125	8.8%
Education		2,427,922,188	2,404,260,618	(23,661,570)	(1.0%)
Health and Welfare		1,521,594,928	1,618,020,445	96,425,517	6.3%
Regulatory		36,794,636	35,642,223	(1,152,413)	(3.1%)
Public Safety		299,890,598	277,069,803	(22,820,795)	(7.6%)
Agriculture and Economic Development		149,427,212	154,960,866	5,533,654	3.7%
Natural Resources		33,318,024	34,372,607	1,054,583	3.2%
<b>TOTAL ONGOING GENERAL FUND APPROPRIATIONS</b>		<b>\$4,794,924,098</b>	<b>\$4,878,881,199</b>	<b>\$83,957,101</b>	<b>1.8%</b>

# ONE-TIME GENERAL FUND APPROPRIATIONS FOR THE 2021-23 BIENNIUM

Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
110	<b>Office of Management and Budget</b> State student internship	HB 1015	\$100,000
150	<b>Legislative Assembly</b> Redistricting session	SB 2001	316,284
	Information technology expansion	SB 2001	1,450,000
160	<b>Legislative Council</b> Statewide acute psychiatric and residential care needs study	HB 1012	500,000
	Information technology expansion	SB 2001	48,000
	Public website redesign	SB 2001	150,000
180	<b>Judicial branch</b> Juvenile case management system	SB 2002	2,000,000
201	<b>Department of Public Instruction</b> State automated reporting system maintenance	HB 1013	200,000
215	<b>North Dakota University System office</b> Math pathways	SB 2003	150,000
	Challenge grants	SB 2030	11,150,000
230	<b>University of North Dakota</b> Space command initiative	HB 1015	4,000,000
235	<b>North Dakota State University</b> Settlement agreement	SB 2003	125,000
240	<b>Mayville State University</b> Natural gas boiler project	HB 1015	1,600,000
301	<b>State Department of Health</b> COVID-19 response	SB 2004	4,747,045
	Forensic examiner upgrades	SB 2004	781,231
303	<b>Department of Environmental Quality</b> Laboratory information management system	SB 2024	1,000,000
313	<b>Veterans' Home</b> Resident absences	SB 2007	25,000
325	<b>Department of Human Services</b> Medicaid management information system (MMIS) upgrade	HB 1012	4,326,686
	Child welfare technology project	HB 1012	15,000,000
	Data automation services	HB 1012	98,186
	MMIS tech stack project	HB 1012	600,000
	Quality measures services	HB 1012	11,344
	Nursing payment methodology implementation	HB 1012	3,348,000
	Heat pump and carpet replacement	HB 1012	724,000
	Development disability provider emergency stabilization grants	HB 1012	125,000
405	<b>Industrial Commission</b> Clean sustainable energy fund transfer	HB 1452	25,000,000
	Paleontology and geological equipment	SB 2014	106,206

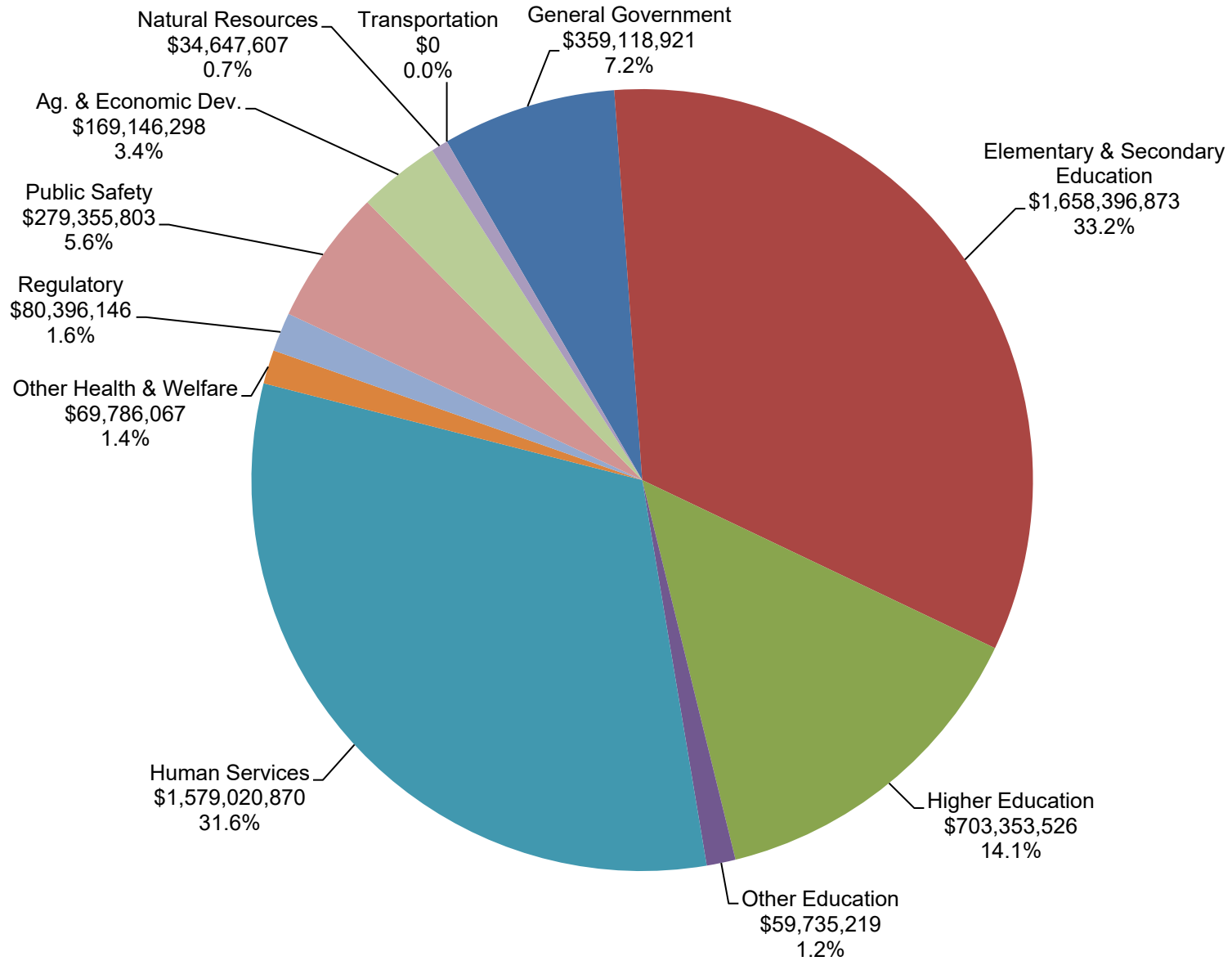
Dept. Number	Agency - Description	Bill No.	Legislative Appropriations - General Fund
406	<b>Department of Labor and Human Rights</b> Case management system	HB 1007	147,717
471	<b>Bank of North Dakota</b> Agriculture diversification and development fund transfer	HB 1475	10,000,000
473	<b>Housing Finance Agency</b> Housing incentive fund	SB 2014	9,500,000
530	<b>Department of Corrections and Rehabilitation</b> Equipment	SB 2015	191,000
	Kitchen equipment	SB 2015	115,000
540	<b>Adjutant General</b> Camp Grafton expansion land purchase	HB 1016	1,750,000
	Fraine Barracks complex automation system	HB 1016	80,000
	Emergency response equipment and supplies	HB 1016	100,000
	Fargo Readiness Center equipment	HB 1016	50,000
601	<b>Department of Commerce</b> Discretionary funds	HB 1015	1,000,000
	Film and theater production grant	SB 2018	100,000
	Workforce grants to tribal colleges	SB 2018	500,000
	Beyond visual line of sight unmanned aircraft system grants	SB 2018	1,000,000
	Tourism transportation improvement grant	SB 2018	565,432
602	<b>Department of Agriculture</b> Bioscience innovation grant fund transfer	HB 1009	5,500,000
	Federal environmental law impact review fund transfer	HB 1009	5,000,000
640	<b>Main Research Center</b> Deferred maintenance	SB 2020	500,000
670	<b>Racing Commission</b> Internships	SB 2023	20,000
701	<b>State Historical Society</b> State archives digital repository upgrade	HB 1018	25,000
750	<b>Parks and Recreation Department</b> Trail lease renewals	HB 1019	200,000
	Fort Abraham Lincoln viewshed lease	HB 1019	50,000
	<b>Total</b>		<b>\$114,076,131</b>

## CONTINGENT 2021-23 BIENNIUM GENERAL FUND APPROPRIATIONS

Bill No. - Agency	Description	Amount
House Bill No. 1015 - Bank of North Dakota	The Bank of North Dakota may receive \$17.5 million from the general fund for the repayment of the loan relating to the Theodore Roosevelt Presidential Library if the actual July 1, 2021, general fund balance exceeds the legislative estimate made at the close of the 2021 legislative session by at least \$17.5 million, as determined by the Office of Management and Budget.	\$17,500,000
Total		\$17,500,000

# 2021-23 BIENNIUM GENERAL FUND APPROPRIATIONS

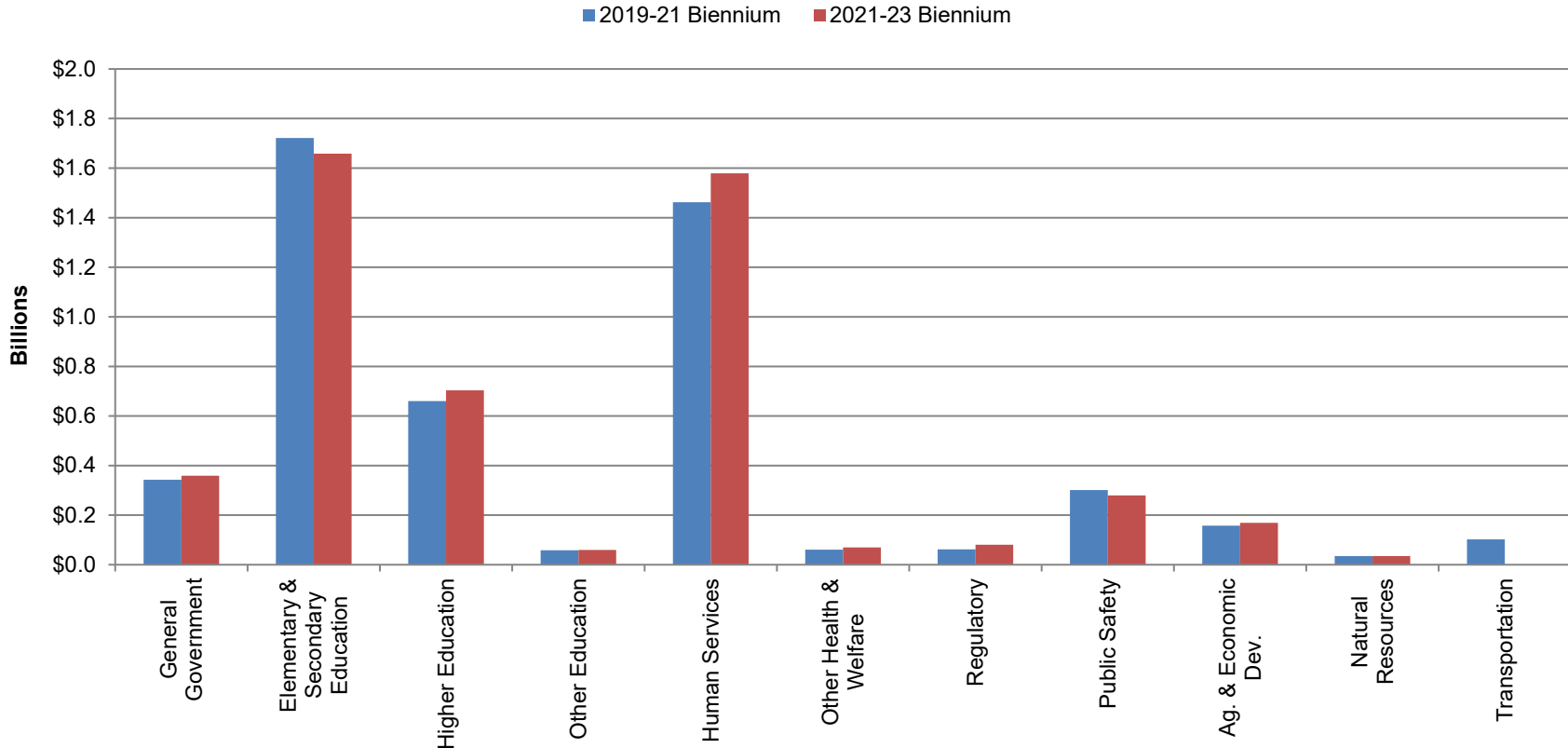
Total 2021-23 General Fund Appropriations - \$4,992,957,330





# COMPARISON OF 2019-21 AND 2021-23 GENERAL FUND APPROPRIATIONS

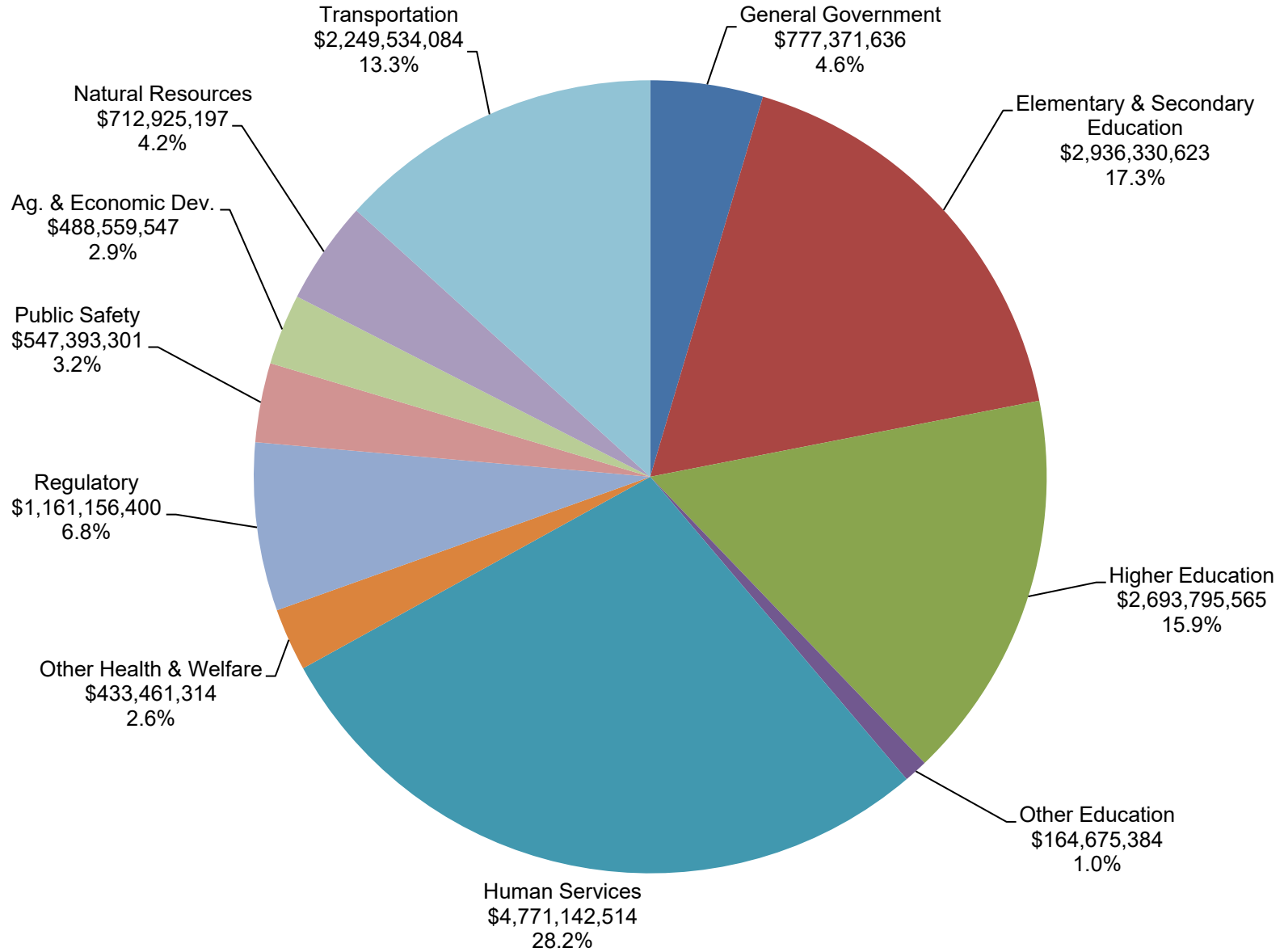
(Amounts Shown in Billions)



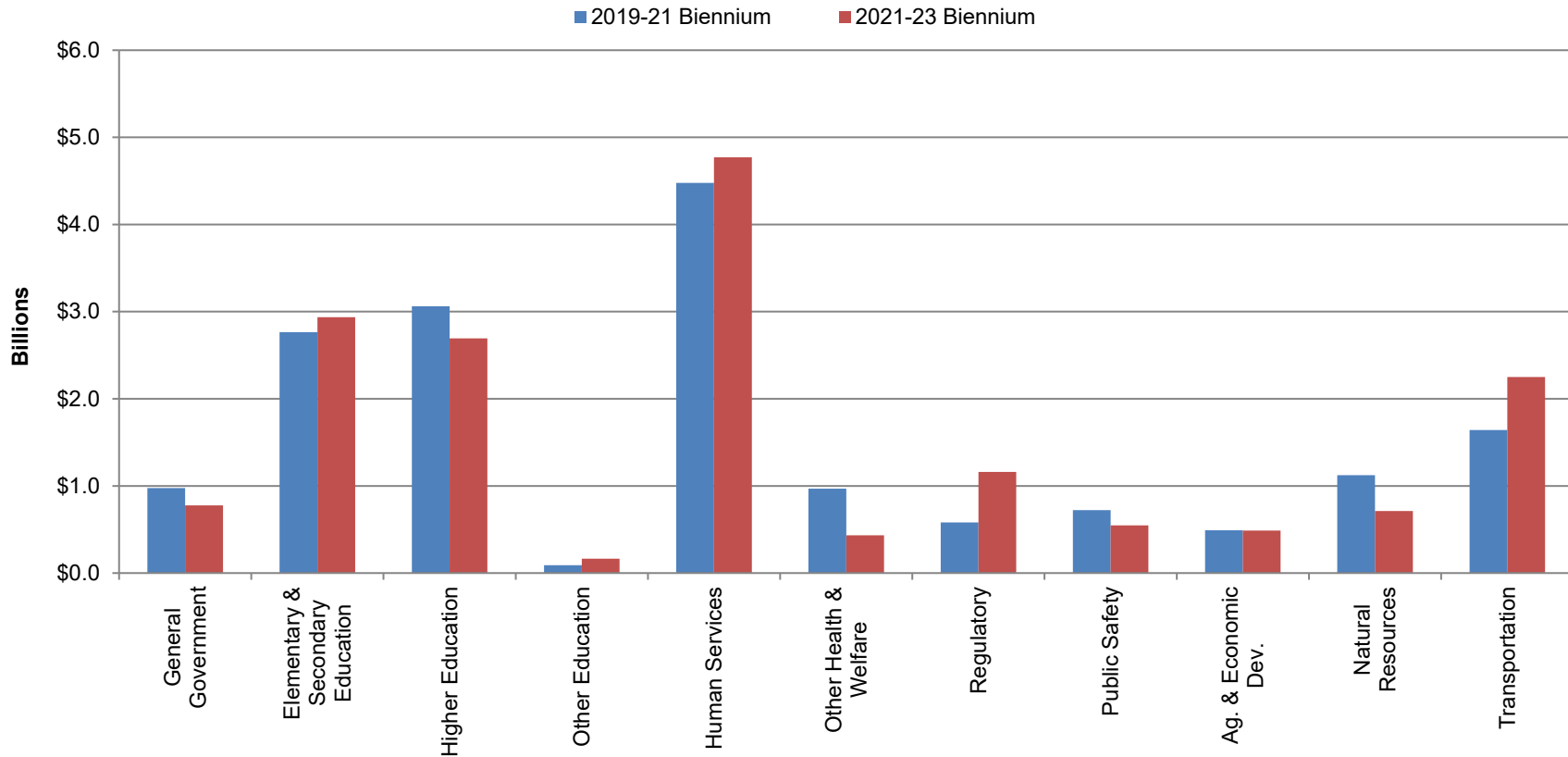
	<b>2019-21 Biennium</b>	<b>2021-23 Biennium</b>	<b>Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
General Government	\$342,957,188	\$359,118,921	\$16,161,733	4.7%
Elementary & Secondary Education	1,721,361,137	1,658,396,873	(62,964,264)	(3.7%)
Higher Education	660,517,805	703,353,526	42,835,721	6.5%
Other Education	58,093,246	59,735,219	1,641,973	2.8%
Human Services	1,462,663,487	1,579,020,870	116,357,383	8.0%
Other Health & Welfare	60,779,094	69,786,067	9,006,973	14.8%
Regulatory	62,059,295	80,396,146	18,336,851	29.5%
Public Safety	301,544,678	279,355,803	(22,188,875)	(7.4%)
Ag. & Economic Dev.	157,712,212	169,146,298	11,434,086	7.2%
Natural Resources	34,915,024	34,647,607	(267,417)	(0.8%)
Transportation	102,500,000	0	(102,500,000)	(100.0%)
<b>Total</b>	<b>\$4,965,103,166</b>	<b>\$4,992,957,330</b>	<b>\$27,854,164</b>	<b>0.6%</b>

# 2021-23 BIENNIUM ALL FUNDS APPROPRIATIONS

Total 2021-23 Biennium All Funds Appropriations - \$16,936,345,565



## COMPARISON OF 2019-21 AND 2021-23 ALL FUNDS APPROPRIATIONS (Amounts Shown in Billions)



	<b>2019-21 Biennium</b>	<b>2021-23 Biennium</b>	<b>Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
General Government	\$974,778,646	\$777,371,636	(\$197,407,010)	(20.3%)
Elementary & Secondary Education	2,765,494,030	2,936,330,623	170,836,593	6.2%
Higher Education	3,061,415,273	2,693,795,565	(367,619,708)	(12.0%)
Other Education	90,228,922	164,675,384	74,446,462	82.5%
Human Services	4,476,797,793	4,771,142,514	294,344,721	6.6%
Other Health & Welfare	969,099,708	433,461,314	(535,638,394)	(55.3%)
Regulatory	581,411,812	1,161,156,400	579,744,588	99.7%
Public Safety	721,794,551	547,393,301	(174,401,250)	(24.2%)
Ag. & Economic Dev.	490,904,344	488,559,547	(2,344,797)	(0.5%)
Natural Resources	1,123,152,759	712,925,197	(410,227,562)	(36.5%)
Transportation	1,641,115,570	2,249,534,084	608,418,514	37.1%
<b>Total</b>	<b>\$16,896,193,408</b>	<b>\$16,936,345,565</b>	<b>\$40,152,157</b>	<b>0.2%</b>

## FEDERAL COVID-19 RELIEF FUNDING

Congress has approved several bills that provide federal Coronavirus (COVID-19) relief funding to the states. The 2021 Legislative Assembly appropriated \$3,314,048,631 of federal COVID-19 relief funding in various bills as detailed in this section.

### FEDERAL CORONAVIRUS RELIEF FUND

In March 2020, Congress approved, and the President signed, H.R. 748, also known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The bill included a \$150 billion Coronavirus Relief Fund (CRF) to be allocated to states to pay for COVID-19 costs that are:

1. Necessary due to the COVID-19 pandemic;
2. Were not accounted for in the most recently approved budget; and
3. Were incurred during the period March 1, 2020, through December 30, 2020.

In December 2020, Congress approved, and the President signed, H.R. 133, also known as the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) which extended the deadline to spend CRF funding to December 31, 2021.

North Dakota received a \$1.25 billion allocation from the CRF. During the 2019-20 interim, the Emergency Commission and Budget Section allocated the entire \$1.25 billion to state agencies and political subdivisions. In House Bill No. 1395 and other bills, the Legislative Assembly reallocated unspent and unobligated CRF funding ("turnback") for each agency and appropriated all of the CRF funding, along with interest accrued on the funds as shown below for the 2019-21 biennium except as noted where the appropriation is for the 2021-23 biennium.

Agency	Allocation
Governor's office	\$18,083
Secretary of State	49,216
Office of Management and Budget	7,021,370
Information Technology Department	61,868,226
Information Technology Department - 2021-23 appropriation	6,500,000
State Auditor's office	10,866
State Treasurer (for distribution to political subdivisions)	123,280,256
Tax Commissioner	28,601
Office of Administrative Hearings	522
Legislative Assembly	3,100,000
Legislative Council	100,000
Judicial branch	672,212
Department of Public Instruction	64,316,217
Department of Public Instruction - 2021-23 appropriation	250,000
North Dakota University System office	1,468,787
Department of Trust Lands	95,640
Bismarck State College	4,210,745
Lake Region State College	880,813
Williston State College	1,712,364
University of North Dakota	20,984,766
North Dakota State University	18,618,664
North Dakota State College of Science	5,107,897
Dickinson State University	2,346,239
Mayville State University	2,206,656
Minot State University	2,454,439

Agency	Allocation
Valley City State University	740,353
Dakota College at Bottineau	804,631
School for the Deaf - 2021-23 appropriation	300,000
North Dakota Vision Services - School for the Blind - 2021-23 appropriation	86,000
Department of Career and Technical Education	470,980
State Department of Health	101,573,769
Department of Environmental Quality	745,000
Veterans' Home	462,040
Indian Affairs Commission	20,915
Department of Veterans' Affairs	2,860
Department of Human Services	60,554,974
Department of Human Services - 2021-23 appropriation	4,207,638
Job Service North Dakota	370,953,307
Industrial Commission	71,476,513
Bank of North Dakota	68,677,183
Mill and Elevator Association	116,690
Workforce Safety and Insurance	1,018,052
Highway Patrol	22,008,003
Highway Patrol - 2021-23 appropriation	8,100,000
Department of Corrections and Rehabilitation	54,858,254
Department of Corrections and Rehabilitation - 2021-23 appropriation	18,371,718
Adjutant General	11,196,780
Department of Commerce	82,179,000
Department of Commerce - 2021-23 appropriation	12,000,000
Agriculture Commissioner	13,407,550
State Seed Department	6,117
Upper Great Plains Transportation Institute	41,618
Branch research centers	831,007
NDSU Extension Service	855,400
Northern Crops Institute	115,586
Main Research Center	1,164,967
State Fair Association	105,272
Racing Commission	1,000
State Historical Society	19,000
Council on the Arts	800,000
Parks and Recreation Department	250,985
Department of Transportation	14,670,106
Total	\$1,250,495,847
Total - 2019-21 appropriations	\$1,200,680,491
Total - 2021-23 appropriations	49,815,356
Total	\$1,250,495,847

## CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT

The CRRSAA provided \$2.3 trillion in aid and stimulus in response to the COVID-19 pandemic. The Legislative Assembly, in House Bill No. 1394, appropriated funding from the CRRSAA along with other federal COVID-19 funding as shown below for the 2019-21 biennium.

Agency	Program	Amount
Office of Management and Budget	Governor's Emergency Education Relief Fund allocations to public schools	\$2,732,339
Attorney General	Justice assistance grants for staff and equipment costs to respond to COVID-19	\$2,082,871
Department of Public Instruction	Elementary and Secondary School Emergency Relief Fund - Allocations to schools	\$122,331,954
	Elementary and Secondary School Emergency Relief Fund - State administration initiatives	13,592,439
	Previously approved Elementary and Secondary School Emergency Relief Fund - Allocations to schools	22,271,117
	Previously approved Elementary and Secondary School Emergency Relief Fund - State administration initiatives	68,678
	Governor's Emergency Education Relief Fund allocations to private schools	3,998,745
<b>Total - Department of Public Instruction</b>		<b>\$162,262,933</b>
State Department of Health	COVID-19 testing, vaccine preparedness, and agency response costs	\$173,532,232
Veterans' Home	Provider incentive payments used for COVID-19 supplies and staff costs	\$975,000
Department of Human Services	Substance abuse prevention and treatment services	\$6,411,715
	Emergency rental assistance program	200,000,000
	Mental health block grant program to provide services to children and adults with serious mental illness	1,435,102
	Child care and development block grant to allow low-income families to have access to child care	19,448,230
	Safe and stable families program to ensure childrens' safety within their homes	90,342
	Foster care program costs to assist foster care youth	1,224,837
	Education and training vouchers for postsecondary costs of youth leaving foster care	166,136
	Congregate and home-delivered meals for older adults to maintain their health	840,000
	Ombudsman program to assist in preventing elder neglect and abuse	20,000
	Vulnerable adult protective services to assist older adults affected by abuse, neglect, or financial exploitation	704,100
	Supplemental nutrition assistance program increased monthly benefit distribution	7,200,000
	Supplemental nutrition assistance program emergency assistance to increase program availability	16,992,580
	Pandemic electronic benefits transfer to provide food assistance to children who would normally receive free or reduced school lunches	31,992,804
	Water and wastewater bill assistance to assist in utility payment	3,700,000
	Enhanced federal medical assistance percentage increase of 6.2 percent from April through June 2020	16,000,000
Mental health and substance use disorder funding to provide crisis intervention services and other mental health support	2,859,649	
<b>Total - Department of Human Services</b>		<b>\$309,085,495</b>
Adjutant General	Increase the FEMA reimbursement rate from 75 to 100 percent for COVID-19-related disaster expenses and apply 100 percent reimbursement rates retroactively to expenses already incurred	\$148,666,667
Department of Commerce	Community services block grant funding to address the needs of low-income individuals	\$7,393,078
	Community development block grant funding to address community needs relating to COVID-19	3,000,000
	Emergency solutions grant program to provide additional homeless assistance	1,000,000

<b>Agency</b>	<b>Program</b>	<b>Amount</b>
Total - Department of Commerce		\$11,393,078
Department of Agriculture	Stress assistance programs to provide behavioral health services to agriculture producers Specialty crop block grants to enhance the competitiveness of special crops	\$500,000 5,000,000
Total - Department of Agriculture		\$5,500,000
Department of Transportation	Enhanced mobility services to assist the elderly and disabled with transportation Surface transportation grant program	\$115,202 61,584,858
Total - Department of Transportation		\$61,700,060
Total - 2019-21 appropriations		\$877,930,675

### AMERICAN RESCUE PLAN ACT

In March 2021, Congress passed, and the President signed, United States House Bill No. 1319, also known as the American Rescue Plan (ARP) Act of 2021. Included in the bill is funding for a state fiscal recovery fund, local fiscal recovery fund, a Coronavirus Capital Projects Fund, and other programs and purposes. The Legislative Assembly, in House Bill No. 1395, appropriated funding from ARP along with other federal COVID-19 funding as shown below for the 2021-23 biennium.

<b>Agency</b>	<b>Program</b>	<b>Amount</b>
State Treasurer	Local fiscal relief allocations to political subdivisions	\$50,160,000
Department of Public Instruction	Elementary and secondary school emergency education relief funding Emergency education relief homeless children and youth program Individuals with disabilities education grants for special education needs Emergency assistance to nonpublic schools	\$305,266,879 1,999,661 8,632,569 4,151,371
Total - Department of Public Instruction		\$320,050,480
State Library	Assistance to libraries to expand digital network access, purchase Internet accessible devices, and provide technical support services	\$2,166,726
State Department of Health	Women, Infants, and Children program cash value voucher Testing, contact tracing, and other activities necessary to effectively monitor and suppress COVID-19 Assistance to federal, state, local, territorial, and tribal public health agencies to distribute, administer, monitor, and track COVID-19 vaccination efforts Strategies to improve COVID-19 response in high-risk and underserved populations	\$801,409 22,952,934 32,258,011 31,278,243
Total - State Department of Health		\$87,290,597
Veterans' Home	Personal protective equipment, employee wages, disinfecting supplies, and medical supplies	\$1,300,000
Department of Human Services	Continuation of child care development block grant payments and assistance to individuals and child care providers Child care stabilization grants to child care providers and increased supports for providers and families Additional child care entitlement funding for child care assistance program Low-income home energy assistance program enhancements	\$29,243,107 46,771,413 1,317,327 34,517,336

Agency	Program	Amount
	Pandemic emergency assistance for nonrecurrent short-term needs of families	1,354,594
	Community-based child abuse prevention efforts for respite care, after school activities, and family support	592,780
	Child abuse state grants for outreach and training on child protection safety and response	284,363
	Supportive services to assist older adults to maintain independence	2,300,000
	Additional assistance for nutrition services for the elderly to provide increased reimbursement rates	3,750,000
	Expansion of preventative services programs and training for older adults	150,000
	Family caregiver assistance	500,000
	Awareness and access improvements to the long-term care ombudsman	50,000
	Additional mental health block grant funding for community mental health services	2,567,171
	Additional substance abuse block grant funding for substance use prevention efforts and substance use disorder needs	5,537,390
	Emergency rental assistance program to provide rental assistance to eligible individuals	50,000,000
	Additional funding for the supplemental nutrition assistance program for system modifications and staffing	922,754
	Additional federal Part C funding for early intervention and other efforts for infants and toddlers with developmental disabilities	1,222,769
	Additional aging services funding for expanding access to COVID-19 vaccines and other services	408,836
	Supplemental nutrition assistance program increased benefit levels	3,600,000
	Pandemic electronic benefits transfer funding to provide food assistance to children who normally received free or reduced lunches at school	6,600,000
	Homeowner assistance program for financial assistance for homeowners	50,000,000
Total - Department of Human Services		\$241,689,840
Adjutant General	Funding to assist state, local, territorial, and tribal governments in preparing and responding to disasters	\$887,873
Department of Commerce	State Small Business Credit Initiative program	\$56,234,176
Council on the Arts	Grants to nonprofit arts organizations to support operations	\$759,060
Department of Transportation	Capital, operating, and administrative assistance to state agencies, political subdivisions, and nonprofit organizations, and operators of public transportation services	\$628,855
	Public transportation intercity bus apportionment	865,298
	Enhanced mobility services to assist older individuals and individuals with a disability	115,204
	Road and bridge capital infrastructure projects	317,000,000
Total - Department of Transportation		\$318,609,357
Grand total - 2021-23 appropriations		\$1,079,148,109

North Dakota is anticipated to receive an additional \$1,010,880,757 of federal state fiscal recovery funds under ARP that must be obligated by December 2024. The 2021 Legislative Assembly did not appropriate any of these funds in part because federal guidelines had not yet been released on the allowable uses of the funds at the close of the 2021 legislative session. Section 3 of House Bill No. 1395 provides legislative intent that fiscal recovery funds allocated to the state be appropriated by the Legislative Assembly during future regular and special legislative sessions.

### Coronavirus Capital Projects Fund

The ARP included funding for a Coronavirus Capital Projects Fund which was distributed to states for capital projects relating to enabling work, education, and health monitoring in response to the COVID-19 pandemic. North Dakota received an allocation of \$112,473,563 from the fund. The Legislative Assembly approved using \$106,474,000 of funding for the following projects for the 2021-23 biennium:



<b>Agency</b>	<b>Project</b>	<b>Amount</b>
Office of Management and Budget	Medical center construction grant	\$500,000
Judicial branch	Information technology equipment	157,600
Department of Public Instruction	Children's science center grant	5,900,000
University of North Dakota	Airport apron project	5,000,000
Dickinson State University	Pulver Hall and meat processing laboratory projects	4,000,000
Department of Career and Technical Education	Statewide area career center initiative grant program	70,000,000
Highway Patrol	Law Enforcement Training Academy remodel project	3,000,000
State Historical Society	Capital project planning and historic site repairs	4,200,000
Parks and Recreation Department	Deferred maintenance projects and repayment of International Peace Garden project loan	11,716,400
Agriculture Commissioner	Intermodal facility grant program	2,000,000
<b>Total - 2021-23 appropriations</b>		<b>\$106,474,000</b>

Section 3 of House Bill No. 1395 provides legislative intent that the remaining coronavirus capital projects funds be appropriated by the Legislative Assembly during future regular and special legislative sessions.

## SECTION D - ELECTED OFFICIALS

AGRICULTURE COMMISSIONER	D-29
ATTORNEY GENERAL	D-10
GOVERNOR'S OFFICE	D-1
INSURANCE COMMISSIONER	D-23
PUBLIC SERVICE COMMISSION	D-26
SECRETARY OF STATE	D-3
STATE AUDITOR	D-5
STATE TREASURER	D-7
SUPERINTENDENT OF PUBLIC INSTRUCTION - SEE SECTION E - ELEMENTARY AND SECONDARY EDUCATION	
TAX COMMISSIONER	D-20

**Governor  
Budget No. 101  
House Bill No. 1001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>17.00</b>	<b>\$4,587,944</b>	<b>\$0</b>	<b>\$4,587,944</b>
2021-23 base budget	18.00	4,287,298	0	4,287,298
Legislative increase (decrease) to base budget	(1.00)	\$300,646	\$0	\$300,646

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$4,587,944</b>	<b>\$0</b>	<b>\$4,587,944</b>
2019-21 legislative appropriations	4,287,298	204,808	4,492,106
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$300,646	(\$204,808)	\$95,838
Percentage increase (decrease) to 2019-21 appropriations	7.0%	(100.0%)	2.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$96,722		\$96,722
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		729		729
Added salary equity funding		150,000		150,000
Removed a vacant unfunded FTE position	(1.00)	0		
Added funding for Microsoft Office 365 licensing expenses		3,195		3,195
Added funding for event travel expenses		50,000		50,000
<b>Total</b>	<b>(1.00)</b>	<b>\$300,646</b>	<b>\$0</b>	<b>\$300,646</b>

**FTE Changes**

The Legislative Assembly approved 17 FTE positions for the Governor's office for the 2021-23 biennium, 1 FTE position less than the 2019-21 biennium. The Legislative Assembly removed 1 FTE unfunded vacant position.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$18,083 of federal coronavirus relief funds to the Governor's office for the 2019-21 biennium for costs of a temporary employee assigned to COVID-19 response during April and May 2020.

**Governor's Salary**

The Legislative Assembly appropriated funding for the Governor's salary for the 2021-23 biennium in a separate line item. Section 4 of the bill provides the Governor may decline a salary during the 2021-23 biennium and may transfer appropriation authority from the Governor's salary line item to other line items in the agency's budget.

**Other Sections in House Bill No. 1001**

**Additional income** - Section 3 appropriates any additional other funds, excluding federal funds, which may become available to the office during the 2021-23 biennium if the amount of funds received from a source does not exceed \$150,000. The section allows the Governor to accept federal funds but may spend the funds only pursuant to appropriation by the Legislative Assembly or approval by the Emergency Commission and Budget Section. The Governor's office is to report to the Budget Section regarding any additional other funds received by the agency. This section is declared an emergency measure.

**Salary of the Governor and Lieutenant Governor** - Sections 5 and 6 provide for statutory changes to increase the salaries of the Governor and Lieutenant Governor consistent with 2021-23 biennium state employee salary increases as follows:

	<b>Current Level</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>
Governor	\$138,748	\$140,829	\$143,646
Lieutenant Governor	\$107,917	\$109,536	\$111,727

**Repeal of session law** - Section 7 repeals Section 3 of Chapter 26 of the 2019 Session Laws, relating to the acceptance and expenditure of additional funds received by the Governor's office during the 2019-21 biennium. This section is declared an emergency measure.

**Line item transfers** - Section 8 authorizes up to \$64,242 to be transferred from the operating expenses line item to the salaries and wages line item in the agency's 2019-21 biennium appropriation for annual leave payouts (\$29,242) and costs related to the boards and commissions technology project (\$35,000). This section is declared an emergency measure.

**Exemption** - Section 9 authorizes 2019-21 biennium funding for Rough Rider Awards to be continued into the 2021-23 biennium.

**Related Legislation**

There is no major related legislation affecting this agency.

**Secretary of State  
Budget No. 108  
House Bill No. 1002**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>33.00</b>	<b>\$5,521,552</b>	<b>\$8,305,574</b>	<b>\$13,827,126</b>
2021-23 base budget	32.00	5,623,063	4,231,641	9,854,704
Legislative increase (decrease) to base budget	1.00	(\$101,511)	\$4,073,933	\$3,972,422

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$5,521,552</b>	<b>\$0</b>	<b>\$5,521,552</b>
2019-21 legislative appropriations	5,623,063	0	5,623,063
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$101,511)	\$0	(\$101,511)
Percentage increase (decrease) to 2019-21 appropriations	(1.8%)	N/A	(1.8%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			\$238,528	\$238,528
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$123,246	12,701	135,947
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,424	134	1,558
Added funding from federal funds to convert 1 full-time temporary election reform position to an FTE position	1.00		121,865	121,865
Increased funding for temporary salaries to provide a total of \$200,000			150,000	150,000
Increased federal funds authority for election reform to provide a total of \$3,203,880			3,000,000	3,000,000
Adjusted funding for operating expenses to provide a total of \$3,308,424		(251,834)	550,705	298,871

Added funding for grants to each federally recognized tribal government located within the state during the 2021-23 biennium to issue addresses and identifications for voting purposes		25,000		25,000
Increased funding for public printing to provide a total of \$257,931		653		653
Total	<u>1.00</u>	<u>(\$101,511)</u>	<u>\$4,073,933</u>	<u>\$3,972,422</u>

#### FTE Changes

The Legislative Assembly approved 33 FTE positions for the Secretary of State for the 2021-23 biennium, 1 FTE position more than the 2019-21 biennium. The Legislative Assembly converted 1 full-time temporary election reform position to an FTE position and increased related federal funding.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$49,216 of federal coronavirus relief funds for the 2019-21 biennium for overtime for vote-by-mail election managers, election supplies, personal protective equipment, cleaning supplies, and physical barriers.

#### Other Sections in House Bill No. 1002

**Exemption - Technology project** - Section 3 provides that any unexpended funds from the technology project in subdivision 1 of Section 1 of Chapter 36 of the 2015 Session Laws is not subject to the provisions of North Dakota Century Code Section 54-11.1-11, and any unexpended funds may be expended during the 2021-23 biennium.

**Salary of the Secretary of State** - Section 4, as amended in Section 28 of House Bill No. 1015, provides the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary will increase from the current level of \$110,582 to \$112,241 (1.5 percent) effective July 1, 2021, and to \$114,486 (2 percent) effective July 1, 2022, to reflect salary adjustments consistent with 2021-23 biennium state employee salary increases.

**Tribal government administrative costs** - Section 5 identifies \$25,000 in the grants line item is from the general fund for the purpose of providing grants to each federally recognized tribal government located within the state during the 2021-23 biennium. The Secretary of State may provide grants up to \$5,000 to each tribal government to reimburse administrative costs incurred by each tribal government to issue addresses and identifications for voting purposes.

#### Related Legislation

**House Bill No. 1078 - Presidential elections** - This bill amends various sections of the Century Code relating to presidential elections and the adoption of the Uniform Faithful Presidential Electors Act; nominating presidential electors and alternate electors, and presidential electors' roles and procedures; and the filling of a vacancy of a presidential elector and voting of new and former residents at presidential elections.

**House Bill No. 1256 - Nonpublic funds use** - This bill creates a new section to Chapter 16.1-01 restricting the use of nonpublic funds for elections operations.

**House Bill No. 1295 - Audit of contributions to candidates** - This bill authorizes the Secretary of State or the Ethics Commission to arrange for an audit of a candidate's personal use of contributions upon having substantial reason to believe any person has knowingly violated the law.

**State Auditor  
Budget No. 117  
House Bill No. 1004**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>61.00</b>	<b>\$9,119,110</b>	<b>\$5,826,152</b>	<b>\$14,945,262</b>
2021-23 base budget	58.00	10,106,860	4,173,178	14,280,038
Legislative increase (decrease) to base budget	3.00	(\$987,750)	\$1,652,974	\$665,224

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$9,119,110</b>	<b>\$0</b>	<b>\$9,119,110</b>
2019-21 legislative appropriations	10,106,860	16,000	10,122,860
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$987,750)	(\$16,000)	(\$1,003,750)
Percentage increase (decrease) to 2019-21 appropriations	(9.8%)	(100%)	(9.9%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$126,478)	(\$90,826)	(\$217,304)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		190,814	93,225	284,039
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,890	932	2,822
Removed 4 FTE Higher Education Division audit positions	(4.00)	(854,231)		(854,231)
Added 8 FTE Local Government Division audit positions, including salaries and wages and operating expenses	8.00		1,525,540	1,525,540
Removed 1 vacant FTE auditor IV position, including salaries and wages and operating expenses	(1.00)	(175,525)		(175,525)
Adjusted base budget operating expenses, including general fund savings of \$79,368 related to the elimination of the Higher Education Division		(29,977)	122,700	92,723

Added funding for Microsoft Office 365 licensing expenses	5,757	1,403	7,160
Total	<u>3.00</u>	<u>(\$987,750)</u>	<u>\$1,652,974</u>

### FTE Changes

The Legislative Assembly approved 61 FTE positions for the State Auditor for the 2021-23 biennium, an increase of 3 FTE positions from the 2019-21 biennium. The Legislative Assembly removed 4 FTE Higher Education Division audit positions and 1 vacant FTE auditor IV position and added 8 FTE Local Government Division audit positions.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$10,866 of federal coronavirus relief funds to the State Auditor for 2019-21 biennium expenditures related to establishing remote work space during the COVID-19 pandemic.

### Other Sections in House Bill No. 1004

**Salary of the State Auditor** - Section 3 provides the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary is increased from the current level of \$110,582 to \$112,241 (1.5 percent) effective July 1, 2021, and to \$114,486 (2 percent) effective July 1, 2022, to reflect salary adjustments consistent with 2021-23 biennium state employee salary increases.

**Political subdivision audits** - Section 4 amends North Dakota Century Code Section 54-10-14 related to political subdivision audits to:

- Remove the population thresholds for political subdivision reports;
- Increase the annual receipts threshold for political subdivisions to provide an annual report in lieu of an audit from \$300,000 of annual receipts to \$750,000 of annual receipts;
- Increase the hourly fee for the review of political subdivision annual reports from \$80 per hour to \$86 per hour;
- Increase the hourly fee for the review of political subdivision audit reports and workpapers from \$80 per hour to \$86 per hour; and
- Increase the maximum fee for review of political subdivision audit reports and workpapers from \$500 per review to \$750 per review.

**Occupational and professional board audits** - Section 5 amends Section 54-10-27 related to the audits of occupational and professional boards to increase the hourly fee for the review of occupational and professional board annual reports from \$50 per hour to \$86 per hour.

**Prescription drug coverage performance audits** - Section 6 requires, during the 2021-22 interim, the State Auditor contract to conduct prescription drug coverage performance audits of the main Public Employees Retirement System (PERS) health benefit plan for calendar years 2019, 2020, and 2021. Audit fees, not to exceed \$375,000, for the audits must be on a flat fee or hourly basis and be paid by the PERS Board. The State Auditor must provide reports to the Legislative Management regarding contracts to conduct prescription drug coverage performance audits, performance audit results, and audit reports issued.

### Related Legislation

**House Bill No. 1093** - Removes a requirement that the State Auditor evaluate **blanket bond coverage**.

**House Bill No. 1127** - Provides the State Auditor may not divulge any information relating to a **matter forwarded to the Attorney General or a state's attorney** for further investigation until the Attorney General or state's attorney has determined whether there is probable cause to believe a violation of law has occurred.

**House Bill No. 1276** - Repeals Section 54-10-20 related to the Governor's ability to appoint a **special state auditor**.

**House Bill No. 1395** - Provides an appropriation of \$10,866 for federal **Coronavirus Relief Fund spending authority** approved for the State Auditor for the 2019-21 biennium by the Emergency Commission and Budget Section.

**House Bill No. 1453** - Amends the **powers and duties of the State Auditor** and provides protections for individuals who report potential violations of law and requires the State Auditor provide the preliminary audit report and the audited entity's response to the Legislative Audit and Fiscal Review Committee for a 7-day review period, except the State Auditor may not provide any information that is confidential. During the review period, the preliminary audit report and the response may not be provided to any other person except by the Legislative Audit and Fiscal Review Committee as necessary to perform the committee's duties.



**State Treasurer  
Budget No. 120  
House Bill Nos. 1005, 1015, and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>7.00</b>	<b>\$1,705,918</b>	<b>\$70,160,000</b>	<b>\$71,865,918</b>
2021-23 base budget	7.00	1,746,370	0	1,746,370
Legislative increase (decrease) to base budget	0.00	(\$40,452)	\$70,160,000	\$70,119,548

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,705,918</b>	<b>\$0</b>	<b>\$1,705,918</b>
2019-21 legislative appropriations	1,746,370	0	1,746,370
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$40,452)	\$0	(\$40,452)
Percentage increase (decrease) to 2019-21 appropriations	(2.3%)	N/A	(2.3%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$13,259		\$13,259
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		33,753		33,753
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		342		342
Decreased funding for operating expenses primarily related to information technology costs		(47,577)		(47,577)
Increased funding for Microsoft Office 365 licensing expenses (\$771) and for membership dues (\$12,000).		12,771		12,771
Decreased funding for coal severance shortfall payments related to changes in the coal severance tax revenue allocation formula pursuant to House Bill No. 1005 (2017)		(53,000)		(53,000)

Added <b>one-time funding</b> from the state disaster relief fund (\$8.2 million) and the tax relief fund (\$11.8 million) for allocations to townships located in non-oil-producing counties for township road and bridge projects (House Bill No. 1015)			\$20,000,000	20,000,000
Added one-time funding from federal local fiscal recovery funds for distributions to political subdivisions (House Bill No. 1395)			50,160,000	50,160,000
Total	0.00	(\$40,452)	\$70,160,000	\$70,119,548

**FTE Changes**

The Legislative Assembly approved 7 FTE positions for the State Treasurer for the 2021-23 biennium, the same as the 2019-21 biennium.

**One-Time Funding**

In House Bill No. 1015, the Legislative Assembly provided \$20 million of one-time funding from the state disaster relief fund (\$8.2 million) and the tax relief fund (\$11.8 million) for allocations to townships located in non-oil-producing counties. In House Bill No. 1395, the Legislative Assembly appropriated \$50.16 million of one-time funding from federal local fiscal recovery funds for distributions to political subdivisions.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$123,280,256 of federal coronavirus relief funds to the State Treasurer for the 2019-21 biennium for distributions to political subdivisions for COVID-19-related expenses.

**Federal COVID-19 Funding - 2021-23 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$50.16 million of federal local fiscal recovery funds to the State Treasurer for the 2021-23 biennium for distributions to non-entitlement local government agencies, which primarily include smaller cities.

**Township Road Funding**

In House Bill No. 1015, the Legislative Assembly appropriated \$30 million of state funding and \$30 million of federal match funding for township road and bridge projects to provide total funding of \$60 million. Of the state's \$30 million, \$20 million is appropriated to the State Treasurer for allocations to townships located in non-oil-producing counties, including \$10 million for equal allocations to each township and \$10 million for allocations based on township road miles. The remaining \$10 million of state funding is appropriated to the Department of Transportation for township road and bridge projects as determined by the department, including projects in oil-producing counties.

The funding sources for the \$20 million of allocations by the State Treasurer include \$8.2 million from the state disaster relief fund and \$11.8 million from the tax relief fund. The \$10 million appropriated to the Department of Transportation is derived from legacy fund earnings transferred to the highway fund at the end of the 2019-21 biennium. House Bill No. 1015 (2021) transfers \$100 million of legacy fund earnings to the highway fund for the Department of Transportation to match federal discretionary funding, and the department is required to use \$10 million for township road and bridge projects.

In addition to the \$30 million of state funding, the Legislative Assembly appropriated \$30 million of federal funding to match the state's funding. The Department of Transportation may spend up to \$30 million from federal funding to the extent the department is able to access federal matching funds for township road and bridge projects. To meet the federal matching requirements, the department is authorized to enter into cooperative agreements with townships pursuant to a newly created section to North Dakota Century Code Chapter 24-02.

**Other Sections in Senate Bill No. 2005**

**Salary of State Treasurer** - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) effective July 1, 2021, and to \$114,486 (2 percent) effective July 1, 2022.

### Related Legislation

**House Bill No. 1211- Investments** - This bill authorizes the State Treasurer to invest the veterans' aid fund and veterans' postwar trust fund in the same manner as the funds invested by the State Investment Board.

**House Bill No. 1379 - State aid distribution fund allocations** - This bill changes the timing of the allocations made by the State Treasurer from the state aid distribution fund from quarterly to monthly.

**House Bill No. 1380 - Legacy fund earnings** - This bill establishes a percent of market value method for determining the amount of legacy fund earnings available to be spent each biennium and requires the State Treasurer to transfer earnings of the legacy fund to a newly created legacy earnings fund and to allocate the earnings to various state funds.

**House Bill No. 1395 - COVID-19** - This bill appropriates federal coronavirus relief funds, including funds previously authorized by the Emergency Commission and Budget Section.

**House Bill No. 1412 - Coal conversion tax** - This bill provides a coal conversion tax exemption reducing general fund revenues and creates a new lignite research tax, which the State Treasurer must transfer to the lignite research fund, to maintain the current level of allocations to the lignite research fund.

**House Bill No. 1449 - County aid distribution fund** - This bill creates a county aid distribution fund, allocates revenues from sales taxes and motor vehicle taxes to the new fund, and requires the State Treasurer to distribute the funding to the county with the lowest ratio of property values per capita and a population of more than 10,000.

**Attorney General  
Budget No. 125  
House Bill No. 1003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>253.00</b>	<b>\$42,646,718</b>	<b>\$49,159,128</b>	<b>\$91,805,846</b>
2021-23 base budget	245.00 <sup>1</sup>	45,604,596	35,886,284	81,490,880
Legislative increase (decrease) to base budget	8.00	(\$2,957,878)	\$13,272,844	\$10,314,966

<sup>1</sup>The Attorney General was authorized 246 FTE positions for the 2019-21 biennium. One FTE position was considered a one-time position and is not considered part of the agency's 2021-23 biennium base budget.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$42,646,718</b>	<b>\$0</b>	<b>\$42,646,718</b>
2019-21 legislative appropriations	45,604,596	200,000	45,804,596
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$2,957,878)	(\$200,000)	(\$3,157,878)
Percentage increase (decrease) to 2019-21 appropriations	(6.5%)	(100.0%)	(6.9%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$55,536	\$91,252	\$146,788
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		772,481	431,978	1,204,459
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		7,650	3,718	11,368
Added funding for Bureau of Criminal Investigation (BCI) and Medicaid Fraud Control Unit (MFCU) salary equity increases from lawsuit settlement proceeds deposited in the Attorney General refund fund			1,249,083	1,249,083
Added funding for Fire Marshal office salary equity increases from the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund			125,906	125,906

Reduced funding for temporary salaries, including \$146,009 for IT temporary salaries and \$100,000 for agencywide temporary salaries		(246,009)		(246,009)
Added funding for a State Crime Laboratory data scientist position, of which \$200,162 is for salaries and wages and \$42,570 is for operating expenses	1.00	242,732		242,732
Added funding from gaming tax revenues deposited in the charitable gaming operating fund for Gaming Division FTE positions to address increased workloads related to increased electronic pull tabs activity in the state. Of the total, \$1,426,010 is for salaries and wages and \$253,463 is for operating expenses	7.00		1,679,473	1,679,473
Added funding from the charitable gaming operating fund for gaming grants to political subdivisions to provide a total of \$750,000			240,000	240,000
Adjusted funding for the Gaming Division from the general fund to the charitable gaming operating fund to provide total funding of \$5,926,068 from the charitable gaming operating fund for the Gaming Division, of which \$4,125,469 is for salaries and wages, \$1,043,110 is for operating expenses, \$750,000 is for grants to political subdivisions, and \$7,489 is for Gaming Commission expenses		(1,710,042)	1,710,042	0
Adjusted funding for operating expenses, including general fund decreases primarily for IT contractual services and repairs, IT software and supplies, travel, operating fees, rent, and increases from the Attorney General operating fund (\$185,464) and Attorney General refund fund (\$584,373) primarily for IT software, IT supplies, and IT contractual services and repairs		(1,699,628)	769,837	(929,791)
Added funding for technology fees, including Microsoft Office 365 license expenses		70,958		70,958
Added funding for BCI service contracts and monitoring fees		114,342	80,000	194,342
Adjusted base level funding, including decreases of \$12,866 for MFCU operating expenses and capital assets, \$22,500 for litigation fees to provide a total of \$127,500, \$1,500 for the arrest and return of fugitives to provide a total of \$8,500, and an increase of \$555 for State Crime Laboratory bond payments to provide a total of \$648,055 from the general fund		(36,311)		(36,311)
Reduced federal funding for capital assets to provide a total of \$1,739,221, of which \$648,055 is ongoing funding from the general fund and \$1,091,166 is one-time funding from federal funds			(148,400)	(148,400)

Reduced funding for human trafficking victims grants to provide a total of \$1,101,879 from the general fund, of which \$1,100,000 is for grants and \$1,879 is for administration of the program	(300,000)		(300,000)
Removed funding from the lottery fund for the Lottery Narcotics Task Force. North Dakota Century Code Section 53-12.1-09 provides for transfers totaling \$1.6 million each biennium from the lottery fund to the multijurisdictional drug task force grant fund and provides the Attorney General a continuing appropriation for this funding		(755,000)	(755,000)
Reduced funding for the North Dakota Lottery capital assets to provide total lottery funding of \$5,254,844 from the lottery fund		(4,000)	(4,000)
Transferred \$447,790 from the intellectual property attorney line item to the salaries and wages line item (\$426,094) and operating expenses line item (\$21,696) to eliminate the intellectual property attorney line item			
Added funding for Criminal Justice Information Sharing (CJIS), for a common statute tables project (\$40,000), CJIS portal upgrades (\$75,000), broker maintenance costs (\$50,000), and law enforcement records and jail management system maintenance (\$217,662)	382,662		382,662
Adjusted funding for CJIS IT expenses from the general fund to the Attorney General refund fund to provide total CJIS funding of \$4,074,968, of which \$2,952,761 is from the general fund, \$650,000 is from federal funds, and \$472,207 is from the Attorney General refund fund	(271,889)	271,889	0
Adjusted funding from the general fund to the Attorney General refund fund for law enforcement operating expenses, of which \$279,850 relates to BCI, \$34,377 relates to the State Crime Laboratory, and \$26,133 are administrative law enforcement operating expenses. Total funding in the law enforcement line item is \$3,048,927, of which \$2,475,393 is from the general fund, \$229,796 is from federal funds, and \$343,738 is from the Attorney General refund fund.	(340,360)	340,360	0
Added <b>one-time funding</b> from the Attorney General refund fund to upgrade the criminal history improvement system		400,000	400,000
Added <b>one-time funding</b> from the charitable gaming operating fund for Phases 3 and 4 of the charitable gaming technology system project, which is expected to complete the project		475,000	475,000
Added <b>one-time funding</b> from federal funds to upgrade the automated biometric identification system, formerly known as the automated fingerprint identification system		300,000	300,000

Added <b>one-time funding</b> from federal funds for State Crime Laboratory capital assets			1,111,706	1,111,706
Added <b>one-time funding</b> for the statewide litigation funding pool, of which \$3 million is from the strategic investment and improvements fund and \$1.65 million is from the gaming tax allocation fund			4,650,000	4,650,000
Added <b>one-time funding</b> from federal and other funds for any additional income received by the Attorney General during the 2021-23 biennium			250,000	250,000
<b>Total</b>	<u>8.00</u>	<u>(\$2,957,878)</u>	<u>\$13,272,844</u>	<u>\$10,314,966</u>

### FTE Changes

The Legislative Assembly authorized 253 FTE positions for the Attorney General for the 2021-23 biennium, an increase of 8 FTE positions from the 2019-21 biennium base level of 245 FTE positions. The Legislative Assembly added 1 FTE State Crime Laboratory data scientist position and 7 FTE Gaming Division positions.

### One-Time Funding

The Legislative Assembly appropriated \$7,186,706 of one-time funding to the Attorney General for the 2021-23 biennium as follows:

	General Fund	Other Funds	Total Funds
Criminal history improvement system upgrades <sup>1</sup>		\$400,000	\$400,000
Charitable gaming technology system project <sup>2</sup>		475,000	475,000
Automated biometric identification system <sup>3</sup>		300,000	300,000
State Crime Laboratory capital assets <sup>4</sup>		1,111,706	1,111,706
Statewide litigation funding pool <sup>5</sup>		4,650,000	4,650,000
Additional income from federal and other funds		250,000	250,000
<b>Total</b>	\$0	\$7,186,706	\$7,186,706

<sup>1</sup>Funding for the criminal history improvement system is from the Attorney General refund fund. The 2019-21 biennium appropriation was also \$400,000 from the Attorney General fund.

<sup>2</sup>Funding for Phases 3 and 4 of the charitable gaming technology system project is from the charitable gaming operating fund. The 2019-21 biennium appropriation for Phases 1 and 2 of the project was \$400,000 from gaming tax revenues deposited in the Attorney General operating fund.

<sup>3</sup>Funding for the automated biometric identification system, formerly known as the automated fingerprint identification system, is from federal funds. The 2019-21 biennium appropriation for the system was \$316,000, of which \$158,000 was from federal funds and \$158,000 was from the Attorney General refund fund.

<sup>4</sup>Funding for State Crime Laboratory capital assets is from federal funds.

<sup>5</sup>Funding for the statewide litigation funding pool, of which \$3 million is from the strategic investment and improvements fund and \$1.65 million is from the gaming tax allocation fund.

### Deficiency and Supplemental Appropriations - 2019-21 Biennium

**Sexual assault evidence collection kit tracking system and drug analyzers** - Section 4 of House Bill No. 1003 (2021) includes a 2019-21 biennium federal funds appropriation of \$355,000 to the Attorney General, of which \$255,000 is for the development and implementation of a sexual assault evidence collection kit tracking system and \$100,000 is for drug analyzers. The federal funds will be received from the Department of Transportation. The section includes an exemption to allow the Attorney General to continue the funding into the 2021-23 biennium. Section 28 declares this section to be an emergency measure.

**House Bill No. 1025 - Court-ordered payments** - Section 2 of this bill provides authorization for the Office of Management and Budget to pay \$181,152 from the strategic investment and improvements fund in the litigation funding pool line item in Senate Bill No. 2015 (2019) on behalf of the Attorney General for court-ordered judgements.

#### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1394, the Legislative Assembly appropriated \$2,082,871 from federal COVID-19 funds to the Attorney General for the 2019-21 biennium for justice assistance grants from the Department of Justice for staff overtime, equipment, personal protective equipment, supplies, training, travel, addressing medical needs of inmates in state, local, and tribal prisons, jails and detention centers, and other items or projects related to the prevention, preparation, and response to the COVID-19 pandemic.

#### **Medicaid Fraud Control Unit**

In Senate Bill No. 2347 (2019), the Legislative Assembly created Chapter 50-24.8, which provided for the establishment of a Medicaid Fraud Control Unit for the investigation of false medical assistance claims in North Dakota. Section 2 of the bill provided for a civil penalty of not less than \$1,000 and not more than \$10,000 for each violation related to Medicaid fraud and provides parameters for the courts related to the amount of damages assessed. Section 3 provides a civil action for the MFCU must be brought by the later of 6 years after the date the violation was committed or 3 years after the date material facts are known or reasonably should have been known. Section 4 allows the Attorney General's MFCU to investigate any alleged violation related to false medical assistance claims and allows the Attorney General to file a civil action, a criminal action, or both against any person that violated or is violating these provisions. Section 7 provides if the state favorably settles or prevails in a civil action, the state is entitled to be awarded reasonable expenses, consultant and expert witness fees, costs, and attorney's fees. The expenses, fees, and costs must be awarded against the defendant, as the state is not liable for costs, attorney's fees, or other expenses incurred by a person in bringing or defending an action related to false medical assistance claims.

Section 9 of Senate Bill No. 2347 establishes the MFCU as a division in the Attorney General's office. The Medicaid Fraud Control Unit is under the supervision of the Attorney General, is staffed by the agents and employees the Attorney General considers necessary and appropriate, and is considered a criminal justice agency. Agents designated by the Attorney General have peace officer status and authority, including the authority of search, seizure, and arrest. All recovered money is required to be forwarded to the designated state Medicaid agency for appropriate allocation between the federal government and the state general fund. The required state match for the MFCU is appropriated from the general fund. The federal government will pay up to 90 percent of the expenses of the program for the first 3 years. After the first 3 years, the federal government will pay up to 75 percent of the expenses of the program.

Section 10 of Senate Bill No. 2347 establishes the powers and duties of the MFCU. Section 11 provides for Medicaid fraud criminal penalties. Section 12 allows the Attorney General to issue a civil investigative demand or subpoena requiring a person to produce documents for inspection and copying, answer in writing written interrogatories related to the documents, give oral testimony regarding the investigation, and furnish any materials, answers, or testimony related to the Medicaid fraud in question. Section 13 requires all local, county, and state departments and agencies to cooperate with the MFCU and the unit's agents and employees. Section 14 allows the Attorney General to adopt rules to implement the MFCU and the related statutes.

In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated \$1,528,620 for the MFCU for the 2019-21 biennium, of which \$152,863, or 10 percent, is from the general fund and \$1,375,757, or 90 percent, is from federal funds. The funding includes salaries and wages funding of \$1,119,015 for 6 FTE positions, including 1 attorney, 2 auditors, 2 criminal investigators, and 1 administrative assistant. The remaining \$409,605 is for operating expenses and capital assets of the MFCU for the 2019-21 biennium.

The 2021 Legislative Assembly continued funding for 6 FTE positions and reduced funding for operating expenses and capital assets by \$12,865 from the general fund to provide total MFCU operating expenses and capital assets of \$396,739, of which \$28,095 is from the general fund and \$368,644 is from federal funds. In Section 8 of House Bill No. 1349 (2021), the Legislative Assembly added a new subsection to Section 50-24.8-12 to provide that active investigation records of the MFCU are exempt records unless the investigation is closed and not referred for further investigation or adjudication.



### Prosecution Witness Fees

Section 4 of Senate Bill No. 2003 (2019) amended Section 31-01-16 to limit the amount of prosecution witness fees a county may be reimbursed by the Attorney General to \$25,000 per county per biennium. The Attorney General has budgeted \$95,056 in the operating expenses line item for prosecution witness fees for the 2019-21 biennium. A recent history of funding for prosecution witness fees in the Attorney General's office is as follows:

Biennium	General Fund			Emergency Commission State Contingency Funds	Total
	Budgeted by the Attorney General	Deficiency Appropriation	Emergency Commission Line Item Transfers		
2013-15	\$100,000	\$50,000		\$120,000	\$270,000
2015-17	100,000		\$121,714		221,714
2017-19	95,056	50,000		50,000	195,056
2019-21	95,056				95,056
2021-23	95,056				95,056
<b>Total</b>	<b>\$485,168</b>	<b>\$100,000</b>	<b>\$121,714</b>	<b>\$170,000</b>	<b>\$876,882</b>

### Statewide Automated Victim Information and Notification Program

The 2017 Legislative Assembly amended Section 27-01-10 related to fee assessments for funding crime victim and witness programs and changed the assessment of a fee from optional to mandatory. The Legislative Assembly appropriated \$315,000 from funds received from political subdivisions and directed the Attorney General to consult with the North Dakota Association of Counties and the North Dakota League of Cities to establish a cost-sharing program to provide for each political subdivision to share in the cost of the statewide automated victim information and notification (SAVIN) program enhancement project. The Legislative Assembly authorized the Attorney General to use up to \$500,000 of rent savings as the result of an expected move of employees into space available in the Job Service North Dakota central office building for the SAVIN program enhancements and provided a contingent appropriation of \$500,000 from a Department of Trust Lands grant, from funds provided for law enforcement grants during the 2015-17 biennium, for the 2017-19 biennium, if the move does not occur, for a total appropriation of \$815,000 for the SAVIN program. The Attorney General did not relocate into the Job Service North Dakota central office building during the 2017-19 biennium, resulting in receiving the contingent \$500,000 appropriation from the Department of Trust Lands.

In Section 9 of Senate Bill No. 2003 (2019), the Legislative Assembly provided the Attorney General an exemption to continue the \$815,000 of other funds appropriated to the Attorney General for the SAVIN program in the 2017-19 biennium into the 2019-21 biennium.

In Section 21 of House Bill No. 1003 (2021), the Legislative Assembly provided the Attorney General an exemption to continue any remaining SAVIN program funding remaining from the 2017-19 biennium and continued into the 2019-21 biennium for the agency's legal case management system during the 2021-23 biennium. The system is used to track attorney time and billing within the agency. The Attorney General estimated approximately \$140,000 would be unspent at the end of the 2019-21 biennium and available for the 2021-23 biennium.

### Human Trafficking Victims Grant Program

The 2015 Legislative Assembly in Senate Bill No. 2107 created Chapter 12.1-41 relating to the Uniform Act on Prevention of and Remedies for Human Trafficking, which provided a penalty for human trafficking, and authorized the Attorney General to grant or contract with service providers to develop or expand service programs for victims of human trafficking. A recent history of funding for the human trafficking victims grant program in the Attorney General's office is as follows:

Biennium	Bill No.	General Fund
2015-17 <sup>1</sup>	SB 2199	\$500,000
2017-19 <sup>2</sup>	SB 2203	125,000
2019-21	SB 2003	1,400,000
2021-23 <sup>3</sup>	HB 1003	1,101,879
<b>Total</b>		<b>\$3,126,879</b>

<sup>1</sup>In addition to the appropriation provided to the Attorney General for prevention and treatment services related to human trafficking victims in non-oil-producing counties for the 2015-17 biennium, the Legislative Assembly, in Section 2 of Senate Bill No. 2199 (2015), directed the Board of University and School Lands, from funds designated from the oil and gas impact grant fund in House Bill No. 1176 (2015) for grants to law enforcement agencies impacted by oil and gas development, to make available \$750,000 for grants to

organizations involved in providing prevention and treatment services related to human trafficking victims in hub cities located in oil-producing counties for the 2015-17 biennium. The Board of University and School Lands was required to award the grants as directed by the Attorney General.

<sup>2</sup>In addition to the appropriation provided to the Attorney General for the 2017-19 biennium, the Legislative Assembly, in Section 2 of Senate Bill No. 2203 (2017), directed the Board of University and School Lands to award, based on recommendations from the Attorney General, up to \$700,000 in grants to organizations involved in providing prevention and treatment services related to human trafficking victims, from funds designated from the oil and gas impact grant fund for grants to law enforcement agencies impacted by oil and gas development in subsection 3 of Section 5 of Chapter 463 of the 2015 Session Laws.

<sup>3</sup>Of the \$1,101,879 identified in Section 9 of House Bill No. 1003 (2021), as appropriated to the Attorney General in Section 1 for the human trafficking victims grant program during the 2021-23 biennium, \$1,000,000 is for grants and \$1,879 is for administration of the program.

### **Forensic Nurse Examiners Grant Program**

In Senate Bill No. 2191 (2017), the Legislative Assembly appropriated one-time funding of \$150,000 from the strategic investment and improvements fund to the Attorney General for the purpose of providing grants for a domestic violence and rape crisis program, also known as the sexual assault forensic nurse examiners grant program for community- or hospital-based sexual assault examiner programs for the 2017-19 biennium. In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated ongoing funding of \$250,000 from the general fund for the program for the 2019-21 biennium.

In Section 10 of House Bill No. 1003 (2021), the Legislative Assembly identified ongoing funding of \$250,674 from the general fund appropriated for the program in Section 1 for the 2021-23 biennium, of which \$250,000 is for grants and \$674 is for administration of the program. Section 10 requires the Attorney General to report to the 68<sup>th</sup> Legislative Assembly on the use of the funds received and the outcomes of the programs. The Attorney General is required to report to the Appropriations Committees of the 68<sup>th</sup> Legislative Assembly on the number of nurses trained, the number and location of nurses providing services related to the sexual assault nurse examiner programs, and documentation of collaborative efforts to assist victims which includes nurses, the hospital or clinic, law enforcement, and state's attorneys.

### **Charitable Gaming Technology System**

The 2019 Legislative Assembly provided a one-time appropriation of \$400,000 from the Attorney General operating fund to the Attorney General to purchase equipment and software for Phases 1 and 2 of a charitable gaming technology system to address charitable gaming needs in the state during the 2019-21 biennium. Section 12 of Senate Bill No. 2003 provides an exemption from Section 53-06.1-12(3) to allow the Attorney General to retain \$400,000 of gaming tax revenues and deposit the revenue in the Attorney General operating fund during fiscal year 2020. This change reduced 2019-21 estimated general fund revenues from gaming tax collections by \$400,000.

In Section 8 of House Bill No. 1003 (2021), the Legislative Assembly identified a one-time appropriation provided in Section 1 of \$400,000 from the charitable gaming operating fund to the Attorney General for Phases 3 and 4 of the charitable gaming technology system project for additional system enhancements during the 2021-23 biennium, which is expected to complete the project.

### **Charitable Gaming**

In Section 1 of House Bill No. 1212, the 2021 Legislative Assembly created a new section to Chapter 53-06.1 and established a charitable gaming operating fund, consisting of all gaming taxes, monetary fines, interest, and penalties. The bill provided the Attorney General a continuing appropriation from the fund, however, Section 13 of House Bill No. 1003 (2021) amended Section 1 of House Bill No. 1212 to remove the continuing appropriation authority, resulting in all money in the fund, excluding funding appropriated by the Legislative Assembly for administrative and operating costs associated with charitable gaming, be allocated by the Attorney General on a quarterly basis as follows:

- \$10,000 to the gambling disorder prevention and treatment fund; and
- 5 percent of the total money deposited in the charitable gaming operating fund to cities and counties, subject to legislative appropriations. The Legislative Assembly appropriated \$750,000 for gaming grants to political subdivisions for the 2021-23 biennium, an increase of \$240,000 from the 2019-21 biennium appropriation of \$510,000 from the gaming tax allocation fund.

On or before June 30<sup>th</sup> of each odd-numbered year, the Attorney General is required to certify to the State Treasurer the amount of accumulated funds in the charitable gaming operating fund which exceed the amount appropriated by the Legislative Assembly for administrative and operating costs associated with

charitable gaming for the subsequent biennium. The State Treasurer is required to transfer the certified amount from the charitable gaming operating fund to the general fund prior to the end of each biennium.

Section 2 of House Bill No. 1212 amended Section 53-06.1-12 to provide the gaming tax is imposed quarterly on:

- 1 percent of adjusted gross proceeds if the licensed organization's adjusted gross proceeds do not exceed \$50,000, rather than 1 percent of total gross proceeds if the total gross proceeds do not exceed \$1.5 million; and
- \$500 plus 12 percent of adjusted gross proceeds if the licensed organization's adjusted gross proceeds exceed \$50,000, rather than \$15,000 plus 2.25 percent of total gross proceeds if the total gross proceeds exceed \$1.5 million.

The passage of House Bill Nos. 1003 and 1212 results in gaming revenues being deposited in and spent from the charitable gaming operating fund rather than the gaming tax allocation fund. The remaining balance in the gaming tax allocation fund, estimated to be \$1.65 million, after the distribution of 2019-21 biennium 7<sup>th</sup> and 8<sup>th</sup> quarter political subdivision gaming tax revenue grants, was appropriated to the Attorney General for the statewide litigation funding pool for the 2021-23 biennium.

In House Bill No. 1003 (2021), the Legislative Assembly authorized the Attorney General 7 new FTE Gaming Division positions and \$1,679,473 from the charitable gaming operating fund to address increased workloads related to increased electronic pull tabs activity in the state, of which \$1,426,010 is for salaries and wages and \$253,463 is for operating expenses. The Legislative Assembly replaced \$1,710,042 from the general fund with funding from the charitable gaming operating fund for Gaming Division expenses, including \$1,669,103 in the salaries and wages line item, \$37,599 in the operating expenses line item, and \$3,340 in the gaming commission line item. The Legislative Assembly also replaced funding of \$1,113,993 from the Attorney General refund fund, of which \$956,356 is for salaries and wages, \$153,488 is for operating expenses and \$4,149 is for the Gaming Commission, and \$147,560 from the Attorney General operating fund, of which \$24,000 is for salaries and wages and \$123,560 is for operating expenses, with funding from the charitable gaming operating fund.

Total Gaming Division funding appropriated from the Legislative Assembly from the charitable gaming operating fund for the 2021-23 biennium is \$5,926,068, of which \$4,125,469 is for salaries and wages, \$1,043,110 is for operating expenses, \$750,000 is for grants to cities and counties, and \$7,489 is for the Gaming Commission.

**Exemption - Use of gaming tax allocation fund** - Section 7 of House Bill No. 1003 (2021) identifies one-time funding of \$1.65 million appropriated in Section 1 is from the gaming tax allocation fund and provides an exemption to allow the Attorney General to transfer this funding to eligible state agencies for litigation expenses during the 2021-23 biennium as part of the statewide litigation funding pool after the distribution of gaming tax revenue grants provided for in Section 17.

**Exemption - Gaming tax revenue grants** - Section 17 of House Bill No. 1003 (2021) provides the Attorney General an exemption to allow for the distribution of gaming tax revenue grants to cities and counties relating to the 7<sup>th</sup> and 8<sup>th</sup> quarters of the 2019-21 biennium through October 31, 2021. Collection and distribution of gaming tax revenues were delayed due to the COVID-19 pandemic.

**Gaming Division legislative intent** - Section 23 of House Bill No. 1003 (2021) provides legislative intent that the expenses of the Attorney General's Gaming Division be paid from gaming tax revenues.

**Legislative Management study - Charitable gaming laws** - Section 26 of House Bill No. 1003 (2021) provides for a Legislative Management study of laws regarding the state's charitable gaming taxation and use of net proceeds for eligible organizations.

**Legislative Management study - Gaming addiction and support** - Section 27 of House Bill No. 1003 (2021) provides for a Legislative Management study of the economic and societal impacts of gambling addiction in the state. The study must include a review of the trend of gambling addiction since the expansion of electronic pull tab gambling in the state, state funding provided for gambling addiction and disorder prevention and treatment, and support programs for individuals and families affected by gambling addiction.

#### **Salary Equity Increases - 2019-21 Biennium**

In April 2019, the Consumer Protection Division of the Attorney General's office received a \$1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund.

The 2019 Legislative Assembly appropriated \$425,000, of which \$25,000 relates to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. Section 14 of Senate Bill No. 2003 (2019), included legislative intent that the Attorney General use up to \$425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of Senate Bill No. 2003 (2019) allows the Attorney General to invest up to \$1,215,561 of the settlement proceeds under the supervision of the State Investment Board during the 2019-21, 2021-23, and 2023-25 bienniums.

### **Salary Equity Increases - 2021-23 Biennium**

In January 2021, the Consumer Protection Division received a \$1,160,896 lawsuit settlement from Apple, Inc., regarding Apple's 2016 decision to adjust the speed of consumer iPhones to address unexpected shutdowns in some devices and Apple's concealment of the issue, which led to a software update in December 2016 that reduced iPhone performance. The funding was deposited in the Attorney General refund fund.

In April 2021, the Consumer Protection Division received a \$1,416,728 lawsuit settlement from Boston Scientific Corporation related to a defective surgical mesh medical device that has caused complications in some women who used the device. The funding was deposited in the Attorney General refund fund.

**Salary equity increases - Estimated income** - Section 11 of House Bill No. 1003 (2021) identifies \$1,374,989 in the estimated income line item in Section 1 is for providing salary equity increases to Attorney General staff during the 2021-23 biennium, of which \$1,249,083 is from the Attorney General refund fund for 55 FTE BCI and 2 FTE MFCU positions and \$125,906 is from the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund for 8 FTE Fire Marshal office positions.

**Salary equity increases - Legislative intent** - Section 12 of House Bill No. 1003 (2021) allows the Attorney General to invest up to \$2,577,624 of funding in the Attorney General refund fund, which is derived from lawsuit settlement proceeds received by the Attorney General and was deposited in the Attorney General refund fund in January 2021 (\$1,160,896) and April 2021 (\$1,416,728) and any investment earnings on the settlement amount, and \$251,812 of funding in the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund, under the supervision of the State Investment Board for the 2021-23 and 2023-25 bienniums. Legislative intent is provided that this funding and any investment earnings on the funding be retained in the Attorney General refund fund and Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund for the purpose of providing salary equity increases for the 2021-23 biennium as authorized in Section 11 and for the cost to continue the salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

### **Other Sections in House Bill No. 1003**

**Additional income** - Section 3 provides an appropriation of \$250,000 from federal or other funds to the Attorney General for defraying the expenses of the Attorney General's office during the 2021-23 biennium. The Attorney General is required to notify the Office of Management and Budget and the Legislative Council of any funding made available pursuant to this section.

**Opioid addiction prevention and treatment program - Department of Human Services** - Section 5 provides for a transfer of up to \$2,000,000 from opioid related lawsuit settlement proceeds deposited in the Attorney General refund fund to the Department of Human Services, which is appropriated to the Department of Human Services for the purpose of defraying the expenses of an opioid addiction prevention and treatment program during the 2021-23 biennium. The Department of Human Services is required to consult with the Attorney General regarding the use of this funding. The Attorney General is required to notify the Legislative Council and the Office of Management and Budget of any lawsuit settlement proceeds that become available for transfer to the Department of Human Services for this program.

**Statewide litigation funding pool - Strategic investment and improvements fund** - Section 6 identifies \$3 million of one-time funding in the statewide litigation funding pool line item in Section 1 as from the strategic investment and improvements fund and requires the Attorney General to transfer funds from this line item to eligible state agencies for litigation expenses during the 2021-23 biennium. The Attorney General may not use the funding to pay judgements under Section 32-12-04.

**Statewide litigation funding pool - Gaming tax allocation fund** - Section 7 identifies \$1.65 million of one-time funding from the gaming tax allocation fund and provides notwithstanding Section 53-06.1-12, and after the distribution of the funding authorized in Section 17, the Attorney General may transfer this funding to eligible state agencies for litigation expenses during the 2021-23 biennium. The Attorney General may not use the funding to pay judgements under Section 32-12-04.

**Salary of the Attorney General** - Section 14 includes the statutory changes necessary to increase the Attorney General's salary from the current annual salary of \$163,394 to \$165,845 effective July 1, 2021, and \$169,162 effective July 1, 2022, to reflect annual salary increases of 1.5 percent and 2 percent.

**Criminal history record checks** - Section 15 requires any individual or entity requesting a criminal history record check from BCI to pay a reasonable fee as determined by the Attorney General. The funding must be deposited in the state general fund during the 2021-23 biennium.

**Exemption - Contingent fee arrangement** - Section 16 provides the Attorney General may contract for legal services that are compensated by a contingent fee arrangement, relating to ongoing multi-state technology litigation through June 30, 2023. Section 28 declares this section an emergency measure.

**Exemption - Attorney General refund fund** - Section 18 provides the Attorney General an exemption to retain the 2019-21 biennium ending balance of the Attorney General refund fund for the 2021-23 biennium rather than transferring the balance to the general fund on June 30, 2021. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the Attorney General refund fund.

**Exemption - Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund** - Section 19 provides the Attorney General may invest \$125,906 from the Reduced Cigarette Ignition Propensity and Firefighter Protection Act enforcement fund for the purpose of providing salary equity increases to Fire Marshal office positions during the 2021-23 biennium.

**Exemption - Concealed weapon rewrite project** - Section 20 allows the Attorney General to continue any remaining funding appropriated from the general fund during the 2015-17 biennium and continued into the 2017-19 and 2019-21 bienniums for a concealed weapon rewrite project into the 2021-23 biennium.

**Exemption - Information technology equipment** - Section 22 allows the Attorney General to continue any remaining funding appropriated from the general fund for the 2019-21 biennium for the purchase of information technology equipment into the 2021-23 biennium.

**Legislative Management study - State government attorneys** - Section 24 provides for a Legislative Management study of the feasibility and desirability of consolidating attorney and legal related positions in state government.

**Legislative Management study - State government litigation funding** - Section 25 provides for a Legislative Management study regarding the feasibility and desirability of consolidating litigation-related funding in state government.

#### **Related Legislation**

**House Bill No. 1025 - Court ordered payments** - This bill authorizes the Office of Management and Budget to pay \$181,152 from the strategic investment and improvements fund in the litigation funding pool line item in Senate Bill No. 2015 (2019) on behalf of the Attorney General for court-ordered judgements.

**House Bill No. 1212 - Charitable gaming** - This bill relates to charitable gaming. See the **Charitable Gaming** section for more information.

**House Bill No. 1349 - State Fire Marshal** - This bill amends Section 44-04-30 to provide an investigation record of the State Fire Marshal is confidential until the investigation is closed and not referred for further criminal investigation or prosecution or the criminal investigation is no longer active.

**House Bill No. 1394 - Federal COVID-19 funding** - This appropriates \$2,082,871 from federal COVID-19 funds to the Attorney General for the 2019-21 biennium.

**House Bill No. 1494 - Legislative Management study - Law enforcement** - This bill provides for a Legislative Management study of the recruitment, retention, turnover, and training of law enforcement and correctional officers employed by state agencies and political subdivisions.

**Senate Bill No. 2259 - Tobacco** - This bill relates to tobacco product manufacturer certification, service, and reporting requirements, including requirements of the Attorney General to develop and publish on the Attorney General's website a directory listing all tobacco product manufacturers that have provided current and accurate certifications.

**Senate Bill No. 2281 - Sexual assault evidence collection kit tracking system** - This bill requires the State Crime Laboratory to develop and implement a statewide sexual assault evidence collection kit tracking system.

**Tax Commissioner  
Budget No. 127  
House Bill No. 1006**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>118.00</b>	<b>\$64,241,316</b>	<b>\$125,000</b>	<b>\$64,366,316</b>
2021-23 base budget	123.00	54,071,616	125,000	54,196,616
Legislative increase (decrease) to base budget	(5.00)	\$10,169,700	\$0	\$10,169,700

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$64,241,316</b>	<b>\$0</b>	<b>\$64,241,316</b>
2019-21 legislative appropriations	54,071,616	4,040,000 <sup>1</sup>	58,111,616 <sup>1</sup>
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$10,169,700	(\$4,040,000)	\$6,129,700
Percentage increase (decrease) to 2019-21 appropriations	18.8%	(100.0%)	10.5%

<sup>1</sup>The 2019-21 biennium general fund appropriations reflect a deficiency appropriation of \$4.04 million in House Bill No. 1025. See the **Deficiency Appropriations** section below for additional information.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$241,271		\$241,271
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		553,496		553,496
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		5,988		5,988
Removed 5 undesignated unfunded FTE vacant positions and reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover	(5.00)	(1,074,515)		(1,074,505)
Increased funding for GenTax software support to provide total funding of \$4 million		294,339		294,339

Added funding for postage to implement the treasury offset program (\$45,000) and increased funding for Microsoft Office 365 licensing expenses (\$14,321)	59,321	59,321
Increased funding for the homestead tax credit program by \$2,200,000, from \$15,800,000 to \$18,000,000 and increased funding for the disabled veterans' tax credit program by \$7,889,800, from \$8,410,200 to \$16,300,000	10,089,800	10,089,800
Total	<u>(5.00)</u>	<u>\$10,169,700</u>
		<u>\$0</u>
		<u>\$10,169,700</u>

#### FTE Changes

The Legislative Assembly approved 118 FTE positions for the Tax Commissioner for the 2021-23 biennium, a decrease of 5 FTE positions from the 2019-21 biennium authorized level of 123 FTE positions. The Legislative Assembly removed 5 undesignated unfunded FTE positions, the same as the agency's budget request.

#### Deficiency Appropriations

House Bill No. 1025 provides a deficiency appropriation of \$4.04 million from the general fund to the Tax Commissioner for the homestead tax credit program (\$1.31 million) and for the disabled veterans' tax credit program (\$2.73 million). The need for additional funding for the programs resulted from increases in applicants and taxable values.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$28,601 of federal coronavirus relief funds to the Tax Commissioner for the 2019-21 biennium for telework equipment, personal protective equipment, and a secure drop box for the Capitol.

#### Other Sections in House Bill No. 1006

**Line item transfers** - Section 2 allows the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2021-23 biennium.

**Motor vehicle fuel taxes** - Section 3 provides for a transfer of \$1,873,744 from motor vehicle fuel tax collections to the general fund for the 2021-23 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

**Statewide litigation funding pool** - Section 4 directs the Attorney General to pay litigation-related expenses from the statewide litigation funding pool on behalf of the Tax Commissioner.

**Salary of the Tax Commissioner** - Section 5 includes the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$120,014 to \$121,814 (1.5 percent) on July 1, 2021, and to \$124,250 (2 percent) on July 1, 2022.

#### Related Legislation

**House Bill No. 1082 - Electronic filing** - This bill requires taxpayers to use electronic filing and payment methods for passthrough entities with 10 or more partners and for employers that paid wages of at least \$1,000.

**House Bill No. 1099 - Penalties** - This bill allows the Tax Commissioner to waive late penalties for certain returns.

**House Bill No. 1179 - Reports** - This bill removes the requirement for counties, school districts, and hub cities to submit reports to the Tax Commissioner regarding expenditures related to oil and gas gross production tax revenue allocations.

**House Bill No. 1286 - Licensing** - This bill authorizes the Tax Commissioner to license satellite locations for domestic distilleries.

**House Bill No. 1395 - COVID-19 funding** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**House Bill No. 1449 - County aid** - This bill creates a county aid distribution fund and allocates revenues from sales taxes and motor vehicle taxes to the new fund for distribution to the county with the lowest ratio of property values per capita and a population of more than 10,000.

**Senate Bill No. 2213 - Disabled veterans' property tax credit** - This bill expands the property tax credit for disabled veterans to increase the credit from the first \$6,750 of taxable value (\$150,000 of true and full value) to the first \$8,100 of taxable value (\$200,000 of true and full value).



**Insurance Commissioner, including Insurance Tax Payments to Fire Departments  
Budget No. 401  
House Bill Nos. 1010 and 1087**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>38.00</b>	<b>\$0</b>	<b>\$31,474,180</b>	<b>\$31,474,180</b>
2021-23 base budget	41.00	0	28,534,703	28,534,703
Legislative increase (decrease) to base budget	(3.00)	\$0	\$2,939,477	\$2,939,477

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$95,794	\$95,794
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			182,675	182,675
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			1,907	1,907
Added funding for salary equity increases			252,807	252,807
Added funding for a new insurance adjuster FTE position	1.00		115,276	115,276
Removed FTE positions - See <b>FTE Changes</b> section below	(4.00)		(786,636)	(786,636)
Added funding for a supervising examiner position			64,460	64,460
Adjusted funding for operations			(63,172)	(63,172)
Added funding for Microsoft Office 365 license expenses			3,856	3,856
Increased funding for fire district payments to provide a total of \$19,588,470			1,598,965	1,598,965
Increased funding for the North Dakota Firefighter's Association to provide a total of \$1,140,070			311,545	311,545
Added <b>one-time funding</b> for an office remodel.			100,000	100,000
Added <b>one-time funding</b> from federal funds for the state flexibility to stabilize the market grant			662,000	662,000
Added <b>one-time funding</b> from the strategic investment and improvements fund for a study of coal and fossil fuel insurance coverage			200,000	200,000

Added <b>one-time funding</b> from Reinsurance Association of North Dakota funds for a study of the establishment of an invisible reinsurance pool for the combination of the individual health insurance market with the small group health insurance market (House Bill No. 1087)	200,000	200,000
Total	(3.00)	\$0
	\$2,939,477	\$2,939,477

### FTE Changes

The Legislative Assembly authorized 38 FTE positions for the Insurance Commissioner for the 2021-23 biennium, a decrease of 3 FTE positions from the 2019-21 biennium authorized level of 41 FTE positions. The Legislative Assembly added 1 FTE insurance adjuster position and removed the following FTE positions:

- 1 FTE producer licensing division director;
- 1 FTE senior insurance form rate analyst;
- 1 FTE insurance company financial analyst; and
- 1 FTE office assistant.

### One-Time Funding

The Legislative Assembly appropriated \$1,162,000 of one-time funding to the Insurance Commissioner for the 2021-23 biennium, for the following:

	Other Funds
Office remodel	\$100,000
State flexibility to stabilize the market grant program (federal funds)	662,000
Coal and fossil fuel industry insurance study (strategic investment and improvements fund)	200,000
Invisible reinsurance pool study (Reinsurance Association of North Dakota funds)	200,000
<b>Total one-time funding</b>	<b>\$1,162,000</b>

### Other Sections in House Bill No. 1010

**Insurance tax distribution fund** - Section 3 designates \$19,588,470 for payments to fire departments, an increase of \$1,598,965 from the 2019-21 biennium appropriation of \$17,989,505, and \$1,140,070 for payments to the North Dakota Firefighter's Association, an increase of \$311,545 from the 2019-21 biennium appropriation of \$828,525.

**Unsatisfied judgment fund** - Section 4 designates \$26,610 from the state unsatisfied judgment fund to pay unsatisfied judgment fund administrative expenses.

**Coal and fossil fuel insurance study** - Section 5 designates \$200,000 from the strategic investment and improvements fund to study the availability, cost, and risks associated with insurance coverage in the lignite coal industry.

**Insurance Commissioner's salary** - Section 6 provides the statutory changes necessary to increase the Insurance Commissioner's salary by 1.5 percent the 1<sup>st</sup> year and 2.0 percent the 2<sup>nd</sup> year as follows:

Annual salary authorized by the Legislative Assembly in 2019:

July 1, 2019	\$107,885
July 1, 2020	\$110,582

Annual salary authorized by the Legislative Assembly in 2021:

July 1, 2021	\$112,241
July 1, 2022	\$114,486

**Health carrier examinations** - Section 7 creates a new section to North Dakota Century Code Chapter 26.1-36 relating to comprehensive examinations of health carriers with a market share of 25 percent or more of health benefit plan covered lives in the state.

**Medication optimization study** - Section 8 provides for a Legislative Management study of medication optimization.

**Fire-related insurance lines study** - Section 9 provides for a Legislative Management study of insurance premium tax generated from fire-related insurance lines.

#### **Related Legislation**

**House Bill No. 1086** - Relates to the state fire and tornado fund insurance coverage.

**House Bill No. 1087** - Extends the invisible reinsurance pool for the individual health insurance market and appropriates \$200,000 from special funds to the Insurance Commissioner to study the establishment of an invisible reinsurance pool for the combination of the individual health insurance market with the small group health insurance market. The bill also provides continuing appropriation authority for federal funding received by the Reinsurance Association of North Dakota.

**House Bill No. 1093** - Removes the requirement for the State Auditor to evaluate the state's blanket bond coverage.

**Senate Bill No. 2077** - Provides a monetary penalty on insurance companies that fail to report certain data to the Insurance Commissioner.

**Public Service Commission  
Budget No. 408  
House Bill No. 1008**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>43.00</b>	<b>\$6,431,087</b>	<b>\$13,461,695</b>	<b>\$19,892,782</b>
2021-23 base budget	43.00	6,714,928	12,172,476	18,887,404
Legislative increase (decrease) to base budget	0.00	(\$283,841)	\$1,289,219	\$1,005,378

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$6,425,687</b>	<b>\$5,400</b>	<b>\$6,431,087</b>
2019-21 legislative appropriations	6,714,928	0	6,714,928
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$289,241)	\$5,400	(\$283,841)
Percentage increase (decrease) to 2019-21 appropriations	(4.3%)	100.0%	(4.2%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$75,499	(\$65,384)	\$10,115
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		133,711	90,570	224,281
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,258	885	2,143
Changed the funding source for a portion of salaries and wages funding from the general fund to the Public Service Commission program fund		(625,000)	625,000	0
Added funding to reclassify an unfunded administrative support FTE position to a natural gas pipeline inspector position		167,547	167,548	335,095
Adjusted funding for specialized legal services to provide a total of \$420,000		(10,000)	336,000	326,000
Reduced funding for operating expenses		(36,993)		(36,993)

Added funding from federal funds for annual railroad inspector training		20,000	20,000
Added funding for Microsoft Office 365 license expenses	4,737		4,737
Added <b>one-time funding</b> from the general fund (\$5,400) and from federal funds (\$114,600) for surveying equipment	5,400	114,600	120,000
Total	<u>0.00</u>	<u>(\$283,841)</u>	<u>\$1,289,219</u>

### FTE Changes

The Legislative Assembly approved 43 FTE positions for the Public Service Commission for the 2021-23 biennium, the same as the 2019-21 biennium.

### One-Time Funding

One-time funding of \$120,000 is added from the general fund (\$5,400) and federal funds (\$114,600) for the purchase of surveying equipment.

### Other Sections in House Bill No. 1008

**Beginning farmer revolving loan fund** - Section 3 authorizes a \$900,000 transfer from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. The Public Service Commission would reimburse the beginning farmer revolving loan fund for any funds spent using amounts available from damages or proceeds, net of legal fees.

**Public Service Commission program fund** - Section 4 creates a new section in North Dakota Century Code Chapter 49-01 to establish the Public Service Commission program fund for the purpose of defraying the expenses of the commission. The section also requires fees collected from weights and measures, public utility assessment, siting administrative fees, and for the investment of the fund be deposited in the Public Service Commission program fund. The section also requires the Office of Management and Budget to transfer any balance in the fund in excess of \$1.1 million to the general fund at the end of each biennium.

**Public utility assessment** - Section 5 creates a new section in Chapter 49-01 to create a fee to be assessed to each electric and gas utility. The combined assessments may not exceed \$300,000 per biennium. The section requires electric and gas public utilities to file gross receipts each year with the commission, from which the assessment is applied.

**Salary of commissioners** - Section 6 provides the statutory changes increasing the Public Service Commissioners' salary. The annual salary of each Public Service Commissioner will increase from the current level of \$113,600 to \$115,304, effective July 1, 2021, and to \$117,610, effective July 1, 2022, to reflect a 1.5 percent and 2 percent salary increase.

**Fees - Siting process expense recovery** - Sections 7 and 8 create new subsections to Sections 49-22-22 and 49-22.1-21 relating to siting process expense recovery. These provisions establish an administrative fee, on every applicant, of \$100 for every \$1 million of original investment, not to exceed \$25,000. The fee must be deposited in the Public Service Commission program fund.

**Railroad safety program** - Section 9 amends Section 57-43.2-19 to increase the deposit from \$294,509 to \$297,362 per year from special fuels taxes into the rail safety fund through June 30, 2025.

**Fees - Registered service companies** - Section 10 creates a new section to Chapter 64-02 to require registered service companies to pay an annual registration fee of \$100, plus \$50 for each registered service person and establishes a testing fee not to exceed \$25 per test.

**Weights and measures fees** - Section 11 amends Section 64-02-10 to increase fees to test or calibrate weighing and measuring devices.

**Fees collected - Paid into state treasury** - Section 12 amends Section 64-02-12 relating to fees collected and paid into the state treasury. This section changes the deposit of all fees and charges collected by the commission from being deposited in the general fund to being deposited in the Public Service Commission program fund.

**Emergency** - Section 13 declares Sections 4, 7, 8, and 12 to be an emergency.

### **Related Legislation**

**House Bill No. 1060 - Public utility meters** - This bill amends Section 49-02-08, relating to the manner in which public utility meters may be tested, allowing the Public Service Commission to specify who conducts the test of the public utility meters.

**House Bill No. 1067 - Integrated resource plan** - This bill creates a new section to Chapter 49-05, relating to the authority of the Public Service Commission to adopt rules and request a fee for the cost of investigating a public utility's integrated resource plan.

**Senate Bill No. 2313 - Regulation of public utilities** - This bill creates 3 new sections to Chapter 49-05 relating to the regulation of public utilities.

**Agriculture Commissioner  
Budget No. 602  
House Bill No. 1009; Senate Bill No. 2245**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>79.00</b>	<b>\$23,959,712</b>	<b>\$34,510,775</b>	<b>\$58,470,487</b>
2021-23 base budget	78.00	10,700,429	28,322,406	39,022,835
Legislative increase (decrease) to base budget	1.00	\$13,259,283	\$6,188,369	\$19,447,652

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$13,459,712</b>	<b>\$10,500,000</b>	<b>\$23,959,712</b>
2019-21 legislative appropriations	10,700,429	210,000	10,910,429
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,759,283	\$10,290,000	\$13,049,283
Percentage increase (decrease) to 2019-21 appropriations	25.8%	4,900.0%	119.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$189,106	\$152,531	\$341,637
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,146	1,603	3,749
Added funding for the cost to continue salary increases given to employees in the 2 <sup>nd</sup> year of the 2019-21 biennium		69,207	55,860	125,067
Added funding to address employee salary compression concerns		369,866	332,634	702,500
Added 1 FTE grain inspector position, of which \$152,670 is for salaries and \$30,729 is for related operating expenses	1.00	183,399		183,399
Added funding to fully fund a previously underfunded FTE meat inspector position, of which \$90,478 is for salaries and \$15,980 is for operating expenses		106,458		106,458

Added funding to reclassify a program coordinator position to an attorney position	68,279		68,279
Added funding for operating expenses, including \$36,250 from the Agriculture Commissioner's operating fund for the industrial hemp program, \$43,500 from the general fund for public warehouse and grain buyer license costs, and \$120,000 for the North Dakota Mediation Service program	163,500	36,250	199,750
Added funding for Microsoft Office 365 license expenses	7,322	1,491	8,813
Added federal funding for the specialty crop block grant program to provide total federal funding of \$5,758,000		158,000	158,000
Added funding from the environment and rangeland protection fund for noxious weed grants to provide a total of \$1,425,274, of which \$90,000 is from federal funds and \$1,335,274 is from the environment and rangeland protection fund		50,000	50,000
Removed federal funding relating to the environmental impact mitigation fund. The Agriculture Commissioner has an existing continuing appropriation from the fund to provide grants to political subdivisions for the mitigation of environmental impacts.		(5,000,000)	(5,000,000)
Transferred the North Dakota Trade Office program from the Department of Commerce to the Agriculture Commissioner	1,600,000		1,600,000
Added <b>one-time funding</b> for a soil health cover crop grant program, of which \$300,000 is from Bank of North Dakota profits and \$400,000 is from federal and special funds the Agriculture Commissioner may receive during the biennium for the program		700,000	700,000
Added <b>one-time funding</b> from the strategic investment and improvements fund for a grasslands grazing grant program, which requires \$1 of matching funds for every \$4 of state funds		5,000,000	5,000,000
Added <b>one-time funding</b> from Bank of North Dakota profits for the Agricultural Products Utilization Commission (APUC)		2,700,000	2,700,000
Added <b>one-time funding</b> for the bioscience innovation grant program	5,500,000		5,500,000
Added <b>one-time funding</b> to defray the costs associated with federal environmental legislation or regulations which detrimentally impact or potentially detrimentally impact North Dakota	5,000,000		5,000,000



Added **one-time funding** from the federal Coronavirus Capital Projects Fund for an intermodal facility construction grant program (Senate Bill No. 2245) 2,000,000 2,000,000

Total 1.00 \$13,259,283 \$6,188,369 \$19,447,652

**FTE Changes**

The Legislative Assembly approved 79 FTE positions for the Agriculture Commissioner for the 2021-23 biennium, an increase of 1 FTE position from the 2019-21 biennium level of 78 FTE positions. The Legislative Assembly added 1 FTE grain inspector position.

**One-Time Funding**

The Legislative Assembly approved \$20.9 million of one-time funding for the Agriculture Commissioner for the 2021-23 biennium as follows:

	General Fund	Other Funds	Total Funds
Soil health cover crop grant program		\$700,000	\$700,000
Grasslands grazing grant program (strategic investment and improvements fund)		5,000,000	5,000,000
APUC (Bank of North Dakota profits)		2,700,000	2,700,000
Bioscience innovation grant program (Section 3 of House Bill No. 1009)	\$5,500,000		5,500,000
Federal environmental law impact review costs (Section 4 of House Bill No. 1009)	5,000,000		5,000,000
Intermodal facility construction grant program (federal Coronavirus Capital Projects Fund) (Senate Bill No. 2245)		2,000,000	2,000,000
<b>Total</b>	<b>\$10,500,000</b>	<b>\$10,400,000</b>	<b>\$20,900,000</b>

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1394, the Legislative Assembly appropriated \$5.5 million from federal COVID-19 funds to the Agriculture Commissioner for the 2019-21 biennium, of which \$500,000 is for stress assistance programs to provide behavioral health services to agriculture producers and \$5 million is for specialty crop block grants to enhance the competitiveness of special crops, including fruits, vegetables, tree nuts, dried fruits, and horticulture and nursery crops.

In House Bill No. 1395, the Legislative Assembly appropriated \$13,407,550 of federal coronavirus relief funds to the Agriculture Commissioner for the 2019-21 biennium as follows:

	<b>Federal Coronavirus Relief Fund - 2019-21 Biennium</b>
Meat processor cost-share program for meat processing plants to address increased demand for retail meat products and slaughter of livestock	\$6,199,979
Purchase of database software to gather and organize animal health data to detect, contain, and eradicate outbreaks of dangerous animal diseases	95,000
Competitive grant program to North Dakota research companies for COVID-19 research	4,990,802
Grant program to provide organizations with proper storage equipment to store perishable food items	2,000,000
Grain inspection software upgrades, including automation of grain license software to provide electronic application processing for livestock auction and livestock dealer's licenses	70,998
Contracted service costs to upgrade local food access and Internet connectivity through local food maps and the department website	50,771
<b>Total</b>	<b>\$13,407,550</b>

**Federal COVID-19 Funding - 2021-23 Biennium**

In Senate Bill No. 2245, the Legislative Assembly appropriated \$2 million of one-time funding estimated to be received through the federal American Rescue Plan Act from the federal Coronavirus Capital Projects Fund to the Agriculture Commissioner for an intermodal facility construction grant program for capital construction projects that will expand rail capacity to support economic and workforce development and growth and enhance the value of agriculture and commercial products exported through an intermodal facility in North Dakota. Grants may be awarded only to an organization dedicated to the expansion of rail capacity at an existing

intermodal facility in the state connected to and served by a Class I railroad. Grant funds may be used only to pay for capital costs associated with engineering, labor, equipment, and materials related to rail track expansion. The funding may be spent only to the extent the Director of the Office of Management and Budget certifies to the Legislative Management that the use of this funding complies with federal guidelines for the federal Coronavirus Capital Projects Fund.

### Environment and Rangeland Protection Fund

The environment and rangeland protection fund was established by the 1991 Legislative Assembly in Senate Bill No. 2451 and enacted as North Dakota Century Code Section 19-18-02.1 then amended and reenacted by the 2017 Legislative Assembly as Section 4.1-39-07 as part of the agriculture law rewrite. The fund contains collections from pesticide registration fees, fertilizer registration, inspection, and tonnage fees, and weed seed free forage fees. Prior to the 2009-11 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund. Funding in the environment and rangeland protection fund is utilized for various Agriculture Commissioner programs. Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the environment and rangeland protection fund.

Section 8 of House Bill No. 1009 transfers \$325,000 from the environment and rangeland protection fund to the minor use pesticide fund during the 2021-23 biennium.

Section 10 of House Bill No. 1009 identifies \$6,899,395 of funding from the environment and rangeland protection fund for Agriculture Commissioner programs.

### Agricultural Products Utilization Commission

In Senate Bill Nos. 2009 and 2328 and House Bill No. 1018, the 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium. The following is a summary of recent funding for APUC in the Department of Commerce (2013-15 through 2017-19 bienniums) and Agriculture Commissioner (2019-21 and 2021-23 bienniums):

Biennium	General Fund	APUC Fund <sup>1</sup>	Bank of North Dakota Profits	Federal Funds	Total <sup>2</sup>
2013-15	\$1,202,210	\$1,738,284	\$0	\$300,000	\$3,240,494
2015-17 (adjusted) <sup>3,4</sup>	1,022,983	2,095,628	0	0	3,118,611
2017-19 <sup>5,6</sup>	0	3,152,915	0	0	3,152,915
2019-21 <sup>7</sup>		1,760,417	2,000,000	0	3,760,417
2021-23 <sup>7</sup>		1,760,417	2,700,000	0	4,460,417
Increase (decrease) from 2019-21 biennium	\$0	\$0	\$700,000	\$0	\$700,000

<sup>1</sup>The 2013 Legislative Assembly renamed the agricultural fuel tax fund the agricultural products utilization fund. Section 19 of Senate Bill No. 2018 (2013) removed the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund. As a result of the change, the remaining funding sources for the agricultural products utilization fund are an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes.

<sup>2</sup>These amounts do not include carryover authority.

<sup>3</sup>The 2015-17 general fund appropriation for APUC reflects a \$200,000 reduction made during the August 2016 special legislative session reductions.

