

# Status of the General Fund

Presented to

## Budget Section

July 11, 2018



International Peace Gardens by Jim Potter



**Joe Morrissette, Director**

## ECONOMIC INDICATORS July 2018

### National

Consumer Prices – The 12-month percent change in the non-seasonally adjusted consumer price index (CPI), as reported by the Bureau of Labor Statistics, was 2.6% in May 2018, compared to 1.5% in the 12-month period ending May 2017. According to *Moody's Analytics*, the CPI is expected to change by 2.7% during 2018. Projections indicate the rate will increase by an average of 2.5% in 2019, 2.4% in 2020 and 2.3% in 2021.

Money Markets – The average yield on a three-month Treasury bill is currently 1.8%. *Moody's* expects three month T-bill rates to increase throughout 2018 ending the year at 2.2% before increasing to over 3.0% in 2019, 2020 and 2021. *Moody's* predicts that the prime rate will average 5.0% for 2018. Their forecast provides for steady increases in the ensuing years, to 6.6% in 2019, and 6.8% in 2020, before dropping slightly to 6.5% in 2021.

Personal Income – Personal income, as reported by *Moody's* in inflation-adjusted 2009 dollars, grew by 1.4% during 2017. *Moody's* predicts personal income growth will average 2.0% in 2018 and 2.3% in 2019. They predict lower annual growth rates of 1.6% in 2020 and 2021.

Commodity Prices – 2017 agricultural prices increased by an average of 3.8% during 2017, the result of a 2.1% increase in crop prices and a 5.8% increase in livestock prices. The *Moody's* outlook provides for a decrease of 2.2% in 2018 and increases of 1.2% in 2019, 4.0% in 2020 and 1.8% in 2021. The outlook for West Texas Intermediate crude, the benchmark oil forecast for *Moody's Analytics*, is for the average price per barrel to increase from \$50.86 in 2017 to \$65.14 in 2018. *Moody's* predicts the price of oil to decline slightly to \$61.77 in 2019 and \$58.68 in 2020 before increasing to \$60.29 in 2021.

### Local

Unemployment – According to Job Service ND data, North Dakota's non-seasonally adjusted unemployment rate in May 2018 was 2.2%. The national average unemployment rate decreased from 4.5% in January to 3.6% in May.

Employment Growth – Job Service ND data indicates total employment grew nationally by 1.7% from May 2017 to May 2018. North Dakota's total employment fell by 2.1%.

Personal Income – S/P/R reported that between the first quarters of 2017 and 2018, North Dakota's personal income grew by 1.0%. The national average during the same period grew by 3.6%.

Energy – The May 2017 legislative forecast was based on oil production staying even at 925,000 barrels per day for the first year of the 2017-19 biennium growing to 950,000 barrels for the second year. North Dakota crude oil prices were estimated to average \$47 per barrel for the entire biennium. The current rig count is 64 rigs, 8 rigs more than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	April 2018	March 2018	February 2018
Actual average price per barrel	\$61.11	\$57.52	\$57.25
Production (barrels/day)	1,224,948	1,162,134	1,175,316
Drilling permits	104	108	96
Producing wells	14,571	14,526	14,350
Rig count	60	59	57

Mortgage Rates – Mortgage rates are increasing. Thirty-year fixed rate mortgages are available locally for 4.6% compared to 4.5% in March. Fifteen-year fixed rates are around 4.25% compared to 3.75% in March.

**GENERAL FUND STATUS STATEMENT  
2017-19 BIENNIUM  
AS OF JUNE 30, 2018**

**PRELIMINARY**

Beginning Balance:		
Beginning Unobligated Balance - July 1, 2017	\$ 65,000,000	
Balance Obligated for Authorized Carryover of Appropriations	<u>99,271,093</u>	
 Total Beginning Balance		 \$ 164,271,093
Revenues:		
Revenues Collected to Date	\$ 2,264,580,611	
Remaining Forecasted Revenues	<u>2,137,764,950</u>	
Total Revenues		<u>4,402,345,561</u>
 Total Available		 \$ 4,566,616,654
Expenditures:		
Legislative Appropriations - One-Time	\$ (14,638,226)	
Legislative Appropriations - Ongoing	(4,295,624,415)	
Authorized Carryover from Previous Biennium	<u>(99,271,093)</u>	
 Total Authorized Expenditures		 <u>\$ (4,409,533,734)</u>
 Estimated Ending Balance - June 30, 2019		 <u>\$ 157,082,920</u> <sup>\1</sup>

\1 NDCC Section 54-27.2-02 provides that any end of biennium balance in excess of \$65.0 million must be transferred to the Budget Stabilization Fund, up to a cap of 15.0 percent of General Fund appropriations.