<sup>4</sup>The 2015 Legislative Assembly provided an exemption for APUC in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue during the 2015-17 biennium.

<sup>5</sup>Of the amount appropriated to the Department of Commerce through the agricultural products utilization fund for the 2017-19 biennium, approximately \$1.3 million is from the Mill and Elevator Association profits and approximately \$1,000 is from motor vehicle fuel tax refunds. The remaining amount is additional special fund spending authority from the agricultural products utilization fund if additional Mill and Elevator Association profits become available.

<sup>6</sup>The 2017 Legislative Assembly provided an exemption for APUC in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue during the 2017-19 biennium.

<sup>7</sup>In addition to the funding provided to the Agriculture Commissioner in the APUC line item, funding for 1 FTE position is included from the general fund in the salaries and wages line item for the APUC program.

### North Dakota Trade Office

The North Dakota Trade Office creates global partnerships to expand trade opportunities for North Dakota businesses through advocacy, education, and expertise. In Section 12 of House Bill No. 1009 (2021), the Legislative Assembly identified \$1.6 million appropriated in Section 1 from the general fund for the North Dakota Trade Office, which the Legislative Assembly transferred from the Department of Commerce to the Agriculture Commissioner in Senate Bill No. 2018 (2021).

The following is a summary of funding for the North Dakota Trade Office in the Department of Commerce (2003-05 through 2019-21 bienniums) and Agriculture Commissioner (2021-23 biennium):

Biennium	General Fund	Other Funds	Total
2003-05 <sup>1</sup>	\$75,000		\$75,000
2005-07 <sup>2</sup>		\$700,000	700,000
2007-09 <sup>3</sup>	1,500,000		1,500,000
2009-11 <sup>4</sup>	2,064,000		2,064,000
2011-13 <sup>5</sup>	2,613,400		2,613,400
2013-15 <sup>5</sup>	2,613,400		2,613,400
2015-17 (adjusted) <sup>5,6</sup>	2,556,694		2,556,694
2017-19 <sup>7</sup>	2,000,000		2,000,000
2019-21 <sup>7</sup>	1,600,000		1,600,000
2021-23 <sup>7</sup>	1,600,000		1,600,000
Increase (decrease) from 2019-21 biennium	\$0	\$0	\$0

<sup>1</sup>Section 21 of House Bill No. 1019 (2003) required the Department of Commerce to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the trade authority for the 2003-05 biennium. Section 22 of the bill provided that the department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium.

<sup>2</sup>The 2005 Legislative Assembly provided funding of \$500,000 from the development fund and \$200,000 from the Mill and Elevator Association for costs associated with the North Dakota Trade Office. Matching funds of 50 percent were to be provided before this funding was made available.

<sup>3</sup>Section 10 of House Bill No. 1018 (2007) provided that the Department of Commerce may spend 50 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

<sup>4</sup>Section 11 of Senate Bill No. 2018 (2009) provides that the Department of Commerce may spend 62.5 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

<sup>5</sup>Section 26 of Senate Bill No. 2057 (2011), Section 31 of Senate Bill No. 2018 (2013), and Section 12 of House Bill No. 1018 (2015), provided the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

<sup>6</sup>The 2015-17 biennium appropriation for the North Dakota Trade Office reflects a \$56,706 general fund reduction made as part of the August 2016 special legislative session reductions.

<sup>7</sup>Section 11 of Senate Bill No. 2018 (2017) and Section 9 of House Bill No. 1018 (2019) provided the Department of Commerce and Section 12 of House Bill No. 1009 (2021) provided the Agriculture Commissioner may spend 60 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the state. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

### Other Sections in House Bill No. 1009

**Bioscience innovation grants** - Section 3 includes a \$5.5 million one-time general fund appropriation for transfer to the bioscience innovation grant fund during the 2021-23 biennium. The Agriculture Commissioner has continuing appropriation authority for the bioscience innovation grant fund.

**Federal environmental legislation and regulations** - Section 4 includes a \$5 million one-time general fund appropriation for transfer to the federal environmental law impact review fund during the 2021-23 biennium. The Agriculture Commissioner is to use the funding for defraying the costs associated with federal environmental legislation or regulations which detrimentally impact or potentially detrimentally impact the state's agricultural, energy, or oil production sectors during the 2021-23 biennium. The Agriculture Commissioner has continuing appropriation authority for the federal environmental law impact review fund.

**Agricultural Products Utilization Commission** - Section 5 identifies one-time funding of \$2.7 million in the APUC line item from current earnings and undivided profits of the Bank of North Dakota, which must be transferred to the Agriculture Commissioner for deposit in the agricultural products utilization fund for defraying the expenses of the APUC program during the 2021-23 biennium.

**Soil health cover crop grant program** - Section 6 identifies one-time funding of \$700,000 in the estimated income line item, of which the Bank of North Dakota is required to transfer \$300,000 from its current earnings and undivided profits to the Agriculture Commissioner for deposit in the Agriculture Commissioner's operating fund for defraying the expenses of the soil health cover crop grant program during the 2021-23 biennium. The remaining \$400,000 is from other income derived from federal and special funds the Agriculture Commissioner may receive during the biennium for the program. The Agriculture Commissioner is required to submit an application to the North Dakota Outdoor Heritage Advisory Board for funding from the North Dakota outdoor heritage fund for the program, which the board shall consider pursuant to Section 54-17.8-03. The Agriculture Commissioner is required to establish guidelines for the use of grant funding provided for this program.

**State Water Commission funding** - Section 7 identifies \$125,000 in the estimated income line item, which the State Water Commission is required to transfer to the Agriculture Commissioner for the Wildlife Services Program for the 2021-23 biennium, the same as the 2019-21 biennium.

**Grasslands grazing grant program** - Section 9 identifies one-time funding of \$5 million in the estimated income line item from the strategic investment and improvements fund for providing grassland grazing grants to an organization representing cooperative grazing associations in the state. To be eligible for a grant under this program, an organization must provide \$1 of matching funds from nonstate sources for every \$4 of grant funding. An organization that receives a grant under this program may distribute the funding to cooperative grazing associations for eligible infrastructure projects, which must be located on national grasslands within the state. Eligible infrastructure projects include water development; fencing; conservation initiatives; compliance with federal permitting requirements, including fees for professional services; and other projects to enhance wildlife habitat, capture carbon, or increase the health of grasslands. Program participants are required to develop and implement a grazing land plan in compliance with local soil conservation district guidance and the plan must be approved by the local soil conservation district. The Agriculture Commissioner is required to establish additional guidelines for the program.

**Game and fish funding** - Section 11 identifies \$619,329 from the game and fish operating fund for the State Board of Animal Health (\$119,329) and Wildlife Services Program (\$500,000) for the 2021-23 biennium, an increase of \$4,899 from the 2019-21 biennium.

**Salary of the Agriculture Commissioner** - Section 13 includes the statutory changes necessary to increase the Agriculture Commissioner's salary. The Agriculture Commissioner's annual salary will increase from the current level of \$119,757 to \$121,553 (1.5 percent) effective July 1, 2021, and to \$123,984 (2 percent) effective July 1, 2022, to reflect salary adjustments consistent with 2021-23 biennium state employee salary increases.

**Pipeline restoration and reclamation surface owners and tenants**- Section 14 amends Section 4.1-01-17 to exempt the names of surface owners and surface tenants who receive assistance from the pipeline restoration and reclamation program from open records request laws.

**Livestock dealers insolvency** - Sections 15, 16, and 17 amend Sections 4.1-83-22, 4.1-83-23, and 4.1-83-28, related to livestock dealer insolvency cases being overseen by the Agriculture Commissioner rather than the courts, similar to grain insolvency cases. Section 23 declares these sections to be an emergency measure.

**Attorney position authorization** - Section 18 amends Section 54-12-08 to add the Agriculture Commissioner to the list of agencies allowed to employ an attorney position.

**Pipeline restoration and reclamation funding** - Section 19 identifies \$200,000 in the estimated income line item as from the abandoned oil and gas well plugging and site reclamation fund for the pipeline restoration and reclamation program during the 2021-23 biennium, the same as the 2019-21 biennium.

**Waterbank program - 2019-21 biennium** - Section 20 amends Section 7 of Chapter 34 of the 2019 Session Laws to allow the Agriculture Commissioner to use "up to" \$50,000 of the 2019-21 biennium salaries and wages line item as matching funds for the North Dakota outdoor heritage fund grant for the waterbank program.

**Waterbank program - 2021-23 biennium** - Section 21 provides that of the amount appropriated in the salary and wages line item in Section 1, the Agriculture Commissioner may use up to \$50,000 from the general fund for matching funds for the North Dakota outdoor heritage fund grant provided for the waterbank program.

**Legislative Management study - North Dakota Beef Commission** - Section 22 provides for a Legislative Management study of the North Dakota Beef Commission, including its operations and the selection of commission members.

#### **Related Legislation**

**House Bill No. 1026 - Grain programs** - This bill combines state warehouse and facility-based grain buyer licenses and creates a new grain processor and broker license.

**House Bill No. 1045 - Industrial hemp** - This bill allows the Agriculture Commissioner to charge a fee of up to \$125 to inspect, sample, and test hemp, which must be deposited in the Agriculture Commissioner's operating fund.

**House Bill No. 1158 - Mitigation of environmental impacts** - This bill requires the Agriculture Commissioner to deposit 50 percent of funding paid to mitigate the adverse environmental impacts of a proposed site, corridor, route, or facility into the environmental impact mitigation fund and the remaining 50 percent in the federal environmental law impact review fund, rather than depositing 100 percent of available funding into the environmental impact mitigation fund.

**House Bill No. 1394 - Federal COVID-19 funding** - This bill provides a 2019-21 biennium appropriation of \$5.5 million to the Agriculture Commissioner from federal funds received as a result of the COVID-19 pandemic, of which \$500,000 is for COVID-19 stress assistance program operating expenses and \$5 million is for COVID-19 specialty crop block grants. Section 2 of the bill provides an exemption for the Agriculture Commissioner to continue the funding into the 2021-23 biennium.

**House Bill No. 1395 - Federal COVID-19 funding** - This bill provides a 2019-21 biennium appropriation of \$13,407,550 of federal funding to the Agriculture Commissioner from the state's allocation from the federal Coronavirus Relief Fund for various programs in response to the COVID-19 pandemic.

**House Bill No. 1475 - Agriculture diversification and development program** - This bill creates an agriculture diversification and development fund, provides the Bank of North Dakota a continuing appropriation from the fund, and provides for a \$10 million transfer from the general fund to the agriculture diversification and development fund. The agriculture diversification and development committee includes the Agriculture Commissioner. Section 3 of the bill provides provisions to authorize APUC access to records of the agriculture diversification and development fund grants program.

**Senate Bill No. 2018 - North Dakota Trade Office** - Section 10 of this bill adds a new section to Chapter 4.1-01 to establish the North Dakota Trade Office, also known as the International Business and Trade Office, in the Agriculture Commissioner's chapter. Section 13 of the bill repeals Section 54-60-16 related to the North Dakota Trade Office in the Department of Commerce chapter.

# SECTION E - ELEMENTARY AND SECONDARY EDUCATION

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# ELEMENTARY AND SECONDARY EDUCATION - OVERVIEW

## STATE SCHOOL AID

The Legislative Assembly appropriated \$2,216,925,000, of which \$1,640,450,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, and special education. This level of funding represents an increase of \$35,222,571, including increases in funding of \$30,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition fund offset by a decrease in funding from the general fund of \$50,487,929, from the 2019-21 legislative appropriation of \$2,181,702,429. Rapid enrollment grants totaling \$3,000,000, provided from the foundation aid stabilization fund during the 2019-21 biennium, are not funded in the 2021-23 biennium because the on-time funding weighting factor will be in effect for both years of the 2021-23 biennium.

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2021-23 biennium, the integrated payment rates are increased 1 percent each year of the biennium to provide \$10,136 during the 1<sup>st</sup> year of the biennium and \$10,237 during the 2<sup>nd</sup> year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

The legislative appropriation for the state school aid program:

- Includes **integrated formula payments** totaling \$2,131,825,000, of which \$1,555,350,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund. This level of funding represents an increase of \$33,622,571, including a decrease in funding of \$55,087,929 from the general fund and increases in funding of \$33,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition fund, from the 2019-21 biennium appropriation for integrated formula payments of \$2,098,202,429. The Legislative Assembly approved an increase in the state school aid formula totaling \$33,600,000, including costs associated with integrated formula payment rate increases (\$34,300,000); increases in the small school weighting factors, including adjustments for school districts with multiple buildings at least 19 miles apart, (\$11,200,000); increased participation in summer school related to House Bill No. 1436 (\$1,300,000); and the impact of eliminating the deduction of tuition paid with federal impact aid pursuant to House Bill No. 1246 (\$3,700,000), which are offset by savings related to lower than anticipated student growth compared to the 2017-19 biennium base budget (\$16,900,000). The Legislative Assembly, in House Bill No. 1013 (2021), required at least 70 percent of all new money received by the district, resulting from increases in the base integrated formula rate, be used to increase the compensation paid to nonadministrative personnel.
- Authorizes the Department of Public Instruction (DPI) to spend up to \$800,000 of the integrated formula payments line item for **gifted and talented programs**, the same as the 2019-21 biennium, and up to \$500,000 for **regional education association grants**, the same as the 2019-21 biennium. In addition to regional education association grants, the state school aid formula provides approximately \$4.7 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts. The Legislative Assembly also appropriated \$250,000 of one-time funding from the federal Coronavirus Relief Fund to DPI for grants to regional education associations. The funding must be allocated based on enrollment in after school programs and distributed on a reimbursement basis for eligible COVID-19-related expenditures. The Legislative Assembly approved Senate Bill No. 2269 (2021) to establish a **postsecondary transitional grant program** for students with a documented intellectual or developmental disability enrolled in a postsecondary transitional program and authorized the department to provide integrated formula payments to postsecondary transitional programs for eligible students. In the fiscal note to Senate Bill No. 2269, DPI estimates approximately \$400,000 of integrated formula payments may be redirected from school districts currently serving these students to a postsecondary transitional program that may now receive payment for serving these students.
- Provides \$58.1 million for **transportation grants**, \$1.6 million more than the 2019-21 biennium. This level of funding will allow reimbursement rates to remain the same as the 2019-21 biennium. The Legislative Assembly also approved House Bill No. 1027 (2021) which codifies student transportation aid payment sections as the provisions existed on June 30, 2001; updates provisions to reflect current practices and 2019-21 biennium reimbursement rates; and prohibits school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver

agreements. House Bill No. 1027 allows school districts to be reimbursed based on the latest available student enrollment; however, for the 2021-22 and 2022-23 school years, school districts may be reimbursed using the greater of the 2018-19 miles and rides or previous year miles and rides, resulting in an estimated \$1.6 million increase to transportation funding.

- Increases funding for **special education contracts** by \$3 million to provide a total of \$27 million. In addition to special education contracts, the state school aid formula provides approximately \$224 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

The legislative appropriation for the state school aid program of \$2,216,925,000 is summarized as follows:

Integrated formula payments	\$2,131,825,000
Transportation aid payments	58,100,000
Special education - Contracts	27,000,000
<b>Total</b>	<b>\$2,216,925,000</b>

### OPERATING EXPENSES

The Legislative Assembly provided for the following major changes to DPI's operating expense line item:

- Transfer of early childhood development programs to the Department of Human Services** - Reduced funding for operating expenses by \$100,000 related to the transfer of the early education program for 4-year olds to the Department of Human Services including 3 FTE positions pursuant to House Bill No. 1416.
- School approval fees** - Adjusted the funding source for professional fees related to school approval totaling \$1,012,000 from the general fund to special funds reimbursed by school districts.
- Information technology fees** - Increased funding from the general fund for information technology fees by \$288,000.
- ACT testing fees** - Removed \$780,000 provided from the general fund for ACT/WorkKeys testing fees no longer required to be paid by the department pursuant to Senate Bill No. 2141.
- State automated reporting system (STARS) maintenance** - Added \$200,000 of **one-time funding** from the general fund for STARS maintenance until the rewrite provided for during the 2019-21 biennium is completed. In addition, the Legislative Assembly allowed the department to continue \$600,000 of funding remaining from a 2019-21 biennium one-time foundation aid stabilization fund appropriation of \$1.2 million for the STARS rewrite to the 2021-23 biennium.

### OTHER APPROPRIATIONS

The Legislative Assembly combined funding for **program and passthrough grants** and adjusted the funding source to provide \$23,887,064 from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment authority for both program and passthrough grants.

The Legislative Assembly provided \$7.48 million from other funds available from carryover for **program grants**, a decrease of \$200,000 from the \$7.68 million provided from the general fund for program grants during the 2019-21 biennium. The Legislative Assembly did not continue \$200,000 for a professional development program for school leaders. The legislative appropriation provides:

- Adult education grants** - \$5 million to provide adult education grants, an increase of \$600,000 from the 2019-21 biennium legislative appropriation.
- School food services** - \$1.38 million to provide child nutrition and food distribution program state matching funds, the same as the 2019-21 biennium legislative appropriation.
- Free breakfast program** - \$200,000 to provide free breakfast to students eligible for reduced meals, the same as the 2019-21 biennium legislative appropriation.
- Program grant pool** - \$900,000 for a program grant pool, including:



- a. Leveraging the senior year to enhance the delivery and the participation of students and teachers in advanced placement courses;
- b. A leadership program for high school students to strengthen leadership skills, build confidence, and encourage involvement; and
- c. Family engagement initiatives.

This level of funding for the program grant pool represents a decrease of \$600,000 from the 2019-21 biennium legislative general fund appropriation which included funding for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, leveraging the senior year, a leadership program, family initiatives, and transportation efficiency. Funding is no longer provided in the program grant pool for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, and transportation efficiency.

The Legislative Assembly provided \$16,407,064 from other funds available from carryover for **passthrough grants**, an increase of \$13,543,300 from the \$2,863,764 provided from the general fund for passthrough grants during the 2019-21 biennium. Funding for passthrough grants includes:

1. **National writing projects** - \$50,000 for support of the Red River Valley Writing Project and the Northern Plains Writing Project, the same as the 2019-21 biennium legislative appropriation.
2. **North Dakota Museum of Art** - \$425,000 for support of the North Dakota Museum of Art rural art outreach project, an increase of \$65,000 from the 2019-21 biennium legislative appropriation.
3. **North Central Council for Educational Media Services** - \$202,300 for a grant to the North Central Council for Educational Media Services, a decrease of \$35,700 from the 2019-21 biennium legislative appropriation.
4. **Teacher, principal, and instructional coach mentoring program** - \$2,125,764 for a teacher support system grant program to be administered by the Education Standards and Practices Board, the same as the 2019-21 biennium legislative appropriation.
5. **"We the People" program** - \$70,000 for a grant to the "We the People" program, an increase of \$20,000 from the 2019-21 biennium legislative appropriation.
6. **Cultural heritage grants** - \$34,000 for grants to schools for cultural heritage events, a decrease of \$6,000 from the 2019-21 biennium legislative appropriation.
7. **Development of science experiments** - \$13.5 million of **one-time funding** for a grant to the Bismarck Gateway to Science Center for developing science experiments, including space needed for the experiments.

The Legislative Assembly also provided funding for:

1. **PowerSchool** - \$5.25 million from the general fund is provided as a separate line item of the department's appropriation for PowerSchool maintenance and upgrades, a decrease of \$250,000 from the 2019-21 biennium legislative appropriation.
2. **National board certification** - \$176,290 from the general fund for payments to teachers receiving national board certification, an increase of \$68,290 from the 2019-21 biennium legislative appropriation.

### **CARRYOVER FUNDING**

In addition to unspent general fund authority, totaling \$23,887,064, continued for program and passthrough grants the Legislative Assembly allowed DPI to continue:

- \$250,000 of funding from the general fund remaining in the integrated formula payments line item at the end of the 2019-21 biennium to the 2021-23 biennium for a dyslexia screening program; and
- \$600,000 of unexpended one-time funding from the foundation aid stabilization fund provided for the STARS rewrite during the 2019-21 biennium to the 2021-23 biennium to continue the STARS rewrite. In 2019 the Legislative Assembly provided a total of \$1.2 million of one-time funding from the foundation aid stabilization fund for the project.

## FEDERAL COVID-19 RELIEF FUNDING

In House Bill Nos. 1013, 1015, 1394, and 1395, the Legislative Assembly provided 2019-21 biennium appropriations and 2021-23 biennium appropriations of federal COVID-19 relief funding.

### Federal COVID-19 Funding - 2019-21 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2019-21 biennium:

	<b>Federal Funds - 2019-21 Biennium</b>
Federal coronavirus relief funds - Broadband grants (House Bill No. 1395)	\$500,000
Federal coronavirus relief funds - Education corps grants (House Bill No. 1395)	30,000,000
Federal coronavirus relief funds - K-12 COVID resiliency grants (House Bill No. 1395)	33,816,217
Subtotal federal coronavirus relief funds	\$64,316,217
Elementary and Secondary School Emergency Relief (ESSER) fund I and II distributions - Grants allocated to school districts (House Bill No. 1394)	\$144,603,071
ESSER fund I and II distributions - DPI - State discretionary (House Bill No. 1394)	13,661,117
Governor's Emergency Education Relief (GEER) fund (House Bill No. 1394)	3,998,745
Subtotal ESSER fund I and II distributions and GEER fund	\$162,262,933
<b>Total 2019-21 biennium federal COVID-19 funding</b>	<b>\$226,579,150</b>

### Federal COVID-19 Funding - 2021-23 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2021-23 biennium:

	<b>Federal Funds - 2021-23 Biennium</b>
ESSER fund III distribution - Grants allocated to school districts (House Bill No. 1395)	\$274,740,191
ESSER fund III distribution - DPI - State discretionary (House Bill No. 1395)	30,526,688
Individuals with Disabilities Education Act grant (House Bill No. 1395)	8,632,569
Emergency Assistance to Non-public Schools grant (House Bill No. 1395)	4,151,371
Homeless Children and Youth program grant (House Bill No. 1395)	1,999,661
Federal coronavirus relief funds - Regional education association grants (House Bill No. 1013)	250,000
Federal Coronavirus Capital Projects Fund - Grant to a children's science center in Minot (House Bill No. 1015)	5,900,000
<b>Total 2021-23 biennium federal COVID-19 funding</b>	<b>\$326,200,480</b>

**Department of Public Instruction  
Budget No. 201  
House Bill Nos. 1013, 1015, and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>86.25</b>	<b>\$1,658,396,873</b>	<b>\$1,277,933,750</b>	<b>\$2,936,330,623</b>
2021-23 base budget	89.25	1,721,161,137	812,553,743	2,533,714,880
Legislative increase (decrease) to base budget	(3.00)	(\$62,764,264)	\$465,380,007	\$402,615,743

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,658,196,873</b>	<b>\$200,000</b>	<b>\$1,658,396,873</b>
2019-21 legislative appropriations	1,721,161,137	200,000	1,721,361,137
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$62,964,264)	\$0	(\$62,964,264)
Percentage increase (decrease) to 2019-21 appropriations	(3.7%)	N/A	(3.7%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			\$2,878	\$2,878
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$132,550	287,955	420,505
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,387	2,942	4,329
Transferred 3 FTE positions and related salaries of \$600,000 and operating expenses of \$100,000 to the Department of Human Services pursuant to House Bill No. 1416 relating to the administration of an early childhood education program for 4-year olds	(3.00)	(300,000)	(400,000)	(700,000)
Adjusted the funding source for professional fees related to accreditation support to provide funding from school district reimbursements for services		(1,012,000)	1,012,000	0

Reduced funding for other professional fees	(83,293)		(83,293)
Increased funding for information technology fees	288,000		288,000
Added funding for Microsoft Office 365 licensing expenses	2,495		2,495
Removed funding for ACT and WorkKeys testing fees pursuant to Senate Bill No. 2141	(780,000)		(780,000)
Decreased funding for integrated formula payments for savings related to a reduction in the cost to continue	(16,868,441)		(16,868,441)
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund	(55,256,000)	55,256,000	0
Increased funding for integrated formula payments for changes to the state school aid formula approved in House Bill No. 1388, including \$33,454,500 from the foundation aid stabilization fund. (See the section related to <b>Integrated Formula Payments</b> below for details related to the fiscal impact of formula changes.)	12,036,512	33,454,500	45,491,012
Added funding for the fiscal impact of increased participation in summer school related to House Bill No. 1436	1,300,000		1,300,000
Added funding for the fiscal impact of House Bill No. 1246 related to eliminating the deduction of tuition paid with federal impact aid	3,700,000		3,700,000
Increased funding for special education contract grants to provide a total of \$27 million from the general fund	3,000,000		3,000,000
Increased funding for transportation grants, pursuant to reimbursement changes approved in House Bill No. 1027, to provide a total of \$58.1 million from the general fund	1,600,000		1,600,000
Increased federal funding to allow the department to accept and spend federal funds related to a comprehensive literacy development grant		25,676,188	25,676,188
Reduced funding for the Superintendent of Public Instruction's flexible funding pool, included in the grants - program and passthrough line item, and adjusted the funding source to provide a total of \$900,000 from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment authority for certain programs and initiatives administered by the Superintendent, including:	(1,500,000)	900,000	(600,000)
<ul style="list-style-type: none"> <li>• Leveraging the senior year;</li> <li>• Leadership program; and</li> <li>• Family engagement initiatives.</li> </ul>			
(See the section related to <b>Program and Passthrough Grants and the Program Grant Pool</b> below.)			

Increased funding for program grants, included in the grants - program and passthrough line item, and adjusted the funding source to provide program grants from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment authority	(6,180,000)	6,580,000	400,000
Increased funding for passthrough grants, included in the grants - program and passthrough line item, and adjusted the funding source to provide passthrough grants from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment authority	(2,863,764)	2,907,064	43,300
Decreased funding for PowerSchool to provide a total of \$5.25 million from the general fund	(250,000)		(250,000)
Increased funding for national board certification to provide a total of \$176,290 from the general fund	68,290		68,290
Added <b>one-time funding</b> from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment authority for a passthrough grant to the Gateway to Science Center in Bismarck for the development of science experiments, including space needed for the experiments		13,500,000	13,500,000
Added <b>one-time funding</b> for state automated reporting system (STARS) application maintenance	200,000		200,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for grants to regional education associations. The funding must be allocated based on enrollment in after school programs and distributed on a reimbursement basis for eligible expenditures.		250,000	250,000
Added <b>one-time funding</b> from the federal Coronavirus Capital Projects Fund for a grant to an entity for the development of a children's science center in Minot (House Bill No. 1015)		5,900,000	5,900,000
Added <b>one-time funding</b> from the federal Elementary and Secondary School Emergency Education Relief (ESSER) Fund and other federal funds for grants to school districts, state discretionary programs, individuals with disabilities education programs, emergency assistance to nonpublic schools, and homeless children and youth programs (House Bill No. 1395)		320,050,480	320,050,480
Total	<u>(3.00)</u>	<u>(\$62,764,264)</u>	<u>\$465,380,007</u>

#### FTE Changes

The Legislative Assembly approved 86.25 FTE positions for the Department of Public Instruction (DPI) for the 2021-23 biennium, a decrease of 3 FTE positions from the 2019-21 biennium. The Legislative Assembly transferred 3 FTE positions related to early childhood development to the Department of Human Services pursuant to House Bill No. 1416.

### **One-Time Funding**

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$13.95 million of one-time funding, of which \$200,000 is from the general fund and \$13.75 million is from special funds. One-time funding is provided from the general fund for STARS application maintenance (\$200,000), from other funds made available from carryover of unexpended 2019-21 biennium integrated formula payment authority for a passthrough grant to the Gateway to Science Center in Bismarck for the development of science experiments, including space needed for the experiments (\$13.5 million), and from the federal Coronavirus Relief Fund for grants to regional education associations (\$250,000).

In House Bill No. 1015, the Legislative Assembly provided one-time funding from the federal Coronavirus Capital Projects Fund for a grant to an entity for the development of a children's science center in Minot (\$5.9 million).

In House Bill No. 1395, the Legislative Assembly provided one-time funding from the federal ESSER Fund and other federal funds for grants to school districts, state discretionary programs, individuals with disabilities education programs, emergency assistance to nonpublic schools, and homeless children and youth programs (\$320,050,480).

### **2019-21 Biennium Appropriations**

In Section 14 of House Bill No. 1013, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item, the Office of Management and Budget must continue \$23,887,064 and transfer the funding to the public instruction fund for the purpose of providing program and passthrough grants during the 2021-23 biennium.

In Section 15 of House Bill No. 1013, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item, up to \$250,000 must be continued into the 2021-23 biennium to continue a dyslexia screening pilot program.

In Section 16 of House Bill No. 1013, the Legislative Assembly allowed the Superintendent of Public Instruction to continue up to \$600,000 of the unexpended amount remaining from the 2019-21 biennium one-time appropriation of \$1.2 million from the foundation aid stabilization fund for the STARS rewrite into the 2021-23 biennium for the purpose of continuing the STARS rewrite.

After providing for these exemptions, DPI anticipates \$58.9 million of the department's 2019-21 general fund appropriation will be unspent at the end of the biennium.

### **State School Aid - Integrated Formula Payments, Transportation Aid, Special Education Contracts, and Rapid Enrollment Grants**

The Legislative Assembly appropriated \$2,216,925,000, of which \$1,640,450,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, and special education contracts. This level of funding represents an increase of \$35,222,571, including increases in funding of \$30,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition fund offset by a decrease in funding from the general fund of \$50,487,929, from the 2019-21 legislative appropriation of \$2,181,702,429. (See the schedules following this section for a comparison of state school aid and other grants for the 2019-21 and 2021-23 bienniums.)

### **Integrated Formula Payments**

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2021-23 biennium, the integrated payment rates are increased 1 percent each year of the biennium to provide \$10,136 during the 1<sup>st</sup> year of the biennium and \$10,237 during the 2<sup>nd</sup> year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by

local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

For the 2021-23 biennium, the Legislative Assembly provided an appropriation of \$2,131,825,000, of which \$1,555,350,500 is from the general fund, \$143,454,500 is from the foundation aid stabilization fund, and \$433,020,000 is from the state tuition fund, for state school aid for integrated formula payments. This level of funding represents an increase of \$33,622,571, including a decrease in funding of \$55,087,929 from the general fund and increases in funding of \$33,454,500 from the foundation aid stabilization fund and \$55,256,000 from the state tuition fund, from the 2019-21 biennium appropriation for integrated formula payments of \$2,098,202,429.

The Legislative Assembly approved increases in integrated formula payments totaling \$33.6 million from the base budget, including \$16.9 million of savings related to a reduction in the cost to continue and \$50.5 million for state school aid formula changes. Increases approved by the Legislative Assembly and other adjustments to the state school aid formula are summarized as follows:

	<b>State School Aid Formula Adjustments Increase (Decrease)</b>	<b>Integrated Formula Payments</b>
2019-21 biennium base budget integrated formula payments		\$2,098,202,429
Reduction in funding for projected 2021-23 biennium cost to continue, including formula changes approved in 2019 and student growth		(16,868,441)
Total cost to continue integrated formula payments during the 2021-23 biennium		\$2,081,333,988
Increased funding for changes to the small school weighting factors (House Bill No. 1388)	\$7,600,000	
Increased funding for changes to the weighting factors of reorganized school districts (House Bill No. 1388)	3,591,012	
Increased funding to provide a 1 percent increase in the per-student payment rate in each year of the biennium (House Bill No. 1388)	34,300,000	
Increased funding due to anticipated increases in participation in summer school (House Bill No. 1436)	1,300,000	
Increased funding due to eliminating the formula deduction for tuition paid with federal impact aid (House Bill No. 1246)	3,700,000	
Total adjustments to integrated formula payments related to state school aid formula changes		50,491,012
Total 2021-23 biennium integrated formula payments		\$2,131,825,000

### **Transportation Aid Grants**

The Legislative Assembly provided \$58.1 million from the general fund for transportation aid during the 2021-23 biennium. This level of funding is \$1.6 million more than 2019-21 biennium funding of \$56.5 million from the general fund. This level of funding will allow reimbursement rates to remain the same as the 2019-21 biennium. Section 8 of House Bill No. 1013 requires DPI to distribute transportation aid for the 2021-23 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

In addition, the Legislative Assembly, in House Bill No. 1027 (2021), codified student transportation aid payment sections as the provisions existed on June 30, 2001, updated provisions to reflect current practices and reimbursement rates, and prohibited school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements. House Bill No. 1027 also allows for 2021-23 biennium transportation aid grants to

be determined using the greater of 2018-19 school year miles and rides or prior year miles and rides, resulting in an estimated \$1.6 million increase in transportation aid grants for the biennium.

**Special Education Contracts**

The Legislative Assembly provided \$27 million from the general fund for special education contracts during the 2021-23 biennium. This level of funding is \$3 million more than 2019-21 biennium funding of \$24 million from the general fund. The Legislative Assembly, in Section 5 of House Bill No. 1013 (2021), provided the Superintendent of Public Instruction may expend funds provided for integrated formula payments and grants - special education contracts during the 2021-23 biennium for paying grants for educational services that were due in the 2019-21 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2021. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2022. In addition to special education contracts, the state school aid formula provides approximately \$224 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

**Regional Education Association Incentives**

The Legislative Assembly provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 10 of House Bill No. 1013 (2021) identifies \$500,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2021-23 biennium. An annual grant of \$35,714 is provided to each regional education association that exists as of July 1, 2021, and regional education associations that merge during the 2021-23 biennium are entitled to the annual grants that would have been paid to each of the member associations. In addition to regional education association grants, the state school aid formula provides approximately \$4.7 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.

The Legislative Assembly also appropriated \$250,000 of one-time funding from the federal Coronavirus Relief Fund to DPI for grants to regional education associations. The funding must be allocated based on enrollment in after school programs and distributed on a reimbursement basis for eligible COVID-19-related expenditures.

**Program and Passthrough Grants and the Program Grant Pool**

The Legislative Assembly provided a total of \$23,887,064 from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment funding for programs administered by DPI (\$7,480,000), including a program grant pool, and passthrough grants (\$16,407,064) for writing projects, art outreach, educational media services, teacher mentoring, civics programs, cultural heritage, and a one-time Bismarck Gateway to Science grant. This level of funding is \$13,343,300 more than the 2019-21 biennium general fund appropriation for program and passthrough grants of \$10,543,764.

The 2021-23 biennium program grant pool provides a flexible funding pool of \$900,000 for initiatives and various program grants. This level of funding for the program grant pool is \$600,000 less than the 2019-21 biennium legislative general fund appropriation of \$1.5 million for the program grant pool. Funding is provided in the program grant pool for leveraging the senior year, a leadership program, and family engagement initiatives. Funding is no longer provided in the program grant pool for continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, and transportation efficiency.

The following is a summary of program grants, including the program grant pool:

	<b>Increase (Decrease)</b>	<b>Total Other Funds</b>
Adult education matching grants <sup>1</sup>	\$600,000	\$5,000,000
Program grant pool <sup>1</sup>	(600,000)	900,000
School food services matching grants <sup>1</sup>		1,380,000
Leadership professional development	(200,000)	0
Free breakfast program		200,000
<b>Total 2021-23 program grants</b>	<b>(\$200,000)</b>	<b>\$7,480,000</b>

<sup>1</sup>Section 9 of House Bill No. 1013 precludes federal funds from being used for adult education matching grants, school food services matching grants, program grant pool initiatives, and the mentoring program.



The following is a summary of passthrough grants:

	Increase (Decrease)	Total Other Funds
Mentoring program <sup>1</sup>	\$0	\$2,125,764
National writing projects	0	50,000
Rural art outreach project	65,000	425,000
North Central Council for Educational Media Services	(35,700)	202,300
"We the People" program	20,000	70,000
Cultural heritage grants	(6,000)	34,000
One-time grant to the Bismarck Gateway to Science Center	13,500,000	13,500,000
<b>Total 2021-23 passthrough grants<sup>2</sup></b>	<b>\$13,543,300</b>	<b>\$16,407,064</b>

<sup>1</sup>Section 9 of House Bill No. 1013 precludes federal funds from being used for adult education matching grants, school food services matching grants, program grant pool initiatives, and the mentoring program.

<sup>2</sup>In addition to the passthrough grants provided in House Bill No. 1013, the Legislative Assembly, in House Bill No. 1015, provided \$5.9 million from the federal Coronavirus Capital Projects Fund for a passthrough grant to an entity for the development of a children's science center in Minot.

**Federal COVID-19 Funding - 2019-21 Biennium**

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2019-21 biennium:

	Federal Funds - 2019-21 Biennium
Federal coronavirus relief funds - Broadband grants (House Bill No. 1395)	\$500,000
Federal coronavirus relief funds - Education corps grants (House Bill No. 1395)	30,000,000
Federal coronavirus relief funds - K-12 COVID resiliency grants (House Bill No. 1395)	33,816,217
Subtotal federal coronavirus relief funds	\$64,316,217
ESSER Fund I and II distributions - Grants allocated to school districts (House Bill No. 1394)	\$144,603,071
ESSER Fund I and II distributions - DPI - State discretionary (House Bill No. 1394)	13,661,117
Governor's Emergency Education Relief (GEER) Fund (House Bill No. 1394)	3,998,745
Subtotal ESSER Fund I and II distributions and GEER Fund	\$162,262,933
<b>Total 2019-21 biennium federal COVID-19 funding</b>	<b>\$226,579,150</b>

**Federal COVID-19 Funding - 2021-23 Biennium**

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2021-23 biennium:

	Federal Funds - 2021-23 Biennium
ESSER Fund III distribution - Grants allocated to school districts (House Bill No. 1395)	\$274,740,191
ESSER Fund III distribution - DPI - State discretionary (House Bill No. 1395)	30,526,688
Individuals with Disabilities Education Act grant (House Bill No. 1395)	8,632,569
Emergency Assistance to Non-public Schools program grant (House Bill No. 1395)	4,151,371
Education for Homeless Children and Youth program grant (House Bill No. 1395)	1,999,661
Federal coronavirus relief funds - Regional education association grants (House Bill No. 1013)	250,000
Federal Coronavirus Capital Projects Fund - Grant to a children's science center in Minot (House Bill No. 1015)	5,900,000
<b>Total 2021-23 biennium federal COVID-19 funding</b>	<b>\$326,200,480</b>

**Other Sections in House Bill No. 1013**

**Tuition apportionment** - Section 3 provides that any money available in the state tuition fund in excess of the \$433,020,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

**Foundation aid stabilization fund** - Section 4 identifies \$143,454,500 from the foundation aid stabilization fund appropriated for integrated formula payments.

**Payments for 2019-21 biennium educational services** - Section 5 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2021-23 biennium to pay claims due during the 2019-21 biennium, but not filed with the department until the 2021-23 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2022.

**Gifted and talented program funding** - Section 6 provides that DPI use \$800,000 of the 2021-23 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units.

**Medicaid matching and school approval withholding and distribution** - Section 7 provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Human Services on behalf of the school district or unit. In addition, Section 7 authorizes the department to withhold funds required to be paid by school districts for school approval from state school aid payments.

**Transportation grants** - Section 8 requires DPI to distribute transportation aid for the 2021-23 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

In addition, the Legislative Assembly, in House Bill No. 1027 (2021), codified student transportation aid payment sections as the provisions existed on June 30, 2001, updated provisions to reflect current practices and reimbursement rates, and prohibited school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements.

**Condition on appropriation for program and passthrough grants** - Section 9 precludes federal funds from being used for adult education matching grants, school food services matching grants, program grant pool initiatives, and the mentoring program.

**Regional education association grants** - Section 10 identifies \$500,000 from the general fund included in the integrated formula payments line item for providing annual grants to regional education associations during the 2021-23 biennium. An annual grant of \$35,714 is provided to each regional education association that exists as of July 1, 2021, and regional education associations that merge during the 2021-23 biennium are entitled to the annual grants that would have been paid to each of the member associations.

**Postsecondary transitional grant program funding** - Section 11 authorizes the Superintendent of Public Instruction to provide funding from the integrated formula payments line item for postsecondary transitional programs established in Senate Bill No. 2269.

**Use of new money - Nonadministrative personnel compensation increases** - Section 12 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2021-23 biennium.

**Exemption - Deposits into the department's operating account** - Section 13 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

**2019-21 biennium funding exemption and transfer** - Section 14 provides that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item, the lesser of \$23,887,064 or the remaining amount must be continued into the 2021-23 biennium and the Office of Management and Budget must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

**2019-21 biennium funding exemption and authorization** - Section 15 provides that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item, up to \$250,000 must be continued into the 2021-23 biennium for the purpose of defraying the expenses of the dyslexia screening pilot program.

**2019-21 biennium funding exemption and authorization** - Section 16 provides up to \$600,000 of the unexpended amount remaining from the 2019-21 biennium one-time appropriation of \$1.2 million from the foundation aid stabilization fund for the STARS rewrite may be continued into the 2021-23 biennium for the purpose of continuing the STARS rewrite.

**Salary of the Superintendent of Public Instruction** - Section 19 amends Section 15.1-02-02 to provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$125,880 to \$127,768, effective July 1, 2021, and to \$130,323, effective July 1, 2022, to reflect a 1.5 percent salary increase in the 1<sup>st</sup> year of the biennium and a 2 percent salary increase in the 2<sup>nd</sup> year of the biennium.

**School health technician certificate** - Section 20 amends Section 15.1-02-16 to allow the Superintendent of Public Instruction to develop a certificate for school health technicians.

**Elementary school counselors** - Section 21 amends Section 15.1-06-19 related to school counselors to require each school district have one school counselor for every 300 students in kindergarten through grade 6.

**Administrative cost-sharing reimbursement** - Section 22 amends Section 15.1-27-16 to provide DPI reimburse school districts and special education units for administrative cost-sharing. The reimbursement program is only effective through June 30, 2024.

**Legislative Management study of school construction funding** - Section 23 provides for a Legislative Management study of the feasibility and desirability of using up to 1 percent of common schools trust fund assets annually for school construction grants.

**Legislative Management report - Learning loss, accelerated learning recovery, and ESSER funds** - Section 24 requires the Superintendent of Public Instruction to collect school district reports regarding learning loss and gaps, school district plans to accelerate learning recovery, and uses of ESSER funding and to report to the Legislative Management and the 68<sup>th</sup> Legislative Assembly.

**Expiration date** - Section 25 provides the administrative cost-sharing reimbursement program established in Section 22 is only effective through June 30, 2024.

**Emergency** - Section 26 provides \$12 million appropriated from the federal Coronavirus Relief Fund, of which \$6,565,432 is in the operating expenses line item and \$5,434,568 is in the grants line item in Section 1 and identified in Sections 2 and 8 of Senate Bill No. 2018, as approved by the 67<sup>th</sup> Legislative Assembly, and the \$100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in Section 1 and identified in Section 2 of Senate Bill No. 2018, as approved by the 67<sup>th</sup> Legislative Assembly, are declared to be an emergency measure.

**Emergency** - Section 27 declares Senate Bill No. 2317, as approved by the 67<sup>th</sup> Legislative Assembly, to be an emergency measure.

#### **Related Legislation**

**House Bill No. 1027** - Codifies student **transportation aid payment** sections as the provisions existed on June 30, 2001, updates provisions to reflect current practices and reimbursement rates, and prohibits school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements. The bill also allows for 2021-23 biennium transportation aid grants to be determined using the greater of 2018-19 school year miles and rides or prior year miles and rides.

**House Bill No. 1028** - Allows a school district to temporarily transfer **excess ending general fund balance** funds, accruing as a result of the COVID-19 pandemic, between the general fund and the building fund of the school district.

**House Bill No. 1246** - Phases out the deduction of **tuition received through federal impact aid funds** in the state school aid formula over 6 years beginning with the 2021-22 school year. A fiscal note prepared by DPI indicates a \$3.7 million general fund increase in funding for integrated formula payments during the 2021-23 biennium.

**House Bill No. 1388** - Provides various statutory changes related to **virtual learning**, including the average daily membership of students enrolled in virtual instruction, and physical plant references; allows **regional education associations** to serve nonmember districts; establishes reading instruction competency for **teacher licensing**; and requires reading curriculum **professional development**. The bill provides for a **Legislative Management study** of transition minimum and maximum adjustments, reorganized school districts, high-cost students, human resource allocation in school buildings, and student performance relative to virtual learning. The bill also provides for a report to Legislative Management regarding a study by the **Kindergarten Through Grade Twelve Education Coordination Council** of the membership, duties, and term limits of the council.

In addition to education policy changes, the bill also provides for the following **state school aid funding formula changes**:

- **Increases school weighting factors** - Section 10 amends Section 15.1-27-03.2 related to school district size weighting factors to adjust the school size weighting factors for school districts that do not have a high school and for school districts that operate multiple buildings at least 19 miles apart and to phase in school size weighting factor increases over 7 years beginning with the 2021-22 school year.
- **Integrated formula payment rate** - Section 11 amends Section 15.1-27-04.1 related to state aid to increase the per student payment by 1 percent each year of the biennium, to provide \$10,136 per weighted student unit in the 2021-22 school year and \$10,237 per weighted student unit in the 2022-23 school year.
- **Transition maximum payments** - Section 11 amends Section 15.1-27-04.1 related to state aid to begin phasing out transition maximum adjustments to the state school aid formula over 5 years, beginning in the 2023-24 school year.

**House Bill No. 1394** - Provides an appropriation of \$162,262,933 of federal funds for **COVID-19-related expenditures for the remainder of the 2019-21 biennium** and the 2021-23 biennium. Funding is from ESSER I and II allocations, including DPI discretionary funds, and from the federal GEER Fund.

**House Bill No. 1395** - Provides an appropriation of \$500,000 for broadband grants from ITD and \$63,816,217 for federal **Coronavirus Relief Fund spending authority approved for DPI for the 2019-21 biennium** by the Emergency Commission and Budget Section. In addition, the bill provides a **2021-23 biennium** appropriation of \$320,050,480 from the ESSER III distribution, including grants to school districts and DPI discretionary funds, and federal Individuals with Disabilities Education Act funding, Emergency Assistance to Non-public Schools program funding, and Education for Homeless Children and Youth program funding.

**House Bill No. 1416** - Transfers 3 FTE positions related to **early childhood education** from DPI to the Department of Human Services for the purpose of administering a 4-year old program. A fiscal note prepared by the Department of Human Services indicates a transfer of \$700,000, including 3 FTE positions.

**House Bill No. 1436** - Removes the remedial requirement for students in grades K-4 in mathematics and reading to attend **summer school**. A fiscal note prepared by DPI indicates a \$1.3 million general fund increase in funding for integrated formula payments related to expanded summer school.

**Senate Bill No. 2028** - Repeals Section 15.1-03-03 relating to the Superintendent of Public Instruction **revolving printing fund** and continuing appropriation.

**Senate Bill No. 2141** - Removes the requirement that DPI pay for **ACT and WorkKeys** tests for students and allows additional approved tests for the scholar's program. A fiscal note prepared by DPI indicates net general fund savings of \$599,750.

**Senate Bill No. 2165** - Adjusts the calculation of **school district ending fund balance** to exclude federal impact aid before deducting the excess balance from state aid formula payments. A fiscal note prepared by DPI indicates, because the department does not budget for ending fund balance deductions in the state school aid formula, the fiscal impact cannot be determined.

**Senate Bill No. 2269** - Establishes a **postsecondary transitional grant program** for students age 18 through 21 with documented intellectual or developmental disabilities. The bill would redirect foundation aid payments to approved postsecondary transitional programs by allowing postsecondary transitional programs to receive foundation aid money if the student is on an individualized education program and qualifies for services until the age of 22.

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION  
2019-21 BIENNIUM APPROPRIATION AND ESTIMATED EXPENDITURES, 2021-23 BIENNIUM BASE BUDGET  
AND LEGISLATIVE APPROPRIATIONS, AND COMPARISONS TO THE 2019-21 BIENNIUM**

	2019-21 Appropriation	2019-21 Estimated Expenditures	2021-23 Base Budget	2021-23 Legislative Appropriation	2021-23 Legislative Appropriation Increase (Decrease) Compared to 2021-23 Base Budget
<b>State school aid program</b>					
State school aid - Integrated formula payments	\$2,098,202,429 <sup>1</sup>	\$2,023,984,270 <sup>2</sup>	\$2,098,202,429	\$2,131,825,000	\$33,622,571
Transportation aid payments	56,500,000	49,450,357 <sup>2</sup>	56,500,000	58,100,000	1,600,000
Rapid enrollment grants	3,000,000 <sup>1</sup>	3,000,000			
Special education - Contracts	24,000,000	24,000,000	24,000,000	27,000,000	3,000,000
<b>Total - State school aid program</b>	<b>\$2,181,702,429</b>	<b>\$2,100,434,627</b>	<b>\$2,178,702,429</b>	<b>\$2,216,925,000</b>	<b>\$38,222,571</b>
General fund	\$1,690,938,429	\$1,609,670,627	\$1,690,938,429	\$1,640,450,500	(\$50,487,929)
Foundation aid stabilization fund	113,000,000 <sup>1</sup>	113,000,000	110,000,000	143,454,500	33,454,500
State tuition fund	377,764,000	377,764,000	377,764,000	433,020,000	55,256,000
<b>Total state school aid program</b>	<b>\$2,181,702,429 <sup>2</sup></b>	<b>\$2,100,434,627 <sup>2</sup></b>	<b>\$2,178,702,429</b>	<b>\$2,216,925,000</b>	<b>\$38,222,571</b>
<b>Program grants</b>					
Adult education matching grants	\$4,400,000	\$4,400,000	\$4,400,000	\$5,000,000	\$600,000
School food services matching grants	1,380,000	1,380,000	1,380,000	1,380,000	
Free breakfast program	200,000	200,000	200,000	200,000	
Program grant pool	1,500,000 <sup>3</sup>	1,300,000	1,500,000	900,000 <sup>3</sup>	(600,000)
Leadership professional development	200,000	0	200,000		(200,000)
<b>Total - Program grants</b>	<b>\$7,680,000</b>	<b>\$7,280,000</b>	<b>\$7,680,000</b>	<b>\$7,480,000</b>	<b>(\$200,000)</b>
General fund	\$7,680,000	\$7,280,000	\$7,680,000		(\$7,680,000)
Other funds - Public instruction fund				\$7,480,000 <sup>2,3</sup>	7,480,000
<b>Total - Program grants</b>	<b>\$7,680,000</b>	<b>\$7,280,000</b>	<b>\$7,680,000</b>	<b>\$7,480,000</b>	<b>(\$200,000)</b>
<b>Other grants - Other funds</b>					
Federal grants	\$286,837,705	\$286,837,705	\$286,837,705	\$312,513,893	\$25,676,188
Music grants - Foundation aid stabilization fund	800,000	800,000			
Displaced homemaker program	225,000	175,000	225,000	225,000	
<b>Total - Other grants - Other funds</b>	<b>\$287,862,705</b>	<b>\$287,812,705</b>	<b>\$287,062,705</b>	<b>\$312,738,893</b>	<b>\$25,676,188</b>
<b>Total state school aid and other grants - All funds</b>	<b>\$2,477,245,134</b>	<b>\$2,395,527,332</b>	<b>\$2,473,445,134</b>	<b>\$2,537,143,893</b>	<b>\$63,698,759</b>

	2019-21 Appropriation	2019-21 Estimated Expenditures	2021-23 Base Budget	2021-23 Legislative Appropriation	2021-23 Legislative Appropriation Increase (Decrease) Compared to 2021-23 Base Budget
<b>Agency administration</b>					
Administration - General fund	\$14,270,944 <sup>4</sup>	\$12,824,373 <sup>2</sup>	\$14,070,944	\$12,520,083	(\$1,550,861)
Administration - Other funds	38,927,038 <sup>5</sup>	26,805,599	37,727,038	38,632,813	905,775
Total - Agency administration	\$53,197,982	\$39,629,972	\$51,797,982	\$51,152,896	(\$645,086)
<b>Passthrough grants, PowerSchool, and national board certification</b>					
National writing projects	\$50,000	\$50,000	\$50,000	\$50,000	
Rural art outreach project	360,000	360,000	360,000	425,000	\$65,000
North Central Council for Educational Media Services	238,000	238,000	238,000	202,300	(35,700)
Mentoring program	2,125,764	2,125,764	2,125,764	2,125,764	
Bismarck Gateway to Science				13,500,000	13,500,000
"We the People" program	50,000	50,000	50,000	70,000	20,000
Cultural heritage grants	40,000	34,375	40,000	34,000	(6,000)
Total passthrough grants	\$2,863,764	\$2,858,139	\$2,863,764	\$16,407,064	\$13,543,300
PowerSchool	5,500,000	5,500,000	5,500,000	5,250,000	(250,000)
National board certification	108,000	108,000	108,000	176,290	68,290
Total - Passthrough grants, PowerSchool, and national board certification	\$8,471,764	\$8,466,139	\$8,471,764	\$21,833,354	\$13,361,590
General fund	\$8,471,764	\$8,466,139	\$8,471,764	\$5,426,290	(\$3,045,474)
Other funds - Public instruction fund				16,407,064 <sup>2,3</sup>	16,407,064
Total - Passthrough grants, PowerSchool, and national board certification	\$8,471,764	\$8,466,139	\$8,471,764	\$21,833,354	\$13,361,590
<b>Total - Agency administration, passthrough grants, PowerSchool, and national board certification - All funds</b>	\$61,669,746	\$48,096,111	\$60,269,746	\$72,986,250	\$12,716,504
<b>Total Department of Public Instruction - All funds</b>	\$2,538,914,880	\$2,443,623,443	\$2,533,714,880	\$2,610,130,143	\$76,415,263
<b>Department of Public Instruction - Funding</b>					
Total - General fund	\$1,721,361,137	\$1,638,241,139	\$1,721,161,137	\$1,658,396,873	(\$62,764,264)
Total - Other funds	817,553,743	805,382,304	812,553,743	951,733,270	139,179,527
<b>Total Department of Public Instruction - All funds</b>	\$2,538,914,880	\$2,443,623,443	\$2,533,714,880	\$2,610,130,143	\$76,415,263
FTE positions	89.25	89.25	89.25	86.25	(3.00)

## Federal COVID-19 Relief Funding Appropriations for the 2019-21 and 2021-23 Bienniums

	2019-21 Appropriation	2019-21 Estimated Expenditures	2021-23 Base Budget	2021-23 Legislative Appropriation	2021-23 Legislative Appropriation Increase (Decrease) Compared to 2021-23 Base Budget
<b>Federal COVID-19 funding</b>					
<b>Coronavirus Relief Fund</b>					
Broadband grants	\$500,000	\$0	\$0	\$0	
Education corps grants	30,000,000				
K-12 COVID resiliency grants	33,816,217				
<b>Total funding from the Coronavirus Relief Fund</b>	<u>\$64,316,217</u> <sup>6</sup>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Elementary and Secondary School Emergency Relief (ESSER) fund I and II distributions and Governor's Emergency Education Relief (GEER) fund</b>					
Grants allocated to school districts	\$144,603,071	\$0		\$0	
DPI - State discretionary	13,661,117				
GEER fund	3,998,745				
<b>Total funding from ESSER fund I and II distributions and the GEER fund</b>	<u>\$162,262,933</u> <sup>7</sup>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>ESSER fund III distribution and other federal funding</b>					
Grants allocated to school districts	\$0	\$0	\$0	\$274,740,191	\$274,740,191
DPI - State discretionary				30,526,688	30,526,688
Individuals with Disabilities Education Act grant				8,632,569	8,632,569
Emergency Assistance to Non-public Schools grant				4,151,371	4,151,371
Homeless Children and Youth program grant				1,999,661	1,999,661
<b>Total funding from ESSER fund III distribution and other federal funding</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$320,050,480</u> <sup>8</sup>	<u>\$320,050,480</u>
<b>Coronavirus Relief Fund</b>					
Grants to regional education associations included in the grants - other grants line item of HB 1013	\$0	\$0	\$0	\$250,000	\$250,000
<b>Total funding from the Coronavirus Relief Fund</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$250,000</u>
<b>Coronavirus Capital Projects Fund</b>					
Grant to a children's science center in Minot	\$0	\$0	\$0	\$5,900,000 <sup>9</sup>	\$5,900,000
<b>Total funding from the Coronavirus Capital Projects Fund</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,900,000</u>	<u>\$5,900,000</u>
<b>Total Federal COVID-19 funding</b>	<u><u>\$226,579,150</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$326,200,480</u></u>	<u><u>\$326,200,480</u></u>

- <sup>1</sup> In 2019 the Legislative Assembly provided a total of \$110 million of ongoing funding from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium and, in Senate Bill No. 2265 (2019), provided \$3 million of one-time funding from the foundation aid stabilization fund for rapid enrollment grants during the 1st year of the 2019-21 biennium.
- <sup>2</sup> The Department of Public Instruction anticipates general fund turnback for the 2019-21 biennium will total approximately \$83,000,000, including \$1,400,000 related to the teacher loan forgiveness program. The Legislative Assembly authorized the department to continue up to \$24,137,064 remaining in the integrated formula payments line item into the 2021-23 biennium for a dyslexia screening pilot program (\$250,000) and for deposit in the department's operating fund (\$23,887,064), leaving approximately \$58,900,000 unspent. The Legislative Assembly appropriated the funding from the department's operating fund for various program and passthrough grants.
- <sup>3</sup> The 2019 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, building tomorrow's leaders, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency. In addition, the Legislative Assembly authorized the department to continue up to \$850,000 remaining in the 2017-19 biennium integrated formula payments line item into the 2019-21 biennium for a dyslexia screening pilot program (\$250,000) and for the purpose of providing advanced placement examinations, advanced placement teacher training, and the college-ready English and mathematics programs (\$600,000). In 2021, the Legislative Assembly reduced funding for program pool initiatives to provide funding for leveraging the senior year, building tomorrow's leaders, and family engagement initiatives. The Legislative Assembly also adjusted the funding source for all program and passthrough grants to provide funding from special funds made available from 2019-21 biennium carryover deposited in the department's operating fund.
- <sup>4</sup> The 2019 Legislative Assembly provided \$2,100,000 from the general fund to transfer the teacher shortage loan forgiveness program from the North Dakota University System to DPI. The Legislative Assembly, in House Bill No. 1429 (2019), transferred the teacher shortage loan forgiveness program from the University System to DPI, closed the program to new enrollees, and allowed the department to continue any funding remaining for the program at the end of the 2017-19 biennium to the 2019-21 biennium to provide loan forgiveness benefits. The University System transferred \$3,909 in unspent funds to DPI to provide a total of \$2,107,302 for the teacher loan forgiveness program during the 2019-21 biennium.
- <sup>5</sup> The 2019 Legislative Assembly provided \$1.2 million of one-time funding from the foundation aid stabilization fund for a rewrite of DPI's school district data collection system. The Legislative Assembly, in Section 16 of House Bill No. 1013 (2021), allowed the department to continue up to \$600,000 of the unexpended funding from the 2019-21 biennium to the 2021-23 biennium to continue the project.
- <sup>6</sup> Funding from the federal Coronavirus Relief Fund, approved by the Emergency Commission and Budget Section during the 2019-20 interim, was appropriated by the 2021 Legislative Assembly in House Bill No. 1395.
- <sup>7</sup> Funding from ESSER fund I and II distributions and GEER fund, of which \$37.55 million was approved by the Emergency Commission and Budget Section during the 2019-20 interim, was appropriated by the 2021 Legislative Assembly in House Bill No. 1394.
- <sup>8</sup> Funding from ESSER fund III distributions and other federal COVID-19 emergency relief funds approved in the American Rescue Plan Act were appropriated by the 2021 Legislative Assembly in House Bill No. 1395.
- <sup>9</sup> Funding from the federal Coronavirus Capital Projects Fund was provided to DPI in Section 6 of House Bill No. 1015 (2021) for a grant to an entity for the development of a children's science center in Minot.



**STATE SCHOOL AID PER STUDENT INTEGRATED PAYMENT RATES  
AND WEIGHTED STUDENT UNITS FOR THE 2019-21 AND 2021-23 BIENNIUMS**

	<b>2019-21 Legislative Appropriation</b>	<b>2019-21 Actual</b>	<b>2021-23 Legislative Appropriation</b>
1 <sup>st</sup> year per-student integrated payment rates	\$9,839	\$9,839	\$10,136
2 <sup>nd</sup> year per-student integrated payment rates	\$10,036	\$10,036	\$10,237
Weighted student units			
1 <sup>st</sup> year	130,618	130,034	134,462 <sup>1</sup>
2 <sup>nd</sup> year	134,903	132,663 <sup>2</sup>	137,485 <sup>1</sup>
<sup>1</sup> The anticipated increase in weighted student units for the 2021-23 biennium is the result of increases for on-time funding as well as projection updates factoring in the COVID-19 pandemic and changes to the energy industry.			
<sup>2</sup> Weighted student units for the 2 <sup>nd</sup> year of the 2019-21 biennium are estimated as of May 2021.			

## SECTION F - HIGHER EDUCATION

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# HIGHER EDUCATION - OVERVIEW

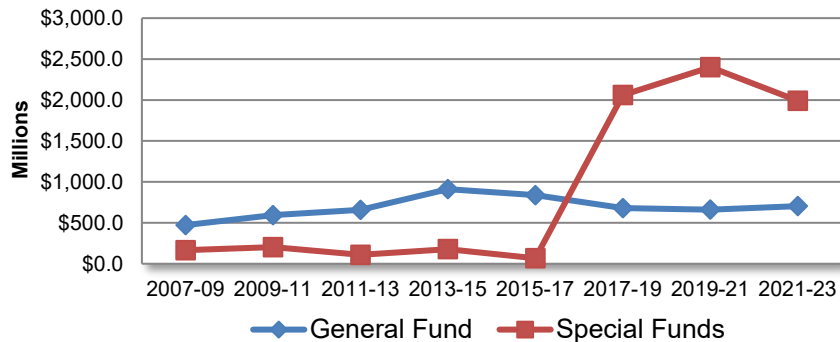
The Legislative Assembly in 2021 made the following higher education funding changes compared to 2019-21 legislative appropriations for higher education:

- Increased ongoing **general fund** support by \$37.7 million and increased one-time general fund support by \$5.2 million as follows:

	2019-21 Legislative Appropriations	2021-23 Legislative Appropriations	Increase (Decrease)	
Ongoing general fund appropriations	\$648,667,805	\$686,328,526	\$37,660,721	5.8%
One-time general fund appropriations	11,850,000	17,025,000	5,175,000	43.7%
Total	\$660,517,805	\$703,353,526	\$42,835,721	6.5%

- Decreased appropriations from **special funds** by \$410,455,429, or 17.1 percent. The decrease relates primarily to decreases in funding for capital projects and federal coronavirus relief funds.
- Decreased the authorized number of **full-time equivalent (FTE) positions** from 6,609.87 to 6,533.99, a decrease of 75.88. The 75.88 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

## Higher Education Appropriations



**NOTE:** Beginning with the 2017-19 biennium, special funds amounts include appropriation authority for all special funds received by the North Dakota University System office and institutions. Prior to the 2017-19 biennium, special funds appropriations included only certain items, such as capital projects.

Biennium	General Fund	Special Funds	Total
2007-09	\$472,036,237	\$165,419,701	\$637,455,938
2009-11	\$593,355,047	\$202,764,364	\$796,119,411
2011-13	\$657,838,539	\$108,817,759	\$766,656,298
2013-15	\$910,632,494	\$177,980,941	\$1,088,613,435
2015-17	\$837,849,212	\$66,644,264	\$904,493,476
2017-19	\$679,438,630	\$2,059,950,275	\$2,739,388,905
2019-21	\$660,517,805	\$2,400,897,468	\$3,061,415,273
2021-23	\$703,353,526	\$1,990,442,039	\$2,693,795,565

Major higher education funding items include:

- Formula base funding** for campuses is increased by \$23.1 million from the general fund as follows:
  - \$1.1 million decrease relating to the student credit-hour funding formula to adjust the base budget to 2017-19 actual completed student credit-hour levels;
  - \$8.9 million increase for formula rate adjustments to provide funding for employee compensation and health insurance premium rate increases; and
  - \$15.3 million increase to implement changes to the funding formula recommended by the interim Higher Education Committee.
- Funding of \$17,025,000 for **one-time general fund appropriations**, including:

Education challenge grants	\$11,150,000
Math pathways	150,000
NDSU settlement agreement	125,000
UND space command initiative	4,000,000
Mayville State University natural gas boiler project	1,600,000
<b>Total</b>	<b>\$17,025,000</b>

- Funding of \$13.4 million from the general fund for **capital bond payments**, an increase of \$8.4 million from the 2019-21 biennium appropriation of \$5 million.
- Funding of \$23.9 million from the general fund for the **student financial assistance grant program**, the same amount as the 2019-21 biennium.
- Funding of \$16.2 million from the general fund for **academic and career and technical education scholarships**, an increase of \$4.2 million from the 2019-21 biennium appropriation of \$12 million.
- Funding of \$10.7 million from the general fund for **student residency positions** at the UND School of Medicine and Health Sciences, the same as the 2019-21 biennium.

- 7. Funding of \$1.4 million from the general fund to the University System office for the **nursing education consortium**. The consortium was previously funded by UND from its formula base funding allocation.
- 8. One-time funding of \$11.15 million from the general fund for the **higher education challenge grant program** to provide matching grants for academic enhancements to University System institutions. This amount includes \$1.5 million for UND School of Medicine and Health Sciences matching grants. For every \$2 of private funds donated to an institution, a match of \$1 is to be provided from the program fund.

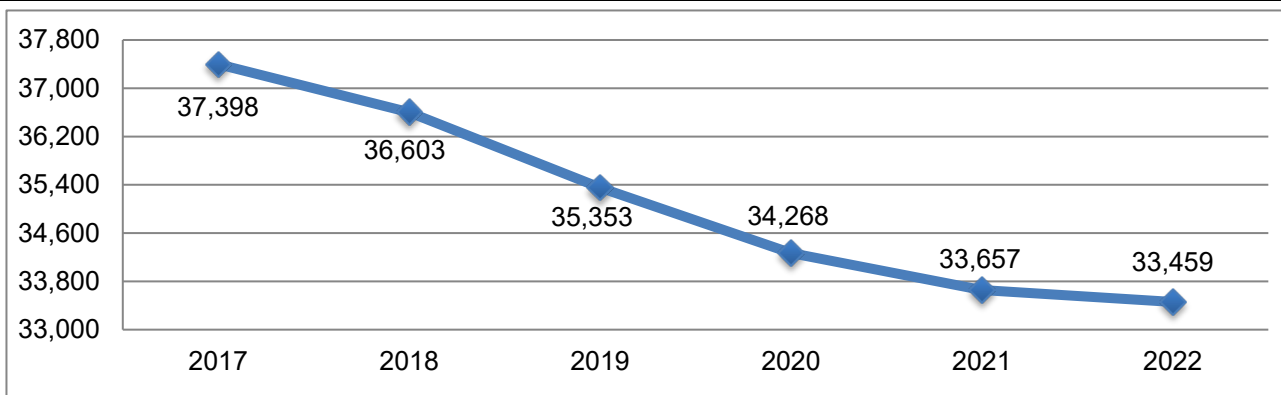
- 9. Funding of \$93.9 million for **capital assets**, including:

	<b>General Fund</b>	<b>Special Funds</b>	<b>Total</b>
Major capital projects	\$5,600,000	\$63,672,000 <sup>1</sup>	\$69,272,000
Base campus extraordinary repairs and capital payments	11,117,046		11,117,046
Capital bond payments	13,385,264		13,385,264
Forest Service extraordinary repairs and equipment over \$5,000	118,728		118,728
<b>Total</b>	<b>\$30,221,038</b>	<b>\$63,672,000</b>	<b>\$93,893,038</b>

<sup>1</sup>Includes \$50 million from appropriation bond proceeds, \$2,863,000 from the strategic investment and improvements fund, and \$9 million estimated to be received from the federal Coronavirus Capital Projects Fund.

Please refer to the schedules under the **CAPITAL CONSTRUCTION** section for additional information regarding capital improvements.

# INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS<sup>1</sup>



Institution	Actual Enrollments				Projected Enrollments	
	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022
Bismarck State College	2,646	2,611	2,598	2,558	2,558	2,558
Dakota College at Bottineau	527	590	596	552	575	600
Dickinson State University	1,128	1,090	1,093	1,147	1,147	1,147
Lake Region State College	995	1,005	975	867	900	925
Mayville State University	784	817	801	801	801	801
Minot State University	2,467	2,483	2,399	2,273	2,273	2,273
North Dakota State University	12,784	12,394	11,704	11,253	11,156	10,890
North Dakota State College of Science	2,253	2,126	2,076	2,020	1,979	1,939
University of North Dakota	11,964	11,585	11,164	10,933	10,387	10,408
Valley City State University	1,086	1,096	1,164	1,160	1,169	1,180
Williston State College	764	806	783	704	712	738
<b>Total</b>	<b>37,398</b>	<b>36,603</b>	<b>35,353</b>	<b>34,268</b>	<b>33,657</b>	<b>33,459</b>

<sup>1</sup>State Board of Higher Education policy provides that a full-time equivalent (FTE) undergraduate student is equal to 15 undergraduate student credit-hours completed per semester. The policy also provides that a graduate FTE student is equal to 12 graduate-level student credit-hours completed per semester and a professional student is counted as 1 FTE student. The information presented in this schedule for the fall 2017 through fall 2020 semesters was provided by the North Dakota University System office. The estimates for the fall 2021 and fall 2022 semesters were provided by representatives of University System institutions.

## HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates at state institutions of higher education for the academic years 2018-19 through 2021-22. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funds, including tuition. The 2017 Legislative Assembly restored recognition of tuition income in the appropriation process, but provided continuing appropriation authority through June 30, 2019, for any additional funds received by the institutions. House Bill No. 1003 (2019) and Senate Bill No. 2003 (2021) extended the continuing appropriation authority through June 30, 2023, for any additional funds received by the institutions. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution <sup>1</sup>	2018-19 <sup>11</sup>	2019-20 <sup>11</sup>	2020-21	2021-22 <sup>12</sup>
Bismarck State College				
Undergraduate				
Resident	\$3,990 5.2%	\$4,150 4.0%	\$4,816 16.0%	\$5,009 4.0%
Minnesota resident <sup>2</sup>	\$4,469 5.3%	\$4,648 4.0%	\$5,394 16.0%	\$5,610 4.0%
Contiguous state/province <sup>3</sup>	\$5,985 26.3%	\$6,225 4.0%	\$7,224 16.0%	\$7,514 4.0%
Other nonresident	\$5,985 (40.9%)	\$6,225 4.0%	\$7,224 16.0%	\$7,514 4.0%
International students	\$6,983 (31.0%)	\$7,262 4.0%	\$8,428 16.1%	\$8,766 4.0%
Dakota College at Bottineau				
Undergraduate				
Resident and all Canadian provinces <sup>4</sup>	\$3,751 4.0%	\$4,066 8.4%	\$4,229 4.0%	\$4,356 3.0%
Minnesota resident <sup>2</sup>	\$4,201 4.0%	\$4,554 8.4%	\$4,737 4.0%	\$4,879 3.0%
Contiguous state <sup>3</sup>	\$4,689 4.0%	\$5,083 8.4%	\$5,286 4.0%	\$5,445 3.0%
Other nonresident	\$5,627 4.0%	\$6,100 8.4%	\$6,344 4.0%	\$6,534 3.0%
International students	\$5,627 4.0%	\$7,116 26.5%	\$7,401 4.0%	\$7,623 3.0%
Dickinson State University				
Undergraduate				
Resident	\$5,558 4.0%	\$6,522 17.3%	\$7,470 14.5%	\$7,470 0.0%
Minnesota resident <sup>2</sup>	\$6,225 4.0%	\$7,304 17.3%	\$7,470 2.3%	\$7,470 0.0%
Contiguous state/province <sup>3</sup>	\$6,947 4.0%	\$8,152 17.3%	\$7,470 (8.4%)	\$7,470 0.0%
Other nonresident	\$8,336 4.0%	\$9,782 17.3%	\$9,570 (2.2%)	\$9,570 0.0%
International students	\$9,170 14.4%	\$11,413 24.5%	\$9,570 (16.1%)	\$9,570 0.0%

Institution <sup>1</sup>	2018-19 <sup>11</sup>	2019-20 <sup>11</sup>	2020-21	2021-22 <sup>12</sup>
Lake Region State College <sup>5</sup>				
Undergraduate				
Resident and nonresident	\$3,598 4.0%	\$3,778 5.0%	\$3,929 4.0%	\$4,086 4.0%
International students	\$8,994 4.0%	\$9,445 5.0%	\$9,823 4.0%	\$10,215 4.0%
Mayville State University				
Undergraduate				
Resident	\$5,465 4.0%	\$5,793 6.0%	\$6,025 4.0%	\$6,266 4.0%
Minnesota resident <sup>2</sup>	\$6,121 4.0%	\$6,488 6.0%	\$6,748 4.0%	\$7,018 4.0%
Contiguous state/province <sup>3</sup>	\$6,832 4.0%	\$7,241 6.0%	\$7,532 4.0%	\$7,833 4.0%
Other nonresident or Canadian province	\$8,198 4.0%	\$8,690 6.0%	\$9,038 4.0%	\$9,399 4.0%
International students	\$14,593 4.0%	\$10,138 (30.5%)	\$10,544 4.0%	\$10,966 4.0%
Minot State University <sup>6</sup>				
Undergraduate	\$5,616 4.0%	\$6,088 8.4%	\$6,691 9.9%	\$6,892 3.0%
Graduate	\$7,425 4.0%	\$8,049 8.4%	\$8,731 8.5%	\$8,992 3.0%
North Dakota State University				
Undergraduate				
Resident	\$7,957 10.5%	\$8,275 4.0%	\$8,606 4.0%	\$8,951 4.0%
Minnesota resident <sup>2</sup>	\$8,912 10.5%	\$9,268 4.0%	\$9,639 4.0%	\$10,025 4.0%
Contiguous state/province <sup>3</sup>	\$9,548 (11.6%)	\$9,930 4.0%	\$10,328 4.0%	\$10,741 4.0%
Other nonresident	\$11,936 (37.9%)	\$12,413 4.0%	\$12,909 4.0%	\$13,426 4.0%
International students	\$13,925 (27.6%)	\$14,482 4.0%	\$15,061 4.0%	\$15,663 4.0%
Graduate				
Resident	\$8,645 11.9%	\$8,991 4.0%	\$9,350 4.0%	\$9,724 4.0%
Minnesota resident <sup>2</sup>	\$10,979 11.9%	\$11,418 4.0%	\$11,875 4.0%	\$12,350 4.0%
Contiguous state <sup>3</sup>	\$12,967 11.9%	\$13,486 4.0%	\$14,026 4.0%	\$14,586 4.0%
Other nonresident	\$12,967 (37.1%)	\$13,486 4.0%	\$14,026 4.0%	\$14,586 4.0%
International students	\$15,129 (26.6%)	\$15,734 4.0%	\$16,363 4.0%	\$17,018 4.0%

Institution <sup>1</sup>	2018-19 <sup>11</sup>	2019-20 <sup>11</sup>	2020-21	2021-22 <sup>12</sup>
North Dakota State College of Science <sup>7,8</sup>				
Undergraduate				
Resident	\$4,082 4.0%	\$4,204 3.0%	\$4,330 3.0%	\$4,503 4.0%
Minnesota resident <sup>2</sup>	\$4,571 4.0%	\$4,708 3.0%	\$4,850 3.0%	\$5,044 4.0%
Contiguous state/province <sup>3</sup>	\$5,102 4.0%	\$5,045 (1.1%)	\$5,196 3.0%	\$5,404 4.0%
Other nonresident	\$10,898 4.0%	\$5,045 (53.7%)	\$5,196 3.0%	\$5,404 4.0%
International students	\$10,898 4.0%	\$7,357 (32.5%)	\$7,578 3.0%	\$7,881 4.0%
University of North Dakota				
Undergraduate				
Resident	\$7,224 4.0%	\$8,212 13.7%	\$8,540 4.0%	\$8,882 4.0%
Minnesota resident <sup>2</sup>	\$8,091 4.0%	\$9,197 13.7%	\$9,565 4.0%	\$9,948 4.0%
Contiguous state/province <sup>3</sup>	\$10,836 4.0%	\$12,318 13.7%	\$12,811 4.0%	\$13,323 4.0%
Other nonresident	\$19,288 4.0%	\$12,318 (36.1%)	\$12,811 4.0%	\$13,323 4.0%
International students	\$19,288 4.0%	\$16,424 (14.8%)	\$17,081 4.0%	\$17,764 4.0%
Graduate				
Resident	\$8,227 7.0%	\$10,533 28.0%	\$11,060 5.0%	\$11,503 4.0%
Minnesota resident <sup>2</sup>	\$10,448 7.0%	\$13,377 28.0%	\$14,047 5.0%	\$14,609 4.0%
Contiguous state/province <sup>3</sup>	\$12,340 7.0%	\$15,800 28.0%	\$16,591 5.0%	\$17,253 4.0%
Other nonresident	\$21,965 7.0%	\$15,800 (28.1%)	\$16,591 5.0%	\$17,253 4.0%
International students	\$21,965 7.0%	\$21,067 (4.1%)	\$22,121 5.0%	\$23,006 4.0%
School of Law <sup>9</sup>				
Resident	\$9,631 9.0%	\$13,176 36.8%	\$13,835 5.0%	\$14,526 5.0%
Minnesota resident and contiguous state/province <sup>3</sup>	\$14,446 9.0%	\$19,764 36.8%	\$20,752 5.0%	\$21,789 5.0%
Other nonresident	\$25,715 9.0%	\$39,527 53.7%	\$41,504 5.0%	\$29,053 (30.0%)
International students	\$25,715 9.0%	\$39,527 53.7%	\$41,504 5.0%	\$43,579 5.0%



Institution <sup>1</sup>	2018-19 <sup>11</sup>	2019-20 <sup>11</sup>	2020-21	2021-22 <sup>12</sup>
School of Medicine and Health Sciences				
Resident	\$31,129 4.0%	\$32,063 3.0%	\$33,025 3.0%	\$33,686 2.0%
Minnesota resident <sup>2</sup>	\$34,242 4.0%	\$35,269 3.0%	\$36,328 3.0%	\$37,054 2.0%
Other nonresident	\$57,619 4.0%	\$59,348 3.0%	\$61,128 3.0%	\$62,351 2.0%
Physical therapy <sup>10</sup>				
Resident and Minnesota resident	\$14,387 4.0%	\$14,820 3.0%	\$20,036 35.2%	\$20,837 4.0%
Other nonresident	\$19,906 4.0%	\$22,230 11.7%	\$30,054 35.2%	\$31,256 4.0%
Valley City State University				
Undergraduate				
Resident	\$5,713 4.0%	\$5,884 3.0%	\$6,119 4.0%	\$6,364 4.0%
Minnesota resident <sup>2</sup>	\$6,398 4.0%	\$6,590 3.0%	\$6,854 4.0%	\$7,128 4.0%
Contiguous state/province <sup>3</sup>	\$7,141 4.0%	\$7,355 3.0%	\$7,649 4.0%	\$7,955 4.0%
Other nonresident	\$15,253 4.0%	\$10,297 (32.5%)	\$10,709 4.0%	\$11,137 4.0%
Graduate	\$7,601 4.0%	\$7,829 3.0%	\$8,142 4.0%	\$8,467 4.0%
Williston State College				
Undergraduate				
Resident and other nonresident	\$3,676 4.0%	\$3,750 2.0%	\$3,900 4.0%	\$4,017 3.0%
Minnesota resident <sup>2</sup>	\$3,676 4.0%	\$4,200 14.3%	\$4,368 4.0%	\$4,499 3.0%
International students	\$4,963 4.0%	\$6,563 32.2%	\$6,825 4.0%	\$7,030 3.0%

<sup>1</sup>The tuition rates shown are based on a credit load of 15 credit-hours per semester for undergraduate tuition and 12 credit-hours per semester for graduate tuition, which are the number of credit-hours taken by an average full-time student. Unless otherwise identified, amounts shown are for the institutions' basic tuition rate.

<sup>2</sup>Under the North Dakota/Minnesota reciprocity agreement, students pay the higher of the two states' rates, which allows North Dakota students attending Minnesota higher education institutions to pay the Minnesota resident rate while Minnesota students attending North Dakota higher education institutions generally pay the Minnesota rate, which is higher than the North Dakota rate. Beginning with the 2006-07 academic year, the University of North Dakota School of Law and School of Medicine and Health Sciences are removed from the reciprocity agreement. The university is allowed to establish its own tuition rates for Minnesota residents for these programs. Beginning with the 2009-10 academic year, the reciprocity agreement was revised to allow Lake Region State College, Minot State University, and Williston State College to charge Minnesota students the North Dakota resident tuition rate rather than the rate specified under the agreement. Beginning with the 2013-14 academic year, the reciprocity agreement was revised to charge Minnesota students attending North Dakota University System institutions 112 percent of resident undergraduate tuition rates and 127 percent of resident graduate tuition rates, with provisions to increase those rates to 115 percent and 130 percent in the future.

<sup>3</sup>The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba.

<sup>4</sup>Beginning with the 2002-03 academic year, Dakota College at Bottineau charges resident tuition rates to students from all Canadian provinces.

<sup>5</sup>Beginning with the 2009-10 academic year, Lake Region State College charges resident tuition rates to all students except international students.

<sup>6</sup>Beginning with the 2009-10 academic year, Minot State University charges resident tuition rates to all students.

<sup>7</sup>Beginning with the 2002-03 academic year, the North Dakota State College of Science is offering special reduced tuition rates to contiguous state/province and other nonresident students who live on campus with a meal plan. Beginning with the 2005-06 academic year, the special reduced tuition rate is the same as the resident tuition rate.

<sup>8</sup>Beginning with the 2001-02 academic year, the North Dakota State College of Science charges resident tuition rates to students who are enrolled in a business and industry partnership program except for students from Minnesota who are assessed tuition as specified in the reciprocity agreement between North Dakota and Minnesota.

<sup>9</sup>The University of North Dakota School of Law implemented a per-credit tuition model beginning in the 2008-09 academic year. The institution charges a per-credit (part-time) tuition rate for all credit-hours. The tuition rates shown are based on a credit load of 15 credit-hours per semester, which is the number of credit-hours taken by an average full-time law student.

<sup>10</sup>Physical therapy students pay undergraduate tuition rates during the first 2 years. In the students' junior year, students enter the physical therapy program and start paying tuition based on the physical therapy program tuition rates.

<sup>11</sup>The State Board of Higher Education approved a new statewide tuition model that combines tuition and nonmandatory fees, provides consistent on-campus and online tuition rates, charges a flat tuition rate if a student enrolls in more than 12 or 13 credits, and adjusts tuition rates for Minnesota resident students, other nonresident students, and international students. The tuition model principles approved by the board provides for the assessment of tuition based on residency as follows:

- Minnesota resident students - 1.12 times the resident rate.
- Other nonresident United States, Manitoba, and Saskatchewan students - No lower than 1.2 times the resident rate.
- Other international students - No lower than 1.75 times the resident rate.

The State Board of Higher Education implemented the new tuition model at Bismarck State College and North Dakota State University during the 2018-19 academic year. The State Board of Higher Education approved the new tuition model for the other nine campuses for the 2019-20 academic year.

<sup>12</sup>Amounts for the 2021-22 academic year are preliminary and were provided by the University System office.

**North Dakota University System office  
Budget No. 215  
Senate Bill Nos. 2003 and 2030; House Bill No. 1375**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>158.83</b>	<b>\$128,198,476</b>	<b>\$25,757,035</b>	<b>\$153,955,511</b>
2021-23 base budget	148.90	102,327,097	24,002,206	126,329,303
Legislative increase (decrease) to base budget	9.93	\$25,871,379	\$1,754,829	\$27,626,208

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$116,898,476</b>	<b>\$11,300,000</b>	<b>\$128,198,476</b>
2019-21 legislative appropriations	102,327,097	11,650,000	113,977,097
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$14,571,379	(\$350,000)	\$14,221,379
Percentage increase (decrease) to 2019-21 appropriations	14.2%	(3.0%)	12.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes	9.93	(\$1)		(\$1)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		584,479	\$252,502	836,981
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		5,085	2,327	7,412
Increased funding for academic and career and technical education (CTE) scholarships to provide a total of \$16,216,749		4,200,000		4,200,000
Added funding for the nursing education consortium		1,356,000		1,356,000
Increased funding for capital bond payments to provide a total of \$13,385,264		8,425,816		8,425,816
Added funding from Bank of North Dakota profits for the dual-credit tuition scholarship program (House Bill No. 1375)			1,500,000	1,500,000

Added <b>one-time funding</b> for the math pathways program		150,000		150,000
Added <b>one-time funding</b> for the challenge grant program (Senate Bill No. 2030)		11,150,000		11,150,000
Total	<u>9.93</u>	<u>\$25,871,379</u>	<u>\$1,754,829</u>	<u>\$27,626,208</u>

### FTE Changes

The Legislative Assembly approved 158.83 FTE positions for the University System office for the 2021-23 biennium, an increase of 9.93 FTE positions from the 2019-21 biennium authorized level of 148.90 FTE positions. The 9.93 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

The following is a summary of one-time funding items for the University System for the 2021-23 biennium:

	General Fund	Other Funds	Total
Math pathways program	\$150,000		\$150,000
Education challenge grants (Senate Bill No. 2030)	11,150,000		11,150,000
Lake Region State College agricultural center project (strategic investment and improvements fund (SIIF))		\$363,000	363,000
University of North Dakota (UND) space command initiative (House Bill No. 1015)	4,000,000		4,000,000
UND airport apron reconstruction (House Bill No. 1015) (federal Coronavirus Capital Projects Fund)		5,000,000	5,000,000
North Dakota State University (NDSU) settlement agreement	125,000		125,000
NDSU agricultural products development center project (House Bill No. 1431) (bond proceeds)		50,000,000	50,000,000
Dickinson State University Pulver Hall project (House Bill No. 1015) (federal Coronavirus Capital Projects Fund)		4,000,000	4,000,000
Mayville State University natural gas boiler project (House Bill No. 1015)	1,600,000		1,600,000
Valley City State University land purchase		309,000	309,000
Dakota College at Bottineau Old Main renovation (including \$2.5 million from SIIF)		4,000,000	4,000,000
Total	\$17,025,000	\$63,672,000	\$80,697,000

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
UND	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
NDSU	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249

Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Competitive Research

The Legislative Assembly provided \$6.03 million from the general fund for competitive research. The following is a summary of funding for the competitive research program:

Biennium	General Fund
1995-97	\$1,980,000
1997-99	\$1,980,000
1999-2001	\$1,971,000
2001-03	\$4,000,000
2003-05	\$4,750,000 <sup>1</sup>
2005-07	\$5,190,000
2007-09	\$5,650,000
2009-11	\$7,050,000 <sup>2</sup>
2011-13	\$7,050,000
2013-15	\$7,050,000
2015-17	\$6,588,225
2017-19	\$6,027,750
2019-21	\$6,027,750 <sup>3</sup>
2021-23	\$6,027,750 <sup>3</sup>

<sup>1</sup>The 2003 Legislative Assembly provided that \$100,000 of the \$4.75 million be used for a public-private partnership for establishment of a design center at UND.

<sup>2</sup>The 2009 Legislative Assembly provided that \$400,000 of the \$7.05 million be used for the National Aeronautics and Space Administration's (NASA) Experimental Program to Stimulate Competitive Research.

<sup>3</sup>The 2019 and 2021 Legislative Assemblies provided that \$342,000 of the \$6,027,750 be used for NASA's Established Program to Stimulate Competitive Research.

### Student Financial Assistance Grants

The Legislative Assembly provided \$23,917,306 from the general fund for student financial assistance grants. The maximum grant award amount under the program is \$2,200 per year. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The following is a summary of funding for student financial assistance grants:

Biennium	Maximum Grant Award	Legislative Appropriations			Total
		General Fund	Federal Funds	Other Funds	
1995-97	\$600	\$2,032,478	\$400,000	\$1,350,000	\$3,782,478
1997-99	\$600	\$1,495,000	\$410,986	\$2,574,400	\$4,480,386
1999-2001	\$600	\$1,735,881	\$140,000	\$2,574,400	\$4,450,281
2001-03	\$600	\$2,670,881	\$214,000	\$1,338,150	\$4,223,031
2003-05	\$600	\$2,730,215	\$200,000		\$2,930,215
2005-07	\$1,000	\$3,332,402	\$172,000		\$3,504,402
2007-09	\$1,000	\$5,823,497	\$164,000		\$5,987,497
2009-11	\$1,500	\$19,025,594	\$348,428		\$19,374,022
2011-13	\$1,500	\$19,025,594	\$348,428		\$19,374,022

2013-15	\$1,650	\$21,245,679		\$21,245,679
2015-17	\$1,950	\$23,886,160		\$23,886,160
2017-19	\$1,950	\$21,917,306		\$21,917,306
2019-21	\$2,200	\$23,917,306		\$23,917,306
2021-23	\$2,200	\$23,917,306		\$23,917,306

### Professional Student Exchange Program

The Legislative Assembly provided \$3,699,342 from the general fund for the professional student exchange program. The program assists North Dakota students enrolling in professional programs not offered in the state including dentistry, optometry, and veterinary medicine. The Legislative Assembly also repealed statutory repayment provisions relating to the professional student exchange program. The following is a summary of funding for the professional student exchange program:

Biennium	General Fund	Student Loan Trust Fund	Total
1995-97	\$1,326,756		\$1,326,756
1997-99	\$1,389,801		\$1,389,801
1999-2001	\$1,310,716		\$1,310,716
2001-03	\$1,560,716		\$1,560,716
2003-05	\$1,678,300		\$1,678,300
2005-07	\$1,864,780	\$262,500	\$2,127,280
2007-09	\$2,199,566	\$523,380	\$2,722,946
2009-11	\$2,346,130	\$990,970	\$3,337,100
2011-13	\$2,856,131	\$465,307	\$3,321,438
2013-15	\$3,809,708	\$465,307	\$4,275,015
2015-17	\$3,476,447	\$465,307	\$3,941,754
2017-19	\$3,234,035	\$465,307	\$3,699,342
2019-21	\$3,699,342		\$3,699,342
2021-23	\$3,699,342		\$3,699,342

### Scholars Program

The Legislative Assembly provided \$1,807,115 from the general fund for the scholars program. The scholars program provides full-tuition scholarships to resident students who score in the upper fifth percentile of North Dakota ACT Aspire test takers and enroll in an undergraduate program in the state. The following is a summary of funding for the scholars program:

Biennium	General Fund	Special Funds	Total
1995-97	\$496,403		\$496,403
1997-99	\$473,786	\$185,500	\$659,286
1999-2001	\$520,730	\$185,500	\$706,230
2001-03	\$770,730		\$770,730
2003-05	\$816,386		\$816,386
2005-07	\$862,077		\$862,077
2007-09	\$1,478,566		\$1,478,566
2009-11	\$2,113,584		\$2,113,584
2011-13	\$2,113,584		\$2,113,584
2013-15	\$2,113,584		\$2,113,584
2015-17	\$2,113,584		\$2,113,584
2017-19	\$1,807,115		\$1,807,115
2019-21	\$1,807,115		\$1,807,115
2021-23	\$1,807,115		\$1,807,115

### Native American Scholarship Program

The Legislative Assembly provided \$555,323 from the general fund for Native American scholarships. The following is a summary of funding for the Native American scholarship program:

Biennium	General Fund
1995-97	\$200,000
1997-99	\$204,000
1999-2001	\$204,082
2001-03	\$204,082
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626
2009-11	\$381,292
2011-13	\$574,267
2013-15	\$649,267
2015-17	\$649,267
2017-19	\$555,323
2019-21	\$555,323
2021-23	\$555,323

### Career and Technical Education and Academic Scholarships

The Legislative Assembly provided \$16,216,749 from the general fund for CTE and academic scholarships, an increase of \$4.2 million from the 2019-21 biennium appropriation of \$12,016,749. To be eligible for a scholarship, a student must be a resident of the state, complete the requirements for a high school diploma, and meet program requirements for one of the programs. Any student that meets the requirements for a CTE scholarship or an academic scholarship is to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000.

### Higher Education Challenge Grants Program

The Legislative Assembly provided \$11.15 million from the general fund for higher education challenge grants, \$1.5 million more than the 2019-21 biennium appropriation of \$9.65 million. The 2021 Legislative Assembly made statutory changes to allow the UND School of Medicine and Health Sciences to participate in the program. The 2021 Legislative Assembly also added abortion-related restrictions to the program's eligibility requirements. The following is a summary of funding for the higher education challenge grants program:

Biennium	General Fund	Student Loan Trust Fund	Total
2013-15	\$29,000,000		\$29,000,000
2015-17	\$21,000,000	\$2,500,000	\$23,500,000
2017-19	\$2,000,000		\$2,000,000
2019-21 <sup>1</sup>	\$9,650,000		\$9,650,000
2021-23	\$11,150,000		\$11,150,000

<sup>1</sup>In addition to the \$9,400,000 appropriated for the higher education challenge grants program in the education challenge fund line item, \$250,000 was appropriated for UND School of Law challenge matching grants in the education incentive programs line item, to provide a total of \$9,650,000 for the program.

### Capital Project Bond Payments

The Legislative Assembly provided \$13,385,264 from the general fund for University System capital project bond payments. The payments are to repay bonds issued by the North Dakota Building Authority to finance higher education capital projects approved by the Legislative Assembly. The 2019 Legislative Assembly approved the issuance of bonds through the North Dakota Building Authority for higher education capital projects for the first time since 2005. The following is a summary of the 2021-23 biennium legislative appropriation compared to the 2019-21 biennium legislative appropriation for capital bond payments:

	2019-21 Biennium Legislative Appropriation	2021-23 Biennium Legislative Appropriation	Increase (Decrease) From 2019-21 Biennium
Capital bond payments - General fund	\$4,959,448	\$13,385,264	\$8,425,816

Special funds authority to repay revenue bonds issued by institutions is included in each institution's budget. Revenue bonds are issued by institutions to finance capital projects for income-producing auxiliary services, such as student housing and dining facilities.

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from SIIF to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### Capital Improvements

The following schedule identifies the higher education capital improvement funding contained in appropriations approved by the Legislative Assembly for the 2021-23 biennium. The schedule reflects general fund appropriations for extraordinary repairs and special fund authorization provided for major capital projects.

Entity/Project	2019-21 Legislative Appropriations		
	General Fund	Special Funds	Total
Bismarck State College			
Extraordinary repairs	\$417,673		\$417,673
Total	\$417,673		\$417,673
Lake Region State College			
Precision agriculture center (SIIF)		\$363,000	\$363,000
Extraordinary repairs	\$155,367		155,367
Total	\$155,367	\$363,000	\$518,367
Williston State College			
Extraordinary repairs	\$197,801		\$197,801
Total	\$197,801		\$197,801
UND			
Airport apron (federal Coronavirus Capital Projects Fund)		\$5,000,000	\$5,000,000
Space command initiative	\$4,000,000		4,000,000
Extraordinary repairs	4,411,566		4,411,566
Total	\$8,411,566	\$5,000,000	\$13,411,566
NDSU			
Agriculture products development center (appropriation bonds)		\$50,000,000	\$50,000,000
Extraordinary repairs	\$2,732,244		2,732,244
Total	\$2,732,244	\$50,000,000	\$52,732,244
North Dakota State College of Science			
Extraordinary repairs	\$1,012,379		\$1,012,379
Total	\$1,012,379		\$1,012,379
Dickinson State University			
Pulver Hall (federal coronavirus capital projects fund)		\$4,000,000	\$4,000,000
Extraordinary repairs	\$409,078		409,078
Total	\$409,078	\$4,000,000	\$4,409,078



Entity/Project	2019-21 Legislative Appropriations		
	General Fund	Special Funds	Total
Mayville State University			
Natural gas boiler project	\$1,600,000		\$1,600,000
Extraordinary repairs	\$358,992		358,992
Total	\$1,958,992		\$1,958,992
Minot State University			
Extraordinary repairs	\$899,620		\$899,620
Total	\$899,620		\$899,620
Valley City State University			
Land purchase (local funds)		\$309,000	\$309,000
Extraordinary repairs	\$408,319		408,319
Total	\$408,319	\$309,000	\$717,319
Dakota College at Bottineau			
Old Main renovation (including \$2.5 million from SIIF)		\$4,000,000	\$4,000,000
Extraordinary repairs	\$114,007		114,007
Total	\$114,007	\$4,000,000	\$4,114,007
Forest Service			
Extraordinary repairs and equipment over \$5,000	\$118,728		\$118,728
Total	\$118,728		\$118,728
Total Higher Education	\$16,835,774	\$63,672,000	\$80,507,774

#### Other Sections in Senate Bill No. 2003

**Valley City State University land purchase** - Section 3 provides authority and an appropriation of \$309,000 from other funds to Valley City State University for the purchase of two parcels of land in Barnes County from the Valley City State University Foundation.

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**University of North Dakota School of Medicine and Health Sciences funding** - Section 5 authorizes the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from SIIF to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Strategic investment and improvements fund** - Section 8 identifies \$2.5 million from SIIF for the Dakota College at Bottineau Old Main renovation and \$363,000 from SIIF for the Lake Region State College Curtis and Annette Hofstad Agricultural Center.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Challenge grants** - Sections 10 and 17 provide for the UND School of Medicine and Health Sciences to be eligible for up to \$1.5 million under the challenge grant program.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**North Dakota State University agriculture products development center matching requirements** - Section 16 removes the matching requirements for state funding for the NDSU agriculture products development center project.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**University of North Dakota Tech Accelerator building refinancing** - Section 20 provides authority for UND to refinance the bank loan for the Tech Accelerator building.

**Dakota Institute inventory** - Section 21 allows for the transfer of Dakota Institute inventory from Bismarck State College to the author or producer of the document or production.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

**Student affordability study** - Section 25 provides for a Legislative Management study of student affordability, including available financial assistance for students.

**Funding stabilization study** - Section 26 provides for a Legislative Management study of mechanisms to stabilize funding for higher education.

**Higher education funding formula study** - Section 27 provides for a Legislative Management study of the higher education funding formula.

**Nursing education consortium** - Section 28 provides legislative intent that UND discontinue making payments to other institutions of higher education for costs relating to nursing education simulation laboratories.

**Legislative intent - Higher education funding formula** - Section 29 provides legislative intent for the weighting of credits in the higher education funding formula, as recommended by the interim Higher Education Committee.

**Emergency** - Section 30 declares Sections 3, 6, 7, 8, 14, 16, 19, 20, and 21 and the capital assets line items in Section 1 to be an emergency measure.

#### **Related Legislation**

**House Bill No. 1015 - Appropriations** - This bill appropriates funding for the UND airport apron, UND space command initiative, Dickinson State University Pulver Hall project, and Mayville State University gas boiler project.

**House Bill No. 1083 - Academic and CTE scholarships** - This bill adjusts academic and CTE scholarship eligibility requirements.

**House Bill No. 1125 - Tuition** - This bill expands eligibility for dependents of veterans to receive free tuition in institutions of higher education in the state.

**House Bill No. 1135 - Academic and CTE scholarships** - This bill adjusts academic and CTE scholarship eligibility requirements.

**House Bill No. 1375 - Dual-credit scholarships** - This bill appropriates \$1.5 million from Bank of North Dakota profits for tuition scholarships for students enrolled in dual-credit courses.

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech policies** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - Provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and the 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
NDSU	\$5,916,000	\$6,620,000	\$704,000
UND	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2032 - Funding formula** - This bill changes the higher education funding formula to adjust the base funding rate for certain credits completed at dual-mission and polytechnic institutions.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

**Senate Bill No. 2136 - Academic and CTE scholarships** - This bill adjusts academic and CTE scholarship eligibility requirements.

**Senate Bill No. 2289 North Dakota scholarship** - This bill creates a new scholarship called the North Dakota scholarship and phases out academic and CTE scholarships.

**Bismarck State College  
Budget No. 227  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>332.90</b>	<b>\$32,084,055</b>	<b>\$70,409,893</b>	<b>\$102,493,948</b>
2021-23 base budget	323.93	31,068,227	69,598,016	100,666,243
Legislative increase (decrease) to base budget	8.97	\$1,015,828	\$811,877	\$1,827,705

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$32,084,055</b>	<b>\$0</b>	<b>\$32,084,055</b>
2019-21 legislative appropriations	31,068,227	0	31,068,227
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,015,828	\$0	\$1,015,828
Percentage increase (decrease) to 2019-21 appropriations	3.3%	N/A	3.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	8.97			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$576,771	\$811,877	\$1,388,648
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(3,156,780)		(3,156,780)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		3,595,837		3,595,837
<b>Total</b>	<b>8.97</b>	<b>\$1,015,828</b>	<b>\$811,877</b>	<b>\$1,827,705</b>

**FTE Changes**

The Legislative Assembly approved 332.90 FTE positions for Bismarck State College for the 2021-23 biennium, an increase of 8.97 FTE positions from the 2019-21 biennium authorized level of 323.93 FTE positions. The 8.97 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized

the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

**Capital Building Fund Program**

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

**Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Dakota Institute inventory** - Section 21 allows for the transfer of Dakota Institute inventory from Bismarck State College to the author or producer of the document or production.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

#### **Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2032 - Funding formula** - This bill changes the higher education funding formula to adjust the base funding rate for certain credits completed at dual-mission and polytechnic institutions.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

Lake Region State College  
 Budget No. 228  
 Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>115.76</b>	<b>\$14,242,152</b>	<b>\$25,634,428</b>	<b>\$39,876,580</b>
2021-23 base budget	118.10	12,945,280	24,976,514	37,921,794
Legislative increase (decrease) to base budget	(2.34)	\$1,296,872	\$657,914	\$1,954,786

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$14,242,152</b>	<b>\$0</b>	<b>\$14,242,152</b>
2019-21 legislative appropriations	12,945,280	0	12,945,280
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,296,872	\$0	\$1,296,872
Percentage increase (decrease) to 2019-21 appropriations	10.0%	N/A	10.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	(2.34)			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$256,485	\$294,914	\$551,399
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		497,336		497,336
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		543,051		543,051
Added <b>one-time funding</b> from the strategic investment and improvements fund for the Curtis and Annette Hofstad Agricultural Center project			363,000	363,000
Total	(2.34)	\$1,296,872	\$657,914	\$1,954,786

### FTE Changes

The Legislative Assembly approved 115.76 FTE positions for Lake Region State College for the 2021-23 biennium, a decrease of 2.34 FTE positions from the 2019-21 biennium authorized level of 118.10 FTE positions. The 2.34 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

The Legislative Assembly appropriated \$363,000 of one-time funding from the strategic investment and improvements fund to Lake Region State College for the Curtis and Annette Hofstad Agricultural Center project.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.



## Capital Projects

The Legislative Assembly appropriated \$363,000 of one-time funding from the strategic investment and improvements fund to Lake Region State College for the Curtis and Annette Hofstad Agricultural Center project.

### Other Sections in Senate Bill No. 2003

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Strategic investment and improvements fund** - Section 8 identifies \$2.5 million from the strategic investment and improvements fund for the Dakota College at Bottineau Old Main renovation and \$363,000 from the strategic investment and improvements fund for the Lake Region State College Curtis and Annette Hofstad Agricultural Center.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

### Related Legislation

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

**Williston State College  
Budget No. 229  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>101.29</b>	<b>\$11,286,737</b>	<b>\$24,019,535</b>	<b>\$35,306,272</b>
2021-23 base budget	100.48	10,067,743	23,790,285	33,858,028
Legislative increase (decrease) to base budget	0.81	\$1,218,994	\$229,250	\$1,448,244

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$11,286,737</b>	<b>\$0</b>	<b>\$11,286,737</b>
2019-21 legislative appropriations	10,067,743	0	10,067,743
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,218,994	\$0	\$1,218,994
Percentage increase (decrease) to 2019-21 appropriations	12.1%	N/A	12.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	0.81			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$203,261	\$229,250	\$432,511
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(284,969)		(284,969)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		1,300,702		1,300,702
<b>Total</b>	<b>0.81</b>	<b>\$1,218,994</b>	<b>\$229,250</b>	<b>\$1,448,244</b>

**FTE Changes**

The Legislative Assembly approved 101.29 FTE positions for Williston State College for the 2021-23 biennium, an increase of 0.81 FTE positions from the 2019-21 biennium authorized level of 100.48 FTE positions. The 0.81 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized

the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

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Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
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Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

**Capital Building Fund Program**

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

**Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

#### **Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

University of North Dakota  
 Budget No. 230  
 Senate Bill No. 2003; House Bill No. 1015

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>2,059.98</b>	<b>\$156,024,079</b>	<b>\$760,657,771</b>	<b>\$916,681,850</b>
2021-23 base budget	2,132.17	148,332,155	744,185,677	892,517,832
Legislative increase (decrease) to base budget	(72.19)	\$7,691,924	\$16,472,094	\$24,164,018

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$152,024,079</b>	<b>\$4,000,000</b>	<b>\$156,024,079</b>
2019-21 legislative appropriations	148,332,155	0	148,332,155
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$3,691,924	\$4,000,000	\$7,691,924
Percentage increase (decrease) to 2019-21 appropriations	2.5%	N/A	5.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	(72.19)			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$3,168,929	\$7,652,719	\$10,821,648
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(1,730,595)		(1,730,595)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		2,253,590		2,253,590
Added funding for bond payments			3,819,375	3,819,375
Added <b>one-time funding</b> for a space command initiative (House Bill No. 1015)		4,000,000		4,000,000

Added <b>one-time funding</b> for the reconstruction of the university's apron at the Grand Forks airport (House Bill No. 1015)			5,000,000	5,000,000
Total	(72.19)	\$7,691,924	\$16,472,094	\$24,164,018

**NOTE:** The 2021-23 legislative appropriations include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 5 of Senate Bill No. 2003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

#### FTE Changes

The Legislative Assembly approved 2,059.98 FTE positions for UND for the 2021-23 biennium, a decrease of 72.19 FTE positions from the 2019-21 biennium authorized level of 2,132.17 FTE positions. The 72.19 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

#### One-Time Funding

In House Bill No. 1015, the Legislative Assembly appropriated \$4 million from the general fund for the space command initiative and \$5 million from federal funds derived from the federal Coronavirus Capital Projects Fund for an airport apron project at UND.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
Total	\$61,536,354	\$19,515,954	\$5,021,413	\$86,073,721

### **Capital Building Fund Program**

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### **Capital Projects**

In House Bill No. 1015, the Legislative Assembly appropriated \$4 million from the general fund for the space command initiative and \$5 million from federal funds derived from the federal Coronavirus Capital Projects Fund for an airport apron project at UND.

### **Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**University of North Dakota School of Medicine and Health Sciences funding** - Section 5 authorizes the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**University of North Dakota Tech Accelerator building refinancing** - Section 20 provides authority for UND to refinance the bank loan for the Tech Accelerator building.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

**Nursing education consortium** - Section 28 provides legislative intent that UND discontinue making payments to other institutions of higher education for costs relating to nursing education simulation laboratories.

**Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.



University of North Dakota School of Medicine and Health Sciences  
 Budget No. 232  
 Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	492.67	\$67,026,005	\$160,806,249	\$227,832,254
2021-23 base budget	485.32	64,883,503	159,037,011	223,920,514
Legislative increase (decrease) to base budget	7.35	\$2,142,502	\$1,769,238	\$3,911,740

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$67,026,005	\$0	\$67,026,005
2019-21 legislative appropriations	64,883,503	0	64,883,503
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,142,502	\$0	\$2,142,502
Percentage increase (decrease) to 2019-21 appropriations	3.3%	N/A	3.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	7.35			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases			\$1,769,238	\$1,769,238
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		\$2,142,502		2,142,502
Total	7.35	\$2,142,502	\$1,769,238	\$3,911,740

**NOTE:** The 2021-23 legislative appropriations include certain funding formula adjustments for the UND School of Medicine and Health Sciences in the UND budget. Section 5 of Senate Bill No. 2003 authorizes UND to transfer funds to the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

### FTE Changes

The Legislative Assembly approved 492.67 FTE positions for the UND School of Medicine and Health Sciences for the 2021-23 biennium, an increase of 7.35 FTE positions from the 2019-21 biennium authorized level of 485.32 FTE positions. The 7.35 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Other Sections in Senate Bill No. 2003

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**University of North Dakota School of Medicine and Health Sciences funding** - Section 5 authorizes the transfer of funds between UND and the UND School of Medicine and Health Sciences based on the recommendation of the Commissioner of Higher Education.

**Challenge grants** - Sections 10 and 17 provide for the UND School of Medicine and Health Sciences to be eligible for up to \$1.5 million under the challenge grant program.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

### Related Legislation

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. The bill also provides for the UND School of Medicine and Health Sciences to be eligible for up to \$1.5 million under the challenge grant program. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**North Dakota State University**  
**Budget No. 235**  
**Senate Bill No. 2003; House Bill No. 1431**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>1,829.43</b>	<b>\$138,556,325</b>	<b>\$675,417,100</b>	<b>\$813,973,425</b>
2021-23 base budget	1,870.16	132,714,983	618,859,692	751,574,675
Legislative increase (decrease) to base budget	(40.73)	\$5,841,342	\$56,557,408	\$62,398,750

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$138,431,325</b>	<b>\$125,000</b>	<b>\$138,556,325</b>
2019-21 legislative appropriations	132,714,983	0	132,714,983
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$5,716,342	\$125,000	\$5,841,342
Percentage increase (decrease) to 2019-21 appropriations	4.3%	N/A	4.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	(40.73)			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$2,107,150	\$6,159,780	\$8,266,930
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(29,096)		(29,096)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		3,763,288		3,763,288
Adjusted special funds authority			397,628	397,628
Reduced ongoing funding from the general fund		(125,000)		(125,000)
Added <b>one-time funding</b> for a settlement agreement relating to the A. Glenn Hill Center project		125,000		125,000

Added <b>one-time funding</b> from bond proceeds for the agriculture products development center (House Bill No. 1431)			50,000,000	50,000,000
Total	(40.73)	\$5,841,342	\$56,557,408	\$62,398,750

### FTE Changes

The Legislative Assembly approved 1,829.43 FTE positions for North Dakota State University for the 2021-23 biennium, a decrease of 40.73 FTE positions from the 2019-21 biennium authorized level of 1,870.16 FTE positions. The 40.73 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

The Legislative Assembly appropriated \$50,125,000 of one-time funding, including \$125,000 from the general fund for a settlement agreement relating to the A. Glenn Hill Center project and \$50,000,000 from bond proceeds for the agriculture products development center and Northern Crops Institute project, to North Dakota State University.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### **Capital Projects**

In House Bill No. 1431, the Legislative Assembly appropriated \$50 million from bond proceeds to North Dakota State University for the agriculture products development center and Northern Crops Institute project. The Legislative Assembly provided \$85 million of total authority for the project, including \$50 million from bond proceeds, \$20 million of general fund carryover from the 2017-19 biennium appropriation, and \$15 million from other funds, including the institution's allocation under the capital building fund program.

### **Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**North Dakota State University agriculture products development center matching requirements** - Section 16 removes the matching requirements for state funding for the NDSU agriculture products development center project.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

### **Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1431 - Bonding** - This bill provides for \$680 million of bonding authority, including \$50 million for the NDSU agriculture products development center and Northern Crops Institute capital project.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

**North Dakota State College of Science  
Budget No. 238  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>311.61</b>	<b>\$35,714,792</b>	<b>\$60,845,052</b>	<b>\$96,559,844</b>
2021-23 base budget	310.73	36,542,022	60,195,768	96,737,790
Legislative increase (decrease) to base budget	0.88	(\$827,230)	\$649,284	(\$177,946)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$35,714,792</b>	<b>\$0</b>	<b>\$35,714,792</b>
2019-21 legislative appropriations	36,542,022	0	36,542,022
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$827,230)	\$0	(\$827,230)
Percentage increase (decrease) to 2019-21 appropriations	(2.3%)	N/A	(2.3%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	0.88			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$634,451	\$649,284	\$1,283,735
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(1,862,581)		(1,862,581)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		400,900		400,900
<b>Total</b>	<b>0.88</b>	<b>(\$827,230)</b>	<b>\$649,284</b>	<b>(\$177,946)</b>

**FTE Changes**

The Legislative Assembly approved 311.61 FTE positions for the North Dakota State College of Science for the 2021-23 biennium, an increase of 0.88 FTE positions from the 2019-21 biennium authorized level of 310.73 FTE positions. The 0.88 FTE positions were added pursuant to Section 24 of House Bill No. 1003

(2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

**Capital Building Fund Program**

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

**Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.



**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

**Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

Dickinson State University  
 Budget No. 239  
 Senate Bill No. 2003; House Bill No. 1015

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>175.50</b>	<b>\$20,242,730</b>	<b>\$34,992,408</b>	<b>\$55,235,138</b>
2021-23 base budget	213.26	18,393,063	30,577,009	48,970,072
Legislative increase (decrease) to base budget	(37.76)	\$1,849,667	\$4,415,399	\$6,265,066

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$20,242,730</b>	<b>\$0</b>	<b>\$20,242,730</b>
2019-21 legislative appropriations	18,393,063	200,000	18,593,063
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,849,667	(\$200,000)	\$1,649,667
Percentage increase (decrease) to 2019-21 appropriations	10.1%	(100.0%)	8.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	(37.76)			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$354,138	\$415,399	\$769,537
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		833,558		833,558
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		661,971		661,971
Added <b>one-time funding</b> from federal funds derived from the federal Coronavirus Capital Projects Fund for a Pulver Hall project, a meat processing laboratory remodel, and other projects (House Bill No. 1015)			4,000,000	4,000,000
Total	(37.76)	\$1,849,667	\$4,415,399	\$6,265,066

### FTE Changes

The Legislative Assembly approved 175.50 FTE positions for Dickinson State University for the 2021-23 biennium, a decrease of 37.76 FTE positions from the 2019-21 biennium authorized level of 213.26 FTE positions. The 37.76 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

The Legislative Assembly appropriated \$4 million of one-time funding from federal funds derived from the federal Coronavirus Capital Projects Fund to Dickinson State University for a Pulver Hall project, a meat processing laboratory remodel, and other projects.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### Capital Projects

The Legislative Assembly appropriated \$4 million of one-time funding from federal funds derived from the federal Coronavirus Capital Projects Fund to Dickinson State University for a Pulver Hall project, a meat processing laboratory remodel, and other projects.

### Other Sections in Senate Bill No. 2003

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

### Related Legislation

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2032 - Funding formula** - This bill changes the higher education funding formula to adjust the base funding rate for certain credits completed at dual-mission and polytechnic institutions.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

Mayville State University  
 Budget No. 240  
 Senate Bill No. 2003; House Bill No. 1015

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>230.35</b>	<b>\$20,279,828</b>	<b>\$32,282,440</b>	<b>\$52,562,268</b>
2021-23 base budget	209.27	16,420,616	31,657,931	48,078,547
Legislative increase (decrease) to base budget	21.08	\$3,859,212	\$624,509	\$4,483,721

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$18,679,828</b>	<b>\$1,600,000</b>	<b>\$20,279,828</b>
2019-21 legislative appropriations	16,420,616	0	16,420,616
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,259,212	\$1,600,000	\$3,859,212
Percentage increase (decrease) to 2019-21 appropriations	13.8%	N/A	23.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	21.08			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$326,797	\$624,509	\$951,306
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		1,822,148		1,822,148
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		110,267		110,267
Added <b>one-time funding</b> for a natural gas boiler project (House Bill No. 1015)		1,600,000		1,600,000
Total	21.08	\$3,859,212	\$624,509	\$4,483,721

### FTE Changes

The Legislative Assembly approved 230.35 FTE positions for Mayville State University for the 2021-23 biennium, an increase of 21.08 FTE positions from the 2019-21 biennium authorized level of 209.27 FTE positions. The 21.08 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

In House Bill No. 1015, the Legislative Assembly appropriated \$1.6 million of one-time funding from the general fund to Mayville State University for a natural gas boiler project.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### Capital Projects

In House Bill No. 1015, the Legislative Assembly appropriated \$1.6 million of one-time funding from the general fund to Mayville State University for a natural gas boiler project.

### Other Sections in Senate Bill No. 2003

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

### Related Legislation

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000



**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

**Minot State University  
Budget No. 241  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>403.04</b>	<b>\$41,206,630</b>	<b>\$64,047,767</b>	<b>\$105,254,397</b>
2021-23 base budget	407.58	39,896,693	63,528,000	103,424,693
Legislative increase (decrease) to base budget	(4.54)	\$1,309,937	\$519,767	\$1,829,704

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$41,206,630</b>	<b>\$0</b>	<b>\$41,206,630</b>
2019-21 legislative appropriations	39,896,693	0	39,896,693
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,309,937	\$0	\$1,309,937
Percentage increase (decrease) to 2019-21 appropriations	3.3%	N/A	3.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	(4.54)			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$720,894	\$1,024,573	\$1,745,467
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		69,456		69,456
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		519,587		519,587
Adjusted special funds authority			(504,806)	(504,806)
<b>Total</b>	<b>(4.54)</b>	<b>\$1,309,937</b>	<b>\$519,767</b>	<b>\$1,829,704</b>

### FTE Changes

The Legislative Assembly approved 403.04 FTE positions for Minot State University for the 2021-23 biennium, a decrease of 4.54 FTE positions from the 2019-21 biennium authorized level of 407.58 FTE positions. The 4.54 FTE positions were removed pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### Other Sections in Senate Bill No. 2003

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

#### Related Legislation

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

Valley City State University  
 Budget No. 242  
 Senate Bill No. 2003

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>202.77</b>	<b>\$24,161,377</b>	<b>\$26,686,846</b>	<b>\$50,848,223</b>
2021-23 base budget	180.68	22,658,933	25,973,818	48,632,751
Legislative increase (decrease) to base budget	22.09	\$1,502,444	\$713,028	\$2,215,472

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$24,161,377</b>	<b>\$0</b>	<b>\$24,161,377</b>
2019-21 legislative appropriations	22,658,933	0	22,658,933
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,502,444	\$0	\$1,502,444
Percentage increase (decrease) to 2019-21 appropriations	6.6%	N/A	6.6%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	22.09			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$422,693	\$404,028	\$826,721
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		(860,398)		(860,398)
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		1,940,149		1,940,149
Added <b>one-time funding</b> from other funds to purchase two parcels of land			309,000	309,000
<b>Total</b>	<b>22.09</b>	<b>\$1,502,444</b>	<b>\$713,028</b>	<b>\$2,215,472</b>

### FTE Changes

The Legislative Assembly approved 202.77 FTE positions for Valley City State University for the 2021-23 biennium, an increase of 22.09 FTE positions from the 2019-21 biennium authorized level of 180.68 FTE positions. The 22.09 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

In Section 3 of Senate Bill No. 2003, the Legislative Assembly appropriated \$309,000 of one-time funding from other local funds to Valley City State University for the 2021-23 biennium to purchase two parcels of land from the Valley City State University Foundation.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
<b>Total</b>	<b>\$61,536,354</b>	<b>\$19,515,954</b>	<b>\$5,021,413</b>	<b>\$86,073,721</b>

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

**Other Sections in Senate Bill No. 2003**

**Valley City State University land purchase** - Section 3 provides authority and an appropriation of \$309,000 from other funds to Valley City State University for the purchase of two parcels of land in Barnes County from the Valley City State University Foundation.

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

**Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
<b>Total</b>	<b>\$14,584,000</b>	<b>\$16,420,000</b>	<b>\$1,836,000</b>

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.



**Dakota College at Bottineau  
Budget No. 243  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>91.86</b>	<b>\$9,537,862</b>	<b>\$18,216,200</b>	<b>\$27,754,062</b>
2021-23 base budget	82.29	7,740,826	13,813,787	21,554,613
Legislative increase (decrease) to base budget	9.57	\$1,797,036	\$4,402,413	\$6,199,449

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$9,537,862</b>	<b>\$0</b>	<b>\$9,537,862</b>
2019-21 legislative appropriations	7,740,826	0	7,740,826
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,797,036	\$0	\$1,797,036
Percentage increase (decrease) to 2019-21 appropriations	23.2%	N/A	23.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	9.57			
Added funding through the higher education funding formula to provide employee salary and health insurance premium rate increases		\$171,766	\$175,943	\$347,709
Adjusted funding distributed through the higher education funding formula to reflect changes in completed student credit-hours		1,393,782		1,393,782
Added funding to implement changes to the funding formula recommended by the interim Higher Education Committee		231,488		231,488
Adjusted special funds authority			226,470	226,470

Added <b>one-time funding</b> , including \$2.5 million from the strategic investment and improvements fund and \$1.5 million from other funds, for a renovation of Old Main			4,000,000	4,000,000
Total	<u>9.57</u>	<u>\$1,797,036</u>	<u>\$4,402,413</u>	<u>\$6,199,449</u>

### FTE Changes

The Legislative Assembly approved 91.86 FTE positions for Dakota College at Bottineau for the 2021-23 biennium, an increase of 9.57 FTE positions from the 2019-21 biennium authorized level of 82.29 FTE positions. The 9.57 FTE positions were added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### One-Time Funding

The Legislative Assembly appropriated \$4 million of one-time funding, including \$2.5 million from the strategic investment and improvements fund and \$1.5 million from other funds, to Dakota College at Bottineau for the 2021-23 biennium for a renovation of Old Main.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,536,354 of federal coronavirus relief funds to the University System office and institutions for the 2019-21 biennium for cleaning supplies and equipment, classroom and facility restructuring, technology needs, and other costs relating to the COVID-19 pandemic. The University System institutions also received COVID-19-related funding directly from the federal government through the federal Higher Education Emergency Relief Fund and other COVID-19-related grant programs. The following schedule identifies federal COVID-19-related funds received by the University System as of April 30, 2021:

Entity/Institution	Federal Coronavirus Relief Fund	Federal Higher Education Emergency Relief Fund	Other Federal COVID-19-Related Funds	Total
University System office	\$1,468,787			\$1,468,787
Bismarck State College	4,210,745	\$960,372		5,171,117
Lake Region State College	880,813	500,055		1,380,868
Williston State College	1,712,364	500,000		2,212,364
University of North Dakota	20,984,766	5,491,551	\$299,921	26,776,238
UND School of Medicine and Health Sciences			3,221,492	3,221,492
North Dakota State University	18,618,664	7,728,326		26,346,990
North Dakota State College of Science	5,107,897	823,352	1,500,000	7,431,249
Dickinson State University	2,346,239	672,185		3,018,424
Mayville State University	2,206,656	500,148		2,706,804
Minot State University	2,454,439	1,339,854		3,794,293
Valley City State University	740,353	500,000		1,240,353
Dakota College at Bottineau	804,631	500,111		1,304,742
Total	\$61,536,354	\$19,515,954	\$5,021,413	\$86,073,721

### Capital Building Fund Program

The 2019 Legislative Assembly appropriated \$29 million for institution capital building funds for the 2019-21 biennium. The appropriation included \$10 million from Bank of North Dakota profits and \$10 million from institution \$1-to-\$1 matching funds appropriated directly to each institution for Tier II of the capital building fund program. The appropriation also includes \$7 million from Bank of North Dakota profits and \$2 million from the general fund appropriated to the University System office to be allocated to the institutions for Tier III of the capital building fund program once \$2 of matching funds have been secured for each \$1 from the state. Institutions could use their capital building funds for legislatively authorized capital projects and for extraordinary repairs and deferred maintenance projects which did not exceed \$700,000 and did not increase the square footage of a building.

The 2021 Legislative Assembly enacted the capital building fund program in statute, including a newly created University System capital building fund, and provided continuing appropriation authority from the fund. The Legislative Assembly did not continue the requirement that extraordinary repairs and deferred maintenance projects not exceed \$700,000. The Legislative Assembly transferred \$19 million from the strategic investment and improvements fund to the newly created University System capital building fund, \$10 million of which is subject to \$1-to-\$1 matching fund requirements and \$9 million of which is subject to \$2-to-\$1 matching fund requirements.

### **Capital Projects**

The Legislative Assembly appropriated \$4 million of one-time funding, including \$2.5 million from the strategic investment and improvements fund and \$1.5 million from other funds, to Dakota College at Bottineau for the 2021-23 biennium for a renovation of Old Main.

### **Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Capital building fund program** - Sections 6, 7, and 14 provide for the continuation of the capital building fund program, including a \$19 million transfer from the strategic investment and improvements fund to the University System capital building fund and the continuation of unexpended funds appropriated for the 2019-21 biennium.

**Strategic investment and improvements fund** - Section 8 identifies \$2.5 million from the strategic investment and improvements fund for the Dakota College at Bottineau Old Main renovation and \$363,000 from the strategic investment and improvements fund for the Lake Region State College Curtis and Annette Hofstad Agricultural Center.

**Extraordinary repairs matching funds** - Section 9 requires institutions to match state extraordinary repairs funding on a \$2-to-\$1 basis using operations or other funding.

**Higher education funding formula** - Sections 11, 12, 13, and 18 amend the higher education funding formula to implement the recommendations of the interim Higher Education Committee, excluding the restoration of the hold harmless clause.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Project management oversight** - Section 19 requires capital projects authorized by the State Board of Higher Education to have adequate project oversight by an institution official or representative of an external entity.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution's operations line item to the institution's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

**Capital projects carryover** - Section 24 provides an exemption to allow the continuation of funding appropriated from the general fund for the 2017-19 biennium by the Legislative Assembly in Senate Bill No. 2297 (2019) for certain institution capital projects.

### **Related Legislation**

**House Bill No. 1395 - COVID-19** - This bill appropriates \$61,536,354 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to the University System in response to the COVID-19 pandemic.

**House Bill No. 1503 - Free speech** - This bill provides statutory changes relating to free speech policies of institutions under the control of the State Board of Higher Education.

**Senate Bill No. 2013 - Permanent funds distributions** - This bill provides distributions to University System institutions from permanent funds established for the benefit of the institutions. The following is a comparison of distributions from permanent funds during the 2019-21 and 2021-23 bienniums:

Institution	2019-21 Distribution	2021-23 Distribution	Increase (Decrease)
North Dakota State University	\$5,916,000	\$6,620,000	\$704,000
University of North Dakota	4,504,000	5,084,000	580,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
Valley City State University	1,034,000	1,178,000	144,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
Total	\$14,584,000	\$16,420,000	\$1,836,000

**Senate Bill No. 2030 - Challenge grants** - This bill appropriates \$11.15 million from the general fund to continue the higher education challenge matching grant program and adds abortion-related restrictions to the program's eligibility requirements. A section providing for a penalty for supporting abortion was vetoed by the Governor.

**Senate Bill No. 2033 - Capital building fund** - This bill continues the University System capital building fund program.

**Forest Service  
Budget No. 244  
Senate Bill No. 2003**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>28.00</b>	<b>\$4,792,478</b>	<b>\$10,669,315</b>	<b>\$15,461,793</b>
2021-23 base budget	27.00	4,676,664	10,665,400	15,342,064
Legislative increase (decrease) to base budget	1.00	\$115,814	\$3,915	\$119,729

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$4,792,478</b>	<b>\$0</b>	<b>\$4,792,478</b>
2019-21 legislative appropriations	4,676,664	0	4,676,664
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$115,814	\$0	\$115,814
Percentage increase (decrease) to 2019-21 appropriations	2.5%	N/A	2.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted FTE positions pursuant to Section 24 of House Bill No. 1003 (2019)	1.00			
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$114,490	\$3,873	\$118,363
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,324	42	1,366
<b>Total</b>	<b>1.00</b>	<b>\$115,814</b>	<b>\$3,915</b>	<b>\$119,729</b>

**FTE Changes**

The Legislative Assembly approved 28 FTE positions for the Forest Service for the 2021-23 biennium, an increase of 1 FTE position from the 2019-21 biennium authorized level of 27 FTE positions. The 1 FTE position was added pursuant to Section 24 of House Bill No. 1003 (2019), which authorized the State Board of Higher Education to adjust FTE positions at institutions under its control. Section 23 of Senate Bill No. 2003 (2021) continues the authorization of the board to adjust positions at institutions under its control during the 2021-23 biennium.

### **Other Sections in Senate Bill No. 2003**

**Additional funds appropriation authority** - Section 4 appropriates any additional other funds received by entities under the control of the State Board of Higher Education to the respective entities.

**Carryover authority** - Section 15 continues the authorization through July 31, 2023, for institutions under the control of the State Board of Higher Education to continue unexpended appropriations at the end of a biennium.

**Transfer authority** - Section 22 provides that the State Board of Higher Education may transfer funds from an institution or entity's operations line item to the institution or entity's capital assets line item if the board determines that additional funds are needed for capital assets.

**FTE positions** - Section 23 authorizes the State Board of Higher Education to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control.

## **SECTION G - HUMAN SERVICES**

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## DEPARTMENT OF HUMAN SERVICES - SUMMARY

### DEPARTMENTWIDE

**Total funding** - The table below provides a comparison of the legislative appropriation for the department for the 2021-23 biennium compared to the 2019-21 biennium funding level.

Department of Human Services Total	2019-21 Biennium Appropriation			2021-23 Biennium Appropriation			Increase (Decrease)		
	Ongoing	One-Time	Total	Ongoing	One-Time	Total	Ongoing	One-Time	Total
General fund	\$1,461,150,884	\$1,512,603	\$1,462,663,487	\$1,554,787,654	\$24,233,216	\$1,579,020,870	\$93,636,770	\$22,720,613	\$116,357,383
Other funds	2,623,604,181	712,118,350 <sup>1</sup>	3,335,722,531	2,894,766,635	297,355,009 <sup>2</sup>	3,192,121,644	271,162,454	(414,763,341)	(143,600,887)
<b>Total</b>	<b>\$4,084,755,065</b>	<b>\$713,630,953</b>	<b>\$4,798,386,018</b>	<b>\$4,449,554,289</b>	<b>\$321,588,225</b>	<b>\$4,771,142,514</b>	<b>\$364,799,224</b>	<b>(\$392,042,728)</b>	<b>(\$27,243,504)</b>
FTE	2,230.23	0.00	2,230.23	2,248.33	1.00	2,249.33	18.10	1.00	19.10

<sup>1</sup>Includes \$369,640,469 of one-time federal COVID-19 funding appropriated by the 2021 Legislative Assembly for the 2019-21 biennium and one-time funding of \$333,333 appropriated from the department's operating fund for a grant to a political subdivision for a fire apparatus.

<sup>2</sup>Includes \$245,897,478 of one-time federal COVID-19 funding.

### One-Time Funding

The Legislative Assembly identified \$321,588,225 of one-time funding for the Department of Human Services (DHS) for the 2021-23 biennium, of which \$24,233,216 is from the general fund. The following schedule details the one-time funding items.

	General Fund	Other Funds	Total
Medicaid management information system (MMIS) upgrade	\$4,326,686	\$30,673,314	\$35,000,000
MMIS technology stack upgrade	600,000	1,800,000	2,400,000
Child welfare technology project	15,000,000	15,000,000	30,000,000
Data automation project	98,186	98,186	196,372
Quality measures services initiative	11,344	34,031	45,375
Senior nutrition services (federal coronavirus relief funds)		2,457,638	2,457,638
Community behavioral health program (federal coronavirus relief funds)		1,750,000	1,750,000
Nursing facility payment methodology change	3,348,000	3,852,000	7,200,000
Development disabilities stabilization grants	125,000		125,000
Southeast Human Services Center projects	724,000		724,000
COVID-19 federal funding authority (House Bill No. 1395)		241,689,840	241,689,840
<b>Total</b>	<b>\$24,233,216</b>	<b>\$297,355,009</b>	<b>\$321,588,225</b>

### Full-Time Equivalent Positions and Salary and Benefit Adjustments

**FTE positions** - The Legislative Assembly authorized a total of 2,249.33 FTE positions for DHS for the 2021-23 biennium, an increase of 19.10 FTE positions from the 2019-21 biennium authorized level of 2,230.23. The following schedule summarized the FTE position changes approved by the Legislative Assembly.

Changes requested in agency savings plan	(9.60)
Refugee resettlement positions	4.00
Economic assistance specialty eligibility worker	1.00
Transition of duties from judicial branch to child support	3.50
Transition of 19- and 20-year olds in Medicaid Expansion to fee for service	0.50
Aging services position to assist in federal Department of Justice lawsuit settlement (Position authorized for 2021-23 biennium only)	1.00
Transfer of early childhood education program from the Department of Public Instruction	3.00



Administration of new early childhood program	3.70
Regulation and oversight of early childhood program	8.00
Behavioral health grants and funding position	1.00
Human service zones home- and community-based services	3.00
<b>Total</b>	<b>19.10</b>

**Annual salary increases** - The Legislative Assembly added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022.

**Employee health insurance premium increase** - The Legislative Assembly added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month during the 2021-23 biennium.

**Anticipated salary savings** - The Legislative Assembly reduced salaries and wages funding by \$4,694,730 from the general fund in anticipation of savings from vacant positions and employee turnover at the State Hospital, Life Skills and Transition Center, and Human Service Centers during the 2021-23 biennium.

### Inflationary Increases

The Legislative Assembly provided funding for a 2 percent provider inflationary increase the 1<sup>st</sup> year of the 2021-23 biennium and a 0.25 percent provider inflationary increase the 2<sup>nd</sup> year of the biennium. The cost of the inflationary increases is \$39,852,594, of which \$19,572,175 is from the general fund.

### Federal Medical Assistance Percentage

**Federal medical assistance percentage (FMAP)** - The federal medical assistance percentage determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota.

Federal Fiscal Year	Regular FMAP	COVID-19 Temporary FMAP <sup>1</sup>
2012	55.40%	
2013	52.27%	
2014	50.00%	
2015	50.00%	
2016	50.00%	
2017	50.00%	
2018	50.00%	
2019	50.00%	
2020	50.05%	56.25% <sup>3</sup>
2021	52.40%	58.60% <sup>3</sup>
2022	53.59% (estimate) <sup>2</sup>	
2023	54.65% (estimate) <sup>2</sup>	

<sup>1</sup>The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates.

<sup>2</sup>The updated estimates were not available until after adjournment of the legislative session. The budget approved by the Legislative Assembly for the 2021-23 biennium assumed an FMAP rate of 53.50 percent for federal fiscal years 2022 and 2023.

<sup>3</sup>The temporary increase in the FMAP resulted in approximately \$103.5 million of additional federal funding during the 2019-21 biennium.

**NOTE:** The following is the Medicaid Expansion FMAP for each calendar year:

2016	100%
2017	95%
2018	94%
2019	93%
2020 and future years	90%

The Legislative Assembly reduced general fund support for Medicaid programs by \$45,779,364 for the 2021-23 biennium based on estimated increases in federal funds resulting from FMAP changes.

### **Cost and Caseload Changes**

**Cost, caseload, and utilization changes** - The Legislative Assembly provided funding increases for 2021-23 biennium cost, caseload, and utilization changes of \$299,290,041, of which \$124,345,846 is from the general fund.

### **Transfer Authority**

The Legislative Assembly authorized the department to transfer appropriation authority between line items within the management, program and policy, and field services subdivisions of the department for the 2021-23 biennium. The department is also authorized to transfer appropriation authority from the management, program and policy, and field services subdivisions to the county social service financing subdivision. The department is to report to the Budget Section after June 30, 2022, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2023 Legislative Assembly regarding any transfers made.

### **Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$369,640,469 of federal COVID-19 funding for the 2019-21 biennium. Of this amount, \$60,554,974 was allocated from the federal Coronavirus Relief Fund. The Legislative Assembly appropriated a total of \$245,897,478 of federal COVID-19 funding for the 2021-23 biennium. Of this amount, \$4,207,638 was allocated from the federal Coronavirus Relief Fund.

### **MANAGEMENT**

The Management Division of DHS includes administration and information technology services. The following are major funding adjustments made by the Legislative Assembly for the Management Division:

- **Operating reduction** - Reduced funding for operating expenses by \$2 million.
- **Data processing and other costs** - Added \$19.2 million, of which \$14.8 million is from the general fund, for data processing and other information technology costs.
- **MMIS** - Added one-time funding of \$35 million, of which \$4,326,686 is from the general fund, for the first phase of upgrading MMIS.
- **MMIS tech stack upgrade** - Provided one-time funding of \$2.4 million, of which \$600,000 is from the general fund, to continue to upgrade software components of the MMIS technology stack.
- **Child welfare technology project** - Added one-time funding of \$30 million, of which \$15 million is from the general fund, to migrate the child welfare information technology system from the state mainframe system to a new platform.

### **PROGRAM AND POLICY**

**Program and policy** - The Program and Policy Division of DHS includes economic assistance, child support, medical services, long-term care, aging services, children and family services, mental health and substance abuse program, developmental disabilities council, developmental disabilities, aging services, and vocational rehabilitation services.

Changes made by the Legislative Assembly affecting multiple division programs include:

- **Inflationary increases** - Added funding of \$39,278,925, of which \$18,998,506 is from the general fund, for provider inflation increases of 2 percent the 1<sup>st</sup> year of the 2021-23 biennium and 0.25 percent the 2<sup>nd</sup> year of the biennium.
- **FMAP adjustments** - Reduced funding from the general fund by \$45,779,364 and increased federal funding by \$45,779,365 to reflect a revised FMAP of 52.40 percent for federal fiscal year 2021 and to 53.50 percent for federal fiscal year 2022.

### **Economic Assistance**

The following are major funding adjustments made by the Legislative Assembly for economic assistance:

- **Specialty eligibility worker** - Added funding of \$174,556, of which \$43,639 is from the general fund, for 1 FTE specialty eligibility worker.

### Child Support

The following are major funding adjustments made by the Legislative Assembly for child support:

- **Transfer of duties from judicial branch** - Added 3.5 FTE positions, and \$517,788 of funding, of which \$308,126 is from the general fund, to transfer certain child support enforcement duties from the judicial branch to DHS.

### Medical Services

The following are major funding adjustments made by the Legislative Assembly for medical services:

- **Medicaid Expansion** - Appropriated funding of \$704.3 million, of which \$81.1 million is from the general fund, to continue the Medicaid Expansion program. The Legislative Assembly adjusted funding to provide for 19- and 20-year olds in the Medicaid Expansion program to be transferred from the managed care plan to a fee for service arrangement.
- **Grant underfunding** - Related funding for Medicaid grants by \$19,536,838, of which \$9,580,913 is from the general fund in anticipation of savings from lower costs, caseload, and utilization of the program.
- **Medicaid interpreter services** - Added funding of \$499,200, of which \$249,600 is from the general fund, to allow interpreter services to be covered by Medicaid.
- **Continuous glucose monitoring devices** - Added funding of \$1,777,470, of which \$479,585 is from the general fund, to provide Medicaid coverage for continuous glucose monitoring devices.
- **Tribal health care coordination fund** - Added federal funding authority of \$7,181,628 based on changes made to the tribal health care coordination fund in House Bill No. 1407.
- **Community health trust fund** - Provided funding of \$31.5 million from the community health trust fund for expenses of the Medical Services Division.

The following schedule details grant funding for major programs included in medical services:

Program	2019-21 Appropriation	2021-23 Appropriation	Increase (Decrease)
Inpatient hospital	\$194,043,438	\$194,129,681	\$86,243
Outpatient hospital	101,137,728	109,157,626	8,019,898
Professional services	100,987,538	108,585,124	7,597,586
Drugs	44,208,773	49,845,860	5,637,087
Premiums	39,450,230	37,729,555	(1,720,675)
Psychiatric residential treatment facilities	32,057,524	34,657,042	2,599,518
Dental services	29,333,472	28,653,048	(680,424)
Indian Health Services	41,289,128	44,232,068	2,942,940
Ambulance services	10,543,400	12,346,568	1,803,168
Durable medical equipment	12,996,724	11,467,932	(1,528,792)
Federally qualified health centers	11,563,270	10,461,194	(1,102,076)
Rural health clinics	6,156,340	6,484,122	327,782
Behavioral health	10,932,484	12,493,232	1,560,748
1915i and peer support	0	27,960,715	27,960,715
Autism spectrum disorder	4,255,788	6,786,427	2,530,639
Medicaid Expansion	645,423,811	704,331,738	58,907,927
Other	63,568,090	108,233,490 <sup>1</sup>	44,665,400
<b>Total</b>	<b>\$1,347,947,738</b>	<b>\$1,507,555,422</b>	<b>\$159,607,684</b>
Less other funds	1,055,697,986	1,169,261,805	113,563,819
<b>General fund</b>	<b>\$292,249,752</b>	<b>\$338,293,617</b>	<b>\$46,043,865</b>

<sup>1</sup>Includes \$55,162,057 for estimated caseload increases.

### Long-Term Care

The following are major funding adjustments made by the Legislative Assembly for long-term care:

- **Utilization rate adjustments** - Reduced funding by \$18,825,365, of which \$9,395,558 is from the general fund, for utilization rate adjustments.
- **Nursing home operating margin adjustments** - Provided \$1 million from the health care trust fund and \$1,150,538 from federal funds for nursing facility operating margin adjustments.
- **Department of Justice lawsuit settlement** - Added funding of \$4,506,748, of which \$2,197,552 is from the general fund, for services to be provided due to a Department of Justice lawsuit settlement relating to providing home- and community-based services.
- **Nursing payment methodology** - Added \$7,200,000 of one-time funding, of which \$3,348,000 is from the general fund, for costs associated with the implementation of a new nursing facility payment methodology.

The following schedule details grant funding for major programs included in long-term care.

Program	2019-21 Appropriation	2021-23 Appropriation	Increase (Decrease)
Nursing homes	\$562,849,867	\$623,649,930	\$60,800,063
Basic care	49,555,981	50,893,289	1,337,308
Service payments to the elderly and disabled (SPED)	17,799,841	20,397,226	2,597,385
Expanded SPED	1,844,963	1,958,865	113,902
Personal care services	34,483,377	33,605,508	(877,869)
Targeted case management	1,917,742	157,824	(1,759,918)
Home- and community-based services waiver	30,104,751	46,820,167	16,715,416
Children's medically fragile waiver	544,416	398,028	(146,388)
Technology dependent waiver	591,288	0	(591,288)
Program for all inclusive care for the elderly	32,866,676	33,601,989	735,313
Children's hospice waiver	61,848	73,606	11,758
Autism services	3,889,781	2,255,530	(1,634,251)
Total	\$736,510,531	\$813,811,962	\$77,301,431
Less estimated income	358,806,895	414,357,642	55,550,747
General fund	\$377,703,636	\$399,454,320	\$21,750,684

### Developmental Disabilities Council

The Legislative Assembly did not provide for any major funding adjustments for the Developmental Disabilities Council.

### Aging Services

The following are major funding adjustments made by the Legislative Assembly for aging services:

- **Department of Justice lawsuit settlement** - Added funding of \$450,000, of which \$300,000 is from the general fund, for services to be provided due to a Department of Justice lawsuit settlement relating to home- and community-based services. One FTE position was also added for the 2021-23 biennium only.
- **Dementia services grant** - Added \$268,000 from the general fund for dementia services grants to provide total grant funding of \$1.3 million.
- **Senior nutrition services** - Added funding of \$2,457,638 from the federal Coronavirus Relief Fund for increased reimbursement rates for senior nutrition services.

### Children and Family Services

The following are major funding adjustments made by the Legislative Assembly for children and family services:

- **Early childhood program** - Transferred 3 FTE positions and \$700,000, of which \$300,000 is from the general fund, from the Department of Public Instruction to DHS for the administration of the 4-year old program.
- **Early childhood grant program** - Added 3.7 FTE positions and \$5,458,910, of which \$1,500,000 is from the general fund and \$3,958,910 is from federal funding received through the Department of Public Instruction, for a new best in class early childhood grant program.
- **Early childhood program regulatory duties** - Added 8 FTE positions and \$580,000, of which \$430,000 is from the general fund, for the regulatory duties of early childhood programs.

### Behavioral Health

The following are major funding adjustments made by the Legislative Assembly for behavioral health:

- **Substance use disorder voucher** - Increased general fund support for the substance use disorder voucher from \$8 million to \$15 million and provided \$2 million from the general fund for a substance use disorder grant program.
- **Grants and funding position** - Added 1 FTE grants and funding position and \$171,455 from the general fund.
- **Community behavioral health program** - Added \$1,750,000 of federal coronavirus relief funds for the community behavioral health program.

### Vocational Rehabilitation

The Legislative Assembly did not provide for any major funding adjustments for vocational rehabilitation.

### Developmental Disabilities

The following are major funding adjustments made by the Legislative Assembly for developmental disabilities:

- **Experienced parent program** - Added \$260,000 of funding from the general fund for the experienced parent program.
- **Corporate guardianships** - Provided \$98,311 from the general fund to increase the estimated number of individuals receiving corporate guardianship services from 489 to 499.
- **Provider stabilization grants** - Added one-time funding of \$125,000 from the general fund for emergency stabilization grants for developmental disability providers.

The following schedule details grant funding for major programs included in developmental disabilities.

Program	2019-21 Appropriation	2021-23 Appropriation	Increase (Decrease)
Intermediate care facilities	\$195,441,637	\$215,772,291	\$20,330,654
Residential services	239,821,865	266,623,824	26,801,959
Day habilitation	119,917,584	87,886,578	(32,031,006)
In-home supports	43,978,575	47,703,942	3,725,367
Infant development	30,483,710	35,231,667	4,747,957
Other services	36,552,430	63,065,302	26,512,872
Underfunding	(7,000,000)	0	7,000,000
<b>Total</b>	<b>\$659,195,801</b>	<b>\$716,283,604</b>	<b>\$57,087,803</b>
Less estimated income	339,844,419	385,001,880	45,157,461
<b>General fund</b>	<b>\$319,351,382</b>	<b>\$331,281,724</b>	<b>\$11,930,342</b>

## FIELD SERVICES

**Field services** - The Field Services Division of DHS includes human service centers and institutions. The sections below provide an overview of major funding changes approved by the Legislative Assembly for the 2021-23 biennium.

### Human Service Centers

The Legislative Assembly made the following major adjustments for human service centers:

- **Savings from vacant positions and employee turnover** - Reduced funding for salaries and wages by \$2,891,071 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2021-23 biennium.
- **Savings plan** - Reduced funding by \$3,305,609 as part of the department's savings plan for the human service centers.
- **Civil sex offender treatment contract** - Added \$917,004 from the general fund for a civil sex offender treatment contract.
- **Southeast Human Service Center projects** - Added \$724,000 of one-time funding from the general fund for heat pump and carpet replacement projects at the Southeast Human Service Center.

### Institutions

The Legislative Assembly made the following major adjustments for institutions which includes the State Hospital and Life Skills and Transition Center:

- **Savings from vacant positions and employee turnover** - Reduced funding for salaries and wages by \$1,803,659 from the general fund in anticipation of savings from vacant positions and employee turnover during the 2021-23 biennium.
- **Savings plan** - Reduced funding by \$12,943,223 and removed 17.6 FTE positions for the State Hospital and Life Skills and Transition Center as requested in the department's savings plan.
- **Life Skills and Transition Center psychiatry transition** - Added \$183,040 from the general fund for psychiatric transition costs at the Life Skills and Transition Center.
- **State Hospital study** - Provided one-time funding from the general fund of \$500,000 to the Legislative Council for the Legislative Management to study the services provided by the State Hospital.
- **State Hospital capital projects** - authorized the demolition of the chapel, administrative building, and employee building at the State Hospital. The Legislative Assembly also authorized DHS to transfer funds from other line items to pay for the demolition of the buildings and other emergency capital projects.

## COUNTY SOCIAL AND HUMAN SERVICE PROJECT

**County social and human service project** - The county social and human service project provides for state funding to be distributed to human service zones for the delivery of human services programs previously paid through county property tax levies. The schedule below provides a comparison of funding for the county social and human service project for the 2021-23 biennium compared to the 2019-21 biennium.

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
General fund		\$1,240,391	\$1,240,391
Other funds	\$173,700,000	188,676,995	14,976,995
Total	\$173,700,000	\$189,917,386	\$16,217,386
FTE positions	140.00	143.00	3.00

Section 18 of House Bill No. 1015 transfers \$187,223,092 from the tax relief fund to the human service finance fund. The funding is then appropriated from the human service finance fund to DHS for costs of the county social and human service project. Major other funds adjustments approved by the Legislative Assembly for the county social and human service project for the 2021-23 biennium include:

- Added \$498,673 and 3 FTE home- and community-based services staff.
- Added \$3,812,383 of funding to provide salary increases to zone employees consistent with state employee salary increases.
- Added \$9,089,381 of funding for zone operations.

### **DEPARTMENT OF HUMAN SERVICES AND STATE DEPARTMENT OF HEALTH MERGER**

The Legislative Assembly, in House Bill No. 1247, provided for the merger of the State Department of Health and DHS to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into DHS and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of DHS who will be the Executive Director of the Department of Health and Human Services. Legislative intent also provides that during the 2021-23 biennium, the Executive Director of the former DHS review and reorganize the structure of the former DHS to incorporate the former State Department of Health and to find efficiencies in the newly formed Department of Health and Human Services.

**Department of Human Services  
Budget No. 325  
House Bill Nos. 1012, 1003, and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>2,249.33</b>	<b>\$1,579,020,870</b>	<b>\$3,192,121,644</b>	<b>\$4,771,142,514</b>
2021-23 base budget	2,230.23	1,461,150,884	2,623,604,181	4,084,755,065
Legislative increase (decrease) to base budget	19.10	\$117,869,986	\$568,517,463	\$686,387,449

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,554,787,654</b>	<b>\$24,233,216</b>	<b>\$1,579,020,870</b>
2019-21 legislative appropriations	1,461,150,884	1,512,603	1,462,663,487
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$93,636,770	\$22,720,613	\$116,357,383
Percentage increase (decrease) to 2019-21 appropriations	6.4%	1,502.1%	8.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
<b>Departmentwide</b>				
Adjusted funding for base payroll changes		(\$6,139,265)	\$15,258,184	\$9,118,919
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		7,642,068	2,218,302	9,860,370
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		84,141	24,009	108,150
Appropriated estimated <b>one-time federal COVID-19 funding</b> to be received through the federal American Rescue Plan Act and other sources for various department programs (House Bill No. 1395)			241,689,840	241,689,840
<b>Management</b>				
<b>Administration</b>				
Adjusted funding for continued program changes		341,831	841,290	1,183,121



Adjusted funding and FTE positions as requested in the department's savings plan	8.00	431,068	440,358	871,426
Reduced funding for operating expenses		(2,000,000)		(2,000,000)
<b>Information Technology Services</b>				
Adjusted funding for data processing costs and other program changes		14,822,924	4,401,791	19,224,715
Adjusted funding as requested in the department's savings plan		(4,396,355)	(3,012,157)	(7,408,512)
Added funding for technology contractual services and repairs		4,010,886		4,010,886
Added funding for an early childhood data system		500,000		500,000
Added funding for Microsoft Office 365 licensing expenses		200,315	50,079	250,394
Reprioritized other funds from other agency budget areas for information technology costs			2,324,362	2,324,362
Added <b>one-time funding</b> for the first phase of upgrading the Medicaid management information system (MMIS)		4,326,686	30,673,314	35,000,000
Added <b>one-time funding</b> for a child welfare technology project		15,000,000	15,000,000	30,000,000
Added <b>one-time funding</b> for data automation services		98,186	98,186	196,372
Added <b>one-time funding</b> for the MMIS technology stack project		600,000	1,800,000	2,400,000
Added <b>one-time funding</b> for quality measures services		11,344	34,031	45,375
<b>Program and Policy</b>				
Added provider inflation funding to provide a 2.0 percent increase the 1 <sup>st</sup> year of the biennium and a 0.25 percent increase the 2 <sup>nd</sup> year of the biennium		18,998,506	20,280,419	39,278,925
Adjusted funding based on anticipated changes to the state's federal medical assistance percentage to 52.40 percent for federal fiscal year 2021 and 53.50 percent for federal fiscal year 2022		(45,779,364)	45,779,364	0
Added federal funding and FTE positions for refugee resettlement services	4.00		4,337,408	4,337,408
<b>Economic Assistance</b>				
Adjusted funding for continued program changes		(210,585)	3,276,939	3,066,354
Adjusted funding for estimated cost and caseload changes		2,952,453	8,382,789	11,335,242
Added 1 FTE specialty eligibility position	1.00	43,639	130,917	174,556
<b>Child Support</b>				
Adjusted funding for continued program changes		36,397	(91,785)	(55,388)
Adjusted funding as requested in the department's savings plan		(103,906)	(357,788)	(461,694)
Added FTE positions and funding for duties being transferred from the judicial branch to child support	3.50	308,126	209,662	517,788

**Medical Services**

Adjusted funding for continued program changes		2,493,060	5,504,976	7,998,036
Adjusted funding for estimated cost and caseload changes		55,976,251	100,813,594	156,789,845
Adjusted funding as requested in the department's savings plan, excluding changes to Medicaid Expansion administration and rates		(999,112)	5,250,858	4,251,746
Reprioritized other funds for the dental access program for information technology costs			(40,000)	(40,000)
Adjusted the source of funding from the tobacco prevention and control trust fund (\$6 million) and community health trust fund (\$900,000) to the general fund. After the adjustments, there is no funding provided from the tobacco prevention and control trust fund and \$31.5 million from the community health trust fund		6,900,000	(6,900,000)	0
Reduced funding for Medicaid grants in anticipation in savings from lower cost, caseload, and utilization		(9,580,913)	(9,955,925)	(19,536,838)
Added funding for vaccines for Medicaid recipients		1,581,000	1,819,000	3,400,000
Added funding for services to be provided due to a Department of Justice lawsuit settlement relating to providing home- and community-based services		66,465	199,395	265,860
Transferred 19- and 20-year old individuals in Medicaid Expansion to fee-for-service arrangement	0.50	(2,413,379)	(2,745,227)	(5,158,606)
Adjusted estimated Medicaid utilization rates for inpatient and outpatient hospital		(176,553)	(202,213)	(378,766)
Restored funding related to per member per month payments		769,869	882,371	1,652,240
Added funding to allow interpreter services to be covered by Medicaid		249,600	249,600	499,200
Added funding for the costs to provide Medicaid coverage for continuous glucose monitoring devices as provided in House Bill No. 1288		479,585	1,297,885	1,777,470
Adjusted funding based on changes to the tribal health care coordination fund in House Bill No. 1407			7,181,628	7,181,628
Added funding for costs to provide Medicaid coverage of metabolic supplements as provided in Senate Bill No. 2224		9,300	10,700	20,000

**Long-Term Care**

Adjusted funding for estimated cost and caseload changes		40,219,972	37,478,740	77,698,712
Adjusted funding as requested in the department's savings plan		(7,871,872)	(960,285)	(8,832,157)
Reprioritizes other funds for the basic care program for information technology costs			(2,284,362)	(2,284,362)
Restored funding for the basic care program		5,300,000		5,300,000

Adjusted the source of funding from the health care trust fund to the general fund		1,000,000	(1,000,000)	0
Adjusted funding for estimated utilization rates		(9,395,558)	(9,429,807)	(18,825,365)
Provided \$1,000,000 of funds from the health care trust fund and \$1,150,538 of federal funding authority for nursing home operating margins			2,150,538	2,150,538
Added funding for services to be provided due to a Department of Justice lawsuit settlement relating to providing home- and community-based services		1,578,002	1,596,372	3,174,374
Transferred \$300,000 of funding from the autism waiver program to the autism voucher program				
Added <b>one-time funding</b> for changes associated with the implementation of a new nursing facility payment methodology		3,348,000	3,852,000	7,200,000
<b>Developmental Disabilities Council</b>				
Adjusted funding for continued program changes			124,949	124,949
<b>Aging Services</b>				
Adjusted funding for continued program changes		126,302	2,384,246	2,510,548
Adjusted funding as requested in the department's savings plan		(248,240)	(163,425)	(411,665)
Added 1 FTE position and funding for services to be provided due to a Department of Justice lawsuit settlement relating to providing home- and community-based services	1.00	300,000	150,000	450,000
Added funding for a Senior Community Services Employment Program demonstration grant			889,285	889,285
Increased funding for dementia services grants to provide a total of \$1.3 million		268,000		268,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for senior nutrition services			2,457,638	2,457,638
Made a one-time adjustment for the 2021-23 biennium for senior nutrition services		(1,000,000)		(1,000,000)
<b>Children and Family Services</b>				
Adjusted funding for continued program changes		3,172,228	(394,323)	2,777,905
Adjusted funding as requested in the department's savings plan		(12,191,335)	(7,728,080)	(19,919,415)
Restored a portion of funding removed due to 1915(i) realignment of funding		100,000		100,000
Adjusted funding for cost and caseload changes		(6,187,819)	6,025,058	(162,761)
Transferred early childhood program funding and FTE positions from the Department of Public Instruction as provided in House Bill No. 1416	3.00	300,000	400,000	700,000

Added funding for an early childhood grant program as provided in House Bill No. 1466	3.70	1,500,000	3,958,910	5,458,910
Delayed the realignment of therapeutic foster care targeted case management rates		549,585	632,319	1,181,904
Added funding and FTE positions for regulatory duties of child care and early childhood programs	8.00	430,000	150,000	580,000

**Behavioral Health Division**

Adjusted funding for continued program changes		156,645	(1,957,536)	(1,800,891)
Adjusted funding as requested in the department's savings plan		(832,173)		(832,173)
Restored a portion of funding removed due to 1915(i) realignment of funding		378,236		378,236
Adjusted funding for cost and caseload changes		5,427,067		5,427,067
Increased funding for substance use disorder vouchers to \$15 million and added \$2 million for substance use disorder grants		9,000,000		9,000,000
Added 1 FTE grants and funding position	1.00	171,455		171,455
Added funding from an opioid-related lawsuit settlement for opioid addiction prevention and treatment services (House Bill No. 1003)			2,000,000	2,000,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for the community behavioral health program			1,750,000	1,750,000

**Vocational Rehabilitation**

Adjusted funding for continued program changes		(416,293)	(381,081)	(797,374)
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**Developmental Disabilities**

Adjusted funding for continued program changes		(11,821)	163,017	151,196
Adjusted funding as requested in the department's savings plan		(2,252,289)	(1,926,850)	(4,179,139)
Adjusted funding for cost and caseload changes		19,323,007	22,244,014	41,567,021
Restored funding for small agency accreditation costs		100,000		100,000
Added funding for the experienced parent program		260,000		260,000
Restored funding for Section 11 supported housing and employment		373,261		373,261
Increased corporate guardianship slots by 10 to provide for 499 total slots		98,311		98,311
Restored funding for recreational and leisure services grants		150,000		150,000
Adjusted funding for crisis beds to reflect updated budget estimates		(30,156)	116,556	86,400
Restored a portion of funding reduced in the agency savings plan for adjustments to provider rates		2,000,000	2,200,000	4,200,000
Added <b>one-time funding</b> to provide emergency stabilization grants to developmental disability providers		125,000		125,000

**Field Services**

Added provider inflation funding to provide a 2.0 percent increase the 1 <sup>st</sup> year of the biennium and a 0.25 percent increase the 2 <sup>nd</sup> year of the biennium	573,669		573,669
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**Human Services Centers**

Adjusted funding for continued program changes	3,116,890	(2,911,912)	204,978
Adjusted funding for estimated cost and caseload changes	2,624,029		2,624,029
Adjusted funding as requested in the department's savings plan	(6,414,994)		(6,414,994)
Added funding for a civil sex offender treatment contract	917,004		917,004
Restored funding for supportive housing grants reduced as part of the 1915(i) realignment	3,109,385		3,109,385
Restored funding for rent expenses at the Northeast Human Service Center	168,736		168,736
Added <b>one-time funding</b> for heat pump and carpet replacement projects at the Southeast Human Service Center	724,000		724,000

**Institutions**

Adjusted funding for continued program changes	(4,250,920)	3,154,778	(1,096,142)
Adjusted funding as requested in the department's savings plan excluding bed reductions at the State Hospital	(17.60)	(6,228,825)	(6,714,398)
Added funding for psychiatry transition costs at the Life Skills and Transition Center	183,040		183,040
Added funding for adaptive equipment at the Life Skills and Transition Center		306,701	306,701

**County Social Services Financing**

Adjusted funding for continued program changes	896,189	(372,192)	523,997
Added 3 FTE home- and community-based services staff	3.00	498,673	498,673
Added funding to provide salary increases to zone employees consistent with state employee salary increases		3,812,383	3,812,383
Added funding for zone operations		9,089,381	9,089,381
<b>Total</b>	<u>19.10</u>	<u>\$117,869,986</u>	<u>\$568,517,463</u>
		<u>\$686,387,449</u>	

### FTE Changes

The Legislative Assembly approved 2,249.33 FTE positions for the Department of Human Services (DHS) for the 2021-23 biennium, an increase of 19.10 positions from the 2019-21 biennium. The Legislative Assembly approved the following FTE position adjustments:

Changes requested in agency savings plan	(9.60)
Refugee resettlement positions	4.00
Economic assistance specialty eligibility worker	1.00
Transition of duties from judicial branch to child support	3.50
Transition of 19- and 20-year olds in Medicaid Expansion to fee-for-service arrangement	0.50
Aging services position to assist in federal Department of Justice lawsuit settlement (position authorized for 2021-23 biennium only)	1.00
Transfer of early childhood education program from the Department of Public Instruction	3.00
Administration of new early childhood program	3.70
Regulation and oversight of early childhood program	8.00
Behavioral health grants and funding position	1.00
Human service zones home- and community-based services	3.00
<b>Total</b>	<b>19.10</b>

### One-Time Funding

The following is a summary of one-time funding items for DHS for the 2021-23 biennium:

	General Fund	Other funds	Total
MMIS upgrade	\$4,326,686	\$30,673,314	\$35,000,000
MMIS technology stack upgrade	600,000	1,800,000	2,400,000
Child welfare technology project	15,000,000	15,000,000	30,000,000
Data automation project	98,186	98,186	196,372
Quality measures services initiative	11,344	34,031	45,375
Senior nutrition services (federal coronavirus relief funds)		2,457,638	2,457,638
Community behavioral health program (federal coronavirus relief funds)		1,750,000	1,750,000
Nursing facility payment methodology change	3,348,000	3,852,000	7,200,000
Developmental disabilities stabilization grants	125,000		125,000
Southeast Human Service Center projects	724,000		724,000
COVID-19 federal funding authority (House Bill No. 1395)		241,689,840	241,689,840
<b>Total</b>	<b>\$24,233,216</b>	<b>\$297,355,009</b>	<b>\$321,588,225</b>

**2019-21 Biennium Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$369,640,469 of federal COVID-19 funding for the 2019-21 biennium. Of this amount, \$60,554,974 was allocated from the federal Coronavirus Relief Fund as follows:

	<b>Federal Funds - 2019-21 Biennium</b>
Childcare emergency operations grants	\$48,850,000
Emergency rent bridge program	2,900,000
Skilled nursing facilities air purification systems	2,561,020
Community-based behavioral health services	1,502,360
Senior nutrition services	1,131,800
Temporary staffing needs	792,452
Personal protective equipment	686,658
Portable ionizers	499,375
Great Plains Food Bank	303,920
Telehealth equipment	300,000
Human service zone expenses	236,600
Supplemental nutrition assistance program startup grants	117,707
Electronic health records system updates	211,930
Information technology programming	154,152
Child care surveys	45,000
Connect charts	100,000
Real time location system study	64,000
Qualified service provider grants	50,000
Human services client support	48,000
<b>Total</b>	<b>\$60,554,974</b>

The Legislative Assembly also appropriated other federal COVID-19 funding anticipated to be received during the 2019-21 biennium in House Bill No. 1394 as follows:

	<b>Federal Funds - 2019-21 Biennium</b>
Substance abuse prevention and treatment services	\$6,411,715
Emergency rental assistance program	200,000,000
Mental health block grant program to provide services to children and adults with serious mental illness	1,435,102
Child care and development block grant to allow low-income families to have access to child care	19,448,230
Safe and stable families program to ensure childrens' safety within their homes	90,342
Foster care program costs to assist foster care youth	1,224,837
Education and training vouchers for postsecondary costs of youth leaving foster care	166,136
Congregate and home-delivered meals for older adults to maintain their health	840,000
Ombudsman program to assist in preventing elder neglect and abuse	20,000
Vulnerable adult protective services to assist older adults affected by abuse, neglect, or financial exploitation	704,100
Supplemental nutrition assistance program increased monthly benefit distribution	7,200,000
Supplemental nutrition assistance program emergency assistance to increase program availability	16,992,580
Pandemic electronic benefits transfer to provide food assistance to children who would normally receive free or reduced school lunches	31,992,804
Water and wastewater bill assistance to assist in utility payment	3,700,000
Enhanced federal medical assistance percentage increase of 6.2 percent from April through June 2021	16,000,000
Mental health and substance use disorder funding to provide crisis intervention services and other mental health support	2,859,649
<b>Total</b>	<b>\$309,085,495</b>

**2021-23 Biennium Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$245,897,478 of federal COVID-19 funding for the 2021-23 biennium. Of this amount, \$4,207,638 was allocated from the federal Coronavirus Relief Fund and appropriated in House Bill No. 1012 for senior nutrition services (\$2,457,638) and community behavioral health services (\$1,750,000). Other estimated federal COVID-19 funding to be received through the federal American Rescue Plan Act and other sources was appropriated in House Bill No. 1395 as follows:

	<b>Federal Funds - 2021-23 Biennium</b>
Continuation of child care development block grant payments and assistance to individuals and child care providers	\$29,243,107
Child care stabilization grants to child care providers and increased supports for providers and families	46,771,413
Additional child care entitlement funding for child care assistance program	1,317,327
Low-income home energy assistance program enhancements	34,517,336
Pandemic emergency assistance for nonrecurrent short-term needs of families	1,354,594
Community-based child abuse prevention efforts for respite care, after school activities, and family support	592,780
Child abuse state grants for outreach and training on child protection safety and response	284,363
Supportive services to assist older adults to maintain independence	2,300,000
Additional assistance for nutrition services for the elderly to provide increased reimbursement rates	3,750,000
Expansion of preventative services programs and training for older adults	150,000
Family caregiver assistance	500,000
Awareness and access improvements to the long-term care ombudsman	50,000
Additional mental health block grant funding for community mental health services	2,567,171
Additional substance abuse block grant funding for substance use prevention efforts and substance use disorder needs	5,537,390
Emergency rental assistance program to provide rental assistance to eligible individuals	50,000,000
Additional funding for the supplemental nutrition assistance program for system modifications and staffing	922,754
Additional federal Part C funding for early intervention and other efforts for infants and toddlers with developmental disabilities	1,222,769
Additional aging services funding for expanding access to COVID-19 vaccines and other services	408,836
Supplemental nutrition assistance program increased benefit levels	3,600,000
Pandemic electronic benefits transfer funding to provide food assistance to children who normally received free or reduced lunches at school	6,600,000
Homeowner assistance program for financial assistance for homeowners	50,000,000
<b>Total</b>	<b>\$241,689,840</b>

**Other Sections in House Bill No. 1012**

**Deficiency appropriation** - Section 3 appropriates \$333,333 from the DHS operating fund during the 2019-21 biennium for a grant to a political subdivision for a portion of the cost of purchasing a firetruck.

**State Department of Health appropriation** - Section 4 appropriates \$281,715 from the general fund and \$281,715 from other funds to the State Department of Health for a grant to the Task Force on Prevention of Sexual Abuse of Children.

**Legislative Management study** - Section 5 appropriates \$500,000 from the general fund to the Legislative Council for a Legislative Management study of statewide acute psychiatric and residential care needs.

**ADA consultant** - Section 6 appropriates \$25,000 from the Capitol building fund to the Office of Management and Budget for a consultant to assist in modifying the Capitol building to meet requirements of the Americans with Disabilities Act.

**Spending restriction** - Section 7 prohibits DHS from spending any general fund savings resulting from temporary enhancements to the state's federal medical assistance percentage.

**Line item transfers** - Section 8 allows DHS to transfer appropriation authority between line items within subdivisions 1 through 3 of Section 1. Section 9 allows DHS to transfer appropriation authority from line items within subdivisions 1 through 3 of Section 1 to subdivision 4 of Section 1.



**Aging services FTE position** - Section 10 identifies 1 FTE position in the aging services program is for the administration of services resulting from a federal Department of Justice lawsuit settlement and the position is authorized only for the 2021-23 biennium.

**Transfer of appropriation authority to the Department of Health and Human Services** - Section 11 provides for DHS appropriation authority to be transferred to the newly created Department of Health and Human Services on September 1, 2022.

**Federal Coronavirus Relief Fund** - Section 12 identifies funding from the federal Coronavirus Relief Fund for senior nutrition services (\$2,457,638) and community behavioral health services (\$1,750,000).

**Human service finance fund** - Section 13 identifies \$187,223,092 of the appropriation for the county social and human service project is from the human service finance fund.

**Community health trust fund** - Section 14 identifies \$31.5 million of the appropriation for the Medical Services Division is from the community health trust fund.

**Health care trust fund** - Section 15 identifies \$1 million of the appropriation for long-term care is from the health care trust fund for nursing facility operating margin adjustments.

**Capital projects and payments** - Section 16 authorizes the payment of special assessments at the State Hospital and Life Skills and Transition Center. Section 17 authorizes the demolition of the chapel, administrative building, and employee building at the State Hospital. The section also allows DHS to transfer funds from other line items to pay for the demolition of the buildings and other emergency capital projects.

**Permanent supportive housing grants** - Section 18 identifies funding to be provided for permanent supportive housing grants and requires DHS to develop a funding methodology to distribute the funds.

**Emergency stabilization grants** - Section 19 identifies \$125,000 from the general fund to be used for emergency stabilization grants for newly licensed developmental disability providers.

**Refugee resettlement services** - Section 20 identifies funding to be used for refugee resettlement and provides for a Legislative Management report on the resettlement services.

**Medicaid Expansion appropriations** - Sections 21 and 22 provide DHS may not spend more for the Medicaid Expansion program than the amount appropriated in the bill with certain exceptions.

**Person-first language** - Section 23 provides new language to be included in statute must be drafted using person-first language.

**Substance use disorder grants and vouchers** - Sections 24, 25, and 26 create a new substance use disorder voucher facility grant program, establish a moratorium on new residential providers, and provide that no more than 45 percent of funding for service grants may be used for residential services.

**Behavioral health bed management system** - Section 27 provides for DHS to establish and maintain a behavioral health bed management system.

**Early childhood services fees** - Section 28 amends North Dakota Century Code Section 50-11.1-14 to authorize DHS to charge fees for early childhood training and development courses.

**Early childhood council** - Section 29 adds a special education director to the membership of the early childhood council.

**Disenrolling of individuals in certain programs** - Sections 30 and 31 prohibit the disenrollment of individuals in certain programs during a federally declared emergency.

**Medicaid Expansion program** - Sections 32 and 33 amend Section 50-24.1-37 to remove the sunset clause on the Medicaid Expansion program and provide effective January 1, 2022, 19- and 20-year old recipients are transitioned to a fee-for-service arrangement and provider reimbursement rates are not confidential.

**Interpreter services** - Section 34 authorizes interpreter services to be covered under the Medicaid program.

**Personal care** - Section 35 repeals Section 50-24.1-18.1 relating to personal care services for eligible medical assistance recipients.

**Conveyance of land** - Section 36 authorizes DHS to convey land at the Life Skills and Transition Center to the Grafton Parks and Recreation Department. Section 37 authorizes DHS to convey land at the Life Skills and Transition Center to the Grafton Fire Department.

**Lease of land** - Section 38 authorizes DHS and the Adjutant General to enter an agreement to lease up to 20 acres of property at the State Hospital for a National Guard training and storage facility.

**Provider outcomes** - Section 39 requires providers that receive funding from DHS to submit process and outcome measures.

**Residential treatment providers** - Section 40 requires DHS to adopt rules establishing a ratesetting process and other requirements for foster care maintenance rates for qualified residential treatment providers.

**Community behavioral health program** - Section 41 authorizes DHS to use line item transfers to provide funding for the community behavioral health program.

**Carryover authority** - Sections 42 through 52 provide exemptions to authorize DHS to continue unexpended appropriations into the 2021-23 biennium for certain programs.

**Utilization rates** - Section 53 provides legislative intent that DHS seek a deficiency appropriation from the 68<sup>th</sup> Legislative Assembly if provider funding is not sufficient to pay actual expenses.

**Developmental disability payment system** - Section 54 requires DHS to identify \$6.95 million of reductions for developmental disability provider payments for the 2021-23 biennium.

**Transition of individuals from Life Skills and Transition Center** - Section 55 provides legislative intent that DHS seek an appropriation from the federal state fiscal recovery fund for the transition of individuals from the Life Skills and Transition Center to private providers.

**Supported employment funding** - Section 56 provides intent that funding from the general fund appropriated for supported employment be used to continue contracts with existing providers.

**Consulting services** - Section 57 provides legislative intent that DHS and the State Department of Health utilize consulting services when merging to form the Department of Health and Human Services.

**Provider inflation increases** - Section 58 provides legislative intent that future special sessions of the 67<sup>th</sup> Legislative Assembly consider providing additional inflationary increases for providers during the 2<sup>nd</sup> year of the 2021-23 biennium.

**Early and periodic screening, diagnostic, and treatment program** - Section 59 provides for DHS to study the early and periodic screening, diagnostic, and treatment program.

**Basic care facility rates** - Section 60 requires DHS, in consultation with representatives of the basic care industry, to develop a new payment methodology for basic care payment rates.

**Four-year old program report** - Section 61 provides for DHS to report to the Legislative Management regarding the status of the implementation of the new 4-year old program.

**Substance use disorder voucher program report** - Section 62 provides for DHS to report to the Budget Section regarding the status of the substance use disorder voucher program.

**Transfer of employees** - Section 63 authorizes DHS to utilize child care licensing employees for other duties.

#### **Related Legislation**

**House Bill No. 1065 - Nursing home bed moratorium** - Amends Section 23-16-01.1 to adjust provisions relating to the nursing home bed moratorium.

**House Bill No. 1066 - Accreditation of human service centers** - Amends Section 50-06-05.2 to require DHS to request appropriations to ensure maintenance of the accreditation of human service centers and allows accreditation to be used as a basis for licensing in lieu of adopted rules for the operation of the centers.

**House Bill No. 1076 - Children's Cabinet membership** - Amends Section 50-06-43.1 to allow the Chairman of the Legislative Management to appoint a member of the Legislative Assembly as the presiding officer of the Children's Cabinet.

**House Bill No. 1090 - Nursing home payment methodology** - Amends various sections to adjust the payment methodology of nursing homes.

**House Bill No. 1247 - Department of Health and Human Services** - Merges the State Department of Health into DHS to create a new Department of Health and Human Services effective September 1, 2022.

**House Bill No. 1332 - Nursing home bed moratorium** - Amends Section 23-16-01.1 to extend the moratoria on basic care and nursing facility bed capacity.

**House Bill No. 1394 - Federal COVID-19 relief funding** - Appropriates federal COVID-19 relief funding anticipated to be received by state agencies.

**House Bill No. 1395 - Federal Coronavirus Relief Fund** - Reallocates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section and appropriates federal COVID-19 funding estimated to be received through the federal American Rescue Plan Act.

**House Bill No. 1402 - Substance use disorder voucher program** - Authorizes an out-of-state substance use disorder treatment program located in a bordering state to participate in the voucher program to provide services to underserved areas of the state.

**House Bill No. 1407 - Tribal health care coordination fund** - Increases from 60 to 80 percent, the amount of eligible funding to be deposited in the tribal health care coordination fund.

**House Bill No. 1416 - Early childhood duties** - Transfers early childhood education duties from the Department of Public Instruction to DHS.

**House Bill No. 1466 - Early childhood education grant program** - Establishes a new grant program within DHS to provide grants for early childhood education programs.

**Senate Bill No. 2083 - Child abuse** - Amends various sections relating to reporting and duties relating to child abuse.

**Senate Bill No. 2085 - Medical services program adjustments** - Amends various sections relating to the medical assistance program, including eligibility of Medicaid waivers for in-home services, services provided by advanced practice nurses, and payment methods for medical assistance providers.

**Senate Bill No. 2086 - County social and human service project** - Amends various sections relating to the county social and human service project, including the duties of counties and human service zones, payments to human service zones, and the process to inform county commissioners regarding options to transition zone employees to state employment, and transfers 16 FTE foster care licensing positions from zone employment to state employment.

**Senate Bill No. 2087 - Medical assistance prior authorization** - Amends Section 50-24.6-04 relating to prior authorization of medications for the medical assistance program.

**Senate Bill No. 2088 - Adoption assistance** - Amends Sections 50-28-02 and 50-09-02.2 relating to adoption assistance for children with special needs and payments to adoptive parents.

**Senate Bill No. 2089 - Housing stabilization assistance and autism spectrum disorder voucher program** - Amends Section 50-06-05.1 relating to housing stabilization assistance.

**Senate Bill No. 2135 - Report on department quality** - Requires DHS to provide a report to the Legislative Management before July 1, 2022, regarding the department's quality strategy.

**Senate Bill No. 2161 - Mental health program registry** - Requires DHS to establish and maintain a registry of mental health programs in the state.

**Senate Bill No. 2199 - Interstate contracts for treatment** - Amends Section 25-03.1-34.2 relating to DHS entering contracts with neighboring states for the treatment of mental illness or substance use disorders.

**Senate Bill No. 2256 - Study of developmental disability services** - Provides for a Legislative Management study of developmental disability services in the state.

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**Office of Management and Budget  
Budget No. 110  
House Bill Nos. 1015 and 1012; Senate Bill No. 2146**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>108.00</b>	<b>\$34,026,399</b>	<b>\$15,523,413</b>	<b>\$49,549,812</b>
2021-23 base budget	112.00	\$32,915,852	\$8,746,515	\$41,662,367
Legislative increase (decrease) to base budget	(4.00)	\$1,110,547	\$6,776,898	\$7,887,445

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$33,926,399</b>	<b>\$100,000</b>	<b>\$34,026,399</b>
2019-21 legislative appropriations	\$32,915,852	\$300,000	\$33,215,852
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,010,547	(\$200,000)	\$810,547
Percentage increase (decrease) to 2019-21 appropriations	3.1%	(66.7%)	2.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$125,958	\$2	\$125,960
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		422,046	80,861	502,907
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		4,416	734	5,150
Transferred 4 FTE positions to the Information Technology Department (ITD) for an information technology (IT) unification initiative resulting in a decrease in salaries and wages of \$846,547 and an increase in operating expenses of \$866,061	(4.00)	19,514		19,514
Added funding to reclassify vacant FTE positions into a human resource officer (\$110,869) and procurement officers (\$104,824)		215,693		215,693
Increased funding for temporary salaries related to the Risk Management Division of Office of Management and Budget (OMB)			20,000	20,000



Decreased funding for operating expenses primarily related to IT costs	(701,000)	(20,000)	(721,000)
Added funding for a budget software maintenance agreement (\$403,000) and a procurement software maintenance agreement (\$152,000)	555,000		555,000
Increased funding for Microsoft Office 365 licensing expenses	8,505	197	8,702
Increased funding for statewide memberships and dues	17,025		17,025
Decreased funding for the Emergency Commission contingency fund to provide total funding of \$400,000	(100,000)		(100,000)
Reduced funding for bond payments to provide total funding of \$564,515	(2,610)		(2,610)
Removed funding for boys' and girls' clubwork grants (\$53,000) and Council of State Employees grants (\$1,000)	(54,000)		(54,000)
Increased funding for guardianship grants by \$500,000, from \$1,950,600 to \$2,450,000	500,000		500,000
Added <b>one-time funding</b> for the state student internship program	100,000		100,000
Added <b>one-time funding</b> from the federal coronavirus capital projects fund for a grant to construct a medical center in Griggs County		500,000	500,000
Added <b>one-time funding</b> from the strategic investment and improvements fund for procurement software (\$2,021,204) and statewide budget software (\$1,230,100)		3,251,304	3,251,304
Added <b>one-time funding</b> from the Capitol building fund for a facility consolidation study (\$350,000), special assessments (\$300,000), extraordinary repairs (\$500,000), a building automation project (\$518,800), and interior and exterior signs (\$500,000)		2,168,800	2,168,800
Added <b>one-time funding</b> from the Capitol building fund for a consultant to determine compliance with accessibility standards in House Bill No. 1012		25,000	25,000
Added <b>one-time funding</b> from the Capitol building fund for accessibility improvements at the Capitol in Senate Bill No. 2146		750,000	750,000
Total	<u>(4.00)</u>	<u>\$1,110,547</u>	<u>\$6,776,898</u>
		<u>\$7,887,445</u>	

### FTE Changes

The Legislative Assembly approved 108 FTE positions for OMB for the 2021-23 biennium, a decrease of 4 FTE positions from the 2019-21 biennium authorized level of 112 FTE positions. The Legislative Assembly transferred 1 FTE program manager position, 2 FTE information services specialist positions, and 1 FTE business analyst position to ITD for an IT unification initiative.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1394, the Legislative Assembly appropriated \$2,732,339 of federal funds for grants to public schools and institutions of higher education to address COVID-19-related impacts.

In House Bill No. 1395, the Legislative Assembly appropriated \$7,021,370 of federal coronavirus relief funds to OMB for the 2019-21 biennium for touchless fixtures, automatic doors, cleaning services, ventilation ionizers, grants to private schools and institutions of higher education for COVID-19-related costs, and audit fees.

### Federal Coronavirus Capital Projects Fund - 2021-23 Biennium

Section 6 of House Bill No. 1015 appropriates \$88,557,600 from the federal Coronavirus Capital Projects Fund as follows:

- \$70 million to the Department of Career and Technical Education for a statewide career academy initiative grant program;
- \$5.9 million to the Department of Public Instruction for a children's science center in Minot;
- \$5 million to the University of North Dakota for apron reconstruction at the Grand Forks airport;
- \$4 million to Dickinson State University for a Pulver Hall project, a meat processing laboratory remodel project, and other projects;
- \$3 million to the Highway Patrol for a law enforcement training center remodel project;
- \$500,000 to OMB for a grant to a medical center in Griggs County; and
- \$157,600 to the judicial branch for information technology equipment.

Section 7 provides legislative intent regarding the future operating costs and maintenance of new area career centers, and Section 46 provides an emergency clause related to these appropriations.

### One-Time Funding

One-time appropriations for the 2021-23 biennium for OMB include the following:

	General Fund	Other Funds	Total
State student internship program	\$100,000	\$0	\$100,000
Extraordinary repairs (Capitol building fund)	0	500,000	500,000
Special assessments on Capitol grounds (Capitol building fund)	0	300,000	300,000
Facility consolidation study (Capitol building fund)	0	350,000	350,000
Building automation project (Capitol building fund)	0	518,800	518,800
Interior and exterior signage projects at the Capitol (Capitol building fund)	0	500,000	500,000
Consulting costs for compliance with accessibility standards - House Bill No. 1012 (Capitol building fund)	0	25,000	25,000
Accessibility improvements at the Capitol - Senate Bill No. 2146 (Capitol building fund)	0	750,000	750,000
Procurement software (strategic investment and improvements fund)	0	2,021,204	2,021,204
Statewide budget software (strategic investment and improvements fund)	0	1,230,100	1,230,100
Grant to a medical center in Griggs County (federal Coronavirus Capital Projects Fund)	0	500,000	500,000
<b>Total</b>	<b>\$100,000</b>	<b>\$6,695,104</b>	<b>\$6,795,104</b>

### Capital Improvements

In House Bill No. 1015, the Legislative Assembly provided \$1,518,800 from the Capitol building fund for capital improvements including \$500,000 for extraordinary repairs, \$518,800 for a building automation project, and \$500,000 for interior and exterior signage at the Capitol. In Senate Bill No. 2146, the Legislative Assembly provided \$750,000 from the Capitol building fund for accessibility improvements in the Capitol.

### Statewide Memberships

The schedule below provides information on statewide dues and memberships for the 2019-21 and 2021-23 bienniums.

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
Commission on Uniform State Laws (This budget includes travel costs, conference registration, and annual dues)	\$155,200	\$148,000	(\$7,200)
Council of State Governments	213,864	230,889	17,025
Western Governors' Association	72,000	79,200	7,200
National Governors Association	75,800	75,800	0
National Lieutenant Governors Association	2,000	2,000	0
Education Commission of the States	106,200	106,200	0
Western Interstate Commission for Higher Education <sup>1</sup>	0	0	0
Total dues and memberships	\$625,064	\$642,089	\$17,025

<sup>1</sup>Funding for the Western Interstate Commission for Higher Education is included in the higher education budget. The budgets for the 2019-21 biennium and 2021-23 biennium both include \$294,000 for the dues.

### Budget Stabilization Fund Transfer

North Dakota Century Code Chapter 54-27.2 provides any amount in the general fund at the end of the biennium in excess of \$65,000,000 must be transferred to the budget stabilization fund. The estimated transfer from the general fund to the budget stabilization fund at the end of the 2019-21 biennium totals \$22,409,125. After the transfer, the June 30, 2021, estimated general fund balance is \$710,259,973, and the June 30, 2021, estimated budget stabilization fund balance is \$748,943,600. However, if the interest earnings of the budget stabilization fund bring the balance of the budget stabilization fund to the 15 percent limit, the transfer from the general fund to the budget stabilization fund may be reduced or may not be required.

### Special Fund Transfers

**Strategic investment and improvements fund transfers** - Section 16 of House Bill No. 1015 provides for a transfer of \$410 million from the strategic investment and improvements fund to the general fund for the 2021-23 biennium. Section 17 of House Bill No. 1015 provides for a transfer of \$1 million from the strategic investment and improvements fund to the cultural endowment fund for the maintenance of public arts projects.

**Tax relief fund transfer** - Section 18 of House Bill No. 1015 provides for a transfer of \$187,223,092 from the tax relief fund to the human service finance fund for the 2021-23 biennium.

### Budgetary Changes for Other State Agencies in House Bill No. 1015

**State Treasurer** - Section 4 appropriates \$20 million, of which \$8.2 million is from the state disaster relief fund and \$11.8 million is from the tax relief fund, for allocations to townships located in non-oil-producing counties for township road and bridge projects.

**Department of Transportation** - Section 5 appropriates \$55 million from federal funds as matching funds for road and bridge projects, of which \$35 million is to match funding provided through bonding in House Bill No. 1431 and \$20 million is to match funding allocated to townships. Section 13 transfers \$100 million from the general fund to the highway fund at the end of the 2019-21 biennium to match additional federal discretionary funding that may become available during the 2021-23 biennium with the requirement that at least \$10 million be used to match federal funds for township road and bridge projects. Section 46 provides an emergency clause related to the transfer of \$100 million from the general fund to the highway fund at the end of the 2019-21 biennium.

**University of North Dakota** - Section 8 appropriates \$4 million from the general fund to the University of North Dakota for a space command initiative.

**Mayville State University** - Section 9 appropriates \$1.6 million from the general fund to Mayville State University for a boiler project. Section 46 provides an emergency clause related to this appropriation.

**Department of Commerce** - Section 10 appropriates \$1 million of one-time funding from the general fund to the Department of Commerce for discretionary grants.

**Judicial Branch** - Section 11 appropriates \$145,247 from the general fund to the Judicial Branch for a veterans' treatment court. Section 12 appropriates \$90,000 from the general fund to the judicial branch for youth cultural achievement programs.

**Bank of North Dakota** - Section 15 provides a contingent appropriation of \$17.5 million from the general fund to the Bank of North Dakota to repay a loan associated with a presidential library endowment fund with the funding available only if the July 1, 2021, beginning balance of the general fund exceeds the legislative estimate by \$17.5 million.

### **State Employee Compensation Package**

Section 24 of House Bill No. 1015 provides guidelines for the 2021-23 biennium state employee compensation adjustments. The salary increases are to average 1.5 percent with a minimum of \$100 per month to eligible state employees in the 1<sup>st</sup> year and are to average 2 percent in the 2<sup>nd</sup> year of the 2021-23 biennium. The Office of Management and Budget is required to develop guidelines for the compensation adjustments for classified employees. Employees whose documented performance does not meet standards are not be eligible for compensation adjustments.

### **Legislative Management Studies in House Bill No. 1015**

**Space needs at the Capitol study** - Section 43 provides for a Legislative Management study regarding the space needs of the executive, legislative, and judicial branches at the Capitol.

**State employee compensation study** - Section 44 provides for a Legislative Management study regarding state employee compensation.

**Biologic manufacturing sales tax exemption study** - Section 45 provides for a Legislative Management study of the fiscal impact of a sales tax exemption for raw materials used a biologic manufacturing process.

### **Other Sections in Senate Bill No. 2015**

**Community service supervision fund** - Section 3 appropriates any moneys in the community service supervision fund to OMB for distributions to community corrections association regions. Section 46 provides an emergency clause related to this appropriation.

**Legacy fund earnings estimate** - Section 14 identifies \$736 million of legacy fund earnings for the 2019-21 biennium.

**State student internship program** - Section 19 authorizes OMB to transfer student internship funding to other state agencies. Section 41 allows 2019-21 biennium appropriation authority for the state student internship program to continue to be available in the 2021-23 biennium.

**Capitol building fund** - Section 20 identifies \$2,168,800 from the Capitol building fund, including \$350,000 for a facility consolidation study, \$300,000 for special assessments associated with the Capitol grounds, \$500,000 for extraordinary repairs, \$518,800 for a building automation project, and \$500,000 for interior and exterior signage projects at the Capitol.

**Strategic investment and improvements fund** - Section 21 identifies \$3,251,304 from the strategic investment and improvements fund, including \$2,021,204 for the procurement software and \$1,230,100 for budget software.

**Grant and expense designations** - Section 22 designates the funding for statewide memberships and dues (\$642,089), unemployment insurance (\$2 million), and the Capitol Grounds Planning Commission (\$25,000).

**Risk management fund claims payment** - Section 23 authorizes OMB to make payments from the risk management fund for attorney's fees incurred by a state employee resulting from a criminal investigation lacking a probable cause.

**Securities Commissioner qualifications** - Section 25 removes the requirement for the Securities Commissioner to be skilled in securities and removes the restriction that the Securities Commissioner may not hold any other public office.

**Notices for certain legacy fund investments** - Section 26 requires a notice filing for certain securities held as investments from the legacy fund.

**Cooperative agreements for transportation funding** - Section 27 creates a new section to Chapter 24-02 authorizing the Department of Transportation to create cooperative agreements for matching federal funds.

**Secretary of State salary increase** - Section 28 corrects the effective date for the Secretary of State's salary increase.

**Clean sustainable energy fund line of credit** - Section 29 authorizes the Bank of North Dakota to provide a line of credit of up to \$250 million to support loans or loan guarantees under the clean sustainable energy fund.

**Salary increase reporting** - Section 30 requires state agencies to report any cumulative salary increases during a biennium for a state employee exceeding 15 percent.

**State personnel training and development operating fund** - Section 31 allows OMB to retain up to \$100,000 in the state personnel training and development operating fund at the end of each biennium, an increase of \$75,000 from the current limit of \$25,000.

**Political subdivision budgets** - Section 32 amends Section 54-44.1-18 to remove the requirement for OMB to publish political subdivision budgets to OMB's website.

**Environmentally preferable products** - Sections 33 and 34 amend Sections 54-44.4-07 and 54-44.4-08 to remove the requirement to specify the amount of recycled content included in the items purchased by the state.

**Oil and gas tax revenue allocations** - Section 35 increases the allocation of oil and gas tax revenues to the state disaster relief fund by \$5 million, from \$15 million to \$20 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to receive allocations at the same time after the allocation to the strategic investment and improvements fund. Sections 36, 37, and 38 establish minimum amounts required to provide distributions from the municipal infrastructure fund and the county and township infrastructure fund.

**State Employee Compensation Commission** - Section 39 repeals Section 54-06-25 relating to the State Employee Compensation Commission.

**Fiscal management exemption** - Section 40 allows 2019-21 biennium appropriation authority for the Fiscal Management Division of OMB to continue into the 2021-23 biennium.

**Assessment of state lands and facilities exemption** - Section 42 allows 2019-21 biennium appropriation authority for the assessment of state lands and facilities to continue to be available in the 2021-23 biennium.

**Emergency clause** - Section 46 provides an emergency clause related to Section 3 of House Bill No. 1349, selected funding items in Senate Bill No. 2018, and Senate Bill Nos. 2140 and 2317.

#### **Related Legislation**

**House Bill No. 1025 - Court-ordered judgements** - This bill directs OMB to make payments totaling \$875,632 from the litigation funding pool line item in the agency's 2019-21 biennium appropriation for court-ordered judgements.

**House Bill No. 1057 - State liability** - This bill increases the liability limit for the state and political subdivisions from \$250,000 per person and \$1 million per occurrence to \$500,000 per person and \$2 million per occurrence by July 1, 2026.

**House Bill No. 1058 - Leave-sharing program** - This bill consolidates the leave-sharing programs for state employees and requires OMB to adopt rules for leave sharing.

**House Bill No. 1394 - COVID-19 funding** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**House Bill No. 1395 - COVID-19 funding** - This bill appropriates federal coronavirus relief funds.

**Senate Bill No. 2162 - Electronic bid submission** - This bill requires OMB to develop guidelines for submitting bids to the state and requires standard procedures for the electronic submission of bids.

**Senate Bill No. 2207 - Emergency Commission requests** - This bill clarifies the process for agencies to submit requests to the Emergency Commission and requires the commission to consider each request.

**Information Technology Department  
Budget No. 112  
Senate Bill No. 2021**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>479.00</b>	<b>\$28,975,953</b>	<b>\$246,170,105</b>	<b>\$275,146,058</b>
2021-23 base budget	402.00	17,165,311	195,882,334	213,047,645
Legislative increase (decrease) to base budget	77.00	\$11,810,642	\$50,287,771	\$62,098,413

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$28,975,953</b>	<b>\$0</b>	<b>\$28,975,953</b>
2019-21 legislative appropriations	17,165,311	11,400,000	28,565,311
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$11,810,642	(\$11,400,000)	\$410,642
Percentage increase (decrease) to 2019-21 appropriations	68.8%	(100.0%)	1.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$117,618)	\$1,307,858	\$1,190,240
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		293,017	2,168,111	2,461,128
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		3,206	17,835	21,041
Reduced funding for salaries and wages to reflect anticipated savings from vacant positions and employee turnover			(250,000)	(250,000)
Added funding for the IT unification initiative, including the transfer of 53 FTE positions from 10 agencies. Of the total, \$11,128,805 is for salaries and wages and \$17,515,243 is for operating expenses.	53.00		28,644,048	28,644,048
Removed undesignated FTE positions	(5.00)		(1,055,737)	(1,055,737)

Added funding for 29 FTE cybersecurity positions, of which \$7,363,657 is for salaries and wages, \$5,491,534 is for operating expenses, and \$131,034 is for capital assets	29.00	11,222,710	1,763,515	12,986,225
Reduced funding for mainframe technology (\$825,000) and hardware hosting (\$3,075,000)			(3,900,000)	(3,900,000)
Added funding for cloud-based systems (\$825,000) and platform as a service expenses (\$3,075,000)			3,900,000	3,900,000
Adjusted funding for operating expenses, primarily related to a decrease in IT data processing and an increase in IT equipment		(193,580)	133,230	(60,350)
Transferred federal funding between lines items, resulting in decreases of \$990,679 in the operating expenses line item and \$9,321 in the geographic information system line item and increases of \$500,000 in the statewide longitudinal data system line item and \$500,000 in the EduTech line item			0	0
Reduced funding for capital assets			(940,242)	(940,242)
Reduced funding for statewide longitudinal data system operating expenses to provide total statewide longitudinal data system funding of \$4,486,278		(456,277)		(456,277)
Reduced funding for EduTech operating expenses to provide total EduTech funding of \$9,691,939		(424,409)	(353,214)	(777,623)
Reduced funding for K-12 wide area network operating expenses (\$223,661) and capital assets (\$200,000) to provide total K-12 wide area network funding of \$4,679,718		(423,661)		(423,661)
Adjusted funding for the geographic information system (GIS), including an increase for GIS land parcels project maintenance costs (\$150,000) and a decrease for GIS IT contractual services and repairs (\$100,986)		49,014		49,014
Added funding for the Health Information Technology Office and health information network, including \$5,500,000 from federal funds and \$920,991 from the health information exchange fund. Total federal funding provided for this purpose is \$6,000,000, of which \$500,000 is included in the department's base budget.			6,420,991	6,420,991
Reduced funding for statewide interoperable radio network (SIRN) IT contractual services and repairs			(68,624)	(68,624)
Transferred funding from the Department of Emergency Services Division of State Radio for SIRN tower maintenance		1,858,240		1,858,240

operating expenses, resulting in total SIRN funding of \$14,193,796

Added <b>one-time funding</b> from a transfer from the health information planning loan fund to the electronic health information exchange fund for the Health Information Technology Office and health information network			6,000,000	6,000,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for cybersecurity operating expenses			6,500,000	6,500,000
Total	<u>77.00</u>	<u>\$11,810,642</u>	<u>\$50,287,771</u>	<u>\$62,098,413</u>

### FTE Changes

The Legislative Assembly approved 479 FTE positions for the Information Technology Department (ITD) for the 2021-23 biennium, an increase of 77 FTE positions from the 2019-21 biennium authorized level of 402 FTE positions. The Legislative Assembly added 53 FTE IT positions transferred from 10 agencies for the IT unification initiative and 29 FTE cybersecurity positions and removed 5 unidentified FTE positions.

### One-Time Funding

The Legislative Assembly appropriated \$12.5 million of one-time funding to ITD for the 2021-23 biennium, of which \$6 million is from funding transferred from the information technology planning loan fund to the electronic health information exchange fund for the Health Information Technology Office and health information network and \$6.5 million is from the federal Coronavirus Relief Fund for cybersecurity operating expenses.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$61,868,226 of federal coronavirus relief funds to ITD for the 2019-21 biennium. The department anticipates the funding will be spent as follows:

- \$29.6 million - Cybersecurity expenses to address an increase in security incidents related to the COVID-19 pandemic, including contractor support, additional software and licenses, staff training, and on-call third-party support for large-scale incidents;
- \$21.2 million - Telework expenses, including the upgrade to Microsoft Office 365 and purchasing equipment, such as laptops, headsets, and network and server hardware to meet additional capacity needed for state employees working remotely; and
- \$11.1 million - Digital government expenses to establish an enterprise-level call center, automate manual processes, and conduct an assessment of state employee remote work capabilities.

### Federal COVID-19 Funding - 2021-23 Biennium

In Section 5 of Senate Bill No. 2021, the Legislative Assembly identified \$6.5 million of one-time funding appropriated to ITD in Section 1 for cybersecurity operating expenses for the 2021-23 biennium.



### IT Unification Initiative

The 2019 Legislative Assembly authorized a shared services IT unification initiative, including a transfer of 96 FTE positions from five agencies to ITD, as a pilot project to consolidate IT resources and personnel in state government. The 2021 Legislative Assembly approved additional unification of state government IT resources and personnel, including the transfer of 53 FTE positions from 10 agencies to ITD. The following is a summary of FTE positions transferred to ITD as a result of the 2019-21 and 2021-23 biennium IT unification initiatives.

Agency	FTE Transferred - 2019-21 Biennium	FTE Transferred - 2021-23 Biennium	Total FTE Transferred
110 - Office of Management and Budget		4.00	4.00
190 - Retirement and Investment Office		2.00	2.00
226 - Department of Trust Lands	2.00		2.00
301 - State Department of Health		4.00	4.00
303 - Department of Environmental Quality		1.00	1.00
325 - Department of Human Services	48.00		48.00
380 - Job Service North Dakota		16.00	16.00
471 - Bank of North Dakota		16.00	16.00
504 - Highway Patrol		2.00	2.00
530 - Department of Corrections and Rehabilitation		6.00	6.00
540 - Adjutant General - Department of Emergency Services	4.00		4.00
601 - Department of Commerce		1.00	1.00
720 - Game and Fish Department		1.00	1.00
750 - Parks and Recreation Department	1.00		1.00
801 - Department of Transportation	41.00		41.00
<b>Total</b>	<b>96.00</b>	<b>53.00</b>	<b>149.00</b>

The following is a summary of funding changes approved as a result of the 2019-21 and 2021-23 biennium IT unification initiatives. Funding is provided from the ITD operating service fund.

	2019-21 Biennium	2021-23 Biennium	Total
Salaries for FTE positions transferred to ITD	\$18,266,327	\$11,128,805	\$29,395,132
Temporary salaries	544,896	0	544,896
Operating expenses for transferred FTE positions and other ITD services no longer performed by agencies	8,835,127	17,515,243	26,350,370
<b>Total</b>	<b>\$27,646,350</b>	<b>\$28,644,048</b>	<b>\$56,290,398</b>

**Unification legislative intent** - Section 10 of Senate Bill No. 2021 requires ITD to charge a state agency selected to participate in the 2021-23 biennium IT unification initiative a rate for the labor of any FTE position transferred to ITD during the 2021-23 biennium that may not exceed the salaries and wages and related operating expenses of the FTE positions for services the respective state agency was performing prior to the 2021-23 biennium. Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the position during the 2019-21 biennium, unless the 68<sup>th</sup> Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative. During the 2021-22 interim, ITD is required to report annually to the Legislative Management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium IT unification initiative.

Section 8 of Senate Bill No. 2021 repeals Section 6 of Senate Bill No. 2016, which also included legislative intent regarding IT unification.

**Unification study** - Section 14 of Senate Bill No. 2021 provides for a Legislative Management study of the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium IT unification initiatives and the feasibility and desirability of continuing these initiatives. The study must include a review of changes in fees, services, operations, processes, and systems.

### Cybersecurity

The Legislative Assembly added \$19,486,225 for cybersecurity initiatives for the 2021-23 biennium, of which \$6,500,000 is considered one-time funding from the federal Coronavirus Relief Fund and \$12,986,225 is considered ongoing funding from the general fund and ITD operating service fund. The Legislative Assembly also authorized the addition of 29 FTE cybersecurity positions, 17 of which relate to state cybersecurity and 12 FTE to local cybersecurity. Of the total, 23 FTE cybersecurity positions are funded from the general fund and 6 of the local FTE cybersecurity positions are funded from the ITD operating fund. Total cybersecurity funding is as follows.

	FTE	General Fund	Special Funds	Federal Funds	Total
Salaries and wages	29.00	\$5,840,142	\$1,523,515	\$0	\$7,363,657
Operating expenses		5,251,534	240,000	6,500,000	11,991,534
Capital assets		131,034	0	0	131,034
<b>Total</b>	<b>29.00</b>	<b>\$11,222,710</b>	<b>\$1,763,515</b>	<b>\$6,500,000</b>	<b>\$19,486,225</b>

### Health Information Network Expansion

**Health information network expansion** - Section 1 of Senate Bill No. 2021 (2017) included \$43.6 million for the North Dakota Health Information Network (NDHIN) expansion project, a project designed to provide for the secure exchange of health information to enable clinical users, such as providers, nurses, and clerical staff to easily and efficiently view information relating to a patient's electronic medical records. The project is intended to enhance the functionality of NDHIN by allowing Medicaid providers options to meet specific measures and objectives to achieve meaningful use and promote comprehensive interoperability between all providers throughout the state. The project will enhance the existing NDHIN infrastructure and allow for statewide repositories for analytics, care coordination, credentialing, advanced directives, and provide for necessary connections between providers.

Of the amount appropriated to ITD, \$40.5 million is from federal funds distributed by the federal Centers for Medicare and Medicaid Services to the Department of Human Services. Federal funds are available through a Medicaid advanced planning document and require a 10 percent or 15 percent match. The matching funds are to be generated from billings to providers, payers, and the state match from the electronic health information exchange fund. Funding will be available for the project through the anticipated completion date of September 2021.

In Section 5 of House Bill No. 1021, the 2019 Legislative Assembly authorized ITD to continue the funding appropriated for the NDHIN expansion and care coordination project for the 2017-19 biennium into the 2019-21 biennium.

**Health information funding and transfer** - As a result of changes made by the federal government, it is anticipated federal funding for NDHIN will be limited starting in the 2021-23 biennium, as the Centers for Medicare and Medicaid Services will only match up to 15 percent of funding spent for state health information networks, rather than 85 percent to 90 percent. The 2021 Legislative Assembly added \$5.5 million of federal funds, resulting in a total of \$6 million of federal funds spending authority available to ITD for the 2021-23 biennium.

In Section 3 of Senate Bill No. 2021, the Legislative Assembly identified an additional \$6 million of one-time funding is included in Section 1 from the health information technology planning loan fund, which the Bank of North Dakota is required to transfer, at the request of the Chief Information Officer, to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium. Legislative intent is provided that the funding from the information technology planning loan fund be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and NDHIN during the 2021-23 biennium. Please refer to the **TRUST FUND ANALYSES** section of this report for analyses of the health information technology planning loan fund and electronic health information exchange fund.

Funding for the Health Information Technology Office and NDHIN for the 2021-23 biennium is as follows:

Federal Funds	Health Information Technology Planning Loan Fund <sup>1</sup>	Electronic Health Information Exchange Fund <sup>1</sup>	Total
\$6,000,000	\$6,000,000	\$2,725,871	\$14,725,871

<sup>1</sup>Funding in the electronic health information exchange fund consists primarily of payments made by providers for participation in the health information network.

### Other Sections in Senate Bill No. 2021

**Transfers** - Section 4 authorizes the Office of Management and Budget to make transfers of funds between line items of ITD as may be requested by the Chief Information Officer as necessary for the development and implementation of IT projects.

**Veterans' Home IT** - Section 6 of Senate Bill No. 2021 further amended North Dakota Century Code Section 54-59-05 to remove a requirement established in Section 5 of Senate Bill No. 2007 (2021) to require ITD to consult with the Veterans' Home regarding cybersecurity strategy.

**State Information Technology Advisory Committee** - Section 7 amended Section 54-59-07 to require of the two legislative members of the State Information Technology Advisory Committee, commonly known as SITAC, one member must be the Chairman of the Information Technology Committee who must serve as co-chairman with the Chief Information Officer.

**Exemption - SIRN** - Section 9 provides an exemption to allow ITD to continue \$20 million appropriated from the strategic investment and improvements fund for SIRN for the 2019-21 biennium into the 2021-23 biennium.

**Legislative intent - Phone equipment** - Section 11 provides legislative intent that ITD:

- Supply at least one physical phone in each state agency;
- Give state agencies the option of having a physical phone for each employee in the agency; and
- Allow the head of each agency to determine the number of phones provided to the agency.

**Legislative intent - Legislative Management study - IT direction** - Section 12 provides legislative intent that ITD provide direction to executive branch agencies regarding IT strategic planning and operations during the 2021-23 biennium and provides for a Legislative Management study regarding the feasibility and desirability of the legislative branch and judicial branch receiving strategic planning and operational IT direction from ITD beginning in the 2023-25 biennium.

**Legislative Management study - State government IT budgeting and appropriation process** - Section 13 provides for a Legislative Management study of the state government IT budgeting and appropriation process. The study must include a review of the current process and the feasibility and desirability of providing a general fund appropriation to ITD rather than providing general fund appropriations to state agencies to pay ITD for IT services, including any cost or cost-savings that may be obtained and any transparency benefits of the potential budgeting and appropriation changes.

**Legislative Management study - IT unification** - Section 14 provides for a Legislative Management study of the effectiveness, efficiency, cost, and any cost-savings of the 2019-21 biennium and 2021-23 biennium IT unification initiatives and the feasibility and desirability of continuing these initiatives.

**Legislative Management study - Cybersecurity** - Section 15 provides for a Legislative Management study of the cost to deliver core technology services and cybersecurity to state agencies and political subdivisions, including the feasibility and desirability of political subdivisions paying for the local cost of these services.

**Legislative Management study - Impact of large technology companies** - Section 16 provides for a Legislative Management study of competitive fairness, economic development implications, and other economic and societal impacts of large technology companies conducting business in North Dakota.

**Legislative Management study - Virtual currency business activity** - Section 17 provides for a Legislative Management study of the feasibility and desirability of regulating special purpose depository institutions and regulating other entities engaged in virtual currency business activities.

**Memorandums of understanding** - Section 18 declares House Bill No. 1417, related to the powers and duties of ITD and the ability to enter a memorandum of understanding with other state, local, tribal, or territorial governments for cybersecurity purposes, to be an emergency measure.

### Related Legislation

**House Bill No. 1047 - Juvenile court files and records** - This bill allows ITD to inspect juvenile court files and records to the extent authorized by the Supreme Court for use in the statewide longitudinal data system.

**House Bill No. 1146 - SIRN radio cost-share** - This bill allows nongovernmental emergency service providers, such as volunteer fire departments, to be eligible for the state cost-share program for SIRN radios.

**House Bill No. 1314 - Cybersecurity incidents** - This bill provides requirements for executive branch state agencies and political subdivisions to disclose cybersecurity incidents to ITD.

**House Bill No. 1395 - COVID-19 funding** - This bill provides funding to ITD from the federal Coronavirus Relief Fund for costs related to cybersecurity, telework, and digital government initiatives in response to the COVID-19 pandemic.

**House Bill No. 1417 - Memorandums of understanding** - This bill allows ITD to enter a memorandum of understanding with state and local government entities for the purposes of ensuring the confidentiality, availability, and integrity of state information systems and data, including consulting, developing cybersecurity strategy, prevention of cybersecurity incidents, and response strategies to cybersecurity incidents. The bill allows ITD to charge an amount equal to the cost of the services rendered by ITD to agencies that receive federal or special funds. Section 18 of Senate Bill No. 2021 declared House Bill No. 1417 an emergency measure.

**Senate Bill No. 2007 - Veterans' Home IT** - Section 5 of this bill amended Section 54-59-05 to exclude IT of the Veterans' Home from being required to be provided by, supervised by, and regulated by ITD. Section 6 of the bill amended Section 54-59-22 to exclude email, file and print administration, database administration, application server, and hosting services of the Veterans' Home from being required to be provided by ITD.

**Office of Administrative Hearings  
Budget No. 140  
Senate Bill No. 2017**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>5.00</b>	<b>\$0</b>	<b>\$2,881,529</b>	<b>\$2,881,529</b>
2021-23 base budget	5.00	0	2,830,664	2,830,664
Legislative increase (decrease) to base budget	0.00	\$0	\$50,865	\$50,865

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$20,811	\$20,811
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			29,258	29,258
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			245	245
Added funding for Microsoft Office 365 licensing expenses			551	551
Total	<u>0.00</u>	<u>\$0</u>	<u>\$50,865</u>	<u>\$50,865</u>

**FTE Changes**

The Legislative Assembly approved 5 FTE positions for the Office of Administrative Hearings for the 2021-23 biennium, the same as the 2019-21 biennium.

**Related Legislation**

There is no major legislation affecting this agency.

**Legislative Assembly  
Budget No. 150  
Senate Bill No. 2001**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>0.00</b>	<b>\$19,692,464</b>	<b>\$0</b>	<b>\$19,692,464</b>
2021-23 base budget	0.00	15,307,755	0	15,307,755
Legislative increase (decrease) to base budget	0.00	\$4,384,709	\$0	\$4,384,709

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$17,926,180</b>	<b>\$1,766,284</b>	<b>\$19,692,464</b>
2019-21 legislative appropriations	15,307,755	517,760	15,825,515
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,618,425	\$1,248,524	\$3,866,949
Percentage increase (decrease) to 2019-21 appropriations	17.1%	241.1%	24.4%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding for cost-to-continue 2019-21 biennium compensation increases		\$24,260		\$24,260
Added funding for 2021-23 biennium legislative compensation adjustments of 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022, for regular and organizational sessions, legislators' monthly compensation, and additional monthly compensation for legislative leaders		173,722		173,722
Increased funding for temporary salaries during the 2023 legislative session		34,885		34,885
Added funding for legislator health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		6,383		6,383

Added funding to increase the maximum monthly lodging expense reimbursement to \$1,833 anticipated for the 2023 legislative session. The maximum monthly lodging reimbursement was \$1,814 for the 2021 session.	19,830	19,830
Increased funding for operating expenses, including increases related to video streaming, archiving, indexing, and closed captioning for committee rooms and for adjustments related to the annual cost for voting system upgrades and the addition of virtual voting	935,912	935,912
Increased funding for information technology expansion	1,400,000	1,400,000
Added funding for Microsoft Office 365 licensing expenses	15,533	15,533
Increased funding for National Conference of State Legislatures dues to provide a total of \$271,333	7,900	7,900
Added <b>one-time funding</b> for redistricting special legislative session	316,284	316,284
Added <b>one-time funding</b> for information technology expansion	1,450,000	1,450,000
<b>Total</b>	<u>0.00</u>	<u>\$4,384,709</u>

#### One-Time Funding

In Section 2 of Senate Bill No. 2001, the Legislative Assembly identified a total of \$1,766,284 from the general fund for one-time funding items. Of this funding, \$316,284 is for a redistricting special session and \$1,450,000 is for information technology expansion. These amounts are not to be considered part of the Legislative Assembly's 2023-25 biennium base budget, and the Legislative Assembly is to report to the Appropriations Committees during the 2023 legislative session on the use of this funding.

#### Legislative Pay Increases

The Legislative Assembly approved Senate Bill No. 2001 providing for legislative pay increases. Section 6 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. Section 7 of the bill increases legislators' interim meeting pay by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2021	Rate Effective July 1, 2022
Monthly compensation	\$518	\$526	\$537
Leaders' additional monthly compensation	\$371	\$377	\$385
Daily session pay	\$186	\$189	\$193
Interim meeting pay	\$186	\$189	\$193

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$3.1 million of federal coronavirus relief funds to the Legislative Assembly for the 2019-21 biennium to allow the Legislative Assembly, Legislative Management, and committees to meet remotely during the COVID-19 pandemic, including personal protective equipment for legislators and staff, audio and video conferencing equipment and software, voting boards, and expenditures related to creating larger meeting spaces.

### **Other Sections in Senate Bill No. 2001**

**Transfers** - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management.

**Continuation of appropriation authority** - Section 5 allows transfers of funds between line items of the 2019-21 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2019-21 biennium be continued and that unexpended appropriations enacted prior to the 2019-21 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

**Compensation of members of the Legislative Assembly** - Section 6 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. Section 7 increases legislators' interim meeting pay by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022.

**Emergency** - Section 8 declares Sections 1 through 5 of the Act an emergency measure.

### **Related Legislation**

**House Bill No. 1395** - Provides an appropriation of \$3.1 million for federal **Coronavirus Relief Fund spending authority** approved for the Legislative Assembly for the 2019-21 biennium by the Emergency Commission and Budget Section.

**House Bill No. 1397** - Provides for the implementation of a **legislative redistricting plan** and a special legislative session to adopt a redistricting plan.

**House Bill No. 1461** - Relates to **filling vacancies in offices of members of the Legislative Assembly**.

**Senate Bill No. 2130** - Provides if the Legislative Management determines a legislative measure mandates health insurance coverage of services or payment for specified providers of services, the measure may not be referred to a committee of the Legislative Assembly unless a **cost-benefit analysis** provided by the Legislative Management is appended to the measure.

**Senate Concurrent Resolution No. 4003** - Establishes positions and sets **compensation for legislative session employees**.



**Legislative Council  
Budget No. 160  
Senate Bill No. 2001; House Bill No. 1012**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>44.00</b>	<b>\$16,370,410</b>	<b>\$70,000</b>	<b>\$16,440,410</b>
2021-23 base budget	36.00	12,890,318	70,000	12,960,318
Legislative increase (decrease) to base budget	8.00	\$3,480,092	\$0	\$3,480,092

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$15,672,410</b>	<b>\$698,000</b>	<b>\$16,370,410</b>
2019-21 legislative appropriations	12,890,318	154,756	13,045,074
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,782,092	\$543,244	\$3,325,336
Percentage increase (decrease) to 2019-21 appropriations	21.6%	351.0%	25.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$440,357		\$440,357
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		241,166		241,166
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,095		2,095
Added funding for salary equity		175,000		175,000
Added funding for 2021-23 biennium legislative compensation adjustments of 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022, for legislators' attendance at interim meetings		26,026		26,026
Added 8 FTE information technology (IT) positions, including salaries and wages (\$1,840,619) and operating expenses (\$24,000), for the expansion of IT services	8.00	1,864,619		1,864,619

Decreased funding for travel to continue reduced committee sizes during the 2021-23 biennium		(3,006)		(3,006)
Added funding for estimated increases in the lodging rate		2,508		2,508
Adjusted funding for other operating expenses		29,582		29,582
Added funding for Microsoft Office 365 licensing expenses		3,745		3,745
Added <b>one-time funding</b> for public website design		150,000		150,000
Added <b>one-time funding</b> for IT expansion		48,000		48,000
Added <b>one-time funding</b> for consulting services related to a study of acute psychiatric hospitalization and related step down residential treatment and support needs of individuals with mental illness (House Bill No. 1012)		500,000		500,000
Total		<u>8.00</u>	<u>\$3,480,092</u>	<u>\$0</u>
				<u>\$3,480,092</u>

#### FTE Changes

The Legislative Assembly approved 44 FTE positions for the Legislative Council for the 2021-23 biennium, an increase of 8 FTE positions from the 2019-21 biennium. The Legislative Assembly added 8 FTE IT positions related to IT expansion.

#### One-Time Funding

In Section 3 of Senate Bill No. 2001, the Legislative Assembly identified a total of \$198,000 from the general fund for one-time funding items. Of this amount, \$48,000 is for one-time costs related to IT expansion and \$150,000 is for public website design. In Section 5 of House Bill No. 1012, the Legislative Assembly appropriated \$500,000 of one-time funding from the general fund for consulting services related to a study of acute psychiatric hospitalization and related step down residential treatment and support needs of individuals with mental illness. These amounts are not to be considered part of the Legislative Council's 2023-25 biennium base budget, and the Legislative Council is to report to the Appropriations Committees during the 2023 legislative session on the use of this funding.

#### Legislative Pay Increases

The Legislative Assembly approved Senate Bill No. 2001 providing for legislative pay increases. Section 6 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. Section 7 of the bill increase legislators' interim meeting pay by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. The compensation adjustments are as follows:

	Current Compensation Rate	Rate Effective July 1, 2021	Rate Effective July 1, 2022
Monthly compensation	\$518	\$526	\$537
Leaders' additional monthly compensation	\$371	\$377	\$385
Daily session pay	\$186	\$189	\$193
Interim meeting pay	\$186	\$189	\$193

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$100,000 of federal coronavirus relief funds to the Legislative Council for 2019-21 biennium COVID-19-related expenditures, including cleaning supplies, physical barriers, and remote software service fees for committee rooms and chambers during the interim.

#### Other Sections in Senate Bill No. 2001

**Transfers** - Section 4 allows transfers of funds between line items of appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management.

**Continuation of appropriation authority** - Section 5 allows transfers of funds between line items of the 2019-21 biennium appropriations for the Legislative Assembly and the Legislative Council as requested by the Chairman of the Legislative Management or the Director of the Legislative Council. In addition, the section also provides unspent funds appropriated for the Legislative Assembly and the Legislative Council for the 2019-21 biennium be continued and that unexpended appropriations enacted prior to the 2019-21 biennium may be canceled as directed by the Chairman of the Legislative Management or the Director of the Legislative Council.

**Compensation of members of the Legislative Assembly** - Section 6 increases legislators' daily pay during legislative sessions, monthly compensation, and additional monthly compensation for legislative leaders by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022. Section 7 increases legislators' interim meeting pay by 1.5 percent on July 1, 2021, and 2 percent on July 1, 2022.

**Emergency** - Section 8 declares Sections 1 through 5 of the Act an emergency measure.

#### **Related Legislation**

**House Bill No. 1380** - Provides for a Legislative Management **Legacy Fund Earnings Committee**.

**House Bill No. 1395** - Provides an appropriation of \$100,000 for federal **Coronavirus Relief Fund spending authority** approved for the Legislative Council for the 2019-21 biennium by the Emergency Commission and Budget Section.

**House Bill No. 1397** - Provides for the establishment of a **redistricting committee**, the implementation of a legislative redistricting plan, and a special legislative session to adopt a redistricting plan.

**Senate Bill No. 2130** - Provides if the Legislative Management determines a legislative measure mandates health insurance coverage of services or payment for specified providers of services, the measure may not be referred to a committee of the Legislative Assembly unless a **cost-benefit analysis** provided by the Legislative Management is appended to the measure.

**Senate Bill No. 2290** - Establishes dollar limits on **Emergency Commission and Budget Section** approvals to accept and disburse federal and other funds.

**Judicial branch  
Budget No. 180  
Senate Bill No. 2002, House Bill No. 1015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>362.00</b>	<b>\$112,312,790</b>	<b>\$1,417,063</b>	<b>\$113,729,853</b>
2021-23 base budget	363.00	107,355,691	2,142,297	109,497,988
Legislative increase (decrease) to base budget	(1.00)	\$4,957,099	(\$725,234)	\$4,231,865

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$110,312,790</b>	<b>\$2,000,000</b>	<b>\$112,312,790</b>
2019-21 legislative appropriations	107,355,691	147,352	107,503,043
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,957,099	\$1,852,648	\$4,809,747
Percentage increase (decrease) to 2019-21 appropriations	2.8%	1,257.3%	4.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$1,806,707	(\$10,933)	\$1,795,774
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		2,004,676		2,004,676
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		17,929	1	17,930
Transferred child support duties to the Department of Human Services	(1.00)	(225,000)	(934,947)	(1,159,947)
Reduced funding for district court judges' retirement		(143,086)		(143,086)
Adjusted funding for Supreme Court operations		(503,346)		(503,346)
Adjusted funding for district court operations		(490,532)	63,367	(427,165)
Adjusted funding for Judicial Conduct Commission operations		(2,504)	(322)	(2,826)
Reduced funding for juvenile intensive in-home services		(200,000)		(200,000)

Added funding to lease information technology equipment		912,008		912,008
Added funding for a veterans' treatment court (House Bill No. 1015)		145,247		145,247
Reduced funding for youth cultural achievement programs to provide a total of \$90,000 from the general fund (includes \$90,000 appropriated in House Bill No. 1015)		(365,000)		(365,000)
Added <b>one-time funding</b> for a new juvenile case management system		2,000,000		2,000,000
Added <b>one-time funding</b> from federal funds derived from the federal Coronavirus Capital Projects Fund for information technology equipment (House Bill No. 1015)			157,600	157,600
Total	(1.00)	\$4,957,099	(\$725,234)	\$4,231,865

#### FTE Changes

The Legislative Assembly approved 362 FTE positions for the judicial branch for the 2021-23 biennium, a reduction of 1 FTE position from the number appropriated for the 2019-21 biennium. The Legislative Assembly removed 1 FTE position associated with the transfer of certain child support duties to the Department of Human Services.

#### One-Time Funding

The Legislative Assembly appropriated \$2,157,600 of one-time funding to the judicial branch for the 2021-23 biennium, including \$2,000,000 from the general fund for a juvenile case management system and \$157,600 from federal funds derived from the federal Coronavirus Capital Projects Fund for information technology equipment.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$672,212 of federal coronavirus relief funds to the judicial branch for the 2019-21 biennium for remote video and telework equipment, cleaning and personal protective equipment and supplies, and salary costs.

#### Federal COVID-19 Funding - 2021-23 Biennium

In House Bill No. 1015, the Legislative Assembly appropriated \$157,600 from one-time federal funds derived from the federal Coronavirus Capital Projects Fund for information technology equipment, including Wi-Fi access points.

#### Other Sections in Senate Bill No. 2002

**Appropriation** - Section 3 appropriates all funds received pursuant to federal acts and private gifts, grants, and donations to the judicial branch for the purpose as designated in the federal acts or private gifts, grants, and donations, for the 2021-23 biennium.

**Line item transfers** - Section 4 requires the Director of the Office of Management and Budget to transfer appropriation authority between line items for the judicial branch as requested by the Supreme Court.

**Child support duties** - Sections 5, 6, 7, 8, 9, and 12 provide statutory changes to transfer certain child support duties from the judicial branch to the Department of Human Services.

**Supreme Court justices' salaries** - Section 10 provides the statutory changes to increase Supreme Court justices' salaries by 1.5 percent on July 1, 2021, and 2.0 percent on July 1, 2022. Supreme Court justices' annual salaries will increase from the current level of \$163,394 to \$165,845 effective July 1, 2021, and to \$169,162 effective July 1, 2022. The Chief Justice of the Supreme Court is entitled to receive an additional \$4,690 per annum effective July 1, 2021, and an additional \$4,784 per annum effective July 1, 2022, an increase from the current additional amount for the Chief Justice of \$4,624 per annum.

**District judges' salaries** - Section 11 provides the statutory changes to increase district court judges' salaries by 1.5 percent on July 1, 2021, and 2.0 percent on July 1, 2022. District court judges' annual salaries will increase from the current level of \$149,926 to \$152,175 effective July 1, 2021, and to \$155,219 effective July 1, 2022. A presiding judge of a judicial district is entitled to receive an additional \$4,324 per annum effective July 1, 2021, and an additional \$4,410 per annum effective July 1, 2022, an increase from the current additional amount for presiding judges of \$4,260 per annum.

**Children's advocacy centers** - Section 13 amends North Dakota Century Code Section 50-25.1-11.1, as amended in Section 2 of Senate Bill No. 2131 (2021), relating to criminal history record checks for employees of children's advocacy centers.

**Legislative intent** - Section 14 provides legislative intent that the judicial branch pursue the use of federal funds from the federal Coronavirus Relief Fund to defray the cost of certain information technology projects.

#### **Related Legislation**

**House Bill No. 1395** - Provides a 2019-21 biennium appropriation of \$672,212 from the federal Coronavirus Relief Fund to the judicial branch for remote video and telework equipment, cleaning and personal protective equipment and supplies, and salary costs.

**House Bill No. 1427** - Provides for duties of the Commission on Juvenile Justice and the Children's Cabinet and creates a Juvenile Justice Planning Committee, a Planning Committee for Children in Need of Services, and a Planning Committee for Alternatives to Juvenile Detention.

**Senate Bill No. 2246** - Amends law to provide for a drug court program and a veterans treatment docket.

**Commission on Legal Counsel for Indigents  
Budget No. 188  
Senate Bill No. 2022; House Bill No. 1035**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>40.00</b>	<b>\$19,294,363</b>	<b>\$1,994,850</b>	<b>\$21,289,213</b>
2021-23 base budget	40.00	18,384,627	1,990,035	20,374,662
Legislative increase (decrease) to base budget	0.00	\$909,736	\$4,815	\$914,551

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$19,294,363</b>	<b>\$0</b>	<b>\$19,294,363</b>
2019-21 legislative appropriations	18,384,627	0	18,384,627
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$909,736	\$0	\$909,736
Percentage increase (decrease) to 2019-21 appropriations	4.95%	N/A	4.95%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$391,102		\$391,102
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		185,737	\$4,766	190,503
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,948	49	1,997
Added funding for Microsoft Office 365 licensing expenses		5,949		5,949
Added funding to provide legal counsel for juveniles (House Bill No. 1035)		325,000		325,000
Total	0.00	\$909,736	\$4,815	\$914,551

**FTE Changes**

The 2021-23 biennium appropriations for the Commission on Legal Counsel for Indigents includes funding for 40 FTE positions, the same as the 2019-21 biennium.

### **Related Legislation**

**House Bill No. 1035 - Legal counsel for juveniles** - This bill amends law related to the Uniform Juveniles Court Act and provides a \$325,000 general fund appropriation to the Commission on Legal Counsel for Indigents to provide legal counsel for juveniles. The Commission on Legal Counsel for Indigents is required to report to the Legislative Management by July 1, 2022, regarding actual costs incurred to date and expected costs to be incurred for the 2021-23 biennium to provide legal counsel and related services to indigent juveniles and nonindigent juveniles, and any amounts collected from those financially able to pay all or part of the cost of providing legal counsel and related services for juveniles.

**Senate Bill No. 2174 - Criminal history record checks** - This bill requires the Bureau of Criminal Investigation to provide a criminal history record check for volunteers or employees of the Commission on Legal Counsel for Indigents if requested by the commission.



**Retirement and Investment Office  
Budget No. 190  
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>19.00</b>	<b>\$0</b>	<b>\$6,402,505</b>	<b>\$6,402,505</b>
2021-23 base budget	20.00	0	5,869,164	5,869,164
Legislative increase (decrease) to base budget	(1.00)	\$0	\$533,341	\$533,341

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$185,639	\$185,639
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			106,174	106,174
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			884	884
Added funding to continue 2019-21 biennium salary equity increases (\$11,225) and to provide a 10.5 percent salary equity increase for the Chief Investment Officer position (\$52,365)			63,590	63,590
Added 1 FTE investment program analyst position, including \$210,000 for salaries and wages and \$15,000 for operating expenses	1.00		225,000	225,000
Transferred 2 FTE positions to the Information Technology Department for the information technology unification initiative, reducing salaries and wages by \$440,540 and increasing operating expenses by \$450,325	(2.00)		9,785	9,785
Adjusted funding for operating expenses to decrease funding primarily related to information technology costs (\$107,934) and to increase funding for Microsoft Office 365 license expenses (\$2,203)			(105,731)	(105,731)
Added funding for contingency expenses to provide total funding of \$100,000			48,000	48,000
Total	<u>(1.00)</u>	<u>\$0</u>	<u>\$533,341</u>	<u>\$533,341</u>

### **FTE Changes**

The Legislative Assembly approved 19 FTE positions for the Retirement and Investment Office for the 2021-23 biennium, a decrease of 1 FTE position from the 2019-21 biennium. The Legislative Assembly added 1 FTE investment program analyst position and transferred 1 FTE information technology administration position and 1 FTE data processing coordinator position to the Information Technology Department.

### **Other Sections in House Bill No. 1022**

**Exemption for information technology project** - Section 3 provides an exemption to continue unspent prior biennium appropriations into the 2021-23 biennium related to an information technology project.

### **Related Legislation**

**House Bill No. 1380 - Percent of market value and legacy earnings fund** - This bill establishes a percent of market value method for determining the amount of legacy fund earnings available to be spent each biennium and creates a legacy earnings fund with authorization for the State Investment Board to invest the legacy earnings fund.

**House Bill No. 1425 - Legacy fund investments** - This bill requires the Legacy and Budget Stabilization Fund Advisory Board to establish an asset allocation plan for the legacy fund, which includes debt and equity investments within the state, and provides an exemption from the prudent investor rule to require the State Investment Board to give preference to qualified in-state investment firms and financial institutions.

**Public Employees Retirement System  
Budget No. 192  
House Bill No. 1023**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>35.50</b>	<b>\$0</b>	<b>\$10,217,396</b>	<b>\$10,217,396</b>
2021-23 base budget	34.50	0	9,346,196	9,346,196
Legislative increase (decrease) to base budget	1.00	\$0	\$871,200	\$871,200

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$68,781	\$68,781
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			165,611	165,611
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			1,801	1,801
Added funding for an accountant position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses	1.00		195,291	195,291
Added funding for a temporary receptionist position, of which \$139,337 is for salaries and wages and \$15,033 is for related operating expenses			154,370	154,370
Adjusted funding for information technology expenses, including the reduction of \$21,242 for mobile application software and the addition of \$21,277 of other information technology operating expenses			35	35
Reduced funding for rent to provide a total of \$272,925. The reduction is due to less space being needed because a number of employees are teleworking.			(80,865)	(80,865)
Added funding for Microsoft Office 365 licensing expenses			4,076	4,076
Added <b>one-time funding</b> to upgrade benefit enrollment software			104,500	104,500
Added <b>one-time funding</b> to upgrade the PERSLink business system			257,600	257,600
Total	<u>1.00</u>	<u>\$0</u>	<u>\$871,200</u>	<u>\$871,200</u>

### **FTE Changes**

The Legislative Assembly approved 35.50 FTE positions for the Public Employees Retirement System (PERS) for the 2021-23 biennium, 1 more FTE position than the 2019-21 biennium. The Legislative Assembly added 1 FTE accountant position.

### **One-Time Funding**

In Section 2 of House Bill No. 1023, the Legislative Assembly identified one-time funding of \$362,100 from other funds, of which \$104,500 is to contract with a developer to upgrade the agency's benefit enrollment software and \$257,600 is to upgrade the PERSLink business system to a business process management system.

### **Other Sections in House Bill No. 1023**

**Health insurance fertility benefits** - Section 3 provides for a Legislative Management study of the feasibility and desirability of expanding fertility benefits under the PERS uniform group insurance health benefits as a precursor under North Dakota Century Code Section 54-03-28 to mandating the fertility benefits for health insurance in the private market. The study must include a PERS actuarial study of the cost of expanding the fertility benefits of the state health plan and must include consideration of the positive and negative aspects of mandating fertility benefits for health insurance in the private market.

### **Related Legislation**

**House Bill No. 1174 - Teachers' Fund for Retirement** - This bill changes retirement eligibility for retirement benefits under the Teachers' Fund for Retirement.

**House Bill No. 1209 - Retirement plans** - This bill requires the Legislative Management to study and develop a plan for new hires under the PERS main system to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024.

**Senate Bill No. 2043 - Highway Patrolmen's retirement system** - This bill increases contributions to the Highway Patrolmen's retirement system plan by 1 percent, of which .5 percent is from the state and .5 percent is from the employee on each of January 2022, January 2023, January 2024, and January 2025, resulting in total contributions effective January 2025 of 37 percent, of which 21.7 percent is the state's responsibility and 15.3 percent is the employee's responsibility.

**Ethics Commission  
Budget No. 195  
House Bill No. 1024**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>1.00</b>	<b>\$623,984</b>	<b>\$0</b>	<b>\$623,984</b>
2021-23 base budget	2.00	517,155	0	517,155
Legislative increase (decrease) to base budget	(1.00)	\$106,829	\$0	\$106,829

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$623,984</b>	<b>\$0</b>	<b>\$623,984</b>
2019-21 legislative appropriations	517,155	0	517,155
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$106,829	\$0	\$106,829
Percentage increase (decrease) to 2019-21 appropriations	20.7%	0.0%	20.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes, including providing salary funding for a full biennium		\$123,989		\$123,989
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		8,015		8,015
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		22		22
Removed a vacant FTE position	(1.00)			
Added funding for Microsoft Office 365 licensing expenses		661		661
Reduced funding for operating expenses		(25,858)		(25,858)
<b>Total</b>	<b>(1.00)</b>	<b>\$106,829</b>	<b>\$0</b>	<b>\$106,829</b>

### **FTE Changes**

The Legislative Assembly approved 1 FTE position for the Ethics Commission for the 2021-23 biennium, 1 FTE position less than the 2019-21 biennium. The Legislative Assembly removed 1 vacant FTE position.

### **Related Legislation**

**House Bill No. 1043 - Ethics Commission duties and advisory opinions** - Authorizes the Ethics Commission to provide written advisory opinions and adjusts the duties of the commission.

**Senate Bill No. 2034 - Advisory opinions** - Authorizes the Ethics Commission to provide written advisory opinions upon the request of a public official, candidate for elected office, or lobbyist.

**Department of Trust Lands  
Budget No. 226  
Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>30.00</b>	<b>\$0</b>	<b>\$10,402,999</b>	<b>\$10,402,999</b>
2021-23 base budget	28.00	0	8,108,401	8,108,401
Legislative increase (decrease) to base budget	2.00	\$0	\$2,294,598	\$2,294,598

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$128,236	\$128,236
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			141,888	141,888
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			1,409	1,409
Added 2 FTE positions, including a mineral title specialist (\$211,665) and a compliance auditor (\$264,550), and related operating expenses (\$70,900)	2.00		547,115	547,115
Decreased funding for operating expenses, primarily related to information technology costs			(128,236)	(128,236)
Increased funding for Microsoft Office 365 licensing expenses			4,186	4,186
Added <b>one-time funding</b> from the state lands maintenance fund to complete an information technology project. Total funding for the project is \$5.2 million, including \$3.6 million of <b>one-time funding</b> approved by the 2019 Legislative Assembly.			1,600,000	1,600,000
<b>Total</b>	<u>2.00</u>	<u>\$0</u>	<u>\$2,294,598</u>	<u>\$2,294,598</u>

**FTE Changes**

The Legislative Assembly approved 30 FTE positions for the Department of Trust Lands for the 2021-23 biennium, an increase of 2 FTE positions from the 2019-21 biennium authorized level of 28 FTE positions. The Legislative Assembly added 1 FTE mineral title specialist position and 1 FTE compliance auditor position.

### One-Time Funding

One-time funding for the 2021-23 biennium for the Department of Trust Lands includes \$1.6 million from the state lands maintenance fund to complete an information technology project initially approved by the 2019 Legislative Assembly.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$95,640 of federal coronavirus relief funds to the Department of Trust Lands for the 2019-21 biennium for service fees associated with an online surface lease auction platform and costs associated with an analysis of oil and gas royalty cashflows due to an increase in shut-in wells.

### Oil and Gas Impact Grant Fund

North Dakota Century Code Section 57-62-03.1 establishes the oil and gas impact grant fund for grants to oil and gas development-impacted cities, counties, school districts, and other taxing districts. In Section 4 of House Bill No. 1013 (2019), the Legislative Assembly transferred \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund. Section 8 of the bill identified \$2 million from the oil and gas impact grant fund for grants to political subdivisions. Section 9 of the bill provided an exemption to continue unspent prior biennium appropriations into the 2019-21 biennium for undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund. The 2021 Legislative Assembly did not appropriate any new funding for the oil and gas impact grant fund, but did provide in Senate Bill No. 2013 an exemption to continue unspent prior biennium appropriations into the 2021-23 biennium for undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund.

### Distributions to State Institutions

Section 3 of Senate Bill No. 2013 provides the following distributions to state institutions for the 2021-23 biennium pursuant to Article IX of the Constitution of North Dakota:

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
Common schools	\$366,756,000	\$421,020,000	\$54,264,000
North Dakota State University	5,916,000	6,620,000	704,000
University of North Dakota	4,504,000	5,084,000	580,000
Youth Correctional Center	1,864,000	2,228,000	364,000
School for the Deaf	1,898,000	2,014,000	116,000
North Dakota State College of Science	1,736,000	1,941,000	205,000
State Hospital	1,570,000	1,673,000	103,000
Veterans' Home	732,000	795,000	63,000
Valley City State University	1,034,000	1,178,000	144,000
North Dakota Vision Services - School for the Blind	1,122,000	1,375,000	253,000
Mayville State University	668,000	742,000	74,000
Dakota College at Bottineau	242,000	285,000	43,000
Dickinson State University	242,000	285,000	43,000
Minot State University	242,000	285,000	43,000
<b>Total</b>	<b>\$388,526,000</b>	<b>\$445,525,000</b>	<b>\$56,999,000</b>

### Other Sections in Senate Bill No. 2013

**Oil and gas impact grant fund exemption** - Section 4 provides an exemption to continue unspent prior biennium appropriations from the oil and gas impact grant fund into the 2021-23 biennium.

**Information technology project exemption** - Section 5 provides an exemption to continue unspent prior biennium appropriations related to an IT project into the 2021-23 biennium.

### Related Legislation

**House Bill No. 1080 - Penalties** - This bill decreases the penalty for late payments associated with oil and gas royalties paid to the state.



**House Bill No. 1395 - COVID-19 funding** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**Senate Bill No. 2048 - Unclaimed property** - This bill updates provisions relating to unclaimed property to align with revisions approved by the Uniform Laws Commission.

**Senate Bill No. 2065 - Land leases** - This bill authorizes the Board of University and School Lands to lease lands under its control for the underground storage of oil and gas.

**Senate Bill No. 2230 - Loan guarantees** - This bill increases the reserves held in the strategic investment and improvements fund for fuel production facility loan guarantees.

**Senate Bill No. 2282 - Study** - This bill provides for a Legislative Management study of the membership of the Board of University and School Lands and the Industrial Commission.

**Senate Bill No. 2317 - Coal mine reclamation trust** - This bill establishes a coal mine reclamation trust and provides a continuing appropriation to the Board of University and School Lands to manage the trust and to pay any expenses for coal mine reclamation associated with a distressed coal mine.

**State Library  
Budget No. 250  
House Bill Nos. 1013 and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>26.75</b>	<b>\$5,831,721</b>	<b>\$4,531,143</b>	<b>\$10,362,864</b>
2021-23 base budget	27.75	5,781,419	2,374,361	8,155,780
Legislative increase (decrease) to base budget	(1.00)	\$50,302	\$2,156,782	\$2,207,084

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$5,831,721</b>	<b>\$0</b>	<b>\$5,831,721</b>
2019-21 legislative appropriations	5,781,419	0	5,781,419
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$50,302	\$0	\$50,302
Percentage increase (decrease) to 2019-21 appropriations	0.9%	N/A	0.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$106,270	(\$223,592)	(\$117,322)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		99,551	13,444	112,995
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,157	204	1,361
Removed 2 FTE unidentified positions	(2.00)	(308,462)		(308,462)
Added 1 FTE educational program administrator II position	1.00	151,000		151,000
Added funding for Microsoft Office 365 licensing expenses		786		786
Added federal funds from the Institute of Museum and Library Services for statewide database services, professional development for librarians, and other services			200,000	200,000

Added <b>one-time funding</b> for federal COVID-19 funding estimated to be received from the Institute for Museum and Library Services through the federal American Rescue Plan Act (House Bill No. 1395)			2,166,726	2,166,726
Total	<u>(1.00)</u>	<u>\$50,302</u>	<u>\$2,156,782</u>	<u>\$2,207,084</u>

**FTE Changes**

The Legislative Assembly approved 26.75 FTE positions for the State Library for the 2021-23 biennium, a decrease of 1 FTE position from the 2019-21 biennium. The Legislative Assembly removed 2 FTE unidentified positions and added 1 FTE educational program administrator II position.

**2021-23 Biennium Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$2,166,726 of federal COVID-19 funding from the Institute of Museum and Library Services through the federal American Rescue Plan Act for the 2021-23 biennium to the State Library for digital inclusion, to assist libraries in responding to the pandemic, and to support library services.

**Other Sections in House Bill No. 1013**

**State aid to public libraries** - Section 17 provides that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1<sup>st</sup> year of the biennium.

**Related Legislation**

**Senate Bill No. 2157** - Adjusts the membership of the **North Dakota Library Coordinating Council**.

**School for the Deaf  
Budget No. 252  
House Bill No. 1013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>44.61</b>	<b>\$7,406,556</b>	<b>\$3,509,528</b>	<b>\$10,916,084</b>
2021-23 base budget	44.61	7,528,850	2,430,358	9,959,208
Legislative increase (decrease) to base budget	0.00	(\$122,294)	\$1,079,170	\$956,876

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$7,406,556</b>	<b>\$0</b>	<b>\$7,406,556</b>
2019-21 legislative appropriations	7,528,850	0	7,528,850
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$122,294)	\$0	(\$122,294)
Percentage increase (decrease) to 2019-21 appropriations	(1.6%)	N/A	(1.6%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$37,343)	(\$2)	(\$37,345)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		184,517	10,057	194,574
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,370	115	2,485
Adjusted the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue		(365,542)	350,000	(15,542)
Increased funding for teacher salaries		133,704		133,704
Removed funding for interpreter grants to state colleges and universities		(40,000)		(40,000)

Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue to upgrade the campus server			7,500	7,500
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue for lawn tractor and kitchen appliance replacement			40,000	40,000
Added <b>one-time funding</b> for operating expenses to receive and expend two grants from the Department of Public Instruction to assist special education programs in assessing and responding to individual needs as a result of COVID-19 (\$11,500) and to improve graduation rates of students with disabilities through the use of evidence-based practices (\$10,000)			21,500	21,500
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue, and \$300,000 of federal coronavirus relief funds to upgrade the standby boiler and other Resource Center projects			650,000	650,000
Total	<u>0.00</u>	<u>(\$122,294)</u>	<u>\$1,079,170</u>	<u>\$956,876</u>

**FTE Changes**

The Legislative Assembly approved 44.61 FTE positions for the School for the Deaf for the 2021-23 biennium, the same as the 2019-21 biennium.

**One-Time Funding**

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$719,000 of one-time funding, of which \$397,500 is from special funds available from trust fund distributions, rents, and service revenue, \$21,500 is from grants from the Department of Public Instruction, and \$300,000 is from federal coronavirus relief funds. Funding to upgrade the campus server (\$7,500), for lawn tractor and kitchen appliance replacement (\$40,000), and to upgrade the standby boiler and other Resource Center projects (\$350,000) is provided from special funds available from trust fund distributions, rents, and service revenue. Funding for other Resource Center projects, including heating, ventilation, and air conditioning projects (\$300,000) is provided from federal coronavirus relief funds and funding for special education programs (\$21,500) is provided by grants from the Department of Public Instruction.

**Extraordinary Repairs and Capital Assets**

The Legislative Assembly provided a total of \$556,178 from special funds available from trust fund distributions, rents, and service revenue and \$300,000 from federal coronavirus relief funds for extraordinary repairs and capital assets as follows:

	<b>Total Special Funds</b>
One-time funding:	
Campus boiler replacement	\$350,000
Resource Center lighting; ceiling; roof; and heating, ventilation, and air conditioning projects <sup>1</sup>	300,000
Lawn tractor and kitchen appliance replacement	40,000
Campus server upgrade	7,500
Total one-time funding	\$697,500
Base budget extraordinary repairs	158,678
Total extraordinary repairs and capital assets	\$856,178

<sup>1</sup>The Legislative Assembly provided funding for this project from the Coronavirus Relief Fund.

### **2021-23 Biennium Federal COVID-19 Funding**

The Legislative Assembly, in House Bill No. 1013 (2021), appropriated a total of \$300,000 of federal coronavirus relief funds for Resource Center lighting; ceiling; roof; and heating, ventilation, and air conditioning projects during the 2021-23 biennium.

### **Other Sections in House Bill No. 1013**

**Higher education interpreter grant program** - Section 18 provides that any funding remaining from the appropriation for a grants program to assist institutions under the control of the State Board of Higher Education with the cost of interpreters and real-time captioning for students who are deaf or hearing impaired, as authorized in subdivision 3 of Section 1 of Chapter 38 of the 2019 Session Laws and any funding continued for this purpose from prior bienniums, is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 at the end of the 2019-21 biennium and may be continued into the 2021-23 biennium for higher education interpreter grants. In addition, the section requires the School for the Deaf to develop a formula for distribution of the funds based on a uniform hourly reimbursement. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf must provide additional prorated grants to institutions that during the biennium incurred hourly expenses in excess of the formula reimbursement level.

### **Related Legislation**

There is no major related legislation affecting this agency.

**North Dakota Vision Services - School for the Blind  
Budget No. 253  
House Bill No. 1013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>27.75</b>	<b>\$4,761,879</b>	<b>\$1,476,678</b>	<b>\$6,238,557</b>
2021-23 base budget	27.90	4,717,989	1,052,315	5,770,304
Legislative increase (decrease) to base budget	(0.15)	\$43,890	\$424,363	\$468,253

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$4,761,879</b>	<b>\$0</b>	<b>\$4,761,879</b>
2019-21 legislative appropriations	4,717,989	0	4,717,989
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$43,890	\$0	\$43,890
Percentage increase (decrease) to 2019-21 appropriations	0.9%	N/A	0.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$58,850	\$7,712	\$66,562
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,279	134	1,413
Removed a 0.15 FTE activity assistant position	(0.15)	(9,370)		(9,370)
Reduced funding for salaries and wages		(74,312)		(74,312)
Increased funding for teacher salaries		72,610		72,610
Decreased funding for operating expenses		(6,235)		(6,235)
Added funding for Microsoft Office 365 licensing expenses		1,068	2,017	3,085
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue for LED lighting			33,000	33,000

Added <b>one-time funding</b> from the Department of Public Instruction grant for vision screening devices			11,500	11,500
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue to replace electrical service to the south wing			165,000	165,000
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue for sidewalk, roof, and parking lot repairs; air conditioner replacement; garage doors; and main door and key system replacement			109,000	109,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for heating, ventilation, and cooling (HVAC) updates			86,000	86,000
Added <b>one-time funding</b> from special funds available from trust fund distributions, rents, and service revenue to replace flooring in the main restrooms and living quarters			10,000	10,000
Total	<u>(0.15)</u>	<u>\$43,890</u>	<u>\$424,363</u>	<u>\$468,253</u>

#### FTE Changes

The Legislative Assembly approved 27.75 FTE positions for North Dakota Vision Services - School for the Blind for the 2021-23 biennium, a decrease of 0.15 FTE position from the 2019-21 biennium. The Legislative Assembly removed a 0.15 FTE activity assistant position.

#### One-Time Funding

In Section 2 of House Bill No. 1013, the Legislative Assembly identified \$414,500 of one-time funding, of which \$317,000 is from special funds available from trust fund distributions, rents, contributions, and service revenue, \$11,500 is from a grant from the Department of Public Instruction, and \$86,000 is from the federal Coronavirus Relief Fund. Funding for flooring replacement (\$10,000); south wing air conditioning unit replacement (\$40,000); sidewalk, roof, and parking lot repairs (\$24,000); replacement of doors and key system (\$45,000); LED lighting (\$33,000); and south wing electrical service replacement (\$165,000) is from special funds available from trust fund distributions, rents, contributions, and service revenue. Funding for HVAC replacement (\$86,000) is from federal coronavirus relief funds and funding for vision screening devices (\$11,500) is from a grant from the Department of Public Instruction.

#### Extraordinary Repairs and Capital Assets

The Legislative Assembly provided a total of \$420,692 from special funds available from trust fund distributions, rents, contributions, service revenue, and grants and from the federal Coronavirus Relief Fund for extraordinary repairs and capital assets, including:

	Total Special Funds
One-time funding:	
South wing electrical service replacement	\$165,000
Heating, ventilation, and air conditioning <sup>1</sup>	86,000
Air conditioning unit replacement	40,000
Sidewalk, roof, and parking lot repairs	24,000
Key system replacement	20,000
Garage door replacement	20,000
Flooring replacement	10,000
Main door replacement	5,000
Vision screening devices <sup>2</sup>	11,500
Total one-time funding for extraordinary repairs and equipment	\$381,500



Base budget extraordinary repairs	39,192
Total extraordinary repairs and capital assets	\$420,692
<sup>1</sup> The Legislative Assembly provided funding for the HVAC project from the federal Coronavirus Relief Fund. <sup>2</sup> Funding for vision screening devices was provided from a grant from the Department of Public Instruction.	

**2021-23 Biennium Federal COVID-19 Funding**

The Legislative Assembly, in House Bill No. 1013, appropriated a total of \$86,000 of federal coronavirus relief funds for HVAC-related projects during the 2021-23 biennium.

**Department of Career and Technical Education  
Budget No. 270  
Senate Bill No. 2019; House Bill No. 1015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>50.30</b>	<b>\$41,735,063</b>	<b>\$85,019,817</b>	<b>\$126,754,880</b>
2021-23 base budget	52.30	40,064,988	14,703,121	54,768,109
Legislative increase (decrease) to base budget	(2.00)	\$1,670,075	\$70,316,696	\$71,986,771

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$41,735,063</b>	<b>\$0</b>	<b>\$41,735,063</b>
2019-21 legislative appropriations	40,064,988	0	40,064,988
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,670,075	\$0	\$1,670,075
Percentage increase (decrease) to 2019-21 appropriations	4.20%	N/A	4.20%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$1)	\$23,018	\$23,017
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		234,762		234,762
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,442		2,442
Removed 1 FTE assistant program supervisor position	(1.00)	(174,335)		(174,335)
Removed 1 FTE administrative assistant II position	(1.00)	(118,279)		(118,279)
Reduced funding for temporary salaries		(17,688)	(8,712)	(26,400)
Reduced funding for operating expenses related to travel (\$20,000) and professional development (\$42,207)		(62,207)		(62,207)
Added funding for Microsoft Office 365 license expenses		474	2,390	2,864

Transferred \$100,000 from the general fund for science, technology, engineering, and mathematics funding from the operating expenses line item to the newly created science, technology, engineering, and mathematics initiative line item				
Added federal funding for an apprenticeship grant program. The funding will be transferred to Lake Region State College for the administration of the program.			300,000	300,000
Added funding for the cost to continue career and technical education course cost reimbursement rates at schools (27 percent) and area career and technical centers (40 percent)		1,250,000		1,250,000
Added funding for new and expanding secondary programs		1,000,000		1,000,000
Removed funding for postsecondary grants to eliminate the program		(256,982)		(256,982)
Reduced funding for adult farm management grants to provide a total of \$1,706,138		(188,111)		(188,111)
Reduced funding for Center for Distance Education rent			(152,500)	(152,500)
Added funding for Center for Distance Education information technology expenses			152,500	152,500
Added <b>one-time funding</b> from the federal Coronavirus Capital Projects Fund for a statewide area career center initiative grant program (House Bill No. 1015)			70,000,000	70,000,000
Total	(2.00)	\$1,670,075	\$70,316,696	\$71,986,771

#### FTE Changes

The Legislative Assembly approved 50.30 FTE positions for the Department of Career and Technical Education for the 2021-23 biennium, a decrease of 2 FTE positions from the 2019-21 biennium. The Legislative Assembly removed 1 FTE assistant program supervisor position and 1 FTE administrative assistant II position.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$470,980 of federal coronavirus relief funds to the Department of Career and Technical Education for the 2019-21 biennium to pay for part-time instructor costs to provide instruction to a higher than budgeted number of Center for Distance Education students (\$270,980) and funding to reimburse 10 area career and technical centers for the purchase of personal protective equipment and cleaning supplies (\$200,000).

#### Federal COVID-19 Funding - 2021-23 Biennium

In House Bill No. 1015, the Legislative Assembly appropriated \$70 million of one-time funding anticipated to be received through the federal American Rescue Plan Act from the federal Coronavirus Capital Projects Fund to the Department of Career and Technical Education for a statewide area career center initiative grant program. The department is required to establish the application process and develop eligibility requirements for the grant program that must include:

- Funding may be used only for career and technical education projects involving construction, addition, maintenance, and equipment for new and existing area career centers;
- Grants awarded to each recipient must be at least \$500,000, but may not exceed \$10 million;

- Grants may be awarded only to the extent a school district has secured matching funds from nonstate sources on a dollar-for-dollar basis;
- An applicant must identify sufficient future nonstate sources of funding for ongoing operating and maintenance costs associated with a new or expanded area career center;
- The application period for the grant program begins with the effective date of House Bill No. 1015 and ends on June 30, 2022. Any funding not committed by December 31, 2022, may not be spent and must be canceled at the end of the 2021-23 biennium in accordance with North Dakota Century Code Section 54-44.1-11;
- Preference must be given to school districts that collaborate with other school districts for a regional area career center facility or to school districts to create a new area career center or use an existing area career center to positively affect that region of the state; and
- Preference must be given to school districts that will promote postsecondary education and workforce training education in conjunction with secondary education.

### **Secondary Funding**

During the November 2016 general election, Constitutional Measure No. 2 was approved by North Dakota voters, amending Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to use any excess principal balance of the foundation aid stabilization fund for education-related purposes whenever the balance exceeds 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium.

The 2017 Legislative Assembly, in Senate Bill No. 2272 and House Bill No. 1155, amended Section 54-44.1-12 to provide any reductions to the general fund appropriations to the Department of Career and Technical Education for grants to school districts due to an allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The 2019-21 biennium general fund appropriation to the Department of Career and Technical Education for career and technical education grants to school districts and area centers was \$24,887,780, resulting in \$3,733,167, or 15 percent, being included in the foundation aid stabilization fund required reserve for the 2021-23 biennium.

The 2021 Legislative Assembly provided a \$26,837,780 general fund appropriation for career and technical education grants to school districts and area centers for the 2021-23 biennium. Of this amount, \$4,025,667, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2023-25 biennium.

### **Marketplace for Kids**

The 2021 Legislative Assembly provided a \$300,000 general fund appropriation to the Department of Career and Technical Education for the Marketplace for Kids program for the 2021-23 biennium, the same as provided for the 2019-21 biennium.

### **Center for Distance Education**

The 2021 Legislative Assembly appropriated \$9,461,254 for the Center for Distance Education, of which \$6,411,254 is from the general fund and \$3,050,000 is from the independent study operating fund, including 28.80 FTE positions for the 2021-23 biennium. Of the total, \$6,088,495 is for salaries and wages from the general fund and \$3,372,759 is for operating expenses, of which \$322,759 is from the general fund. The 2019 Legislative Assembly appropriated \$9,351,188 for the Center for Distance Education, of which \$6,301,188 is from the general fund and \$3,050,000 is from the independent study operating fund, including 28.80 FTE positions for the 2019-21 biennium.

### **Other Sections in Senate Bill No. 2019**

**Secondary grants legislative intent** - Section 2 provides legislative intent that school districts:

- Use funds available from the federal Elementary and Secondary School Emergency Relief Fund to effectively benefit students;

- Prepare to provide for any future operating and maintenance costs relating to new or expanded programs resulting from the expenditure of these federal funds because state funds will not be provided to replace these federal funds; and
- Prepare to provide increased local support for area career and technical centers since state secondary grant funding is limited and the share of state assistance for these programs may decrease if new or expanded programs are established.

#### **Related Legislation**

**House Bill No. 1083 - Career and technical education scholarships** - This bill provides an exemption to the requirement that high school students obtain a grade of at least a "C" for credit units earned during a semester, quarter, or term that includes March, April, or May 2020 for consideration of career and technical education scholarships.

**House Bill No. 1395 - COVID-19 funds** - This bill provides a 2019-21 biennium appropriation of \$470,980 from the federal Coronavirus Relief Fund to the Department of Career and Technical Education.

**Senate Bill No. 2196 - North Dakota learning continuum** - This bill requires the Superintendent of Public Instruction to collaborate with the Department of Career and Technical Education to develop and implement a North Dakota learning continuum upon the recommendation of the Kindergarten Through Grade Twelve Education Coordination Council.

**House Concurrent Resolution No. 3035 - Career and technical education study** - This resolution requires the Legislative Management to consider studying statutes governing career and technical education, including the power and duties of the State Board of Career and Technical Education, reciprocity with other states, cooperation with federal agencies, funding, reimbursement to institutions, gifts, reporting requirements, grants for innovation, elementary school entrepreneurship programs, career development certifications, career advisers, accessibility, impacts on students, and programs of study.

**State Department of Health  
Budget No. 301  
Senate Bill No. 2004; House Bill Nos. 1012 and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>210.50</b>	<b>\$44,103,431</b>	<b>\$224,618,774</b>	<b>\$268,722,205</b>
2021-23 base budget	204.00	36,270,590	121,951,679	158,222,269
Legislative increase (decrease) to base budget	6.50	\$7,832,841	\$102,667,095	\$110,499,936

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$38,575,155</b>	<b>\$5,528,276</b>	<b>\$44,103,431</b>
2019-21 legislative appropriations	36,270,590	90,000	36,360,590
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,304,565	\$5,438,276	\$7,742,841
Percentage increase (decrease) to 2019-21 appropriations	6.4%	6,042.5%	21.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$1,839,117)	\$5,356,027	\$3,516,910
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		443,158	551,652	994,810
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		6,072	6,015	12,087
Transferred 4 FTE data processing coordinator III positions to the Information Technology Department for the IT unification initiative, including a decrease in the salaries and wages and tobacco prevention line items, and an increase in operating expenses line item	(4.00)	2,135	17,643	19,778
Added 10.5 FTE positions, including funding from the general fund for salaries and wages (\$354,335), 7 temporary positions (\$436,497), and operating expenses (\$3,668,934) for COVID-	10.50	4,459,766	(101,904)	4,357,862

19 response. Ongoing funding added for COVID-19 response totals \$4,459,766 from the general fund and is included in Senate Bill No. 2004. In addition, the Legislative Assembly provided \$5,608,094 from federal funds in House Bill No. 1394 as a 2019-21 biennium appropriation and allowed the department to continue the funding to the 2021-23 biennium for the COVID-19 response for these items.

Adjusted the funding source for salaries and wages related to the plans review program within the Life, Safety, and Construction Division from the general fund to special funds from program fees	(312,706)	312,706	0
Decreased funding for Food and Lodging Division temporary salaries and wages	(50,000)		(50,000)
Increased funding from federal funds for the State Health Officer's salary		132,000	132,000
Adjusted funding for cost-to-continue items, including a shift from professional fees to grants and adjustments to provide funding for certain items from the community health trust fund instead of the tobacco prevention and control trust fund	1,890,945	(1,594,952)	295,993
Removed funding for professional fees related to a part time clinical laboratory improvement amendment (CLIA) director. The Legislative Assembly added a .5 FTE position to serve as the CLIA director.	(19,200)	(12,800)	(32,000)
Added funding for Microsoft Office 365 licensing expenses	21,542	69,891	91,433
Increased funding from the community health trust fund for tobacco prevention and control, including funding for professional fees and grants	(1,108,000)	1,196,000	88,000
Decreased funding for tobacco prevention and control grants to local public health units to provide a total of \$6.25 million from the community health trust fund		(250,000)	(250,000)
Decreased funding for grants for state loan repayment programs for professionals to provide a total of \$2,120,345 for four loan programs, of which \$1,525,845 is from the general fund and \$594,500 is from the community health trust fund	(238,155)	70,500	(167,655)
Adjusted funding for an increase in the federal indirect rate to support agencywide costs	(1,060,000)	1,060,000	0
Decreased funding for professional services and grants related to a reduction in private and foundation grant opportunities		(975,000)	(975,000)

Added funding from the Helmsley Charitable Trust for training to continue increased access to automatic external defibrillators for law enforcement		327,500	327,500
Added funding from civil penalties for grants for long-term care facility improvements		100,000	100,000
Increased funding for operating expenses related to the University of North Dakota forensic examiner contract, to provide a total of \$1,625,270, of which \$1 million is from the community health trust fund and \$625,270 is from the general fund	105,270	1,000,000	1,105,270
Adjusted funding for bond and capital payments to provide a total of \$221,393, of which \$183,882 is from the general fund	(274,065)	(22,999)	(297,064)
Adjusted funding for extraordinary repairs to provide a total of \$136,500, of which \$30,650 is from the general fund		8,841	8,841
Adjusted funding for equipment over \$5,000 to provide a total of \$1,438,500, of which \$1,093,500 is from federal funds, and \$345,000 is from special funds, including laboratory fees and other special funds	(4,795)	(75,402)	(80,197)
Added <b>one-time funding</b> , including \$4,515,296 from the community health trust fund, for costs related to COVID-19 response, including salaries and wages, grants, and other operating expenses	4,747,045	4,515,296	9,262,341
Added <b>one-time funding</b> from fees for operating expenses related to updating vital records system technology		275,000	275,000
Added <b>one-time funding</b> for operating expenses (\$60,000) and capital assets (\$850,000) for forensic examiner equipment (\$500,000) and a forensic electronic records system (\$350,000)	781,231	128,769	910,000
Added <b>one-time funding</b> for statewide health strategies, including \$1.5 million from the community health trust fund and \$1.5 million of nonstate matching funds. The funds appropriated from the community health trust fund are contingent on the department securing dollar-for-dollar matching funds.		3,000,000	3,000,000
Added funding for a grant to a task force on the prevention of sexual abuse of children for staff and programming materials focused on primary prevention activities (House Bill No. 1012)	281,715	281,715	563,430



Added <b>one-time funding</b> from federal funds for COVID-19 response (House Bill No. 1395)			87,290,597	87,290,597
Total	<u>6.50</u>	<u>\$7,832,841</u>	<u>\$102,667,095</u>	<u>\$110,499,936</u>

### FTE Changes

The Legislative Assembly approved 210.5 FTE positions for the State Department of Health for the 2021-23 biennium, an increase of 6.5 FTE positions from the 2019-21 biennium. The Legislative Assembly transferred 4 FTE data processing coordinator III positions to the Information Technology Department for the IT unification initiative and added 10.5 FTE positions related to COVID-19 response as follows:

	General Fund	Special Funds	Total
1.00 FTE research analyst IV position - Fiscal and Operations	\$133,785	\$85,795	\$219,580
1.00 FTE account/budget specialist II position - Fiscal and Operations	0	172,724	172,724
1.00 FTE research analyst II position - Fiscal and Operations	68,600	85,796	154,396
1.00 FTE health/human services program administrator III position - Medical Services	0	181,448	181,448
1.00 FTE epidemiologist II position - Medical Services	0	186,628	186,628
1.00 FTE health/human services program administrator III position - Medical Services	0	181,448	181,448
1.00 FTE administrative staff officer III position - Healthy and Safe Communities	0	171,376	171,376
0.50 FTE senior microbiologist position - Laboratory Services	0	135,494	135,494
1.00 FTE administrative assistant I position - Laboratory Services	0	135,691	135,691
1.00 FTE laboratory technician I position - Laboratory Services	0	145,566	145,566
<u>1.00 FTE administrative staff officer II position - Health Resources</u>	<u>151,950</u>	<u>0</u>	<u>151,950</u>
10.50	\$354,335	\$1,481,966	\$1,836,301

### One-Time Funding

In Section 2 of Senate Bill No. 2004, the Legislative Assembly identified \$13,447,341 of one-time funding, of which \$5,528,276 is from the general fund. The Legislative Assembly provided \$275,000 from special funds available from fees for vital records system technology updates; \$3,000,000, of which \$1,500,000 is from the community health trust fund and \$1,500,000 is from nonstate matching funds, for a statewide health strategies initiative; \$9,262,341, of which \$4,747,045 is from the general fund and \$4,515,296 is from the community health trust fund, for costs related to COVID-19 response; and \$910,000, of which \$781,231 is from the general fund and \$128,769 is from federal funds, for operating expenses related to forensic examiner updates (\$60,000), forensic examiner equipment (\$500,000), and a forensic electronic records system (\$350,000). These amounts are not to be considered part of the State Department of Health's 2023-25 biennium base budget, and the State Department of Health is to report to the Appropriations Committees during the 2023 legislative session on the use of this funding.

### Emergency Medical Services Funding

The Legislative Assembly provided a total of \$7,721,000, of which \$6,596,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund, for rural emergency medical services grants, the same level of funding as the 2019-21 biennium. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,750,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund.

### Tobacco Prevention and Control Funding

The Legislative Assembly, in Senate Bill No. 2024 (2017), repealed North Dakota Century Code Chapter 23-42 related to the tobacco prevention and control program and transferred the responsibility for the statewide tobacco prevention and control plan from the Tobacco Prevention and Control Executive Committee to the State Department of Health. The Legislative Assembly, in Senate Bill No. 2004 (2021) provided \$13,410,022, of which \$75,000 is from the general fund, \$11,293,000 is from the community health trust fund, and \$2,042,022 is from federal funds for tobacco prevention and control, \$507,958 more than the 2019-21

biennium. This level of funding represents a decrease from the general fund of \$1,108,000 and increases from the community health trust fund of \$1,593,000 and federal funds of \$22,958. Funding from the community health trust fund provides \$6,250,000 for grants to local public health units for tobacco prevention and control programs, a decrease of \$250,000 from a total of \$6,500,000 provided for grants during the 2019-21 biennium, and \$5,043,000 for community health tobacco programs and the Tobacco Quitline.

**Local Public Health Unit Funding**

The Legislative Assembly provided a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the community health trust fund, for grants to local public health units. The Legislative Assembly eliminated funding from the tobacco prevention and control trust fund and added \$525,000 from the community health trust fund to provide the same level of funding for grants to local public health units compared to the 2019-21 biennium appropriation of \$4,725,000 from the general fund and \$525,000 from the tobacco prevention and control trust fund.

**Medical Marijuana Division**

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly does not include an appropriation for the Medical Marijuana Division in the State Department of Health's budget. The department presented a budget, funded through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions. The Legislative Assembly approved salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, totaling \$12,120 and approved House Bill No. 1359 which included a fiscal impact on expenditures of \$4,000, resulting in estimated expenditures from the medical marijuana fund of \$1,580,913 for the 2021-23 beinnium.

**Loan Repayment Programs**

The Legislative Assembly provided funding as follows for various professional loan repayment programs administered by the State Department of Health:

<b>Loan Repayment Program</b>	<b>General Fund</b>	<b>Special Funds (Community Health Trust Fund)</b>	<b>Federal Funds</b>	<b>Total</b>
Dental loan repayment program	\$180,000	\$360,000		\$540,000
Medical personnel loan repayment program	708,220			708,220
Behavioral health loan repayment program	157,625	234,500		392,125
Veterinarian loan repayment program	480,000			480,000
Federal/state loan repayment program			\$1,080,000	1,080,000
<b>Total</b>	<b>\$1,525,845</b>	<b>\$594,500</b>	<b>\$1,080,000</b>	<b>\$3,200,345</b>

**State Department of Health and Department of Human Services Merger**

The Legislative Assembly, in House Bill No. 1247 (2021), provided for the merger of the State Department of Health and the Department of Human Services to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into the Department of Human Services and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of the Department of Human Services, known as the Executive Director of the Department of Health and Human Services. Legislative intent also provides that during the 2021-23 biennium, the Executive Director of the former Department of Human Services review and reorganize the structure of the former Department of Human Services to incorporate the former State Department of Health and to find efficiencies in the newly formed Department of Health and Human Services. The newly formed Department of Health and Human Services is not required to reduce the FTE positions of the former State Department of Health and Department of Human Services. A fiscal note prepared by the Office of Management and Budget indicates there would be no immediate fiscal impact; however, if long-term savings are identified, they would be reflected in the budget for the 2023-25 biennium.

**2019-21 Biennium Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$275,106,001 of federal COVID-19 funding for the 2019-21 biennium, of which \$101,573,769 was from the federal Coronavirus Relief Fund, as follows:

	<b>Federal Funds - 2019-21 Biennium</b>
<b>Federal coronavirus relief funds approved by the Emergency Commission and the Budget Section:</b>	
Department staff overtime, laboratory supplies, laboratory equipment, personal protective equipment, travel, IT equipment, medical supplies, delivery costs for laboratory specimens, and contract costs, including contact tracing, hotline, laboratory technicians, scientists, courier services, and nursing services.	\$51,888,807
Local public health funding allocated through the existing formula and distributed by the department on a cost reimbursement basis.	20,000,000
Temporary contact tracing and testing positions and operating expenses for June 1, 2020, through December 30, 2020.	13,668,654
Additional testing, including testing for the North Dakota University System and K-12 schools, including laboratory testing supplies and additional need for contact tracers, continued contracted hotline costs with Noridian Healthcare Solutions in Fargo, testing costs for a contracted laboratory in North Carolina to cover costs for testing in excess of capacity at the state laboratory, public awareness campaign, technology costs, and personal protective equipment.	62,941,500
Research costs associated with the team that moved from the State Emergency Operation Center to the State Department of Health, including salaries and wages (\$1,208,000) and operating expenditures (\$142,000) for 34 team members, including a new team leader and individuals to oversee testing outreach statewide, work with special populations, health analytics (dashboards and modeling), health logistics (nurse coordination), and health informatics (contact tracing application and related systems).	1,350,000
Costs associated with the Governor-appointed Public Health Strategists, including professional fee contracts with UND (\$338,624), NDSU (\$97,604), and a group to facilitate and provide the written recommendation (\$246,772). Contracts for UND and NDSU will include salary costs for percentage of work on the project.	683,000
Contingency funding due to the Federal Emergency Management Agency (FEMA) indicating COVID-19 testing will no longer be considered an allowable expenditure for FEMA funding.	31,583,968
Funding for a hospital COVID-19 staffing support grant program to increase and maintain staff, specifically in the state's six largest hospitals in the four largest communities. The grants will be awarded based on infrastructure and human resource capacity.	25,000,000
Federal coronavirus relief funding returned in October 2020 and reallocated.	(33,000,000)
Federal coronavirus relief funding returned and reallocated in House Bill No. 1395.	(72,542,160)
<b>Total federal coronavirus relief funds - House Bill No. 1395</b>	\$101,573,769
<b>Additional federal COVID-19 response funding:</b>	
COVID-19 testing, vaccine preparedness, and agency response costs.	\$100,532,232
FEMA funding anticipated during the 2019-21 biennium.	73,000,000
<b>Total additional federal COVID-19 response funding anticipated during the 2019-21 biennium (House Bill No. 1394)</b>	\$173,532,232
<b>Total 2019-21 biennium federal COVID-19 funding</b>	\$275,106,001

**2021-23 Biennium Federal COVID-19 Funding**

The Legislative Assembly appropriated a total of \$87,290,597 of federal COVID-19 funding for the 2021-23 biennium. Other estimated federal COVID-19 funding to be received through the federal American Rescue Plan Act and the Consolidated Appropriations Act was appropriated in House Bill No. 1395 as follows:

	<b>Federal Funds - 2021-23 Biennium</b>
Women, Infants, and Children (WIC) program - Cash value vouchers	\$801,409
Epidemiology and laboratory capacity for school testing	22,952,934
COVID-19 vaccine preparedness	32,258,011
National initiative to address COVID-19 health disparities among populations at high-risk and underserved, including racial and ethnic minority populations and rural communities - Consolidated Appropriations Act, 2021 (P.L. 116-260)	31,278,243
<b>Total 2021-23 biennium federal COVID-19 funding</b>	\$87,290,597

**Other Sections in Senate Bill No. 2004**

**Statewide health strategies - Contingent appropriation** - Section 3 provides the one-time funding of \$1.5 million appropriated from the community health trust fund for statewide health strategies is contingent on the department securing dollar-for-dollar matching funds.

**Transfer of Appropriation Authority** - Section 4 provides on September 1, 2022, the Office of Management and Budget transfer remaining appropriation authority contained in Senate Bill No. 2004 and any remaining appropriation authority for the State Department of Health in other bills to the Department of Health and Human Services. The appropriation authority transferred to the Department of Health and Human Services must be maintained and reported separately from other appropriation authority transferred to the Department of Health and Human Services.

**Insurance tax distribution fund** - Section 5 identifies \$1,125,000 from the insurance tax distribution fund for rural emergency medical services grants during the 2021-23 biennium.

**Community health trust fund** - Section 6 identifies \$20,837,620 provided from the community health trust fund for the following programs:

	<b>Community Health Trust Fund 2021-23 Biennium</b>
Behavioral risk factor survey	\$200,000
Behavioral health loan repayment	234,500
Domestic violence prevention	300,000
Women's way	329,500
Dentists' loan repayment	360,000
Local public health state aid	525,000
Cancer programs	580,324
Forensic examiner contract	1,000,000
Statewide health strategies initiative	1,500,000
Local public health pandemic response grants	4,515,296
Tobacco prevention and control	5,043,000
Tobacco prevention and control grants to local public health units	6,250,000
<b>Total 2021-23 biennium federal COVID-19 funding</b>	<b>\$20,837,620</b>

**Transfer - Tobacco prevention and control trust fund to the community health trust fund** - Section 7 requires the Office of Management and Budget transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

**Health Council compensation** - Section 8 amends Section 23-01-02, relating to the compensation of Health Council members, to increase daily compensation from \$62.50 to the same daily rate set for members of the Legislative Assembly.

**Tobacco prevention and control trust fund** - Section 9 is amends Section 54-27-25 to remove the tobacco prevention and control trust fund.

**Water development trust fund** - Sections 10 and 11 amend Sections 61-02.1-02.1 and 61-02.1-04 to remove the water development trust fund as a funding source for State Water Commission projects and bond repayment. In 2019, the Legislative Assembly amended Section 54-27-25 to provide all tobacco settlement funding be deposited in the community health trust fund and therefore, are no longer funds deposited in the water development trust. Section 13 repeals Sections 54-27-25.1 and 61-02.1-05 related to water development trust fund expenditures and the water development trust fund.

**Legislative intent - State Department of Health and Department of Human Services merger** - Section 12 amends Section 510 of House Bill No. 1247, as approved by the 67<sup>th</sup> Legislative Assembly, related to legislative intent regarding the merger of the State Department of Health and the Department of Human Services into the Department of Health and Human Services to remove subsections 5 and 6 of the section related to the transfer of State Department of Health appropriations to the Department of Health and Human Services.

**Legislative intent - Funding for COVID-19 response** - Section 14 provides legislative intent that the State Department of Health use federal COVID-19 funds or other available funds for defraying expenses related to local public health pandemic response grants before accessing \$4,515,296 appropriated from the community health trust fund.

**Legislative Management study - Health Council Authority** - Section 15 provides for a Legislative Management study of the roles of the State Health Officer, Health Council, Medical Advisory Board, and Governor as they relate to the administration of the State Department of Health.

**Emergency** - Section 16 provides \$350,000, of which \$221,231 is from the general fund and \$128,769 is from federal funds, appropriated for an electronic medical record system is declared to be an emergency measure.

#### **Related Legislation**

**House Bill No. 1103** - Relates to mobile home park, recreational vehicle park, and campground **license renewals and transfers**.

**House Bill No. 1118** - Relates to the **authority of the State Health Officer and the gubernatorial declaration of disaster** or emergency.

**House Bill No. 1247** - Merges the State Department of Health and the Department of Human Services to create the **Department of Health and Human Services**. A fiscal note prepared by the Office of Management and Budget indicates there would be no immediate fiscal impact; however, if long-term savings are identified, they would be reflected in the budget for the 2023-25 biennium.

**House Bill No. 1359** - Eliminates the \$50 application **fee for designated caregivers**, allows up to 5 designated caregivers for a registered qualifying patient, and changes the membership of the **Medical Marijuana Advisory Board**. A fiscal note prepared by the department indicates a reduction in revenue of \$22,250 and additional expenditures from other funds of \$4,000; however, no appropriation is necessary because the program operates under a continuing appropriation.

**House Bill No. 1394** - Provides an appropriation of \$173,532,232 of **federal funds for COVID-19 related expenditures** for the remainder of the 2019-21 biennium and the 2021-23 biennium.

**House Bill No. 1395** - Provides an appropriation for the remainder of the 2019-21 biennium and the 2021-23 biennium of \$101,573,769 of **federal coronavirus relief fund** spending authority approved for the State Department of Health for the 2019-21 biennium by the Emergency Commission and Budget Section and an appropriation for the 2021-23 biennium of \$87,290,597 of **additional federal COVID-19 funding** estimated to be received during the 2021-23 biennium through the federal American Rescue Plan Act and the Consolidated Appropriations Act.

**House Bill No. 1418** - Relates to the **qualifications of the State Health Officer**.

**House Bill No. 1493** - Provides for the distribution of annual **financial assistance to eligible ambulance service operations**. Funding for emergency medical services grants is provided in the State Department of Health appropriation in Senate Bill No. 2004.

**Senate Bill No. 2059** - Relates to the **definition of marijuana** and the scheduling of controlled substances.

**Senate Bill No. 2119** - Relates to **food and lodging establishment licenses**.

**Senate Bill No. 2125** - Adds licensed behavior analyst to the list of behavioral health professionals eligible for **student loan repayment**.

**Senate Bill No. 2181** - Relates to the **State Health Officer and Governor's authority** during a declared disaster or emergency.

**Senate Bill No. 2226** - Requires the State Department of Health to license and inspect **residential end-of-life facilities**.

**Senate Bill No. 2241** - Allows the State Department of Health to use a third party to review **construction and renovation plans** and provides a continuing appropriation to pay the third party from fees charged to the providers.

**Senate Bill No. 2334** - Requires the State Department of Health to license **extended stay centers**. A fiscal note prepared by the department indicates estimated revenue from licensing fees of \$60,000 and estimated expenditures from other funds totaling \$18,020; however, the department would not need additional funding authority.

**Department of Environmental Quality  
Budget No. 303  
Senate Bill No. 2024**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>166.00</b>	<b>\$13,661,075</b>	<b>\$46,969,930</b>	<b>\$60,631,005</b>
2021-23 base budget	165.50	12,480,922	45,193,574	57,674,496
Legislative increase (decrease) to base budget	.50	\$1,180,153	\$1,776,356	\$2,956,509

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$12,661,075</b>	<b>\$1,000,000</b>	<b>\$13,661,075</b>
2019-21 legislative appropriations	12,480,922	0	12,480,922
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$180,153	\$1,000,000	\$1,180,153
Percentage increase (decrease) to 2019-21 appropriations	1.4%	N/A	9.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$735,778	\$540,462	\$1,276,240
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		221,718	522,853	744,571
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month.		2,442	5,644	8,086
Decreased funding for temporary salaries		(138,050)		(138,050)
Transferred 1 FTE computer and network specialist III position to the Information Technology Department for the information technology (IT) unification initiative, including a decrease in salaries and wages and an increase in operating expenses	(1.00)	2,022	3,755	5,777

Added 1.5 FTE accounting positions, including 1 FTE accounting manager II position and .5 accounting/budget specialist III position, and related funding for salaries and wages of \$329,622 and reduced funding for operating expenses by \$470,361 related to accounting services provided by the State Department of Health	1.50		(140,739)	(140,739)
Removed 2 FTE environmental scientist II positions paid from the general fund and restored other positions from special funds (See the following FTE positions added)	(2.00)	(360,800)		(360,800)
Added a .5 FTE environmental scientist III position and related funding for salaries and wages	.50		66,879	66,879
Added a .5 FTE accounting/budget analyst III position, including salaries and wages of \$110,099 and related operating expenses of \$8,201	.50		118,300	118,300
Added 1 FTE environmental scientist II position, including salaries and wages of \$152,169 and related operating expenses of \$33,331 in the petroleum tank release program to adjust the funding source to special funds	1.00		185,500	185,500
Increased funding from fees for boiler inspection program operating expenses			200,000	200,000
Decreased funding for operating expenses		(614,873)		(614,873)
Added funding from pollutant discharge elimination system program fees for operating expenses to develop a web-based application reporting system for the North Dakota pollutant discharge elimination system program			343,732	343,732
Increased funding for cost to continue operating expenses (\$1,168,827) and grants (\$113,000), including funding to fully fund the Quad O and Quad Oa program, increases in IT data processing, IT equipment, and repairs		362,474	919,353	1,281,827
Decreased funding for Volkswagen settlement grants to provide a total of \$4,485,118			(914,411)	(914,411)
Added funding for Microsoft Office 365 license expenses		5,618	13,109	18,727
Removed funding for Information Technology Department customer success management fees			(108,000)	(108,000)
Decreased funding for bond and capital payments to provide a total of \$119,972, of which \$59,581 is from the general fund		(34,110)	(62,347)	(96,457)
Decreased funding for extraordinary repairs to provide a total of \$24,000, of which \$4,800 is from the general fund		(2,066)	(934)	(3,000)

Increased funding for equipment and IT equipment over \$5,000 to provide a total ongoing appropriation of \$1,103,200 of other funds		83,200		83,200
Added <b>one-time funding</b> for a laboratory information management system		1,000,000		1,000,000
Total	<u>.50</u>	<u>\$1,180,153</u>	<u>\$1,776,356</u>	<u>\$2,956,509</u>

#### FTE Changes

The Legislative Assembly approved 166 FTE positions for the Department of Environmental Quality (DEQ) for the 2021-23 biennium, an increase of a .5 FTE position from the 2019-21 biennium. The Legislative Assembly transferred 1 FTE computer and network specialist III position to the Information Technology Department for the IT unification initiative; added 1.5 FTE accounting positions, including 1 FTE accounting manager II position and .5 accounting/budget specialist III position; and replaced 2 FTE environmental scientist II positions paid from the general fund with a total of 2 FTE positions funded from special funds, including a .5 FTE environmental scientist III position, .5 FTE accounting/budget analyst III position, and 1 FTE environmental scientist II position in the petroleum tank release program.

#### One-Time Funding

In Section 2 of Senate Bill No. 2024, the Legislative Assembly identified \$1 million of one-time funding from the general fund for a laboratory information management system. This amount is not to be considered part of DEQ's 2023-25 biennium base budget, and DEQ is to report to the Appropriations Committees during the 2023 legislative session on the use of this funding.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$745,000 of federal coronavirus relief funds to DEQ for 2019-21 biennium expenditures, including \$5,000 for printers and scanners and \$740,000 to expand a wastewater testing project for the presence of COVID-19, including salaries (\$26,940), operating expenses (\$518,060), and grants (\$195,000).

#### Other Sections in Senate Bill No. 2024

**Environment and rangeland protection fund** - Section 3 authorizes DEQ to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

**Petroleum release compensation fund** - Section 4 authorizes DEQ to spend \$773,983 from the petroleum release compensation fund for expenses related to the petroleum tank release program.

**Boiler inspection certificate** - Section 5 amends North Dakota Century Code Section 23.1-16-10 to increase the fee for a boiler inspection certificate from \$20 to \$35.

**Legislative intent - Federal coronavirus relief funds** - Section 6 provides legislative intent that the department use federal coronavirus relief funds, or any other funds available, for wastewater testing. In addition, legislative intent also is provided that the department use federal coronavirus relief funds or other available funds for the laboratory information management system before accessing funding from the general fund. The department may seek Emergency Commission approval to adjust the funding source if a nongeneral fund source is identified.

**Legislative Management report - Low-carbon initiative** - Section 7 requires the department to gather information from private industry, private organizations, and government that relates to carbon reduction initiatives, rules, or policies that will affect North Dakota residents and industries and report to the Legislative Management.

#### Related Legislation

**Senate Bill No. 2070** - Expands the use of the **environmental quality restoration fund** to include environmental incidents and contaminated property and provides a continuing appropriation to DEQ for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis.

**House Bill No. 1395** - Provides an appropriation of \$745,000 from the federal Coronavirus Relief Fund as approved by the Emergency Commission and Budget Section for DEQ for a wastewater testing project and for printers and scanners during the 2019-21 biennium.



**Veterans' Home  
Budget No. 313  
Senate Bill No. 2007; House Bill No. 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>114.79</b>	<b>\$5,805,643</b>	<b>\$21,024,040</b>	<b>\$26,829,683</b>
2021-23 base budget	120.72	5,654,324	18,751,772	24,406,096
Legislative increase (decrease) to base budget	(5.93)	\$151,319	\$2,272,268	\$2,423,587

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$5,780,643</b>	<b>\$25,000</b>	<b>\$5,805,643</b>
2019-21 legislative appropriations	5,654,324	25,000	5,679,324
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$126,319	\$0	\$126,319
Percentage increase (decrease) to 2019-21 appropriations	2.2%	0%	2.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes, including the removal of 1 unfunded FTE resident living specialist position	(1.00)	(\$36,873)	\$224,047	\$187,174
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		100,657	373,332	473,989
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		1,463	4,902	6,365
Removed FTE positions. See <b>FTE Changes</b> section below.	(3.93)	(528,702)		(528,702)
Adjusted funding for repairs and maintenance costs from the soldiers' home fund, including reducing salaries and wages by \$191,579, of which \$142,421 is for the removal of 1 FTE general trades maintenance worker I position, and increasing operating expenses by \$191,921 for contract maintenance work	(1.00)		342	342

Added funding from the soldiers' home fund to reclassify 3 FTE licensed practical nurse positions to FTE registered nurse positions		36,000		36,000
Added funding for salary equity increases of \$1 per hour for certified nursing assistants, licensed practical nurses, and registered nurses	310,000			310,000
Adjusted funding for operating expenses, including adding funding for Microsoft Office 365 license expenses (\$44,581), information technology services and fees (\$38,000), and resident medication (\$238,500), and reducing professional service fees and staff training (\$57,400). Other funds are from the soldiers' home fund.	279,774	(16,093)		263,681
Added funding for bond payments and interest to provide a total of \$407,271		1,538		1,538
Added <b>one-time funding</b> for the cost of resident absences when residents are absent from the Veterans' Home for 14 consecutive days. The funding is for days 8 through 14 of the absence to replace lost federal per diem funding and allow residents to be absent at no cost to the resident.	25,000			25,000
Added <b>one-time funding</b> from the soldiers' home fund for equipment, including \$10,700 for a carpet shampooer and \$6,000 for humidifiers		16,700		16,700
Added <b>one-time funding</b> from the soldiers' home fund for the replacement of thermostats in the Veterans' Home		131,500		131,500
Added <b>one-time funding</b> from the Melvin Norgard memorial fund for a memorial garden project		200,000		200,000
Added <b>one-time funding</b> from federal COVID-19 funds for costs related to the COVID-19 pandemic, including employee wages and the purchase of personal protective equipment, and medical and disinfecting supplies (House Bill No. 1395)		1,300,000		1,300,000
Total	<u>(5.93)</u>	<u>\$151,319</u>	<u>\$2,272,268</u>	<u>\$2,423,587</u>

#### FTE Changes

The Legislative Assembly approved 114.79 FTE positions for the Veterans' Home for the 2021-23 biennium, a decrease of 5.93 FTE positions from the 2019-21 biennium level of 120.72 FTE positions. The Legislative Assembly removed a 1.00 FTE resident living specialist position, a 1.00 FTE resident living specialist II position, a 1.00 FTE administrative assistant position, a 1.00 FTE direct care associate I position, a 0.93 FTE licensed practical nurse II position, and a 1.00 FTE general trades maintenance worker I position.

**One-Time Funding**

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Resident absences	\$25,000		\$25,000
Equipment <sup>1</sup>		\$16,700	16,700
Thermostats <sup>1</sup>		131,500	131,500
Memorial garden project <sup>2</sup>		200,000	200,000
COVID-19 expenses <sup>3</sup>		1,300,000	1,300,000
<b>Total</b>	<b>\$25,000</b>	<b>\$1,648,200</b>	<b>\$1,673,200</b>

<sup>1</sup>Funding for these items is from the soldiers' home fund.

<sup>2</sup>Funding for this item is from the Melvin Norgard memorial fund.

<sup>3</sup>Funding for this item is from federal COVID-19 funds.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1394, the Legislative Assembly appropriated \$975,000 from federal COVID-19 funds to the Veterans' Home for the 2019-21 biennium for provider incentive payments used for COVID-19 supplies and staff costs.

In House Bill No. 1395, the Legislative Assembly appropriated \$462,040 of federal coronavirus relief funds to the Veterans' Home for the 2019-21 biennium to pay for excess salaries related to the COVID-19 pandemic (\$140,395), staffing agency expenditures (\$20,000), the purchase of personal protective equipment, cleaning supplies, sanitizer, costs related to a quarantine unit, and equipment for delivering meals and laundry to resident rooms (\$115,702), training software to avoid in-person training (\$13,690), maintenance software (\$12,980), one-on-one resident activities (\$19,998), and the purchase and installation of equipment, including hands-free fixtures (\$112,040), ion generators to purify air (\$17,600), and an electrostatic sprayer and chemicals (\$9,635).

**Federal COVID-19 Funding - 2021-23 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$1.3 million of one-time funding estimated to be received through the federal American Rescue Plan Act to the Veterans' Home for costs related to the COVID-19 pandemic, including employee wages and the purchase of personal protective equipment, and medical and disinfecting supplies.

**Other Sections in Senate Bill No. 2007**

**Administrator housing stipend** - Section 3 identifies \$48,000 in the operating expenses line item for a \$2,000 per month housing stipend to be provided to the Veterans' Home Administrator for housing costs off of the Veterans' Home campus.

**Resident leave of absence** - Section 4 identifies one-time funding of \$25,000 from the general fund to defray Veterans' Home residents costs while residents are absent from the Veterans' Home. The section provides legislative intent that the Veterans' Home Governing Board increase the number of days a resident is authorized to leave the Veterans' Home without incurring a per diem cost for the absence from 7 to 14 days. Legislative intent is also provided that any future funding requests from the Veterans' Home for this purpose be requested from the Melvin Norgard memorial fund.

**Information technology exclusion** - Section 5 amended North Dakota Century Code Section 54-59-05 to exclude information technology of the Veterans' Home from being required to be provided by, supervised by, and regulated by the Information Technology Department. The Information Technology Department is required to consult with the Veterans' Home regarding cybersecurity strategy. Section 6 of Senate Bill No. 2021 further amended Section 54-59-05 to remove the requirement established in Section 5 of Senate Bill No. 2007 to require the Information Technology Department to consult with the Veterans' Home regarding cybersecurity strategy.

**Electronic mail and file and print service administration exclusion** - Section 6 amended Section 54-59-22 to exclude electronic mail, file and print administration, database administration, application server, and hosting services of the Veterans' Home from being required to be provided by the Information Technology Department.

**Skilled nursing area flooring project exemption** - Section 7 provided an exemption to allow the Veterans' Home to continue \$138,700 appropriated from the soldiers' home fund for a flooring project in the skilled nursing areas of the Veterans' Home during the 2019-21 biennium into the 2021-23 biennium.

**Equipment exemption** - Section 8 provided an exemption to allow the Veterans' Home to continue \$20,700 appropriated from the soldiers' home fund for the purchase of a dryer during the 2019-21 biennium into the 2021-23 biennium.

**Administrator's residence and capital assets exemption** - Section 9 provided an exemption to allow the Veterans' Home to continue \$54,925 appropriated from soldiers' home fund for the demolition of the administrator's residence for the purpose of defraying the expenses of various capital asset costs, including the purchase of security cameras, humidifiers, and a building automation system.

#### **Related Legislation**

**House Bill No. 1394 - COVID-19 funds** - This bill provides a 2019-21 biennium appropriation of \$975,000 from federal COVID-19 funds to the Veterans' Home.

**Indian Affairs Commission  
Budget No. 316  
Senate Bill No. 2005**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>4.00</b>	<b>\$1,095,715</b>	<b>\$0</b>	<b>\$1,095,715</b>
2021-23 base budget	4.00	1,098,639	0	1,098,639
Legislative increase (decrease) to base budget	0.00	(\$2,924)	\$0	(\$2,924)

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,095,715</b>	<b>\$0</b>	<b>\$1,095,715</b>
2019-21 legislative appropriations	1,098,639	0	1,098,639
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$2,924)	\$0	(\$2,924)
Percentage increase (decrease) to 2019-21 appropriations	(0.3%)	N/A	(0.3%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$210)		(\$210)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		20,042		20,042
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		195		195
Added funding for salary equity		20,000		20,000
Reduced funding for operating expenses		(54,722)		(54,722)
Increased funding for the Youth Leadership Academy to provide a total of \$54,300		5,000		5,000
Added funding for an Information Technology Department key customer management fee		6,000		6,000

Added funding for Microsoft Office 365 license expenses	<u>771</u>	<u>771</u>
Total	<u>0.00</u>	<u>(\$2,924)</u>

**FTE Changes**

The Legislative Assembly approved 4 FTE positions for the Indian Affairs Commission for the 2021-23 biennium, the same as the 2019-21 biennium.

**Other Sections in Senate Bill No. 2005**

**Exemption - Line item transfers - 2019-21 biennium** - Section 2 authorizes the Indian Affairs Commission to transfer up to \$15,000 of appropriation authority from the operating expenses to the salaries and wages line item during the 2019-21 biennium for annual leave payouts.

**Emergency** - Section 3 declares Section 2 to be an emergency.

**Related Legislation**

There is no major related legislation affecting this agency.

**Department of Veterans' Affairs  
Budget No. 321  
Senate Bill No. 2025**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>8.00</b>	<b>\$1,570,624</b>	<b>\$1,803,650</b>	<b>\$3,374,274</b>
2021-23 base budget	7.00	1,268,930	1,085,657	2,354,587
Legislative increase (decrease) to base budget	1.00	\$301,694	\$717,993	\$1,019,687

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,570,624</b>	<b>\$0</b>	<b>\$1,570,624</b>
2019-21 legislative appropriations	1,268,930	147,500	1,416,430
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$301,694	(\$147,500)	\$154,194
Percentage increase (decrease) to 2019-21 appropriations	23.8%	(100.0%)	10.9%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$118,503	(\$78,734)	\$39,769
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		25,802	5,043	30,845
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		284	57	341
Added funding for 1 FTE loan and grant officer position, including \$68,000 from federal funds	1.00	90,910	68,000	158,910
Added funding for a temporary half-time training and information officer position		70,000		70,000
Added funding for Microsoft Office 365 license expenses		1,195	127	1,322
Removed funding for stand down events to provide a total of \$0		(\$5,000)		(\$5,000)

Added federal funding for the highly rural transportation grant program to provide a total of \$1.22 million			432,000	432,000
Added <b>one-time funding</b> from federal funds for the Veterans' Home cemetery grant program for the purpose of repairing and maintaining the cemetery located on the Veterans' Home campus			291,500	291,500
Total	1.00	\$301,694	\$717,993	\$1,019,687

#### FTE Changes

The Legislative Assembly approved 8 FTE positions for the Department of Veterans' Affairs for the 2021-23 biennium, an increase of 1 FTE position from the 2019-21 biennium level of 7 FTE positions. The Legislative Assembly added 1 FTE loan and grant officer position.

#### One-Time Funding

Section 2 identifies one-time funding of \$291,500 from federal funds for the Veterans' Home cemetery grant program for the purpose of repairing and maintaining the cemetery located on the Veterans' Home campus.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$2,860 of federal coronavirus relief funds to the Department of Veterans' Affairs for the 2019-21 biennium to purchase ultraviolet sanitizers and telework equipment as a result of the COVID-19 pandemic.

#### Service Dogs

**Service dogs exemption** - Section 3 allows the Department of Veterans' Affairs to continue the \$50,000 of funding appropriated in the 2019-21 biennium for the posttraumatic stress disorder service dogs program into the 2021-23 biennium. The 2021-23 biennium appropriation for this program is \$50,000 from the general fund, the same as provided for the 2019-21 biennium. The funding is for the purpose of training up to four service dogs to assist North Dakota veterans with posttraumatic stress disorder during the 2021-23 biennium. Funding provided for training each service dog is \$12,500, or approximately 50 percent of the total cost of training.

#### Nonhighly Rural Transport Vans

The Legislative Assembly provided a total appropriation of \$18,800 from the general fund for the purchase of one nonhighly rural transport van to transport veterans to medical appointments at the Veterans' Hospital in Fargo during the 2021-23 biennium, the same as provided for the 2019-21 biennium.

#### Highly Rural Transportation Grant Program

The highly rural transportation grant program is a federal grant program that provides funding to the Department of Veterans' Affairs to purchase transport vans and to provide transportation to medical appointments for veterans of highly rural counties. The primary purpose of using the vans must be for medical reasons, although vans are generally allowed to transport veterans to other locations, such as grocery stores or other locations, as long as the additional stop is reasonable and does not require an unreasonable amount of time. The department pays for all maintenance, gas, insurance, and other costs associated with the transport vans using federal funds.

The 2021 Legislative Assembly appropriated \$1,220,000 of federal funds to the Department of Veterans' Affairs for the highly rural transportation grant program for the 2021-23 biennium, an increase of \$420,000 from the 2019-21 biennium authorized level of \$800,000. In September 2020, the Emergency Commission and Budget Section authorized a federal funds spending authority increase of \$400,000, resulting in total federal funds spending authority of \$1,200,000 during the 2019-21 biennium. The total estimated expenditures for the program during the 2019-21 biennium is approximately \$950,000. Of the \$1,719,520 of federal funds authorized for the 2017-19 biennium, the department spent \$723,755.



### **Related Legislation**

**House Bill No. 1211 - Investment of veteran funds** - This bill expands the State Treasurer's ability to invest funds of the veterans' aid fund and the income from the veterans' postwar trust fund by allowing investment in assets not held by the Bank of North Dakota.

**House Bill No. 1395 - COVID-19 funds** - This bill provides a 2019-21 biennium appropriation of \$2,860 from the federal Coronavirus Relief Fund to the Department of Veterans' Affairs.

**Protection and Advocacy Project  
Budget No. 360  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>28.50</b>	<b>\$3,139,350</b>	<b>\$4,263,590</b>	<b>\$7,402,940</b>
2021-23 base budget	28.50	3,240,015	3,926,135	7,166,150
Legislative increase (decrease) to base budget	0.00	(\$100,665)	\$337,455	\$236,790

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$3,139,350</b>	<b>\$0</b>	<b>\$3,139,350</b>
2019-21 legislative appropriations	3,240,015	72,550	3,312,565
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$100,665)	(\$72,550)	(\$173,215)
Percentage increase (decrease) to 2019-21 appropriations	(3.1%)	(100.0%)	(5.2%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$113,932)	\$7,106	(\$106,826)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		59,127	72,211	131,338
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		629	785	1,414
Adjusted funding for operating expenses, primarily related to supplies, rent, and operating and professional services and fees		(48,070)	255,299	207,229
Increased funding for Microsoft Office 365 licensing expenses		1,581	2,054	3,635
<b>Total</b>	<b>0.00</b>	<b>(\$100,665)</b>	<b>\$337,455</b>	<b>\$236,790</b>

### **FTE Changes**

The Legislative Assembly approved 28.50 FTE positions for the Protection and Advocacy Project for the 2021-23 biennium, the same as the 2019-21 biennium.

### **Related Legislation**

**Senate Bill No. 2134 - Complaint investigation** - This bill clarifies the duties of the Protection and Advocacy Project to include voluntary compliance and other appropriate remedies when investigating complaints and reports.

**Job Service North Dakota  
Budget No. 380  
Senate Bill No. 2016**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>156.61</b>	<b>\$410,229</b>	<b>\$64,995,263</b>	<b>\$65,405,492</b>
2021-23 base budget	172.61	430,624	64,643,718	65,074,342
Legislative increase (decrease) to base budget	(16.00)	(\$20,395)	\$351,545	\$331,150

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$410,229</b>	<b>\$0</b>	<b>\$410,229</b>
2019-21 legislative appropriations	430,624	0	430,624
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$20,395)	\$0	(\$20,395)
Percentage increase (decrease) to 2019-21 appropriations	(4.7%)	N/A	(4.7%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$148	\$24,136	\$24,284
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		1,124	758,692	759,816
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		12	7,384	7,396
Transferred 16 FTE positions to Information Technology Department (ITD), reducing federal funds for salaries and wages by \$2,368,775 for 11 funded FTE positions and adding \$3,569,976 of federal funds for operating expenses to pay ITD for the services of up to 16 FTE positions to the extent federal funds are available. Of the 16 FTE positions in Job Service North Dakota, 5 were unfunded.	(16.00)		1,201,201	1,201,201
Added federal funding for Microsoft Office 365 license expenses			23,243	23,243

Reduced funding for unemployment insurance operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment	(21,679)	(4,248,062)	(4,269,741)
Added federal funding for trade assistance grants to provide a total of \$2,177,118		1,080,063	1,080,063
Added federal funding for Workforce Investment Act grants to provide a total of \$6,103,933		1,034,876	1,034,876
Added federal funding for the unemployment insurance system modernization project to provide a total of \$10,945,126 in the Reed Act - Unemployment insurance computer modernization line item		470,012	470,012
<b>Total</b>	<u>(16.00)</u>	<u>(\$20,395)</u>	<u>\$351,545</u>

#### FTE Changes

The Legislative Assembly approved 156.61 FTE positions for Job Service North Dakota for the 2021-23 biennium, a decrease of 16 FTE positions from the 2019-21 biennium level of 172.61 FTE positions. The Legislative Assembly transferred 16 FTE information technology positions to ITD for the information technology unification initiative, of which 5 FTE positions were unfunded in previous bienniums.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$370,953,307 of federal coronavirus relief funds to Job Service North Dakota for the 2019-21 biennium, for state unemployment insurance claims and to minimize the impact to employer tax rates (\$355,600,000), reimbursable group premiums related to COVID-19 unemployment costs (\$10,953,307), temporary staff and overtime costs (\$2,200,000), contractual services for mainframe application management (\$500,000), and other COVID-19-related costs, primarily for information technology programming costs for new federal unemployment insurance benefits programs (\$1,700,000). This funding was transferred to the unemployment insurance trust fund.

During the 2019-21 biennium, Job Service North Dakota received and spent federal funding for various programs as a result of the COVID-19 pandemic pursuant to continuing appropriation authority in Section 4 of House Bill No. 1016 (2019). Through April 30, 2021, Job Service North Dakota received and spent approximately \$709 million for these programs, primarily for the federal pandemic unemployment compensation program (\$510 million), pandemic emergency unemployment compensation program (\$118 million), the pandemic unemployment assistance program (\$63 million), and the emergency relief for government entities and nonprofits program for reimbursable group premiums (\$11.5 million). This funding was deposited in and spent from the unemployment insurance trust fund. The balance of the fund as of April 30, 2021, was \$239.3 million, compared to the pre-pandemic fund balance of \$192.8 million on March 16, 2020.

#### Other Sections in Senate Bill No. 2016

**Federal funds appropriation** - Section 3 provides all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1 are appropriated for the 2021-23 biennium.

**Unemployment insurance computer modernization project** - Section 4 identifies \$10,945,126 of other funds appropriated in Section 1 from federal Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 is for developing a modernized unemployment insurance computer system.

**Unemployment benefit waiting period** - Section 5 amends North Dakota Century Code Section 52-06-01(4) to allow the Executive Director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section was declared an emergency measure.

**Information technology unification initiative** - Section 6 provides ITD may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any FTE positions transferred to ITD during the 2021-23 biennium. Legislative intent was provided that any FTE position transferred to ITD for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the position during the 2019-21 biennium, unless the 68<sup>th</sup> Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. **This section was repealed in Section 8 of Senate Bill No. 2021 (2021) and replaced with Section 10 of Senate Bill No. 2021 (2021).** See the report for Budget No. 112 - Information Technology Department.

#### **Related Legislation**

**House Bill No. 1278 - Military spouse unemployment benefits** - This bill provides military spouses that terminate employment to move due to a military transfer are eligible for unemployment insurance benefits.

**House Bill No. 1395 - COVID-19 funds** - This bill provides a 2019-21 biennium appropriation of \$370,953,307 from the federal Coronavirus Relief Fund to Job Service North Dakota.

**Industrial Commission  
Budget No. 405  
Senate Bill No. 2014; House Bill No. 1452**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>108.25</b>	<b>\$51,595,873</b>	<b>\$24,369,185</b>	<b>\$75,965,058</b>
2021-23 base budget	112.25	27,254,198	12,723,790	39,977,988
Legislative increase (decrease) to base budget	(4.00)	\$24,341,675	\$11,645,395	\$35,987,070

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$26,489,667</b>	<b>\$25,106,206</b>	<b>\$51,595,873</b>
2019-21 legislative appropriations	27,254,198	195,000	27,449,198
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$764,531)	\$24,911,206	\$24,146,675
Percentage increase (decrease) to 2019-21 appropriations	(2.8%)	127.7%	88.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$292,009	\$34,876	\$326,885
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		564,393	38,506	602,899
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		4,845	317	5,162
Removed 1 FTE computer network specialist position (\$222,366), 1 FTE engineering technician position (\$180,551), and 2 FTE contingent positions (\$229,544)	(4.00)	(632,461)		(632,461)
Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover		(214,360)		(214,360)
Decreased funding for temporary salaries		(60,000)		(60,000)

Increased salary funding for a position reclassification with the Public Finance Authority		31,000	31,000
Adjusted funding for operating expenses, primarily related to a decrease in travel	(730,400)	8,124	(722,276)
Increased funding for Microsoft Office 365 licensing expenses	11,389	618	12,007
Increased funding for bond payments to provide total funding of \$22,040,271		11,531,954	11,531,954
Added <b>one-time funding</b> from the general fund for paleontology and geological equipment	106,260		106,260
Added <b>one-time funding</b> from the general fund for a transfer to the clean sustainable energy fund (House Bill No. 1452)	25,000,000		25,000,000
<b>Total</b>	<b>(4.00)</b>	<b>\$24,341,675</b>	<b>\$11,645,395</b>

#### FTE Changes

The Legislative Assembly authorized 108.25 FTE positions for the Industrial Commission for the 2021-23 biennium, a decrease of 4 FTE positions from the 2019-21 biennium authorized level of 112.25 FTE positions. The Legislative Assembly authorized 1 FTE computer network specialist position, 1 FTE engineering technician position, 1 FTE contingent engineering technician position, and 1 FTE contingent petroleum engineering position, the same as the agency's budget request.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$71,476,513 of federal coronavirus relief funds to the Industrial Commission for the 2019-21 biennium for plugging and reclaiming abandoned oil wells and for grants to reimburse oil companies for water acquisition and disposal costs associated with the hydraulic fracturing of new oil wells.

#### One-Time Funding

One-time appropriations for the 2021-23 biennium for the Industrial Commission include \$106,206 from the general fund for paleontology and geological equipment and a transfer of \$25 million from the general fund to the clean sustainable energy fund in House Bill No. 1452.

#### Lease Payments

The Legislative Assembly provided funds received from agencies for lease payments on outstanding bonded indebtedness as follows:

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
Higher education institutions	\$4,959,448	\$17,204,639	\$12,245,191
North Dakota University System energy conservation projects	415,664	415,114	(550)
Department of Corrections and Rehabilitation - State Penitentiary	689,299	492,354	(196,945)
Department of Corrections and Rehabilitation energy conservation projects	16,180	8,181	(7,999)
State Department of Health	644,884	341,365	(303,519)
Job Service North Dakota	434,847	230,600	(204,247)
Office of Management and Budget	567,125	564,515	(2,610)
Attorney General	647,500	648,055	555
State Historical Society	1,177,875	1,179,015	1,140
Parks and Recreation Department	66,875	66,165	(710)
Research and Extension Service	483,337	483,447	110
Veterans' Home	405,733	407,271	1,538
<b>Total</b>	<b>\$10,508,767</b>	<b>\$22,040,721</b>	<b>\$11,531,954</b>



### **Lignite Research Funding**

**Lignite research grants** - Section 13 of Senate Bill No. 2014 designates \$4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation, which may be spent without industry matching funds.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the lignite research fund.

### **Public Finance Authority Bonding Authorization**

House Bill No. 1431 authorizes the Public Finance Authority to issue up to \$680 million of bonds to support infrastructure projects and programs, and appropriates the bond proceeds to the Bank of North Dakota for distribution. The Public Finance Authority may issue appropriation bonds which are not subject to the bonding limits associated with the Building Authority under North Dakota Century Code Section 54-17.2-23. The term of the bonds is limited to 20 years, and the State Investment Board may purchase the bonds as investments for the funds under its management. The bonds are anticipated to be repaid, subject to legislative appropriations, using legacy fund earnings transferred to a legacy sinking and interest fund. Of the \$680 million of bond proceeds, \$435.5 million is for the Fargo diversion project, \$74.5 million will be transferred to the resources trust fund for repayment of outstanding loans of the Western Area Water Supply Authority, \$50 million is for the infrastructure revolving loan fund, \$70 million will be transferred to the highway fund for highway bridge projects and for matching federal funds, and \$50 million is for a North Dakota State University agriculture products development center, including a Northern Crops Institute project.

### **Other Sections in Senate Bill No. 2014**

**Bond payments** - Section 3 provides legislative intent for bond payments during the 2021-22 biennium.

**Oil and gas research fund** - Section 6 transfers \$9.5 million from the strategic investment and improvements fund to the oil and gas research fund. Section 14 designates \$9.5 million from the oil and gas research fund for an underground energy storage study. Section 31 increases 2021-23 biennium oil and gas tax revenue allocations to the oil and gas research fund by \$4.5 million, from \$10 million to \$14.5 million for additional research projects and a hydrogen study.

**Administration funding** - Section 7 authorizes the Industrial Commission to transfer up to \$1,214,768 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 34 provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2021-23 biennium.

**Hydrogen study** - Section 15 identifies \$500,000 from the oil and gas research fund for the Energy and Environmental Research Center to conduct a study of hydrogen.

**House Bill No. 1431 bonding changes** - Section 16 amends Section 6-09-49(1) as amended in House Bill No. 1431 to maintain the interest rates for the infrastructure revolving loan fund at 2 percent rather than increasing them every 5 years up to a maximum rate of 5 percent. Section 18 increases the administrative fee charged by the Bank of North Dakota on certain water loans from one-quarter of 1 percent to one-half of 1 percent. Section 20 clarifies the bonds issued by the Public Finance Authority for infrastructure projects and programs are not a debt of the state. Section 28 clarifies the bond limit applies to the amount authorized for transfer to other funds or programs and does not include bonding costs.

**Public Finance Authority administrative agreements** - Section 19 clarifies the Public Finance Authority may make administrative agreements when distributing bond proceeds for loans or grants.

**State Energy Research Center** - Sections 21 and 27 extend the expiration date to June 2027 for the State Energy Research Center and its related funding source from oil and gas tax revenue allocations.

**Transmission Authority project bonding** - Section 22 allows the Industrial Commission to issue bonds to support Transmission Authority projects with a limit of 30 percent of the total project cost or 30 percent of the appraised value, whichever is greater.

**Carbon dioxide storage fees** - Sections 23 and 24 clarify the fees for the carbon dioxide storage facility fund and the carbon dioxide trust fund to reflect the impact of a storage facility and the source of carbon dioxide.

**North Dakota outdoor heritage fund** - Section 30 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year, but only for the 2021-23 biennium.

**Survey review exemption** - Section 33 provides an exemption allowing the Industrial Commission to continue unspent prior biennium appropriation authority for a survey review during the 2021-23 biennium.

**Long-term care facility debt study** - Section 35 provides for a Legislative Management study of long-term care facility debt.

#### **Related Legislation**

**House Bill No. 1056 - Global positioning system fund and fee** - This bill repeals the global positioning system community base station fund and a fee related to the sale of data from the global positioning system community base station.

**House Bill No. 1159 - Natural gas and propane infrastructure study** - This bill provides for a Legislative Management study of natural gas and propane infrastructure development in the state.

**House Bill No. 1395 - Federal coronavirus funding** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**House Bill No. 1452 - Clean Sustainable Energy Authority** - This bill transfers \$40 million to a newly created clean sustainable energy fund. A Clean Sustainable Energy Authority recommends financial support from the clean sustainable energy fund for low-emission energy technology projects. The Industrial Commission would administer the fund and have continuing appropriation authority to provide grants, loans, and other financial assistance as recommended by the Clean Sustainable Energy Authority.

**Senate Bill No. 2066 - Public fossil dig fees** - This bill authorizes the Industrial Commission to deposit fees collected from public fossil digs in the fossil excavation and restoration fund.

**Senate Bill No. 2313 - Electric grid resilience report** - This bill requires the Transmission Authority to provide a report to the Legislative Council and Industrial Commission regarding the resilience of the state electric grid.

**Department of Labor and Human Rights  
Budget No. 406  
House Bill No. 1007**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>13.00</b>	<b>\$2,394,186</b>	<b>\$516,868</b>	<b>\$2,911,054</b>
2021-23 base budget	14.00	2,325,510	480,681	2,806,191
Legislative increase (decrease) to base budget	(1.00)	\$68,676	\$36,187	\$104,863

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$2,246,469</b>	<b>\$147,717</b>	<b>\$2,394,186</b>
2019-21 legislative appropriations	2,325,510	69,659	2,395,169
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$79,041)	\$78,058	(\$983)
Percentage increase (decrease) to 2019-21 appropriations	(3.4%)	112.1%	0.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$3,621)	\$6,187	\$2,566
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		58,116		58,116
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		560		560
Removed funding for 1 vacant FTE compliance investigator II position, resulting in the position being unfunded		(142,028)		(142,028)
Removed authorization for 1 vacant FTE compliance investigator II position, which was unfunded in previous bienniums	(1.00)			
Added funding for Microsoft Office 365 license expenses (\$1,212) and Information Technology Department key customer management costs (\$6,720)		7,932		7,932

Added <b>one-time funding</b> to upgrade the department's case management system	147,717	30,000	177,717
	<hr/>	<hr/>	<hr/>
Total	<u>(1.00)</u>	<u>\$68,676</u>	<u>\$36,187</u>
	<hr/>	<hr/>	<hr/>
			<u>\$104,863</u>

#### FTE Changes

The Legislative Assembly approved 13 FTE positions for the Department of Labor and Human Rights for the 2021-23 biennium, a decrease of 1 FTE position from the 2019-21 biennium authorized level of 14 FTE positions. The Legislative Assembly removed 1 vacant FTE compliance investigator II position, which was unfunded in previous bienniums. The Legislative Assembly unfunded another vacant FTE compliance investigator II position for the 2021-23 biennium.

#### One-Time Funding

In Section 2 of House Bill No. 1007, the Legislative Assembly identified \$177,717 of one-time funding to upgrade the department's case management system, of which \$147,717 is from the general fund and \$30,000 is from federal funds.

The 2019 Legislative Assembly appropriated \$69,659 of one-time funding from the general fund for a paperless storage system. In March 2020, the Emergency Commission authorized the department to accept federal funds of \$49,000 to expand the paperless storage system to include replacement of the department's case management system. The total authority for information technology-related projects for the 2019-21 biennium was \$130,190, of which \$81,190 was from the general fund and \$49,000 was from federal funds. Of the general fund amount, \$69,659 was from the 2019-21 biennium one-time funding appropriated for the project and \$11,531 was from savings in the agency's operating expenses line item. A one-time appropriation of \$56,135 was provided to the department for the 2015-17 biennium for the paperless storage system, but the funding was removed as a result of the August 2016 special legislative session.

**Aeronautics Commission  
Budget No. 412  
Senate Bill No. 2006**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>7.00</b>	<b>\$475,000</b>	<b>\$30,741,987</b>	<b>\$31,216,987</b>
2021-23 base budget	7.00	500,000	28,831,082	29,331,082
Legislative increase (decrease) to base budget	0.00	(\$25,000)	\$1,910,905	\$1,885,905

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$475,000</b>	<b>\$0</b>	<b>\$475,000</b>
2019-21 legislative appropriations	500,000	0	500,000
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$25,000)	\$0	(\$25,000)
Percentage increase (decrease) to 2019-21 appropriations	(5.0%)	N/A	(5.0%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			\$37,738	\$37,738
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			34,903	34,903
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			341	341
Adjusted funding for airport grants from the general fund and other funds to provide a total of \$475,000 from the general fund and \$27,075,000 from other funds		(\$25,000)	1,875,000	1,850,000
Reallocated special funds increasing operating expenses by \$62,262 and reducing grants by \$100,000			(37,738)	(37,738)
Added funding for Microsoft Office 365 license expenses			661	661
<b>Total</b>	<b>0.00</b>	<b>(\$25,000)</b>	<b>\$1,910,905</b>	<b>\$1,885,905</b>

### **FTE Changes**

The Legislative Assembly authorized 7 FTE positions for the Aeronautics Commission for the 2021-23 biennium, the same as the 2019-21 biennium.

### **Other Sections in Senate Bill No. 2006**

**Exemption - Airport infrastructure fund** - Section 3 provides that any unexpended funds from the airport infrastructure fund in Section 1 of Chapter 6 of the 2019 Session Laws is not subject to the provisions of North Dakota Century Code Section 54-44.1-11, and any unexpended funds may be expended during the 2021-23 biennium and the 2023-25 biennium to provide grants to airports.

**Department of Financial Institutions  
Budget No. 413  
Senate Bill No. 2008**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>31.00</b>	<b>\$0</b>	<b>\$9,106,507</b>	<b>\$9,106,507</b>
2021-23 base budget	31.00	0	8,684,567	8,684,567
Legislative increase (decrease) to base budget	0.00	\$0	\$421,940	\$421,940

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$173,809	\$173,809
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			167,219	167,219
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			1,416	1,416
Increased funding for salaries and wages to promote employee retention			50,000	50,000
Increased funding for professional development to provide a total of \$363,059			130,280	130,280
Reduced funding for travel to provide a total of \$547,376			(104,024)	(104,024)
Increased funding for information technology data processing to provide a total of \$351,744			95,789	95,789
Reduced funding for renting or leasing buildings or land to provide a total of \$152,659			(65,425)	(65,425)
Increased operating expenses for the financial literacy program			40,000	40,000
Reduced funding for operating fees and services to provide a total of \$75,071			(29,459)	(29,459)
Reduced funding for other operating expenses as part of reprioritization of special funds			(21,831)	(21,831)
Reduced funding for professional services to provide a total of \$45,000			(19,139)	(19,139)

Added funding for Microsoft Office 365 license expenses	_____	_____	_____ 3,305	_____ 3,305
Total	_____ 0.00	_____ \$0	_____ \$421,940	_____ \$421,940

**FTE Changes**

The Legislative Assembly authorized 31 FTE positions for the Department of Financial Institutions for the 2021-23 biennium, the same as the 2019-21 biennium.

**Other Sections in Senate Bill No. 2008**

**Exemption - Line item transfers** - Section 3 authorizes the Department of Financial Institutions to transfer funds between line items during the 2021-23 biennium and requires the department to report the transfers to the Legislative Council.

**Related Legislation**

**Senate Bill No. 2197 - Confidentiality of facts and information** - This bill amends North Dakota Century Code Sections 6-01-07.1 and 54-10-22.1 to clarify the confidentiality of facts and information obtained by the Department of Financial Institutions, including information regarding complaints about financial institutions or credit unions.



**Securities Department  
Budget No. 414  
House Bill No. 1011**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	10.00	\$0	\$2,808,984	\$2,808,984
2021-23 base budget	10.00	0	2,757,119	2,757,119
Legislative increase (decrease) to base budget	0.00	\$0	\$51,865	\$51,865

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			\$49,836	\$49,836
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			487	487
Added funding for Microsoft Office 365 license expenses			1,542	1,542
Total	<u>0.00</u>	<u>\$0</u>	<u>\$51,865</u>	<u>\$51,865</u>

**FTE Changes**

The Legislative Assembly authorized 10 FTE positions for the Securities Department for the 2021-23 biennium, the same as the 2019-21 biennium.

**Related Legislation**

**House Bill No. 1015 - Securities Commissioner qualifications** - This bill amends North Dakota Century Code Section 10-04-03 to remove the requirement that the commissioner must be skilled in securities or an incumbent of any other public office in the state.

Bank of North Dakota  
 Budget No. 471  
 Senate Bill No. 2014; House Bill Nos. 1431 and 1475

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	173.00	\$10,000,000 <sup>1</sup>	\$747,791,179	\$757,791,179
2021-23 base budget	181.50	0	64,357,799	64,357,799
Legislative increase (decrease) to base budget	(8.50)	\$10,000,000	\$683,433,380	\$693,433,380

<sup>1</sup>In addition to the amount shown, Section 15 of House Bill No. 1015 (2021) includes a contingent appropriation of \$17.5 million from the general fund to repay the remainder of a loan associated with the Theodore Roosevelt Presidential Library and Museum endowment fund. The funding is available only if the actual July 1, 2021, general fund balance exceeds the legislative estimate by at least \$17.5 million.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$0	\$10,000,000	\$10,000,000
2019-21 legislative appropriations	0	17,500,000 <sup>1</sup>	17,500,000
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$0	(\$7,500,000)	(\$7,500,000)
Percentage increase (decrease) to 2019-21 appropriations	N/A	(42.9%)	(42.9%)

<sup>1</sup>The 2019-21 biennium general fund appropriations reflect a deficiency appropriation of \$17.5 million in House Bill No. 1025 (2021). See the **Deficiency Appropriations** section below for additional information.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$175,686	\$175,686
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			808,999	808,999
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			7,751	7,751

Transferred 16 FTE positions to the Information Technology Department for a unification initiative resulting in a decrease in salaries and wages of \$3,287,172 and an increase in operating expenses of \$3,370,515	(16.00)		83,343	83,343
Added 7.5 new undesignated FTE positions to support future growth in Bank of North Dakota operations	7.50		1,024,128	1,024,128
Increased funding for information technology expenses (\$1,811,661) and Microsoft Office 365 licensing expenses (\$21,812)			1,833,473	1,833,473
Decreased funding for Bank contingencies to provide total contingency funding of \$3 million			(500,000)	(500,000)
Added <b>one-time funding</b> from bond proceeds for allocations to infrastructure projects and programs (House Bill No. 1431)			680,000,000	680,000,000
Added <b>one-time funding</b> from the general fund for a transfer to the agriculture diversification and development fund (House Bill No. 1475)		\$10,000,000		10,000,000
Total	<u>(8.50)</u>	<u>\$10,000,000</u>	<u>\$683,433,380</u>	<u>\$693,433,380</u>

#### FTE Changes

The Legislative Assembly authorized 173 FTE positions for the Bank of North Dakota for the 2021-23 biennium, a decrease of 8.50 FTE positions from the 2019-21 biennium authorized level of 181.50 FTE positions. The Legislative Assembly transferred 16 FTE positions to the Information Technology Department for the IT unification initiative, including 4 FTE technology services specialist positions, 2 FTE project manager positions, 6 FTE application support positions, 1 FTE technology services manager position, 1 FTE information system security analyst position, and 2 FTE bank operations specialist positions. The Legislative Assembly added 7.50 new undesignated FTE positions to support future growth in the Bank of North Dakota's operations.

#### Deficiency Appropriations

House Bill No. 1025 provides a deficiency appropriation of \$17.5 million from the general fund to the Bank of North Dakota to repay a portion of a loan associated with the Theodore Roosevelt Presidential Library and Museum endowment fund.

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$68,677,183 of federal coronavirus relief funds to the Bank of North Dakota for the 2019-21 biennium for a COVID-19 disaster relief program modeled after the partnership in assisting community expansion (PACE) programs and for a new program to provide one-time grants to businesses to assist with interest expenses associated with debt incurred prior to the COVID-19 pandemic.

#### One-Time Funding

The following is a summary of one-time funding items for the Bank of North Dakota for the 2021-23 biennium:

	General Fund	Other funds	Total
Bond proceeds appropriated for allocations to infrastructure projects and programs (HB 1431)		\$680,000,000	\$680,000,000
Transfer to a newly created agriculture diversification and development fund (HB 1475)	\$10,000,000		10,000,000
Total	\$10,000,000	\$680,000,000	\$690,000,000

### Economic Development

The Legislative Assembly provided funding from transfers of Bank of North Dakota profits for the PACE fund, Ag PACE, biofuels PACE, and the beginning farmer revolving loan fund, as follows:

	2019-21 Biennium	2021-23 Biennium	Increase (Decrease)
PACE fund	\$26,000,000	\$26,000,000	\$0
Ag PACE fund	4,000,000	5,000,000	1,000,000
Biofuels PACE fund	1,000,000	1,000,000	0
Beginning farmer revolving loan fund	6,000,000	8,000,000	2,000,000
<b>Total</b>	<b>\$37,000,000</b>	<b>\$40,000,000</b>	<b>\$3,000,000</b>

### Estimated Capital Structure

The following schedule provides an analysis of the Bank of North Dakota's estimated capital structure for the 2021-23 biennium:

	Amount
Estimated beginning capital level (July 1, 2021)	\$913,000,000
Estimated 2021-23 biennium profits	240,000,000 <sup>1</sup>
Estimated capital available before transfers	\$1,153,000,000
Estimated 2021-23 biennium transfers	
Transfer to general fund (Section 8 of Senate Bill No. 2014)	(\$140,000,000)
Transfers relating to economic development (Sections 9 through 12 of Senate Bill No. 2014)	(40,000,000)
Appropriation to the State Board of Higher Education for a tuition scholarship program for dual-credit courses (Section 2 of House Bill No. 1375)	(1,500,000)
Transfer to skilled workforce student loan repayment program fund and skilled workforce scholarship fund (Sections 6 and 7 of Senate Bill No. 2272)	(4,500,000)
Transfer to Agricultural Products Utilization Commission fund (Section 5 of House Bill No. 1009)	(2,700,000)
Transfer to Agriculture Commissioner's operating fund for a soil health cover crop grant program (Section 6 of House Bill No. 1009)	(300,000)
Total estimated 2021-23 biennium transfers	(\$189,000,000)
Estimated ending capital level (June 30, 2023)	\$964,000,000

<sup>1</sup>Actual calendar year 2020 profits were \$141 million.

### Profits and Transfers of Profits and Accumulated Earnings

The following schedule provides information on the Bank of North Dakota's profits based on calendar years as well as transfers of profits and accumulated earnings to state funds from the 2009-11 biennium to the 2021-23 biennium:

	Based on Calendar Years	
	Bank Profits	Transfers to State Funds
2009-11 biennium - Calendar years 2009 and 2010	\$119,934,000	\$500,000
2011-13 biennium - Calendar years 2011 and 2012	\$151,929,000	\$37,500,000
2013-15 biennium - Calendar years 2013 and 2014	\$205,174,000	\$40,255,000
2015-17 biennium - Calendar years 2015 and 2016	\$266,809,000	\$257,875,000
2017-19 biennium - Calendar years 2017 and 2018	\$303,792,000	\$315,547,000
2019-21 biennium - Calendar years 2019 and 2020	\$310,875,000	\$215,712,000
2021-23 biennium (estimated)	\$240,000,000	\$189,000,000

### Bank of North Dakota Loans

The 2021 Legislative Assembly authorized loans from the Bank of North Dakota, as follows:

Bill No.	Description
HB 1015	Industrial Commission - Authorizes a line of credit up to \$250 million to support the clean sustainable energy fund. <b>NOTE:</b> House Bill No. 1015 amended House Bill No. 1452 to authorize the line of credit.
HB 1016	Adjutant General - Authorizes a loan of up to \$2.5 million related to fire emergencies and wildfire response mutual aid.
HB 1020	State Water Commission - Continues the commission's authority to access a line of credit but reduces it from \$75 million to \$50 million.
HB 1187	Creates a rebuilders permanent loan fund to provide loans to those impacted by disasters in the state.
HB 1475	Creates an agriculture diversification and development fund to provide loans to new or expanding value-added agriculture businesses.
SB 2012	Department of Transportation - Provides a contingent loan authorization to match additional federal funds that become available.

### Bond Proceed Distribution

House Bill No. 1431 authorizes the Public Finance Authority to issue up to \$680 million of bonds to support infrastructure projects and programs, and appropriates the bond proceeds to the Bank of North Dakota for distribution. Of the \$680 million of bond proceeds, \$435.5 million is for the Fargo diversion project, \$74.5 million will be transferred to the resources trust fund for repayment of outstanding loans of the Western Area Water Supply Authority, \$50 million is for the infrastructure revolving loan fund, \$70 million will be transferred to the highway fund for highway bridge projects and matching federal funds, and \$50 million is for a North Dakota State University agriculture products development center, including a Northern Crops Institute project.

### Other Sections in Senate Bill No. 2014

**Transfer to general fund** - Section 8 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund during the 2021-23 biennium.

**Transfer to PACE fund** - Section 9 provides for a transfer of \$26 million from the Bank's current earnings and undivided profits to the PACE fund during the 2021-23 biennium.

**Transfer to Ag PACE fund** - Section 10 provides for a transfer of \$5 million from the Bank's current earnings and undivided profits to the Ag PACE fund during the 2021-23 biennium.

**Transfer to biofuels PACE fund** - Section 11 provides for a transfer of \$1 million from the Bank's current earnings and undivided profits to the biofuels PACE fund during the 2021-23 biennium.

**Transfer to the beginning farmer revolving loan fund** - Section 12 provides for a transfer of \$8 million from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the 2021-23 biennium.

**Infrastructure revolving loan fund** - Section 17 expands the infrastructure revolving loan fund to include additional eligible projects, longer loan terms, increases in the loan amounts, and approval by the Department of Transportation and the State Water Commission for road and water projects, respectively. Section 36 requires the Bank of North Dakota to report to the Legislative Management regarding the status of the infrastructure revolving loan fund, the legacy infrastructure loan fund, and the water infrastructure revolving loan fund.

**Interest rate buydowns for school construction loans** - Section 32 authorizes up to \$2.5 million from the school construction assistance revolving loan fund to continue interest rate buydowns on school construction loans held by the Bank of North Dakota.

### Related Legislation

**House Bill No. 1050 - Business incentives** - This bill changes the definition of a business incentive to exempt Bank of North Dakota programs that require job creation.

**House Bill Nos. 1015 and 1452 - Clean Sustainable Energy Authority** - This bill creates a clean sustainable energy fund from which the Clean Sustainable Energy Authority may recommend financial support for low-emission energy technology projects and authorizes the Bank to provide a line of credit of up to \$250 million to the fund.

**House Bill No. 1016 - Disaster borrowing** - This bill authorizes the Adjutant General to borrow up to \$2.5 million from the Bank for fire emergencies and wildfire response mutual aid.

**House Bill No. 1187 - Rebuilders permanent loan program** - This bill creates a rebuilders permanent loan fund to provide loans to those impacted by disasters in the state and consolidates the rebuilders loan program and the rebuilders home loan program in the newly created fund.

**House Bill No. 1395 - Federal coronavirus funding** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**House Bill No. 1425 - Legacy infrastructure loan program** - This bill authorizes the State Investment Board to invest the legacy fund through in-state debt and equity programs and creates a legacy infrastructure loan fund for the Bank to issue loans to political subdivisions for infrastructure projects as an in-state investment program for the legacy fund.

**House Bill No. 1475 - Agriculture diversification and development fund** - This bill transfers \$10 million from the general fund to a newly created agriculture diversification and development fund from which the Bank of North Dakota may issue loans to new or expanding value-added agriculture businesses.

**Senate Bill No. 2012 - Contingent loan for matching federal funds** - This bill provides a contingent loan authorization to the Department of Transportation to match additional federal funds that become available.

**Senate Bill No. 2033 - Transfer of unspent Bank profits** - This bill transfers unspent 2019-21 biennium appropriations, derived from Bank of North Dakota profits, to the University System capital building fund.

**Senate Bill No. 2058 - Biofuels PACE expansion** - This bill expands the allowable loans for biofuels PACE to include value-added operations in addition to livestock operations.

**Senate Bill No. 2230 - Fuel production loan guarantees** - This bill increases the reserves held in the strategic investment and improvements fund for fuel production facility loan guarantees.

**Housing Finance Agency  
Budget No. 473  
Senate Bill No. 2014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>49.00</b>	<b>\$9,500,000</b>	<b>\$58,925,532</b>	<b>\$68,425,532</b>
2021-23 base budget	44.00	0	47,421,891	47,421,891
Legislative increase (decrease) to base budget	5.00	\$9,500,000	\$11,503,641	\$21,003,641

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$0</b>	<b>\$9,500,000</b>	<b>\$9,500,000</b>
2019-21 legislative appropriations	0	7,500,000	7,500,000
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$0	\$2,000,000	\$2,000,000
Percentage increase (decrease) to 2019-21 appropriations	N/A	26.7%	26.7%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			(\$1)	(\$1)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			220,847	220,847
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			2,337	2,337
Transferred the federal HOME program from the Department of Commerce, including 2 FTE positions, \$356,421 for salaries and wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7.7 million for grants	2.00		8,343,371	8,343,371
Transferred a mortgage loan program from the Bank of North Dakota and added 3 FTE positions, including \$396,656 for salaries and wages and \$244,883 for operating expenses, for the management of the loan program with 1 FTE position funded for the 2 <sup>nd</sup> year of the biennium only	3.00		641,539	641,539

Increased funding to reclassify a position due to an increase in mortgage loan servicing activity			70,997	70,997
Increased funding for operating expenses primarily related to information technology costs (\$122,224), added funding for a statewide housing needs assessment (\$80,000), and increased funding for Microsoft Office 365 licensing expenses (\$4,847)			207,071	207,071
Added funding for multifamily housing-related software			173,880	173,880
Increased federal funding for Housing and Urban Development grants			1,808,600	1,808,600
Added <b>one-time funding</b> from the Housing Finance Agency operating fund for a statewide housing needs assessment			35,000	35,000
Added <b>one-time funding</b> from the general fund for a transfer to the housing incentive fund		\$9,500,000		9,500,000
Total	<u>5.00</u>	<u>\$9,500,000</u>	<u>\$11,503,641</u>	<u>\$21,003,641</u>

#### FTE Changes

The Legislative Assembly approved 49 FTE positions for the Housing Finance Agency for the 2021-23 biennium, an increase of 5 FTE positions from the 2019-21 biennium authorized level of 44 FTE positions. The Legislative Assembly added 3 FTE housing program specialist positions and transferred 2 FTE housing program administrator positions from the Department of Commerce related to the HOME program.

#### Housing Incentive Fund

Senate Bill No. 2210 (2011) created a special revolving housing incentive fund and provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund to address housing needs in the state. House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium and amended the fund to limit the origination fee to 5 percent per award. Senate Bill No. 2014 (2017) removed the expiration date associated with the housing incentive fund and changed the reporting requirements for the Housing Finance Agency. The report to the Budget Section was changed from a quarterly report to a biennial report. The report to the Industrial Commission was incorporated into the reporting requirements of the fund, and a separate section of North Dakota Century Code requiring the report to the Industrial Commission was repealed. House Bill No. 1014 (2019) decreased the amount of funding designated for developing communities by 10 percent, from 25 to 15 percent and removed the prioritization and reporting requirements related to essential service workers. Senate Bill No. 2014 (2021) decreased the amount of funding designated for developing communities by 5 percent, from 15 to 10 percent, and designated 10 percent for projects to prevent homelessness.

The Legislative Assembly provided the following funding for the housing incentive fund:

	General Fund	Income Tax Credits	Bank of North Dakota Profits	Total
2011-13 biennium - Senate Bill No. 2210 (2011) and Senate Bill No. 2371 (2011) <sup>1</sup>		\$15,000,000		\$15,000,000
2013-15 biennium - House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013) <sup>2</sup>	\$15,400,000	20,000,000		35,400,000
2015-17 biennium - House Bill No. 1014 (2015) <sup>3</sup>		30,000,000	\$10,000,000	40,000,000
2017-19 biennium - Senate Bill No. 2014 (2017) <sup>4</sup>				
2019-21 biennium - House Bill No. 1014 (2019) <sup>5</sup>	7,500,000			7,500,000
2021-23 biennium - Senate Bill No. 2014 (2021) <sup>6</sup>	9,500,000			9,500,000
Total	\$32,400,000	\$65,000,000	\$10,000,000	\$107,400,000



<sup>1</sup>Senate Bill No. 2210 (2011) authorized a tax credit for income tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit limit to \$15 million per biennium.

<sup>2</sup>Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in House Bill No. 1029 (2013).

<sup>3</sup>House Bill No. 1014 (2015) provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund with an emergency clause. The bill also provided a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceeded \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. The Legislative Assembly increased the funding available to the housing incentive fund through income tax credits from \$20 million to \$30 million.

<sup>4</sup>The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

<sup>5</sup>House Bill No. 1014 (2019) transferred \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium.

<sup>6</sup>Senate Bill No. 2014 (2021) transfers \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium.

#### **Other Sections in Senate Bill No. 2014**

**Additional income** - Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received resulting in an increase in appropriation authority.

**Transfer to housing incentive fund** - Section 5 provides for a transfer of \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium. Section 26 decreases the amount of funding designated from the housing incentive fund for small communities by 5 percent, from 15 to 10 percent, and designates 10 percent for projects to prevent homelessness.

**Residential mortgages** - Section 25 creates two new subsections to North Dakota Century Code Section 54-17-07.3 to authorize the Housing Finance Agency to create a residential mortgage loan program and to allow the agency to purchase, service, and sell residential real estate loans. Section 29 repeals Section 54-17-07.12 relating to authorization for the Housing Finance Agency to participate as a wholesale servicing mortgage lender.

#### **Related Legislation**

**Senate Bill No. 2089 - Collaboration with Department of Human Services** - This bill requires the Department of Human Services to cooperate with the Housing Finance Agency and the Department of Commerce when distributing payments for housing support and rental assistance.

**Mill and Elevator Association  
Budget No. 475  
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>156.00</b>	<b>\$0</b>	<b>\$88,377,209</b>	<b>\$88,377,209</b>
2021-23 base budget	156.00	0	76,994,824	76,994,824
Legislative increase (decrease) to base budget	0.00	\$0	\$11,382,385	\$11,382,385

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes, including salary and benefit increases			\$2,360,168	\$2,360,168
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			7,457	7,457
Increased funding for overtime			1,744,760	1,744,760
Increased funding for operating expenses, primarily related to insurance and repairs			3,680,000	3,680,000
Added funding for mill capacity increases, primarily related to utilities and supplies			3,300,000	3,300,000
Increased funding for agriculture promotion			290,000	290,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$11,382,385</u>	<u>\$11,382,358</u>

**FTE Changes**

The Legislative Assembly approved 156 FTE positions for the Mill and Elevator Association for the 2021-23 biennium, the same as the 2019-21 biennium.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$116,690 of federal coronavirus relief funds to the Mill and Elevator Association for the 2019-21 biennium for overtime salaries, cleaning supplies, personal protective equipment, and freight costs.

**Gain-Sharing Program**

The gain-sharing program was implemented in 1990 with the primary goal of incentivizing employees to maximize profits and production through teamwork while maintaining a safe working environment. Each year, the Industrial Commission reviews and approves the criteria for the program. The following schedule provides information on the Mill and Elevator Association's profits and the gain-sharing program from fiscal year 2010 to fiscal year 2020:

	<b>Profits (Losses)<sup>1</sup></b>	<b>Gain-Sharing Payout to Employees</b>	<b>Gain-Sharing as a Percentage of Employees' Wages</b>
2009-11 biennium - Fiscal year 2010	\$13,179,910	\$1,201,974	18.65%
2009-11 biennium - Fiscal year 2011	\$16,088,024	\$1,496,513	21.90%
2011-13 biennium - Fiscal year 2012	\$8,048,398	\$970,081	13.26%
2011-13 biennium - Fiscal year 2013	\$11,907,227	\$1,300,138	17.52%
2013-15 biennium - Fiscal year 2014	\$13,351,343	\$1,389,214	18.09%
2013-15 biennium - Fiscal year 2015	\$16,675,348	\$1,805,863	21.84%
2015-17 biennium - Fiscal year 2016	\$9,336,618	\$1,274,309	14.86%
2015-17 biennium - Fiscal year 2017	\$9,719,163	\$1,487,019	15.50%
2017-19 biennium - Fiscal year 2018	\$14,188,276	\$2,191,199	20.82%
2017-19 biennium - Fiscal year 2019	\$10,622,211	\$1,670,277	15.63%
2019-21 biennium - Fiscal year 2020	\$11,418,612	\$2,016,447	18.99%

<sup>1</sup>The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

### Major Expansion and Renovation Projects

The Mill and Elevator Association regularly undertakes various capital projects that are financed through a line of credit at the Bank of North Dakota. The repayments are deducted prior to determining the Mill and Elevator Association's profits. The schedule below provides information on major expansion and renovation projects:

<b>Fiscal Year</b>	<b>Project Description</b>	<b>Cost</b>
2007	Constructed a new C mill to increase spring wheat milling capacity	\$6.3 million
2009	Constructed a new E mill resulting in a production capacity increase of 1,000 hundredweights (cwt) per day of spring wheat	\$2.4 million
2010	Expanded the D mill resulting in a production capacity increase of 1,000 cwt per day of durum wheat	\$2.4 million
2013	Three phase renovation and expansion of the K mill	\$8.4 million
2015	Construction of a new G mill and additional flour storage	\$38.7 million
2016	Constructed a high-speed truck and rail unloading system to receive wheat	\$9.3 million
2018	Phase 2 high-speed rail unloading system and increased grain storage	\$24.7 million
Under construction	Terminal receiving scales and conveyors	\$8.5 million
Under construction	Construction of new H and I mills to increase spring wheat capacity by 8,000 cwt per day and durum wheat capacity by 3,000 cwt per day	\$23.5 million
Potential future projects	Increase whole wheat milling capacity (\$3 million); flour and millfeed distribution system (\$15 million)	\$18 million

### Profits and Transfers of Profits

Beginning in the 2009-11 biennium, 5 percent of the Mill and Elevator Association's annual profits are transferred to the agricultural products utilization fund and 50 percent of the remaining annual profits are transferred to the general fund pursuant to North Dakota Century Code Sections 54-18-19 and 54-18-21. The 2013 Legislative Assembly limited the transfers from the Mill and Elevator Association's profits to the general fund to \$6,817,200 for the 2013-15 biennium. Section 20 of Senate Bill No. 2014 (2017) increased the transfer of annual profits to the general fund from 50 to 75 percent, and pursuant to the expiration date in Section 32 of the bill, the increase was effective only for the 2017-19 biennium.

The following schedule provides information on the Mill and Elevator Association's profits and the transfer of profits to state funds from the 2009-11 biennium to the 2021-23 biennium:

	<b>Profits (Losses)<sup>1</sup></b>	<b>Transfers to State Funds</b>
2009-11 biennium	\$29,267,934	\$15,365,665
2011-13 biennium	\$19,955,625	\$10,506,703
2013-15 biennium	\$30,026,691	\$8,318,534
2015-17 biennium	\$19,055,782	\$10,004,285
2017-19 biennium	\$24,810,487	\$18,917,997
2019-21 biennium (estimated)	\$26,100,000	\$12,100,000
2021-23 biennium (estimated)	\$37,000,000	\$17,100,000

<sup>1</sup>The amounts shown for profits and losses reflect the Mill and Elevator Association's profits before any gain-sharing payouts and transfers to state funds.

**Workforce Safety and Insurance  
Budget No. 485  
House Bill No. 1021**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	260.14	\$0	\$73,186,928	\$73,186,928
2021-23 base budget	260.14	0	60,887,842	60,887,842
Legislative increase (decrease) to base budget	0.00	\$0	\$12,299,086	\$12,299,086

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes, primarily to restore salaries and wages funding for 6 FTE positions, which were unfunded during the 2019-21 biennium			\$1,332,010	\$1,332,010
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			1,190,742	1,190,742
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			12,287	12,287
Reduced funding for operating expenses, primarily related to travel, information technology software supplies, rent, information technology data processing, information technology contractual services and repairs, and professional development			(1,332,010)	(1,332,010)
Added funding for Microsoft Office 365 license expenses			32,057	32,057
Added <b>one-time funding</b> for the claims and policy system replacement project			7,500,000	7,500,000
Added <b>one-time funding</b> for the myWSI enhancement project			3,050,000	3,050,000
Added <b>one-time funding</b> for building upgrades, including costs related to lighting, elevator door operators, and geothermal heat pump replacements			514,000	514,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$12,299,086</u>	<u>\$12,299,086</u>

**FTE Changes**

The Legislative Assembly approved 260.14 FTE positions for Workforce Safety and Insurance (WSI) for the 2021-23 biennium, the same as the 2019-21 biennium.

### One-Time Funding

In Section 2 of House Bill No. 1021, the Legislative Assembly identified \$11,064,000 of one-time funding for WSI for the 2021-23 biennium, of which \$7,500,000 is for the claims and policy system replacement project, \$3,050,000 is for the myWSI enhancement project, and \$514,000 is for upgrades to the WSI building.

### Claims and Policy System

The claims and policy system is a program designed to replace core WSI business systems, which support injury services and employer services, with current industry web-based technology in order to improve customer service, enhance system maintainability, and provide enhanced reporting and accessibility to information. The claims and policy system program consists of 5 phases and 20 smaller projects, or releases, as shown in the schedule below.

Phase	Number of Releases	Status	Completion Date
Planning and analysis		Complete	June 2015
Shared components refacing	3	Complete	February 2017
Policyholder services application refacing	6	Incomplete	April 2022 (Projected)
Claims management system refacing	11	Incomplete	December 2026 (Projected)
Program finalization		Incomplete	December 2026 (Projected)

The schedule below provides the legislative appropriations from the WSI fund for the claims and policy system project.

Biennium	Releases	Appropriations	Expenditures
2015-17	1 - 3	\$6,000,000	\$4,560,510
2017-19	4 - 6	8,120,097	5,123,510
2019-21	7 - 10 <sup>1</sup>	7,010,000	5,169,194 <sup>1</sup>
2021-23	9 - 13	7,500,000	N/A
Total		\$28,630,097	N/A

<sup>1</sup>The COVID-19 pandemic delayed the progress of releases 9 and 10 during the 2019-21 biennium, resulting in the releases being rescheduled for completion during the 2021-23 biennium. Of the \$7,010,000 appropriated for the project for the 2019-21 biennium, WSI anticipates spending \$5.2 million, based on actual expenditures through April 2021 and estimated expenditures for May and June 2021. The remaining appropriation authority from the WSI fund will be canceled at the end of the 2019-21 biennium, less \$51,001 of savings WSI anticipates using for the myWSI enhancement project.

Workforce Safety and Insurance anticipates additional funding of approximately \$13.8 million will be needed in the 2023-25 and 2025-27 bienniums to complete the project and meet the June 2026 projected completion date. Workforce Safety and Insurance estimates total expenditures for the project will be approximately \$34.7 million.

### MyWSI Enhancement Project

The myWSI enhancement project was approved by the 2017 Legislative Assembly to create a secure extranet portal for injured workers, employers, and medical providers. The project will add functionality to the existing extranet, integrate claims and policy documents, add forms for collecting information, and add dashboards to access information. The project includes nine releases. The schedule below provides the legislative appropriations from the WSI fund for the myWSI enhancement project.

Biennium	Releases	Appropriations	Expenditures
2015-17	0	\$0	\$469,031 <sup>1</sup>
2017-19	1 - 2	538,500	948,829 <sup>2</sup>
2019-21	3 - 4	850,000	901,001 <sup>3</sup>
2021-23	5 - 9	3,050,000	N/A
Total		\$4,438,500	N/A

<sup>1</sup>During the 2015-17 biennium, WSI used \$469,031 of savings from the claims and policy system project to begin the planning phase of the myWSI enhancement project for extranet infrastructure analysis.

<sup>2</sup>In addition to the \$538,500 appropriated for the myWSI enhancement project for the 2017-19 biennium, WSI spent \$410,329 on the project by using savings from the claims and policy system project, resulting in a total of \$948,829 spent on the project during the 2017-19 biennium.

<sup>3</sup>Of the \$850,000 appropriated for the project for the 2019-21 biennium, WSI anticipates spending \$901,001, including \$51,001 of savings from the claims and policy system project, based on actual expenditures through April 2021 and estimated expenditures for May and June 2021.

Workforce Safety and Insurance anticipates additional funding of approximately \$1.1 million will be needed to complete Release 9 and the entire project during the 2023-25 biennium. Workforce Safety and Insurance anticipates the project will be completed by the end of 2024 at a total cost of approximately \$6.4 million.

#### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$1,018,052 of federal coronavirus relief funds to WSI for the 2019-21 biennium for telework expenses and first responder workers compensation claims. The funding was transferred to the WSI fund.

#### **Related Legislation**

**House Bill No. 1051 - Attorney fees** - This bill allows certain employers to be eligible for reimbursement of attorney fees and other legal costs if the employer is found to be uninsured or noncompliant by the workers' compensation authorities of another state, as long as the employer's employees did not regularly work in the other state. The bill also provides WSI a continuing appropriation from the WSI fund for the payment of fees associated with credit and debit card payments made to WSI.

**House Bill No. 1084 - Recreational marijuana-related injuries** - This bill amends various sections in North Dakota Century Code Title 65 related to WSI, including an amendment to provide a compensable injury does not include injuries caused by the use of recreational marijuana and to establish a fee structure for providing paper and digital file copies.

**House Bill No. 1139 - Opioid and benzodiazepine therapies** - This bill provides limitations for the cost of certain opioid or benzodiazepine therapies received by injured workers that WSI may pay.

**Highway Patrol  
Budget No. 504  
Senate Bill No. 2011; House Bill No. 1015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>193.00</b>	<b>\$36,327,762</b>	<b>\$30,483,652</b>	<b>\$66,811,414</b>
2021-23 base budget	197.00	44,213,575	15,373,370	59,586,945
Legislative increase (decrease) to base budget	(4.00)	(\$7,885,813)	\$15,110,282	\$7,224,469

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$36,327,762</b>	<b>\$0</b>	<b>\$36,327,762</b>
2019-21 legislative appropriations	44,213,575	81,830	44,295,405
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$7,885,813)	(\$81,830)	(\$7,967,643)
Percentage increase (decrease) to 2019-21 appropriations	(17.8%)	(100.0%)	(18.0%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$278,259	\$45,298	\$323,557
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		718,691	230,888	949,579
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		6,895	2,213	9,108
Added funding for salary equity adjustments, location incentive pay, and on-call pay			2,092,500	2,092,500
Transferred 2 FTE positions for information technology unification and increased operating expenses for information technology expenses	(2.00)	9,402	1,531	10,933
Adjusted operating expenses and removed 2 FTE Capitol Security positions	(2.00)	(2,047,239)	746,180	(1,301,059)

Adjusted funding for \$8,000,000 of law enforcement salaries to be paid from <b>federal coronavirus relief funds</b> rather than the general fund (\$6,966,000) and highway tax distribution fund (\$1,134,000) from July through December 2021	(6,966,000)	6,966,000	0
Adjusted training funds for the Peace Officer Standards and Training Board to provide total funding of \$225,000	47,000	8,000	55,000
Added funding from the motor carrier electronic permit fund to reclassify 1 FTE permit technician position and 2 FTE administrative assistant positions to 1 FTE records technician position and 2 FTE crash assistance personnel positions		175,709	175,709
Added funding for a computer-aided dispatching system subscription fee	51,000	8,000	59,000
Added funding for Microsoft Office 365 licensing expenses	16,179	5,963	22,142
Added ongoing funding from federal funds (\$110,500) and the motor carrier electronic permit fund (\$19,500) for costs to participate in the Commercial Vehicle Information Exchange Window (CVIEW) motor carrier system		130,000	130,000
Added <b>one-time federal funding</b> to implement the CVIEW system		275,000	275,000
Added <b>one-time funding</b> from the motor carrier electronic permit fund for hard body armor replacement		265,000	265,000
Added <b>one-time funding</b> from the motor carrier electronic permit fund for body and in-car cameras		1,158,000	1,158,000
Added <b>one-time funding</b> from the <b>federal Coronavirus Capital Projects Fund</b> for costs to remodel the Law Enforcement Training Academy		3,000,000	3,000,000
Total	<u>(4.00)</u>	<u>(\$7,885,813)</u>	<u>\$15,110,282</u>

#### FTE Changes

The Legislative Assembly approved 193 FTE positions for the Highway Patrol for the 2021-23 biennium, 4 FTE positions less than the 2019-21 biennium. The Legislative Assembly transferred 2 FTE positions to the Information Technology Department for the information technology unification initiative and removed 2 FTE Capitol Security positions.



**One-Time Funding**

The following is a summary of one-time funding items for the Highway Patrol for the 2021-23 biennium:

	<b>Other Funds</b>
CVIEW implementation costs (federal funds)	\$275,000
Hard body armor replacement (motor carrier electronic permit fund)	265,000
Body and in-car cameras (motor carrier electronic permit fund)	1,158,000
Law enforcement salaries (federal Coronavirus Relief Fund)	8,100,000
Law Enforcement Training Academy remodel (federal Coronavirus Capital Projects Fund)	3,000,000
<b>Total</b>	<b>\$12,798,000</b>

**Federal COVID-19 Funding - 2019-21 Biennium**

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Highway Patrol for the 2019-21 biennium:

	<b>Federal Funds - 2019-21 Biennium</b>
Federal coronavirus relief funds - Law enforcement salaries from March 2020 through December 2020, personal protective equipment, and Capitol building temperature scanning kiosks (House Bill No. 1395)	\$13,908,003
Federal coronavirus relief funds - Law enforcement salaries from January 2021 through June 2021 (Senate Bill No. 2011)	8,100,000
<b>Total</b>	<b>\$22,008,003</b>

**Federal COVID-19 Funding - 2021-23 Biennium**

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Highway Patrol for the 2021-23 biennium:

	<b>Federal Funds - 2021-23 Biennium</b>
Federal coronavirus relief funds - Law enforcement salaries from July 2021 through December 2021 (Senate Bill No. 2011)	\$8,100,000
Federal Coronavirus Capital Projects Fund - Law Enforcement Training Academy remodel project (House Bill No. 1015)	3,000,000
<b>Total</b>	<b>\$11,100,000</b>

**Other Sections in Senate Bill No. 2011**

**Federal Coronavirus Relief Fund** - Section 3 appropriates \$8.1 million of federal coronavirus relief funds for law enforcement officer salaries for the period beginning January 1, 2021, and ending June 30, 2021. Section 4 identifies \$8.1 million of federal coronavirus relief funds for law enforcement officer salaries for the period beginning July 1, 2021, and ending December 31, 2021.

**Highway tax distribution fund** - Section 5 identifies \$9,346,781 of special funds from the highway tax distribution fund to be used for Highway Patrol operations.

**Salary equity and on-call pay** - Section 6 provides that of the funding from the highway tax distribution fund identified in Section 5, \$2,092,500 is to be used for salary equity funding, on-call pay, and location incentive pay. The Highway Patrol may not expend more than \$1,532,000 for salary equity, \$912,000 for on-call pay, and \$172,800 for location incentive pay.

**Motor carrier electronic permit transaction fund** - Section 7 identifies \$3,147,244 of special funds from the motor carrier electronic permit fund to be used for Highway Patrol operations.

**Carryover authority** - Section 8 authorizes the Highway Patrol to continue up to \$50,530 from the 2019-21 biennium for an ammunition purchase.

**Officer per diem** - Section 9 provides for Highway Patrol officer per diem of \$200 per month during the 2021-23 biennium, the same as provided during the 2019-21 biennium. The per diem payments are in lieu of reimbursement for meals and other expenses while in travel status in the state.

**Repeal** - Section 10 repeals subdivision b of subsection 5 of North Dakota Century Code Section 39-08-13 relating to accident report forms.

### **Related Legislation**

**House Bill No. 1395 - Federal Coronavirus Relief Fund** - This bill provides for the reallocation of funding from the federal Coronavirus Relief Fund and appropriates the funds to agencies, including previous allocations to the Highway Patrol for law enforcement salary costs and Capitol building temperature scanning kiosks.

**Senate Bill No. 2043 - Highway Patrolmen's retirement system** - This bill increases the employer and employee contributions to the Highway Patrolmen's retirement fund. The employer contribution is increased from 19.70 to 21.70 percent through .5 percent increases in January 2022, January 2023, January 2024, and January 2025. The employee contribution is increased from 13.30 to 15.30 percent through .5 percent increases in January 2022, January 2023, January 2024, and January 2025.

**Department of Corrections and Rehabilitation  
Budget No. 530  
Senate Bill No. 2015**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>907.79</b>	<b>\$218,165,809</b>	<b>\$66,647,615</b>	<b>\$284,813,424</b>
2021-23 base budget	899.79	228,286,826	40,124,189	268,411,015
Legislative increase (decrease) to base budget	8.00	(\$10,121,017)	\$26,523,426	\$16,402,409

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$217,859,809</b>	<b>\$306,000</b>	<b>\$218,165,809</b>
2019-21 legislative appropriations	228,286,826	1,391,250	229,678,076
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$10,427,017)	(\$1,085,250)	(\$11,512,267)
Percentage increase (decrease) to 2019-21 appropriations	(4.6%)	(78.0%)	(5.0%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		\$6,927,480	(\$3,828,670)	\$3,098,810
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		3,537,687	182,804	3,720,491
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		39,978	2,325	42,303
Added funding for teacher salaries		204,332		204,332
Reduced funding for salaries and wages at the James River Correctional Center in anticipation of savings from vacant positions and employee turnover		(409,094)		(409,094)
Added funding and FTE positions to expand pretrial services	5.00	882,352		882,352
Added funding and FTE positions to expand community corrections	9.00	1,216,470	561,991	1,778,461

Transferred FTE positions to the Information Technology Department for IT unification resulting in an increase in operating expenses to pay the Information Technology Department for the cost of the services	(6.00)	33,597	33,597
Adjusted funding for adult education		(700,512)	329,503
Reduced funding for behavioral health services		(436,513)	(371,009)
Added funding to expand the free through recovery program, to provide a total of \$11.3 million, including \$8 million from the general fund and \$3.3 million from other funds		1,000,000	(436,513)
Reduced funding for transitional facilities			3,300,000
Adjusted funding for the Youth Correctional Center		(1,179,504)	4,300,000
Reduced funding for juvenile community programming		(2,183,081)	(1,179,504)
Added funding for Microsoft Office 365 license expenses		(578,107)	1,986,085
Adjusted funding for other operations		(95,094)	(347,313)
Removed funding for the contract with the Department of Human Services for behavioral health services for women		95,094	(925,420)
Reduced funding for the contract with the Dakota Women's Correctional and Rehabilitation Center to provide a total of \$11,050,000		2,430,778	112,033
Added federal funding for juvenile services		(1,956,000)	2,810,605
Added federal justice reinvestment initiative funding for parole and probation		(855,311)	(1,956,000)
Added federal Victims of Crimes Act funding for grants			(855,311)
Increased funding for Roughrider Industries			804,020
Added funding for special assessments			999,638
Reduced funding for bond payments			121,812
Changed funding from the general fund to the federal Coronavirus Relief Fund for payroll costs of law enforcement-related employees for July through December 2021			1,868,758
Added <b>one-time funding</b> for State Penitentiary kitchen equipment		72,000	72,000
Added <b>one-time funding</b> for James River Correctional Center kitchen equipment		(196,945)	(204,944)
Added <b>one-time funding</b> for miscellaneous equipment		(18,371,718)	18,371,718
		85,000	0
		30,000	85,000
		191,000	30,000
			191,000

Added <b>one-time funding</b> for Roughrider Industries equipment			1,281,988	1,281,988
Added <b>one-time funding</b> for a Roughrider Industries storage warehouse			500,000	500,000
Total	8.00	(\$10,121,017)	\$26,523,426	\$16,402,409

#### FTE Changes

The Legislative Assembly authorized 907.79 FTE positions for the Department of Corrections and Rehabilitation (DOCR) for the 2021-23 biennium, an increase of 8 FTE positions from the 2019-21 biennium level of 899.79 FTE positions. The Legislative Assembly:

- Added 5 FTE positions to expand pretrial services;
- Added 9 FTE positions to expand community corrections; and
- Removed 6 FTE positions that were transferred to the Information Technology Department as part of the IT unification initiative.

#### One-Time Funding

The following is a summary of one-time funding items for DOCR for the 2021-23 biennium:

	General Fund	Other Funds	Total
State Penitentiary kitchen equipment	\$85,000		\$85,000
James River Correctional Center kitchen equipment	30,000		30,000
Miscellaneous equipment	191,000		191,000
Roughrider Industries equipment		\$1,281,988	1,281,988
Roughrider Industries storage warehouse		500,000	500,000
Total	\$306,000	\$1,781,988	\$2,087,988

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$11,169,204 of federal coronavirus relief funds to DOCR for the 2019-21 biennium for payments to counties housing individuals sentenced to DOCR, telework equipment, law enforcement payroll costs, and other costs relating to the COVID-19 pandemic. In Senate Bill No. 2015, the Legislative Assembly appropriated \$43,689,050 of federal coronavirus relief funds to DOCR for the 2019-21 biennium to replace funding appropriated from the general fund for law enforcement-related payroll costs.

#### Federal COVID-19 Funding - 2021-23 Biennium

In Senate Bill No. 2015, the Legislative Assembly appropriated \$18,371,718 of federal coronavirus relief funds to DOCR for the 2021-23 biennium for law enforcement payroll costs for July through December 2021.

#### Inmate Population

The following table summarizes the 2021-23 biennium inmate population projections used to develop the legislative appropriation:

Fiscal year 2022	Male	Female	Total
July	1,451	182	1,633
August	1,454	183	1,637
September	1,457	184	1,641
October	1,460	185	1,645
November	1,463	185	1,648
December	1,466	186	1,652

	Male	Female	Total
January	1,469	187	1,656
February	1,472	188	1,660
March	1,475	188	1,663
April	1,478	189	1,667
May	1,482	190	1,672
June	1,485	191	1,676
<b>Fiscal year 2023</b>			
July	1,488	191	1,679
August	1,491	192	1,683
September	1,494	193	1,687
October	1,497	194	1,691
November	1,500	194	1,694
December	1,503	195	1,698
January	1,506	196	1,702
February	1,508	196	1,704
March	1,511	197	1,708
April	1,514	198	1,712
May	1,517	198	1,715
June	1,520	199	1,719

The following table shows the estimated and actual average male and female inmate populations for the 2019-21 biennium to date:

	Male Inmate Population Estimated Versus Actual			Female Inmate Population Estimated Versus Actual		
	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate	Legislative Estimated Population	Actual Population	Actual Above (Below) Estimate
<b>Fiscal year 2020</b>						
July	1,482	1,552	70	203	236	33
August	1,486	1,548	62	205	227	22
September	1,490	1,570	80	207	221	14
October	1,495	1,592	97	209	216	7
November	1,499	1,587	88	211	212	1
December	1,503	1,588	85	213	209	(4)
January	1,507	1,572	65	215	214	(1)
February	1,511	1,575	64	217	215	(2)
March	1,515	1,515	0	219	201	(18)
April	1,519	1,430	(89)	221	174	(47)
May	1,524	1,383	(141)	223	163	(60)
June	1,528	1,356	(172)	225	153	(72)
<b>Fiscal year 2021</b>						
July	1,532	1,342	(190)	227	149	(78)
August	1,536	1,333	(203)	228	150	(78)
September	1,541	1,334	(207)	229	149	(80)
October	1,545	1,348	(197)	229	152	(77)
November	1,549	1,357	(192)	229	168	(61)
December	1,554	1,369	(185)	229	166	(63)
January	1,558	1,374	(184)	229	168	(61)
February	1,562	1,401	(161)	229	177	(52)
March	1,565	1,412	(153)	229	182	(47)
April	1,565	1,432	(133)	229	190	(39)
May	1,565			229		
June	1,565			229		

### **Dakota Women's Correctional and Rehabilitation Center**

The Legislative Assembly provided \$11,050,000 from the general fund for a contract to house female inmates at the Dakota Women's Correctional and Rehabilitation Center in New England, a decrease of \$855,311 from the 2019-21 biennium appropriation of \$11,905,311.

### **Other Sections in Senate Bill No. 2015**

**Federal Coronavirus Relief Fund - 2019-21 biennium** - Section 3 provides a 2019-21 biennium appropriation of \$43,689,050 from federal funds derived from the federal Coronavirus Relief Fund to DOCR to replace funding appropriated from the general fund for law enforcement payroll costs. Section 10 declares this section to be an emergency.

**Federal Coronavirus Relief Fund - 2021-23 biennium** - Section 4 provides that the 2021-23 biennium appropriation to DOCR includes \$18,371,718 from federal funds derived from the federal Coronavirus Relief Fund for law enforcement payroll costs.

**Community behavioral health services** - Section 5 provides that DOCR is the payer of last resort, excluding the substance use disorder treatment voucher program, for community-based behavioral health services.

**Department of Corrections and Rehabilitation land use study** - Section 6 provides for a Legislative Management study of land owned by DOCR.

**Operating fund authority** - Section 7 provides authority to DOCR to deposit in and spend from its operating fund pursuant to legislative appropriation any money received from correctional supervision, electronic monitoring, and detention; reimbursements from other agencies; profits received from the DOCR commissary; miscellaneous revenue, including offender fines, fees, restitution, and medical copayments; and from the Youth Correctional Center permanent fund.

**Exemption - Community behavioral health program** - Section 8 provides that any unexpended general fund appropriation authority relating to the \$7 million appropriated for the community behavioral health program for the 2019-21 biennium is not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Exemption - Deferred maintenance and extraordinary repairs** - Section 9 provides that up to \$6 million from the general fund appropriated to DOCR for the 2019-21 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended for deferred maintenance, capital planning, and extraordinary repairs projects by DOCR during the 2021-23 biennium.

### **Related Legislation**

**House Bill No. 1052 - Cooperative agreements** - This bill provides for DOCR to participate in cooperative agreements with the judicial branch and tribal governments to provide services to juveniles adjudicated in tribal court.

**House Bill No. 1112 - Local facility negotiations** - This bill requires DOCR to negotiate with local jail or correctional facilities for the supervision of individuals sentenced to DOCR but refused admission to a DOCR facility.

**House Bill No. 1393 - Restorative justice program** - This bill adds the completion of a restorative justice program as a sentencing alternative to incarceration.

**House Bill No. 1395 - COVID-19** - This bill appropriates \$11,169,204 of federal funding approved by the Emergency Commission and Budget Section during the 2019-20 interim from the state's allocation from the federal Coronavirus Relief Fund to DOCR in response to the COVID-19 pandemic.

**Senate Bill No. 2106** - Amends law relating to transfer fees and travel fees for adults under supervision.

**Senate Bill No. 2178** - Amends law relating to eligibility for early release programs and parole board compensation.

**Adjutant General, including the National Guard and the Department of Emergency Services  
Budget No. 540  
House Bill Nos. 1016 and 1395**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>222.00</b>	<b>\$24,862,232</b>	<b>\$170,906,231</b>	<b>\$195,768,463</b>
2021-23 base budget	222.00	27,390,197	117,322,789	144,712,986
Legislative increase (decrease) to base budget	0.00	(\$2,527,965)	\$53,583,442	\$51,055,477

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$22,882,232</b>	<b>\$1,980,000</b>	<b>\$24,862,232</b>
2019-21 legislative appropriations	27,390,197	181,000	27,571,197
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$4,507,965)	\$1,799,000	(\$2,708,965)
Percentage increase (decrease) to 2019-21 appropriations	(16.5%)	993.9%	(9.8%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$289,961	\$502,545	\$792,506
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		376,443	578,798	955,241
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		3,902	6,536	10,438
<b>Department of Emergency Services</b>				
Added State Radio FTE positions	2.00		265,530	265,530
Adjusted funding sources for State Radio to increase funding from special funds		(707,690)	1,007,690	300,000
Adjusted funding sources for the Department of Emergency Services to increase funding from other funds		(72,608)	72,608	0



Reduced funding for grants, including emergency management, hazard mitigation, and hazardous material emergency preparation grants		(1,723,425)	(1,723,425)
Increased funding for disaster costs to provide a total of \$51.5 million, including \$110,125 from the general fund, \$44.4 million from federal funds, \$4.1 million from the state disaster relief fund, \$2.5 million from Bank of North Dakota loan proceeds, and \$394,521 from the emergency management fund		15,768,863	15,768,863
Transferred maintenance of State Radio towers to the Information Technology Department	(1,858,240)		(1,858,240)
Added funding for equipment		660,000	660,000
Added <b>one-time funding</b> for emergency response equipment and supplies	100,000		100,000
Added <b>one-time funding</b> from federal funds to assist state, local, territorial, and tribal governments in preparing and responding to disasters (House Bill No. 1395)		887,873	887,873
<b>National Guard</b>			
Removed a facility services FTE position	(1.00)	(285,132)	(285,132)
Removed a reintegration program FTE position	(1.00)	(191,376)	(191,376)
Added funding for Fargo Readiness Center operations		170,000	340,000
Added funding to lease land for the Camp Grafton expansion		280,000	280,000
Adjusted funding sources to increase funding from federal funds		(808,320)	0
Reduced funding for the Civil Air Patrol		(778)	(778)
Reduced funding for tuition assistance to provide a total of \$3,042,235		(1,739,837)	(1,739,837)
Added funding for the Veterans' Cemetery, including \$75,000 from the general fund to increase total funding for the interment of veterans' spouses and dependents to \$250,000		75,000	152,822
Added funding for Microsoft Office 365 license expenses		710	992
Reduced funding for equipment		(40,000)	(80,000)
Added <b>one-time funding</b> to purchase land for the Camp Grafton expansion		1,750,000	3,500,000
Added <b>one-time funding</b> for a Fraine Barracks complex automation system		80,000	320,000

Added <b>one-time funding</b> from the strategic investment and improvements fund for deferred maintenance			1,000,000	1,000,000
Added <b>one-time funding</b> for Fargo Readiness Center equipment	50,000		50,000	100,000
Added <b>one-time funding</b> from federal funds for a Dickinson Readiness Center project			15,500,000	15,500,000
Added <b>one-time funding</b> from federal funds for a bridge training site project			6,000,000	6,000,000
Added <b>one-time funding</b> from gifts, grants, and donations for a North Dakota military museum			10,000,000	10,000,000
Total	<u>0.00</u>	<u>(\$2,527,965)</u>	<u>\$53,583,442</u>	<u>\$51,055,477</u>

#### FTE Changes

The Legislative Assembly authorized 222 FTE positions for the Adjutant General for the 2021-23 biennium, the same as the 2019-21 biennium. The Legislative Assembly removed 2 FTE National Guard positions and added 2 FTE State Radio positions.

#### One-Time Funding

The following is a summary of one-time funding items for the Adjutant General for the 2021-23 biennium:

	General Fund	Other Funds	Total
Emergency response equipment and supplies	\$100,000		\$100,000
Camp Grafton expansion land purchase	1,750,000	\$1,750,000	3,500,000
Fraine Barracks complex automation system	80,000	240,000	320,000
National Guard deferred maintenance (strategic investment and improvements fund)		1,000,000	1,000,000
Fargo Readiness Center equipment	50,000	50,000	100,000
Dickinson Readiness Center project (federal funds)		15,500,000	15,500,000
Bridge training site project (federal funds)		6,000,000	6,000,000
North Dakota military museum (gifts, grants, and donations)		10,000,000	10,000,000
Emergency management performance grant (federal funds) (House Bill No. 1395)		887,873	887,873
Total	\$1,980,000	\$35,427,873	\$37,407,873

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1394, the Legislative Assembly appropriated \$148,666,667 from federal funds to the Adjutant General for the 2019-21 biennium to increase the Federal Emergency Management Agency reimbursement rate from 75 to 100 percent for COVID-19-related disaster expenses.

In House Bill No. 1395, the Legislative Assembly appropriated \$11,196,780 of federal coronavirus relief funds to the Adjutant General for the 2019-21 biennium for cleaning and personal protective equipment and supplies, salary costs, and other expenses related to the COVID-19 pandemic.

#### Federal COVID-19 Funding - 2021-23 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$887,873 from federal funds to the Adjutant General for the 2021-23 biennium to assist state, local, territorial, and tribal governments in preparing and responding to disasters.

### Deficiency Appropriation

**House Bill No. 1025** - Provides deficiency appropriations of \$3,880,540 from the state disaster relief fund, including \$3,130,540 to repay Bank of North Dakota loans for the state's share of disaster costs and \$750,000 to pay interest on a loan relating to Dakota Access Pipeline law enforcement.

### Other Sections in House Bill No. 1016

**Camp Grafton expansion - Appropriation** - Section 3 transfers \$1,750,000 from the general fund to the National Guard training area and facility development trust fund, the sum of which is appropriated to the Adjutant General for the expansion of Camp Grafton.

**North Dakota military museum** - Section 4 authorizes the Adjutant General to accept and spend \$10 million from other funds to construct a North Dakota military museum. Section 17 declares this section to be an emergency measure.

**Veterans' Cemetery maintenance fund** - Section 5 appropriates any funds received and deposited in the Veterans' Cemetery maintenance fund pursuant to North Dakota Century Code Sections 37-03-14 and 39-04-10.10 for the operation of the Veterans' Cemetery for the 2021-23 biennium.

**Wildfire response - Loan authorization** - Section 6 authorizes the Adjutant General to borrow \$2.5 million from the Bank of North Dakota for fire emergency and wildfire response mutual aid. Section 17 declares this section to be an emergency measure.

**Strategic investment and improvements fund** - Section 7 identifies \$1 million from the strategic investment and improvements fund for National Guard deferred maintenance.

**Northern Emergency Management Assistance Compact** - Section 8 amends Section 37-17.1-14.6 of the Northern Emergency Management Assistance Compact to correct a grammatical error.

**Maintenance and repairs** - Section 9 authorizes the Adjutant General to transfer up to \$500,000 from various line items to the operating expenses and capital assets line items for the maintenance and repair of state-owned armories during the 2021-23 biennium. Any amounts transferred must be reported to the Office of Management and Budget.

**Exemption - Statewide interoperable radio network** - Section 10 provides that any unexpended general fund or special funds appropriation authority continued in the Department of Emergency Services operating expenses line item relating to one-time funding from the strategic investment and improvements fund for mobile repeaters and programming radios for the 2017-19 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Exemption - Tuition, recruiting, and retention** - Section 11 provides that any unexpended general fund or special funds appropriation authority in the tuition, recruiting, and retention line item for the 2019-21 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Exemption - Computer-aided dispatch equipment** - Section 12 provides that \$516,000, including \$66,000 from the general fund and \$450,000 from the strategic investment and improvements fund, appropriated for computer-aided dispatch equipment for the 2019-21 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Exemption - Message switch upgrade** - Section 13 provides that \$335,000, including \$95,000 from the general fund and \$240,000 from the strategic investment and improvements fund, appropriated for the State Radio message switch upgrade project for the 2019-21 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Exemption - Camp Grafton expansion** - Section 14 provides that \$600,000 from the strategic investment and improvements fund appropriated for the Camp Grafton expansion for the 2019-21 biennium is not subject to the provisions of Section 54-44.1-11 and may be continued and expended during the 2021-23 biennium.

**Camp Grafton expansion - Legislative intent** - Section 15 provides legislative intent for the Adjutant General to purchase or lease land for the Camp Grafton expansion.

**Camp Grafton expansion - Report** - Section 16 provides for the Adjutant General to report to the Budget Section regarding any land purchased for the expansion of Camp Grafton.

### **Related Legislation**

**House Bill No. 1118** - Relates to the duration of the Governor's declared state of disaster or emergency.

**House Bill No. 1394** - Provides a 2019-21 biennium appropriation of \$148,666,667 from federal funds to the Adjutant General for expenses relating to the COVID-19 disaster.

**House Bill No. 1395** - Provides for 2019-21 biennium spending authority adjustments relating to funding from the federal Coronavirus Relief Fund.

**Senate Bill No. 2114** - Relates to the use of funds in the National Guard training area and facility development trust fund.

**Senate Bill No. 2117** - Authorizes the National Guard to pay a death benefit to a designated beneficiary or the next of kin of a National Guard service member who died while serving in a state active duty status.

**Department of Commerce  
Budget No. 601  
Senate Bill No. 2018; House Bill Nos. 1015 and 1395**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>58.80</b>	<b>\$34,667,572</b>	<b>\$151,778,555</b>	<b>\$186,446,127</b>
2021-23 base budget	61.80	32,866,721	54,123,293	86,990,014
Legislative increase (decrease) to base budget	(3.00)	\$1,800,851	\$97,655,262	\$99,456,113

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$31,502,140</b>	<b>\$3,165,432</b>	<b>\$34,667,572</b>
2019-21 legislative appropriations	32,866,721	7,325,000	40,191,721
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$1,364,581)	(\$4,159,568)	(\$5,524,149)
Percentage increase (decrease) to 2019-21 appropriations	(4.2%)	(56.8%)	(13.7%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$49,007)	\$16,577	(\$32,430)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		241,092	52,824	293,916
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,341	531	2,872
Reduced funding for salaries and wages to reflect anticipated savings from vacant positions and employee turnover		(140,000)		(140,000)
Transferred 1 FTE position to the Information Technology Department for the IT unification initiative, including a decrease of \$149,792 for salaries and wages and an increase of \$153,317 for operating expenses	(1.00)	3,525		3,525
Transferred the HOME program to the Housing Finance Agency, including 2 FTE positions, \$7,643,371 from federal funds, and \$700,000 from the community development loan	(2.00)		(8,343,371)	(8,343,371)

fund. This grant program provides affordable housing for low-income individuals.

Added funding for Microsoft Office 365 license expenses	5,486	1,013	6,499
Adjusted funding for the Community Services Division, primarily related to operating fees and services. Of the \$329,488 increase in other funds, \$291,576 is from federal funds and \$37,912 is from the community development loan fund.	(216,576)	329,488	112,912
Reduced funding for the Workforce Development Division primarily related to operating fees and services	(199,664)		(199,664)
Reduced funding for the Economic Development and Finance Division, primarily related to travel, rent, professional development, and operating fees and services	(195,000)		(195,000)
Reduced funding for the administration division, primarily related to rent, IT data processing, IT software supplies, postage, and travel of which \$3,282 is from the economic development fund	(396,990)	(3,283)	(400,273)
Reduced funding for the Operation Intern program to provide a total of \$755,000 from the general fund	(100,000)		(100,000)
Added funding for the unmanned aircraft systems (UAS) program, of which \$3 million is from the general fund for operating expenses of the Northern Plains UAS Test Site, \$7 million is for grants from federal funds, and \$20,150 is for grants from the UAS fund	3,000,000	7,020,150	10,020,150
Transferred \$505,000 from the community development loan fund for contractual fees from the grants line item to the operating expenses line item			
Transferred \$151,284 from the general fund for the early childhood education program from the operating expenses line item to the grants line item to provide a total of \$1.5 million for the program			
Transferred the early childhood education program to the Department of Human Services	(1,500,000)		(1,500,000)
Removed funding for biotechnology grants, eliminating the program	(300,000)		(300,000)
Reduced funding for homeless shelter grants to provide a total of \$1,330,212 from the general fund	(169,788)		(169,788)
Added funding for rural health care grants to provide a total of \$250,000 from the general fund	250,000		250,000

Added federal funding for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend \$694,317 of federal funds for this program for the remainder of the 2019-21 biennium.			347,157	347,157
Transferred the North Dakota Trade Office to the Agriculture Commissioner	(1,600,000)			(1,600,000)
Added <b>one-time funding</b> for a film and theater production grant	100,000			100,000
Added <b>one-time funding</b> for workforce grants to tribally controlled community colleges	500,000			500,000
Added <b>one-time funding</b> from the UAS fund for UAS program grants			1,000,000	1,000,000
Added <b>one-time funding</b> for the beyond visual line of sight (BVLOS) UAS program, including funding from the strategic investment and improvements fund	1,000,000	19,000,000		20,000,000
Added <b>one-time funding</b> from the strategic investment and improvements fund for the enhanced use lease grant program (\$7 million), a job development and economic growth grant (\$1.5 million), and a workforce safety grant (\$1.5 million)		10,000,000		10,000,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for technical skills training grants (\$1 million), travel agent and tour operator emergency resiliency grants (\$2 million), and event center emergency resiliency grants (\$2 million)		5,000,000		5,000,000
Added <b>one-time funding</b> from the federal Coronavirus Relief Fund for tourism marketing and branding initiatives, of which \$434,568 is for the tourism transportation improvement program		7,000,000		7,000,000
Added <b>one-time funding</b> for a tourism transportation improvement grant to provide a total of \$1,000,000, of which \$434,568 is from the federal Coronavirus Relief Fund	565,432			565,432
Added <b>one-time funding</b> for discretionary funds to provide a total of \$3.15 million from the general fund (House Bill No. 1015)	1,000,000			1,000,000
Added <b>one-time funding</b> from federal COVID-19 funds for a state small business credit initiative program (House Bill No. 1395)			56,234,176	56,234,176
Total	(3.00)	\$1,800,851	\$97,655,262	\$99,456,113

### FTE Changes

The Legislative Assembly authorized 58.80 FTE positions for the Department of Commerce for the 2021-23 biennium, a decrease of 3 FTE positions from the 2019-21 biennium authorized level of 61.40. The Legislative Assembly transferred 1 FTE position to ITD for the IT unification initiative and 2 FTE positions to the Housing Finance Agency for the HOME program.

### One-Time Funding

The Legislative Assembly appropriated \$100,399,608 of one-time funding to the Department of Commerce for the 2021-23 biennium as follows:

	General Fund	Other Funds	Total Funds
Film and theater production grant	\$100,000		\$100,000
Workforce grants to tribally controlled community colleges	500,000		500,000
UAS program <sup>1</sup>		\$1,000,000	1,000,000
BVLOS UAS program <sup>2</sup>	1,000,000	19,000,000	20,000,000
Enhanced use lease grant program <sup>2</sup>		7,000,000	7,000,000
Job development and economic growth grant <sup>2</sup>		1,500,000	1,500,000
Workforce safety grant <sup>2</sup>		1,500,000	1,500,000
Technical skills training grants <sup>3</sup>		1,000,000	1,000,000
Travel agent and tour operator emergency resiliency grants <sup>3</sup>		2,000,000	2,000,000
Event center emergency resiliency grants <sup>3</sup>		2,000,000	2,000,000
Tourism marketing and branding <sup>3,4</sup>		7,000,000	7,000,000
Tourism transportation improvement grant <sup>4</sup>	565,432		565,432
Discretionary funds (House Bill No. 1015)	1,000,000		1,000,000
State small business credit initiative program (House Bill No. 1395) <sup>5</sup>		56,234,176	56,234,176
<b>Total</b>	<b>\$3,165,432</b>	<b>\$98,234,176</b>	<b>\$101,399,608</b>

<sup>1</sup>Funding for this program is from the UAS fund.

<sup>2</sup>Other funding for this program is from the strategic investment and improvements fund.

<sup>3</sup>Funding for this program is from the federal Coronavirus Relief Fund, as identified in Section 8 of Senate Bill No. 2021.

<sup>4</sup>Of the \$7 million appropriated from the federal Coronavirus Relief Fund for tourism marketing and branding initiatives, \$434,568 is for the tourism transportation improvement grant program. Total funding for the tourism transportation improvement grant program is \$1,000,000, including \$565,432 of one-time funding from the general fund.

<sup>5</sup>Funding for this program is from federal COVID-19 funds.

### Federal COVID-19 Funding - 2019-21 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Department of Commerce for the 2019-21 biennium:

	Federal Funds - 2019-21 Biennium
Federal COVID-19 funds (House Bill No. 1394) <sup>1</sup>	\$11,393,078
Federal coronavirus relief funds (House Bill No. 1395) <sup>2</sup>	82,179,000
<b>Total</b>	<b>\$93,572,078</b>

<sup>1</sup>Of the funding appropriated from federal COVID-19 funds, \$3,000,000 is for the community development block grant program, \$7,393,078 is for the community services block grant program, and \$1,000,000 is for the emergency solution grant program.

<sup>2</sup>Of the funding appropriated from the federal Coronavirus Relief Fund, approximately \$39.4 million is for economic resiliency grants, approximately \$37 million is for hospitality economic resiliency grants, approximately \$2.25 million is for administrative costs of the economic resiliency grant program, approximately \$1 million is for technical skills training grants, and approximately \$2.5 million is for the health care and emergency responder COVID-19 grant program administered in partnership with Workforce Safety and Insurance.



**Federal COVID-19 Funding - 2021-23 Biennium**

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Department of Commerce for the 2021-23 biennium:

	<b>Federal Funds - 2021-23 Biennium</b>
Federal COVID-19 funds (House Bill No. 1395) <sup>1</sup>	\$56,234,176
Federal coronavirus relief funds (Senate Bill No. 2018) <sup>2</sup>	12,000,000
<b>Total</b>	<b>\$68,234,176</b>

<sup>1</sup>Funding appropriated from federal COVID-19 funds is for the state small business credit initiative program to provide loans and investment funding to small businesses, consortiums, and economic development funds.

<sup>2</sup>Of the funding appropriated from the federal Coronavirus Relief Fund, \$1 million is for technical skills training grants, \$2 million is for travel agent and tour operator emergency resiliency grants, \$2 million is for event center emergency resiliency grants, and \$7 million is for tourism marketing and branding initiatives, of which \$434,568 is for the tourism transportation improvement grant program.

**Unmanned Aircraft Systems Program**

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

In Section 12 of Senate Bill No. 2018 (2021), the Legislative Assembly amended North Dakota Century Code Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the BVLOS UAS program and the enhanced use lease grant program.

The following is a summary of funding for the UAS program:

<b>Biennium</b>	<b>General Fund</b>	<b>UAS Fund<sup>1</sup></b>	<b>Strategic Investment and Improvements Fund</b>	<b>Federal Funds</b>	<b>Total</b>
<b>One-Time Funding</b>					
2013-15	\$5,000,000				\$5,000,000
2015-17 <sup>2</sup>	2,718,620				2,718,620
2017-19 <sup>3</sup>			\$2,000,000		2,000,000
2019-21 <sup>4,5</sup>	2,250,000				2,250,000
2021-23 <sup>6</sup>		\$1,000,000			1,000,000
<b>Total one-time funding</b>	<b>\$9,968,620</b>	<b>\$1,000,000</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$12,968,620</b>
<b>Ongoing Funding</b>					
2019-21 <sup>4</sup>		\$1,000,000		\$1,000,000	\$2,000,000
2021-23 <sup>5</sup>	\$3,000,000	1,020,150		8,000,000	12,020,150
<b>Total ongoing funding</b>	<b>\$3,000,000</b>	<b>\$2,020,150</b>	<b>\$0</b>	<b>\$9,000,000</b>	<b>\$14,020,150</b>
<b>Total funding<sup>5</sup></b>	<b>\$12,968,620</b>	<b>\$3,020,150</b>	<b>\$2,000,000</b>	<b>\$9,000,000</b>	<b>\$26,988,770</b>

<sup>1</sup>Funding from the UAS fund is derived from private donations.

<sup>2</sup>Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. The department was also authorized to continue \$1,500,000 appropriated for the program for the 2013-15 biennium into the 2015-17 biennium, to provide a total of \$4,218,620 available for the 2015-17 biennium.

<sup>3</sup>The department was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium, to provide a total of \$3 million available for the 2017-19 biennium.

<sup>4</sup>The department was also authorized to continue unexpended funding from the strategic investment and improvements fund from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

<sup>5</sup>Funding appropriated for the UAS program is for grants, with exception of the general fund appropriations provided for the 2019-21 biennium (\$2.25 million) and 2021-23 biennium (\$3 million), which were provided for operating expenses of the Northern Plains UAS Test Site.

<sup>6</sup>The department was also authorized to continue unexpended funding appropriated from the general fund for the 2019-21 biennium into the 2021-23 biennium, estimated at \$150,000 during the 2021 legislative session, to provide a total of \$13,170,150 available for the 2021-23 biennium.

### Beyond Visual Line of Sight Unmanned Aircraft Systems Program

In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program. The department was authorized to continue this funding into the 2019-21 biennium. Section 21 of the bill provided an emergency clause related to the funding.

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department is required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund. Section 21 of the bill provided an emergency clause related to the program.

**Appropriation - Department of Transportation** - Section 3 of Senate Bill No. 2018 (2021) appropriates one-time funding of \$5 million to the Department of Transportation from grant funds received from the Department of Commerce, pursuant to Section 14, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure.

**Matching fund requirement** - Section 9 of Senate Bill No. 2018 (2021) identifies one-time funding of \$1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the BVLOS UAS industry, which the Department of Commerce may provide only to the extent the organization provides \$1 of matching funds from private or other public sources for each \$1 provided by the department during the 2021-23 biennium.

**Exemption** - Section 14 of Senate Bill No. 2018 (2021) provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to \$5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program:

Biennium	General Fund	Strategic Investment and Improvements Fund	Total
2017-19 <sup>1,2</sup>	\$28,000,000	\$0	\$28,000,000
2019-21	0	0	0
2021-23 <sup>2</sup>	1,000,000	19,000,000	20,000,000
Total	\$29,000,000	\$19,000,000	\$48,000,000

<sup>1</sup>Supplemental appropriation provided by the 2019 Legislative Assembly.

<sup>2</sup>In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 biennium.

### Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from the strategic investment and improvements fund to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	Strategic Investment and Improvements Fund	Total
2013-15		\$2,500,000	\$2,500,000
2015-17 <sup>1</sup>		7,500,000	7,500,000
2017-19 <sup>2</sup>	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
2021-23		7,000,000	7,000,000
Total	\$4,000,000	\$19,000,000	\$23,000,000

<sup>1</sup>Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

<sup>2</sup>Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce was to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

### Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$4,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education. The maximum amount of funding a business may receive from the Operation Intern program is \$40,000 per biennium.

Funding for the program is appropriated from the general fund and transferred to the internship fund, from which the Department of Commerce has continuing appropriation authority. Section 4 of Senate Bill No. 2018 (2021) provides for the \$755,000 transfer for the 2021-23 biennium, a decrease of \$100,000 from the 2019-21 biennium appropriation and transfer of \$855,000.

### Ethanol Production Incentives

The ethanol production incentive fund is administered by the Department of Commerce to provide production incentives to ethanol production facilities in accordance with Chapter 17-02. Forty percent of the revenue from the registration of farm vehicles is transferred to the ethanol production incentive fund from the highway tax distribution fund in accordance with Section 39-04-39. The balance of the ethanol production incentive fund cannot exceed \$7.5 million, which may limit the amount transferred from the highway distribution fund. In Sections 10 and 19 of Senate Bill No. 2018 (2013), the Legislative Assembly removed the requirement that 1 cent per gallon of the motor vehicle fuel tax refunds be deposited in the ethanol production incentive fund. The estimated revenue for the ethanol production incentive fund, provided from transfers from the highway tax distribution fund, is \$4.7 million and estimated expenditures from the fund are \$3.2 million during the 2019-21 biennium. The department estimates ethanol production incentive fund revenue of \$4.7 million and expenditures of \$4.16 million for the 2021-23 biennium. Of the estimated expenditures, \$3.2 million is for the Dakota Spirit ethanol plant and \$960,000 is for the Red River Biorefinery ethanol plant. The proposed payment to the Red River Biorefinery ethanol plant is contingent on the Attorney General determining the payment is an authorized distribution from the ethanol production incentive fund, as the Red River Biorefinery ethanol plant is a sugarbeet-based ethanol plant, not a corn-based ethanol plant. Through April 2021, the balance in the fund was \$1.54 million.

## Other Grant Programs

**Biotechnology grants program** - The 2019 Legislative Assembly appropriated \$300,000 from the general fund to the Department of Commerce for the purpose of providing biotechnology grants to a local association with bioscience experience to promote bioscience and biotechnology research and business development in North Dakota agriculture and life and energy science industries during the 2019-21 biennium. At the request of the department, the 2021 Legislative Assembly removed this funding for the 2021-23 biennium, eliminating the program.

**Early childhood education grants program** - In House Bill Nos. 1012 and 1466 and Senate Bill No. 2018, the 2021 Legislative Assembly transferred the early childhood education grant program, also known as the prekindergarten community grant program, and \$1.5 million from the general fund, to the Department of Human Services. Funding provided to the Department of Commerce for the program for the 2019-21 and 2017-19 bienniums was \$1.5 million from the general fund each biennium.

**Entrepreneurship grants and voucher program** - Section 5 of Senate Bill No. 2018 (2021) identifies \$948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, including \$740,956 from the general fund and \$207,511 from the economic development fund for the 2021-23 biennium. The department is required to establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. The 2019-21 biennium appropriation for the program was \$2,948,467, of which \$740,956 was ongoing funding from the general fund, \$207,511 was ongoing funding from the economic development fund, and \$2,000,000 was one-time funding from the strategic investment and improvements fund.

**Event center emergency resiliency grants** - Section 8 of Senate Bill No. 2018 (2021) identifies \$2 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for event center emergency resiliency grants for the 2021-23 biennium.

**Discretionary funds** - The 2021 Legislative Assembly appropriated \$3.15 million from the general fund to the Department of Commerce for discretionary funds for the 2021-23 biennium, an increase of \$1 million from the 2019-21 biennium general fund appropriation of \$2.15 million. Of the 2021-23 biennium appropriation, \$2.15 million is provided in Senate Bill No. 2018 and \$1 million is provided in House Bill No. 1015. The department is authorized to continue the 2019-21 biennium appropriation into the 2021-23 biennium, resulting in a total of \$5.3 million available for discretionary funds during the 2021-23 biennium.

**Film and theater production grant** - The 2021 Legislative Assembly appropriated \$100,000 of one-time funding from the general fund to the Department of Commerce to provide a film and theater production grant to be provided directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens during the 2021-23 biennium.

**Homeless shelter grant program** - The 2021 Legislative Assembly appropriated \$1,330,212 from the general fund to the Department of Commerce for homeless shelter grants for the 2021-23 biennium, a decrease of \$169,788 from the 2019-21 biennium appropriation of \$1,500,000.

**Job development and economic growth grant** - The 2021 Legislative Assembly appropriated \$1.5 million of one-time funding from the strategic investment and improvements fund to the Department of Commerce to provide a job development and economic growth grant to be provided directly to an organization dedicated to promoting job development and economic growth in the state during the 2021-23 biennium.

**Rural health care grants program** - Section 6 of Senate Bill No. 2018 (2021) identifies \$250,000 from the general fund in the grants line item in Section 1 is for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The Department of Commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis. The 2019 Legislative Assembly designated \$200,000 of the \$2.15 million appropriated from the general fund in the discretionary funds line item is for rural health care grants for the 2019-21 biennium.

**Technical skills training grants** - Section 8 of Senate Bill No. 2018 (2021) identifies \$1 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for a technical skills training grant program for the 2021-23 biennium. In June 2020, the Emergency Commission and Budget Section approved an allocation of \$1 million from the federal Coronavirus Relief Fund for this program for the 2019-21 biennium. Total funding for the program for the 2019-21 and 2021-23 bienniums is \$2 million.

**Tourism transportation improvement grant** - The 2021 Legislative Assembly appropriated \$1 million of one-time funding to the Department of Commerce for a tourism transportation improvement grant for the 2021-23 biennium, of which \$565,432 is from the general fund and \$434,568 is designated from tourism marketing and branding initiatives approved from the federal Coronavirus Relief Fund.

**Travel agent and tour operator emergency resiliency grants** - Section 8 of Senate Bill No. 2018 (2021) identifies \$2 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 as for travel agent and tour operator emergency resiliency grants for the 2021-23 biennium. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department is required to establish additional eligibility requirements for the program. The following organizations are ineligible for this grant program:

- National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;
- Corporations with staff dedicated to purchasing and arranging travel for employees;
- Military-based travel agents or other individuals employed by government entities; and
- Organizations that only offer guided services and tours of their attraction.

**Tribal college workforce grant program** - The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business. The 2021 Legislative Assembly appropriated one-time funding of \$500,000 from the general fund to the Department of Commerce for workforce grants to tribally controlled community colleges, the same as the 2019-21 biennium.

**Workforce safety grant** - The 2021 Legislative Assembly appropriated \$1.5 million of one-time funding from the strategic investment and improvements fund to the Department of Commerce to provide a workforce safety grant to be provided directly to an organization that provides workforce safety during the 2021-23 biennium.

#### **Other Exemptions**

The Legislative Assembly provided exemptions in Senate Bill No. 2018 to allow the Department of Commerce to continue unexpended 2019-21 biennium appropriations into the 2021-23 biennium as follows:

- **UAS program** - Section 15 provides an exemption for the UAS program. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$150,000 from the general fund.
- **Enhanced use lease grant program** - Section 16 provides an exemption for the enhanced use lease grant program. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$1.5 million from the general fund.
- **Nonresident nurse employment recruitment program** - Section 17 provides an exemption to continue \$320,000 of the \$500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. As of April 2021, the department estimates spending a total of \$40,000 during the 2019-21 biennium resulting in \$140,000 being canceled at the end of the 2019-21 biennium.
- **Discretionary funds** - The exemption in Section 18 provides an exemption for the discretionary funds line item. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$2.15 million from the general fund. Of this amount, up to \$200,000 must be used to retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills.

#### **Other Sections in Senate Bill No. 2018**

**Strategic investment and improvements fund** - Section 7 identifies \$29 million of one-time funding in Section 1 as from the strategic investment and improvements fund, of which \$19 million is for the BVLOS UAS program, \$7 million is for the enhanced use lease grant program, \$1.5 million is for a job development grant, and \$1.5 million is for a workforce safety grant for the 2021-23 biennium.

**North Dakota Trade Office** - Section 10 creates a new section to Chapter 4.1-01 to provide the International Business and Trade Office, also known as the North Dakota Trade Office, is administered by the Agriculture Commissioner. Section 13 repeals Section 54-60-16, which provided the North Dakota Trade Office was administered by the Department of Commerce. The 2021 Legislative Assembly transferred \$1.6 million from the general fund from the Department of Commerce to the Agriculture Commissioner for the North Dakota Trade Office for the 2021-23 biennium.

**Rural growth incentive program** - Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.

**Legislative intent - Northern Plains UAS Test Site** - Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue to the extent possible while operating and conducting business of the test site.

**Legislative Management study - Data storage** - Section 20 provides for a Legislative Management study of data storage by state entities.

#### **Related Legislation**

**House Bill No. 1141 - Innovation technology loans** - This bill transfers \$15 million from the strategic investment and improvements fund to the innovation loan fund to support technology advancement for providing innovation technology loans during the 2021-23 biennium.

**House Bill No. 1394 - COVID-19 funds** - This bill provides a 2019-21 biennium appropriation of \$11,393,078 from federal COVID-19 funds to the Department of Commerce.

**Senate Bill No. 2291 - Study of environmental social governance** - Section 2 of this bill requires the Department of Commerce to study environmental social governance related to government and private industry in the state. The study must include an evaluation of investment policies and the potential implications for the state related to the boycott of energy or production of agriculture commodities by companies that intend to penalize, inflict economic harm on, or limit commercial relations. The department is required to report its findings and recommendations to the Legislative Management by June 1, 2022.

**Senate Concurrent Resolution No. 4001 - Community services block grant** - This resolution authorizes the Budget Section of the Legislative Management to hold required legislative hearings on state plans for the receipt and expenditures of new or reviewed block grants passed by Congress. The Department of Commerce appropriation bill contains the funding for the community services block grant program money for the period ending September 30, 2023.

**Upper Great Plains Transportation Institute  
Budget No. 627  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>43.88</b>	<b>\$4,485,607</b>	<b>\$21,267,350</b>	<b>\$25,752,957</b>
2021-23 base budget	43.88	4,396,329	18,895,894	23,292,223
Legislative increase (decrease) to base budget	0.00	\$89,278	\$2,371,456	\$2,460,734

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$4,485,607</b>	<b>\$0</b>	<b>\$4,485,607</b>
2019-21 legislative appropriations	4,396,329	0	4,396,329
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$89,278	\$0	\$89,278
Percentage increase (decrease) to 2019-21 appropriations	2.0%	N/A	2.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$88,427	\$145,111	\$233,538
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		851	1,345	2,196
Added <b>one-time funding</b> for remote sensing of infrastructure, including \$225,000 from the strategic investment and improvements fund and \$2 million from federal funds			2,225,000	2,225,000
<b>Total</b>	<b>0.00</b>	<b>\$89,278</b>	<b>\$2,371,456</b>	<b>\$2,460,734</b>

**FTE Changes**

The Legislative Assembly authorized 43.88 FTE positions for the Upper Great Plains Transportation Institute for the 2021-23 biennium, the same as the 2019-21 biennium.

### **One-Time Funding**

The Legislative Assembly appropriated \$2,225,000 of one-time funding to the Upper Great Plains Transportation Institute for the 2021-23 biennium for remote sensing of infrastructure, including \$2,000,000 from federal funds and \$225,000 from the strategic investment and improvements fund.

### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$41,618 of federal coronavirus relief funds to the Upper Great Plains Transportation Institute for the 2019-21 biennium to transition training materials to an electronic format.

### **Other Sections in Senate Bill No. 2020**

**Additional income appropriation** - Section 5 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Upper Great Plains Transportation Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**Strategic investment and improvements fund** - Section 6 identifies \$225,000 from the strategic investment and improvements fund for remote sensing of infrastructure.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Upper Great Plains Transportation Institute and requires any adjustments to be reported to the Office of Management and Budget.

**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Upper Great Plains Transportation Institute into the 2023-25 biennium.

### **Related Legislation**

**House Bill No. 1395** - Appropriates \$41,618 of federal funding approved by the Emergency Commission and Budget Section from the state's allocation from the federal Coronavirus Relief Fund to the Upper Great Plains Transportation Institute in response to the COVID-19 pandemic for the 2019-21 biennium.



**Branch Research Centers  
Budget No. 628  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>108.21</b>	<b>\$18,569,483</b>	<b>\$20,722,818</b>	<b>\$39,292,301</b>
2021-23 base budget	109.81	18,201,026	20,600,388	38,801,414
Legislative increase (decrease) to base budget	(1.60)	\$368,457	\$122,430	\$490,887

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$18,569,483</b>	<b>\$0</b>	<b>\$18,569,483</b>
2019-21 legislative appropriations	18,201,026	0	18,201,026
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$368,457	\$0	\$368,457
Percentage increase (decrease) to 2019-21 appropriations	2.0%	N/A	2.0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes	(1.60)		(\$2)	(\$2)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$364,004	121,201	485,205
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		4,121	1,231	5,352
Increased funding for capital bond payments to provide a total of \$126,901, including \$48,322 for the Central Grasslands Research Extension Center and \$78,579 for the North Central Research Extension Center		332		332
<b>Total</b>	<b>(1.60)</b>	<b>\$368,457</b>	<b>\$122,430</b>	<b>\$490,887</b>

**FTE Changes**

The Legislative Assembly authorized 108.21 FTE positions for the branch research centers for the 2021-23 biennium, a decrease of 1.6 FTE positions from the 2019-21 biennium authorized level of 109.81 FTE positions. The branch research centers removed 1.6 FTE positions pursuant to Section 8 of House Bill No. 1020

(2019), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of Senate Bill No. 2020 (2021) continues this authorization of the board to adjust positions at entities under its control during the 2021-23 biennium.

#### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$831,007 of federal coronavirus relief funds to the branch research centers for the 2019-21 biennium for telework equipment, air ionization equipment, personal protective equipment, and other costs related to the COVID-19 pandemic.

#### **Other Sections in Senate Bill No. 2020**

**Dickinson Research Extension Center mineral rights income** - Section 3 authorizes the Dickinson Research Extension Center to spend up to \$755,000 of revenue received during the 2021-23 biennium from mineral royalties, leases, or easements for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent only for one-time expenditures for the 2021-23 biennium.

**Williston Research Extension Center mineral rights income** - Section 4 directs the Williston Research Extension Center to report to the 68<sup>th</sup> Legislative Assembly on amounts received and spent from mineral royalties, leases, or easements in the 2019-21 biennium and the 2021-23 biennium.

**Additional income appropriation** - Section 5 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the branch research centers, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**Transfer authority** - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and requires any transfers to be reported to the Office of Management and Budget.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the branch research centers and requires any adjustments to be reported to the Office of Management and Budget.

**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the branch research centers into the 2023-25 biennium.

**Exemption** - Section 10 allows the Main Research Center to continue unexpended appropriation authority relating to the Williston Research Extension Center greenhouse and seed cleaning plant projects from the 2019-21 biennium to the 2021-23 biennium.

#### **Related Legislation**

**House Bill No. 1395** - Appropriates \$831,007 of federal funding approved by the Emergency Commission and Budget Section from the state's allocation from the federal Coronavirus Relief Fund to the branch research centers in response to the COVID-19 pandemic for the 2019-21 biennium.

**NDSU Extension Service  
Budget No. 630  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>241.77</b>	<b>\$29,437,823</b>	<b>\$28,303,921</b>	<b>\$57,741,744</b>
2021-23 base budget	242.51	27,709,666	27,778,159	55,487,825
Legislative increase (decrease) to base budget	(0.74)	\$1,728,157	\$525,762	\$2,253,919

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$29,437,823</b>	<b>\$0</b>	<b>\$29,437,823</b>
2019-21 legislative appropriations	27,709,666	0	27,709,666
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,728,157	\$0	\$1,728,157
Percentage increase (decrease) to 2019-21 appropriations	6.2%	N/A	6.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes	(3.74)			
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$581,623	\$520,384	\$1,102,007
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		6,534	5,378	11,912
Added funding and FTE positions for the livestock initiative	2.00	500,000		500,000
Added funding and an FTE position for the "big data" initiative	1.00	280,000		280,000
Added funding for the agricultural safety initiative		240,000		240,000
Increased funding for soil conservation districts to provide a total of \$1,211,520		120,000		120,000
<b>Total</b>	<b>(0.74)</b>	<b>\$1,728,157</b>	<b>\$525,762</b>	<b>\$2,253,919</b>

### **FTE Changes**

The Legislative Assembly authorized 241.77 FTE positions for the NDSU Extension Service for the 2021-23 biennium, a decrease of 0.74 FTE positions from the 2019-21 biennium authorized level of 242.51 FTE positions. The NDSU Extension Service removed 3.74 FTE positions pursuant to Section 8 of House Bill No. 1020 (2019), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of Senate Bill No. 2020 (2021) continues this authorization of the board to adjust positions at entities under its control during the 2021-23 biennium. The Legislative Assembly added 2 new FTE positions for the livestock initiative and 1 new FTE position for the "big data" initiative.

### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$855,400 of federal coronavirus relief funds to the NDSU Extension Service for the 2019-21 biennium for technology costs for remote program delivery, personal protective equipment, and sanitizing supplies.

### **Other Sections in Senate Bill No. 2020**

**Additional income appropriation** - Section 5 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the NDSU Extension Service, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**Transfer authority** - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and requires any transfers to be reported to the Office of Management and Budget.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the NDSU Extension Service and requires any adjustments to be reported to the Office of Management and Budget.

**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the NDSU Extension Service into the 2023-25 biennium.

### **Related Legislation**

**House Bill No. 1395** - Appropriates \$855,400 of federal funding approved by the Emergency Commission and Budget Section from the state's allocation from the federal Coronavirus Relief Fund to the NDSU Extension Service in response to the COVID-19 pandemic for the 2019-21 biennium.

**Northern Crops Institute  
Budget No. 638  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>13.55</b>	<b>\$1,987,142</b>	<b>\$1,922,618</b>	<b>\$3,909,760</b>
2021-23 base budget	12.80	1,943,810	1,896,217	3,840,027
Legislative increase (decrease) to base budget	0.75	\$43,332	\$26,401	\$69,733

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$1,987,142</b>	<b>\$0</b>	<b>\$1,987,142</b>
2019-21 legislative appropriations	1,943,810	0	1,943,810
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$43,332	\$0	\$43,332
Percentage increase (decrease) to 2019-21 appropriations	2.2%	N/A	2.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes	0.75			
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$42,900	\$26,151	\$69,051
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		432	250	682
<b>Total</b>	<b>0.75</b>	<b>\$43,332</b>	<b>\$26,401</b>	<b>\$69,733</b>

**FTE Changes**

The Legislative Assembly authorized 13.55 FTE positions for the Northern Crops Institute for the 2021-23 biennium, an increase of 0.75 FTE positions from the 2019-21 biennium authorized level of 12.8 FTE positions. The 0.75 FTE position was added pursuant to Section 8 of House Bill No. 1020 (2019), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of Senate Bill No. 2020 (2021) continues this authorization of the board to adjust positions at entities under its control during the 2021-23 biennium.

### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$115,586 of federal coronavirus relief funds to the Northern Crops Institute for the 2019-21 biennium for technology costs for remote program delivery, telework equipment, personal protective equipment, and sanitizer supplies.

### **Other Sections in Senate Bill No. 2020**

**Additional income appropriation** - Section 5 provides that in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Northern Crops Institute, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**Transfer authority** - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and requires any transfers to be reported to the Office of Management and Budget.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Northern Crops Institute and requires any adjustments to be reported to the Office of Management and Budget.

**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Northern Crops Institute into the 2023-25 biennium.

### **Related Legislation**

**House Bill No. 1395** - Appropriates \$115,586 of federal funding approved by the Emergency Commission and Budget Section from the state's allocation from the federal Coronavirus Relief Fund to the Northern Crops Institute in response to the COVID-19 pandemic for the 2019-21 biennium.

**House Bill No. 1431** - Provides for \$680 million of bonding authority, including \$50 million for the NDSU Agriculture Products Development Center and Northern Crops Institute capital project.

**NDSU Main Research Center  
Budget No. 640  
Senate Bill No. 2020**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>334.56</b>	<b>\$55,088,232</b>	<b>\$59,160,956</b>	<b>\$114,249,188</b>
2021-23 base budget	344.05	52,667,326	56,502,775	109,170,101
Legislative increase (decrease) to base budget	(9.49)	\$2,420,906	\$2,658,181	\$5,079,087

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$54,588,232</b>	<b>\$500,000</b>	<b>\$55,088,232</b>
2019-21 legislative appropriations	52,667,326	750,000	53,417,326
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$1,920,906	(\$250,000)	\$1,670,906
Percentage increase (decrease) to 2019-21 appropriations	3.6%	(33.3%)	3.1%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes.	(12.49)		(\$2)	(\$2)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		\$1,075,163	580,055	1,655,218
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		10,965	5,128	16,093
Reduced funding for bond payments to provide a total of \$356,547		(222)		(222)
Added funding and FTE positions for the "big data" initiative	3.00	835,000		835,000
Added <b>one-time funding</b> for deferred maintenance		500,000		500,000
Added <b>one-time funding</b> from the strategic investment and improvements fund (SIIF) for Carrington Research Center capital projects			775,000	775,000

Added <b>one-time funding</b> from SIIF for Central Grasslands Research Center capital projects			525,000	525,000
Added <b>one-time funding</b> from SIIF for Hettinger Research Center capital projects			300,000	300,000
Added <b>one-time funding</b> from SIIF for Langdon Research Center capital projects			473,000	473,000
Total	(9.49)	\$2,420,906	\$2,658,181	\$5,079,087

### FTE Changes

The Legislative Assembly authorized 334.56 FTE positions for the NDSU Main Research Center for the 2021-23 biennium, a decrease of 9.49 FTE positions from the 2019-21 biennium authorized level of 344.05 FTE positions. The NDSU Main Research Center removed 12.49 FTE positions pursuant to Section 8 of House Bill No. 1020 (2019), which authorized the State Board of Higher Education to adjust FTE positions at entities under its control. Section 8 of Senate Bill No. 2020 (2021) continues this authorization of the board to adjust positions at entities under its control during the 2021-23 biennium. The Legislative Assembly added 3 new FTE positions for the "big data" initiative, relating to the North Dakota Agricultural Weather Network and data analytics, management, and curation.

### One-Time Funding

The following is a summary of one-time funding items for the NDSU Main Research Center for the 2021-23 biennium:

	General Fund	Strategic Investment and Improvements Fund	Total
Deferred maintenance	\$500,000		\$500,000
Carrington Research Center capital projects, including a feedlot research support facility, a feedlot pen expansion, and other capital projects as funding allows		\$775,000	775,000
Central Grasslands Research Center capital projects, including a research pasture working facility, a residence, and other capital projects as funding allows		525,000	525,000
Hettinger Research Center machine shed		300,000	300,000
Langdon Research Center capital projects, including a new greenhouse		473,000	473,000
Total	\$500,000	\$2,073,000	\$2,573,000

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$1,164,967 of federal coronavirus relief funds to the NDSU Main Research Center for the 2019-21 biennium for telework equipment, air ionization equipment, personal protective equipment, and other costs related to the COVID-19 pandemic.

### Other Sections in Senate Bill No. 2020

**Additional income appropriation** - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Main Research Center, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**Strategic investment and improvements fund** - Section 6 identifies \$2,073,000 from the SIIF for capital projects at the Carrington Research Center, Central Grasslands Research Center, Hettinger Research Center, and Langdon Research Center.

**Transfer authority** - Section 7 authorizes the transfer of appropriation authority between the Main Research Center, the branch research centers, NDSU Extension Service, and Northern Crops Institute and requires any transfers to be reported to the Office of Management and Budget.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Main Research Center and requires any adjustments to be reported to the Office of Management and Budget.



**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Main Research Center into the 2023-25 biennium.

**Exemption** - Section 10 allows the Main Research Center to continue unexpended appropriation authority relating to the Williston Research Extension Center greenhouse and seed cleaning plant projects from the 2019-21 biennium to the 2021-23 biennium.

**Capital projects - Federal American Rescue Plan Act** - Section 11 provides for the Director of the Main Research Center to report to the Budget Section during the 2021-22 interim regarding priority capital projects and other expenses that may be eligible for funding from the state fiscal recovery fund allocated to the state under the federal American Rescue Plan Act.

#### **Related Legislation**

**House Bill No. 1395** - Appropriates \$1,164,967 of federal funding approved by the Emergency Commission and Budget Section from the state's allocation from the federal Coronavirus Relief Fund to the NDSU Main Research Center in response to the COVID-19 pandemic for the 2019-21 biennium.

**Agronomy Seed Farm  
Budget No. 649  
Senate Bill No. 2020**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	3.00	\$0	\$1,579,655	\$1,579,655
2021-23 base budget	3.00	0	1,565,975	1,565,975
Legislative increase (decrease) to base budget	0.00	\$0	\$13,680	\$13,680

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			\$13,532	\$13,532
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			148	148
Total	<u>0.00</u>	<u>\$0</u>	<u>\$13,680</u>	<u>\$13,680</u>

**FTE Changes**

The Legislative Assembly authorized 3 FTE positions for the Agronomy Seed Farm for the 2021-23 biennium, the same as the 2019-21 biennium.

**Other Sections in Senate Bill No. 2020**

**Additional income appropriation** - Section 5 provides that, in addition to the amount appropriated as other funds, any other income from federal acts, private grants, gifts, and donations, or from other sources received by the Agronomy Seed Farm, is appropriated for the purposes designated in the act, grant, gift, or donation for the 2021-23 biennium.

**FTE position adjustments** - Section 8 authorizes the State Board of Higher Education to adjust or increase FTE positions for the Agronomy Seed Farm and requires any adjustments to be reported to the Office of Management and Budget.

**Unexpended general fund - Excess income** - Section 9 authorizes the continuation of any unexpended general fund appropriation and excess income received by the Agronomy Seed Farm into the 2023-25 biennium.

**State Fair Association  
Budget No. 665  
Senate Bill No. 2009**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>0.00</b>	<b>\$542,833</b>	<b>\$0</b>	<b>\$542,833</b>
2021-23 base budget	0.00	542,833	0	542,833
Legislative increase (decrease) to base budget	0.00	\$0	\$0	\$0

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$542,833</b>	<b>\$0</b>	<b>\$542,833</b>
2019-21 legislative appropriations	542,833	0	542,833
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$0	\$0	\$0
Percentage increase (decrease) to 2019-21 appropriations	0%	N/A	0%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
The Legislative Assembly did not change the base budget for the State Fair		\$0	\$0	\$0
Total	0.00	\$0	\$0	\$0

**State Fair Premiums**

The Legislative Assembly provided \$542,833 from the general fund for premiums, the same as the 2019-21 biennium appropriation.

**Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$105,272 of federal coronavirus relief funds to the State Fair for the 2019-21 biennium for thermometers, personal protective equipment, cleaning and sanitation supplies, expenditures for quarantining individuals, expenses for employee leave due to day care or school closings, COVID-19 unemployment insurance benefit reimbursement, COVID-19 signage, and salaries to increase cleaning efforts in buildings.

**Related Legislation**

**House Bill No. 1395** - Provides an appropriation of \$105,272 from the federal Coronavirus Relief Fund as approved by the Emergency Commission and Budget Section for the State Fair for expenditures related to the COVID-19 pandemic for the 2019-21 biennium.

**Racing Commission  
Budget No. 670  
Senate Bill No. 2023**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>2.00</b>	<b>\$407,894</b>	<b>\$166,601</b>	<b>\$574,495</b>
2021-23 base budget	2.00	399,072	165,965	565,037
Legislative increase (decrease) to base budget	0.00	\$8,822	\$636	\$9,458

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$387,894</b>	<b>\$20,000</b>	<b>\$407,894</b>
2019-21 legislative appropriations	399,072	0	399,072
2021-23 legislative increase (decrease) to 2019-21 appropriations	(\$11,178)	\$20,000	\$8,822
Percentage increase (decrease) to 2019-21 appropriations	(2.8%)	N/A	2.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$12,447)	(\$970)	(\$13,417)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		8,638	455	9,093
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		94	5	99
Reduced funding for professional development to provide a total of \$20,051		(7,507)	(7,328)	(14,835)
Increased funding for travel to provide a total of \$38,841			8,298	8,298
Added funding for Microsoft Office 365 license expenses		44	176	220
Added one-time funding for intern salaries and wages		20,000		20,000
<b>Total</b>	<b>0.00</b>	<b>\$8,822</b>	<b>\$636</b>	<b>\$9,458</b>

### **FTE Changes**

The Legislative Assembly approved 2 FTE positions for the Racing Commission for the 2021-23 biennium, the same as the 2019-21 biennium.

### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$1,000 of federal coronavirus relief funds to the Racing Commission for the 2019-21 biennium for cleaning supplies and personal protective equipment.

### **Other Sections in Senate Bill No. 2023**

**Legislative Management study - Racing Commission funding** - Section 3 provides for a Legislative Management study of the feasibility and desirability of changing the Racing Commission from a combination general fund and special fund agency to a special fund agency only.

### **Related Legislation**

**House Bill No. 1395 - Federal coronavirus relief funds** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section, including \$1,000 for the Racing Commission.

**State Historical Society  
Budget No. 701  
House Bill No. 1018**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>78.75</b>	<b>\$19,411,350</b>	<b>\$7,429,952</b>	<b>\$26,841,302</b>
2021-23 base budget	75.00	17,368,691	3,194,252	20,562,943
Legislative increase (decrease) to base budget	3.75	\$2,042,659	\$4,235,700	\$6,278,359

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$19,386,350</b>	<b>\$25,000</b>	<b>\$19,411,350</b>
2019-21 legislative appropriations	17,368,691	1,597,000	18,965,691
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,017,659	(\$1,572,000)	\$445,659
Percentage increase (decrease) to 2019-21 appropriations	11.6%	(98.4%)	2.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$1)	\$2	\$1
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		315,744	23,653	339,397
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		3,270	281	3,551
Transferred 3.75 FTE positions and the Lewis and Clark Interpretive Center operations from the Parks and Recreation Department to the State Historical Society	3.75	1,140,595	287,999	1,428,594
Increased funding for temporary employees to provide a total of \$1,965,545		400,000		400,000
Reduced federal funds spending authority for salaries and wages			(276,235)	(276,235)
Increased funding for capital assets		25,473		25,473

Added funding for Microsoft Office 365 license expenses	7,578	7,578
Added ongoing funding for the State Archives Digital Repository (SADR) subscription expenses	125,000	125,000
Added <b>one-time funding</b> for the SADR upgrade	25,000	25,000
Added <b>one-time funding</b> from federal funds derived from the federal Coronavirus Capital Projects Fund for historical site and extraordinary repairs		4,200,000
	4,200,000	4,200,000
Total	<u>3.75</u>	<u>\$2,042,659</u>
		<u>\$4,235,700</u>
		<u>\$6,278,359</u>

#### FTE Changes

The Legislative Assembly authorized 78.75 FTE positions for the State Historical Society for the 2021-23 biennium, 3.75 FTE positions more than the 2019-21 biennium. The Legislative Assembly transferred 3.75 FTE positions from the Parks and Recreation Department to the State Historical Society relating to the transfer of the operations of the Lewis and Clark Interpretive Center.

#### One-Time Funding

The following is a summary of one-time funding items for the State Historical Society for the 2021-23 biennium:

	General Fund	Other funds	Total
SADR upgrade	\$25,000		\$25,000
Historical site and extraordinary repairs (federal Coronavirus Capital Projects Fund)		\$4,200,000	4,200,000
Total	\$25,000	\$4,200,000	\$4,225,000

#### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$19,000 of federal coronavirus relief funds to the State Historical Society for the 2019-21 biennium for self-monitoring temperature reading thermal scanners and antimicrobial hard surface sanitizing foggers for the Heritage Center.

#### Other Sections in House Bill No. 1018

**Appropriation - Revolving fund** - Section 3 appropriates all fees collected and deposited in the revolving fund to the State Historical Society.

**Appropriation - Gifts, grants, and bequests** - Section 4 appropriates all gifts, grants, devises, bequests, donations, and assignments received by the State Historical Society to the State Historical Society.

**Estimated income - Federal Coronavirus Capital Projects Fund** - Section 5 identifies \$4.2 million in the estimated income line item in Section 1 as from the federal Coronavirus Capital Projects Fund for historic site and extraordinary repairs.

**Estimated income - Department of Transportation grant** - Section 6 identifies \$100,000 of funding in the estimated income line item as from the Department of Transportation for defraying the expenses of the Lewis and Clark Interpretive Center for the 2021-23 biennium.

**Responsibility for the Lewis and Clark Interpretive Center** - Section 7 adds a new section to North Dakota Century Code Chapter 55-01 to require the society to display, maintain, and protect the Lewis and Clark artifacts included in the transfer of the Lewis and Clark Interpretive Center from the Parks and Recreation Department to the society at the Lewis and Clark Interpretive Center. A climate-controlled environment must be maintained to protect the artifacts as necessary.

**Legislative Management study - Advisory boards** - Section 8 provides for a Legislative Management study of the feasibility and desirability of creating local advisory boards to the State Historical Society.

**Emergency** - Section 9 declares the \$4.2 million from the federal Coronavirus Capital Projects Fund to be an emergency.

### **Related Legislation**

**House Bill No. 1285 - America 250 Commission** - This bill creates the America 250 Commission within the State Historical Society for the commemoration of the 250 years since America's founding. It also authorizes the commission to accept gifts, grants, and donations and provides a continuing appropriation.

**House Bill No. 1395 - Federal coronavirus relief funds** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.



**Council on the Arts  
Budget No. 709  
Senate Bill No. 2010; House Bill No. 1395**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>5.00</b>	<b>\$1,662,766</b>	<b>\$2,547,982</b>	<b>\$4,210,748</b>
2021-23 base budget	5.00	1,606,204	1,738,922	3,345,126
Legislative increase (decrease) to base budget	0.00	\$56,562	\$809,060	\$865,622

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
<b>2021-23 legislative appropriations</b>	<b>\$1,662,766</b>	<b>\$0</b>	<b>\$1,662,766</b>
2019-21 legislative appropriations	1,606,204	0	1,606,204
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$56,562	\$0	\$56,562
Percentage increase (decrease) to 2019-21 appropriations	3.5%	N/A	3.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$8,197		\$8,197
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		22,349		22,349
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		245		245
Increased funding for a temporary part-time position		25,000	\$50,000	75,000
Added funding for Microsoft Office 365 licensing expenses		771		771
Added <b>one-time federal funding</b> estimated to be received through the federal American Rescue Plan Act for grants to nonprofit arts organizations to support operations (House Bill No. 1395)			759,060	759,060
Total	<u>0.00</u>	<u>\$56,562</u>	<u>\$809,060</u>	<u>\$865,622</u>

### **FTE Changes**

The Legislative Assembly approved 5 FTE positions for the Council on the Arts for the 2021-23 biennium, the same as the 2019-21 biennium.

### **Federal COVID-19 Funding - 2019-21 Biennium**

In House Bill No.1395, the Legislative Assembly appropriated \$800,000 of federal coronavirus relief funds the Council on the Arts for grants to nonprofit arts organizations.

### **One-Time Funding - Federal COVID-19 Funding - 2021-23 Biennium**

In House Bill No. 1395, the Legislative Assembly appropriated \$759,060 of one-time funding estimated to be received through the federal American Rescue Plan Act to the Council on the Arts for grants to nonprofit arts organizations to support operations.

### **Related Legislation**

**House Bill No. 1015** - Transfers \$1 million from the strategic investment and improvements fund to the cultural endowment fund and provides the Council on the Arts expend up to \$50,000 annually from the endowment fund for the maintenance of public arts projects constructed as part of the North Dakota creative placemaking program.

**Game and Fish Department  
Budget No. 720  
House Bill No. 1017**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations</b>	<b>164.00</b>	<b>\$0</b>	<b>\$92,368,134</b>	<b>\$92,368,134</b>
2021-23 base budget	165.00	0	85,303,632	85,303,632
Legislative increase (decrease) to base budget	(1.00)	\$0	\$7,064,502	\$7,064,502

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$1,306,947	\$1,306,947
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			777,535	777,535
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			7,908	7,908
Transferred 1 FTE information technology (IT) position for IT unification by reducing salaries and wages (\$159,662) and increasing operating expenses (\$164,028)	(1.00)		4,366	4,366
Adjusted funding for capital assets by increasing extraordinary repairs (\$527,679), motor vehicles (\$568,180), and other capital payments (\$111,292), and reducing land, building, and maintenance (\$50,000), and equipment over \$5,000 (\$243,505)			913,646	913,646
Increased funding for operating expenses by increasing land, buildings, and maintenance (\$172,440), IT (\$233,000), Microsoft Office 365 licenses (\$18,507), and other operating expenses (\$843,653)			1,267,600	1,267,600
Added <b>one-time funding</b> from federal funds (\$1,113,750) and other funds (\$371,250) to allow for 5,000 acres of additional landowner private land open to sportsmen (PLOTS) payments			1,485,000	1,485,000
Added <b>one-time funding</b> from an outdoor heritage grant for a Red River Basin wildlife and water quality enhancement program			500,000	500,000

Added <b>one-time funding</b> from the game and fish fund for replacement of radio equipment			801,500	801,500
Total	(1.00)	\$0	\$7,064,502	\$7,064,502

#### FTE Changes

The Legislative Assembly authorized 164 FTE positions for the Game and Fish Department for the 2021-23 biennium, 1 FTE position less than the 2019-21 biennium. The Legislative Assembly transferred 1 full-time IT position to the Information Technology Department for IT unification.

#### One-Time Funding

The following is a summary of one-time funding items for the Game and Fish Department for the 2021-23 biennium:

	General Fund	Other funds	Total
PLOTS payments		\$1,485,000	\$1,485,000
Red River Basin wildlife and water quality enhancement program		500,000	500,000
Radio equipment replacement		801,500	801,500
Total	\$0	\$2,786,500	\$2,786,500

#### Capital Assets, Payments, and Projects

The Legislative Assembly provided \$8,316,462 from other funds for capital assets, payments, and projects during the 2021-23 biennium. The schedule below details funding provided in the 2019-21 and 2021-23 bienniums for capital assets, payments, and projects.

Projects	2019-21 Biennium	2021-23 Biennium
Extraordinary repairs	\$1,119,721	\$1,129,000
Wildlife management area improvements	653,170	652,170
Fishing area projects	1,385,000	1,333,692
Shooting range improvements	500,000	595,000
Lonetree Wildlife Management Area improvements	20,000	175,000
Land acquisition	800,000	800,000
Payment in lieu of taxes	1,383,000	1,465,000
Enforcement Division equipment	175,000	460,000
Fisheries equipment	205,000	186,000
Lonetree Wildlife Management Area equipment	57,000	116,500
Wildlife Division equipment	267,000	332,000
State Fair grounds improvements		50,000
Administrative equipment for two park model trailers		20,000
Aquatic nuisance species equipment		200,000
Statewide interoperable radio network state radio equipment		801,500
Total	\$6,564,891	\$8,316,462

#### Other Sections in House Bill No. 1017

**Grants, gifts, and donations line** - Section 3 identifies \$100,000 received by the Game and Fish Department in the grants, gifts, and donations line item for surface damage, easements, or reclamation on department-owned or managed properties as a result of mineral exploration and extraction activities.

**Line item transfer authority** - Section 4 authorizes the Game and Fish Department to transfer up to \$2 million between the operating expenses, capital assets, and grants - game and fish line items, during the 2021-23 biennium. The department is required to report transfers to the Legislative Council.

### **Related Legislation**

**House Bill No. 1218 - Small game proclamation** - This bill provides for qualified nonresident landowners to hunt during the first 7 days of the pheasant season with a valid hunting license.

**Senate Bill No. 2036 - Legislative Management study - Access to lands and electronic posting** - This bill provides for a Legislative Management study regarding access to lands and electronic posting.

**Senate Bill No. 2144 - Criminal trespass** - This bill changes the posting requirements for land and provides for the posting of land in an online database or other electronic application maintained or authorized by the state instead of physically posting.

**Parks and Recreation Department  
Budget No. 750  
House Bill No. 1019**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>57.75</b>	<b>\$13,573,491</b>	<b>\$35,132,393</b>	<b>\$48,705,884</b>
2021-23 base budget	61.50	14,343,129	20,380,727	34,723,856
Legislative increase (decrease) to base budget	(3.75)	(\$769,638)	\$14,751,666	\$13,982,028

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$13,323,491</b>	<b>\$250,000</b>	<b>\$13,573,491</b>
2019-21 legislative appropriations	14,343,129	0	14,343,129
2021-23 legislative increase (decrease) to 2019-21 appropriations <sup>1</sup>	(\$1,019,638)	\$250,000	(\$769,638)
Percentage increase (decrease) to 2019-21 appropriations <sup>1</sup>	(7.1%)	N/A	(5.4%)

<sup>1</sup>Of the \$1,019,638 reductions to ongoing general fund appropriations, \$840,596 is due to the transfer of the Lewis and Clark Interpretive Center to the State Historical Society. Ongoing changes excluding the transfer results in a reduction of \$179,042 or a 1.2 percent reduction to ongoing general fund appropriations.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes		(\$866,187)	\$29,176	(\$837,011)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		254,900	10,650	265,550
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		2,954	701	3,655
Adjusted funding for the Lewis and Clark Interpretive Center by increasing the base budget from other funds by \$173,554 and then transferring the operations and 3.75 FTE positions to the State Historical Society	(3.75)	(840,596)	(414,641)	(1,255,237)
Increased federal funds authority for grants			2,308,426	2,308,426

Increased funding for data processing to provide a total of \$1,295,981	410,250	7,664	417,914
Adjusted funding for buildings, maintenance, and repairs by decreasing funding in the administration line item (\$45,000), recreation line item (\$20,000), and increasing funding in the parks operations and maintenance line item (\$295,079)		230,079	230,079
Adjusted funding for professional services by decreasing funding in the administration line item (\$30,000), recreation line item (\$216,875), and increasing funding in the parks operations and maintenance line item (\$286,999)		40,124	40,124
Added funding for Microsoft Office 365 license expenses	19,751	6,687	26,438
Reduced funding for bond payments to provide a total of \$66,165	(710)		(710)
Added <b>one-time funding</b> from the federal Coronavirus Capital Projects Fund for deferred maintenance and capital projects		7,900,000	7,900,000
Added <b>one-time funding</b> from the federal Coronavirus Capital Projects Fund for the International Peace Garden capital projects		3,000,000	3,000,000
Added <b>one-time funding</b> for trail lease renewals in the Little Missouri River area	200,000		200,000
Added <b>one-time funding</b> for lease payments relating to the Fort Abraham Lincoln viewshed	50,000		50,000
Added <b>one-time funding</b> of \$1,632,800 from the federal Coronavirus Capital Projects Fund (\$816,400) and from matching funds (\$816,400) for a parks matching grant program		1,632,800	1,632,800
Total	<u>(3.75)</u>	<u>(\$769,638)</u>	<u>\$14,751,666</u>

#### FTE Changes

The Legislative Assembly authorized 57.75 FTE positions for the Parks and Recreation Department for the 2021-23 biennium, 3.75 FTE positions less than the 2019-21 biennium. The Legislative Assembly transferred 3.75 FTE positions from the Parks and Recreation Department to the State Historical Society for the transfer of the operations of the Lewis and Clark Interpretive Center.

#### One-Time Funding

The following is a summary of one-time funding items for the Parks and Recreation Department for the 2021-23 biennium:

	General Fund	Other Funds	Total
Deferred maintenance and capital projects (federal Coronavirus Capital Projects Fund)		\$7,900,000	\$7,900,000
International Peace Garden capital projects (federal Coronavirus Capital Projects Fund)		3,000,000	3,000,000
Trail lease renewals in the Little Missouri River area	\$200,000		200,000

	General Fund	Other Funds	Total
Fort Abraham Lincoln viewshed lease payments	50,000		50,000
Parks matching grant program (federal Coronavirus Capital Projects Fund \$816,400 and matching funds \$816,400)		1,632,800	1,632,800
Total	\$250,000	\$12,532,800	\$12,782,800

### International Peace Garden

The Legislative Assembly appropriated the following for the International Peace Garden for the 2021-23 biennium:

	General Fund	Other Funds	Total
International Peace Garden 2021-23 biennium appropriation	\$876,329	\$3,000,000 <sup>1</sup>	\$3,876,329 <sup>2</sup>
International Peace Garden 2021-23 base budget	876,329	0	876,329
Legislative increase (decrease) to base budget	\$0	\$3,000,000	\$3,000,000

<sup>1</sup>This funding is from the federal Coronavirus Capital Projects Fund for the International Peace Garden capital projects.

<sup>2</sup>In addition, Section 11 of House Bill No. 1019 allows the department to continue any unexpended funds remaining from the 2013-15 biennium appropriations for capital projects for the International Peace Garden.

### Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated \$250,985 of federal coronavirus relief funds to the Parks and Recreation Department for the 2019-21 biennium for cleaning supplies, personal protective equipment, Wi-Fi upgrade, and mobile trailer units for park staff.

### Federal COVID-19 Funding - 2021-23 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Parks and Recreation Department for the 2021-23 biennium:

	Federal Funds - 2021-23 Biennium
Federal Coronavirus Capital Projects Fund - Deferred maintenance and capital projects (House Bill No. 1019)	\$7,900,000
Federal Coronavirus Capital Projects Fund - International Peace Garden capital projects (House Bill No. 1019)	3,000,000
Federal Coronavirus Capital Projects Fund - Parks capital projects matching grant program (House Bill No. 1019)	816,400
Total	\$11,716,400

### Other Sections in House Bill No. 1019

**Appropriation - Additional federal funds or other funds** - Section 3 appropriates any additional income from federal or other funds that may become available to the Parks and Recreation Department for the 2021-23 biennium.

**Game and fish operating fund - Transfer for boat ramp maintenance** - Section 4 provides \$122,000 from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, which must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2021-23 biennium.

**Conveyance of land and buildings - Lewis and Clark Interpretive Center** - Section 5 directs the Parks and Recreation Department to convey ownership of the Lewis and Clark Interpretive Center and surrounding real property to the State Historical Society. The section also exempts the conveyance from North Dakota Century Code Sections 54-01-05.2 and 54-01-05.5 relating to the sale of state-owned land and the preparation of an assessment of the property.

**Deferred maintenance and capital projects - Federal Coronavirus Capital Projects Fund** - Section 6 identifies \$7.9 million of one-time funding for deferred maintenance and capital projects for the 2021-23 biennium as from the federal Coronavirus Capital Projects Fund. This funding may be spent only to the extent the Director of the Office of Management and Budget, in consultation with the Budget Section, determines the use of the funding complies with federal guidance for the federal Coronavirus Capital Projects Fund.



**Parks matching grant program - Federal Coronavirus Capital Projects Fund** - Section 7 creates a parks matching grant program. The program requires the Parks and Recreation Department to provide a dollar-for-dollar matching grant on funds provided by a nonstate entity for the purpose of capital projects dedicated to the improvement of North Dakota state parks and recreation managed properties. The program includes \$816,400 from the federal Coronavirus Capital Projects Fund and \$816,400 of matching funds from nonstate sources. The funding provided under this section may be spent only to the extent the Director of the Office of Management and Budget, in consultation with the Budget Section, determines the use of the funding complies with federal guidance for the federal Coronavirus Capital Projects Fund. The funding provided under this section is one-time funding.

**International Peace Garden - Federal Coronavirus Capital Projects Fund** - Section 8 identifies \$3 million of one-time funding from the federal Coronavirus Capital Projects Fund. Expenditure of these funds is subject to one-to-one matching funds raised from the Province of Manitoba. These funds are to be used in place of the line of credit at the Bank of North Dakota that was authorized in Section 12 of Chapter 44 of the 2019 Session Laws. The funding provided under this section may be spent only to the extent the Director of the Office of Management and Budget, in consultation with the Budget Section, determines the use of the funding complies with federal guidance for the federal Coronavirus Capital Projects Fund.

**International Peace Garden - Matching funds requirement** - Section 9 amends and reenacts Section 10 of Chapter 44 of the 2019 Session Laws to require funds raised from Canada are from the Province of Manitoba and requires the International Peace Garden to report quarterly to the Parks and Recreation Department on the expenditure of funds along with the source of funds. The funds appropriated are not subject to Section 54-44.1-11 and may be continued into the 2021-23 biennium.

**International Peace Garden - Bank of North Dakota line of credit** - Section 10 repeals Section 12 of Chapter 44 of the 2019 Session Laws relating to a Bank of North Dakota line of credit.

**Exemption - International Peace Garden** - Section 11 exempts any funds included in the International Peace Garden line item for repair of the Peace Tower in Section 30 of Chapter 15 of the 2013 Session Laws, from the provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations. The section also requires the Parks and Recreation Department to review and accept engineering proposals and specifications before committing additional funds to the project and to assist with bidding and construction of any work associated with this section.

**Exemption - Park enhancements** - Section 12 exempts any funds remaining for park enhancements in Section 1 of Chapter 53 of the 2015 Session Laws from provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.

**Exemption - Extraordinary repairs** - Section 13 exempts up to \$675,000 appropriated in the parks operation and maintenance line item for extraordinary repairs in subdivision 1 of Section 1 of Chapter 18 of the 2017 Session Laws from being subject to Section 54-44.1-11 for the 2021-23 biennium.

**Legislative Management study - Parks matching grant program** - Section 14 provides for a Legislative Management study of the parks matching grant program and feasibility of creating a parks and recreation foundation.

**Emergency** - Section 15 declares Sections 8, 9, and 10 of the bill to be an emergency measure.

#### **Related Legislation**

**House Bill No. 1097 - State parks gift fund** - This bill amends Section 55-08-07.2 to provide a continuing appropriation to the Parks and Recreation Department from the state parks gift fund.

**House Bill No. 1357 - Park permits** - This bill reduces the fee for a household to purchase a second annual park permit from \$35 to \$20.

**House Bill No. 1395 - Federal coronavirus relief funds** - This bill appropriates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

**Senate Bill No. 2093 - Federal coronavirus relief funds** - This bill authorizes the Director of the Parks and Recreation Department to allow the sale of beer and wine at state parks.

**Senate Bill No. 2094 - Off-highway vehicle safety training** - This bill changes the agency responsible for issuing an off-highway vehicle safety certificate to an individual under age 16 from the Department of Transportation to the Parks and Recreation Department.

**State Water Commission  
Budget No. 770  
House Bill Nos. 1020 and 1431**

	FTE Positions	General Fund	Other Funds	Total
<b>2021-23 legislative appropriations<sup>1</sup></b>	<b>90.00</b>	<b>\$0</b>	<b>\$540,799,129</b>	<b>\$540,799,129</b>
2021-23 base budget	90.00	0	867,254,091	867,254,091
Legislative increase (decrease) to base budget	0.00	\$0	(\$326,454,962)	(\$326,454,962)

<sup>1</sup>The 2021-23 appropriation does not include carryover funding. Section 5 of House Bill No. 1020 provides authority for the State Water Commission to continue unexpended funds from the 2019-21 biennium into the 2021-23 biennium and as a result the Legislative Assembly removed the carryover appropriation line item from House Bill No. 1020 (2021).

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS  
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			\$230,410	\$230,410
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			443,344	443,344
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			4,415	4,415
Removed 1 FTE risk mapping position and related federal funds	(1.00)		(183,884)	(183,884)
Added 1 FTE regulatory position and related funding from the resources trust fund	1.00		211,596	211,596
Adjusted funding for state projects in capital assets to provide a total of \$148,467,437			(3,081,566)	(3,081,566)
Removed appropriation of carryover project funding			(308,333,818)	(308,333,818)
Reduced funding for water supply grants to provide a total of \$125,000,000			(3,000,000)	(3,000,000)
Increased funding for rural water supply grants to provide a total of \$59,600,000			22,400,000	22,400,000
Removed funding in the Fargo area flood control line item			(66,500,000)	(66,500,000)
Removed funding in the Mouse River flood control line item			(82,500,000)	(82,500,000)

Removed funding in the flood control projects other than Fargo area flood control including the Fargo Moorhead diversion line item; created and added funding to a new flood control projects line item to provide a total of \$48,000,000		0	0
Reduced funding for general water grants to provide a total of \$14,227,275		(12,866,501)	(12,866,501)
Removed base level funding for debt payments		(7,236,750)	(7,236,750)
Increased funding for professional services to provide a total of \$23,317,420		1,713,735	1,713,735
Increased funding for utility expenses		101,700	101,700
Increased funding for repairs to provide a total of \$1,604,750		497,250	497,250
Increased funding for IT and equipment over \$5,000		14,009	14,009
Added funding for Microsoft Office 365 license expenses		10,245	10,245
Adjusted funding for other operating expenses		20,853	20,853
Added <b>one-time funding</b> from a Bank of North Dakota line of credit for the Northwest Area Water Supply Project		50,000,000	50,000,000
Added <b>one-time funding</b> for basinwide plan implementation		1,100,000	1,100,000
Added <b>one-time funding</b> for State Water Commission discretionary water project funding		6,000,000	6,000,000
Provided <b>one-time funding</b> from the resources trust fund for the Mouse River flood control project (House Bill No. 1431)		74,500,000	74,500,000
Total	<u>0.00</u>	<u>\$0</u>	<u>(\$326,454,962)</u>

#### FTE Changes

The Legislative Assembly approved 90 FTE positions for the State Water Commission for the 2021-23 biennium, the same as the 2019-21 biennium. The Legislative Assembly removed 1 FTE risk mapping position and related federal funds and added 1 FTE regulatory position and related funding from the resources trust fund.

#### One-Time Funding

The following is a summary of one-time funding items for the State Water Commission for the 2021-23 biennium:

	General Fund	Other Funds	Total
Bank of North Dakota line of credit for the Northwest Area Water Supply Project		\$50,000,000	\$50,000,000
Basinwide plan implementation		1,100,000	1,100,000
Discretionary water project funding		6,000,000	6,000,000
Mouse River flood control project (House Bill No. 1431)		74,500,000	74,500,000
Total	\$0	\$131,600,000	\$131,600,000

### Fargo Flood Control

The schedule below provides a history of funding provided for the Fargo diversion project.

Funding for the Fargo Diversion Project							
	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
State Water Commission approved funding House Bill No. 1431 (2021)	\$45,000,000	\$30,000,000	\$100,000,000	\$129,000,000	\$66,500,000	\$44,000,000 <sup>1</sup>	\$435,500,000
Cumulative state funding commitment	45,000,000	75,000,000	175,000,000	304,000,000	370,500,000	414,500,000	850,000,000
Remaining to be committed	0	0	275,000,000	266,000,000	199,500,000	335,500,000	0
Legislative intent <sup>2</sup>	\$45,000,000	\$30,000,000	\$450,000,000	\$570,000,000	\$570,000,000	\$750,000,000	\$850,000,000

<sup>1</sup>Due to the reduction in oil tax revenues deposited in the resources trust fund during the 2019-21 biennium, the sponsors of the Fargo Diversion project requested only \$44 million of the \$66.5 million provided by the Legislative Assembly.

<sup>2</sup>Funding for the Fargo diversion project was appropriated by the 2009, 2011, 2013, 2015, 2019, and 2021 Legislative Assemblies and included legislative intent to provide a total of \$850 million, of which \$414.5 million has been appropriated by the Legislative Assembly and approved by the State Water Commission for the project through the 2019-21 biennium. The 2021 Legislative Assembly increased legislative intent by \$100 million, from \$750 million to \$850 million, for the Fargo diversion project and provided \$435.5 million from bond proceeds to fully fund the \$850 million state commitment for the Fargo diversion project.

### Mouse River Flood Control

The schedule below provides a history of funding provided for the Mouse River flood control project.

Funding for the Mouse River Flood Control Project			
	2017-19	2019-21	2021-23
State Water Commission approved funding House Bill No. 1431 (2021)	\$51,232,793	\$49,500,000 <sup>1</sup>	\$74,500,000
Cumulative state funding commitment <sup>2</sup>	193,000,000	193,000,000	604,000,000
Remaining to be committed	141,767,207	95,267,207	529,500,000
Legislative intent <sup>2</sup>	\$193,000,000	\$193,000,000	\$604,000,000

<sup>1</sup>Due to the reduction in oil tax revenues deposited in the resources trust fund during the 2019-21 biennium, the sponsors of the Mouse River flood control project utilized only \$49.5 million of the \$82.5 million provided by the Legislative Assembly and approved by the State Water Commission.

<sup>2</sup>Funding for the Mouse River flood control project, which focused on flood control within the city limits of Minot, was provided by the 2017 and 2019 Legislative Assemblies and included legislative intent to provide a total of \$193 million, of which \$100.7 million had been provided. The 2021 Legislative Assembly broadened the use of the funding to include both outside and inside the city limits of Minot and provided new legislative intent that the state provide \$604 million which excludes any funding provided prior to the 2021-23 biennium.

### Other Sections in House Bill No. 1020

**Additional income - Appropriation** - Section 3 appropriates any additional amounts that become available in the resources trust fund to the State Water Commission, subject to Budget Section approval, for defraying the expenses of the State Water Commission for the 2021-23 biennium.

**Appropriation - Resources trust fund - State Water Commission discretionary funding** - Section 4 appropriates one-time funding of \$6 million from the resources trust fund for the purpose of providing discretionary water project funding to the State Water Commission. The State Water Commission may allocate the funding based on the needs of the state.

**Grant and water project carryover authority** - Section 5 provides that the remaining \$22,000,000 in the capital assets line item and \$295,363,183 in the project carryover line item are exempt from North Dakota Century Code Section 54-44.1-11 and may be carried into the 2021-23 biennium. This section also authorizes the State Water Commission to obtain approval from the Emergency Commission and Budget Section to increase carryover authority of funding from previous bienniums.

**Carryover funding reports - Legislative Management** - Section 6 creates a new section to Chapter 61-02 to require the State Water Commission to report on carryover projects to the Legislative Management on a quarterly basis.

**Bank of North Dakota - Line of credit** - Section 7 amends Section 61-02-79 to continue the authorization of a line of credit at the Bank of North Dakota, not to exceed \$50 million, at the prevailing interest rate charged to North Dakota government entities. The State Water Commission must repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the Legislative Assembly. The State Water Commission may access the line of credit for the Northwest Area Water Supply Project during the 2021-23 biennium.

**Western Area Water Supply Authority - Revenue bonds** - Section 8 creates a new section to Chapter 61-40 authorizing the Western Area Water Supply Authority to issue revenue bonds.

**Pilot project - Implementation of a basinwide plan** - Section 9 provides that \$1.1 million in the basinwide plan implementation line item is to provide up to \$1 million in grants to water resource districts to develop basinwide water plans and up to \$100,000 in the form of grants for local administrative costs associated with the implementation of a basinwide plan.

**Directive - Fargo flood control project - Legislative intent** - Section 10 provides a limit on total state funds approved by the State Water Commission for the Fargo flood control project to \$850 million and provides legislative intent the state provide a portion of the local cost-share of the Fargo flood control project not to exceed \$850 million. The section provides legislative intent that of the \$850 million, the state has provided \$414.5 million and the remaining \$435.5 million is to be provided from bond proceeds during the 2021-23 biennium.

**Directive - Mouse River flood control project - Legislative intent** - Section 11 provides that excluding funding provided for Mouse River flood control projects prior to the 2021-23 biennium, the total state funds approved by the State Water Commission may not exceed a total of \$604 million. The section provides legislative intent that of the \$604 million, \$74.5 million is provided from the resources trust fund through bond proceeds used to repay outstanding loans of the resources trust fund during the 2021-23 biennium.

**Rural water supply - Legislative intent** - Section 12 provides legislative intent that the state provide up to \$1.6 million to the system 4 connection to system 1, a rural water supply project sponsored by All Seasons Water District, in addition to any funds approved for the project by the State Water Commission in previous bienniums, during the 2021-23 biennium.

**Legislative Management - Red River Valley Water Supply Project management** - Section 13 provides for a Legislative Management study in conjunction with input from the State Water Commission and stakeholders of the Red River Valley Water Supply Project of an entity to own, manage, and operate the project.

**Legislative Management - Northwest Area Water Supply Project management** - Section 14 provides for a Legislative Management study with input from the State Water Commission, of an entity, other than the state, to own, manage, and operate the Northwest Area Water Supply Project.

**Emergency** - Section 15 declares the bill to be an emergency.

#### **Related Legislation**

**House Bill No. 1063 - Northwest Area Water Supply Advisory Committee** - This bill amends Sections 61-24.6-02 and 61-24.6-10 relating to the membership on the Northwest Area Water Supply Advisory Committee and the areas to be served by the Northwest Area Water Supply Project.

**House Bill No. 1353 - State Water Commission Director** - This bill creates a director position and renames the State Engineer's office the Department of Water Resources.

**House Bill No. 1431 - Bonding - Revolving loan programs** - This bill combines the community water development fund and the infrastructure revolving loan fund within the resources trust fund into the water infrastructure revolving loan fund. The bill also provides funds from bonding to repay \$74.5 million to the resources trust fund for outstanding debt of the Western Area Water Supply Authority and appropriates \$74.5 million from the resources trust fund to the State Water Commission to provide grants for Mouse River flood control projects. The bill also provides \$435.5 million of bond proceeds for the Fargo diversion project.

**House Bill No. 1437 - Subsurface water management systems** - This bill creates Section 61-32-03.2 relating to small subsurface water management systems, provides for the permitting of subsurface water management systems, and provides for cost-share from the State Water Commission.

**Senate Bill No. 2081 - Permissible floodway uses** - This bill amends Sections 61-16.2-06 and 61-16.2-08 relating to permissible uses in the floodway and flood fringe under the National Flood Insurance Program.

**Department of Transportation**  
**Budget No. 801**  
**Senate Bill Nos. 2012 and 2018; House Bill Nos. 1015, 1395, and 1431**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 legislative appropriations</b>	<b>982.00</b>	<b>\$0</b>	<b>\$2,249,534,084</b>	<b>\$2,249,534,084</b>
2021-23 base budget	982.00	0	1,388,445,404	1,388,445,404
Legislative increase (decrease) to base budget	0.00	\$0	\$861,088,680	\$861,088,680

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2021-23 legislative appropriations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
2019-21 legislative appropriations	0	102,500,000 <sup>1</sup>	102,500,000
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$0	(\$102,500,000)	(\$102,500,000)
Percentage increase (decrease) to 2019-21 appropriations	N/A	(100.0%)	(100.0%)

<sup>1</sup>This amount includes a \$100 million general fund appropriation approved by the 2021 Legislative Assembly to be transferred to the highway fund.

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS**  
**Changes to Base Budget**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			\$2,631	\$2,631
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			4,493,978	4,493,978
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			48,150	48,150
Added funding from federal funds for a transportation management center			5,000,000	5,000,000
Increased funding for temporary driver's license staffing			1,737,788	1,737,788
Increased ongoing funding for other capital payments to provide a total of \$837,191,709			19,416,426	19,416,426

Increased funding for grants to provide a total of \$113,068,637	16,954,000	16,954,000
Increased funding for building, grounds, and maintenance to provide a total of \$80,402,361	11,874,907	11,874,907
Increased funding for professional services to provide a total of \$79,008,372	10,213,695	10,213,695
Increased funding for data processing to provide a total of \$26,176,352	6,143,124	6,143,124
Reduced funding for motor vehicles to provide a total of \$36,257,237	(4,000,000)	(4,000,000)
Increased funding for repairs to provide a total of \$17,066,944.	3,765,529	3,765,529
Increased funding for operating fees and services to provide a total of \$7,840,256	4,365,500	4,365,500
Reduced funding for travel to provide a total of \$30,768,202	(3,294,567)	(3,294,567)
Increased funding for renting or leasing of equipment or other items \$2,538,279	1,844,317	1,844,317
Increased funding for utilities to provide a total of \$6,421,854	1,463,946	1,463,946
Reduced funding for IT contractual services and repairs to provide a total of \$2,444,302	(1,000,000)	(1,000,000)
Increased funding for IT software to provide a total of \$7,131,635	581,133	581,133
Increased funding for renting or leasing of buildings or land	239,100	239,100
Added funding for Microsoft Office 365 license expenses	117,100	117,100
Reduced funding for other operating expenses	(503,331)	(503,331)
Reduced funding for other capital assets	(70,000)	(70,000)
Increased funding from federal funds (\$18,127,139) and the highway fund (\$4,531,785) for bridge rehabilitation and replacement	22,658,924	22,658,924
Added funding from federal funds (\$4,013,578) and other funds (\$1,003,395) to provide grants for electric charging infrastructure	5,016,973	5,016,973
Added <b>one-time funding</b> for a construction and materials management system	9,660,000	9,660,000
Added <b>one-time funding</b> from federal funds for infrastructure improvements to US Highway 85	45,000,000	45,000,000

Added <b>contingent one-time funding</b> from a Bank of North Dakota loan to match federal grants for US Highway 85			50,000,000	50,000,000
Added <b>one-time funding</b> from the state disaster relief fund for providing emergency road repair grants to townships			750,000	750,000
Added <b>one-time funding</b> from federal funds as matching funds for road and bridge projects, of which \$35 million is to match funding provided through bonding in House Bill No. 1431 and \$20 million is to match funding allocated to townships (House Bill No. 1015). See the <b>Related Legislation</b> section below for additional information.			55,000,000	55,000,000
Added <b>one-time funding</b> of \$100 million from the highway fund and \$100 million of federal match funding for road and bridge projects (House Bill No. 1015). See the <b>Related Legislation</b> section below for additional information.			200,000,000	200,000,000
Added <b>one-time funding</b> from federal funds received under the federal American Rescue Plan Act and other federal funding (House Bill No. 1395). See the <b>Related Legislation</b> section below for additional information.			318,609,357	318,609,357
Added <b>one-time funding</b> from bond proceeds deposited in the highway fund for state highway bridge projects (\$35 million) and for matching federal funds for US Highway 85 (\$35 million) (House Bill No. 1431). See the <b>Related Legislation</b> section below for additional information.			70,000,000	70,000,000
Added <b>one-time funding</b> from grant funds received from the Department of Commerce for infrastructure construction expenses of the beyond visual line of sight unmanned aircraft systems program (Senate Bill No. 2018). See the <b>Related Legislation</b> section below for additional information.			5,000,000	5,000,000
Total	<u>0.00</u>	<u>\$0</u>	<u>\$861,088,680</u>	<u>\$861,088,680</u>

#### FTE Changes

The Legislative Assembly authorized 982 FTE positions for the Department of Transportation (DOT) for the 2021-23 biennium, the same as the 2019-21 biennium.



### One-Time Funding

The following is a summary of one-time funding items for DOT for the 2021-23 biennium:

	General Fund	Other Funds	Total
Construction and materials management system (highway fund)		\$9,660,000	\$9,660,000
Contingent one-time funding from a Bank of North Dakota loan to match federal grants for US Highway 85		50,000,000	50,000,000
Infrastructure improvements to US Highway 85 (federal funds)		45,000,000	45,000,000
Infrastructure improvements to US Highway 85 (bond proceeds)		35,000,000	35,000,000
State highway bridge projects (bond proceeds)		35,000,000	35,000,000
Emergency road repair grants to townships (state disaster relief fund)		750,000	750,000
Road and bridge projects (federal funds)		155,000,000	155,000,000
Road and bridge projects (highway fund)		100,000,000	100,000,000
American Rescue Plan Act and other federal funding		318,609,357	318,609,357
Beyond visual line of sight infrastructure (Department of Commerce grant)		5,000,000	5,000,000
<b>Total</b>	<b>\$0</b>	<b>\$754,019,357</b>	<b>\$754,019,357</b>

### Federal COVID-19 Funding - 2019-21 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DOT for the 2019-21 biennium:

	Federal Funds - 2019-21 Biennium
Enhanced mobility services (House Bill No. 1394)	\$115,202
Surface transportation grants (House Bill No. 1394)	61,584,858
Federal coronavirus relief funds - Transportation grants (House Bill No. 1395)	14,670,106
<b>Total</b>	<b>\$76,370,166</b>

### Federal COVID-19 Funding - 2021-23 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DOT for the 2021-23 biennium:

	Federal Funds - 2021-23 Biennium
Rural area formula apportionment (House Bill No. 1395)	\$628,855
Enhanced mobility of seniors and persons with disabilities (House Bill No. 1395)	115,204
Intercity bus formula apportionment (House Bill No. 1395)	865,298
State transportation infrastructure (House Bill No. 1395)	317,000,000
<b>Total</b>	<b>\$318,609,357</b>

### Other Sections in Senate Bill No. 2012

**Line item transfers** - Section 3 authorizes the Director of the Office of Management and Budget to transfer funds between the salaries and wages, operating expenses, capital assets, and grants line items as requested by DOT when it is cost-effective for the construction and maintenance of highways. The Department of Transportation must report transfers to the Legislative Council.

**Appropriation - State disaster relief fund** - Section 4 appropriates \$750,000 from the state disaster relief fund to DOT for providing emergency road repair grants to townships.

**Federal funds - Traffic management center** - Section 5 identifies \$5 million from federal funds for the creation of a traffic management center and authorizes DOT to use state funds available within its appropriation to match the federal funds.

**Contingent loan authorization - Contingent appropriation - Highway improvement projects** - Section 6 provides for a contingent loan authorization for DOT to borrow up to \$50 million from the Bank of North Dakota and provides a contingent appropriation of those funds to DOT for the purpose of matching federal grants related to US Highway 85. The funds are contingent upon certification by the Director of DOT to the Director of the Office of Management and Budget that the

department has been awarded additional federal grants related to US Highway 85 during the 2021-23 biennium, and that other state funds from bond proceeds are not available for this purpose.

**Exemption - Enhanced state highway investments** - Section 7 exempts \$26,200,669 of the \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments from North Dakota Century Code Section 54-44.1-11 and is continued into the 2023-25 biennium.

**Exemption - Driver's licenses system project** - Section 8 exempts \$22.5 million appropriated in the operating expenses line item of House Bill No. 1012 (2019), relating to replacement of the driver's license system from Section 54-44.1-11 and is continued into the 2021-23 biennium.

**Cooperative agreements** - Section 9 creates Section 24-02-02.5 regarding rest area cooperative agreements.

**Biological and other renewable products - Legislative intent** - Section 10 provides legislative intent that DOT use gasoline fuel with 15 percent ethanol and the highest compatible percentage of biodiesel or renewable diesel for all department and State Fleet vehicles when these products are available and result in cost-savings. It also provides intent that State Fleet vehicles refueling at nonstate fuel sites use renewable fuels when available.

**Emergency** - Section 11 declares Section 4 to be an emergency measure.

### Related Legislation

**House Bill No. 1015 - Appropriation** - This bill appropriates \$55 million of federal funds of which, \$35 million is to match funding provided through bonding in House Bill No. 1431 and \$20 million is to match funding allocated to townships. This bill also provides \$100 million from the highway fund and \$100 million of federal match funding for road and bridge projects and provides that at least \$10 million of funding from the highway fund must be used to match federal funds for township road and bridge projects.

**House Bill No. 1072 - Electronic motor vehicle operator's licenses** - This bill creates a new section to Chapter 39-06 relating to electronic motor vehicle operator's licenses. This bill requires DOT to implement a computerized licensing system that allows a licensed motor vehicle operator to provide electronic proof of valid licensing.

**House Bill No. 1101 - Cooperative agreements** - This bill authorizes the Director of DOT to enter agreements with tribal governments for federally funded safety improvement projects on tribal owned highways, streets, roads, and bridges.

**House Bill No. 1168 - Operator's license examination** - This bill requires DOT to establish a process to administer the written portion of an examination for an operator's license through an online electronic medium and requires the department to charge an applicant fee of \$10 to access the online written examination.

**House Bill No. 1394 - COVID-19** - This bill provides an appropriation of \$61,700,060 of federal funds for COVID-19-related expenditures for the remainder of the 2019-21 biennium and the 2021-23 biennium.

**House Bill No. 1395 - COVID-19** - This bill appropriates funding from the federal Coronavirus Relief Fund for the 2019-21 biennium and appropriates other federal funds relating to COVID-19 to other agencies, including DOT for the 2021-23 biennium.

**House Bill No. 1431 - Bonding - Revolving loan programs** - This bill appropriates \$70 million of bond proceeds deposited into the highway fund to DOT for state highway bridge projects (\$35 million) and matching federal funds (\$35 million). If the department does not commit the entire \$35 million for matching federal funds by October 1, 2022, the amount uncommitted must be transferred to the infrastructure revolving loan fund under Section 6-09-49.

**Senate Bill No. 2018 - Beyond visual line of sight unmanned aircraft systems program** - This bill appropriates \$5 million of grant funds received from the Department of Commerce for radio tower infrastructure construction expenses relating to beyond visual line of sight unmanned aircraft systems.

**Senate Bill No. 2026 - Department of Transportation study** - This bill directs DOT to study and conduct pilot projects on the feasibility and impact of long combination vehicle operations.

**Senate Bill No. 2111 - Department of Transportation radio towers** - This bill authorizes DOT to lease space on the 45 department-owned radio tower locations to private entities and provides for a continuing appropriation for the lease revenue to the department.

**Senate Bill No. 2297 - State Highway 57** - This bill designates State Highway 57 as the Akicita (veteran) memorial highway and provides a continuing appropriation for donations for the highway to DOT.

## **SECTION I - CAPITAL CONSTRUCTION**

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## CAPITAL CONSTRUCTION - SUMMARY

### CAPITAL PROJECTS

The Legislative Assembly provided a total of \$2,958,225,682 for capital projects as reflected on the following schedule:

	2021-23 Biennium		
	General Fund	Special Funds	Total Funds
Major capital projects - See the major new capital construction schedule on page H-2	\$7,350,000	\$184,695,000	\$192,045,000
Extraordinary repairs - See the extraordinary repairs schedule on page H-6	17,147,286	23,263,382	40,410,668
Department of Transportation - Road funding <sup>1</sup>	0	1,789,450,000	1,789,450,000
Water projects <sup>2</sup>	0	912,394,712	912,394,712
Institutions of higher education special assessments	0	246,230	246,230
State agency special assessments	214,740	300,000	514,740
Payments in lieu of taxes <sup>3</sup>	81,306	1,465,600	1,546,906
Other bond payments	17,059,513	4,557,913	21,617,426
<b>Total</b>	<b>\$41,852,845</b>	<b>\$2,916,372,837</b>	<b>\$2,958,225,682</b>

<sup>1</sup>This amount includes \$70 million of bond proceeds provided in House Bill No. 1431 for state highway bridge projects and for matching federal funds.

<sup>2</sup>This amount includes funding for construction costs of the Southwest Pipeline Project, the Northwest Area Water Supply Project, and \$510 million from bond proceeds for the Fargo diversion projects (\$435.5 million) and to repay outstanding debt of the Western Area Water Supply Authority which is deposited into the resources trust fund and appropriated for the Mouse River flood control project (\$74.5 million).

<sup>3</sup>This amount includes payments in lieu of taxes of approximately \$1,465,600 for the Game and Fish Department from special funds and \$81,306 for the Adjutant General from the general fund. This amount does not include payments in lieu of taxes of approximately \$432,000 estimated to be paid by Workforce Safety and Insurance in the 2021-23 biennium under the agency's continuing appropriation for building maintenance.

### LEASE PAYMENTS

The Legislative Assembly provided a total of \$17,059,513 from the general fund for 2021-23 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Corrections and Rehabilitation, State Department of Health, Office of Management and Budget, Attorney General, State Historical Society, Parks and Recreation Department, branch research centers, Main Research Center, and Veterans' Home.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2021-23 biennium is estimated to be \$44.4 million based on projected sales, use, and motor vehicle excise tax collections included in the 2021 legislative revenue forecast.

Please see the **CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES** for additional information.

### BONDING - LEGACY FUND EARNINGS

In House Bill No. 1431 the Legislative Assembly authorized bonding of up to \$680 million for the 2021-23 biennium. Legacy fund earnings deposited in the general fund are anticipated to be used for the repayment of the bonds. Bond proceeds are used for the following:

- \$435.5 million for the Fargo diversion project;
- \$74.5 million transferred to the resources trust fund for repayment of outstanding loans of the Western Area Water Supply Authority;
- \$50 million to the infrastructure revolving loan fund under Section 6-09-49;
- \$70 million to the highway fund for highway bridge projects and for matching federal funds; and
- \$50 million to North Dakota State University, for an agriculture products development center, including a Northern Crops Institute project.

**MAJOR NEW CAPITAL CONSTRUCTION FOR THE 2021-23 BIENNIUM  
COMPARED TO THE 2019-21 BIENNIUM**

No.	Agency or Institution	Project	2021-23 Legislative Appropriations		
			General Fund	Special Funds	Bonding
228	Lake Region State College	Hofstad Agricultural Center project (SIIF)		\$363,000	
230	University of North Dakota	Airport apron project (federal funds) Space command initiative	\$4,000,000	5,000,000	
235	North Dakota State University	Agriculture Products Development Center			\$50,000,000
239	Dickinson State University	Pulver Hall project (federal funds)		4,000,000	
240	Mayville State University	Natural gas boiler project	1,600,000		
242	Valley City State University	Land purchase (local funds)		309,000	
243	Dakota College at Bottineau	Old Main renovation (including \$2.5 million from SIIF)		4,000,000	
270	Department of Career and Technical Education	Area career centers		70,000,000	
401	Insurance Commissioner	Office remodel		100,000	
504	Highway Patrol	Law Enforcement Training Academy remodel (federal funds)		3,000,000	
530	Department of Corrections and Rehabilitation	Roughrider Industries storage warehouse		500,000	
		Camp Grafton expansion land purchase	1,750,000	1,750,000	
		North Dakota military museum (gifts, grants, and donations)		10,000,000	
		Estimated new federal construction (federal funds)		5,700,000	
		Bridge training site (federal funds)		6,000,000	
		North Dakota National Guard Readiness Center - Dickinson (federal funds)		15,500,000	
640	NDSU Main Research Center	Carrington Research Center capital projects (SIIF)		775,000	
		Central Grasslands Research Center capital projects (SIIF)		525,000	
		Hettinger Research Center capital projects (SIIF)		300,000	
		Langdon Research Center capital projects (SIIF)		473,000	
720	Game and Fish Department	Land acquisitions		800,000	
801	Department of Transportation	Land and buildings		5,600,000	
Total 2021-23 legislative appropriation			<u>\$7,350,000</u>	<u>\$134,695,000</u>	<u>\$50,000,000</u>

**EXTRAORDINARY REPAIRS FOR THE 2021-23 BIENNIUM  
COMPARED TO 2019-21 BIENNIUM**

Bill No.	Agency or Institution	2021-23 Legislative Appropriations			2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
HB 1015	Office of Management and Budget (110)						
	Capitol automation upgrades (Capitol building fund)		\$518,800	\$518,800			
	Capitol interior and exterior signs (Capitol building fund)		500,000	500,000			
	Capitol improvements (Capitol building fund)		500,000	500,000			
	Accessibility improvements at the Capitol (Capitol building fund)		750,000	750,000			
	<b>Total - Office of Management and Budget</b>		<b>\$2,268,800</b>	<b>\$2,268,800</b>		<b>\$1,900,000</b>	<b>\$1,900,000</b>
SB 2021	Information Technology Department (112)						
	Statewide interoperable radio network tower maintenance	\$1,858,240		\$1,858,240			
	<b>Total - Information Technology Department</b>	<b>\$1,858,240</b>		<b>\$1,858,240</b>	<b>\$0</b>		<b>\$0</b>
SB 2003	Bismarck State College (227)						
	Miscellaneous projects	\$417,673		\$417,673			
	<b>Total - Bismarck State College</b>	<b>\$417,673</b>		<b>\$417,673</b>	<b>\$417,673</b>		<b>\$417,673</b>
SB 2003	Lake Region State College (228)						
	Miscellaneous projects	\$155,367		\$155,367			
	<b>Total - Lake Region State College</b>	<b>\$155,367</b>		<b>\$155,367</b>	<b>\$155,367</b>		<b>\$155,367</b>
SB 2003	Williston State College (229)						
	Miscellaneous projects	\$197,801		\$197,801			
	<b>Total - Williston State College</b>	<b>\$197,801</b>		<b>\$197,801</b>	<b>\$197,801</b>		<b>\$197,801</b>
SB 2003	University of North Dakota (230)						
	Building exterior	\$280,000		\$280,000			
	Interior finishes	280,000		280,000			
	Mechanical and electrical upgrades	1,169,000		1,169,000			
	Miscellaneous projects	20,000		20,000			
	Paving and lighting	1,935,000		1,935,000			
	Structural repairs	24,333		24,333			
	Utilities and infrastructure	703,233		703,233			
	<b>Total - University of North Dakota</b>	<b>\$4,411,566</b>		<b>\$4,411,566</b>	<b>\$4,411,566</b>		<b>\$4,411,566</b>
SB 2003	North Dakota State University (235)						
	Miscellaneous projects	\$2,732,244		\$2,732,244			
	<b>Total - North Dakota State University</b>	<b>\$2,732,244</b>		<b>\$2,732,244</b>	<b>\$2,732,244</b>		<b>\$2,732,244</b>
SB 2003	North Dakota State College of Science (238)						
	Miscellaneous projects	\$1,012,379		\$1,012,379			
	<b>Total - North Dakota State College of Science</b>	<b>\$1,012,379</b>		<b>\$1,012,379</b>	<b>\$1,012,379</b>		<b>\$1,012,379</b>
SB 2003	Dickinson State University (239)						
	Miscellaneous projects	\$409,078		\$409,078			
	<b>Total - Dickinson State University</b>	<b>\$409,078</b>		<b>\$409,078</b>	<b>\$409,078</b>		<b>\$409,078</b>
SB 2003	Mayville State University (240)						
	Miscellaneous projects	\$358,992		\$358,992			
	<b>Total - Mayville State University</b>	<b>\$358,992</b>		<b>\$358,992</b>	<b>\$358,992</b>		<b>\$358,992</b>

Bill No.	Agency or Institution	2021-23 Legislative Appropriations			2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2003	Minot State University (241)						
	Miscellaneous projects	\$899,620		\$899,620			
	Total - Minot State University	\$899,620		\$899,620	\$899,620		\$899,620
SB 2003	Valley City State University (242)						
	Miscellaneous projects	\$408,319		\$408,319			
	Total - Valley City State University	\$408,319		\$408,319	\$408,319		\$408,319
SB 2003	Dakota College at Bottineau (243)						
	Miscellaneous projects	\$114,007		\$114,007			
	Total - Dakota College at Bottineau	\$114,007		\$114,007	\$114,007		\$114,007
SB 2003	Forest Service (244)						
	Building exterior project at Towner state nursery and paving project at Bottineau field office	\$62,480		\$62,480			
	Total - Forest Service	\$62,480		\$62,480	\$62,480		\$62,480
HB 1013	School for the Deaf (252)						
	Extraordinary repair allocation		\$158,678	\$158,678			
	Upgrade standby campus boiler		350,000	350,000			
	Replace Resource Center roof, heating, ventilation, and air conditioning		300,000	300,000			
	Total - School for the Deaf		\$808,678	\$808,678		\$408,678	\$408,678
HB 1013	North Dakota Vision Services - School for the Blind (253)						
	Base budget extraordinary repairs		\$39,192	\$39,192			
	Replace flooring		10,000	10,000			
	Replace electrical service to the south wing		165,000	165,000			
	Replace air conditioning units		40,000	40,000			
	Sidewalk and roof repairs		24,000	24,000			
	Replace main door		5,000	5,000			
	Building key fob system		20,000	20,000			
	Replace garage doors		20,000	20,000			
	Heating, ventilation, and air conditioning		86,000	86,000			
	Total - North Dakota Vision Services - School for the Blind		\$409,192	\$409,192		\$299,692	\$299,692
SB 2004	State Department of Health (301)						
	Connect additional laboratories to the generator		\$15,000	\$15,000			
	Install new flooring in south building	\$30,000		30,000			
	Garage door for storage building		5,000	5,000			
	Remodel laboratory 305		10,000	10,000			
	Remodel laboratory 505		5,500	5,500			
	Repair cement in front of storage building door		4,000	4,000			
	Repair driveway and parking lot		25,000	25,000			
	Repair drywall	650	14,350	15,000			
	Update intercom system		12,000	12,000			
	Update generator transfer switch		15,000	15,000			
	Total - State Department of Health	\$30,650	\$105,850	\$136,500	\$55,650	\$1,317,009	\$1,372,659
SB 2024	Department of Environmental Quality (303)						
	Replace carpet in office areas	\$2,400	\$9,600	\$12,000			
	Repair/replace sound system	1,400	5,600	7,000			
	Replace door	1,000	4,000	5,000			
	Total - Department of Environmental Quality	\$4,800	\$19,200	\$24,000	\$6,866	\$20,134	\$27,000

Bill No.	Agency or Institution	2021-23 Legislative Appropriations			2019-21 Legislative Appropriations		
		General Fund	Special Funds	Total	General Fund	Special Funds	Total
SB 2007	Veterans' Home (313)						
	Total - Veterans' Home			\$0		\$233,450	\$233,450
HB 1012	Department of Human Services (325)						
	Various projects - State Hospital	\$1,292,499		\$1,292,499			
	Various projects - Life Skills and Transition Center	637,106		637,106			
	Southeast Human Service Center projects	804,000		804,000			
	Total - Department of Human Services	\$2,733,605		\$2,733,605	\$2,081,018	\$4,839,665	\$6,920,683
HB 1021	Workforce Safety and Insurance (485)						
	Building upgrades, including lighting, elevator door operators, and geothermal heat pump replacements		\$514,000	\$514,000			
	Total - Workforce Safety and Insurance		\$514,000	\$514,000		\$0	\$0
HB 1016	Adjutant General (540)						
	Miscellaneous deferred maintenance		\$1,000,000	\$1,000,000			
	Total - Adjutant General		\$1,000,000	\$1,000,000		\$0	\$0
SB 2020	North Dakota State University Main Research Center (640)						
	Building exterior repair	\$268,093		\$268,093			
	Interior repair	268,093		268,093			
	Mechanical and electrical repair	268,093		268,093			
	Paving and area lighting	134,046		134,046			
	Structural repair	134,047		134,047			
	Utilities and infrastructure	268,093		268,093			
	Deferred maintenance (strategic investment and improvements fund)		\$500,000	500,000			
	Total - North Dakota State University Main Research Center	\$1,340,465	\$500,000	\$1,840,465	\$1,340,465	\$940,465	\$2,280,930
HB 1018	State Historical Society (701)						
	Historical site and extraordinary repairs		\$4,200,000	\$4,200,000			
	Total - State Historical Society		\$4,200,000	\$4,200,000	\$1,075,000	\$85,000	\$1,160,000
SB 2017	Game and Fish Department (720)						
	Department facility repairs		\$1,129,000	\$1,129,000			
	Fishing area projects		1,333,692	1,333,692			
	Grants, gifts, and donations projects		20,000	20,000			
	Lonetree improvements		175,000	175,000			
	Shooting range improvements		595,000	595,000			
	Wildlife management area improvements		652,170	652,170			
	Total - Game and Fish Department		\$3,904,862	\$3,904,862		\$3,157,891	\$3,157,891
SB 2019	Parks and Recreation Department (750)						
	Departmentwide one-time repairs and maintenance		\$7,900,000	\$7,900,000			
	Parks matching grant program		1,632,800	1,632,800			
	Total - Parks and Recreation Department		\$9,532,800	\$9,532,800	\$947,794	\$828,252	\$1,776,046
	Total 2021-23 extraordinary repairs	\$17,147,286	\$23,263,382	\$40,410,668			
	Total 2019-21 extraordinary repairs				\$16,686,319 <sup>1</sup>	\$14,030,236 <sup>1</sup>	\$30,716,555

<sup>1</sup> Represents the total appropriation for extraordinary repairs provided by the 2019 Legislative Assembly. Please refer to the Legislative Council's *State Budget Actions for the 2019-21 Biennium* report for details regarding the 2019-21 appropriations.



## LARGE INFORMATION TECHNOLOGY PROJECTS FOR THE 2021-23 BIENNIUM<sup>1</sup>

Agency or Institution	Project	2021-23 Legislative Appropriations		
		General Fund	Other Funds	Total
110 - Office of Management and Budget	Budget software replacement		\$1,230,100 <sup>2</sup>	\$1,230,100
	Procurement software replacement		2,021,204 <sup>2</sup>	2,021,204
180 - Judicial branch	Juvenile case management system replacement	\$2,000,000		2,000,000
	Supreme Court docket system replacement	2,000,000		2,000,000
226 - Department of Trust Lands	Continuation of the department's software replacement - land management system		1,600,000 <sup>3</sup>	1,600,000
303 - Department of Environmental Quality	Laboratory information management system	1,000,000		1,000,000
325 - Department of Human Services	Children and Family Services Division FRAME system replacement project and comprehensive child welfare information and payment system mainframe migration project	15,000,000	15,000,000 <sup>4</sup>	30,000,000
	Early childhood data system	500,000		500,000
	Medicaid management information system (MMIS) modernization - Phase 1	4,326,686	30,673,314 <sup>4</sup>	35,000,000
	MMIS technology stack project	600,000	1,800,000 <sup>4</sup>	2,400,000
380 - Job Service North Dakota	Unemployment insurance system modernization		10,945,126 <sup>4</sup>	10,945,126
485 - Workforce Safety and Insurance	Claims and policy replacement system - Releases 9-13		7,500,000 <sup>5</sup>	7,500,000
	MyWSI extranet enhancement - Releases 5-9		3,050,000 <sup>5</sup>	3,050,000
801 - Department of Transportation	Roadway information management system		5,860,000 <sup>6</sup>	5,860,000
	Construction and materials management system		3,800,000 <sup>6</sup>	3,800,000
	Automate vehicle location hardware and software expansion		3,771,000 <sup>6</sup>	3,771,000
	Traffic counting program modernization		3,000,000 <sup>6</sup>	3,000,000
	Traffic data estimating and analysis replacement		500,000 <sup>6</sup>	500,000
	Website Drupal uplift and enhancements		500,000 <sup>6</sup>	500,000
<b>Total</b>		<b>\$25,426,686</b>	<b>\$91,250,744</b>	<b>\$116,677,430</b>

<sup>1</sup>This schedule reflects projects expected to cost at least \$500,000.

<sup>2</sup>Funding for this project is from the strategic investment and improvements fund.

<sup>3</sup>Funding for this project is from the state lands maintenance fund.

<sup>4</sup>Funding for this project is from federal funds.

<sup>5</sup>Funding for this project is from the Workforce Safety and Insurance fund.

<sup>6</sup>Funding for this project is from the highway fund.

## CAPITAL CONSTRUCTION SCHEDULE OF LEASE PAYMENTS AND OUTSTANDING PRINCIPAL BALANCES

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
1997 Legislative Assembly approved: North Dakota State College of Science - Bute Gym remodeling (\$1,700,000)	2006 Series A State Building Authority refunding revenue bonds (4.4% to 5.125% - 20-year bonds) - Used to refund 1998 Series A and 2000 Series A (2020)	\$10,782,500 <sup>1,2</sup>	\$9,750,000	\$1,370,000	\$0	\$0	\$0	\$0	\$0
Minot State University - Moore Hall renovation (\$4,000,000)									
Department of Corrections and Rehabilitation - Youth Correctional Center gymnasium renovation (\$1,400,000)									
1999 Legislative Assembly approved North Dakota State University (NDSU) - Animal facility (\$2,207,500)									
Youth Correctional Center - Pine Cottage (\$1,475,000)									
2001 Legislative Assembly approved: State Department of Health - Laboratory addition (\$2,700,000)	2010 Series A and 2010 Series B bonds refunded the 2002 Series A State Building Authority revenue bonds (2% to 4% - 12-year bonds) (2022)	5,002,000 <sup>3</sup>	6,035,000	918,472	932,579	495,200	1,710,000	885,000	0
Job Service North Dakota - Bismarck service delivery office (\$2,302,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
2003 Legislative Assembly approved: State Department of Health - Morgue and storage annex (\$960,000) Department of Corrections and Rehabilitation - James River Correctional Center food service/laundry renovations - Phase II (\$2,662,890) Dickinson State University - Murphy Hall - Phase I addition (\$5,882,047) Mayville State University - Steamline replacement - Phase II (\$1,355,000) Valley City State University - Graichen Gymnasium elevator and emergency exits (\$785,300)	2012 Series A facilities improvement refunding bonds used to refund the 2003 Series B State Building Authority revenue bonds (.20% to 2% - 10-year bonds) (2021)	11,645,237 <sup>4</sup>	13,080,000 <sup>5</sup>	1,808,794	1,789,122	905,819	2,610,000	900,000	0
2005 Legislative Assembly approved: Office of Management and Budget - Fire suppression system (\$3,155,000) Attorney General's office - Crime Laboratory addition and renovation (\$3,632,691) NDSU - Hazardous material handling and storage facility (\$3,500,000) North Dakota State College of Science - Electrical distribution (\$736,000) Dickinson State University - Murphy Hall (\$4,100,557)	2017 Series A refunded 2005 Series A State Building Authority revenue bonds (4.50% - 20-year bonds) (2025)	28,848,248	37,955,000 <sup>6</sup>	8,439,303	6,949,459	5,801,636	13,656,031	7,786,608	2,512,416

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
Minot State University - Bottineau - Thatcher Hall addition (\$2,500,000) Department of Corrections and Rehabilitation - James River Correctional Center ET Building improvements (\$980,000) Department of Corrections and Rehabilitation - James River Correctional Center programs building code improvements (\$584,000) North Central Research Center - Agronomy laboratory and greenhouse (\$440,000) Central Grasslands Research Center - Office addition (\$270,000) Main Research Center - Greenhouse complex (\$2,000,000) State Historical Society - Chateau de Mores Interpretive Center (\$1,100,000) State Historical Society and Heritage Center - Research collections expansion (\$5,500,000) Parks and Recreation Department - Turtle River State Park administrative office (\$350,000)									

Project	Bond Issue (Payoff Year)	Cost of Project	Amount Financed	Lease Payments			Outstanding Principal Balance June 30, 2019	Outstanding Principal Balance June 30, 2021	Outstanding Principal Balance June 30, 2023
				2017-19 Actual Payments	2019-21 Estimated Payments	2021-23 Estimated Payments			
2009 Legislative Assembly approved: Veterans' Home (\$2,355,000) - Series A	2010 Series A taxable facilities improvement bonds (recovery zone economic development bonds) (3.5% to 6.25% - 20-year bonds) (2030)	2,355,000	2,355,000	404,283	405,733	407,271 <sup>7</sup>	1,960,000 <sup>8</sup>	1,685,000	1,390,000
Veterans' Home - (\$630,000) - Series B	2010 Series B State Building Authority facilities improvement bonds (2% to 4% - 12-year bonds) - Used to fund a portion of the Veterans' Home project and to refund a portion of the 2002 Series A bond - Job Service North Dakota and State Department of Health (2022)	630,000	630,000	0	0	0	0	0	0
2019 Legislative Assembly approved: NDSU - Dunbar Hall (\$40,000,000) Valley City State University - Communications and Fine Arts Building (\$30,000,000) University of North Dakota (UND) - Gamble Hall (\$6,000,000) UND - Deferred maintenance (\$30,000,000) Dickinson State University - Pulver Hall (\$4,000,000)	2020 Series A Facilities Improvement Bonds (5% - 20-year bonds) <sup>11</sup>	110,000,000	110,000,000 <sup>9</sup>	0	0	14,007,500	0	88,585,000	83,175,000
Total		\$169,262,985	\$179,805,000	\$12,940,852	\$10,076,893	\$21,617,426	\$19,936,031	\$99,841,608	\$87,077,416
Breakdown of payments General fund				\$11,894,190 <sup>10</sup>	\$9,072,038 <sup>10</sup>	\$17,059,513 <sup>10</sup>			

Agency contributions			1,046,662	1,004,855	4,557,913
Total			\$12,940,852	\$10,076,893	\$21,617,426

<sup>1</sup>Senate Bill No. 2003 (1997) included a section stating that up to a total of \$300,000 from nongeneral fund sources is to be used to assist in the retirement of the debt incurred to finance the renovation of Bute Gym. The bill also authorized an animal research facility at NDSU and a renovation to the Ed James Wing of the medical school building at UND. The NDSU project was delayed until the 1999 legislative session. The UND project was handled through a separate bond issue (1998 Series C bond issue).

<sup>2</sup>House Bill No. 1022 (1999) authorized an animal research facility at NDSU, renovation of Pine Cottage at the Youth Correctional Center, and the Health and Wellness Center addition at Williston State College. The Williston State College project is to be handled through a separate bond issue (2001 Series A bond issue).

In addition to the \$2,207,500 appropriated from bond proceeds for the NDSU animal research facility, House Bill No. 1022 also appropriated \$2,207,500 of federal or other funds. The total amount appropriated for the animal research facility was \$4,415,000.

In addition to the \$1,475,500 appropriated from bond proceeds for the Youth Correctional Center Pine Cottage project, House Bill No. 1022 also appropriated \$500,000 of federal or other funds. The total amount appropriated for the Pine Cottage project was \$1,975,500.

<sup>3</sup>Senate Bill No. 2023 (2001) included a section stating \$2,302,000 (Job Service North Dakota) and \$1,755,000 (State Department of Health) must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the two projects.

The State Department of Health received authority from the Emergency Commission to receive and spend federal funds in the amount of \$823,878 in the capital improvements line item for the laboratory addition. The request was needed to cover the increase in the per-square footage costs of \$338,817 and for the 1,700 square feet of additional space at \$485,061.

<sup>4</sup>House Bill No. 1023 (2003) appropriated \$4,237,755 of special funds for the issuance of bonds for projects at the State Department of Health and the Department of Corrections and Rehabilitation. Of that amount, \$614,865 for the State Department of Health was paid for with bioterrorism program dollars rather than by bonding.

House Bill No. 1003 (2003) appropriated \$8,022,347 of special funds for the issuance of bonds for three North Dakota University System projects by the State Building Authority. In addition, \$830,000 of capital bond payments from the 2001-03 biennium was used for bond issuance buydown. Dickinson State University also provided \$250,000 during the 2005-07 biennium to assist in the retirement of the bonds.

<sup>5</sup>This bond issuance included funding for the 2003-05 biennium state facility energy improvement program capital project that was recommended to be funded with bond proceeds for the Department of Corrections and Rehabilitation in the amount of \$105,326. Bonds sold to finance the project under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings.

This bond issuance does not include the \$20 million of bonding for the Information Technology Department for ConnectND. These bonds will be repaid from charges collected by the Information Technology Department from higher education and other state agencies for the ConnectND project. In September 2003 the Industrial Commission issued 2003 Series C bonds, totaling \$20 million, at an interest rate of 3.86 percent, for a period of 10 years with annual debt service of approximately \$2.7 million.

This bond issuance does not include the bonding of \$2 million authorized in Senate Bill No. 2416 (2003) for two State Historical Society projects (Chateau de Mores and Fort Abercrombie Interpretive Centers), which are to be paid from federal, local, or donated funds collected by the State Historical Society. The State Building Authority did not issue bonds for these projects because the State Historical Society did not have adequate funding for the debt service.

<sup>6</sup>Senate Bill No. 2023 (2005) included a section stating that \$300,000 must be available from nongeneral fund sources to assist in the retirement of the debt incurred to finance the project costs associated with the construction of the State Historical Society projects. The State Historical Society's \$33,333 biennial payments (nine payments) began with the 2007-09 biennium.

This bond issuance also included funding for the 2005-07 biennium state facility energy improvement capital projects in the amount of \$2,331,554. Bonds sold to finance the projects under this program do not factor in the general fund lease payment limitation and will be repaid with resulting energy cost-savings. The debt service and principal balance for these energy conservation projects are not included in this schedule.

<sup>7</sup>2021-23 estimated bond payments for Veterans' Home Series A bond payments total \$407,271 and that number is included in Senate Bill No. 2014 (2021). In addition, a federal bond subsidy of \$78,786 is paid to the trustee, which is the Bank of North Dakota.

<sup>8</sup>Interest only payments are made on the Veterans' Home Series A bonds until the Veterans' Home Series B bonds are paid off. The first principal payment on the Series A bonds was made on December 1, 2016.

<sup>9</sup>Pursuant to Senate Bill No. 2297 (2019) and House Bill No. 1003 (2019), bonds were sold on October 15, 2020, to provide project funds of \$110,000,000. The bond sale resulted in \$88,585,000 of bonds and a premium of \$24,629,679 which will be amortized over the life of the bond issue. The all-in true interest rate which takes into account the premium and all bond costs is 2.36 percent. The bond coupons are 5 percent.

<sup>10</sup>North Dakota Century Code Section 54-17.2-23 provided 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax be deposited in the capital construction fund for lease payments associated with capital construction projects. The Legislative Assembly in 1993 repealed the provisions of the capital construction fund and increased the maximum that lease payments can total for a biennium from 10 to 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1995 decreased the maximum that lease payments can total for a biennium from 12.5 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax to 11 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 1997 decreased the maximum that lease payments can total for a biennium from 11 percent of a 1 percent sales, use, and motor vehicle excise tax to 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax. The Legislative Assembly in 2001 clarified the statute to provide the computation for the authorized general fund lease payments for a biennium must be based on the projected sales, use, and motor vehicle excise tax collections presented to the Legislative Assembly at the close of the most recently adjourned regular legislative session.

**NEW BONDING AUTHORIZED AND ISSUED DURING 2019-21 BIENNIUM**

<sup>11</sup>Senate Bill No. 2297 (2019) and House Bill No. 1003 (2019) authorized the Industrial Commission to provide up to \$130 million of bond proceeds for various institutions of higher education building projects as detailed in the following table, during the 2019-21 biennium. The debt service is to be paid by funds received from lease payments from general fund appropriations for Senate Bill No. 2297 and from other nongeneral funds for House Bill No. 1003. The State Building Authority did not issue bonds for the NDSU agriculture products development center in the amount of \$20 million as NDSU was not able to meet the legislative directive to provide match funding in the amount of \$20 million.

<b>Institution</b>	<b>Project</b>	<b>Authorized Bond Amount</b>
NDSU	Dunbar Hall	\$40,000,000
Valley City State University	Communications and Fine Arts Building	30,000,000
NDSU	Agriculture products development center	20,000,000
UND	Gamble Hall	6,000,000
UND	Deferred maintenance	30,000,000
Dickinson State University	Pulver Hall	4,000,000
<b>Total</b>		<b>\$130,000,000</b>

**NEW BONDING AUTHORIZED FOR THE 2021-23 BIENNIUM**

In House Bill No. 1431 (2021), the Legislative Assembly authorized bonding by the Public Finance Authority of up to \$680 million for 2021-23 biennium. Legacy fund earnings deposited in the general fund are anticipated to be used for the repayment of the bonds and these bonds are not considered debt of the state and do not impact the sales tax limitation calculation. Bond proceeds are to be used for the following:

- \$435.5 million for the Fargo diversion project;
- \$74.5 million transferred to the resources trust fund for repayment of outstanding loans of the Western Area Water Supply Authority;
- \$50 million to the infrastructure revolving loan fund under Section 6-09-49;
- \$70 million to the highway fund for highway bridge projects and for matching federal funds; and
- \$50 million to NDSU, which is appropriated to NDSU, for an agriculture products development center, including a Northern Crops Institute project.

**SALES TAX LIMITATION - BOND PAYMENTS**

The following table shows the projected fund portion of the bond payments for the 2019-21 through 2025-27 biennium and what the 10 percent of the equivalent of a 1 percent sales, use, and motor vehicle excise tax is projected to generate (using the 2021 legislative revenue forecast for the 2019-21 biennium and the 2021-23 biennium with a 0 percent growth in sales tax revenues for future bienniums and no prepayments of nongeneral fund amounts):

<b>Biennium</b>	<b>Total Payments</b>	<b>Other Funds</b>	<b>General Fund</b>	<b>10 Percent of the Equivalent of 1 Percent</b>	<b>Estimated Excess General Fund Resources Available for Bond Payments</b>
2019-21	\$10,076,893 <sup>1</sup>	\$1,004,855	\$9,072,038	\$44,400,000	\$35,327,962
2021-23	\$21,617,426 <sup>1</sup>	\$4,557,913	\$17,059,513	\$44,400,000	\$27,340,487
2023-25	\$16,797,250 <sup>1</sup>	\$4,702,352	\$12,094,898	\$44,400,000	\$32,305,102
2025-27	\$14,403,875 <sup>1</sup>	\$4,224,000	\$10,179,875	\$44,400,000	\$34,220,125

<sup>1</sup>The future biennium bond payments do not reflect any other future bond issues that may be authorized by future Legislative Assemblies. During the 2019-21 biennium, the 2006 Series A bond issue was paid off.



## SECTION J - STATE EMPLOYEES

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# STATE EMPLOYEES - OVERVIEW

## SALARY INCREASES

The 2021 Legislative Assembly provided funding in each agency's appropriation bill and included provisions in Section 24 of House Bill No. 1015 for state employee salary increases. Salary increases for classified and nonclassified employees during the 2021-23 biennium are 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022. Except for minimum increases authorized beginning July 1, 2021, increases for eligible state employees are to be based on documented performance and are not to be the same percentage increase for each employee.

Salary increases approved beginning July 1, 2021, result in the following:

- Employees earning less than \$80,000 each year will receive a \$100 monthly salary increase rather than a 1.5 percent increase; and
- Employees earning \$80,000 or more each year will receive a 1.5 percent increase.

The Legislative Assembly approved total funding of \$71.7 million for state employee salary increases for the 2021-23 biennium, of which \$32.3 million is from the general fund and \$39.4 million is from other funds. These totals include higher education.

## SALARY EQUITY INCREASES

The Legislative Assembly approved total funding of \$4.8 million for state employee salary equity increases in 11 state agencies for the 2021-23 biennium, as follows:

Agency	General Fund	Other Funds	Total Funds
101 - Governor	\$150,000	\$0	\$150,000
125 - Attorney General	0	1,374,989	1,374,989
160 - Legislative Council	175,000	0	175,000
190 - Retirement and Investment Office	0	63,590	63,590
301 - State Department of Health	0	132,000	132,000
313 - Veterans' Home	310,000	0	310,000
316 - Indian Affairs Commission	20,000	0	20,000
401 - Insurance Commissioner	0	252,807	252,807
413 - Department of Financial Institutions	0	50,000	50,000
504 - Highway Patrol	0	1,532,000	1,532,000
602 - Agriculture Commissioner	369,866	332,634	702,500
Total	\$1,024,866	\$3,738,020	\$4,762,886

## SALARY UNDERFUNDING

The 2021 Legislative Assembly reduced \$6.5 million of salaries and wages funding in eight agencies in anticipation of savings from vacant positions and employee turnover during the 2021-23 biennium, as follows:

Agency	General Fund	Other Funds	Total Funds
112 - Information Technology Department	\$0	\$250,000	\$250,000
127 - Tax Commissioner	1,074,505	0	1,074,505
252 - School for the Deaf	15,542	0	15,542
253 - School for the Blind	74,312	0	74,312
301 - State Department of Health	50,000	0	50,000
325 - Department of Human Services	4,694,730	0	4,694,730
405 - Industrial Commission	214,360	0	214,360
601 - Department of Commerce	140,000	0	140,000
Total	\$6,263,449	\$250,000	\$6,513,449

## ACCRUED LEAVE PAYOUTS

The 2021 Legislative Assembly provided funding for accrued leave payouts in three agencies totaling \$1,952,272, of which \$597,119 is from the general fund and \$1,355,153 is from other funds. This funding is available for accrued leave payouts to eligible employees upon retirement or termination of employment. Agencies with funding for accrued leave payouts include:

Agency	General Fund	Other Funds	Total Funds
226 - Department of Trust Lands	\$0	\$22,000	\$22,000
325 - Department of Human Services	597,119	791,934	1,389,053
485 - Workforce Safety and Insurance	0	541,219	541,219
Total	\$597,119	\$1,355,153	\$1,952,272

## HIGHER EDUCATION

The 2021 Legislative Assembly authorized a total of 6,533.99 higher education FTE positions for the 2021-23 biennium, a reduction of 75.88 FTE positions from the 2019-21 biennium authorized level of 6,609.87 FTE positions. Total funding provided for higher education FTE salary increases is \$29.8 million, of which \$9.6 million is from the general fund and \$20.2 million is from other funds. Total funding provided for increases in health insurance premiums for higher education FTE positions is \$317,267, of which \$97,988 is from the general fund and \$219,279 is from other funds.

## EXECUTIVE BRANCH ELECTED OFFICIALS

The Legislative Assembly provided funding for elected and appointed officials' salary increases of 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022. Specific language regarding the salary increases is included in Section 24 of House Bill No. 1015, and the statutory changes necessary are included in the respective elected officials' appropriation bills.

## JUDICIAL BRANCH

The Legislative Assembly approved salary increases of 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022, for employees of the judicial branch, including Supreme Court justices and district court judges. Additional increases may be provided to other employees of the judicial branch pursuant to the judicial branch salary schedule.

## HEALTH INSURANCE

The Legislative Assembly continued to provide funding for the cost of health insurance premiums for state employees. The appropriations provide \$1,428.77 per month for employee health insurance, an increase of \$2.03, or 0.1 percent, compared to the 2019-21 biennium premium rate of \$1,426.74 per month. A recent history of monthly health insurance premiums provided for each employee is listed below.

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

The 2021 Legislative Assembly did not use any health insurance reserve funds to reduce state premium rates. The July 1, 2021, estimated health insurance reserve balance is approximately \$29 million.

## RETIREMENT

The Legislative Assembly did not change employee contributions to the Public Employees Retirement System main system defined benefit plan. Contributions to the plan remain 7.12 percent from the state and 7 percent from employees, of which 4 percent is paid by the state on behalf of employees. For employees hired after December 31, 2019, the total employer contribution rate remains 8.26 percent, including 1.14 percent that was reallocated from the retiree health insurance credit beginning in the 2019-21 biennium.

In House Bill No. 1209 (2021), the Legislative Assembly directed the Legislative Management to study and develop a plan for new hires under the Public Employees Retirement System main system defined benefit plan to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024.

In Senate Bill No. 2043 (2021), the Legislative Assembly increased contributions to the Highway Patrolmen's retirement system plan by 4 percent, of which 2 percent is from the state and 2 percent is from employees, resulting in total contributions of 37 percent, of which 21.7 percent is the state's responsibility and 15.3 percent is employee's responsibility.

## EMPLOYEE ASSISTANCE PROGRAM

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

## LIFE INSURANCE

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

## UNEMPLOYMENT INSURANCE

Funding is included for unemployment insurance for state employees at a rate of 1 percent of the first \$6,000 of an employee's annual salary (\$60 per year or \$120 per biennium maximum) for the 2021-23 biennium, the same rate as the 2019-21 biennium.

## TOTAL COMPENSATION CHANGES COST

The schedule below provides the total cost of major compensation changes approved by the 2021 Legislative Assembly.

	General Fund	Other Funds	Total
Salary increases <sup>1</sup>	\$32,270,322	\$39,441,988	\$71,712,310
Health insurance premium increases <sup>1</sup>	340,891	415,088	755,979
Total	\$32,611,213	\$39,857,076	\$72,468,289

<sup>1</sup>Includes higher education.

## FULL-TIME EQUIVALENT POSITIONS

The Legislative Assembly authorized a total of 15,793.33 FTE positions, a decrease of 12.44 FTE positions from the 2019-21 authorized level of 15,805.77 FTE positions, including a decrease of 75.88 higher education FTE positions and an increase of 63.44 FTE positions in all other state agencies. Of the total 15,793.33 FTE positions, 6,533.99 are higher education FTE positions and 9,259.34 are FTE positions in other state agencies.

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

Agency	Authorized FTE Positions		Increase (Decrease)
	2019-21	2021-23	
112 - Information Technology Department	402.00	479.00	77.00
325 - Department of Human Services	2,230.23	2,249.33	19.10
160 - Legislative Council	36.00	44.00	8.00
530 - Department of Corrections and Rehabilitation	899.79	907.79	8.00
125 - Attorney General	246.00	253.00	7.00
127 - Tax Commissioner	123.00	118.00	(5.00)
313 - Veterans' Home	120.72	114.79	(5.93)
471 - Bank of North Dakota	181.50	173.00	(8.50)
640 - Main Research Center	344.05	334.56	(9.49)
380 - Job Service North Dakota	172.61	156.61	(16.00)
Other state agencies	4,440.00	4,429.26	(10.74)
<b>Total</b>	<b>9,195.90</b>	<b>9,259.34</b>	<b>63.44</b>

### INFORMATION TECHNOLOGY UNIFICATION

The 2019 Legislative Assembly approved a shared services unification of information technology resources and personnel, including the transfer of 96 information technology FTE positions from five agencies to the Information Technology Department as follows:

Agency	FTE Positions Transferred
226 - Department of Trust Lands	2.00
325 - Department of Human Services	48.00
540 - Adjutant General - Department of Emergency Services	4.00
750 - Parks and Recreation Department	1.00
801 - Department of Transportation	41.00
<b>Total</b>	<b>96.00</b>

The 2021 Legislative Assembly approved additional unification of state government information technology resources and personnel, including the transfer of 53 FTE information technology positions from 10 agencies to the Information Technology Department as follows:

Agency	FTE Positions Transferred
110 - Office of Management and Budget	4.00
190 - Retirement and Investment Office	2.00
301 - State Department of Health	4.00
303 - Department of Environmental Quality	1.00
380 - Job Service North Dakota	16.00
471 - Bank of North Dakota	16.00
504 - Highway Patrol	2.00
530 - Department of Corrections and Rehabilitation	6.00
601 - Department of Commerce	1.00
720 - Game and Fish Department	1.00
<b>Total</b>	<b>53.00</b>

# ANALYSIS OF FTE POSITIONS AUTHORIZED BY THE LEGISLATIVE ASSEMBLY IN 2021 FOR THE 2021-23 BIENNIUM

Agency	2019-21 FTE Positions	2021-23 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
<b>GENERAL GOVERNMENT</b>				
101 - Governor's office	18.00	17.00	(1.00)	(5.6%)
108 - Secretary of State	32.00	33.00	1.00	3.1%
110 - Office of Management and Budget	112.00	108.00	(4.00)	(3.6%)
112 - Information Technology Department	402.00 <sup>1</sup>	479.00 <sup>1</sup>	77.00 <sup>1</sup>	19.2%
117 - State Auditor	58.00	61.00	3.00	5.2%
120 - State Treasurer	7.00	7.00	0.00	0.0%
125 - Attorney General	246.00 <sup>2</sup>	253.00	7.00	2.8%
127 - Tax Commissioner	123.00	118.00	(5.00)	(4.1%)
140 - Office of Administrative Hearings	5.00	5.00	0.00	0.0%
160 - Legislative Council	36.00	44.00	8.00	22.2%
180 - Judicial branch	363.00	362.00	(1.00)	(0.3%)
188 - Commission on Legal Counsel for Indigents	40.00	40.00	0.00	0.0%
190 - Retirement and Investment Office	20.00	19.00	(1.00)	(5.0%)
192 - Public Employees Retirement System	34.50	35.50	1.00	2.9%
195 - Ethics Commission	2.00	1.00	(1.00)	(50.0%)
<b>TOTAL GENERAL GOVERNMENT</b>	<u>1,498.50</u>	<u>1,582.50</u>	<u>84.00</u>	<u>5.6%</u>

Agency	2019-21 FTE Positions	2021-23 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
<b>HIGHER EDUCATION - see page J-7</b>				
<b>OTHER EDUCATION</b>				
201 - Department of Public Instruction	89.25	86.25	(3.00)	(3.4%)
226 - Department of Trust Lands	28.00	30.00	2.00	7.1%
250 - State Library	27.75	26.75	(1.00)	(3.6%)
252 - School for the Deaf	44.61	44.61	0.00	0.0%
253 - North Dakota Vision Services - School for the Blind	27.90	27.75	(0.15)	(0.5%)
270 - Department of Career and Technical Education	52.30	50.30	(2.00)	(3.8%)
<b>TOTAL OTHER EDUCATION</b>	<u>269.81</u>	<u>265.66</u>	<u>(4.15)</u>	<u>(1.5%)</u>
<b>HEALTH AND WELFARE</b>				
301 - State Department of Health	204.00	210.50	6.50	3.2%
303 - Department of Environmental Quality	165.50 <sup>3</sup>	166.00	0.50	0.3%
313 - Veterans' Home	120.72	114.79	(5.93)	(4.9%)
316 - Indian Affairs Commission	4.00	4.00	0.00	0.0%
321 - Department of Veterans' Affairs	7.00	8.00	1.00	14.3%
325 - Department of Human Services	2,230.23	2,249.33	19.10	0.9%
360 - Protection and Advocacy Project	28.50	28.50	0.00	0.0%
380 - Job Service North Dakota	172.61	156.61	(16.00)	(9.3%)
<b>TOTAL HEALTH AND WELFARE</b>	<u>2,932.56</u>	<u>2,937.73</u>	<u>5.17</u>	<u>0.2%</u>

<u>Agency</u>	<u>2019-21 FTE Positions</u>	<u>2021-23 FTE Positions</u>	<u>Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
<b>REGULATORY</b>				
401 - Insurance Commissioner	41.00	38.00	(3.00)	(7.3%)
405 - Industrial Commission	112.25 <sup>4</sup>	108.25	(4.00)	(3.6%)
406 - Department of Labor and Human Rights	14.00	13.00	(1.00)	(7.1%)
408 - Public Service Commission	43.00	43.00	0.00	0.0%
412 - Aeronautics Commission	7.00	7.00	0.00	0.0%
413 - Department of Financial Institutions	31.00	31.00	0.00	0.0%
414 - Securities Department	10.00	10.00	0.00	0.0%
471 - Bank of North Dakota	181.50	173.00	(8.50)	(4.7%)
473 - Housing Finance Agency	44.00	49.00	5.00	11.4%
475 - Mill and Elevator Association	156.00	156.00	0.00	0.0%
485 - Workforce Safety and Insurance	260.14	260.14	0.00	0.0%
<b>TOTAL REGULATORY</b>	<u>899.89</u>	<u>888.39</u>	<u>(11.50)</u>	<u>(1.3%)</u>
<b>PUBLIC SAFETY</b>				
504 - Highway Patrol	197.00	193.00	(4.00)	(2.0%)
530 - Department of Corrections and Rehabilitation	899.79	907.79	8.00	0.9%
540 - Adjutant General	222.00	222.00	0.00	0.0%
<b>TOTAL PUBLIC SAFETY</b>	<u>1,318.79</u>	<u>1,322.79</u>	<u>4.00</u>	<u>0.3%</u>

<u>Agency</u>	<u>2019-21 FTE Positions</u>	<u>2021-23 FTE Positions</u>	<u>Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
<b>AGRICULTURE AND ECONOMIC DEVELOPMENT</b>				
601 - Department of Commerce	61.80	58.80	(3.00)	(4.9%)
602 - Agriculture Commissioner	78.00	79.00	1.00	1.3%
627 - Upper Great Plains Transportation Institute	43.88 <sup>5</sup>	43.88	0.00	0.0%
628 - Branch research centers	109.81 <sup>5</sup>	108.21	(1.60)	(1.5%)
630 - North Dakota State University Extension Service	242.51 <sup>5</sup>	241.77	(0.74)	(0.3%)
638 - Northern Crops Institute	12.80 <sup>5</sup>	13.55	0.75	5.9%
640 - Main Research Center	344.05 <sup>5</sup>	334.56	(9.49)	(2.8%)
649 - Agronomy Seed Farm	3.00 <sup>5</sup>	3.00	0.00	0.0%
670 - Racing Commission	2.00	2.00	0.00	0.0%
<b>TOTAL AGRICULTURE AND ECONOMIC DEVELOPMENT</b>	<u>897.85</u>	<u>884.77</u>	<u>(13.08)</u>	<u>(1.5%)</u>
<b>NATURAL RESOURCES AND HIGHWAYS</b>				
701 - State Historical Society	75.00	78.75	3.75	5.0%
709 - Council on the Arts	5.00	5.00	0.00	0.0%
720 - Game and Fish Department	165.00 <sup>6</sup>	164.00	(1.00)	(0.6%)
750 - Parks and Recreation Department	61.50	57.75	(3.75)	(6.1%)
770 - State Water Commission	90.00	90.00	0.00	0.0%
801 - Department of Transportation	982.00	982.00	0.00	0.0%
<b>TOTAL NATURAL RESOURCES AND HIGHWAYS</b>	<u>1,378.50</u>	<u>1,377.50</u>	<u>(1.00)</u>	<u>(0.1%)</u>



Agency	2019-21 FTE Positions	2021-23 FTE Positions	Increase (Decrease)	Percentage Increase (Decrease)
<b>SUMMARY TOTALS</b>				
General Government	1,498.50	1,582.50	84.00	5.6%
Other Education	269.81	265.66	(4.15)	(1.5%)
Health and Welfare	2,932.56	2,937.73	5.17	0.2%
Regulatory	899.89	888.39	(11.50)	(1.3%)
Public Safety	1,318.79	1,322.79	4.00	0.3%
Agriculture and Economic Development	897.85	884.77	(13.08)	(1.5%)
Natural Resources and Highways	1,378.50	1,377.50	(1.00)	(0.1%)
<b>TOTAL ALL DEPARTMENTS (EXCLUDING HIGHER EDUCATION)</b>	<b>9,195.90</b>	<b>9,259.34</b>	<b>63.44</b>	<b>0.7%</b>
<b>HIGHER EDUCATION</b>				
<b>215 - North Dakota University System office</b>	148.90 <sup>7</sup>	158.83	9.93	6.7%
<b>227 - Bismarck State College</b>	323.93 <sup>7</sup>	332.90	8.97	2.8%
<b>228 - Lake Region State College</b>	118.10 <sup>7</sup>	115.76	(2.34)	(2.0%)
<b>229 - Williston State College</b>	100.48 <sup>7</sup>	101.29	0.81	0.8%
<b>230 - University of North Dakota</b>	2,132.17 <sup>7</sup>	2,059.98	(72.19)	(3.4%)
<b>232 - University of North Dakota School of Medicine and Health Sciences</b>	485.32 <sup>7</sup>	492.67	7.35	1.5%
<b>235 - North Dakota State University</b>	1,870.16 <sup>7</sup>	1,829.43	(40.73)	(2.2%)
<b>238 - North Dakota State College of Science</b>	310.73 <sup>7</sup>	311.61	0.88	0.3%
<b>239 - Dickinson State University</b>	213.26 <sup>7</sup>	175.50	(37.76)	(17.7%)
<b>240 - Mayville State University</b>	209.27 <sup>7</sup>	230.35	21.08	10.1%
<b>241 - Minot State University</b>	407.58 <sup>7</sup>	403.04	(4.54)	(1.1%)
<b>242 - Valley City State University</b>	180.68 <sup>7</sup>	202.77	22.09	12.2%
<b>243 - Dakota College at Bottineau</b>	82.29 <sup>7</sup>	91.86	9.57	11.6%

<u>Agency</u>	<b>2019-21 FTE Positions</b>	<b>2021-23 FTE Positions</b>	<b>Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
<b>244 - Forest Service</b>	27.00 <sup>7</sup>	28.00	1.00	3.7%
<b>TOTAL HIGHER EDUCATION</b>	<u>6,609.87</u>	<u>6,533.99</u>	<u>(75.88)</u>	<u>(1.1%)</u>
<b>TOTAL ALL DEPARTMENTS (INCLUDING HIGHER EDUCATION)</b>	<u><u>15,805.77</u></u>	<u><u>15,793.33</u></u>	<u><u>(12.44)</u></u>	<u><u>(0.1%)</u></u>

<sup>1</sup> The 2019 Legislative Assembly approved a shared services unification of certain agencies' information technology resources and personnel, including the transfer of 96 FTE information technology positions from 5 agencies to the Information Technology Department (ITD). The 2021 Legislative Assembly approved additional unification of state government information technology resources and personnel, including the transfer of 53 FTE information technology positions from 10 agencies to ITD, resulting in 149 FTE positions transferred during the 2019-21 and 2021-23 bienniums, as follows:

	<b>2019-21 Biennium</b>	<b>2021-23 Biennium</b>	<b>Total</b>
	<b>FTE Transferred</b>	<b>FTE Transferred</b>	
Office of Management and Budget	0.00	4.00	4.00
Retirement and Investment Office	0.00	2.00	2.00
Department of Trust Lands	2.00	0.00	2.00
State Department of Health	0.00	4.00	4.00
Department of Environmental Quality	0.00	1.00	1.00
Department of Human Services	48.00	0.00	48.00
Job Service North Dakota	0.00	16.00	16.00
Bank of North Dakota	0.00	16.00	16.00
Highway Patrol	0.00	2.00	2.00
Department of Corrections and Rehabilitation	0.00	6.00	6.00
Adjutant General - Department of Emergency Services	4.00	0.00	4.00
Department of Commerce	0.00	1.00	1.00
Game and Fish Department	0.00	1.00	1.00
Parks and Recreation Department	1.00	0.00	1.00
Department of Transportation	41.00	0.00	41.00
<b>Total</b>	<b>96.00</b>	<b>53.00</b>	<b>149.00</b>

<sup>2</sup> The 2019-21 biennium authorization for the Attorney General included 245 FTE positions authorized in Senate Bill No. 2003 (2019) and 1 FTE position authorized in Section 3 of Senate Bill No. 2015 (2019), which was considered a one-time position.

<sup>3</sup> The 2019-21 biennium authorization for the Department of Environmental Quality included 8 FTE positions related to the state assuming primacy over the quad O and quad Oa federal air pollution programs and were available to the department beginning July 1, 2020.

<sup>4</sup> The 2019-21 biennium authorization included 2 contingent FTE positions that were available only if the total number of oil wells capable of production and injection exceeds 20,800. This contingency was not met. These positions were removed for the 2021-23 biennium.

<sup>5</sup> The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 7 of House Bill No. 1020 (2019):

	<b>2019-21 Legislative Authorization</b>	<b>2019-21 Adjusted FTE Position Level</b>	<b>Variance from 2019-21 Adjusted Level to 2019-21 Legislative Authorization</b>	<b>2021-23 Legislative Authorization</b>	<b>Variance from 2019-21 Adjusted Level to 2021-23 Legislative Authorization</b>
Upper Great Plains Transportation Institute	43.88	43.88	0.00	43.88	0.00
Branch research centers	109.81	108.21	(1.60)	108.21	0.00
North Dakota State University Extension Service	242.51	238.77	(3.74)	241.77	3.00
Northern Crops Institute	12.80	13.55	0.75	13.55	0.00
Main Research Center	344.05	331.56	(12.49)	334.56	3.00
Agronomy Seed Farm	3.00	3.00	0.00	3.00	0.00
<b>Total</b>	<b>756.05</b>	<b>738.97</b>	<b>(17.08)</b>	<b>744.97</b>	<b>6.00</b>

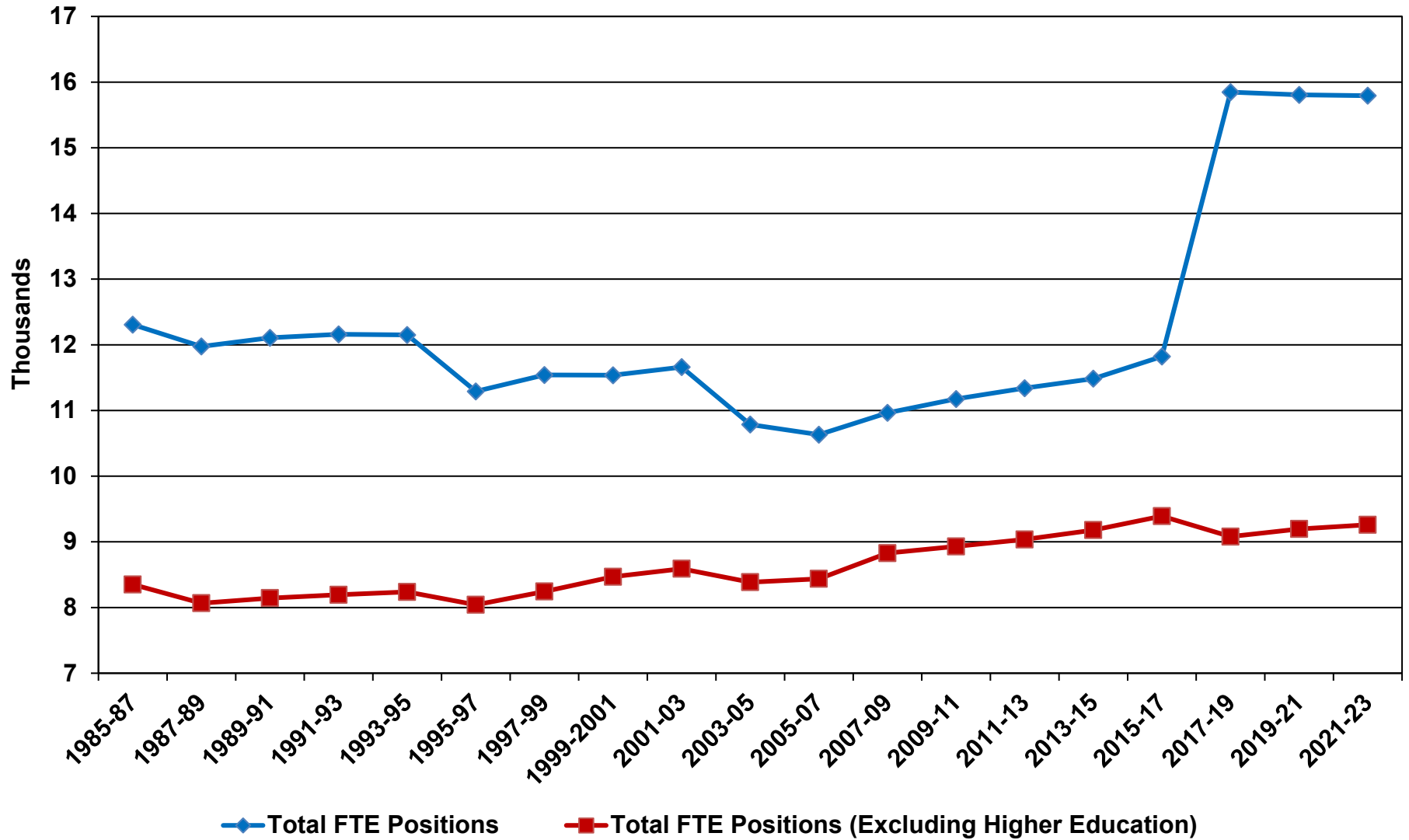
<sup>6</sup> The 2019-21 biennium authorization for the Game and Fish Department included 163 FTE positions authorized in Senate Bill No. 2017 (2019) and 2 FTE positions authorized in Section 7 of Senate Bill No. 2293 (2019).

<sup>7</sup> The FTE positions listed for the following entities under the control of the State Board of Higher Education were adjusted in accordance with Section 24 of House Bill No. 1003 (2019):

	<b>2019-21 Legislative Authorization</b>	<b>2019-21 Adjusted FTE Position Level</b>	<b>Variance from 2019-21 Adjusted Level to 2019-21 Legislative Authorization</b>	<b>2021-23 Legislative Authorization</b>	<b>Variance from 2019-21 Adjusted Level to 2021-23 Legislative Authorization</b>
North Dakota University System office	148.90	158.83	9.93	158.83	0.00
Bismarck State College	323.93	332.90	8.97	332.90	0.00
Lake Region State College	118.10	115.76	(2.34)	115.76	0.00
Williston State College	100.48	101.29	0.81	101.29	0.00
University of North Dakota	2,132.17	2,059.98	(72.19)	2,059.98	0.00
University of North Dakota School of Medicine and Health Sciences	485.32	492.67	7.35	492.67	0.00
North Dakota State University	1,870.16	1,829.43	(40.73)	1,829.43	0.00
North Dakota State College of Science	310.73	311.61	0.88	311.61	0.00
Dickinson State University	213.26	175.50	(37.76)	175.50	0.00
Mayville State University	209.27	230.35	21.08	230.35	0.00
Minot State University	407.58	403.04	(4.54)	403.04	0.00
Valley City State University	180.68	202.77	22.09	202.77	0.00
Dakota College at Bottineau	82.29	91.86	9.57	91.86	0.00
Forest Service	27.00	28.00	1.00	28.00	0.00
<b>Total</b>	<b>6,609.87</b>	<b>6,533.99</b>	<b>(75.88)</b>	<b>6,533.99</b>	<b>0.00</b>

# NUMBER OF STATE EMPLOYEES - HISTORY

The following is a summary of the number of authorized state employee FTE positions for the 1985-87 through 2021-23 bienniums:



Biennium	General Government	Education (Other Than Higher Education)	Health and Welfare	Regulatory	Public Safety	Agriculture and Economic Development	Natural Resources and Highways	Total FTE Positions Excluding Higher Education	Higher Education	Total FTE Positions
1985-87	915.50	396.39	3,393.11	996.43	552.80	802.28	1,294.50	8,351.01	3,956.84	12,307.85
1987-89	975.55	296.10	3,079.89 <sup>1</sup>	1,021.93	648.77	770.58	1,273.00	8,065.82	3,909.16	11,974.98
1989-91	916.25	309.36	3,028.11	1,047.94	699.27	785.57	1,357.50	8,144.00	3,963.02	12,107.02
1991-93	949.85	327.91	2,876.26	1,078.92	727.69	826.57	1,406.50	8,193.70	3,965.80	12,159.50
1993-95	1,016.10	322.44	2,794.66	1,138.81	774.04	787.02 <sup>2</sup>	1,404.00	8,237.07	3,912.91	12,149.98
1995-97	1,004.42	313.38	3,103.11 <sup>4</sup>	665.50 <sup>4</sup>	774.52	777.97	1,402.50	8,041.40	3,249.13 <sup>3</sup>	11,290.53
1997-99	1,039.90	312.54	3,124.00	696.00	894.64	817.12	1,359.50	8,243.70	3,297.30	11,541.00
1999-2001	1,164.00 <sup>5</sup>	308.19	3,099.06	723.00	954.68	856.35	1,363.00	8,468.28	3,068.64 <sup>6</sup>	11,536.92
2001-03	1,236.20	271.07	3,069.86	762.50	967.18	914.03	1,369.75	8,590.59	3,070.58	11,661.17
2003-05	1,266.70 <sup>7</sup>	245.60	2,852.80	767.37	995.18 <sup>7</sup>	878.65	1,379.75	8,386.05	2,400.38 <sup>8</sup>	10,786.43 <sup>9</sup>
2005-07	1,246.00	243.89	2,840.20	763.51	1,056.28	898.80	1,389.00	8,437.68	2,194.42	10,632.10
2007-09	1,325.00	242.69	2,993.75	783.51	1,136.29	939.93	1,407.00	8,828.17	2,136.59	10,964.76
2009-11	1,362.00	253.19	3,008.65	806.20	1,161.29	921.30	1,417.50	8,930.13	2,245.51	11,175.64
2011-13	1,373.60	255.19	2,968.33	823.20	1,234.29	952.31	1,429.50	9,036.42	2,303.74	11,340.16
2013-15	1,419.10	262.11	2,975.06	859.89	1,273.29	933.79	1,456.50	9,179.74	2,304.74	11,484.48
2015-17	1,505.10	264.61	2,984.06	907.89	1,285.29	950.08	1,489.50	9,386.53	2,430.35	11,816.88
2017-19	1,434.30	250.11	2,867.06	899.89	1,283.29	899.47	1,445.50	9,079.62	6,767.76 <sup>10</sup>	15,847.38
2019-21	1,498.50	269.81	2,932.56	899.89	1,318.79	897.85	1,378.50	9,195.90	6,609.87	15,805.77
2021-23	1,582.50	265.66	2,937.73	888.39	1,322.79	884.77	1,377.50	9,259.34	6,533.99	15,793.33

<sup>1</sup>Reflects a phase-out of FTE positions at San Haven (258.47 FTE positions reduction) and a reduction of 46 FTE positions at the Grafton State School.

<sup>2</sup>Excludes 14.1 authorized FTE positions for commodity groups because House Bill No. 1203 (1993) provided statutory continuing appropriations for these agencies to spend funds they collect without a specific legislative appropriation.

<sup>3</sup>The state colleges and universities changed the formula for counting teacher FTE positions based on the number of months worked during the year. Those who worked 12 months were reduced from 1.2 FTE positions to 1 FTE position, and those who worked 9 months were reduced from 1 FTE position to .75 FTE position. The net reduction from the change is 415.85 FTE positions. In addition, the University of North Dakota Rehabilitation Hospital was privatized resulting in a reduction of 286.2 FTE positions.

<sup>4</sup>Job Service North Dakota and its 420.5 FTE positions were switched from **Regulatory** to **Health and Welfare**.

<sup>5</sup>The judicial branch added 129.5 FTE positions with the clerk of court unification.

<sup>6</sup>Reflects elimination of 203.3 FTE positions associated with local funds at the University of North Dakota School of Medicine and Health Sciences.

<sup>7</sup>Reflects a decrease of 31 FTE positions in **General Government** and a corresponding increase in **Public Safety** due to State Radio being consolidated with the Division of Emergency Management.

<sup>8</sup>The FTE count for higher education was reduced by 688.17 FTE positions to reflect institutional reductions and to report only the number of FTE positions funded from the general fund.

<sup>9</sup>House Bill No. 1505 (2003) provided that on November 1, 2003, 24 FTE positions relating to information services, including electronic mail, file and print server administration, database administration, storage, application server, and hosting services, must be reduced and transferred to the Information Technology Department. The project executive committee recommended the transfer of 8.5 FTE positions to the Information Technology Department on November 1, 2003, and the exemption of the remaining 15.5 FTE positions. The 2003-05 FTE positions reflect the transfer of 8.5 FTE positions.

<sup>10</sup>Prior to the 2017-19 biennium, higher education FTE positions supported from special funds were not reflected in the budget, as the State Board of Higher Education and institutions under its control have continuing appropriation authority for special funds. The 2015 Legislative Assembly amended North Dakota Century Code Section 54-44.1-04 to require higher education entities to enter all budget data in the state's budget system in the same manner as other agencies. This increased the total number of FTE positions by 4,337.41. The 2017 Legislative Assembly reduced the number of general fund supported FTE positions in higher education by 313.27 to 2,117.08 for the 2017-19 biennium. Higher education FTE positions supported from all funds was 6,767.76 in the 2017-19 biennium.

## HISTORY OF STATE EMPLOYEE SALARY INCREASES

Year	General Salary Increases	Annual Inflation*
1973	5%	6.2%
1974	4%	11.0%
1975	5% (in addition to an 11.9% salary adjustment)	9.1%
1976	5%	5.7%
1977	5%	6.5%
1978	5%	7.6%
1979	6.5%	11.3%
1980	6.5%	13.5%
1981	9% (in addition to a 10% salary adjustment)	10.3%
1982	8% (reduced by Governor's budget allotments)	6.2%
1983	2% contribution to retirement	3.2%
1984	2% contribution to retirement	4.3%
1985	9.5% higher education faculty and senior administrative staff, 5.5% for all other state employees	3.5%
1986	4% with a minimum of \$50 per month; the Governor deferred this increase for agencies under the Governor's control to January 1, 1987	1.9%
1987	0%	3.7%
1988	0%	4.1%
1989	11.4% higher education faculty at the University of North Dakota and North Dakota State University; 9.5% higher education faculty at other 4-year universities; 7.3% higher education faculty at 2-year colleges; 9.1% faculty at the medical school; administrative, professional, and classified employees at the institutions of higher education received increases averaging between 8.7% and 9.7%; 7.1% for all other state employees	4.8%
1990	7% higher education faculty at 4-year universities, 5% higher education faculty at 2-year colleges, 0% all other state employees	5.4%
1991	4% with a minimum of \$50 per month	4.2%
1992	\$40 per month	3.0%
1993	\$60 per month	3.0%
1994	3% (to the extent available from agency savings)	2.6%
1995	2%	2.8%
1996	3% (includes 1% for salary inequity correction and merit increases)	2.9%
1997	3% (includes 1.5% for salary inequity correction and merit increases)	2.3%
1998	3% (includes 1.5% for salary inequity correction and merit increases; in addition, the North Dakota University System received a \$3.2 million pool of funds for the 1997-99 biennium to address salary compression, market, and equity problems)	1.5%
1999	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	2.2%
2000	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity. An additional 1% was provided to the extent the increase could be paid with existing agency resources.	3.4%
2001 <sup>1</sup>	3% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	2.8%
2002 <sup>1</sup>	2% with a minimum of \$35 per month - Increases over \$35 were based on merit and equity	1.6%

Year	General Salary Increase Provided or Proposed	Annual Inflation*
2003	Up to 1% effective on January 1, 2004, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated full-time equivalent (FTE) positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The judicial branch eliminated 4 vacant FTE positions and provided a 1% salary increase to its employees effective January 1, 2004. The executive branch did not receive a salary increase.	2.3%
2004	Up to 2% effective on January 1, 2005, for the executive and judicial branches to the extent that the increase could be provided from pooled savings realized from the eliminated FTE positions and from accumulated savings from other vacant FTE positions. At least 70% of the funding for the increase provided was required to be from pooled savings of the eliminated FTE positions. No specific funding was provided to higher education institutions for salary increases, with the intent that any salary increases provided be from existing appropriation authority. The executive branch and the judicial branch did not eliminate positions to receive salary increases on January 1, 2005.	2.7%
2005	4%	3.4%
2006	4%	3.2%
2007 <sup>2</sup>	4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	2.9%
2008 <sup>2</sup>	4% with a minimum of \$75 per month (salary increases were to be based on merit and equity and were not to be given across the board)	3.8%
2009 <sup>3</sup>	5% with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	(0.3%)
2010 <sup>3</sup>	5% with a minimum of \$100 per month (salary increases were to be based on merit and equity and were not to be given across the board)	1.6%
2011 <sup>4</sup>	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by the Office of Management and Budget (OMB).)	3.1%
2012 <sup>4</sup>	3% (Salary increases for nonclassified employees were to be based on merit and equity and were not to be given across the board. Salary increases for classified employees were to be based on guidelines developed by OMB.)	2.1%
2013 <sup>5</sup>	From 3% to 5% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.5%
2014 <sup>5</sup>	From 2% to 4% based on performance and up to 2% for classified employees in the first quartile of their salary range and up to 1% for classified employees in the second quartile of their salary range for market equity	1.6%
2015 <sup>6</sup>	From 2% to 4% based on performance	0.1%
2016 <sup>6</sup>	From 2% to 4% based on performance	1.2%
2017	0%	1.6%
2018	0%	2.2%
2019 <sup>7</sup>	2% with a minimum monthly increase of \$120 and a maximum monthly increase of \$200	1.6%
2020	2.5%	(0.1%)
2021 <sup>8</sup>	1.5% with a minimum monthly increase of \$100	2.1% (projected)
2022	2%	1.5% (projected)

\*Percentage change, consumer price index annual rate, Moody's Analytics and IHS Markit

<sup>1</sup>In addition the 2001 Legislative Assembly provided:

- \$5 million, \$2.7 million of which was from the general fund, for market equity compensation adjustments for classified employees as approved by Human Resource Management Services.

- \$4,628,824 from the general fund for equity and special needs for entities under the control of the State Board of Higher Education. A portion of this amount was used for salary increases to address equity issues.
- \$178,233, \$142,697 of which was from the general fund, for salary equity adjustments for elected and appointed officials.

<sup>2</sup>In addition the 2007 Legislative Assembly provided \$10 million, \$5 million of which was from the general fund and \$5 million of special funds, for market equity salary adjustments based on market data for classified employees. Employees furthest from market were to receive the largest increase (Senate Bill No. 2189 (2007)).

The 2007-09 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

<sup>3</sup>In addition the 2009 Legislative Assembly provided an appropriation of \$15,984,000, of which \$9,000,000 is from the general fund, to OMB to address salary equity issues. House Bill No. 1015 (2009) provided the statewide equity pool be used for market equity compensation adjustments for classified and nonclassified state employees of executive branch agencies, institutions, and departments, excluding entities under the control of the State Board of Higher Education. The market equity increases were to be prioritized based on a statewide plan to address occupational market disparities, economic growth areas, recruitment and retention challenges, and internal and external pay inequities for employees who are critical to the mission of the agency. The plan needed to give priority to employees who were employed by the state for the greatest length of time and were furthest below their salary range midpoint. The Office of Management and Budget, in developing the plan, was to consider employee pay comparisons to similar occupational classifications of other North Dakota employers and employers in Montana, South Dakota, and Wyoming.

The 2009-11 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 5 percent per year salary increases and health insurance increases.

<sup>4</sup>In addition the 2011 Legislative Assembly provided additional salary equity-related funding for the following agencies:

- Attorney General's office - \$125,000 from the general fund - Salary increases available upon certification completion for personnel advancement.
- Industrial Commission - \$502,832 from the general fund - Salary equity increases primarily for geologists and petroleum engineers.
- State Treasurer - \$24,000 from the general fund - Salary increases for employee reclassifications.
- Department of Transportation - \$600,000 from special funds - Optional market salary adjustments primarily for heavy equipment operators and highway maintenance personnel.

The 2011-13 legislative appropriation for the University System included funding for parity to provide for inflationary costs, including the general fund share of 3 percent per year salary increases and health insurance premium increases.

The 2011 Legislative Assembly provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2012, and another 2 percent increase on January 1, 2013. For each increase, employees would pay 1 percent of the increased contribution and the state would pay the remaining 1 percent.

<sup>5</sup>The 2013 Legislative Assembly provided salary increases for eligible classified employees of up to 2 percent per year based on an employee's position in the assigned pay range and increases of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance. The Legislative Assembly provided salary increases to eligible nonclassified employees of 3 to 5 percent on July 1, 2013, and 2 to 4 percent on July 1, 2014, based on performance.

The Legislative Assembly also provided funding for an increase in contributions to the retirement system of 2 percent on January 1, 2014. For the increase, employees paid 1 percent of the increased contribution and the state paid the remaining 1 percent.

<sup>6</sup>The 2015 Legislative Assembly provided salary increases for all eligible classified and nonclassified employees of 2 to 4 percent per year, based on performance.

The 2015 Legislative Assembly also provided targeted market equity funds of \$4.49 million, which included \$3.75 million from the general fund to address occupational market disparities, economic growth areas, recruitment and retention challenges, and external pay inequities for employees who are critical to the



mission of the agency. Agencies that received a targeted market equity salary adjustment include the Adjutant General (\$71,323), Veterans' Home (\$468,954), State Department of Health (\$724,558), Department of Human Services (\$3,039,616), and the Protection and Advocacy Project (\$185,549).

The 2015 Legislative Assembly also provided additional salary market equity-related funding for the following agencies:

- Attorney General's office - \$1,546,301, which includes \$1,012,301 from the general fund.
- Office of Administrative Hearings - \$38,110 from special funds.
- Retirement and Investment Office - \$50,000 from special funds.
- Department of Public Instruction - \$100,000 from the general fund.
- Department of Corrections and Rehabilitation - \$2,126,442 from the general fund.
- Adjutant General - \$192,621 from the general fund.

<sup>7</sup>The 2019 Legislative Assembly approved state employee salary increases of 2 percent with a \$120 monthly minimum and a \$200 monthly maximum on July 1, 2019, which results in the following:

- Employees earning less than \$72,000 each year will receive a \$120 monthly salary increase rather than a 2 percent increase;
- Employees earning \$72,000 or more each year but less than \$120,000 each year will receive a 2 percent salary increase; and
- Employees earning \$120,000 or more each year are limited to a \$200 monthly salary increase rather than a 2 percent increase.

<sup>8</sup>The 2021 Legislative Assembly approved state employee salary increases of 1.5 percent with a \$100 monthly minimum on July 1, 2021, which results in the following:

- Employees earning less than \$80,000 each year will receive a \$100 monthly salary increase rather than a 1.5 percent increase; and
- Employees earning \$80,000 or more each year will receive a 1.5 percent salary increase.

## ELECTED OFFICIALS' SALARIES

The 2021 Legislative Assembly authorized 2021-23 biennium salary increases of 1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022, for state employees, including elected officials. The 2019 Legislative Assembly authorized 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020, for state employees, including elected officials. The schedule below shows the salary authorized by the 2019 Legislative Assembly and the 2021 Legislative Assembly for each elected official.

State Official	Statutory Annual Salary Authorized by the 2019 Legislative Assembly		Statutory Annual Salary Authorized by the 2021 Legislative Assembly	
	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022
Governor	\$135,364	\$138,748	\$140,829 <sup>1</sup>	\$143,646 <sup>1</sup>
Lieutenant Governor	\$105,285	\$107,917	\$109,536	\$111,727
Secretary of State	\$107,885	\$110,582	\$112,241	\$114,486
State Auditor	\$107,885	\$110,582	\$112,241	\$114,486
State Treasurer	\$107,885 <sup>2</sup>	\$110,582 <sup>2</sup>	\$112,241	\$114,486
Attorney General	\$159,409	\$163,394	\$165,845	\$169,162
Tax Commissioner	\$117,087	\$120,014	\$121,814	\$124,250
Superintendent of Public Instruction	\$122,810	\$125,880	\$127,768	\$130,323
Insurance Commissioner	\$107,885	\$110,582	\$112,241	\$114,486
Public Service Commissioners (3)	\$110,829	\$113,600	\$115,304	\$117,610
Agriculture Commissioner	\$116,836 <sup>3</sup>	\$119,757 <sup>3</sup>	\$121,553	\$123,984

<sup>1</sup>Section 4 of House Bill No. 1001 (2021) provides an exemption that if the Governor chooses not to accept the salary and benefits of the position, or any portion of the salaries and benefits, the Office of Management and Budget may transfer appropriation authority from the Governor's salary line item to other lines items.

<sup>2</sup>The 2019 Legislative Assembly provided a salary equity increase to the State Treasurer of \$5,889 per year to align the State Treasurer's salary with the State Auditor's salary.

<sup>3</sup>The 2019 Legislative Assembly provided a salary equity increase to the Agriculture Commissioner of \$5,889 per year, the same salary equity increase provided to the State Treasurer.

The following schedule shows the salary authorized by the 2019 Legislative Assembly and the 2021 Legislative Assembly for judges and justices:

	Statutory Annual Salary Authorized by the 2019 Legislative Assembly		Statutory Annual Salary Authorized by the 2021 Legislative Assembly	
	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022
Supreme Court Chief Justice	\$163,917	\$168,015	\$170,535	\$173,946
Other Supreme Court justices	\$159,409	\$163,394	\$165,845	\$169,162
District court presiding judges	\$150,425	\$154,186	\$156,499	\$159,629
Other district court judges	\$146,269	\$149,926	\$152,175	\$155,219

# COST OF STATE EMPLOYEE SALARY AND HEALTH INSURANCE INCREASES HISTORY

The following is a summary of the cost of providing salary and health insurance increases for the 1999-2001 through 2021-23 bienniums:

<b>State Employee Salary Increases</b>				
Biennium	Percentage Increase	General Fund	Other Funds	Total
1999-2001	2 percent with a \$35 per month minimum on July 1, 1999, and 2 percent with a \$35 per month minimum on July 1, 2000	\$17,681,836	\$9,633,401	\$27,315,237
2001-03	3 percent with a \$35 per month minimum on July 1, 2001, and 2 percent with a \$35 per month minimum on July 1, 2002	\$27,043,178	\$12,493,632	\$39,536,810
2003-05	Up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005 (based on the elimination of positions and savings from vacant positions)	\$0	\$0	\$0
2005-07	4 percent on July 1, 2005, and 4 percent on July 1, 2006	\$19,778,486	\$21,746,666	\$41,525,152
2007-09	4 percent with a \$75 per month minimum on July 1, 2007, and 4 percent with a \$75 per month minimum on July 1, 2008	\$23,372,817	\$22,505,911	\$45,878,728
2009-11	5 percent with a \$100 per month minimum on July 1, 2009, and 5 percent with a \$100 per month minimum on July 1, 2010	\$36,821,006	\$31,667,339	\$68,488,345
2011-13	3 percent on July 1, 2011, and 3 percent on July 1, 2012	\$23,920,117	\$20,892,142	\$44,812,259
2013-15	From 3 to 5 percent on July 1, 2013, and from 2 to 4 percent on July 1, 2014, for performance and up to 2 percent for classified employees in the first quartile of their salary range and up to 1 percent for classified employees in the second quartile of their salary range in July 2013 and July 2014 for market equity	\$41,268,879	\$34,551,738	\$75,820,617
2015-17	From 2 to 4 percent based on performance on July 1, 2015, and from 2 to 4 percent based on performance on July 1, 2016	\$31,461,697	\$24,353,454	\$55,815,151
2017-19	The 2017 Legislative Assembly did not approve state employee salary increases for the 2017-19 biennium	\$0	\$0	\$0
2019-21	2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020	\$36,759,178	\$48,127,899	\$84,887,077
2021-23	1.5 percent with a minimum monthly increase of \$100 on July 1, 2021, and 2 percent on July 1, 2022	\$32,270,322	\$39,441,988	\$71,712,310

<b>State Employee Health Insurance Increases</b>						
Biennium	Monthly Premium	Increase From Previous Biennium	Percentage Increase	General Fund	Special Funds	Total
1999-2001	\$350	\$49	16.3%	\$6,989,537	\$3,858,174	\$10,847,711
2001-03	\$409	\$59	16.9%	\$11,182,551	\$6,001,252	\$17,183,803
2003-05	\$489	\$80	19.6%	\$8,027,122	\$8,258,216	\$16,285,338
2005-07	\$554	\$65	13.3%	\$5,335,798	\$7,903,870	\$13,239,668
2007-09	\$658	\$104	18.8%	\$9,115,817	\$12,346,031	\$21,461,848
2009-11	\$826	\$168	25.5%	\$15,889,790	\$20,215,824	\$36,105,614
2011-13	\$887	\$61	7.4%	\$7,179,809	\$5,995,847	\$13,175,656
2013-15	\$982	\$95	10.7%	\$11,127,312	\$9,700,989	\$20,828,301
2015-17	\$1,130	\$148	15.1%	\$19,877,362	\$14,316,411	\$34,193,773
2017-19	\$1,241	\$111	9.8%	\$19,741,923	\$23,074,031	\$42,815,954
2019-21	\$1,427	\$186	15.0%	\$29,220,876	\$40,005,248	\$69,226,124
2021-23	\$1,429	\$2	0.1%	\$340,891	\$415,088	\$755,979

## SECTION K - TRUST FUND ANALYSES

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## ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$22,139,680		\$11,103,180
Add estimated revenues				
Fees, forfeitures, transfers, and recoveries penalties <sup>1</sup>	\$3,022,500		\$2,000,000	
Oil and gas tax collections (2019 HB 1014) <sup>2,3</sup>	11,300,000		11,720,000	
Total estimated revenues		14,322,500		13,720,000
Total estimated available		\$36,462,180		\$24,823,180
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983 (2019 SB 2123) <sup>4</sup>	\$301,000		\$6,000,000	
Reclamation of well sites placed into service on or before July 31, 1983 (2017 HB 1347)	850,500		5,000,000	
Orphaned well plugging and reclamation costs <sup>5</sup>	18,282,000		0	
Brine pond and soil remediation studies (2017 HB 1347)	315,500		0	
Transfer to the environmental quality restoration fund <sup>6</sup>	400,000		400,000	
Pipeline restoration and reclamation oversight program - Agriculture Commissioner (2019 SB 2009; 2021 HB 1009;) <sup>7</sup>	200,000		200,000	
Oil database information technology project (2019 HB 1014)	5,000,000		0	
Miscellaneous <sup>8</sup>	10,000		15,000	
Total estimated expenditures and transfers		25,359,000		11,615,000
Estimated ending balance		\$11,103,180		\$13,208,180

<sup>1</sup>Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

<sup>2</sup>House Bill No. 1014 (2019) decreases the allocation limit related to the fund balance by \$50 million, from \$100 million to \$50 million.

<sup>3</sup>Estimated revenues - The estimated allocations are based on actual oil and gas tax revenue allocations through February 2021 and the 2021 legislative revenue forecast for the remainder of the 2019-21 biennium and for the entire 2021-23 biennium.

<sup>4</sup>Senate Bill No. 2123 (2019) clarifies the fund may be used for the reclamation of saltwater handling facility sites and treating plant sites.

<sup>5</sup>This amount reflects costs for plugging and reclaiming orphaned oil wells which are in addition to the federal coronavirus relief funding authorized by the Emergency Commission and Budget Section during the 2019-20 interim.

<sup>6</sup>For the 2019-21 biennium to date through January 31, 2021, the State Department of Health has not requested any transfers. As amended by Senate Bill No. 2190 (2015), North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

<sup>7</sup>The Legislative Assembly appropriated \$200,000 in Senate Bill No. 2009 (2019). House Bill No. 1009 (2021) includes an appropriation of \$200,000 from the fund for the program.

<sup>8</sup>Miscellaneous expenditures include credit card merchant fees and audit fees.

### **FUND HISTORY**

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. House Bill No. 1358 (2015) expanded the use of the fund allowing up to \$1.5 million per biennium to be spent on the reclamation of well sites placed into service on or before July 31, 1983, and demonstration projects related to reclamation. House Bill No. 1347 (2017), increased the amount available for the expanded uses to \$5 million per biennium. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The Legislative Assembly, in House Bill No. 1333 (2013), established an allocation of 4 percent, up to \$5 million per fiscal year, from 1 percent of the 5 percent oil and gas gross production tax to the fund and limited the allocation based on the fund balance. House Bill No. 1032 (2015) increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit based on the fund balance by \$25 million, from \$75 million to \$100 million. In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease was effective only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the allocation limit based on the fund balance by \$50 million, from \$100 million to \$50 million.

**ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND  
FOR THE 2019-21 AND 2021-23 BIENNIUMS**

	<b>2019-21 Biennium</b>		<b>2021-23 Biennium</b>	
Beginning balance		\$11,446,254		\$12,033,207
Add estimated revenues				
Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties <sup>1</sup>	\$4,000,000		\$2,500,000	
Cash deposit bonds				
Tribal gaming, licensing, and investigation fees	350,000		350,000	
Background checks	30,000		30,000	
Interest on investments <sup>2,3</sup>	36,462		40,000	
Lawsuit proceeds - Salary equity increases <sup>3</sup>	2,577,624			
Lawsuit proceeds - Opioid addiction prevention and treatment program <sup>4</sup>	892,400		1,107,600	
Total estimated revenues		7,886,486		4,027,600
Total available		\$19,332,740		\$16,060,807
Less estimated expenditures and transfers authorized in North Dakota Century Code Section 54-12-18				
Refunds to specifically named consumers (Section 54-12-18(1)) <sup>5</sup>				
Claims against cash deposit bonds (Section 54-12-18(2))				
Refund of cash deposit bond balance (Section 54-12-18(3))				
Consumer Protection and Antitrust Division expenditures (Section 54-12-18(4))	\$2,295,650		\$2,335,000	
Tribal gaming background investigations (Section 54-12-18(5)) <sup>6</sup>	50,000		0	
Tribal gaming licensing expenditures (Section 54-12-18(5)) <sup>6</sup>	58,800		0	
Tribal gaming enforcement expenditures (Section 54-12-18(5)) <sup>6</sup>	850,000		0	
Less other estimated expenditures and transfers <sup>7</sup>				
Bureau of Criminal Investigation (BCI) salaries and operating expenses <sup>8</sup>	640,000		923,227	
State Crime Laboratory operating expenditures <sup>8</sup>	360,560		394,937	
Information technology contractual program maintenance	944,000		950,000	
Information technology operating expenditures	100,500		100,500	
Criminal justice information sharing system improvements (2019 SB 2003) <sup>8,9</sup>	190,000		472,189	
Operating expenses of the Attorney General's office <sup>8</sup>			610,507	
Automated fingerprint identification system replacement project (2019 SB 2003)	158,000			
Attorney salary equity increases (2019 SB 2003) <sup>2</sup>	376,934		376,934	
Medicaid Fraud Control Unit (MFCU) and BCI salary equity increases (2021 HB 1003) <sup>3</sup>			1,249,083	
Criminal history improvement system (2019 SB 2003; 2021 HB 1003) <sup>10</sup>	400,000		400,000	
Opioid addiction prevention and treatment program - Transfer to Department of Human Services (DHS) (2021 HB 1003) <sup>4</sup>			2,000,000	
Total estimated expenditures and transfers		6,424,444		9,812,377
Estimated ending balance <sup>11</sup>		\$12,908,296		\$6,248,430
Restricted fund income				
Reserve relating to attorney salary increases (2019 SB 2003) <sup>2</sup>		875,089		534,617
Reserve relating to MFCU and BCI salary equity increases (2021 HB 1003) <sup>3</sup>				1,328,541
Estimated balance - Unobligated		\$12,033,207		\$4,385,272

<sup>1</sup>The Attorney General has indicated that it is not possible to separately identify refunds, attorney's fees, and civil penalties received, as a court judgement often includes a lump sum amount awarded for the payment of attorney's fees, investigation costs, or payment in lieu of civil penalties.

<sup>2</sup>In April 2019, the Consumer Protection Division of the Attorney General's office received a \$1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund.

In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated \$425,000, of which \$25,000 relates to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. In Section 14 of the bill, the Legislative Assembly provided legislative intent that the Attorney General use up to \$425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of the bill allows the Attorney General to invest up to \$1,215,561 of the settlement proceeds under the supervision of the State Investment Board for the period beginning July 1, 2019, and ending June 30, 2025.

Estimated revenue available for attorney salary equity increases during the 2019-21 biennium totals \$1,252,023, of which \$1,215,561 is from lawsuit settlement proceeds and \$36,462 is from anticipated interest earned from lawsuit proceed investments.

In September 2019, the Attorney General invested \$1.1 million with the State Investment Board. Through January 2021, the Attorney General has provided \$298,406 of salary equity raises to 29 full-time equivalent (FTE) attorney positions. The Attorney General anticipates spending \$376,934 of the \$425,000 appropriation during the 2019-21 biennium, of which approximately \$340,472 will be paid directly from lawsuit settlement proceeds in the fund and approximately \$36,462 will be paid from anticipated interest earned from lawsuit proceed investments. After the expenditure of \$376,934 from lawsuit settlement proceeds during the 2019-21 biennium, \$875,089 remains in the Attorney General refund fund to be used for the cost to continue attorney salary equity increases during the 2021-23 and 2023-25 bienniums.

<sup>3</sup>In January 2021, the Consumer Protection Division of the Attorney General's office received a \$1,160,896 lawsuit settlement from Apple, Inc. regarding Apple's 2016 decision to adjust the speed of consumer iPhones to address unexpected shutdowns in some devices and Apple's concealment of the issue, which led to a software update in December 2016 that reduced iPhone performance. The funding was deposited in the Attorney General refund fund.

The Consumer Protection Division of the Attorney General's office received a \$1,416,728 lawsuit settlement from Boston Scientific Corporation in April 2021, related to a defective surgical mesh medical device that has caused complications in some women who used the device. The funding was deposited in the Attorney General refund fund.

House Bill No. 1003 (2021) includes an appropriation of \$1,249,083 of this funding to the Attorney General for providing salary equity increases during the 2021-23 biennium for 55 FTE BC1 positions and 2 FTE MFCU positions. Section 12 of the bill allows the Attorney General to invest up to \$2,577,624 of funding in the Attorney General refund fund, including the \$1,160,896 of January 2021 settlement proceeds and \$1,416,728 of April 2021 settlement proceeds, under the supervision of the State Investment Board for the period beginning July 1, 2021, and ending June 30, 2025. Section 12 of the bill includes legislative intent that \$2,577,624 in the Attorney General refund fund and any investment earnings on the funding be retained in the Attorney General refund fund for the purpose of providing the salary equity increases provided for in Sections 1 and 11 of the bill and for the cost to continue the salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

<sup>4</sup>In March 2021, the Consumer Protection Division of the Attorney General's office received a \$892,400 lawsuit settlement from McKinsey and Company for an opioid-related lawsuit and anticipates up to \$1,107,600 of additional proceeds may become available during the 2021-23 biennium, resulting in a total of \$2,000,000 from the settlement. Section 5 of House Bill No. 1003 (2021) provides for a \$2,000,000 transfer from opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund to DHS and appropriates the funding to DHS for an opioid addiction prevention and treatment program during the 2021-23 biennium. The department is required to consult with the Attorney General on the use of funding for the program. The Attorney General is required to notify the Legislative Council and Office of Management and Budget of any lawsuit settlement proceeds that become available for transfer to DHS for this program.

<sup>5</sup>The Attorney General has indicated that a court rarely awards refunds to specific consumers, instead awarding refunds to organizations such as the Housing Finance Agency.



<sup>6</sup>House Bill No. 1212, as approved by the 2021 Legislative Assembly, creates a new section to Chapter 53-06.1 and provides all gaming taxes, monetary fines, and interest and penalties are to be deposited in the newly created charitable gaming operating fund and provides the administrative and operating costs of charitable gaming be paid from the fund. Section 13 of House Bill No. 1003 (2021) further amended this section regarding allocations of gaming tax revenues. Adjustments have been made to the Attorney General's budget to remove funding for gaming-related expenditures from the Attorney General refund fund beginning in the 2021-23 biennium.

<sup>7</sup>The other expenditures are not specifically authorized in Section 54-12-18 but are appropriated as part of the Attorney General's biennial appropriation.

<sup>8</sup>House Bill No. 1003 (2021), as approved by the House, removed \$2.12 million from the general fund for salaries and operating expenses in various line items. The Senate amendments to the bill restores \$1.2 million of these items from the Attorney General refund fund, of which \$283,227 is for salaries and wages of a BCI agent and a BCI administrative assistant, \$34,377 is for operating expenses of the State Crime Laboratory, \$271,889 is for operating expenses of the criminal justice information sharing system, and \$610,507 is for other operating expenses of the Attorney General's office, primarily related to information technology-related expenses. See footnote 9 below for additional information.

<sup>9</sup>In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated ongoing funding of \$140,000 from the Attorney General refund fund to the Attorney General for criminal justice information sharing improvements during the 2019-21 biennium. The Attorney General anticipates spending \$190,000 during the 2019-21 biennium, including \$50,000 of other funding available in the fund. In House Bill No. 1003 (2021) \$271,889 was authorized for operating expenses of the criminal justice information sharing system. The Attorney General anticipates spending \$472,189 during the 2021-23 biennium, including \$60,300 of other funding available in the fund.

<sup>10</sup>The criminal history repository replacement project began in the 2011-13 biennium to rewrite the existing criminal history repository system. The criminal history repository replacement project consists of various smaller projects. The Attorney General budgeted \$450,000 on the project during the 2011-13 biennium, \$2,300,000 during the 2013-15 biennium, and \$970,000 during the 2015-17 biennium, totaling \$3,720,000, all from the Attorney General refund fund. Actual project expenditures during the 2015-17 biennium totaled \$1,293,452, of which \$188,608 was for general information technology operating expenditures and \$1,104,844 was from project carryover authority from the 2013-15 biennium. Of the total \$3,720,000 approved for the project since the 2011-13 biennium, actual expenditures through the 2017-19 biennium totaled \$3,400,595. The project has been substantially completed, although upgrades to the criminal history improvement system are periodically requested. The Attorney General anticipates spending an additional \$400,000 during the 2019-21 biennium and an estimated \$400,000 during the 2021-23 biennium, resulting in a total estimated system cost of \$4,200,595.

<sup>11</sup>Section 54-12-18 provides at the end of each biennium, any balance in the Attorney General refund fund in excess of the amount necessary to fulfill the requirements of the fund must be deposited in the general fund. Section 3 of Senate Bill No. 2003 (2019) authorized the Attorney General to retain the June 30, 2019, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, no funding from the Attorney General refund fund was transferred to the general fund at the end of the 2017-19 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2019-21 biennium.

House Bill No. 1003 (2021) authorizes the Attorney General to retain the June 30, 2021, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, is it anticipated that no funding from the Attorney General refund fund will be transferred to the general fund at the end of the 2019-21 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2021-23 biennium. See the **FUND HISTORY** section for additional information on exemptions granted to the Attorney General.

#### **FUND HISTORY**

Section 54-12-18, created by House Bill No. 1141 (1989), establishes the Attorney General refund fund. The section was amended by the 1991, 1993, 1999, and 2001 Legislative Assemblies and currently provides when the Attorney General's Consumer Protection Division recovers funding for cases involving the violation of consumer fraud laws, the Attorney General is required to deposit the funding in the Attorney General refund fund. Funding recovered by the Consumer Protection Division for the following costs must also be deposited in the fund:

1. Refunds related to Consumer Protection Division expenditures, attorney's fees, and civil penalties regarding consumer protection or antitrust matters;
2. Cash deposit bonds paid by applicants for a transient merchant's license when surety bonds are not provided; and

3. Funds and fees collected by the gaming section for licensing tribal gaming and the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming.

Funding in the Attorney General refund fund is appropriated to the Attorney General on a continuing basis for the following purposes:

1. Provide refunds from funds recovered by the Consumer Protection Division to specifically named consumers;
2. Pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. Refund the balance of any cash deposit bond remaining after the payment of valid claims. Refunds will be issued 2 years after the expiration of the transient merchant's license;
4. Pay expenditures, attorney's fees, and salaries incurred in the operation of the Consumer Protection Division; and
5. Pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each biennium, any money in the fund in excess of the amounts required for numbers 1, 2, 3, and 5 above must be deposited in the general fund. The Attorney General and director of the Office of Management and Budget are required to establish accounting procedures for the Attorney General refund fund.

Since the 2001 legislative session, each Legislative Assembly has provided the Attorney General with an exemption to allow unexpended funds from the Attorney General refund fund to continue to be spent in each subsequent biennium. The following table provides information regarding these exemptions:

Biennium	Bill No.	Section	Exemption Limitation <sup>1</sup>
2001-03	1003	8	\$100,000
2003-05	2003	4	No limitation specified
2005-07	1003	11	No limitation specified
2007-09	2003	15	No limitation specified
2009-11	1003	13	No limitation specified
2011-13	2003	9	No limitation specified
2013-15	1003	3	No limitation specified
2015-17	2003	4	No limitation specified
2017-19	1003	16	No limitation specified
2019-21	2003	3	No limitation specified
2021-23	1003	18	No limitation specified

<sup>1</sup>Section 8 of House Bill No. 1003 (2001) allowed the Attorney General to continue up to \$100,000 of unexpended funds from the Attorney General refund fund to be spent during the 2001-03 biennium while any remaining amount in excess of \$100,000 was required to be returned to the general fund at the end of the 1999-2001 biennium. Exemptions granted in subsequent bienniums have not been limited to a specific dollar amount, allowing the Attorney General to continue using the full balance of the Attorney General refund fund each biennium.

## ANALYSIS OF THE BEGINNING FARMER REVOLVING LOAN FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium <sup>1</sup>		2021-23 Biennium <sup>1</sup>	
Beginning cash balance		\$5,944,481		\$5,183,381
Add estimated revenues				
Transfers of Bank of North Dakota profits (2019 HB 1014; 2021 SB 2014)	\$6,000,000		\$8,000,000	
Transfers from partnership in assisting community expansion (PACE) funds <sup>2</sup>	0		0	
Recoveries from loans previously written-off	0		0	
Investment interest	20,900		13,200	
Total estimated revenues		6,020,900		8,013,200
Total estimated available		\$11,965,381		\$13,196,581
Less estimated expenditures and transfers				
Interest rate buydowns	\$6,700,000		\$8,000,000	
Transfers to PACE funds <sup>2</sup>	70,000		0	
Transfers to the value-added agriculture equity loan program <sup>3</sup>	0		0	
Public Service Commission rail rate complaint case (2019 SB 2008; 2021 HB 1008) <sup>4</sup>	0		0	
Intermodal container transportation (2019 HB 1018) <sup>5</sup>	0		0	
Administrative expenses including audit fees	12,000		13,000	
Total estimated expenditures and transfers		6,782,000		8,013,000
Estimated ending cash balance		<u>\$5,183,381</u>		<u>\$5,183,581</u>

<sup>1</sup>The beginning and ending cash balances do not include the value of the outstanding loans because the loans are reflected on the Bank of North Dakota's balance sheet.

<sup>2</sup>North Dakota Century Code Sections 6-09.13-04 and 6-09-15.5 authorize the Bank of North Dakota to transfer any unobligated funds that have been appropriated for interest rate buydowns between the beginning farmer revolving loan fund, the Ag PACE fund and other PACE funds. The Bank transferred \$70,000 for the 2019-21 biennium through March 2020. No other transfers are anticipated for the 2019-21 and 2021-23 bienniums.

<sup>3</sup>Section 6-09-15.5 authorizes the Bank of North Dakota to transfer up to \$1 million per biennium of unobligated funds from the beginning farmer revolving loan fund to the value-added agriculture equity loan program. No transfers are anticipated for the 2019-21 and 2021-23 bienniums.

<sup>4</sup>Senate Bill No. 1009 (2019) and Senate Bill No. 1009 (2021) authorize transfers of up to \$900,000 from the beginning farmer revolving loan fund to the Public Service Commission to pay for costs associated with a rail rate complaint case. Any amounts spent by the Public Service Commission must be reimbursed to the beginning farmer revolving loan fund using the amounts available from damages or proceeds received, net of legal fees, from a successful outcome of a rail rate complaint case. No transfers are anticipated during the 2019-21 and 2021-23 bienniums.

<sup>5</sup>House Bill No. 1018 (2019) provides up to \$1.3 million from the beginning farmer revolving loan fund to the Department of Commerce to pay intermodal container transportation shipping fees if the containers are unable to be shipped resulting in fees to transport the containers to new locations. No transfers are anticipated during the 2019-21 biennium.

### FUND HISTORY

The beginning farmer revolving loan fund was established in Senate Bill No. 2220 (1983) and is maintained to provide interest rate buydowns on loans to beginning farmers for the first purchase of farm real estate or chattels. The beginning farmer revolving loan fund is administered by the Bank of North Dakota pursuant to Section 6-09-15.5.

# ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$666,415,898		\$748,943,600
Add estimated revenues				
Investment income	\$26,500,000 <sup>1</sup>		\$30,000,000 <sup>1</sup>	
Oil and gas tax collections	48,431,258 <sup>2</sup>		0 <sup>2</sup>	
Transfer from general fund	7,596,444 <sup>3</sup>		0	
Total estimated revenues		82,527,702		30,000,000
Total available		\$748,943,600		\$778,943,600
Less estimated expenditures and transfers				
Transfer to general fund	\$0		\$30,000,000 <sup>1</sup>	
Total estimated expenditures and transfers		0		30,000,000
Estimated ending balance		\$748,943,600		\$748,943,600

<sup>1</sup>Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. The fund is estimated to be at its maximum amount during the 2021-23 biennium; therefore, interest earnings will be transferred to the general fund at the end of each fiscal year.

<sup>2</sup>Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million amount is not anticipated to be deposited into the fund during the 2019-21 biennium due to the fund reaching its fund limit. No oil tax collections are anticipated to be deposited into the fund during the 2021-23 biennium due to the fund being at its maximum balance.

<sup>3</sup>Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The 2021-23 biennium general fund appropriations approved by the 2021 Legislative Assembly total \$4,992,957,330; therefore, the 15 percent maximum budget stabilization fund balance is \$748,943,600 for the 2021-23 biennium.

### FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in House Bill No. 1596 (1987). Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides the Governor may order a transfer from the budget stabilization fund to the general fund if the director of the Office of Management and Budget projects a general fund revenue shortfall. The section originally limited the transfer to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the director of the budget.

## ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS<sup>1</sup>

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$6,548,609		\$3,194,632
Add revenues				
Investment income	\$260,652		\$116,249	
Rentals, royalties, and bonuses	2,075,617		1,770,000	
Total revenues		2,336,269		1,886,249
Total available		\$8,884,878		\$5,080,881
Less expenditures and transfers				
Administrative expenses	\$78,449		\$75,000	
Income payments to counties <sup>2</sup>	6,797		6,700	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02) <sup>3</sup>	250,000		250,000	
Capitol Grounds Planning Commission operating expenses (2019 SB 2015; 2021 HB 1015)	25,000		25,000	
Facility Management Projects (2021 HB 1015)			518,800	
Facility Management Extraordinary Repairs (2019 SB 2015; 2021 HB 1015)	1,900,000		500,000	
Facility consolidation study (2021 HB 1015)			350,000	
Legislative Assembly digital signage and voting system upgrades (2019 HB 1001)	140,000		0	
Judicial branch Supreme Court law library space remodel (2019 HB 1002)	970,000		0	
Special Assessments (2019 SB 2015; 2021 HB 1015)	320,000		300,000	
Interior and exterior signs (2021 HB 1015)			500,000	
Accessibility improvements (2021 SB 2146)			750,000	
Accessibility compliance consultant (2021 HB 1012)			25,000	
Capitol South Entrance Project (2019 SB 2015)	2,000,000		0	
Total expenditures and transfers		5,690,246		3,300,500
Ending balance		<u>\$3,194,632</u>		<u>\$1,780,381</u>

<sup>1</sup>The analysis reflects the legislative appropriations for the 2019-21 and 2021-23 bienniums and does not include the land owned by the fund.

<sup>2</sup>Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

<sup>3</sup>Section 20 of Senate Bill No. 2015 (2019) amended Section 48-10-02 to increase a continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 per biennium to \$250,000 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 1<sup>st</sup> day of the biennium.

### **FUND HISTORY**

The Capitol building fund was established at the time of statehood by the Enabling Act of 1889. Section 12 of the Enabling Act provided 32,000 acres to North Dakota upon statehood to be sold and the proceeds used to finance the construction of buildings for legislative, executive, and judicial use. The proceeds from the sale make up the Capitol building fund along with any investment proceeds from that fund.

In 1957 Congress amended Section 12 of the Enabling Act to expand the fund's use for construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the Capitol.

In Senate Bill No. 388 (1967) the Legislative Assembly created Section 48-10-02 to provide that all money, properties and income from the fund, unless otherwise appropriated, are dedicated and reserved for the exclusive purpose of the construction of an addition to the legislative wing. The Capitol Grounds Planning Commission is to take steps to accumulate and conserve the money and property in the Capitol building fund for this purpose.

In House Bill No. 1117 (1979) the Legislative Assembly amended Section 48-10-02 to provide that the Board of University and School Lands invest and manage the fund on behalf of the Capitol Grounds Planning Commission. The section was further amended to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income from the Capitol building fund not to exceed 50 percent of the unencumbered balance. Expenditures made under the continuing appropriation may be made after consideration of the Capitol grounds master plan for projects or planning but may not exceed \$50,000 per biennium. Expenditures may be made only upon approval by two-thirds of the total membership of the commission. The Legislative Assembly in Senate Bill No. 2090 (2007) increased the continuing appropriation to the Capitol Grounds Planning Commission limit from \$50,000 to \$100,000.

In House Bill No. 1015 (2013) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$100,000 to \$175,000 per biennium beginning with the 2013-15 biennium.

In Senate Bill No. 2015 (2019) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from \$175,000 to \$250,000 per biennium.

## ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium <sup>1</sup>		2021-23 Biennium <sup>1</sup>	
Beginning balance		\$83,795		\$8,678
Add estimated revenues				
Investment income <sup>2</sup>	\$709,648		\$649,500	
School construction loan income <sup>2</sup>	1,201,240		1,162,500	
Total estimated revenues		1,910,888		1,812,000
Total estimated available		\$1,994,683		\$1,820,678
Less estimated expenditures and transfers				
Investment expense	\$47,176		\$25,980	
Administrative expenses	8,861		10,000	
Transfer to the general fund <sup>2</sup>	1,929,968		1,780,000	
Total estimated expenditures and transfers		1,986,005		1,815,980
Estimated ending balance		\$8,678		\$4,698

<sup>1</sup>The beginning and ending balances do not include the value of permanent assets of the coal development trust fund, which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota. As of December 31, 2020, the total value of permanent fund assets was \$70.75 million, of which \$38.91 million was school construction loans receivable, \$10.16 million was coal impact loans receivable, and \$21.68 million was either cash or short-term investments.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs.

<sup>2</sup>Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the general fund. The amounts shown on this analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

In Senate Bill No. 2039 (2015), the Legislative Assembly created a new school construction assistance loan fund and identified the income from the coal development trust fund as income to the new fund. However, the income from the coal development trust fund will not be transferred to the school construction assistance loan fund because Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota require the income to be transferred to the general fund. The provisions to continue to transfer the income to the general fund are included in Senate Bill Nos. 2101 and 2272 (2017).

### FUND HISTORY

The coal development trust fund originated with the passage of House Bill No. 1257 (1979), now codified as various sections of Chapter 57-62. In 1980 the voters of North Dakota approved Constitutional Measure No. 5, Section 21 of Article X of the Constitution of North Dakota, and establishing the coal development trust fund as a constitutional trust fund.



Section 57-62-02 provides 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts, and for loans to school districts for school construction. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$50 million. Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (9 percent of total coal severance taxes collected) remains in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

## ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

### ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2021-23 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	\$400,689,879	\$23,200,000	13.57%
	1999	\$444,823,559	\$23,200,000	7.50%
1999-2001	2000	\$467,059,293	\$23,775,000	11.05%
	2001	\$521,509,978	\$23,775,000	2.03%
2001-03	2002	\$533,360,593	\$28,896,500	(1.34%)
	2003	\$522,905,814	\$28,896,500	4.57%
2003-05	2004	\$547,047,877	\$30,000,000	12.60%
	2005	\$614,738,548	\$30,000,000	8.58%
2005-07	2006	\$686,273,875	\$31,100,000	7.51%
	2007	\$761,901,287	\$31,100,000	12.82%
2007-09	2008	\$887,092,909	\$33,400,000	(4.22%)
	2009	\$908,928,685	\$33,400,000	(13.75%)
2009-11	2010	\$846,314,086	\$38,589,000	14.48%
	2011	\$1,221,501,801	\$38,589,000	17.99%
2011-13	2012	\$1,622,412,984	\$46,257,000	2.42%
	2013	\$1,917,135,220	\$46,257,000	10.65%
2013-15	2014	\$2,417,363,782	\$65,163,000	13.85%
	2015	\$3,128,315,233	\$65,163,000	.50%
2015-17	2016	\$3,437,988,002	\$103,067,000	(0.63%)
	2017	\$3,512,355,582	\$103,067,000	9.50%
2017-19	2018	\$3,940,114,988	\$144,132,000	6.50%
	2019	\$4,318,989,728	\$144,132,000	3.87%
2019-21 <sup>1</sup>	2020	\$4,651,515,837	\$183,378,000	(1.87%)
	2021	\$4,819,013,877	\$183,378,000	<sup>2</sup>
2021-23 <sup>3</sup>	2022	<sup>2</sup>	\$210,510,000	<sup>2</sup>
	2023	<sup>2</sup>	\$210,510,000	<sup>2</sup>

<sup>1</sup>The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66<sup>th</sup> Legislative Assembly by at least \$64,370,000, the State Treasurer must immediately transfer \$64,370,000 from the general fund to the common schools trust fund, for the biennium beginning July 1, 2019, and ending June 30, 2021. Based on projections of the 67<sup>th</sup> Legislative Assembly, it is anticipated \$64,370,000 will be transferred from the general fund to the common schools trust fund at the end of the 2019-21 biennium.

<sup>2</sup>Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$5,283,676,375 as of February 28, 2021.**

<sup>3</sup>Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flaring mitigation system; however, the fiscal impact of the credit on common schools trust fund deposits cannot be determined based on the fiscal note.

## **MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND**

### **Select Constitutional Provisions**

#### **Article IX, Section 1**

This section provides the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. Measure No. 1 (2006), approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

#### **Article IX, Section 5**

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals, but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

#### **Article X, Section 24**

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

## Select North Dakota Century Code Provisions

### Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

### Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

Until July 1, 2017, 45 percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the Master Settlement Agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled \$189,745,840. The following is a summary of actual transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement.

Biennium	Total Transfers
1999-2001	\$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	\$189,745,840

## DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND Select Constitutional Provisions

### Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

### Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The

measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.

- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

### **Select North Dakota Century Code Provisions**

#### **Section 15-01-02**

This section provides the Board of University and School Lands has full control of:

- The selection, appraisalment, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

### **INVESTMENT OF THE COMMON SCHOOLS TRUST FUND**

Section 15-03-04 provides the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

## ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$19,858,323		\$25,805,047
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	\$44,093,129 <sup>1</sup>		\$0	
Projected transfers from the tobacco settlement trust fund	0 <sup>2</sup>		36,000,000 <sup>2</sup>	
Projected transfer from the tobacco prevention and control trust fund (2021 SB 2004)			2,041,716 <sup>2</sup>	
Total estimated revenues		44,093,129 <sup>2</sup>		38,041,716 <sup>2</sup>
Total available		\$63,951,452		\$63,846,763
Less estimated expenditures and adjustments				
State Department of Health (2019 HB 1004; 2021 SB 2004)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	\$6,500,000 <sup>3</sup>		\$6,250,000 <sup>3</sup>	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	3,200,000 <sup>4</sup>		5,043,000 <sup>4</sup>	
Women's Way program	322,405		329,500	
Behavioral Risk Factor State Survey	200,000		200,000	
Dentists' loan repayment program	324,000 <sup>5</sup>		360,000 <sup>5</sup>	
Behavioral health loan repayment program	200,000 <sup>6</sup>		234,500 <sup>6</sup>	
Cancer programs			580,324 <sup>7</sup>	
Domestic violence prevention			300,000 <sup>7</sup>	
Local public health state aid			525,000 <sup>7</sup>	
Forensic examiner contract			1,000,000 <sup>8</sup>	
One-time funding for a statewide health strategies initiative			1,500,000 <sup>8</sup>	
One-time local public health pandemic response grants			4,515,296 <sup>9</sup>	
Department of Human Services - Medical Services Division (2019 SB 2012; 2021 HB 1012)	27,400,000		31,500,000	
Total estimated expenditures and adjustments		38,146,405		52,337,620
Estimated ending balance		\$25,805,047		\$11,509,143

<sup>1</sup>Through April 2021 the state has received tobacco settlement payments totaling \$43,937,843 for the 2019-21 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund for the 2019-21 biennium. In addition, the community health trust fund received a transfer of \$155,286 from the tobacco settlement trust fund related to funding returned to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2017-19 biennium. Total transfers of \$126,976,973, including funding returned by the Attorney General, have been made from the tobacco settlement trust fund to the community health trust fund.

<sup>2</sup>Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues have been estimated based on actual revenues received through April 2021 and legislative estimates for the remainder of the 2019-21 biennium and for the 2021-23 biennium. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund

from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the tobacco settlement trust fund must be transferred within 30 days of receipt to the community health trust fund. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017, 2019, and 2021 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	\$36.4 million	N/A	\$16.4 million	\$16.4 million	\$3.6 million
Actual payment April 2009	39.2 million	\$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million <sup>1</sup>	22.9 million	18.2 million	18.2 million	4.0 million
Actual payments 2017-19 biennium	74.1 million <sup>1</sup>	N/A	0	33.3 million	40.7 million
Estimated 2019-21 biennium	43.9 million	N/A	0	0	44.1 million <sup>2</sup>
Estimated 2021-23 biennium	36.0 million	N/A	0	0	38.0 million <sup>3</sup>
Estimated 2023-25 biennium	52.5 million	N/A	0	0	52.5 million
<b>Total</b>	<b>\$537.2 million</b>	<b>\$105.7 million</b>	<b>\$101.2 million</b>	<b>\$134.5 million</b>	<b>\$197.7 million</b>

<sup>1</sup>This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement, net of unspent funds returned by the Attorney General.

<sup>2</sup>This amount includes unspent funding returned to the tobacco settlement trust fund by the Attorney General.

<sup>3</sup>This amount includes a \$2,041,716 transfer from the tobacco prevention and control trust fund.

<sup>3</sup>In 2019 the Legislative Assembly provided \$6.5 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2019-21 biennium. The Legislative Assembly, in Senate Bill No. 2004 (2021), provided a total of \$6.25 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2021-23 biennium.

<sup>4</sup>Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. In 2019 the Legislative Assembly appropriated \$3.2 million from the community health trust fund for tobacco prevention and control programs during the 2019-21 biennium. The Legislative Assembly, in Senate Bill No. 2004 (2021), appropriated \$5,043,000 from the community health trust fund for tobacco prevention and control programs including \$2,833,504 for operating expenses and \$2,209,496 for other grants, including cessation.

<sup>5</sup>In 2019 the Legislative Assembly provided a total of \$740,000 for the dental loan repayment program, of which \$324,000 is from the community health trust fund and \$416,000 is from the general fund. The Legislative Assembly, in Senate Bill No. 2004 (2021), approved a total of \$540,000 for the dental loan repayment program, of which \$360,000 is from the community health trust fund and \$180,000 is from the general fund.

<sup>6</sup>In 2019 the Legislative Assembly provided a total of \$364,000 for the behavioral health loan repayment program, of which \$200,000 is from the community health trust fund and \$164,000 is from the general fund. The Legislative Assembly, in Senate Bill No. 2004 (2021), approved a total of \$392,125 for the behavioral health loan repayment program, of which \$234,500 is from the community health trust fund and \$157,625 is from the general fund.

<sup>7</sup>In 2019 the Legislative Assembly changed the funding source for cancer programs and domestic violence offender treatment grants to the tobacco prevention and control trust fund. A total of \$880,324 was provided from the tobacco prevention and control trust fund for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000) during the 2019-21 biennium. In addition, the Legislative Assembly provided a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the tobacco prevention and control trust fund, for state aid grants to local public health units during the 2019-21 biennium. The Legislative Assembly, in Senate Bill No. 2004 (2021), changed the funding source for cancer programs (\$580,324) and domestic violence offender

treatment grants (\$300,000) from the tobacco prevention and control trust fund to the community health trust fund. In addition, Senate Bill No. 2004 (2021) provides \$5,250,000 for local public health unit state aid grants, of which \$4,725,000 is from the general fund and \$525,000 is from the community health trust fund.

<sup>8</sup>In Senate Bill No. 2004 (2021), the Legislative Assembly added funding from the community health trust fund to increase the State Department of Health's forensic examiner contract with the School of Medicine and Health Sciences (\$1 million) and to provide one-time funding (\$1.5 million) for a statewide health strategies initiative totaling \$3 million. The Legislative Assembly also provided the one-time funding from the community health trust fund for the statewide health strategies initiative is contingent on the State Department of Health securing \$1.5 million in dollar-for-dollar matching funds.

<sup>9</sup>In Senate Bill No. 2004 (2021), the Legislative Assembly included one-time funding for local public health pandemic response grants totaling \$10,000,000, of which \$5,484,704 is from federal funds and \$4,515,296 is from the community health trust fund. The Legislative Assembly also provided legislative intent that the State Department of Health use federal Coronavirus (COVID-19) funds or other available funds for defraying expenses related to local public health pandemic response grants before accessing the funding appropriated from the community health trust fund.

### **FUND HISTORY**

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.



**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE  
2015-17, 2017-19, 2019-21, AND 2021-23 BIENNIUMS**

	2015-17 Biennium Actual		2017-19 Biennium Actual		2019-21 Biennium Estimated		2021-23 Biennium Estimated	
Beginning balance		\$75,867,942		\$36,687,549		\$21,987,295		\$14,573,266
Add revenues								
Interest income	\$50,723		\$73,130		\$65,000		\$65,000	
Miscellaneous reimbursements	2,716,118		698,534		75,000		75,000	
Oil and gas tax collections	3,482,364 <sup>1</sup>		0 <sup>9</sup>		0 <sup>12</sup>		18,187,906 <sup>16</sup>	
Total revenues		6,249,205		771,664		140,000		18,327,906
Total available		\$82,117,147		\$37,459,213		\$22,127,295		\$32,901,172
Less estimated expenditures								
2009 flooding	\$247,214 <sup>4</sup>		\$57,462 <sup>10</sup>					
2010 flooding	269,007 <sup>4</sup>		1,199,702 <sup>10</sup>					
April 2010 ice storm	102,560 <sup>4</sup>							
2011 flooding	6,366,153 <sup>4</sup>		2,923,747 <sup>10</sup>		\$2,360,435 <sup>13</sup>			
2011 ice storm	925 <sup>4</sup>							
Disaster response coordination contract	200,000 <sup>2</sup>							
State disasters and flood mitigation efforts (road grade raising projects)	2,562 <sup>4</sup>		18,620 <sup>10</sup>					
Flood-impacted housing assistance grant program	1,088,468 <sup>4</sup>							
Disaster recovery planning and technical services	34,810 <sup>3</sup>							
Fargo interior flood protection	30,000,000 <sup>5</sup>							
Chronic flooding relief	2,000,000 <sup>6</sup>							
2013 Red River Valley flood	589,741 <sup>4</sup>		912,450 <sup>10</sup>					
2013 winter storm	59,539 <sup>4</sup>		628,258 <sup>10</sup>		113 <sup>13</sup>			
2014 rain storms	84,122 <sup>4</sup>		72,201 <sup>10</sup>		100,126 <sup>13</sup>			
2017 flooding					357,983 <sup>13</sup>		\$99,163 <sup>17</sup>	
Federal Emergency Management Agency (FEMA) mitigation programs					654,832 <sup>13</sup>		847,411 <sup>17</sup>	
Double Ditch Historic Site repairs	384,497 <sup>7</sup>		1,694,478 <sup>7</sup>					
Bismarck area flood protection	4,000,000 <sup>8</sup>							
Dickey County FEMA repayment					200,000 <sup>13</sup>			

Non-oil-producing township road maintenance and improvement		7,965,000 <sup>11</sup>		8,200,000 <sup>11</sup>	
Emergency township road repairs				750,000 <sup>18</sup>	
Dakota Access Pipeline law enforcement			750,000 <sup>14</sup>		
2019 flooding			1,829,780 <sup>14</sup>	2,132,578 <sup>17</sup>	
2020 flooding			1,300,760 <sup>14</sup>	872,020 <sup>17</sup>	
Total estimated expenditures and transfers	45,429,598	15,471,918		7,554,029 <sup>15</sup>	12,901,172
Estimated ending balance	<u>\$36,687,549</u>	<u>\$21,987,295</u>		<u>\$14,573,266</u>	<u>\$20,000,000</u>

<sup>1</sup>This amount reflects actual oil tax revenue allocations for the 2015-17 biennium. House Bill No. 1377 (2015) amended North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$700 million is deposited in the general fund, tax relief fund, and strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and
- Any additional revenues:
  - 70 percent into the strategic investment and improvements fund; and
  - 30 percent into the political subdivision allocation fund.

<sup>2</sup>Senate Bill No. 2016 (2015) provided a \$200,000 appropriation from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters.

<sup>3</sup>Senate Bill No. 2016 (2015) appropriated \$1 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery.

<sup>4</sup>Section 1 of Senate Bill No. 2016 (2015) included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

<sup>5</sup>Section 11 of Senate Bill No. 2020 (2015) appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

<sup>6</sup>Section 3 of Senate Bill No. 2016 (2015) appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

<sup>7</sup>Section 5 of Senate Bill No. 2018 (2015) appropriates \$2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of House Bill No. 1018 (2017) appropriates \$500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

<sup>8</sup>Section 15 of Senate Bill No. 2020 (2015) appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln Township's Fox Island area (\$2.8 million).

<sup>9</sup>This amount reflects actual oil tax revenue allocations for the 2017-19 biennium. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$775 million is deposited in the general fund, tax relief fund, budget stabilization fund, strategic investment and improvements fund, and lignite research fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

<sup>10</sup>Section 1 of House Bill No. 1016 (2017) includes spending authority of \$8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of House Bill No. 1016 (2017) includes carryover authority for amounts related to disaster costs for road grade raising projects. The amount of carryover was estimated to be approximately \$100,000.

<sup>11</sup>Section 4 of Senate Bill No. 2016 (2019) provided a 2017-19 biennium appropriation of \$8.1 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges. Section 4 of House Bill No. 1015 (2021) provides a 2021-23 biennium appropriation of \$8.2 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges.

<sup>12</sup>This amount reflects estimated oil tax revenue allocations for the 2019-21 biennium based on the 2021 legislative revenue forecast. House Bill No. 1066 (2019) and Senate Bill No. 2016 (2019) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$15 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$15 million.

<sup>13</sup>Section 1 of Senate Bill No. 2016 (2019) includes spending authority of \$7.1 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium.

<sup>14</sup>Section 1 of House Bill No. 1025 (2021) includes a deficiency appropriation of \$3,880,540 from the state disaster relief fund, including \$3,130,540 for expenses related to flooding in the spring of 2019, fall of 2019, and spring of 2020, and \$750,000 to repay loan interest relating to Dakota Access Pipeline law enforcement response costs.

<sup>15</sup>This amount is an estimate based on actual expenditures through March 31, 2021, and agency estimated expenditures through June 30, 2021.

<sup>16</sup>This amount reflects estimated oil tax revenue allocations for the 2021-23 biennium based on the 2021 legislative revenue forecast. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million.

<sup>17</sup>Section 1 of House Bill No. 1016 (2021) includes spending authority of \$4 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2021-23 biennium.

<sup>18</sup>Section 4 of Senate Bill No. 2012 (2021) provides a 2021-23 biennium appropriation of \$750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships for emergency township road repairs.

### FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In Senate Bill No. 2369 (2011), the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. In Senate Bill No. 2292 (2013), the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 6 of Senate Bill No. 2055 (2019) further amends Section 37-17.1-27 to allow the fund to be used for the state share of FEMA disaster response, recovery, and mitigation grants, to remove the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

## ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance <sup>1</sup>		\$2,418,517		\$2,042,200
Add estimated revenues				
Funds from health information network participants	\$1,225,442		\$1,400,000	
Funds from the Department of Human Services (DHS) <sup>2</sup>	13,029,055		0	
eHealth Summit	0		11,500	
Transfer - Health information technology planning loan fund (2021 SB 2021) <sup>3</sup>	0		6,000,000	
Total estimated revenues		14,254,497		7,411,500
Total available		\$16,673,014		\$9,453,700
Less estimated expenditures and transfers				
Statewide health information technology and exchange network <sup>2,3</sup>	\$14,630,814		\$8,153,866	
Total estimated expenditures and transfers		14,630,814		8,153,866
Estimated ending balance		<u>\$2,042,200</u>		<u>\$1,299,834</u>

<sup>1</sup>Section 8 of Senate Bill No. 2332 (2009) provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the director of the Health Information Technology Office, up to \$8 million from the Bank of North Dakota's profits to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds.

Section 6 of House Bill No. 1021 (2011) amended Section 8 of Senate Bill No. 2332 (2009) to provide the Industrial Commission transfer, during the 2009-11 or 2011-13 biennium, up to \$8 million from the Bank of North Dakota's profits to the information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange. During the 2009-11 biennium, \$500,000 was transferred to the electronic health information exchange fund, and during the 2011-13 biennium, \$7.5 million was transferred to the electronic health information exchange fund.

<sup>2</sup>Section 2 of Senate Bill No. 2021 (2017) provided a special funds appropriation of \$43,555,133 to the Information Technology Department for a project to expand the North Dakota health information network. The purpose of the funding is to enhance the overall functionality of the North Dakota health information network by providing comprehensive interoperability between all Medicaid providers throughout the state. The project will allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Human Services anticipated receiving federal Medicaid funding of \$40.8 million for the project, which was included in House Bill No. 1012 (2017) and was to be provided to payers, providers, and existing state health information network. Funds were expected to be used through the 2021-23 biennium; however, due to funding changes made by the federal government, DHS and the Information Technology Department do not anticipate receiving the entire amount for the project.

The Information Technology Department received \$125,100 during the 2015-17 biennium from DHS for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study for the North Dakota health information network. The Information Technology Department received \$6,333,134 in the 2017-19 biennium and anticipates receiving \$13,029,055 in the 2019-21 biennium from DHS for the network. Expenditures for the network totaled \$2,193,908 during the 2015-17 biennium and \$7,929,767 during the 2017-19 biennium. The Information Technology Department anticipates total expenditures for the North Dakota health information network of \$14,630,814 during the 2019-21 biennium and \$8,153,866 during the 2021-23 biennium for a total of \$32,908,355. It is unknown how much funding will be available from the federal government for the project during the 2023-25 biennium.

<sup>3</sup>Senate Bill No. 2021 (2021) provides for a transfer of \$6 million, as requested by the chief information officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health

information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

#### **FUND HISTORY**

North Dakota Century Code Section 54-59-27 (Senate Bill No. 2332 (2009)) establishes the electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee.

## ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$3,655,681		\$3,490,382
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 4.1-34-03) <sup>1</sup>	\$4,900,000		\$4,900,000	
Weed seed-free forage (Section 4.1-14-04) <sup>2</sup>	38,000		38,000	
Fertilizer registration, inspection, and tonnage fees (Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07) <sup>3,4</sup>	1,350,000		1,400,000	
Commercial feed registration, inspection, and tonnage fees (Section 4.1-41-19) <sup>5</sup>	727,500		727,500	
Total estimated revenues		7,015,500		7,065,500
Total available		\$10,671,181		\$10,555,882
Less estimated expenditures and transfers				
Agriculture Commissioner (2019 SB 2009; 2021 HB 1009)				
Administrative Services Division	\$333,953		\$333,953	
Business, Marketing, and Information Division	325,947		325,947	
Wildlife Services program	433,800		433,800	
Animal Health Division (State Veterinarian)	108,666		108,666	
Plant Industries Division	1,458,934		1,762,163	
Emergency feed operation loan repayment <sup>6</sup>	253,229			
Pesticide and Fertilizer Division	3,279,018		3,522,614	
Grain Inspection and Feed Division	337,252		337,252	
Crop Protection Product Harmonization and Registration Board (2019 SB 2009; 2021 HB 1009)				
Crop protection product registration, labeling, and grants <sup>7</sup>	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
Department of Environmental Quality (2019 HB 1024; 2021 SB 2024)				
Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Total estimated expenditures and transfers		7,180,799		7,474,395
Estimated ending balance		<u>\$3,490,382</u>		<u>\$3,081,487</u>

<sup>1</sup>The Legislative Assembly approved Senate Bill No. 2009 (1999), which amended Section 19-18-04, increased the biennial pesticide registration fee by \$50, from \$300 to \$350. House Bill No. 1009 (2009) further amended Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. In Senate Bill No. 2027 (2017), Section 19-18-04 was repealed and rewritten as Section 4.1-34-03 as part of the rewrite of agriculture statutes.

<sup>2</sup>Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. Section 4.1-14-04 provides the Agriculture Commissioner a continuing appropriation to certify forage acreage using fees charged for certifications. The Agriculture Commissioner may set and charge the fees. All weed seed-free forage fee revenue must be deposited in the environment and rangeland protection fund.

<sup>3</sup>House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that provided for the deposit of certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

<sup>4</sup>Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund. In Senate Bill No. 2017 (2017), Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 were rewritten as Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07, respectively.

<sup>5</sup>Section 4.1-41-19 provides for the deposit of the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

<sup>6</sup>In December 2019, the Emergency Commission authorized the Adjutant General to borrow \$250,000 from the Bank of North Dakota, which was then provided to the Agriculture Commissioner to administer an emergency feed transportation assistance program to reimburse a portion of transportation costs to livestock producers that lost feed supplies or lost access to feed supplies due to excessive rain, snow, and flooding which resulted in the purchase of supplemental livestock feed between September 30, 2019, and December 31, 2019. The Agriculture Commissioner reviewed 119 applications and approved 116 applications. The entire \$250,000 was distributed to eligible applicants in March 2020. The Agriculture Commissioner repaid the loan in December 2020, using funding from the environment and rangeland protection fund, which included \$3,229 of interest for a total repayment of \$253,229.

<sup>7</sup>Section 4-35-30, as created by House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. In Senate Bill No. 2027 (2017), Section 4-35-30 was rewritten as Section 4.1-39-02. The duties of the board relate to crop protection product labeling and registration. In Senate Bill No. 2009 (2019), the Legislative Assembly appropriated \$75,000 from the fund for the board for the 2019-21 biennium. House Bill No. 1009 (2021) appropriates \$75,000 from the fund for the board for the 2021-23 biennium.

#### **FUND HISTORY**

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), established the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to Section 19-18-04, as amended by House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

In Senate Bill No. 2027 (2017), Sections 19-18-02.1 and 19-18-04 were repealed and rewritten as Sections 4.1-39-07 and 4.1-34-03, respectively, as part of the rewrite of agriculture statutes.

## ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$422,117,621		\$382,087,621
Add estimated revenues				
Oil extraction tax allocations	\$149,970,000 <sup>1</sup>		\$158,690,000 <sup>1</sup>	
Total estimated revenues		149,970,000 <sup>2</sup>		158,690,000 <sup>2</sup>
Total available		\$572,087,621		\$540,777,621
Less estimated expenditures and transfers				
Department of Public Instruction - State school aid (2019 SB 2013; 2021 HB 1013)	\$110,000,000		\$143,454,500 <sup>3</sup>	
Department of Public Instruction - One-time funding to rewrite the state automated reporting system application (2019 SB 2013)	1,200,000 <sup>3</sup>			
Department of Public Instruction - One-time funding for rapid enrollment grants (2019 SB 2265)	3,000,000 <sup>3</sup>			
Department of Public Instruction - One-time funding for music education grants (2019 SB 2265)	800,000 <sup>3</sup>			
Transfer to the school construction assistance revolving loan fund (2019 SB 2214)	75,000,000 <sup>3</sup>			
Total estimated expenditures and transfers		190,000,000 <sup>4</sup>		143,454,500 <sup>4</sup>
Estimated ending balance		\$382,087,621		\$397,323,121
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		214,831,704 <sup>5</sup>		257,328,933 <sup>6</sup>
Estimated ending balance available		\$167,255,917		\$139,994,188

<sup>1</sup>Estimated revenues - Estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the 2021 legislative revenue forecast. Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flaring mitigation system; however, the fiscal impact of the credit cannot be determined based on the fiscal note.

<sup>2</sup>Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer allocates the interest income to the general fund on a monthly basis. For the period July 1, 2019, through March 31, 2021, \$1,124,892 of interest has been allocated to the general fund.

<sup>3</sup>The Legislative Assembly approved Senate Bill No. 2265 (2019) which provides \$3 million from the foundation aid stabilization fund for rapid enrollment grants to qualifying school districts during the 1<sup>st</sup> year of the 2019-21 biennium and \$800,000 from the foundation aid stabilization fund for music education grants for grades kindergarten through grade five. Senate Bill No. 2214 (2019) provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and legislative intent that the 67<sup>th</sup> Legislative Assembly appropriate \$110 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid and transfer an additional \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. The Legislative Assembly, in House Bill No. 1013 (2021), appropriated \$143,454,500 from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid. In addition, Section 16 of House Bill No. 1013 provides an exemption to allow the Department of Public Instruction to continue \$600,000 of the unexpended amount remaining from a 2019-21 biennium one-time appropriation from the foundation aid stabilization fund for the state automated reporting system rewrite, for the purpose of continuing the state automated reporting system rewrite during the 2021-23 biennium.



<sup>4</sup>Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

<sup>5</sup>Amendments to the constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. The appropriation for integrated formula payments, transportation aid, and special education grants totaled \$2,009,904,163 during the 2017-19 biennium, of which \$305,546,905 is provided from the state tuition fund, \$295,000,000 is from the foundation aid stabilization fund, and \$1,409,357,258 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education totaled \$22,854,100 during the 2017-19 biennium. Based on this level of funding from the general fund during the 2017-19 biennium, the Office of Management and Budget, in its 2019-21 executive budget documents, reported a required reserve balance of \$214,831,704 for the 2019-21 biennium.

<sup>6</sup>In 2019, the Legislative Assembly provided \$2,178,702,429 for integrated formula payments, transportation aid, and special education grants during the 2019-21 biennium, of which \$377,764,000 is provided from the state tuition fund, \$110,000,000 is from the foundation aid stabilization fund, and \$1,690,938,429 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education, totaled \$24,587,780 during the 2019-21 biennium. Based on this level of funding from the general fund during the 2019-21 biennium, the required reserve balance for the 2021-23 biennium is \$257,328,933, \$42,497,229 more than the reserve required for the 2019-21 biennium. In 2021, the Legislative Assembly provided \$2,216,925,000 for integrated formula payments, transportation aid, and special education grants for the 2021-23 biennium, of which \$433,020,000 is from the state tuition fund, \$143,454,500 is from the foundation aid stabilization fund, and \$1,640,450,500 is from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education total \$26,837,780 for the 2021-23 biennium. Based on this level of funding from the general fund during the 2021-23 biennium, the required reserve balance for the 2023-25 biennium is \$250,093,242, \$7,235,691 less than the reserve required for the 2021-23 biennium.

### **FUND HISTORY**

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016), and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which

provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis.

## ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$189,101		\$219,713
Add estimated revenues				
Investment earnings	\$1,600		\$1,500	
Loan repayments - Principal and interest	1,029,012		950,000	
Total estimated revenues		1,030,612		951,500
Total available		\$1,219,713		\$1,171,213
Less estimated expenditures and transfers				
Department of Human Services nursing facility operating margin increases (2019 SB 2012; 2021 HB 1012)	\$1,000,000		\$1,000,000	
Total estimated expenditures and transfers		1,000,000		1,000,000
Estimated ending balance		\$219,713		\$171,213

### FUND HISTORY

The health care trust fund was established by the Legislative Assembly in Senate Bill No. 2168 (1999) for providing nursing alternative loans or grants. The Legislative Assembly in House Bill No. 1196 (2011) provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The Legislative Assembly, in House Bill No. 1012 (2009), amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

## ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance <sup>1</sup>		\$4,717,323		\$7,310,249
Add estimated revenues				
Loan repayments - Principal	\$2,554,829		\$1,520,656	
Loan repayments - Interest and miscellaneous income	75,609		69,948	
Total estimated revenues		2,630,438		1,590,604
Total estimated available		\$7,347,761		\$8,900,853
Less estimated expenditures and transfers				
Loans to health care entities <sup>2</sup>	\$0		\$750,000	
Bank of North Dakota fees	37,512		41,019	
Transfer - Electronic health information exchange fund (2021 SB 2021) <sup>3</sup>	0		6,000,000	
Total estimated expenditures and transfers		37,512		6,791,019
Estimated ending balance		<u>\$7,310,249</u>		<u>\$2,109,834</u>

<sup>1</sup>Section 9 of Senate Bill No. 2332 (2009) provided for a transfer of up to \$5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of House Bill No. 1021 (2011) provided for a transfer of up to \$5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately \$4.3 million of Bank profits were transferred to the fund.

<sup>2</sup>The Health Information Technology Advisory Committee has approved \$14,227,024 of loans since the program's inception in the 2009-11 biennium through April 30, 2021:

St. Andrew's Health Center (Bottineau)	\$625,000	Nelson County Health System	\$305,000
Cooperstown Medical Center	396,996	Southwest Healthcare System	605,000
Wishek Hospital	761,149	CHI St. Alexius Medical Center	1,250,000
Towner County Medical Center (Cando)	924,018	Pediatric Therapy Partners	100,000
Presentation Medical Center (Rolla)	625,000	Valley Health	72,155
West River Health Services (Hettinger)	1,250,000	Knife River Care Center	125,000
Ashley Medical Center	815,652	Golden Acres Manor	98,648
Tioga Medical Center	931,320	St. Luke's Home	115,053
St. Luke's Community Hospital and Clinics (Crosby)	874,542	Richard P. Stadter Psychiatric Center	463,000
Midgarden Family Clinic (Park River)	101,590	Elm Crest Manor	74,500
7-Day Clinic Walk-In Express Care (Fargo)	50,000	Northwood Deaconess	920,125
Linton Hospital	1,073,012	Pharmacists Association	120,070
McKenzie County Health Care System	600,000	St. Gerard's Community of Care	150,194
Garrison Memorial Hospital	800,000		
		Total	<u>\$14,227,024</u>

<sup>3</sup>Senate Bill No. 2021 (2021) provides for a transfer of \$6 million, as requested by the chief information officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

### **FUND HISTORY**

North Dakota Century Code Section 6-09-43 (Senate Bill No. 2332 (2009)) established a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. Pursuant to Section 9 of the bill, \$5 million was transferred from the Bank to this fund during the 2009-11 biennium. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

Section 4 of House Bill No. 1021 (2011) provided the Industrial Commission transfer up to \$5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The director of the Health Information Technology Office was to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. During the 2011-13 biennium, \$4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the director of the Health Information Technology Office. The Health Information Technology Office is to forward approved applications to the Bank of North Dakota. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

Loans are provided at a fixed interest rate of 1.00 percent. Of the 1.00 percent of interest collected, 0.50 percent is deposited in the fund and 0.50 percent is retained by the Bank as the service fee for administering the loans.

## ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
		\$0		\$0
Beginning balance		\$0		\$0
Add estimated revenues <sup>1,2</sup>				
Motor vehicle fuel tax	\$186,500,000		\$200,429,292	
Special fuels taxes	173,700,000		186,000,000	
Motor vehicle registration fees	176,700,000		186,500,000	
Total estimated revenues		536,900,000		572,929,292
Total available		\$536,900,000		\$572,929,292
Less estimated deductions and transfers				
Highway Patrol (2019 HB 1011; 2021 SB 2011)	\$7,204,043		\$9,346,781	
Motorboat safety account	200,000		200,000	
State snowmobile fund	200,000		200,000	
Rail safety fund	589,018		0	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,700,000		4,700,000	
Total estimated deductions before distributions		18,393,061		19,946,781
Total available for distributions and transfers		\$518,506,939		\$552,982,511
Less estimated distributions and transfers				
State highway fund	\$317,856,785		\$338,978,280	
Counties	114,064,687		121,656,152	
Cities	64,809,481		69,122,813	
Townships	13,998,848		14,930,528	
Transit	7,777,138		8,294,738	
Total estimated distributions and transfers		518,506,939		552,982,511
Estimated ending balance		\$0		\$0

<sup>1</sup>Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

<sup>2</sup>The amounts shown reflect actual revenue collections deposited in the fund through September 2020. The estimated revenue for the remainder of the 2019-21 biennium and the estimated collections for the 2021-23 biennium are based on DOT's revenue forecast.

### FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. North Dakota Century Code Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
  - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
  - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
    - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
    - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
    - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
    - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

#### Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	\$0.09
January 1, 1984, through December 31, 1984	\$0.08
January 1, 1985, through December 31, 1985	\$0.07
January 1, 1986, through June 30, 1992	\$0.09
July 1, 1992	\$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	\$0.05
July 1, 1987, through December 31, 1992	\$0.09
January 1, 1993	\$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.



The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

### **Special Fuels Excise Tax**

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

### **Motor Vehicle Registration Fees**

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

## ANALYSIS OF THE LEGACY FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$6,093,018,603		\$7,970,158,603
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) <sup>1</sup>	\$959,140,000		\$971,340,000	
Investment earnings (losses) (2021 HB 1015; 2021 HB 1425) <sup>2,3,4</sup>	1,654,000,000		1,080,000,000	
Total estimated revenues		2,613,140,000		2,051,340,000
Total estimated available		\$8,706,158,603		\$10,021,498,603
Less estimated expenditures and transfers				
Transfer of realized earnings to the general fund (2019 SB 2015; 2021 HB 1015) <sup>3,5,6</sup>	\$736,000,000		\$0	
Transfer of realized earnings to a legacy earnings fund (2021 HB 1380) <sup>6</sup>	0		N/A	
Expenditure of principal <sup>5</sup>	0		0	
Total estimated expenditures and transfers		736,000,000		0
Estimated ending balance		\$7,970,158,603		\$10,021,498,603

<sup>1</sup>The oil and gas tax revenues reflect allocations for August through July (24 months). These amounts reflect actual allocations through February 2021. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the 2021 legislative revenue forecast.

Senate Bill No. 2312 (2019) amended the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

<sup>2</sup>Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. Unrealized earnings remain in the fund. The schedule below provides more detail on the investment earnings since the 2013-15 biennium.

	2013-15 Biennium Actual	2015-17 Biennium Actual	2017-19 Biennium Actual	2019-21 Biennium Estimated	2021-23 Biennium Estimated
Realized earnings (losses)	\$145,255,008	\$273,064,100	\$502,243,356	\$736,000,000 <sup>3</sup>	N/A
Unrealized earnings (losses)	67,871,752	252,305,388	167,170,302	918,000,000 <sup>3</sup>	N/A
Total investment earnings (losses)	\$213,126,760	\$525,369,488	\$669,413,658	\$1,654,000,000 <sup>3</sup>	\$1,080,000,000 <sup>3</sup>

**The investment earnings (losses) for the legacy fund for the 2019-21 biennium through February 28, 2021, were approximately \$1,614 million, including realized earnings (losses) of \$696 million and unrealized earnings (losses) of \$918 million.**

<sup>3</sup>The estimated investment earnings shown for the 2019-21 biennium include June 2019 realized earnings of \$46,980,140 due to the timing of the transfer and the reporting of earnings at the end of the 2017-19 biennium. The estimated earnings for the 2019-21 biennium reflect actual unrealized earnings through February 2021 and realized earnings of \$736 million pursuant to House Bill No. 1015 (2021). The estimated earnings for the 2021-23 biennium reflect 6 percent per year of the forecasted average balance of the fund (\$9 billion).

**NOTE: The actual earnings may differ significantly from these estimates based on actual investment performance.**

<sup>4</sup>House Bill No. 1425 (2021) designates a portion of the legacy fund investments to in-state fixed income investments and in-state equity investments. The performance of these investments may affect the earnings of the legacy fund.

<sup>5</sup>The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, the principal and earnings may be spent as follows:

- Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.
- The realized earnings accruing after June 30, 2017, are transferred by the State Treasurer to the general fund at the end of the biennium and may be spent from the general fund pursuant to legislative appropriation.

Senate Bill No. 2362 (2019) provides a contingent transfer of \$64.37 million from legacy fund earnings deposited in the general fund to the common schools trust fund if the legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium are at least \$164.37 million. The 2019 Legislative Assembly approved the contingent transfer to correct a shortfall of oil extraction tax collections to the common schools trust fund in prior bienniums.

<sup>6</sup>House Bill No. 1380 (2021) establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending each biennium and creates a legacy earnings fund. The percent of market value is based on 7 percent of the 5-year average of legacy fund assets. The earnings available for spending would be transferred to a legacy earnings fund for allocations to special funds and other purposes designated by the Legislative Assembly. A portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments, and up to \$100 million of excess earnings are transferred to the legacy fund to become part of the principal with the remaining excess earnings transferred to the strategic investment and improvements fund. The amount of realized earnings that may be transferred to the legacy earnings fund at the end of the 2021-23 biennium is unknown.

#### **FUND HISTORY**

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

## ANALYSIS OF THE LIGNITE RESEARCH FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
		\$		\$
Beginning balance		\$29,908,588		\$2,631,526
Add estimated revenues				
Separate two-cent coal severance tax	\$1,140,000		\$1,120,000	
50 percent of coal severance taxes deposited in the coal development trust fund <sup>1</sup>	1,730,000		1,700,000	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects <sup>1</sup>	710,000		695,000	
15 percent of coal severance taxes <sup>1</sup>	3,205,000		3,155,000	
5 percent of the general fund share of coal conversion tax	2,310,000		0	
Lignite research tax (2021 HB 1412) <sup>1</sup>	0		2,310,000	
Oil and gas tax allocation (2019 HB 1066) <sup>1</sup>	10,000,000		10,000,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood plant	180,000		180,000	
Revenue bonds/short-term loan <sup>2</sup>	0		0	
Interest income, return of funds, and litigation contributions	569,465		20,000	
Total estimated revenues		19,844,465		19,180,000
Total estimated available		\$49,753,053		\$21,811,526
Less estimated expenditures and transfers <sup>3,4</sup>				
Administration	\$875,000		\$900,000	
Lignite feasibility studies (nonmatching grants)	1,515,625		1,515,625	
Small research grants	10,418,224		3,475,000	
Lignite marketing	1,800,000		1,800,000	
Lignite litigation <sup>5</sup>	500,000		1,500,000	
Demonstration projects	1,367,678		0	
Advanced energy technology development	30,645,000		12,555,000	
Total estimated expenditures and transfers <sup>6</sup>		47,121,527		21,745,625
Estimated ending balance		\$2,631,526		\$65,901

<sup>1</sup>House Bill No. 1066 (2019) increases the allocation of oil and gas tax revenue to the lignite research fund by \$7 million, from \$3 million to \$10 million. House Bill No. 1412 (2021) exempts 100 percent of the generation tax and 60 percent of the capacity tax from the coal conversion tax and creates a new lignite research tax to maintain the current level of allocations to the lignite research fund.

<sup>2</sup>Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

<sup>3</sup>The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

<sup>4</sup>The Industrial Commission has waived the fund allocation policy. The commission has committed \$22 million through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of \$8,732,503. Expenditures for Lignite Vision 21 Project have been \$1,360,750 during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2,200,000 during the 2007-09 biennium, \$3,972,090 during the 2009-11 biennium, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, \$914,663 during the 2015-17 biennium,

\$1,290,525 during the 2017-19 biennium, and anticipated expenditures of \$1,367,678 in subsequent bienniums. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds that were distributed but later returned when projects did not proceed.)

<sup>5</sup>Lignite litigation - House Bill No. 1093 (2007) provides that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium, \$153,907 spent during the 2009-11 biennium, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, \$259,159 during the 2015-17 biennium with \$122,866 of that amount paid by industry, and \$44,962 spent during the 2017-19 biennium with \$14,760 of that amount paid by industry. From nonmatching funds within the lignite research fund, \$500,000 is designated for litigation expenses in the 2019-21 biennium and \$1,500,000 is designated for the 2021-23 biennium.

The State of North Dakota was successful in its litigation against the State of Minnesota during the 2017-19 biennium and will be receiving a total of \$1,410,000. Of the \$1,410,000, \$670,000 will be paid to industry partners, and the remaining \$740,000 will be deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums.

House Bill No. 1014 (2019) provides legislative intent that at least \$500,000 from the lignite research fund, including proceeds from successful litigation, is available for fees associated with lignite litigation brought by the state to protect and promote the continued development of lignite resources.

<sup>6</sup>The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6.

#### **FUND HISTORY**

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. Of the 70 percent, 50 percent is designated for research, development, and marketing pursuant to the passage of Initiated Measure No. 3 in June 1990, and 20 percent is designated for clean coal demonstration projects pursuant to voter approval of a constitutional amendment in June 1994. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund.

From the state general fund share of coal conversion tax collections, the Legislative Assembly designated 3 percent for transfer to the lignite research fund during the 2007-09 biennium and 5 percent after the 2007-09 biennium in House Bill No. 1093 (2007).

House Bill No. 1152 (2017) changed the allocation of the state's share of oil and gas tax revenue to provide up to \$3 million of allocations to the lignite research fund.

## ANALYSIS OF THE MEDICAL MARIJUANA FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$614,188		\$1,032,133
Add estimated revenues				
Program fees:				
Compassion center and manufacturer registration fees	\$940,000		\$940,000	
Additional plant fees	170,000		90,000	
Qualifying patient, designated caregiver, and compassion center agents	592,350		719,750	
Revenue impact of House Bill No. 1359 (2021) - Estimated reduction in caregiver fees			(22,250)	
Total estimated revenues		1,702,350		1,727,500
Total available		\$2,316,538		\$2,759,633
Less estimated State Department of Health expenditures (Pursuant to a continuing appropriation in North Dakota Century Code Section 19-24.1-40)				
Salaries and wages	\$900,703		\$983,368 <sup>2</sup>	
Indirect costs	0		142,774 <sup>2</sup>	
Operating expenditures	383,702		450,771 <sup>2</sup>	
Expenditure impact of House Bill No. 1359 (2021) - Estimated increase in operating expenses			4,000	
Total estimated expenditures and adjustments		1,284,405 <sup>1</sup>		1,580,913
Estimated ending balance		<u>\$1,032,133</u>		<u>\$1,178,720</u>

<sup>1</sup>The State Department of Health presented a budget, funded through the continuing appropriation, totaling \$1,398,080, including 5 FTE positions.

<sup>2</sup>The State Department of Health presented a budget, funded through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions. The increase in salaries and wages relates to salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, totaling \$12,120.

### FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget in 2019.

## ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$4,948,114		\$3,866,164
Add estimated revenues				
Oil and gas gross production tax collections	\$15,000,000 <sup>1</sup>		\$15,000,000 <sup>1</sup>	
Interest income	100,000		90,000	
Refunds	1,705,094			
Total estimated revenues		16,805,094		15,090,000
Total available		\$21,753,208		\$18,956,164
Less estimated expenditures and transfers				
Grant award commitments	\$17,712,044 <sup>2</sup>		16,000,000	
Administrative expenses	175,000		175,000	
Total estimated expenditures and transfers		17,887,044		16,175,000
Estimated ending balance		<u>\$3,866,164</u>		<u>\$2,781,164</u>

<sup>1</sup>North Dakota Century Code Section 57-51-15 established a maximum allocation of \$40 million (\$20 million per year) to the fund. For the 2019-21 biennium, House Bill No. 1014 (2019) limits the allocations to \$15 million. Senate Bill No. 2014 (2021) limits oil and gas gross production tax revenue allocations to the fund to \$7.5 million annually for the 2021-23 biennium.

<sup>2</sup>All money in the fund is appropriated on a continuing basis, pursuant to Section 54-17.8-02. Grant commitments include projects that will draw down funds over a 10-year period. The amounts shown reflect the estimated amount available for grants and not the amount expended.

### FUND HISTORY

The North Dakota outdoor heritage fund was established in House Bill No. 1278 (2013) (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. For the period September 1, 2017, through August 31, 2019, Senate Bill No. 2013 (2017), a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2019, through August 31, 2021, House Bill No. 1014 (2019), a maximum of \$15 million of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

## ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
		\$		\$
Beginning balance, excluding infrastructure revolving loan fund		\$326,742,619		\$343,043,424
Add estimated revenues and transfers				
Oil extraction tax collections	\$307,440,000 <sup>1</sup>		\$325,310,000 <sup>1</sup>	
Bond proceeds from repayment of loans			74,500,000 <sup>2</sup>	
Repayments and reimbursements	13,568,805		13,126,800	
Investment earnings/miscellaneous income	4,492,000		1,500,000	
Total estimated revenues		325,500,805		414,436,800
Total available		\$652,243,424		\$757,480,224
Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78)	\$0 <sup>3</sup>		\$0 <sup>3</sup>	
Less estimated expenditures and transfers				
State Water Commission - Grants, projects, and project administration, pursuant to Senate Bill No. 2020 (2019) for the 2019-21 biennium and House Bill No. 1020 (2021) for the 2021-23 biennium	305,000,000 <sup>4</sup>		678,048,989 <sup>5</sup>	
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project			74,500,000 <sup>2</sup>	
Total estimated State Water Commission expenditures and loans		305,000,000		752,548,989
Transfer to renewable energy development fund (Section 57-51.1-07)	\$3,000,000 <sup>6</sup>		\$3,000,000	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000 <sup>6</sup>		1,200,000	
Total estimated transfers		4,200,000		4,200,000
Estimated ending balance, excluding funds designated for infrastructure revolving loan fund		<u>\$343,043,424</u>		<u>\$731,235</u>

<sup>1</sup>Estimated oil extraction tax revenues - The allocations for the 2019-21 biennium and the 2021-23 biennium are based on the 2021 legislative revenue forecast. Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flaring mitigation system, but the fiscal impact of the credit cannot be determined based on the fiscal note.

<sup>2</sup>House Bill No. 1431 (2021) allocates \$74.5 million of bond proceeds which are deposited into the resources trust fund for the repayment of outstanding loans of the Western Area Water Supply Authority. The bill also provides an appropriation of \$74.5 million from the resources trust fund to the State Water Commission for the Mouse River flood control project.

<sup>3</sup>House Bill No. 1020 (2017) amended Section 61-02-78 to provide no more than \$26,000,000 of total resources trust fund revenue may be allocated to the infrastructure revolving loan fund. As a result, excess transfers of \$8,440,473 were returned to the resources trust fund during the 2017-19 biennium and there will be no more transfers to the infrastructure revolving loan fund. House Bill No. 1431 (2021) eliminates the infrastructure revolving loan fund within the resources trust fund; combines it with the community water development fund to establish a newly created water infrastructure revolving loan fund; and provides a continuing appropriation to the State Water Commission for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan fund.



Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections	
	Infrastructure Revolving Loan Fund Transfers
2013-15 biennium	\$11,407,864
2015-17 biennium	23,032,609
2017-19 biennium	(8,440,473)
Total	\$26,000,000 <sup>1</sup>

<sup>1</sup>Loans outstanding as of March 31, 2021, totaled \$22,385,144.

<sup>4</sup>Sections 1 and 3 of Senate Bill No. 2020 (2019) appropriate \$778,482,206 or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

<sup>5</sup>House Bill No. 1020 (2021) includes \$678,048,989 from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2021-23 biennium. This amount includes \$360,685,806 of new appropriations for the 2021-23 biennium and \$317,363,183 of water project funding continued from the 2019-21 biennium (carryover).

<sup>6</sup>The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands. The changes also restored the maximum allocation to the energy conservation grant fund from \$200,000 to \$1.2 million.

#### INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 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 with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**. House Bill No. 1431 (2021) eliminates the infrastructure revolving loan fund within the resources trust fund; combines it with the community water development fund to establish a newly created water infrastructure revolving loan fund; and provides a continuing appropriation to the State Water Commission for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan fund.

#### RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Section 24 of Article X of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011), provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), 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. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015) directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

The Legislative Assembly in Senate Bill No. 2020 (2019) provided \$37.2 million to pay off the Bank of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

## ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	\$8,513,710 <sup>1,2</sup>		\$9,300,000 <sup>1,2</sup>	
Total estimated revenues		8,513,710		9,300,000
Total available		\$8,513,710		\$9,300,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	\$8,242,217 <sup>3</sup>		\$9,300,000 <sup>3</sup>	
Transfer to the general fund	271,493 <sup>4</sup>			
Total estimated expenditures and transfers		8,513,710		9,300,000
Estimated ending balance		\$0		\$0

<sup>1</sup>The allocation from sales, use, and motor vehicle excise tax collections is shown below:

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2012	\$1,695,832 (actual)	21.2%
2013	\$1,821,347 (actual)	7.4%
2014	\$2,311,346 (actual)	26.9%
2015	\$2,654,064 (actual)	14.8%
2016	\$3,169,878 (actual)	19.4%
2017	\$3,627,787 (actual)	14.4%
2018	\$3,886,950 (actual)	7.1%
2019	\$4,060,513 (actual)	4.5%
2020	\$4,163,710 (actual)	2.5%
2021	\$4,350,000 (actual)	4.5%
2022	\$4,650,000 (estimate)	6.9%
2023	\$4,650,000 (estimate)	0%

<sup>2</sup>Senate Bill No. 2242 (2011) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

Senate Bill No. 2162 (2013) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.

Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

<sup>3</sup>The county senior citizen matching grants are shown below:

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2012	\$1,687,098 (actual)	21.9%
2013	\$1,789,363 (actual)	6.1%
2014	\$2,290,963 (actual)	28.0%
2015	\$2,650,725 (actual)	15.7%
2016	\$3,143,803 (actual)	18.6%
2017	\$3,504,725 (actual)	11.5%
2018	\$3,723,317 (actual)	6.2%
2019	\$3,823,071 (actual)	2.7%
2020	\$3,892,217 (actual)	1.8%
2021	\$4,350,000 (actual)	11.8%
2022	\$4,650,000 (estimate)	6.9%
2023	\$4,650,000 (estimate)	0%

<sup>4</sup>Any funds remaining at the end of each biennium are transferred to the general fund.

#### FUND HISTORY

Senate Bill No. 2267 (2005) created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. Senate Bill No. 2242 (2011) amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. Senate Bill No. 2162 (2013) increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. Senate Bill No. 2143 (2015) increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

## ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$0		\$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	\$193,534,502 <sup>1</sup>		\$193,076,918 <sup>1</sup>	
Total estimated revenues		193,534,502		193,076,918
Total available		\$193,534,502		\$193,076,918
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	\$103,928,028		\$103,682,305	
City share (46.3 percent)	89,606,474		89,394,613	
Total estimated expenditures and transfers		193,534,502		193,076,918
Estimated ending balance		\$0		\$0

<sup>1</sup>The amounts shown for the 2019-21 biennium and the 2021-23 biennium are based on the 2021 legislative revenue forecast and legislative action affecting sales and use tax and motor vehicle excise tax, including the effects of House Bill Nos. 1309 and 1449 and Senate Bill No. 2220. This analysis does not reflect the effect of House Bill No. 1351 and Senate Bill Nos. 2137, 2152, and 2226, because based on the fiscal notes, the effect of these bills cannot be determined.

### FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

<b>Population Category Through June 30, 2011</b>			
<b>Counties</b>	<b>Percentage</b>	<b>Cities (Based on Population)</b>	<b>Percentage</b>
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
<b>Total</b>	<b>100.00%</b>		<b>100.0%</b>

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties, which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

<b>Population Category Effective July 1, 2011</b>		
<b>Counties</b>	<b>Percentage</b>	<b>Cities</b>
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
<b>Total</b>	<b>100.00%</b>	

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census data.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND  
FOR THE 2019-21 AND 2021-23 BIENNIUMS**

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$1,142,813,830		\$810,491,531
Add estimated revenues				
Production royalties (2017 SB 2134; 2019 SB 2211) <sup>1,2</sup>	\$153,536,120		\$118,000,000	
Mineral leases <sup>1</sup>	2,166,893		1,200,000	
Oil and gas bonuses <sup>1</sup>	1,381,335		0	
Investment earnings <sup>1</sup>	28,032,358		28,000,000	
Oil and gas tax collections (2019 HB 1014, 2019 HB 1066; 2019 SB 2249, 2019 SB 2312, 2019 SB 2362; 2021 HB 1015; 2021 SB 2014, 2021 SB 2249; 2021 SB 2319) <sup>3,4</sup>	361,240,000		400,000,000	
Total estimated revenues		546,356,706		547,200,000
Total estimated available		\$1,689,170,536		\$1,357,691,531
Less estimated expenditures and transfers				
<b>Secretary of State</b>				
Voting system information technology project (2019 SB 2002)	\$8,200,000			
<b>Office of Management and Budget</b>				
Litigation funding pool (2019 SB 2015)	3,500,000			
Comprehensive real estate assessment (2019 SB 2015)	500,000			
Transfer to preliminary planning revolving fund (2019 SB 2015)	100,000			
Information technology projects (2021 HB 1015)			\$3,251,304	
Transfer to the cultural endowment fund for the maintenance of public arts projects (2021 HB 1015)			1,000,000	
<b>Information Technology Department</b>				
Information technology projects (2019 HB 1021)	5,150,000			
Statewide interoperable radio network (2019 HB 1435)	20,000,000			
<b>State Treasurer</b>				
Information technology project (2019 SB 2005)	35,000			
<b>Attorney General</b>				
Litigation funding pool (2021 HB 1003)			3,000,000	
<b>North Dakota University System</b>				
Capital building fund program (2021 SB 2003)			19,000,000	
Campus projects (2021 SB 2003)			2,863,000	
<b>Department of Trust Lands</b>				
Oil and gas impact grants (2019 HB 1013)	2,000,000			
Contract costs to determine mineral revenue repayments (2019 SB 2211)	1,088,635			
<b>Department of Environmental Quality</b>				
Contingent appropriation for the implementation of air pollution control primacy (2019 HB 1024)	1,040,000			
<b>Department of Human Services</b>				
Information technology projects and capital projects (2019 SB 2012)	11,490,695			

<b>Insurance Commissioner</b>			
Study of lignite coal industry insurance (2021 HB 1010)			200,000
<b>Industrial Commission</b>			
Rare earth elements and fracturing sand studies (2019 HB 1014)	270,000		
Transfer to the oil and gas research fund (2021 SB 2014)			9,500,000
<b>Aeronautics Commission</b>			
Airport grants (2019 HB 1006; 2021 SB 2006)	20,000,000		
<b>Bank of North Dakota</b>			
Transfer to the innovation loan fund to support technology advancement (2021 HB 1141)			15,000,000
<b>Department of Corrections and Rehabilitation</b>			
Equipment, repairs, and a facility assessment (2019 HB 1015)	1,218,000		
<b>Adjutant General</b>			
Dispatch system information technology project and Camp Grafton expansion project (2019 SB 2016)	2,502,253		
National Guard deferred maintenance projects (2021 HB 1016)			1,000,000
<b>Department of Commerce</b>			
Entrepreneurship grants and vouchers program (2019 HB 1018)	3,000,000		
Beyond visual line of sight unmanned aircraft systems (2021 SB 2018)			19,000,000
Enhanced use lease grants (2021 SB 2018)			7,000,000
Job development grant (2021 SB 2018)			1,500,000
Workforce safety grant (2021 SB 2018)			1,500,000
<b>Agriculture Commissioner</b>			
Grasslands grazing grant program (2021 HB 1009)			5,000,000
<b>Upper Great Plains Transportation Institute</b>			
Remote sensing infrastructure (2021 SB 2020)			225,000
<b>Branch Research Centers</b>			
Capital projects at the Carrington Research Center, the Central Grasslands Research Center, the Hettinger Research Center, and the Langdon Research Center (2021 SB 2020)			2,073,000
<b>NDSU Main Research Center</b>			
Extraordinary repairs (2019 HB 1020)	940,465		
<b>Parks and Recreation Department</b>			
Various capital projects at parks and the International Peace Garden (2019 SB 2019)	3,755,000		
<b>Transfer to the general fund</b> (2019 SB 2015; 2021 HB 1015)	764,400,000		410,000,000
<b>Contingent transfer to the infrastructure revolving loan fund</b> (2019 HB 1014) <sup>5</sup>	25,137,707		
<b>Mineral revenue repayments from reserves</b> (2017 SB 2134; 2019 SB 2211) <sup>2</sup>	1,208,354		
<b>Administrative costs/other fees</b>	3,142,896		4,000,000
Total estimated expenditures and transfers		878,679,005	505,112,304
Estimated ending balance		\$810,491,531	\$852,579,227
Restricted fund income			
Reserve relating to potential title disputes (2017 SB 2134; 2019 SB 2211) <sup>2,6</sup>		228,116,695	228,116,695
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296; 2021 SB 2230) <sup>7</sup>		50,000,000	80,000,000
Estimated ending balance - Unobligated		\$532,374,836	\$544,462,532



<sup>1</sup>The amounts shown reflect projections by the Department of Trust Lands for the 2019-21 and 2021-23 bienniums.

<sup>2</sup>Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring repayments for previously received mineral revenues. The bill appropriates \$100 million from the strategic investment and improvements fund and authorizes \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue repayments. Some production royalties may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The bill provides legislative intent that the \$87 million line of credit is to be repaid from the strategic investment and improvements fund; however, the total amount of funding needed for mineral revenue repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies. Mineral revenue repayments began in the fall of 2020. The amount shown for the repayments reflects the amount paid through January 2021 pursuant to the department's continuing appropriation.

House Bill No. 1202 (2019) clarifies the definition of navigable waters, which may affect the state's mineral interests and mineral revenue deposited in the strategic investment and improvements fund. However, the estimated impact is unknown.

<sup>3</sup>Estimated revenues - These amounts reflect actual allocations through February 2021. The estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the 2021 legislative revenue forecast.

<sup>4</sup>House Bill Nos. 1014 and 1066 (2019) and Senate Bill Nos. 2016, 2249, 2312, and 2362 (2019) change the oil and gas tax revenue allocation formulas. The combined effect of the bills results in a decrease in the allocations to the strategic investment and improvements fund.

House Bill No. 1015 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by \$5 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund. For the 2021-23 biennium only, Senate Bill No. 2014 (2021) limits the allocations to the North Dakota outdoor heritage fund to \$7.5 million per fiscal year. Senate Bill No. 2249 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by \$5 million, the same as House Bill No. 1015 (2021). Senate Bill No. 2319 (2021) allocates a portion of the oil and gas tax revenue collected from oil wells that cross into a reservation to the tribes decreasing the state's share of oil and gas tax revenues. The combined effect of the bills results in an increase in the allocations to the strategic investment and improvements fund.

<sup>5</sup>House Bill No. 1014 (2019) provides a contingent transfer of up to \$40 million from the strategic investment and improvements fund to the infrastructure revolving loan fund if the actual oil and gas tax revenues deposited in the strategic investment and improvements fund during the 2017-19 biennium exceed \$755 million. The contingency was met, and the amount shown for the 2019-21 biennium reflects the actual transfer to the infrastructure revolving loan fund.

<sup>6</sup>These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve.

<sup>7</sup>Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from the strategic investment and improvements fund to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increased the limit for loan guarantees to \$50 million. Senate Bill No. 2230 (2021) increases the loan guarantee limit to \$80 million.

### **FUND HISTORY**

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the strategic investment and improvements fund, pursuant to North Dakota Century Code Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft

appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

## ANALYSIS OF THE TAX RELIEF FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$182,300,000		\$200,199,146
Add estimated revenues				
Allocation of oil and gas tax revenues	\$200,000,000 <sup>1</sup>		\$200,000,000 <sup>1</sup>	
Refund of prior biennium county expenses	199,146			
Total estimated revenues		200,199,146		200,000,000
Total available		\$382,499,146		\$400,199,146
Less estimated expenditures and transfers				
Transfer to general fund (Section 5 of 2019 SB 2015)	\$8,600,000			
Distributions to non-oil-producing counties (2021 HB 1015)			\$11,800,000 <sup>2</sup>	
Transfer to human service finance fund (2019 SB 2015; 2021 HB 1015)	173,700,000		187,223,092	
Total estimated expenditures and transfers		182,300,000		199,023,092
Estimated ending balance		\$200,199,146		\$201,176,054

<sup>1</sup>Estimated oil and gas tax revenues - The allocations for the 2019-21 biennium and the 2021-23 biennium are based on the 2021 legislative revenue forecast.

<sup>2</sup>Section 4 of 2021 House Bill No. 1015, provides \$20 million for distributions to non-oil-producing counties for the benefit of organized and unorganized townships. Of the \$20 million, \$8.2 million is from the state disaster relief fund and \$11.8 million is from the tax relief fund. The State Treasurer is required to allocate \$10 million equally to all the townships and \$10 million based on road miles.

### FUND HISTORY

North Dakota Century Code Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to \$200 million.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of \$200 million to the tax relief fund.

## ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$9,058,624		\$2,041,716
Add estimated revenues				
Investment and miscellaneous revenue	\$1,512,392 <sup>1</sup>		\$0 <sup>2</sup>	
Total estimated revenues		1,512,392		0
Total available		\$10,571,016		\$2,041,716
Less estimated expenditures and transfers				
State Department of Health (2019 HB 1004)				
Local public health unit grants	\$525,000			
Cancer programs	484,300			
Domestic violence offender treatment grants	300,000			
Microbiology laboratory capital improvements	1,220,000			
Department of Human Services (2019 SB 2012)				
Medical services grants	6,000,000			
Transfer to the community health trust fund (2021 SB 2004)			\$2,041,716 <sup>2</sup>	
Total estimated expenditures and transfers		8,529,300		2,041,716
Estimated ending balance		\$2,041,716		\$0

<sup>1</sup>In August 2015 the Tobacco Prevention and Control Executive Committee entered into an agreement with the State Investment Board to provide investment management services for the tobacco prevention and control trust fund. On September 30, 2015, the Tobacco Prevention and Control Executive Committee transferred \$47.3 million to the State Investment Board for management. The investment policy statement adopted by the executive committee includes an asset mix of 75 percent global fixed income, 10 percent global equity, and 15 percent cash. Estimated investment income reflects earnings and realized gains, but does not include changes in the market value of the investments. The Legislative Assembly repealed North Dakota Century Code Chapter 23-42 in Senate Bill No. 2024 (2017) to dissolve the Tobacco Prevention and Control Executive Committee and provided funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. Revenues have been estimated based on actual revenues received through March 2021 and legislative estimates for the remainder of the 2019-21 biennium.

<sup>2</sup>The Legislative Assembly, in Senate Bill No. 2004 (2021), repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

### FUND HISTORY

The tobacco prevention and control trust fund was created as a result of voter approval of Initiated Measure No. 3 in the November 2008 general election. The measure added seven new sections to the Century Code and amended Section 54-27-25 to establish the Tobacco Prevention and Control Advisory Committee and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provided for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provided for additional strategic contribution payments that began on April 15, 2008, and continued each April 15 thereafter through 2017. Section 54-27-25, created by House Bill No. 1475 (1999), did not distinguish between payments received under the separate

subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of deposit in the fund to the community health trust fund, common schools trust fund, and water development trust fund. Senate Bill No. 2012 (2019) amended Section 54-27-25, effective July 1, 2019, to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

The measure provided for a portion of tobacco settlement dollars received by the state to be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement continues to be deposited in the tobacco settlement trust fund and will continue to be allocated pursuant to Section 54-27-25. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement was deposited into the tobacco prevention and control trust fund until the last payment was received in 2017. Interest earned on the balance in this fund is deposited in the fund. The fund was administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan. However, the Legislative Assembly approved Senate Bill No. 2024 (2017) to repeal Chapter 23-42 related to the tobacco prevention and control program and to amend Section 54-27-25 to provide funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. The Legislative Assembly did not provide funding for the Tobacco Prevention and Control Executive Committee for the 2017-19 biennium. In addition, Section 15 of House Bill No. 1015 (2017) requires the Office of Management and Budget administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

The measure also provided, if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly, in Section 39 of House Bill No. 1015 (2009), provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. Senate Bill No. 2024 (2017) repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure. The last payment under subsection IX(c)(2) of the Master Settlement Agreement was received in April 2017. The state received total tobacco settlement collections of \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement, of which \$105,689,732 was deposited into the tobacco prevention and control trust fund from April 2009 through April 2017.

In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

## ANALYSIS OF THE STATE TUITION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$1,874,600 <sup>1</sup>		\$1,613,691 <sup>1</sup>
Add estimated revenues				
Fines for violation of state laws	\$10,874,947 <sup>2</sup>		\$12,000,000 <sup>2</sup>	
Transfer from the Department of Career and Technical Education	31,792 <sup>3</sup>		0	
Transfers from the common schools trust fund	366,756,000		421,020,000	
Total estimated revenues		377,662,739		433,020,000
Total available		\$379,537,339		\$434,633,691
Less estimated expenditures and transfers				
State aid to schools (2019 SB 2013; 2021 HB 1013)	\$377,923,648		\$433,020,000	
Total estimated expenditures and transfers		377,923,648		433,020,000
Estimated ending balance		\$1,613,691 <sup>1</sup>		\$1,613,691 <sup>1</sup>

<sup>1</sup>Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

<sup>2</sup>Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2019-21 biennium are based on actual fines deposited into the fund through March 2021 and estimated fine proceeds for the remainder of the 2019-21 biennium based on the 2019 legislative revenue forecast. Fine proceeds estimated to be deposited in the state tuition fund during the 2021-23 biennium are based on the 2021 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
2001	\$4,241,256 (actual)	N/A
2002	\$4,778,756 (actual)	12.7%
2003	\$4,607,423 (actual)	(3.6%)
2004	\$4,721,407 (actual)	2.5%
2005	\$4,507,137 (actual)	(4.5%)
2006	\$4,506,316 (actual)	(0.01%)
2007	\$4,590,395 (actual)	1.9%
2008	\$4,692,048 (actual)	2.2%
2009	\$4,452,118 (actual)	(5.1%)
2010	\$4,593,325 (actual)	3.2%
2011	\$4,963,691 (actual)	8.1%
2012	\$5,769,861 (actual)	16.2%
2013	\$6,158,750 (actual)	6.7%
2014	\$6,844,632 (actual)	11.1%
2015	\$7,655,890 (actual)	11.9%
2016	\$6,945,206 (actual)	(9.3%)
2017	\$5,511,247 (actual)	(20.6%)
2018	\$6,055,397 (actual)	9.9%
2019	\$5,885,838 (actual)	(2.8%)
2020	\$5,093,885 (actual)	(13.5%)
2021	\$5,781,062 (estimate)	13.5%
2022	\$6,000,000 (estimate)	3.8%
2023	\$6,000,000 (estimate)	0%

<sup>3</sup>In January 2020 the Department of Career and Technical Education returned funding remaining from \$250,000 of carryover authority transferred to the department from funds remaining in the grants - state school aid line item after the Superintendent of Public Instruction complied with all statutory payment obligations imposed for the 2011-13 biennium. The carryover funding was made available to the department to provide autism spectrum disorder technology grants during the 2013-15 and 2015-17 bienniums.

#### **FUND HISTORY**

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. Senate Bill No. 2200 (2007) consolidated funding for the state school aid program, including per-student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

## SECTION L - HISTORICAL DATA

HISTORY OF GENERAL FUND BUDGETS	L-1
COMPARISON OF APPROPRIATIONS TO PERSONAL INCOME	L-2
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## GENERAL FUND STATEMENTS - HISTORY

The schedule below provides a summary of actual and estimated general fund balances, revenues, expenditures, and transfers.

	Actual			Estimated	
	2013-15	2015-17	2017-19	2019-21	2021-23
Beginning balance	\$1,396,059,186	\$729,529,389	\$65,000,000	\$65,000,000	\$710,259,973
Tax and fee revenues	4,906,838,448	3,437,604,096	3,818,087,697	3,749,786,008	3,734,308,251
Transfers and other sources of revenue to general fund	894,959,058	1,511,601,317	1,095,360,965	1,702,570,682	611,973,744
Total available	\$7,197,856,692	\$5,678,734,802	\$4,978,448,662	\$5,517,356,690	\$5,056,541,968
Expenditures	(\$6,468,327,303)	(\$5,581,532,047)	(\$4,365,437,808)	(\$4,784,687,592)	(\$4,992,957,330)
Transfers to budget stabilization fund	0	(32,202,755)	(548,010,854)	(22,409,125)	0
Total expenditures and transfers	(\$6,468,327,303)	(\$5,613,734,802)	(\$4,913,448,662)	(\$4,807,096,717)	(\$4,992,957,330)
Ending balance	\$729,529,389	\$65,000,000	\$65,000,000	\$710,259,973	\$63,584,638

# MEMORANDUM ON TOTAL GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2021-23 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

The following schedule presents the general fund and special funds appropriations for the 1967-69 through 2021-23 bienniums. It includes an analysis of the relationship between appropriations and the total personal income in the state. This analysis indicates that the percentage of general fund appropriations to personal income has varied with the highest percentage occurring in the 2013-15 biennium and the lowest percentage occurring in the 1967-69 biennium. Regarding all funds appropriations, the highest percentage occurred in the 1981-83 biennium and the lowest percentage in the 1967-69 biennium.

The biennial appropriation totals include major deficiency appropriations for the various bienniums made by subsequent Legislative Assemblies. The special funds appropriation totals do not necessarily reflect total expenditures of special funds since in some instances federal funds and certain fees are not specifically appropriated, but authorized to be spent by Emergency Commission action or continuing appropriations.

## TOTAL RESTATED GENERAL FUND AND SPECIAL FUNDS APPROPRIATIONS FOR THE 1967-69 THROUGH 2021-23 BIENNIUMS AND THE RELATIONSHIP TO TOTAL PERSONAL INCOME

Biennium	Total General Fund Appropriations <sup>1</sup>	Total Special Funds Appropriations <sup>1</sup>	Grand Total All Funds Appropriations	Total Personal Income	Percentage of Appropriations to Personal Income	
					General Fund	All Funds
1967-69	\$145,638,671	\$205,351,205	\$350,989,876	\$3,293,000,000 <sup>9</sup>	4.42%	10.66%
1969-71	\$183,686,131	\$261,745,459	\$445,431,590	\$3,459,000,000 <sup>9</sup>	5.31%	12.88%
1971-73	\$226,255,732	\$267,845,499	\$494,101,231	\$4,137,000,000 <sup>9</sup>	5.47%	11.94%
1973-75	\$297,820,935	\$356,127,664	\$653,948,599	\$5,770,000,000 <sup>9</sup>	5.16%	11.33%
1975-77	\$442,529,561	\$436,181,752	\$878,711,313	\$7,987,000,000 <sup>9</sup>	5.54%	11.00%
1977-79	\$575,067,852	\$565,096,709	\$1,140,164,561	\$8,051,000,000 <sup>9</sup>	7.14%	14.16%
1979-81	\$680,417,154	\$772,341,770	\$1,452,758,924	\$10,102,000,000 <sup>9</sup>	6.74%	14.38%
1981-83	\$910,249,232	\$1,205,292,293	\$2,115,541,525	\$11,206,000,000 <sup>9</sup>	8.12%	18.88%
1983-85	\$1,017,861,170	\$1,148,055,629	\$2,165,916,799	\$14,757,000,000 <sup>9</sup>	6.90%	14.68%
1985-87	\$1,134,183,661 <sup>2</sup>	\$1,339,411,840	\$2,473,595,501	\$16,544,000,000 <sup>9</sup>	6.86%	14.95%
1987-89	\$1,058,708,224 <sup>3</sup>	\$1,440,445,277	\$2,499,153,501	\$17,508,000,000 <sup>9</sup>	6.05%	14.27%
1989-91	\$1,061,507,822 <sup>4</sup>	\$1,760,553,694 <sup>5</sup>	\$2,822,061,516	\$17,419,000,000 <sup>9</sup>	6.09%	16.20%
1991-93	\$1,202,891,103 <sup>6</sup>	\$2,028,208,088	\$3,231,099,191	\$19,905,000,000 <sup>9</sup>	6.04%	16.23%
1993-95	\$1,251,925,967	\$2,162,505,820	\$3,414,431,787	\$24,188,000,000 <sup>9</sup>	5.18%	14.12%
1995-97	\$1,352,467,281	\$2,242,848,894	\$3,595,316,175	\$27,212,000,000 <sup>9</sup>	4.97%	13.21%
1997-99	\$1,510,747,421	\$2,485,617,317	\$3,996,364,738	\$29,705,000,000 <sup>9</sup>	5.09%	13.45%
1999-2001	\$1,614,882,210	\$3,265,271,344	\$4,880,153,554	\$32,990,000,000 <sup>9</sup>	4.90%	14.79%
2001-03	\$1,728,640,384 <sup>7</sup>	\$3,049,996,983	\$4,778,637,367	\$35,261,000,000 <sup>9</sup>	4.90%	13.55%
2003-05	\$1,816,885,505	\$3,289,715,994	\$5,106,601,499	\$38,876,000,000 <sup>9</sup>	4.67%	13.14%
2005-07	\$2,000,537,074	\$3,785,221,167	\$5,785,758,241	\$43,211,000,000 <sup>9</sup>	4.63%	13.39%
2007-09	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$52,411,000,000 <sup>9</sup>	4.91%	12.64%
2009-11	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$58,934,000,000 <sup>9</sup>	5.59%	15.17%
2011-13	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$74,982,000,000 <sup>9</sup>	5.73%	14.25%
2013-15	\$6,879,671,380	\$7,275,054,956	\$14,154,726,336	\$81,626,000,000 <sup>9</sup>	8.43%	17.34%
2015-17	\$5,687,291,911 <sup>8</sup>	\$8,319,007,773 <sup>8</sup>	\$14,006,299,684	\$79,056,000,000 <sup>9</sup>	7.19%	17.72%
2017-19	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$83,837,000,000 <sup>9</sup>	5.28%	16.32%
2019-21	\$4,965,103,166	\$11,931,090,242	\$16,896,193,408	\$90,292,000,000 <sup>10</sup>	5.50%	18.71%
2021-23	\$4,992,957,330	\$11,943,388,235	\$16,936,345,565	\$91,425,000,000 <sup>10</sup>	5.46%	18.52%

<sup>1</sup>Appropriation amounts are restated to reflect, where appropriate, deficiency appropriations provided by a subsequent Legislative Assembly.

<sup>2</sup>In addition, changes made to general fund appropriations were:

- Reductions of \$12,965,250 as a result of 1987 Legislative Assembly action;
- A \$44,125,917 reduction as of May 1987 as a result of a 4 percent allotment reduction made by the Governor; and
- An increase of \$4,388,862 for Emergency Commission action and 1983-85 carryover.

<sup>3</sup>In addition, changes made to general fund appropriations were:

- Reductions of \$3,175,000 required because of the cable television sales tax referral; and
- A \$21 million budget allotment mandated by the Governor in September 1988.

<sup>4</sup>This amount is adjusted for revisions made to general fund appropriations, including reductions of \$95,763,770 resulting from the December 1989 sales and individual income tax referrals, increases of \$5,967,192 relating to the use of the budget stabilization fund, and increases of \$22,395,712 resulting from an August 1990, 2 percent unallotment.

<sup>5</sup>This amount is adjusted for revisions made to special funds appropriations, including reductions of \$14,876,540 resulting from the December 1989 gas tax referral and a net reduction of \$1,003,977 resulting from higher education tuition increases and Department of Human Services estimated income adjustments.

<sup>6</sup>In addition, the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than 1991-93 biennium revenue estimates made by the Legislative Assembly in 1991, excluding the effect of Sunday opening, by at least \$11 million. This did not become effective. This amount does not reflect budget allotments ordered by the Governor during the 1991-93 biennium of \$4,305,000.

<sup>7</sup>The general fund appropriation amount for the 2001-03 biennium has been restated to reflect the 1.05 percent budget allotment ordered by Governor John Hoeven in July 2002.

<sup>8</sup>The general fund appropriation amount for the 2015-17 biennium has been restated to reflect the 6.55 percent general fund budget reductions made by the Legislative Assembly in the August 2016 special legislative session. The special fund appropriation amount has also been restated to reflect the \$116,053,293 transfer from the foundation aid stabilization fund to the Department of Public Instruction for state school aid payments, as a result of general fund budget allotments ordered by the Governor of 4.05 percent in February 2016 and 2.50 percent in August 2016.

<sup>9</sup>Source: United States Bureau of Economic Analysis.

<sup>10</sup>Source: IHS Markit.

**COMPARISON OF EXECUTIVE BUDGET RECOMMENDATIONS TO FINAL BUDGETS  
APPROVED BY THE LEGISLATIVE ASSEMBLY FOR THE 1967-69 THROUGH 2021-23 BIENNIUMS<sup>1</sup>**

	General Fund Appropriations	Special Funds Appropriations	Total All Appropriations	General Fund Revenues <sup>2</sup>
<b>1967-69</b>				
Executive budget	\$132,496,141	\$204,346,811	\$336,842,952	\$148,269,822
Legislative increase (decrease)	13,142,530	1,004,394	14,146,924	16,980,000
Legislative budget	\$145,638,671	\$205,351,205	\$350,989,876	\$165,249,822
<b>1969-71</b>				
Executive budget	\$166,602,105	\$216,086,092	\$382,688,197	\$181,000,000
Legislative increase (decrease)	17,084,026	45,659,367	62,743,393	22,092,623
Legislative budget	\$183,686,131	\$261,745,459	\$445,431,590	\$203,092,623
<b>1971-73</b>				
Executive budget	\$226,640,383	\$257,317,128	\$483,957,511	\$241,840,000
Legislative increase (decrease)	(384,651)	10,528,371	10,143,720	1,769,348
Legislative budget	\$226,255,732	\$267,845,499	\$494,101,231	\$243,609,348
<b>1973-75</b>				
Executive budget	\$267,951,706	\$314,124,492	\$582,076,198	\$307,075,000
Legislative increase (decrease)	6,733,531	38,835,098	45,568,629	(5,705,492)
Legislative budget	\$274,685,237	\$352,959,590	\$627,644,827	\$301,369,508
Add				
Deficiency appropriations provided by the 1975 Legislative Assembly	23,135,698	3,168,074	26,303,772	
Legislative budget as restated	\$297,820,935	\$356,127,664	\$653,948,599	\$301,369,508
<b>1975-77</b>				
Executive budget	\$438,882,752	\$394,903,834	\$833,786,586	\$530,645,000
Legislative increase (decrease)	3,646,809	41,277,918	44,924,727	5,461,978
Reduction to June 30, 1975, general fund balance for deficiency appropriations for 1973-75				(23,135,698)
Legislative budget	\$442,529,561	\$436,181,752	\$878,711,313	\$512,971,280
<b>1977-79</b>				
Executive budget	\$538,440,978	\$477,421,009	\$1,015,861,987	\$647,900,000
Legislative increase (decrease)	35,376,433	87,268,156	122,644,589	371,650
Legislative budget	\$573,817,411	\$564,689,165	\$1,138,506,576	\$648,271,650

Add				
Deficiency appropriations provided by the 1979 Legislative Assembly	1,250,441	407,544	1,657,985	
Legislative budget as restated	<u>\$575,067,852</u>	<u>\$565,096,709</u>	<u>\$1,140,164,561</u>	<u>\$648,271,650</u>
<b>1979-81</b>				
Executive budget	\$646,401,970	\$710,607,537	\$1,357,009,507	\$694,467,657
Legislative increase (decrease)	8,317,480	57,780,260	66,097,740	10,028,475
Reduction to June 30, 1979, general fund balance for deficiency appropriations for 1977-79				(1,250,441)
Legislative budget	<u>\$654,719,450</u>	<u>\$768,387,797</u>	<u>\$1,423,107,247</u>	<u>\$703,245,691</u>
Add				
Deficiency appropriations provided by the 1981 Legislative Assembly	25,697,704	3,953,973	29,651,677	
Legislative budget as restated	<u>\$680,417,154</u>	<u>\$772,341,770</u>	<u>\$1,452,758,924</u>	<u>\$703,245,691</u>
<b>1981-83</b>				
Executive budget	\$1,030,540,733	\$1,043,972,705	\$2,074,513,438	\$1,129,692,934
Legislative increase (decrease)	(126,944,501)	133,544,456	6,599,955	(102,960,239)
Legislative budget	<u>\$903,596,232</u>	<u>\$1,177,517,161</u>	<u>\$2,081,113,393</u>	<u>\$1,026,732,695</u>
Add				
Deficiency appropriations provided by the 1983 Legislative Assembly	6,653,000	27,775,132	34,428,132	
Legislative budget as restated	<u>\$910,249,232</u>	<u>\$1,205,292,293</u>	<u>\$2,115,541,525</u>	<u>\$1,026,732,695</u>
<b>1983-85</b>				
Executive budget	\$924,455,265 <sup>3</sup>	\$1,114,112,221	\$2,038,567,486	\$974,408,000
Legislative increase (decrease)	80,655,781	25,386,761	106,042,542	68,097,250
Legislative budget	<u>\$1,005,111,046</u>	<u>\$1,139,498,982</u>	<u>\$2,144,610,028</u>	<u>\$1,042,505,250</u>
Add				
Deficiency appropriations provided by the 1985 Legislative Assembly	12,750,124	8,556,647	21,306,771	
Legislative budget as restated	<u>\$1,017,861,170</u>	<u>\$1,148,055,629</u>	<u>\$2,165,916,799</u>	<u>\$1,042,505,250</u>
<b>1985-87</b>				
Executive budget	\$1,188,601,469 <sup>4</sup>	\$1,292,110,406	\$2,480,711,875	\$1,219,290,080
Legislative increase (decrease)	(63,055,462)	42,502,011	(20,553,451)	(62,146,218)
Legislative budget	<u>\$1,125,546,007</u>	<u>\$1,334,612,417</u>	<u>\$2,460,158,424</u>	<u>\$1,157,413,862</u>

Add				
Deficiency appropriations provided by the 1987 Legislative Assembly	130,000	4,799,423	4,929,423	
49 <sup>th</sup> Legislative Assembly personal property tax replacement deficiency appropriation not spent until the 1985-87 biennium	8,507,654		8,507,654	
Impact of revised revenue estimate				(75,126,740)
Legislative budget as restated	<u>\$1,134,183,661</u> <sup>5</sup>	<u>\$1,339,411,840</u>	<u>\$2,473,595,501</u>	<u>\$1,082,017,122</u>
<b>1987-89</b>				
Executive budget	\$1,114,031,918	\$1,406,353,403	\$2,520,385,321	\$1,119,465,000
Legislative increase (decrease)	<u>(56,862,745)</u>	<u>32,891,874</u>	<u>(23,970,871)</u>	<u>(56,462,787)</u>
Legislative budget	\$1,057,169,173	\$1,439,245,277	\$2,496,414,450	\$1,063,002,213
Add				
Deficiency appropriations provided by the 1989 Legislative Assembly	1,539,051	1,200,000	2,739,051	
Legislative budget as restated	<u>\$1,058,708,224</u> <sup>6</sup>	<u>\$1,440,445,277</u>	<u>\$2,499,153,501</u>	<u>\$1,063,002,213</u>
<b>1989-91</b>				
Executive budget	\$1,115,265,227	\$1,690,091,064	\$2,805,356,291	\$1,126,110,000
Legislative increase (decrease)	<u>4,520,393</u>	<u>86,034,147</u>	<u>90,554,540</u>	<u>(2,152,095)</u>
Legislative budget	\$1,119,785,620	\$1,776,125,211	\$2,895,910,831	\$1,123,957,905
Add				
Deficiency appropriations provided by the 1991 Legislative Assembly	9,123,068	309,000	9,432,068	
Reductions due to sales, individual income, and gas tax referrals	(95,763,770)	(14,876,540)	(110,640,310)	(103,240,108)
Increase in June 30, 1989, balance				7,361,495
Adjustments for higher education tuition increases and Department of Human Services estimated income adjustments		(1,003,977)	(1,003,977)	
Use of budget stabilization fund	5,967,192		5,967,192	
2 percent unallotment (August 1990)	<u>22,395,712</u>		<u>22,395,712</u>	
Legislative budget as restated	<u>\$1,061,507,822</u>	<u>\$1,760,553,694</u>	<u>\$2,822,061,516</u>	<u>\$1,028,079,292</u>
<b>1991-93</b>				
Executive budget	\$1,166,588,941	\$1,901,143,193	\$3,067,732,134	\$1,185,456,000
Legislative increase (decrease)	<u>32,041,733</u>	<u>125,939,720</u>	<u>157,981,453</u>	<u>36,936,959</u>
Legislative budget	<u>\$1,198,630,674</u> <sup>7</sup>	<u>\$2,027,082,913</u>	<u>\$3,225,713,587</u> <sup>7</sup>	<u>\$1,222,392,959</u>

Add				
Deficiency appropriations provided by the 1993 Legislative Assembly	4,260,429	1,125,175	5,385,604	
Legislative budget as restated	<u>\$1,202,891,103</u>	<u>\$2,028,208,088</u>	<u>\$3,231,099,191</u>	<u>\$1,222,392,959</u>
<b>1993-95</b>				
Executive budget	\$1,228,289,194	\$2,248,975,882	\$3,477,265,076	\$1,253,054,000
Legislative increase (decrease)	<u>22,940,773</u>	<u>(88,551,589)</u>	<u>(65,610,816)</u>	<u>7,099,865</u>
Legislative budget	\$1,251,229,967	\$2,160,424,293	\$3,411,654,260	\$1,260,153,865
Add				
Deficiency appropriations provided by the 1995 Legislative Assembly	696,000	2,081,527	2,777,527	
Legislative budget as restated	<u>\$1,251,925,967</u>	<u>\$2,162,505,820</u>	<u>\$3,414,431,787</u>	<u>\$1,260,153,865</u>
<b>1995-97</b>				
Executive budget	\$1,345,660,131	\$2,207,522,902	\$3,553,183,033	\$1,355,491,421
Legislative increase (decrease)	<u>1,284,129</u>	<u>34,396,992</u>	<u>35,681,121</u>	<u>2,668,581</u>
Legislative budget	\$1,346,944,260	\$2,241,919,894	\$3,588,864,154	\$1,358,160,002
Add				
Deficiency appropriations provided by the 1997 Legislative Assembly	5,523,021	929,000	6,452,021	
Legislative budget as restated	<u>\$1,352,467,281</u>	<u>\$2,242,848,894</u>	<u>\$3,595,316,175</u>	<u>\$1,358,160,002</u>
<b>1997-99</b>				
Executive budget	\$1,494,395,064	\$2,507,943,925	\$4,002,338,989	\$1,504,489,758
Legislative increase (decrease)	<u>(5,154,977)</u>	<u>(22,576,608)</u>	<u>(27,731,585)</u>	<u>(4,393,735)</u>
Legislative budget	\$1,489,240,087	\$2,485,367,317	\$3,974,607,404	\$1,500,096,023
Add				
Deficiency appropriations provided by the 1999 Legislative Assembly	21,507,334	250,000	21,757,334	
Legislative budget as restated	<u>\$1,510,747,421</u>	<u>\$2,485,617,317</u>	<u>\$3,996,364,738</u>	<u>\$1,500,096,023</u>
<b>1999-2001</b>				
Executive budget	\$1,615,319,416	\$2,711,061,796	\$4,326,381,212	\$1,625,566,507
Legislative increase (decrease)	<u>(21,280,878)</u>	<u>504,237,505</u> <sup>8</sup>	<u>482,956,627</u>	<u>(20,209,113)</u>
Legislative budget	\$1,594,038,538	\$3,215,299,301	\$4,809,337,839	\$1,605,357,394

Add				
Deficiency appropriations provided by the 2001 Legislative Assembly	20,843,672	49,972,043	70,815,715	
Legislative budget as restated	<u>\$1,614,882,210</u>	<u>\$3,265,271,344</u>	<u>\$4,880,153,554</u>	<u>\$1,605,357,394</u>
<b>2001-03</b>				
Executive budget	\$1,706,299,108	\$2,970,092,352	\$4,676,391,460	\$1,720,969,291
Legislative increase (decrease)	<u>40,684,605</u>	<u>52,604,631</u>	<u>93,289,236</u>	<u>38,009,116</u>
Legislative budget	\$1,746,983,713	\$3,022,696,983 <sup>9</sup>	\$4,769,680,696	\$1,758,978,407
Add				
Deficiency appropriations provided by the 2003 Legislative Assembly		27,300,000	27,300,000	
Less				
1.05 percent budget allotment	<u>(18,343,329)</u>		<u>(18,343,329)</u>	
Legislative budget as restated	<u>\$1,728,640,384</u> <sup>10</sup>	<u>\$3,049,996,983</u>	<u>\$4,778,637,367</u> <sup>10</sup>	<u>\$1,758,978,407</u>
<b>2003-05</b>				
Executive budget	\$1,762,103,934	\$3,231,267,168	\$4,993,371,102	\$1,772,149,343
Legislative increase (decrease)	<u>41,557,227</u>	<u>24,511,067</u>	<u>66,068,294</u>	<u>41,764,727</u>
Legislative budget	\$1,803,661,161	\$3,255,778,235	\$5,059,439,396	\$1,813,914,070
Add				
Deficiency appropriations provided by the 2005 Legislative Assembly	13,224,344	34,000,000	47,224,344	
Less				
Special funds reductions required by 2003 HB 1505		<u>(62,241)</u>	<u>(62,241)</u>	
Legislative budget as restated	<u>\$1,816,885,505</u>	<u>\$3,289,715,994</u>	<u>\$5,106,601,499</u>	<u>\$1,813,914,070</u>
<b>2005-07</b>				
Executive budget	\$2,007,001,269	\$3,538,353,475	\$5,545,354,744	\$2,017,154,996
Legislative increase (decrease)	<u>(17,548,646)</u>	<u>224,867,692</u>	<u>207,319,046</u>	<u>(17,406,842)</u>
Legislative budget	\$1,989,452,623	\$3,763,221,167	\$5,752,673,790	\$1,999,748,154
Add				
Deficiency appropriations provided by the 2007 Legislative Assembly	11,084,451	22,000,000	33,084,451	
Legislative budget as restated	<u>\$2,000,537,074</u>	<u>\$3,785,221,167</u>	<u>\$5,785,758,241</u>	<u>\$1,999,748,154</u>



**2007-09**

Executive budget	\$2,468,326,339	\$3,864,876,095	\$6,333,202,434	\$2,502,682,419
Legislative increase (decrease)	<u>(6,352,383)</u>	<u>155,638,989</u>	<u>149,286,606</u>	<u>(27,052,284)</u>
Legislative budget	\$2,461,973,956	\$4,020,515,084	\$6,482,489,040	\$2,475,630,135
Add				
Deficiency appropriations provided by the 2009 Legislative Assembly	<u>112,339,319</u>	<u>29,152,403</u>	<u>141,491,722</u>	
Legislative budget as restated	\$2,574,313,275	\$4,049,667,487	\$6,623,980,762	\$2,475,630,135

**2009-11**

Executive budget	\$3,110,921,665	\$4,598,634,482	\$7,709,556,147	\$3,175,713,942
Legislative increase (decrease)	<u>148,443,816</u>	<u>1,000,274,902</u>	<u>1,148,718,718</u>	<u>103,180,918</u>
Legislative budget	\$3,259,365,481	\$5,598,909,384	\$8,858,274,865	\$3,278,894,860
Add				
Deficiency appropriations provided by the 2011 Legislative Assembly	<u>37,230,168</u>	<u>43,433,000</u>	<u>80,663,168</u>	
Legislative budget as restated	\$3,296,595,649	\$5,642,342,384	\$8,938,938,033	\$3,278,894,860

**2011-13**

Executive budget	\$3,295,569,541	\$5,998,005,832	\$9,293,575,373	\$3,351,306,217
Legislative increase (decrease)	<u>941,116,919</u>	<u>364,281,588</u>	<u>1,305,398,507</u>	<u>1,092,272,719</u>
Legislative budget	\$4,236,686,460	\$6,362,287,420	\$10,598,973,880	\$4,443,578,936
Add				
Deficiency appropriations provided by the 2013 Legislative Assembly	<u>60,314,701</u>	<u>25,000,000</u>	<u>85,314,701</u>	
Legislative budget as restated	\$4,297,001,161	\$6,387,287,420	\$10,684,288,581	\$4,443,578,936

**2013-15**

Executive budget	\$4,786,171,981	\$7,998,462,773	\$12,784,634,754	\$4,866,676,875
Legislative increase (decrease)	<u>2,087,415,373</u>	<u>(1,116,787,817)</u>	<u>970,627,556</u>	<u>2,082,954,407</u>
Legislative budget	\$6,873,587,354	\$6,881,674,956	\$13,755,262,310	\$6,949,631,282
Add				
Deficiency appropriations provided by the 2015 Legislative Assembly	<u>6,084,026</u>	<u>393,380,000</u>	<u>399,464,026</u>	
Legislative budget as restated	<u>\$6,879,671,380</u>	<u>\$7,275,054,956</u>	<u>\$14,154,726,336</u>	<u>\$6,949,631,282</u>

**2015-17**

Executive budget	\$7,232,580,330	\$8,494,450,631	\$15,727,030,961	\$7,329,943,668
Legislative increase (decrease)	<u>(1,186,417,652)</u>	<u>(320,216,515)</u>	<u>(1,506,634,167)</u>	<u>(1,092,771,398)</u>
Legislative budget	\$6,046,162,678	\$8,174,234,116	\$14,220,396,794	\$6,237,172,270
Add				
Deficiency appropriations provided by the 2017 Legislative Assembly	617,010	28,720,364	29,337,374	
Less				
August 2016 special session adjustments	<u>(359,487,777)</u>	<u>116,053,293</u>	<u>(243,434,484)</u>	<u>(579,572,842)</u>
Legislative budget as restated	\$5,687,291,911 <sup>11</sup>	\$8,319,007,773	\$14,006,299,684 <sup>11</sup>	\$5,657,599,428

**2017-19**

Revised executive budget <sup>12</sup>	\$4,621,320,412	\$8,656,595,503	\$13,277,915,915	\$4,713,426,208
Legislative increase (decrease)	<u>(311,057,771)</u>	<u>586,228,308</u>	<u>275,170,537</u>	<u>(352,719,938)</u>
Legislative budget	\$4,310,262,641	\$9,242,823,811 <sup>13</sup>	\$13,553,086,452	\$4,360,706,270
Add				
Deficiency and supplemental appropriations provided by the 2019 Legislative Assembly	115,560,181	11,009,071	126,569,252	
Legislative budget as restated	\$4,425,822,822	\$9,253,832,882	\$13,679,655,704	\$4,360,706,270

**2019-21**

Executive budget	\$4,936,726,893	\$9,357,096,100	\$14,293,822,993	\$4,935,448,310
Legislative increase (decrease)	<u>(93,163,727)</u>	<u>489,938,471</u>	<u>396,774,744</u>	<u>(47,488,670)</u>
Legislative budget	\$4,843,563,166	\$9,847,034,571	\$14,690,597,737	\$4,887,959,640
Add				
Deficiency and supplemental appropriations provided by the 2021 Legislative Assembly	121,540,000	2,084,055,671	2,205,595,671	
Legislative budget as restated	\$4,965,103,166	\$11,931,090,242	\$16,896,193,408	\$4,822,959,640

**2021-23**

Executive budget	\$4,835,670,367	\$10,183,865,389	\$15,019,535,756	\$4,893,085,742
Legislative increase (decrease)	<u>157,286,963</u>	<u>1,759,522,846</u>	<u>1,916,809,809</u>	<u>163,456,226</u>
Legislative budget	\$4,992,957,330	\$11,943,388,235	\$16,936,345,565	\$5,056,541,968

<sup>1</sup>This schedule presents totals of appropriations and revenues recommended in the executive budget compared to the appropriations and revenues approved by the Legislative Assembly. Appropriation totals are adjusted to reflect deficiency appropriations made by succeeding Legislative Assemblies which are reflected in the previous biennium appropriation amounts.

<sup>2</sup>The general fund revenues include estimated general fund balances at the beginning of a biennium which are in several instances adjusted to reflect deficiency appropriations.

The following is a summary of major action by the Legislative Assembly affecting general fund revenues:

- The 1967 Legislative Assembly increased the sales tax from 2.25 to 3 percent.
- The 1969 Legislative Assembly repealed the personal property tax, increased the sales tax from 3 to 4 percent, and enacted the business privilege tax. Also, the Legislative Assembly reduced the executive budget general fund revenue estimates (primarily income tax estimates) by \$4.7 million.
- The 1973 Legislative Assembly increased the estimated July 1, 1973, general fund balance from the executive estimate by \$3 million and increased executive budget 1973-75 revenue estimates for sales and income tax collections by \$3.3 million. In addition revenue estimates were reduced by exempting food purchases from the sales tax, revising the income tax rates, and repealing the tax on oleomargarine.
- The 1975 Legislative Assembly increased the July 1, 1975, estimated general fund balance from the executive estimate by \$14 million because of increased sales and income tax collections and increased the executive budget 1975-77 revenue estimates for sales and income tax collections by \$10 million. In addition a coal conversion tax and a coal severance tax were enacted. Also, revenue estimates were reduced by enacting the income tax inflation credit, reducing the business privilege tax, requiring driver's license fees to be deposited in the highway fund rather than the general fund, and amending the estate tax laws so no portion of estate tax collections are deposited in the general fund.
- The executive budget and legislative revenue estimates for the 1977-79 biennium reflect the reduction of the sales tax from 4 to 3 percent.
- The 1979 Legislative Assembly increased the June 30, 1979, estimated general fund balance from the executive budget estimate by \$4 million because of increased income tax collections for the 1977-79 biennium and increased estimated income tax collections for the 1979-81 biennium by \$7 million.
- The 1981 Legislative Assembly reduced estimated income tax collections by \$51.7 million as a result of an updating of the definition of federal taxable income and reducing income tax rates, changed the percentage of oil extraction tax going to the general fund from 45 to 30 percent resulting in a reduction of \$39,766,667, transferred a portion of the oil and gas gross production tax to the highway tax distribution fund and townships resulting in a reduction of \$32 million to general fund revenues, and added \$21.5 million due to a March 19, 1981, executive budget office revision of revenue estimates.
- The 1983 Legislative Assembly reduced revenues by \$58,406,000 due to revised revenue estimates of the executive budget office; increased revenues by \$86.03 million to change the percentage of oil extraction tax going to the general fund from 30 to 90 percent; and provided major tax increases of \$102.75 million for personal and corporate income taxes, \$41.59 million in accelerated tax collections, \$8.2 million in coal conversion taxes, \$9.5 million in cigarette taxes, and \$4.2 million in liquor taxes. Also, the executive budget and legislative revenue estimates for the 1983-85 biennium reflect an increase in the sales tax from 3 to 4 percent.
- The 1985 Legislative Assembly reduced general fund revenues by \$56,057,658 due to revised revenue estimates of the executive budget office and increased revenues by \$9,415,651 relating to a transfer from the coal development impact fund to the general fund, by \$5.32 million to remove the sales tax exemption from candy and selected carbonated beverages, and by \$7,832,450 related to keeping the percentage of the oil extraction tax allocated to the general fund at 90 percent rather than 85 percent in the original executive budget.
- Revenues for the 1985-87 biennium were reduced by \$75,126,740 after the 1985 legislative session consisting of a reduction of \$110,386,758 due to revised revenue estimates of the executive budget office, primarily a result of significant oil tax revenue shortfalls; an increase of \$18,984,018 due to a higher than estimated July 1, 1985, general fund balance; increases totaling \$16,276,000 as a result of the 1986 special session action, of which \$13,276,000 relates to a one-cent sales and use tax increase for the last 6 months of the 1985-87 biennium; and a \$3 million increase relating to increasing the individual income tax from 10.5 to 14 percent and implementing mandatory withholding effective January 1, 1987 (this is the fiscal impact after the referral measure relating to the income tax increase, which was defeated in March 1987).
- The 1987 Legislative Assembly increased general fund revenues by \$9.22 million due to revised revenue estimates of the executive budget office by \$46.14 million due to a temporary .5 percent sales, use, and aircraft excise tax increase from 5 to 5.5 percent and to include cable television; by \$8.3 million due to a 1-year 10 percent individual income tax surtax; by \$9,724,000 due to a nine-cent per package cigarette tax increase; and by \$4,255,000 due to removing the royalty owners exemption from the oil extraction tax. Revenues were reduced by \$4,625,000 to provide a 15-month oil extraction tax exemption and to reduce the oil extraction tax rate from 6.5 to 4 percent for new wells.

- The 1989 Legislative Assembly increased general fund revenues by \$32,236,000 due to revised revenue estimates of the executive budget office by \$87,241,000 due to a one-cent sales and use tax increase from 5 to 6 percent (the actual increase was from 5.5 to 6 percent; however, .5 percent was a temporary tax and the rate would have reverted to 5 percent); by \$4,714,200 for a 6 percent sales tax on bingo; by \$42.6 million to increase the individual income tax from 14 to 17 percent of federal tax liability and the equivalent increases in the long-form rates; and by \$4.6 million to increase the insurance premium tax rates on accident, health, and other lines, except life insurance, from 1.25 to 1.75 percent.
- The 1991 Legislative Assembly increased general fund revenues by \$16.3 million due to allowing Sunday opening and by \$23.2 million due to a transfer from Bank of North Dakota earnings.
- The 1993 Legislative Assembly increased general fund revenues by \$11.8 million due to repealing the capital construction fund, which received a portion of the sales, use, and motor vehicle excise tax; by \$15.5 million due to increasing the cigarette tax by 15 cents (from 29 cents to 44 cents) and other tobacco products from 22 to 28 percent of the wholesale price; and by \$8.2 million due to increasing the tax on charitable gaming tickets (pull tabs) from 2 to 4.5 percent.
- The 1995 Legislative Assembly increased general fund revenues by \$2.7 million due to increasing court fees and providing that the fees be deposited in the general fund rather than with the counties, additional revenues being projected in the March revenue forecast, and requiring a sales certificate on used vehicle sales. Revenues were reduced as a result of increasing the oil extraction tax allocation to the resources trust fund and decreasing transfers from the Mill and Elevator and state agency 1993-95 estimated turnback.
- The 1997 Legislative Assembly reduced general fund revenues by \$4.4 million due to decreasing Bank of North Dakota transfers to the general fund, decreasing state aid distribution fund transfers to the general fund, expanding the exemptions from the coal conversion tax, and a reduction resulting from the March revenue forecast. Revenues were increased as a result of estimating additional agency turnback for the 1995-97 biennium and additional oil and gas gross production tax revenues and increasing the percentage of sales and use tax collections that are deposited in the general fund.
- The 1999 Legislative Assembly reduced general fund revenues by \$20.2 million due to a reduction resulting from the March revenue revision, decreasing Bank of North Dakota transfers to the general fund, and a sales tax rate reduction for used farm machinery and repair parts and used irrigation equipment. Revenues were increased as a result of increased departmental collections from governmental nursing facility payment reimbursements, the contingent sale of developmentally disabled facility loans to the Bank of North Dakota, increased special funds transfers, and additional court filing fee revenue.
- The 2001 Legislative Assembly increased general fund revenues by \$38 million due to an increase resulting from the March revenue revision, increasing Bank of North Dakota transfers to the general fund, the providing of a transfer from the student loan trust fund, and increased departmental collections from governmental nursing facility payment reimbursements.
- The 2003 Legislative Assembly increased general fund revenues by \$41.7 million due to an increase resulting from the March revenue revision, a 1 percent lodging tax increase, increasing the transfer from the student loan trust fund, and providing transfers from the water development trust fund and the health care trust fund.
- The 2005 Legislative Assembly decreased general fund revenues by \$17.4 million due to defeating the executive budget proposal to repeal North Dakota Century Code Section 54-27.2-02 providing for the end of the biennium general fund balance in excess of \$65 million to be transferred to the budget stabilization fund resulting in a reduction in revenue of \$65 million, defeating the executive budget proposal to increase the limit for oil revenues to be deposited in the general fund rather than the permanent oil tax trust fund resulting in a reduction in revenue of \$13.3 million, increasing the transfer from the lands and minerals trust fund, and providing transfers from the permanent oil tax trust fund.
- The 2007 Legislative Assembly decreased general fund revenues by \$120.85 million due to reducing the income tax "marriage penalty" and providing property tax relief by an income tax credit, decreased general fund revenues by \$12.62 million to deposit motor vehicle excise tax collections in the highway fund rather than the general fund, decreased general fund revenues by \$4.6 million to provide tax reductions and exemptions for heating fuels, and increased general fund revenues by \$115 million by providing a transfer from the permanent oil tax trust fund.
- The 2009 Legislative Assembly increased general fund revenues by \$103.18 million due to providing a \$435 million transfer from the permanent oil tax trust fund to the general fund, providing individual and corporate income tax rate reductions of \$100 million, removing a \$60 million transfer from the Bank of North

Dakota to the general fund, defeating the executive recommendation to increase the limit of oil revenues deposited in the general fund rather than the permanent oil tax trust fund by \$39 million, and depositing \$30.46 million of motor vehicle excise tax collections in the highway fund rather than the general fund.

- The 2011 Legislative Assembly increased general fund revenues by \$1,092,270,000 due to providing a \$295 million transfer from the property tax relief sustainability fund, providing a \$305 million transfer from the strategic investment and improvements fund, increasing the amount of oil and gas tax revenues deposited in the general fund by \$229 million, transferring the permanent oil tax trust fund balance of \$615 million at the end of the 2009-11 biennium, removing a transfer of \$60 million from the Bank of North Dakota, removing a transfer of \$239 million from the lands and minerals trust fund, removing a transfer of \$232 million from the permanent oil tax trust fund, defeating the executive recommendation to deposit \$45.7 million of motor vehicle excise taxes in the highway tax distribution fund rather than the general fund, and providing individual and corporate income tax rate reductions of \$145 million. The amount shown also reflects adjustments made during the November 2011 special session to reflect an additional \$336.6 million for the actual general fund balance on July 1, 2011, and a decrease in general fund revenue of \$11 million due to an increase in available tax credits for contributions to the housing incentive fund from \$4 million to \$15 million.
- The 2013 Legislative Assembly increased general fund revenues by \$2,082,950,000 due to providing a \$520 million transfer from the strategic investment and improvements fund; providing a \$341.79 million transfer from the property tax relief fund; removing 2011-13 transfers of \$744.8 million to the property tax relief fund, \$720 million to the highway fund, and \$30 million to the housing incentive fund all of which affected the estimated beginning balance; and approving individual and corporate income tax rate reductions of \$250 million.
- The 2015 Legislative Assembly decreased general fund revenues by \$1.1 billion primarily due to removing a \$700 million transfer from the strategic investment and improvements fund and reducing the general fund revenue forecast by \$419 million.
- The 2017 Legislative Assembly decreased general fund revenues by \$352.7 million primarily due to changes to the oil and gas tax allocation formula and various transfers.
- The 2019 Legislative Assembly decreased general fund revenues by \$112.5 million primarily due to the establishment of an insurance premium tax credit for an invisible reinsurance pool and reducing the general fund revenue forecast.

<sup>3</sup>This is the amount of general fund appropriations recommended by the Governor in the original executive budget as submitted on December 13-14, 1982. On February 10, 1983, and March 21, 1983, the Governor made specific recommendations in regard to reductions in various general fund appropriations. The Governor also supported an additional general fund foundation aid appropriation due to depositing 90 percent of the oil extraction tax in the general fund. The Governor's revised general fund appropriation level, subsequent to the February 1983 adjustments discussed above, was \$897.8 million, which included an additional \$15.8 million for foundation aid due to a decline in oil revenue estimates. Subsequent to the March 1983 adjustments, the Governor's revised general fund appropriation level was \$973.4 million, which was \$871.5 million plus \$101.9 million due to funding foundation aid from the general fund rather than from oil extraction tax collections.

<sup>4</sup>This is the amount of general fund appropriations recommended by Governor Alan Olson in the original executive budget as submitted on December 6-7, 1984. On February 5, 1985, Governor George Sinner recommended reductions to general fund appropriations which totaled \$72,995,855. Governor Sinner's revised general fund appropriation level was \$1,115,605,614.

<sup>5</sup>In addition to adjustments for deficiency appropriations, Governor Sinner mandated a 4 percent general fund allotment reduction totaling \$44,125,917 as of May 1987, the 50<sup>th</sup> Legislative Assembly made general fund reductions totaling \$12,965,250, and \$4,388,862 was added for Emergency Commission action and 1983-85 carryover which resulted in a 1985-87 general fund spending level of \$1,081,481,356.

<sup>6</sup>Other adjustments to the 1987-89 legislative general fund appropriations were a \$3,174,998 reduction due to the cable television sales tax referral and a \$20,520,081 reduction from budget allotments ordered by Governor Sinner because of an anticipated reduction in general fund revenues.

<sup>7</sup>In addition the Legislative Assembly in House Bill No. 1046 (1991) appropriated up to \$9.5 million from the general fund for rural development if 1991-93 biennium revenues were more than the 1991-93 biennium revenue estimates made by the 1991 Legislative Assembly, excluding the effect of Sunday opening, by at least \$11 million. This amount does not reflect budget allotments ordered by Governor Sinner during the 1991-93 biennium of \$4,305,000.

<sup>8</sup>The special funds appropriation increase results primarily from the Legislative Assembly appropriating \$476.3 million of higher education local funds for the 1999-2001 biennium.

<sup>9</sup>The special funds appropriation decrease from the prior biennium results primarily from the Legislative Assembly removing \$755,859,048 of higher education tuition income and local funds by providing a continuing appropriation for higher education special funds, including tuition income and local funds. If higher education tuition income and local funds had been specifically appropriated, the 2001-03 legislative budget for special funds would have been approximately \$3,778,556,031, a \$513,284,687 increase from the 1999-2001 special funds legislative budget of \$3,265,271,344.

<sup>10</sup>In addition to an adjustment for deficiency appropriations, Governor John Hoeven mandated a 1.05 percent general fund allotment reduction totaling \$18,343,329 in July 2002.

<sup>11</sup>In addition to an adjustment for deficiency appropriations, the Legislative Assembly made additional general fund reductions totaling \$359,487,777 in a special session in August 2016.

<sup>12</sup>The amounts shown reflect the revised executive budget recommended by Governor Doug Burgum for the 2017-19 biennium rather than the original executive budget recommended by Governor Jack Dalrymple. Governor Dalrymple's budget provided for total appropriations of \$12,475,345,672, of which \$4,780,662,854 is from the general fund, for the 2017-19 biennium.

<sup>13</sup>The special funds appropriation increase from the prior biennium results primarily from the Legislative Assembly adding \$1.85 billion of appropriation authority for higher education tuition income and local funds. If higher education tuition income and local funds had not been specifically appropriated, the 2017-19 biennium legislative budget would have been approximately \$7.40 billion, a \$920 million decrease from the 2015-17 biennium special funds legislative budget of \$8.32 billion.

**COMPARISON OF AGENCY REQUESTS, EXECUTIVE RECOMMENDATIONS, AND LEGISLATIVE APPROPRIATIONS FOR  
STATE SCHOOL AID FOR THE 1967-69 THROUGH 2021-23 BIENNIUMS**

<b>Biennium</b>	<b>Department of Public Instruction Request</b>	<b>Executive Recommendation</b>	<b>Legislative Appropriation</b>	<b>Appropriated Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment</b>	<b>Appropriated Percentage Increase (Decrease) From Previous Biennium Appropriation and Previous Year Per Student Payment</b>
<b>1967-69</b>					
General fund state school aid appropriation	\$48,200,000	\$38,450,000	\$45,500,000	\$9,650,000	26.9%
1st-year per student payments	N/A	\$220	\$220	\$44	25.0%
2nd-year per student payments	N/A	\$220	\$220	\$0	0.0%
<b>1969-71</b>					
General fund state school aid appropriation	\$51,750,000	\$48,700,000	\$50,200,000	\$4,700,000	10.3%
1st-year per student payments	N/A	\$230	\$230	\$10	4.5%
2nd-year per student payments	N/A	\$230	\$240	\$10	4.3%
<b>1971-73</b>					
General fund state school aid appropriation	\$67,200,000	\$51,135,000	\$54,385,000	\$4,185,000	8.3%
1st-year per student payments	N/A	Not specified	\$250	\$10	4.2%
2nd-year per student payments	N/A	Not specified	\$260	\$10	4.0%
<b>1973-75</b>					
Total state school aid appropriation	\$77,025,000	\$67,000,000	\$118,200,000	\$63,815,000	117.3%
Less federal revenue sharing			25,300,000	25,300,000	
General fund appropriation	<u>\$77,025,000</u>	<u>\$67,000,000</u>	<u>\$92,900,000</u>	<u>\$38,515,000</u>	70.8%
1st-year per student payments	N/A	Not specified	\$540	\$280	107.7%
2nd-year per student payments	N/A	Not specified	\$540	\$0	0.0%
<b>1975-77</b>					
Total state school aid appropriation	\$156,600,000	\$156,600,000	\$153,378,805	\$35,178,805	29.8%
Less federal revenue sharing	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>(13,300,000)</u>	
General fund appropriation	<u>\$144,600,000</u>	<u>\$144,600,000</u>	<u>\$141,378,805</u>	<u>\$48,478,805</u>	52.2%
1st-year per student payments	\$620	\$620	\$640	\$100	18.5%
2nd-year per student payments	\$680	\$680	\$690	\$50	7.8%

**1977-79**

Total state school aid appropriation	\$187,000,000	\$185,000,000	\$186,752,000	\$33,373,195	21.8%
Less federal revenue sharing	11,000,000	11,000,000	11,000,000	(1,000,000)	
General fund appropriation	<u>\$176,000,000</u>	<u>\$174,000,000</u>	<u>\$175,752,000</u>	<u>\$34,373,195</u>	24.3%
1st-year per student payments	\$765	\$765	\$775	\$85	12.3%
2nd-year per student payments	\$840	\$840	\$850	\$75	9.7%

**1979-81**

State school aid					
Per student payments	\$255,943,625	\$243,074,830	\$256,252,000	N/A	
Less: 20-mill district and 21-mill county deducts	61,080,000	61,080,000	63,631,500	N/A	
Net per student payments	\$194,863,625	\$181,994,830	\$192,620,500	N/A	
Tuition fund distributions			16,500,000 <sup>1</sup>	N/A	
Textbooks	6,000,000	5,000,000			
Transportation aid	<u>21,910,000</u>	<u>21,910,000</u>	<u>22,073,500</u>	<u>N/A</u>	
Total state school aid appropriation	\$222,773,625	\$208,904,830	\$231,194,000	\$44,442,000	23.8%
Less					
Federal revenue sharing		12,400,000	12,400,000	1,400,000	
Oil and gas bonuses			5,300,000	5,300,000	
Vietnam bonus sinking funds			4,400,000	4,400,000	
Tuition fund distributions			<u>16,500,000 <sup>1</sup></u>	<u>16,500,000</u>	
General fund appropriation	<u>\$222,773,625</u>	<u>\$196,504,830</u>	<u>\$192,594,000 <sup>2</sup></u>	<u>\$16,842,000</u>	9.6%
1st-year per student payments	\$875	\$875	\$903	\$53	6.2%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	<u>\$875</u>	<u>\$875</u>	<u>\$903</u>	<u>\$53</u>	6.2%
2nd-year per student payments	\$970	\$922	\$970	\$67	7.4%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	<u>\$970</u>	<u>\$922</u>	<u>\$970</u>	<u>\$67</u>	7.4%

**1981-83**

State school aid					
Per student payments	\$429,250,044	\$429,250,044	\$385,961,408	\$129,709,408	
Less: 20-mill district and 21-mill county deducts	69,300,000	71,972,000	34,972,000 <sup>3</sup>	(28,659,500)	
Net per student payments	\$359,950,044	\$357,278,044	\$350,989,408	\$158,368,908	
Appropriation for 21-mill levy replacement		\$34,000,000			
Tuition fund distributions			29,877,400	13,377,400	
Transportation aid	<u>40,053,500</u>	<u>40,053,500</u>	<u>37,715,468</u>	<u>15,641,968</u>	
Total state school aid appropriation	\$400,003,544	\$431,331,544	\$418,582,276	\$187,388,276	81.1%



Less					
Oil extraction tax		128,000,000	169,266,667 <sup>4</sup>	169,266,667	
Oil and gas bonuses			16,000,000	10,700,000	
Federal revenue sharing			700,000	(11,700,000)	
Vietnam bonus sinking funds				(4,400,000)	
Tuition fund distributions			29,877,400	13,377,400	
General fund appropriation	<u>\$400,003,544</u>	<u>\$303,331,544</u>	<u>\$202,738,209</u>	<u>\$10,144,209</u>	5.3%
1st-year per student payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
1st-year tuition fund payments			Not specified	N/A	N/A
Total 1st-year payments	\$1,569	\$1,569	\$1,425	\$455	46.9%
2nd-year per student payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
2nd-year tuition fund payments			Not specified	N/A	N/A
Total 2nd-year payments	\$1,777	\$1,777	\$1,591	\$166	11.6%
<b>1983-85</b>					
State school aid					
Per student payments	\$372,716,564	\$321,223,600	\$351,139,250	(\$34,822,158)	
Less: 20-mill deduct		38,000,000	38,000,000	3,028,000	
Net per student payments	\$372,716,564	\$283,223,600	\$313,139,250	(\$37,850,158)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 <sup>5</sup>	7,222,600	
Transportation aid	39,635,052	39,635,052	39,527,552	1,812,084	
Total state school aid appropriation	\$444,351,616	\$359,158,652	\$389,766,802	(\$28,815,474)	(6.9%)
Less					
Oil extraction tax	103,000,000	101,877,000		(169,266,667) <sup>6</sup>	
Oil and gas bonuses				(16,000,000)	
Federal revenue sharing				(700,000)	
Tuition fund distributions	32,000,000	36,300,000	37,100,000 <sup>5</sup>	7,222,600	
General fund appropriation	<u>\$309,351,616</u>	<u>\$220,981,652</u>	<u>\$352,666,802</u> <sup>7</sup>	<u>\$149,928,593</u>	74.0%
1st-year per student payments	\$1,526	\$1,400	\$1,400	(\$191)	(12.0%)
1st-year tuition fund payments	N/A <sup>8</sup>	N/A <sup>8</sup>	120 <sup>5</sup>	120	N/A
Total 1st-year payments	\$1,526 <sup>8</sup>	\$1,400 <sup>8</sup>	\$1,520	(\$71)	(4.5%)
2nd-year per student payments	\$1,648	\$1,400	\$1,350	(\$50)	(3.6%)
2nd-year tuition fund payments	N/A <sup>8</sup>	N/A <sup>8</sup>	170 <sup>5</sup>	50	41.7%
Total 2nd-year payments	\$1,648 <sup>8</sup>	\$1,400 <sup>8</sup>	\$1,520	\$0	0.0%

**1985-87**

## State school aid

Per student payments	\$392,518,482	\$378,745,728	\$369,727,725	\$18,588,475	
Less: 20-mill deduct	<u>42,432,000</u>	<u>42,432,000</u>	<u>39,709,423</u>	<u>1,709,423</u>	
Net per student payments	\$350,086,482	\$336,313,728	\$330,018,302	\$16,879,052	
Tuition fund distributions	47,895,000	47,895,000	47,895,000 <sup>9</sup>	10,795,000	
Transportation aid	<u>41,511,724</u>	<u>41,511,724</u>	<u>40,068,810</u>	<u>541,258</u>	
Total state school aid appropriation	\$439,493,206	\$425,720,452	\$417,982,112	\$28,215,310	7.2%

## Less

Tuition fund distributions	47,895,000	47,895,000	47,895,000 <sup>9</sup>	10,795,000	
Federal revenue sharing	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	
General fund appropriation	<u>\$391,598,206</u>	<u>\$377,638,452</u>	<u>\$369,900,112</u> <sup>10</sup>	<u>\$17,233,310</u>	4.9%

1st-year per student payments	\$1,470	\$1,406	\$1,425 <sup>10</sup>	\$75	5.6%
1st-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> <sup>9</sup>	<u>25</u>	14.7%
Total 1st-year payments	\$1,660	\$1,596	\$1,620	\$100	6.6%
2nd-year per student payments	\$1,544	\$1,502	\$1,455 <sup>10</sup>	\$30	2.1%
2nd-year tuition fund payments	<u>190</u>	<u>190</u>	<u>195</u> <sup>9</sup>	<u>25</u>	0.0%
Total 2nd-year payments	\$1,734	\$1,692	\$1,650	\$30	1.9%

**1987-89**

## State school aid

Per student payments	\$455,264,726	\$360,756,666	\$355,570,464	(\$14,157,261)	
Less: 20-mill deduct	<u>39,204,350</u>	<u>39,204,350</u>	<u>39,070,442</u>	<u>(638,981)</u>	
Net per student payments	\$416,060,376	\$321,552,316	\$316,500,022	(\$13,518,280)	
Tuition fund distributions	47,895,000	43,100,000	43,100,000 <sup>11</sup>	(4,795,000)	
Transportation aid	<u>40,068,810</u>	<u>40,068,810</u>	<u>38,109,386</u>	<u>(1,959,424)</u>	
Total state school aid appropriation	\$504,024,186	\$404,721,126	\$397,709,408	(\$20,272,704)	(4.9%)

## Less

Federal revenue sharing				(187,000)	
Tuition fund distributions	<u>47,895,000</u>	<u>43,100,000</u>	<u>43,100,000</u> <sup>11</sup>	<u>(4,795,000)</u>	
General fund appropriation	<u>\$456,129,186</u>	<u>\$361,621,126</u>	<u>\$354,609,408</u> <sup>12</sup>	<u>(\$15,290,704)</u>	(4.1%)

1st-year per student payments	\$1,729	\$1,413	\$1,400 <sup>12</sup>	(\$55)	(3.8%)
1st-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> <sup>11</sup>	<u>(18)</u>	(9.2%)
Total 1st-year payments	\$1,924	\$1,590	\$1,577	(\$73)	(4.4%)
2nd-year per student payments	\$1,806	\$1,440	\$1,412 <sup>12</sup>	\$12	0.9%
2nd-year tuition fund payments	<u>195</u>	<u>177</u>	<u>177</u> <sup>11</sup>	<u>25</u>	0.0%
Total 2nd-year payments	\$2,001	\$1,617	\$1,589	\$12	0.8%

**1989-91**

State school aid					
Per student payments	\$458,214,936	\$402,575,604	\$378,769,140	\$23,198,676	
Less: Mill deduct					
40 mills	77,400,055	77,400,055			
21 mills 1st year, 22 mills 2nd year			41,207,625	2,137,183	
Net per student payments	\$380,814,881	\$325,175,549	\$337,561,515	\$21,061,493	
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
Transportation aid	40,000,000	34,200,000	36,637,073	(1,472,313)	
Total state school aid appropriation	\$461,514,881	\$400,075,549	\$422,398,588	\$24,689,180	6.2%
Less					
Tuition fund distributions	40,700,000	40,700,000	48,200,000	5,100,000	
General fund appropriation	\$420,814,881	\$359,375,549	\$374,198,588 <sup>13</sup>	\$19,589,180	5.5%
1st-year per student payments	\$1,850	\$1,641	\$1,525 <sup>13</sup>	\$113	8.0%
1st-year tuition fund payments	169	169	200	23	13.0%
Total 1st-year payments	\$2,019	\$1,810	\$1,725	\$136	8.6%
2nd-year per student payments	\$1,942	\$1,690	\$1,545 <sup>13</sup>	\$20	1.3%
2nd-year tuition fund payments	169	169	200		0.0%
Total 2nd-year payments	\$2,111	\$1,859	\$1,745	\$20	1.2%

**1991-93**

State school aid					
Per student payments	\$435,561,700	\$381,730,789	\$386,784,025	\$8,014,885	
Less: Mill deduct					
40 mills	76,762,904				
22 mills		42,131,994	42,076,240	868,615	
Net per student payments	\$358,798,796	\$339,598,795	\$344,707,785	\$7,146,270	
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
Transportation aid	36,274,714	36,274,714	36,306,549	(330,524)	
Total state school aid appropriation	\$442,473,510	\$423,098,965	\$428,239,790	\$5,841,202	1.4%
Less					
Tuition fund distributions	47,400,000	47,225,456	47,225,456	(974,544)	
General fund appropriation	\$395,073,510	\$375,873,509	\$381,014,334 <sup>14</sup>	\$6,815,746	1.8%
1st-year per student payments	\$1,750	\$1,531	\$1,552 <sup>14</sup>	\$7	0.5%
1st-year tuition fund payments	198	197	197	(3)	(1.5%)
Total 1st-year payments	\$1,948	\$1,728	\$1,749	\$4	0.2%
2nd-year per student payments	\$1,825	\$1,587	\$1,608 <sup>14</sup>	\$56	3.6%
2nd-year tuition fund payments	198	198	198	1	0.5%
Total 2nd-year payments	\$2,023	\$1,785	\$1,806	\$57	3.3%

**1993-95**

State school aid					
Per student payments	\$457,832,320	\$472,112,798	\$404,839,927	\$18,055,902	
Less: Mill deduct					
40 mills	74,254,832				
50 mills 1st year, 60 mills 2nd year		103,271,462			
23 mills 1st year, 24 mills 2nd year			43,920,035	1,843,795	
Net per student payments	\$383,577,488	\$368,841,336	\$360,919,892	\$16,212,107	
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
Transportation aid	35,538,279	31,521,432	35,600,000	(706,549)	
Total state school aid appropriation	\$466,341,223	\$446,379,768	\$442,536,892	\$14,297,102	3.3%
Less					
Tuition fund distributions	47,225,456	46,017,000	46,017,000	(1,208,456)	
General fund appropriation	<u>\$419,115,767</u>	<u>\$400,362,768</u> <sup>15</sup>	<u>\$396,519,892</u> <sup>16</sup>	<u>\$15,505,558</u>	4.1%
1st-year per student payments	\$1,860	Not specified	\$1,570	(\$38)	(2.4%)
1st-year tuition fund payments	197	\$192	192	(6)	(3.0%)
Total 1st-year payments	\$2,057	\$192	\$1,762	(\$44)	(2.4%)
2nd-year per student payments	\$1,900	Not specified	\$1,636	\$66	4.2%
2nd-year tuition fund payments	197	\$192	192		0.0%
Total 2nd-year payments	\$2,097	\$192	\$1,828	\$66	3.7%

**1995-97**

State school aid					
Per student payments	\$426,533,854	\$417,050,148	\$456,215,232	\$51,375,305	
Less: Mill deduct					
24 mills	46,010,284	46,010,284			
28 mills 1st year, 32 mills 2nd year			59,709,197	15,789,162	
Net per student payments	\$380,523,570	\$371,039,864	\$396,506,035	\$35,586,143	
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid	36,000,798	36,000,798	36,000,798	400,798	
Total state school aid appropriation	\$462,541,368	\$453,057,662	\$478,523,833	\$35,986,941	8.1%
Less					
Tuition fund distributions	46,017,000	46,017,000	46,017,000		
Transportation aid - Special funds			880,000	880,000	
General fund appropriation	<u>\$416,524,368</u>	<u>\$407,040,662</u>	<u>\$431,626,833</u> <sup>18</sup>	<u>\$35,106,941</u>	8.9%
1st-year per student payments	\$1,662	\$1,652	\$1,757	\$121	7.4%
1st-year tuition fund payments	211 <sup>19</sup>	190 <sup>19</sup>	190 <sup>19</sup>	(2)	(1.0%)
Total 1st-year payments	\$1,873	\$1,842	\$1,947	\$119	6.5%
2nd-year per student payments	\$1,734	\$1,668	\$1,862	\$105	6.0%
2nd-year tuition fund payments	211 <sup>19</sup>	190 <sup>19</sup>	190 <sup>19</sup>		0.0%
Total 2nd-year payments	\$1,945	\$1,858	\$2,052	\$105	5.4%

**1997-99**

State school aid					
Per student payments	\$519,317,404	\$483,650,506	\$501,586,540	\$45,371,308	
Less: Mill deduct					
36.05 mills 1st year, 39.91 mills 2nd year	78,727,193				
32.42 mills 1st year, 33.34 mills 2nd year		73,281,153			
32 mills			72,298,601	12,589,404	
Net per student payments	\$440,590,211	\$410,369,353	\$429,287,939	\$32,781,904	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
Limited English proficient student payments			300,000	300,000	
Equity payments		20,000,000 <sup>20</sup>			
Transportation aid	37,671,610	37,128,220	36,768,320	767,522	
Total state school aid appropriation	\$527,534,965	\$516,770,717	\$515,629,403	\$37,105,570	7.8%
Less					
Transportation aid - Special funds				(880,000)	
Tuition fund distributions	49,273,144	49,273,144	49,273,144	3,256,144	
General fund appropriation	\$478,261,821	\$467,497,573	\$466,356,259 <sup>21</sup>	\$34,729,426	8.0%
1st-year per student payments	\$2,010	\$1,899	\$1,954	\$92	4.9%
1st-year tuition fund payments	225 <sup>22</sup>	204 <sup>22</sup>	204 <sup>22</sup>	14	7.4%
Total 1st-year payments	\$2,235	\$2,103	\$2,158	\$106	5.2%
2nd-year per student payments	\$2,121	\$1,935	\$2,032	\$78	4.0%
2nd-year tuition fund payments	225 <sup>22</sup>	204 <sup>22</sup>	204 <sup>22</sup>		0.0%
Total 2nd-year payments	\$2,346	\$2,139	\$2,236	\$78	3.6%

**1999-2001**

State school aid					
Per student payments	\$546,659,759	\$517,678,909	\$520,678,909	\$19,092,369	
Less: 32-mill deduct	78,072,650	78,072,650	78,072,650	5,774,049	
Net per student payments	\$468,587,109	\$439,606,259	\$442,606,259	\$13,318,320	
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
Limited English proficient student payments	300,000	300,000	400,000	100,000	
Transportation aid	36,400,000	36,000,000	36,000,000	(768,320)	
Total state school aid appropriation	\$558,815,326	\$529,434,476	\$532,534,476	\$16,905,073	3.3%
Less					
Tuition fund distributions	53,528,217	53,528,217	53,528,217	4,255,073	
General fund appropriation	\$505,287,109	\$475,906,259	\$479,006,259	\$12,650,000	2.7%
1st-year per student payments	\$2,195	\$2,129	\$2,145	\$113	5.6%
1st-year tuition fund payments	234 <sup>23</sup>	220 <sup>23</sup>	220 <sup>23</sup>	16	7.8%
Total 1st-year payments	\$2,429	\$2,349	\$2,365	\$129	5.8%
2nd-year per student payments	\$2,371	\$2,221	\$2,230	\$85	4.0%
2nd-year tuition fund payments	234 <sup>23</sup>	220 <sup>23</sup>	220 <sup>23</sup>		0.0%
Total 2nd-year payments	\$2,605	\$2,441	\$2,450	\$85	3.6%

**2001-03**

## State school aid

Per student payments	\$555,110,467	\$532,704,091	\$522,264,541	\$1,585,632	
Less: 32-mill deduct	<u>83,611,330</u>	<u>83,611,330</u>	<u>84,942,893</u>	<u>6,870,243</u>	
Net per student payments	\$471,499,137	\$449,092,761	\$437,321,648	(\$5,284,611)	
Tuition fund distributions	61,346,025	67,239,025	67,239,025	13,710,808	
Limited English proficient student payments	450,000	450,000	650,000	250,000	
Teacher compensation payments			35,036,000 <sup>24</sup>	35,036,000	
Transportation aid	<u>36,600,000</u>	<u>36,000,000</u>	<u>36,000,000</u>		
Total state school aid appropriation	\$569,895,162	\$552,781,786	\$576,246,673	\$43,712,197	8.2%
Less					
Tuition fund distributions	<u>61,346,025</u>	<u>67,239,025</u>	<u>67,239,025</u>	<u>13,710,808</u>	
General fund appropriation	<u>\$508,549,137</u>	<u>\$485,542,761</u>	<u>\$509,007,648</u>	<u>\$30,001,389</u>	6.3%
1st-year per student payments	\$2,364	\$2,323	\$2,287	\$57	2.6%
1st-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>	<u>80</u>	36.4%
Total 1st-year payments	\$2,630	\$2,623	\$2,587	\$137	5.6%
2nd-year per student payments	\$2,506	\$2,420	\$2,347	\$60	2.6%
2nd-year tuition fund payments	<u>266</u>	<u>300</u>	<u>300</u>		
Total 2nd-year payments	\$2,772	\$2,720	\$2,647	\$60	2.3%

**2003-05**

## State school aid

Per student payments	\$605,477,848	\$534,667,340	\$555,800,961	\$33,536,420	
Less: Mill deduct <sup>25</sup>	<u>92,127,848</u>	<u>92,460,350</u>	<u>101,870,971</u>	<u>16,928,078</u>	
Net per student payments	\$513,350,000	\$442,206,990	\$453,929,990	\$16,608,342	
Tuition fund distributions	69,495,371	69,495,371	69,495,371	2,256,346	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments		66,277,000	51,854,000 <sup>26</sup>	16,818,000	
Transportation aid	<u>36,000,000</u>	<u>35,200,000</u>	<u>34,800,000</u>	<u>(1,200,000)</u>	
Total state school aid appropriation	\$619,495,371	\$613,829,361	\$610,729,361	\$34,482,688	6.0%
Less					
Tuition fund distributions	<u>69,495,371</u>	<u>69,495,371</u>	<u>69,495,371</u>	<u>2,256,346</u>	
General fund appropriation	<u>\$550,000,000</u>	<u>\$544,333,990</u>	<u>\$541,233,990</u>	<u>\$32,226,342</u>	6.3%
1st-year per student payments	\$2,766	\$2,430	\$2,509	\$162	6.9%
1st-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>	<u>35</u>	11.7%
Total 1st-year payments	\$3,101	\$2,765	\$2,844	\$197	7.4%
2nd-year per student payments	\$2,843	\$2,528	\$2,623	\$114	4.5%
2nd-year tuition fund payments	<u>335</u>	<u>335</u>	<u>335</u>		0.0%
Total 2nd-year payments	\$3,178	\$2,863	\$2,958	\$114	4.0%

**2005-07**

State school aid					
Per student payments	\$628,674,605	\$599,665,519	\$607,953,450	\$52,152,489	
Less: Mill deduct <sup>27</sup>	<u>122,961,760</u>	<u>122,961,760</u>	<u>124,549,691</u>	<u>22,678,720</u>	
Net per student payments	\$505,712,845	\$476,703,759	\$483,403,759	\$29,473,769	
Tuition fund distributions	71,600,000	71,600,000	71,600,000	2,104,629	
Limited English proficient student payments	650,000	650,000	650,000		
Teacher compensation payments	50,912,120	50,912,120	50,912,120 <sup>28</sup>	(941,880)	
Transportation aid	<u>34,800,000</u>	<u>34,800,000</u>	<u>33,500,000</u>	<u>(1,300,000)</u>	
Total state school aid appropriation	\$663,674,965	\$634,665,879	\$640,065,879	\$29,336,518	4.8%
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>71,600,000</u>	<u>71,600,000</u>	<u>2,104,629</u>	
General fund appropriation	<u>\$592,074,965</u>	<u>\$563,065,879</u>	<u>\$568,465,879</u>	<u>\$27,231,889</u>	5.0%
1st-year per student payments	\$2,880	\$2,726	\$2,765	\$142	5.4%
1st-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>	<u>16</u>	4.8%
Total 1st-year payments	\$3,231	\$3,077	\$3,116	\$158	5.3%
2nd-year per student payments	\$3,073	\$2,826	\$2,879	\$114	4.1%
2nd-year tuition fund payments	<u>351</u>	<u>351</u>	<u>351</u>		0.0%
Total 2nd-year payments	\$3,424	\$3,177	\$3,230	\$114	3.7%

**2007-09<sup>29</sup>**

State school aid					
Per student formula payments	\$703,565,879	\$724,165,879	\$726,165,879	N/A	
Transportation aid payments	<u>33,500,000</u>	<u>33,500,000</u>	<u>33,500,000</u>	N/A	
Total state school aid appropriation	\$737,065,879	\$757,665,879	\$759,665,879	N/A	
Less					
Tuition fund distributions	<u>71,600,000</u>	<u>76,200,000</u>	<u>76,200,000</u>	N/A <sup>29</sup>	N/A <sup>29</sup>
General fund appropriation	<u>\$665,465,879</u>	<u>\$681,465,879</u>	<u>\$683,465,879</u>	N/A <sup>29</sup>	N/A <sup>29</sup>
1st-year per student payments	Not specified	\$3,042	\$3,250	N/A <sup>29</sup>	N/A <sup>29</sup>
2nd-year per student payments	Not specified	\$3,142	\$3,325	N/A <sup>29</sup>	N/A <sup>29</sup>

**2009-11**

State school aid					
Per student formula payments	\$837,125,879	\$837,125,879	\$808,370,295	\$82,204,416	
Supplemental operations grants			16,795,584	16,795,584	
Supplemental one-time grants			85,644,337	85,644,337	
Mill levy reduction grants			299,444,264 <sup>30</sup>	299,444,264	
Transportation aid payments	<u>38,500,000</u>	<u>38,500,000</u>	<u>48,500,000</u> <sup>31</sup>	<u>15,000,000</u>	
Total state school aid appropriation	\$875,625,879	\$875,625,879	\$1,258,754,480	\$499,088,601	65.7%

Less					
Federal funds			85,644,337	85,644,337	N/A
Tuition fund distributions	85,500,000	85,500,000	86,300,000	10,100,000	13.3%
Property tax relief sustainability fund			4,233,000	4,233,000	N/A
General fund appropriation	<u>\$790,125,879</u>	<u>\$790,125,879</u>	<u>\$1,082,577,143</u>	<u>\$399,111,264</u>	58.4%
1st-year per student payments	Not specified	\$3,420	\$3,200	(\$125)	(3.8%)
2nd-year per student payments	Not specified	\$3,779	\$3,779	\$579	18.1%
<b>2011-13</b>					
State school aid					
Per student formula payments	\$919,459,478 <sup>32</sup>	\$919,459,478 <sup>32</sup>	\$918,459,478 <sup>32</sup>	\$110,089,183	
Supplemental operations grants				(16,795,584)	
Supplemental one-time grants				(85,644,337)	
Federal education jobs fund program payments	21,242,838	21,242,838	21,242,838	21,242,838	
Rapid enrollment grants			5,000,000	5,000,000	
Mill levy reduction grants	341,790,000	341,790,000	341,790,000	42,345,736	
Transportation aid payments	<u>48,500,000</u>	<u>48,500,000</u>	<u>48,500,000</u>		
Total state school aid appropriation	\$1,330,992,316	\$1,330,992,316	\$1,334,992,316	\$76,237,836	6.1%
Less					
Federal funds	21,242,838	21,242,838	21,242,838	(64,401,499)	(75.2%)
Tuition fund distributions	101,638,000	101,638,000	101,638,000	15,338,000	17.8%
Property tax relief sustainability fund	341,790,000	341,790,000		(4,233,000)	(100.0%)
Oil and gas impact grant fund			5,000,000	5,000,000	N/A
General fund appropriation	<u>\$866,321,478</u>	<u>\$866,321,478</u>	<u>\$1,207,111,478</u>	<u>\$124,534,335</u>	11.5%
1st-year per student payments	Not specified	\$3,879	\$3,910	\$131	3.5%
2nd-year per student payments	Not specified	\$3,979	\$3,980	\$70	1.8%
<b>2013-15</b>					
State school aid					
Integrated formula payments	\$1,787,400,000 <sup>33</sup>	\$1,787,400,000 <sup>33</sup>	\$1,752,100,000 <sup>33</sup>	\$833,640,522 <sup>33</sup>	
Federal education jobs fund program payments				(21,242,838)	
Rapid enrollment grants	17,000,000	17,000,000	13,600,000	8,600,000	
Mill levy reduction grants				(341,790,000) <sup>33</sup>	
Transportation aid payments	<u>53,500,000</u>	<u>53,500,000</u>	<u>53,500,000</u>	<u>5,000,000</u>	
Total state school aid appropriation	\$1,857,900,000	\$1,857,900,000	\$1,819,200,000	\$484,207,684	36.3%
Less					
Federal funds				(21,242,838)	N/A
Tuition fund distributions	140,326,000	140,326,000	140,326,000	38,688,000	38.1%
Property tax relief fund	714,173,838	714,173,838			N/A
Oil and gas impact grant fund				(5,000,000)	N/A
General fund appropriation	<u>\$1,003,400,162</u>	<u>\$1,003,400,162</u>	<u>\$1,678,874,000</u>	<u>\$471,762,522</u>	39.1%
1st-year <b>integrated</b> per student payment rate	Not specified	\$8,810 <sup>33</sup>	\$8,810 <sup>33</sup>	\$4,830	121.4%
2nd-year <b>integrated</b> per student payment rate	Not specified	\$9,092 <sup>33</sup>	\$9,092 <sup>33</sup>	\$282	3.2%



**2015-17**

State school aid					
Integrated formula payments	\$1,900,000,000	\$1,900,000,000	\$1,916,640,000	\$164,540,000	
Rapid enrollment grants	14,800,000	14,800,000	12,504,530 <sup>34</sup>	(1,095,470)	
Transportation aid payments	<u>60,000,000</u>	<u>60,000,000</u>	<u>57,000,000</u>	<u>3,500,000</u>	
Total state school aid appropriation	\$1,974,800,000	\$1,974,800,000	\$1,986,144,530	\$166,944,530	9.2%
Less					
Foundation aid stabilization fund			116,053,293 <sup>34</sup>	116,053,293 <sup>34</sup>	N/A
Tuition fund distributions	<u>219,134,000</u>	<u>219,134,000</u>	<u>219,134,000</u>	<u>78,808,000</u>	56.2%
General fund appropriation	<u>\$1,755,666,000</u>	<u>\$1,755,666,000</u>	<u>\$1,650,957,237</u> <sup>34</sup>	<u>(\$27,916,763)</u> <sup>34</sup>	(1.7%)
1st-year <b>integrated</b> per student payment rate	Not specified	\$9,482	\$9,365	\$273	3.0%
2nd-year <b>integrated</b> per student payment rate	Not specified	\$9,766	\$9,646	\$281	3.0%

**2017-19**

State school aid					
Integrated formula payments	\$1,937,375,000	\$1,947,120,547 <sup>35</sup>	\$1,935,204,163	\$18,564,163	
Rapid enrollment grants			6,000,000	(6,504,530)	
Transportation aid payments	<u>57,000,000</u>	<u>51,300,000</u> <sup>35</sup>	<u>55,400,000</u>	<u>(1,600,000)</u>	
Total state school aid appropriation	\$1,994,375,000	\$1,998,420,547	\$1,996,604,163	\$10,459,633	0.5%
Less					
Foundation aid stabilization fund		140,000,000 <sup>35</sup>	301,000,000	184,946,707	159.4%
Tuition fund distributions	<u>288,264,000</u>	<u>301,264,000</u>	<u>305,546,905</u>	<u>86,412,905</u>	39.4%
General fund appropriation	<u>\$1,706,111,000</u>	<u>\$1,557,156,547</u>	<u>\$1,390,057,258</u>	<u>(\$260,899,979)</u>	(15.8%)
1st-year <b>integrated</b> per student payment rate	Not specified	\$9,646	\$9,646	\$0	0.0%
2nd-year <b>integrated</b> per student payment rate	Not specified	\$9,742 <sup>35</sup>	\$9,646	\$0	0.0%

**2019-21**

State school aid					
Integrated formula payments	\$1,930,921,258	\$2,050,702,323 <sup>36</sup>	\$2,098,202,429	\$162,998,266	
Rapid enrollment grants			3,000,000	(3,000,000)	
Transportation aid payments	<u>55,400,000</u>	<u>55,400,000</u> <sup>36</sup>	<u>56,500,000</u>	<u>1,100,000</u>	
Total state school aid appropriation	\$1,986,321,258	\$2,106,102,323	\$2,157,702,429	\$161,098,266	8.1%
Less					
Foundation aid stabilization fund	295,000,000	232,781,065 <sup>36</sup>	113,000,000	(188,000,000)	(62.5%)
Tuition fund distributions	<u>301,264,000</u>	<u>379,764,000</u>	<u>377,764,000</u>	<u>72,217,095</u>	23.6%
General fund appropriation	<u>\$1,390,057,258</u>	<u>\$1,493,557,258</u>	<u>\$1,666,938,429</u>	<u>\$276,881,171</u>	19.9%
1st-year <b>integrated</b> per student payment rate	Not specified	\$9,839 <sup>36</sup>	\$9,839	\$193	2.0%
2nd-year <b>integrated</b> per student payment rate	Not specified	\$10,036 <sup>36</sup>	\$10,036	\$197	2.0%

**2021-23**

State school aid					
Integrated formula payments	\$2,098,202,429	\$2,112,224,733 <sup>37</sup>	\$2,131,825,000	\$33,622,571	
Rapid enrollment grants	0		0	(3,000,000)	
Transportation aid payments	<u>56,500,000</u>	<u>56,500,000</u> <sup>37</sup>	<u>58,100,000</u>	<u>1,600,000</u>	
<b>Total state school aid appropriation</b>	<b>\$2,154,702,429</b>	<b>\$2,168,724,733</b>	<b>\$2,189,925,000</b>	<b>\$32,222,571</b>	<b>1.5%</b>
Less					
Foundation aid stabilization fund	110,000,000	193,000,000 <sup>37</sup>	143,454,500	30,454,500	27.0%
Tuition fund distributions	<u>377,764,000</u>	<u>433,020,000</u>	<u>433,020,000</u>	<u>55,256,000</u>	<u>14.6%</u>
<b>General fund appropriation</b>	<b><u>\$1,666,938,429</u></b>	<b><u>\$1,542,704,733</u></b>	<b><u>\$1,613,450,500</u></b>	<b><u>(\$53,487,929)</u></b>	<b>(3.2%)</b>
1st-year <b>integrated</b> per student payment rate	Not specified	\$10,036 <sup>37</sup>	\$10,136	\$100	1.0%
2nd-year <b>integrated</b> per student payment rate	Not specified	\$10,036 <sup>37</sup>	\$10,237	\$101	1.0%

N/A - Not available or not applicable

- 1 Tuition fund distributions - 1979-81 - Distributions from the state tuition fund were appropriated for the first time by the 1979 Legislative Assembly but were distributed in previous bienniums. The state tuition fund consists of the net proceeds from all fines for violation of state laws, leasing of school lands, and the interest income from the state common schools permanent trust fund pursuant to North Dakota Century Code Section 15-44-01.
- 2 Adjusted 1979-81 appropriation - In addition to the amounts shown, the 1981 Legislative Assembly appropriated \$12 million from the general fund as a deficiency appropriation for the 1979-81 biennium.
- 3 Mill deduct - 1981-83 - The appropriation for the 1981-83 biennium was based on only the 20-mill district deduct not on the 21-mill county deduct.
- 4 Oil extraction tax - 1981-83 - Actual oil extraction tax collections in 1981-83 were less than originally estimated, and the 1983 Legislative Assembly subsequently appropriated \$25 million from the lands and minerals trust fund and \$6 million from the general fund for foundation aid to be distributed during the 1981-83 biennium.
- 5 Tuition fund distributions - 1983-85 - Actual tuition fund distributions for the 1983-85 biennium were \$45,792,952, which resulted in payments of \$176 per census unit in 1984 and \$202 per census unit in 1985.
- 6 Oil extraction tax - 1983-85 - The 1983 Legislative Assembly provided that 90 percent of oil extraction tax collections would be deposited in the general fund rather than the allocated 60 percent to the school aid program and 30 percent to the general fund. The remaining 10 percent was deposited in the resources trust fund.
- 7 State school aid - 1983-85 - The actual number of students was less than anticipated and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$347,425, 231.
- 8 Per student payments - 1983-85 - The per student payments requested by the Department of Public Instruction and recommended by the Governor for the 1983-85 biennium included the use of money in the state tuition fund. The 1983 Legislative Assembly provided per student foundation aid payments that were in addition to state tuition fund payments.
- 9 Tuition fund distributions - 1985-87 - Actual 1985-87 biennium tuition fund distributions were \$51,575,818, which resulted in payments of \$209 per census unit in 1986 and \$216 per census unit in 1987.
- 10 Adjusted 1985-87 appropriation - Due to executive budget allotments and Legislative Assembly general fund appropriation reductions, the total 1985-87 biennium general fund foundation aid distribution was reduced to \$348,731,488. The actual per student payments were \$1,425 and \$1,367 for 1986 and 1987, respectively.

- 11 Tuition fund distributions - 1987-89 - Actual 1987-89 biennium tuition fund distributions were \$50,603,504, which resulted in payments of \$215 per census unit in 1988 and \$206 per census unit in 1989.
- 12 Adjusted 1987-89 appropriation - Due to reductions resulting from a cable television sales tax referral and executive budget allotments, the 1987-89 biennium general fund state school aid distribution was reduced to \$347,212,599. The actual per student payments were \$1,400 and \$1,385 for 1988 and 1989, respectively.
- 13 Adjusted 1989-91 appropriation - Due to the net effect of tax referrals, budget unallotments, and a \$7 million general fund deficiency appropriation provided by the 1991 Legislative Assembly, the actual 1989-91 biennium general fund foundation aid distribution was reduced to \$358,302,784. The actual per student payments were \$1,411 and \$1,537 in 1990 and 1991, respectively.
- 14 Adjusted 1991-93 appropriation - Due to executive budget allotments, the 1991-93 biennium general fund state school aid distribution was reduced to \$380,310,085. The actual per student payments were \$1,552 and \$1,542 in 1992 and 1993, respectively.
- 15 Executive recommendation - 1993-95 - The amounts shown were included in Governor George A. Sinner's budget recommendation. Governor Edward T. Schafer's budget recommendation included a general fund appropriation of \$381,014,334 for foundation aid.
- 16 State school aid - 1993-95 - The amount distributed for state school aid was increased to \$397,794,664 to reflect approximately \$600,000 available from the transportation aid appropriation and approximately \$1,300,000 available from the amount appropriated for school district restructuring, resulting in an additional payment of \$46 per student in the 2nd year of the biennium.
- 17 Transportation aid - 1995-97 - The 1995 Legislative Assembly appropriated \$880,000 of special funds for transportation aid. The special funds were from the abandoned motor vehicle fund (\$250,000) and the public transportation fund (\$630,000).
- 18 State school aid - 1995-97 - The actual number of students was less than anticipated, and, consequently, the statutory formula did not provide for the distribution of the entire appropriation. The actual amount distributed was \$429,307,277.
- 19 Tuition fund payments - 1995-97 - The Department of Public Instruction request for the 1995-97 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 20 Equity payments - 1997-99 - The executive recommendation for the 1997-99 biennium included \$20 million for equity payments to school districts.
- 21 State school aid - 1997-99 - The actual number of students was less than anticipated, and, consequently, the statutory formula will not provide for the distribution of the entire appropriation.
- 22 Tuition fund payments - 1997-99 - The Department of Public Instruction request for the 1997-99 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 23 Tuition fund payments - 1999-2001 - The Department of Public Instruction request for the 1999-2001 biennium included the distribution of state tuition fund money on the basis of average daily membership rather than census units. The executive recommendation and the legislative appropriation continued the distribution on the basis of census units.
- 24 Teacher compensation payments - 2001-03 - Governor Schafer's executive recommendation did not include an appropriation for teacher compensation payments; however, Governor John Hoeven's budget recommendation included \$50,009,575 for teacher compensation payments of \$2,000 the 1st year of the biennium and an additional \$1,500 the 2nd year for school district instructional and administrative personnel. The legislative appropriation excluded administrative personnel and provides for payments of \$1,000 the 1st year of the biennium and an additional \$2,000 the 2nd year.
- 25 Mill deduct - 2003-05 - The mill deduct used in the calculation of the 2003-05 state school aid for the Department of Public Instruction request and the executive budget recommendation was 32 mills. The Legislative Assembly increased the mill deduct from 32 mills to 34 mills for the 1st year of the 2003-05 biennium and to 36 mills for the 2nd year of the 2003-05 biennium.

- 26 Teacher compensation payments - 2003-05 - The Legislative Assembly provided a general fund appropriation of \$51,854,000 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 per 2nd year returning teachers. The Legislative Assembly did not adopt the executive budget recommendation to provide an additional \$500 per 3rd year returning teachers in the 1st year of the 2003-05 biennium and an additional \$1,000 per 4th year returning teachers in the 2nd year of the biennium.
- 27 Mill deduct - 2005-07 - The mill deduct used in the calculation of the 2005-07 state school aid for the Department of Public Instruction request and the executive budget recommendation was 38 mills for the 1st year and 40 mills for the 2nd year of the biennium. The Legislative Assembly did not change the mill deduct of 38 mills for the 1st year of the biennium, but the Legislative Assembly increased the mill deduct from 40 mills to 41 mills for the 2nd year of the 2005-07 biennium.
- 28 Teacher compensation payments - 2005-07 - The Legislative Assembly provided a general fund appropriation of \$50,912,120 to continue the current level of teacher compensation payments of \$1,000 for 1st year teachers and \$3,000 for other teachers.
- 29 The 2007 Legislative Assembly did not change the executive budget recommendation to consolidate funding for the state school aid program, including per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology. Therefore, the legislative appropriations and per student payment amounts are not comparable between the 2005-07 and 2007-09 bienniums.
- 30 The executive budget recommendation included a continuing appropriation from the permanent oil tax trust fund for property tax relief by providing mill levy reduction grants totaling an estimated \$300 million for the 2009-11 biennium. The 2009 Legislative Assembly provided \$295 million from the general fund for mill levy reduction grants. The 2011 Legislative Assembly provided deficiency appropriations totaling \$4,444,264, of which \$211,264 is from the general fund and \$4,233,000 is from the property tax relief sustainability fund, for the 2009-11 biennium for mill levy reduction grants.
- 31 In addition to the \$43.5 million provided for transportation grants, the 2009 Legislative Assembly provided a \$5 million contingent appropriation from the general fund for supplemental transportation aid payments. If prior to April 30, 2011, the Office of Management and Budget determined the June 30, 2011, general fund balance would exceed \$30 million, the Department of Public Instruction was to provide the supplemental transportation aid payments according to the percentage of the total transportation formula amount each school district was entitled to receive. The February 2011 executive revenue forecast estimated the conditions would be met and the contingent supplemental funding was made available.
- 32 In addition to the funding provided in the Department of Public Instruction appropriation, the 2011-13 executive budget recommended and the Legislative Assembly approved amendments to the 2009 Session Laws to provide the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid--\$8 million from state school aid and \$1 million from transportation aid--from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium were distributed according to 2009 House Bill No. 1400.
- 33 The 2013 Legislative Assembly approved a change in the K-12 state school aid funding formula. The formula change discontinued the mill levy reduction grant program and provided the state determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. This base level of support was funded through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement was set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources was provided by the state through the integrated formula payment.
- 34 Due to budget reductions approved by the Legislative Assembly in an August 2016 special legislative session, the Superintendent of Public Instruction reduced funding from the general fund for rapid enrollment grants by \$2,295,470. Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293.
- 35 The executive budget recommendation consisted of recommendations from Governor Jack Dalrymple's budget. In January 2017 Governor Doug Burgum released the revised executive budget recommendation, which did not include an increase in the integrated formula payment rate in the 2nd year of the 2017-19 biennium, a reduction of \$9,745,547 in integrated formula payments, and further reduced transportation aid payments by \$5.1 million to provide a total of \$46.2 million during the 2017-19 biennium. Governor Burgum also recommended an additional \$60 million in funding from the foundation aid stabilization fund to offset a reduction in funding from the general fund and to provide a total of \$200 million from the foundation aid stabilization fund for state school aid.

- 36 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which included funding to increase integrated per student payment rates by 2 percent each year of the 2019-21 biennium at a cost of \$62 million and adjust the state school aid formula to provide blended on-time funding at a cost of \$24.1 million. The executive budget recommendation also recognized savings by transitioning the state school aid formula from the dollar hold harmless and the per student hold harmless for school districts (\$14 million) and excluding new property from the 12 percent limitation in property tax increases resulting in an increased local share (\$8.9 million). The executive budget recommendation did not include an increase in transportation aid payments during the 2019-21 biennium. Governor Burgum also recommended an additional \$122.8 million in funding from the foundation aid stabilization fund, over the base budget of \$110 million, to provide a total of \$232.8 million from the foundation aid stabilization fund for state school aid.
- 37 The executive budget recommendation consisted of recommendations from Governor Burgum's budget, which did not include funding to increase integrated per student payment rates. The executive budget recommendation included an increase in funding for the cost-to-continue integrated formula payments and enrollment growth of \$14 million. The executive budget recommendation did not include an increase in transportation aid payments during the 2021-23 biennium. Governor Burgum also recommended \$83 million of one-time funding from the foundation aid stabilization fund for state school aid over the base budget of \$110 million, to provide a total of \$193 million from the foundation aid stabilization fund for state school aid.

**MAJOR STATE APPROPRIATIONS AND REVENUE ALLOCATIONS FOR DIRECT  
ASSISTANCE TO POLITICAL SUBDIVISIONS FROM THE 2013-15 THROUGH 2021-23 BIENNIUMS**

	2013-15	2015-17	2017-19	2019-21	2021-23
<b>Assistance to political subdivisions (excluding school-related funding)</b>					
<b>General fund appropriations</b>					
Grants to public libraries	\$1,766,500	\$2,033,000	\$1,737,528	\$1,737,528	\$1,737,582
Library Vision 2014 grants	237,500	237,500	237,500	237,500	237,500
Public library repairs and maintenance matching grants		250,000			
Homestead tax credit	20,000,000	18,690,000	16,012,000	17,110,000	18,000,000
Disabled veterans' property tax credits	7,678,000	7,175,091	8,808,200	11,140,200	16,300,000
Aid to health districts	4,000,000	4,250,000	3,250,000	4,725,000	4,725,000
Children's special health services grants for multidisciplinary clinics	27,873	31,156	31,156		
Suicide prevention grants	160,943	176,000	179,655	945,000	1,102,613
Emergency medical services training	812,930	940,000	846,000	846,000	846,000
Emergency medical services operations	5,131,469	6,066,550	5,625,000	5,750,000	5,750,000
Regional public health network pilot project	699,992				
Public water system operator certification and training program	153,374	180,000	180,000	125,000	125,000
Funds to local public health units for immunization services	2,891,716 <sup>1</sup>	1,276,853 <sup>1</sup>			
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences	459,000	640,000	640,000	520,000	625,270
Grants to counties for portable personal computers for county veterans' service officers	20,000				
County and tribal veterans' service officers outreach and training	30,000			30,000	
Tobacco Synar program enforcement requirements to local public health				75,000	75,000
Matching funds to counties and cities for senior citizen services and programs	1,264,502	1,347,894	1,347,894	1,347,894	1,412,988
Indian welfare assistance to counties	5,597,322	5,942,875	1,629,964		
State administration of child support enforcement	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>
Child welfare, service payments to the elderly and disabled, and technology costs - State paying county share		19,300,000	23,300,000	23,300,000	<sup>2</sup>
County emergency human services mill levy grants		3,900,000			
County social and human service program					1,240,391 <sup>3</sup>
Economic assistance and social services pilot program			26,000,000 <sup>3</sup>		
Boys' and girls' clubwork	53,000	53,000	53,000	53,000	
Soil conservation district grants	1,137,800	1,133,362	1,091,520	1,091,520	1,211,520
Clerk of court	20,432,528	23,036,858	23,936,056	24,957,631	25,212,502
Grants to airports	6,550,000	934,500	900,000	500,000	475,000
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties	220,000,000 <sup>4</sup>	104,664,000 <sup>4</sup>			
County and township roadway projects in areas affected by oil and gas development	160,000,000 <sup>5</sup>				
Transportation funding distributions to townships in certain oil-producing counties	8,760,000				
Transportation funding distributions to townships in non-oil-producing counties		7,676,000 <sup>4</sup>			

	2013-15	2015-17	2017-19	2019-21	2021-23
Coal-producing county reimbursements for coal severance payments to non-coal-producing counties	277,800	228,952	180,000	171,000	118,000
Child care facility grants	2,600,000	2,131,267			
Community service supervision grants	375,000	500,000	350,000	350,000	350,000
Guardianship grants	828,600	1,328,600	1,328,600	1,950,000	2,450,000
State-paid property tax relief credits	200,000,000	241,525,000			
<b>Total general fund (excluding school-related funding)</b>	<b>\$671,945,849</b>	<b>\$455,648,458</b>	<b>\$117,664,073</b>	<b>\$96,962,273</b>	<b>\$81,994,366</b>
Percentage of total general fund appropriations	9.8%	8.0%	2.7%	2.0%	1.6%
<b>Special funds appropriations and revenue allocations</b>					
Noxious weed control	\$1,375,274	\$1,375,274	\$1,375,274	\$1,375,274	\$1,425,274
State aid distribution funds to cities and counties <sup>6</sup>	251,290,016	181,312,894	191,748,438	193,534,502	193,076,918
County aid distribution fund <sup>6</sup>					1,087,000
Public transportation services (public transportation fund) <sup>7</sup>	10,000,000	8,186,900	8,200,000	7,777,138	8,294,738
Insurance tax to fire departments (insurance tax distribution fund)	14,536,386	15,681,207	14,235,561	17,989,505	19,588,470
Flood-impacted housing assistance grant program (state disaster relief fund)	1,500,000				
Aid to health districts (tobacco prevention and control trust fund)			2,000,000	525,000	
Aid to health districts (community health trust fund)					525,000
Local public health pandemic response (community health trust fund)					4,515,296
Tobacco education and cessation program grants to local public health districts (tobacco prevention and control trust fund)	8,314,777	8,025,491	6,500,000		
Tobacco education program grants to local public health districts (community health trust fund)				6,500,000	6,250,000
Tobacco cessation program grants to local public health districts (community health trust fund)			50,000	85,000	
Emergency medical services operations (insurance tax distribution fund)	1,250,000	1,250,000	1,250,000	1,125,000	1,125,000
Community health trust fund cessation grants (community health trust fund)	131,855	234,000			
Funds to provide autopsies in the eastern part of the state at the University of North Dakota School of Medicine and Health Sciences (community health trust fund)					1,000,000
Abandoned vehicle cleanup (abandoned vehicle fund)	8,700	215,000	215,000	215,000	215,000
Gaming enforcement grants	510,000	510,000	510,000	510,000	750,000
Law enforcement grants	7,890,000	9,000,000			
County social and human service program			134,700,000 <sup>3</sup>	173,700,000 <sup>3</sup>	187,223,092 <sup>3</sup>
Matching funds to counties and cities for senior citizen services and programs <sup>8</sup>	4,394,000	6,797,665	7,900,000	8,513,710	9,300,000
Energy development impact grants (oil and gas impact grant fund)	239,299,174	78,073,753 <sup>9</sup>	25,000,000 <sup>9</sup>	2,000,000 <sup>9</sup>	
Energy impact fund			15,000,000 <sup>10</sup>		
Grants to airports (Aeronautics Commission special funds collections)	7,450,000	5,550,000	5,800,000	5,300,000	7,075,000
Grants to airports (airport infrastructure fund)					
Grants to airports (strategic investment and improvements fund)				20,000,000 <sup>11</sup>	
Municipal infrastructure fund distributions				29,875,000 <sup>12</sup>	11,990,000 <sup>12</sup>
County and township infrastructure fund distributions					11,990,000 <sup>12</sup>
Motor vehicle fuel tax and registration fee allocations <sup>14</sup>	220,500,000	202,000,000	202,800,000	192,873,316	205,709,493
Telecommunications tax allocations	16,800,000	16,800,000	16,800,000	16,800,000	16,800,000

	2013-15	2015-17	2017-19	2019-21	2021-23
Coal severance tax allocations <sup>15</sup>	14,967,759	14,634,192	14,700,000	15,000,000	15,000,000
Coal conversion tax allocations <sup>15</sup>	11,423,662	8,895,768	9,270,000	8,500,000	8,500,000
Distributions to cities from the strategic investment and improvements fund		282,000,000			
Oil and gas gross production tax allocations <sup>16</sup>	664,714,101	548,374,060	662,720,000	533,760,000	518,220,000
Political subdivision allocation fund		15,660,518			
Transportation funding distributions to counties, cities, and townships in non-oil-producing counties (strategic investment and improvements fund)		128,000,000 <sup>4</sup>			
Transportation funding distributions to counties, cities, and townships in oil-producing counties (strategic investment and improvements fund)		240,000,000 <sup>5</sup>			
Federal Emergency Management Agency repayment (state disaster relief fund)				200,000	
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (state disaster relief fund)			8,100,000 <sup>18</sup>		8,200,000 <sup>17</sup>
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (tax relief fund)					11,800,000 <sup>17</sup>
Distributions to townships in non-oil-producing counties for road and bridge maintenance and improvements (highway fund)					10,000,000 <sup>17</sup>
Emergency township road repairs (state disaster relief fund)					750,000 <sup>18</sup>
Water projects <sup>19</sup>		141,981,634	305,375,000	385,200,000	912,394,712 <sup>19</sup>
Rice Lake flood mitigation (state disaster relief fund)		2,000,000			
Fargo interior flood control (state disaster relief fund)		30,000,000			
Bismarck area flood levees (state disaster relief fund)		4,000,000			
Cigarette tax allocations <sup>20</sup>	3,330,389	3,074,672	2,990,000	2,750,000	2,740,000
Energy conservation grants to political subdivisions	1,200,000	1,200,000	460,000	1,200,000	1,200,000
<b>Total special funds (excluding school-related funding)</b>	<b>\$1,480,886,093</b>	<b>\$1,954,833,028</b>	<b>\$1,637,699,273</b>	<b>\$1,625,308,445</b>	<b>\$2,176,744,993</b>
<b>Total major direct assistance to political subdivisions (excluding school-related funding)</b>	<b>\$2,152,831,942</b>	<b>\$2,410,481,486</b>	<b>\$1,755,363,346</b>	<b>\$1,722,270,718</b>	<b>\$2,258,739,359</b>
<b>School-related assistance to political subdivisions</b>					
<b>General fund appropriations - School-related funding</b>					
State school aid per student formula payments					
State school aid - Integrated formula payments	\$1,573,016,326 <sup>21</sup>	\$1,548,661,168 <sup>22</sup>	\$1,334,657,258 <sup>22</sup>	\$1,610,438,429 <sup>22</sup>	\$1,555,350,500 <sup>22</sup>
Rapid enrollment grants	10,623,963 <sup>21</sup>	8,754,681 <sup>23</sup>			
School district safety grants	2,150,870 <sup>21</sup>	604,264 <sup>24</sup>			
Reimbursement for CPR training	24,557 <sup>21</sup>	35,219 <sup>23</sup>			
Transportation aid payments to school districts	53,500,000	57,107,256 <sup>25</sup>	55,400,000	56,500,000	58,100,000 <sup>25</sup>
Special education contracts	16,500,000	18,500,000	19,300,000	24,000,000	27,000,000
School food services	1,380,000	1,380,000	1,380,000	1,380,000	
Adult education	3,110,411	4,102,815	3,100,000	4,400,000	
Prekindergarten grants			1,500,000	1,500,000	1,500,000
Prekindergarten space grants	114,995	123,599			
English language learner grants		1,000,000 <sup>26</sup>			



	2013-15	2015-17	2017-19	2019-21	2021-23
Medicaid matching grants		0 <sup>26</sup>			
Program grant pool			1,530,000 <sup>27</sup>	1,500,000 <sup>27</sup>	<sup>27</sup>
Educational Technology Council grants	745,000	1,457,060			
EduTech services, including school district antivirus licenses and PowerSchool funding	3,212,647	3,518,764	3,188,249	3,311,619	2,824,877
School district information technology network costs (statewide information technology network costs)	4,864,216	4,780,862	4,434,278	5,077,970	4,589,718
School district and area center grants for career and technical education	22,256,861	23,057,941	20,389,580	24,887,780	26,837,780
<b>Total general fund - School-related funding</b>	<b>\$1,691,499,846</b>	<b>\$1,673,083,629</b>	<b>\$1,444,879,365</b>	<b>\$1,732,995,798</b>	<b>\$1,676,202,875</b>
Percentage of total general fund appropriations	24.6%	29.4%	32.6%	34.9%	33.6%
<b>Special funds appropriations and revenue allocations - School-related funding</b>					
State school aid - Integrated formula payments (state tuition fund)	\$140,326,000 <sup>21</sup>	\$219,134,000	\$305,546,905	\$377,764,000	\$433,020,000 <sup>22</sup>
State school aid - Integrated formula payments (foundation aid stabilization fund)		116,053,293 <sup>22</sup>	295,000,000 <sup>22</sup>	110,000,000 <sup>22</sup>	143,454,500 <sup>22</sup>
English language learner grants (foundation aid stabilization fund)			500,000 <sup>26</sup>		
Grants for adult education programs (displaced homemaker fund)	212,192	225,000	225,000	225,000	225,000
Rapid enrollment grants (foundation aid stabilization fund)			6,000,000 <sup>22</sup>	3,000,000 <sup>22</sup>	
Regional education association merger grants (foundation aid stabilization fund)			100,000 <sup>22</sup>		
School food services (special funds made available through carryover)					1,380,000
Adult education (special funds made available through carryover)					5,000,000
Program grant pool (special funds made available through carryover)					900,000 <sup>27</sup>
Educational Technology Council grants		600,000	85,000		
EduTech services, including school district antivirus licenses and PowerSchool funding			6,564,518	6,334,154	6,867,062
School district information technology network costs (statewide information technology network costs)			100,000	90,000	90,000
Statewide area career center initiative grants (career academies)					70,000,000
School district and area center grants for career and technical education			7,616,777	5,984,777	6,179,777
Vocational education	250,000	131,804			
<b>Total special funds - School-related funding</b>	<b>\$140,788,192</b>	<b>\$336,144,097</b>	<b>\$621,738,200</b>	<b>\$503,397,931</b>	<b>\$667,116,339</b>
<b>Total major school-related assistance to political subdivisions</b>	<b>\$1,832,288,038</b>	<b>\$2,009,227,726</b>	<b>\$2,066,617,565</b>	<b>\$2,236,393,729</b>	<b>\$2,343,319,214</b>
	<b>2013-15</b>	<b>2015-17</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
<b>Total general fund assistance to political subdivisions</b>	<b>\$2,363,445,695</b>	<b>\$2,128,732,087</b>	<b>\$1,562,543,438</b>	<b>\$1,829,958,071</b>	<b>\$1,758,197,241</b>
<b>Total special funds assistance</b>	<b>\$1,621,674,285</b>	<b>\$2,290,977,125</b>	<b>\$2,259,437,473</b>	<b>\$2,128,706,376</b>	<b>\$2,843,861,332</b>
<b>Total major direct assistance to political subdivisions</b>	<b>\$3,985,119,980</b>	<b>\$4,419,709,212</b>	<b>\$3,821,980,911</b>	<b>\$3,958,664,447</b>	<b>\$4,602,058,573</b>

<sup>1</sup> The 2009 Legislative Assembly provided in Senate Bill No. 2333 a \$1.2 million contingent general fund appropriation for providing funds to local public health units for immunization services. The appropriation was contingent on total funds available to the state for immunization services under the American Recovery and Reinvestment Act of 2009. The State Department of Health reported the American Recovery and Reinvestment Act of 2009 funding could not be used for this purpose and the department would use the funding from the general fund. The 2011 Legislative Assembly provided in Senate Bill No. 2276 a \$1.5 million general fund appropriation for the purpose of funding a program through which the department purchases vaccines through the federal vaccine purchasing contract. The 2013 and 2015 Legislative Assemblies provided in the department's base budget, an additional \$1 million and \$576,853, respectively for the universal vaccine program. The department reduced 2015–17 biennium funding by \$100,000 due to agencywide operating expense reductions included in their budget bill and then, due to the 2015–17 biennium budget reductions approved in August 2016, the department further reduced funding for immunizations funding by \$1.7 million to provide a total of \$1.3 million for the universal vaccine program through June 30, 2016. The department discontinued the program as of July 1, 2016.

- <sup>2</sup> The Department of Human Services is unable to determine the amount of general fund support in the department's legislative appropriation for state administration of child support and for paying the county costs of child welfare, service payments to the elderly and disabled, and technology costs.
- <sup>3</sup> The 2017 Legislative Assembly approved, in Senate Bill No. 2206, funding of \$160.7 million, of which \$26 million is from the general fund and \$134.7 million is from the tax relief fund, for a state-paid economic assistance and social services pilot program during the 2017-19 biennium. The \$26 million from the general fund was appropriated in House Bill No. 1012 (2017). Senate Bill No. 2015 (2019) transfers \$173.7 million from the tax relief fund to the human service finance fund to continue the program. House Bill No. 1015 (2021) transfers \$187,223,092 from the tax relief fund to the human service finance fund for the program and House Bill No. 1012 (2021) appropriates an additional \$1,240,391 from the general fund for the program.
- <sup>4</sup> Senate Bill No. 2176 (2013) appropriated \$100 million from the general fund to the State Treasurer for transportation funding distributions to non-oil-producing political subdivisions. House Bill No. 1358 (2013) appropriated \$120 million from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing counties. House Bill No. 1012 (2015) appropriated \$8 million from the general fund (\$7,676,000 after the August 2016 general fund budget reductions, to the State Treasurer to provide allocations for the benefit of townships in non-oil-producing counties for township roads. House Bill No. 1176 (2015) appropriated \$112 million (\$104,664,000 after the August 2016 budget reductions) from the general fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions. Senate Bill No. 2103 (2015) appropriated \$16 million from the strategic investment and improvements fund to the State Treasurer for transportation funding distributions to non-oil-producing county townships and \$112 million from the strategic investment and improvements fund to the Department of Transportation for transportation funding distributions to non-oil-producing political subdivisions.
- <sup>5</sup> The 2011 Legislative Assembly provided for a transfer of \$142 million from the general fund to the highway fund for county and township roadway projects in areas affected by oil and gas development. House Bill No. 1358 (2013) appropriated \$160 million from the general fund to the Department of Transportation for transportation funding distributions to oil-producing counties. Senate Bill No. 2103 (2015) appropriated \$240 million from the strategic investment and improvements fund to the Department of Transportation transportation funding distributions to oil-producing political subdivisions.
- <sup>6</sup> The 1987 Legislative Assembly, in House Bill No. 1590, provided that .6 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax shall be deposited into the state aid distribution fund to be used beginning July 1, 1989. The 1997 Legislative Assembly, in House Bill No. 1019, reduced the .6 to .4 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning January 1, 1999. The Legislative Assembly also added a continuing appropriation so all revenues deposited into the state aid distribution fund are appropriated for payments to political subdivisions. The change also eliminated the 50 percent for personal property tax replacement and 50 percent for revenue sharing and instead provided that 53.7 percent of the revenues in the fund be distributed to counties and 46.3 percent of the revenues be distributed to cities. The 2013 Legislative Assembly increased the .4 to .435 of an equivalent of 1 percent of the sales, use, and motor vehicle excise tax to be deposited into the state aid distribution fund beginning July 1, 2014. The 2021 Legislative Assembly approved House Bill No. 1449 creating the county aid distribution fund which receives an allocation equal to .05 percent of total collections from sales and motor vehicle excise taxes. The State Treasurer distributes the funds to eligible counties.
- <sup>7</sup> Prior to the 2009-11 biennium, \$3 of each motor vehicle registration fee was deposited in the public transportation fund. Beginning with the 2009-11 biennium, the \$3 fee is deposited in the highway tax distribution fund, and the public transportation fund receives 1.5 percent of distributions from the highway tax distribution fund. The 2011-13 biennium amounts include a \$100,000 transfer from the general fund to the public transportation fund. The 2013-15 biennium amounts include a \$1.1 million contingent general fund transfer to the public transportation fund. The 2015-17 biennium amounts include a \$200,000 contingent general fund transfer to the public transportation fund.
- <sup>8</sup> The 2005 Legislative Assembly removed the senior citizen mill levy matching grant program from the Department of Human Services and provided in Senate Bill No. 2267 that the State Treasurer distribute senior citizen mill levy matching grants pursuant to a continuing appropriation from the senior citizen services and programs fund. The fund consists of sales, use, and motor vehicle excise tax collections equivalent to two-thirds of one mill levied statewide each year. The 2011 Legislative Assembly, in Senate Bill No. 2242, increased the amount of collections allocated to the fund to three-fourths of one mill levied statewide each year. The 2013 Legislative Assembly, in Senate Bill No. 2162, increased the amount of collections allocated to the fund to 85 percent of one mill levied statewide each year. The 2015 Legislative Assembly, in Senate Bill No. 2143, increased the amount of collections allocated to the fund to 87.5 percent of the amount appropriated up to one mill.
- <sup>9</sup> House Bill No. 1176 (2015) provides \$139.3 million for energy infrastructure impact grants from money deposited in the oil and gas impact grant fund, of which \$132.5 million is designated for specific grant categories. The amount shown for the 2015-17 biennium reflects the actual oil and gas tax revenue allocations to the fund, which were less than the appropriation due to lower oil prices than forecasted. Senate Bill No. 2013 (2017) provides \$25 million for airport grants from money deposited in the oil and gas impact grant fund. House Bill No. 1013 (2019) transfers \$2 million from the strategic investment and improvements fund to the oil and gas impact grant fund for grants to political subdivisions during the 2019-21 biennium.
- <sup>10</sup> The 2017 Legislative Assembly, in Senate Bill No. 2013, established the energy impact fund and appropriated \$15 million from the fund for a grant to the Williston airport. During the 2017-19 biennium only, the fund is to receive \$4 million of oil and gas tax allocations. The Legislative Assembly also provided for transfers to the fund during the 2017-19 biennium from the political subdivision allocation fund (\$8 million) and strategic investment and improvements fund (\$3 million).
- <sup>11</sup> House Bill No. 1066 (2019), establishes the airport infrastructure fund for the purpose of providing grants to airports, and provides for an allocation of up to \$20 million of gross production tax revenue. During the 2019-21 biennium and 2021-23 biennium revenue is not projected to be sufficient to provide oil and gas tax revenue to be deposited into the fund for airport projects.

- <sup>12</sup> House Bill No. 1066 (2019), established the municipal infrastructure fund and the county and township infrastructure fund for grants to non-oil-producing political subdivisions for eligible infrastructure projects. Based on the 2021 legislative revenue forecast, the estimated oil and gas tax revenue collections for the 2019-21 biennium will be sufficient to provide allocations from the municipal infrastructure fund but not the county and township infrastructure fund. House Bill No. 1015 (2021) aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to the strategic investment and improvements fund, and based on the 2021 legislative revenue forecast for the 2021-23 biennium will provide approximately \$12 million to each fund.
- <sup>14</sup> Prior to the 2009-11 biennium, 37 percent of the funds in the highway tax distribution fund were allocated to counties and cities, and one cent per gallon of motor fuels taxes was deposited in the township highway aid fund. Beginning with the 2009-11 biennium, counties and cities receive 34.5 percent of distributions from the highway tax distribution fund, the one cent per gallon of motor fuels taxes originally deposited in the township highway aid fund is deposited in the highway tax distribution fund, and townships receive 2.7 percent of distributions from the highway tax distribution fund. The amounts shown do not include highway tax distribution fund deposits in the public transportation fund which are shown separately in this schedule.
- <sup>15</sup> Beginning in the 2001-03 biennium, the coal severance tax allocation is based on the provision that 70 percent of the severance tax revenue is allocated among coal-producing counties. Previously, 35 percent had been allocated to coal-producing counties. Beginning in the 2001-03 biennium, the coal conversion tax allocation is based on the provision that 15 percent of the conversion tax revenue is allocated to the county in which the plant is located. Previously, 35 percent of the coal conversion tax had been allocated to the county in which the plant is located. House Bill No. 1412 provides a coal conversion tax exemption for the general fund portion of the tax, but maintains the current level of allocations to the political subdivisions. The bill also creates a new lignite research tax to maintain the current level of allocations to the lignite research fund.
- <sup>16</sup> The oil and gas gross production tax allocation is based on a formula which allocates a percentage of gross production tax revenue to the producing county with the remainder going to the state. Prior to the 2009-11 biennium, the amount allocated to a county was limited based on the population of the county. Beginning in the 2013-15 biennium, the allocations from the gross production tax revenue are distributed to counties, cities, school districts, townships, and hub cities based on a formula which provides one set of percentages for counties that received less than \$5 million in allocations during the previous state fiscal year and another set of percentages for counties that received \$5 million or more in allocations during the previous state fiscal year. The amounts shown for the 2019-21 and 2021-23 bienniums reflect the 2021 legislative revenue forecast.
- <sup>17</sup> The 2019 Legislative Assembly, in Section 4 of Senate Bill No. 2016 (2019), appropriated \$8.1 million from the state disaster relief fund for distributions to townships prior to July 1, 2019. The 2021 Legislative Assembly, in House Bill No. 1015 (2021), appropriated \$8.2 million from the state disaster relief fund and \$11.8 million from the tax relief fund for distributions to townships during the 2021-23 biennium. House Bill 1015 (2021) also appropriated \$10 million from the highway fund to the Department of Transportation to be used to match federal funds for township road and bridge projects.
- <sup>18</sup> The 2021 Legislative Assembly, in Section 4 of Senate Bill No. 2012, appropriated \$750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships that do not have sufficient funds from any local source to complete emergency township road repairs.
- <sup>19</sup> Funding for the 2013-15 biennium is not provided as carryover appropriations are not separable from total appropriations for water projects. Funding from a Bank of North Dakota line of credit is included for the the 2015-17 biennium (\$200 million), 2017-19 biennium (\$75 million), 2019-21 biennium (\$75 million), and 2021-23 biennium (\$50 million). Of the \$912,394,712 provided for during the 2021-23 biennium, \$510 million is from bond proceeds for the Fargo diversion projects (\$435.5 million) and to repay outstanding debt of the Western Area Water Supply which is deposited into the resources trust fund and appropriated for the Mouse River flood control project (\$74.5 million).
- <sup>20</sup> The cigarette tax allocation is based on the provision that 3 cents per regular package and 3.75 cents per larger package are distributed to cities based on population. Senate Bill No. 2156 (2021) raises the legal age to purchase and use tobacco products from 18 to 21 which may decrease cigarette tax collections.
- <sup>21</sup> The 2013 Legislative Assembly approved a change in the K-12 school funding formula. The formula change discontinues the mill levy reduction grant program and provides the state will determine a base level of support necessary to educate students and this base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The 2013 Legislative Assembly provided integrated formula payments totaling \$1,752,000,000, of which \$1,611,774,000 is from the general fund and \$140,326,000 is from the state tuition fund. The new formula results in an increase of \$491.9 million from the state school aid and mill levy grants, totaling \$1.26 billion provided during the 2011 13 biennium. The increase of \$491.9 million includes increases in funding of \$453.2 million from the general fund and \$38.7 million from the state tuition fund. Integrated formula payments include \$656.5 million for an increase in the mill levy buydown from 75 to 125 mills for the 2013-15 biennium, an increase of \$314.7 million from the \$341.8 million provided for mill levy reduction grants from the general fund during the 2011-13 biennium. The 2013 Legislative Assembly also provided from the general fund \$13.6 million for rapid enrollment grants (HB 1261), \$3 million for safety grants (SB 2267), and \$450,000 for the reimbursement of CPR training (SB 2238).

- <sup>22</sup> Reductions in funding from the general fund for state school aid - integrated payments, transportation aid payments, and special education - contracts, due to 2015-17 biennium budget reductions approved by the Legislative Assembly in August 2016, were offset by transfers from the foundation aid stabilization fund totaling \$116,053,293. In 2017 the Legislative Assembly provided a total of \$295 million from the foundation aid stabilization fund for integrated formula payments during the 2017-19 biennium, of which \$185 million is considered one-time funding. In addition the Legislative Assembly provided one-time funding from the foundation aid stabilization fund for rapid enrollment grants (\$6 million) and regional education association merger grants (\$100,000). In Senate Bill No. 2013 (2019) the Legislative Assembly provided an ongoing appropriation of \$110 million from the foundation aid stabilization fund for integrated formula payments during the 2019-21 biennium. In addition, the Legislative Assembly, in Senate Bill No. 2265 (2019) provided a one-time appropriation of \$3 million from the foundation aid stabilization fund for rapid enrollment grants only during the 1st year of the 2019-21 biennium. In House Bill No. 1013 (2021) the Legislative Assembly provided a total of \$2,131,825,000 for integrated formula payments.
- <sup>23</sup> In 2015 the Legislative Assembly provided funding made available from the general fund for rapid enrollment grants (\$14.8 million), CPR training grants (\$450,000), and a civics education grant (\$200,000) are one-time funding items. These one-time funding items were reduced due to the budget reductions approved by the Legislative Assembly in August 2016. In addition to these reductions, the Superintendent of Public Instruction reduced ongoing funding for Medicaid matching grants and operating expenses.
- <sup>24</sup> The Legislative Assembly, in Section 12 of 2015 Senate Bill No. 2013, provided the amount appropriated for school district safety grants in Section 1 of Chapter 59 of the 2013 Session Laws is not subject to Section 54-44.1-11 and any unexpended funds are available for school district safety grants during the 2015-17 biennium. The Superintendent of Public Instruction continued \$849,130 from the 2013–15 biennium for school district safety grants during the 2015-17 biennium.
- <sup>25</sup> In addition to \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013 (2015), the Legislative Assembly provided, in Section 13 of Senate Bill No. 2015 (2015), that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. In 2017 the Legislative Assembly repealed Section 13 of Chapter 49 of the 2015 Session Laws related to the additional transportation grants. In 2021, the Legislative Assembly, in House Bill No. 1027, codified transportation reimbursements and allowed school districts to be reimbursed based on the latest available student enrollment; however, for the 2021-22 and 2022-23 school years, school districts may be reimbursed using the greater of the 2018-19 miles and rides or previous year miles and rides, resulting in an estimated \$1.6 million increase to transportation funding.
- <sup>26</sup> The Legislative Assembly provided in Senate Bill No. 2013 (2015), \$1 million for grants to the four school districts that serve the largest number of first- and second-level English language learners in K–12. The Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first- and second-level English language learners enrolled in the four districts. In 2017 the Legislative Assembly removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants.
- <sup>27</sup> The 2017 Legislative Assembly provided funding from the general fund for a program grant pool, including leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. In addition the Legislative Assembly provided, in Section 9 of House Bill No. 1013 (2017), the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department continued \$700,711 in the 2017-19 biennium to increase the program grant pool. In 2019, the Legislative Assembly, in Senate Bill No. 2013, reduced funding in the transportation efficiency line item by \$3,000 and transferred the remaining funding of \$27,000 from the transportation efficiency line item to the program grant pool. In addition, funding for the program grant pool is decreased by \$606,711, to provide a total of \$1,500,000 from the general fund for leveraging the senior year, a leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, teacher and principal evaluation system grants, family engagement initiatives, and transportation efficiency. In 2021, the Legislative Assembly, in House Bill No. 1013, changed the funding source and reduced funding for the program grant pool to provide funding for leveraging the senior year, a leadership program, and family engagement.