**SELECTED SPECIAL FUNDS  
PRELIMINARY JUNE 30, 2018 FUND BALANCES**

Fund	Balance
Budget Stabilization Fund	\$ 113,308,668
Legacy Fund	\$ 5,545,017,695
Foundation Aid Stabilization Fund	\$ 463,507,705
Tax Relief Fund	\$ 200,000,000
5/31/18 Strategic Investment and Improvements Fund (\$374,052,700 committed)	\$ 314,114,413

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Legislative Forecast**

2017-19 Biennium

**PRELIMINARY June 2018**

Revenues and Transfers	Fiscal Month			Biennium To Date			
	May 2017			May 2017			
	Leg. Forecast	Actual	Variance	Leg. Forecast	Actual	Variance	
			Percent			Percent	
Sales Tax	43,663,000	64,996,578	21,333,578	48.9%	829,120,206	10,173,206	1.2%
Motor Vehicle Excise Tax	8,852,000	11,128,100	2,276,100	25.7%	114,342,237	7,023,237	6.5%
Individual Income Tax	16,360,000	15,329,846	(1,030,154)	-6.3%	364,672,000	23,582,125	6.9%
Corporate Income Tax	12,245,000	22,274,942	10,029,942	81.9%	54,592,000	37,756,170	69.2%
Insurance Premium Tax	2,204,491	1,359,380	(845,111)	-38.3%	62,456,284	(7,339,019)	-11.8%
Oil & Gas Production Tax*	30,247,656	30,247,656			124,133,322	124,133,322	
Oil Extraction Tax*	32,133,913	32,133,913			138,248,248	138,248,248	
Gaming Tax	136,618	24,968	(111,650)	-81.7%	3,749,056	(624,431)	-16.7%
Lottery	7,500,000	7,300,000	(200,000)	-2.7%	7,500,000	(200,000)	-2.7%
Cigarette & Tobacco Tax	2,320,000	2,360,930	40,930	1.8%	26,943,000	(469,452)	-1.7%
Wholesale Liquor Tax	916,165	825,352	(90,813)	-9.9%	8,973,561	(154,986)	-1.7%
Coal Conversion Tax	3,245,000	1,905,831	(1,339,169)	-41.3%	19,882,000	(27,442)	-0.1%
Mineral Leasing Fees	1,280,221	1,415,293	135,072	10.6%	15,098,320	1,430,066	9.5%
Departmental Collections	3,299,575	3,169,251	(130,324)	-3.9%	40,414,099	641,927	1.6%
Interest Income	1,900,000	1,349,132	(550,868)	-29.0%	3,962,000	(142,428)	-3.6%
State Mill & Elevator-Transfer	8,802,989	9,500,000	697,011	7.9%	8,802,989	697,011	7.9%
Bank of North Dakota - Transfer					70,000,000	70,000,000	
Legacy Fund - Transfer							
Tax Relief Fund - Transfer					183,000,000	183,000,000	
SILF - Transfer					124,000,000	124,000,000	
Gas Tax Administration					1,008,060	1,008,060	
Miscellaneous	109,375	109,380	5	0.0%	32,350,000	183,689	0.6%
<b>Total Revenues and Transfers</b>	<b>175,216,003</b>	<b>205,430,553</b>	<b>30,214,549</b>	<b>17.2%</b>	<b>2,192,050,939</b>	<b>2,264,580,611</b>	<b>3.3%</b>

\* The General Fund cap for oil and gas taxes contains two tiers. The first tier of \$200.0 million was reached in January 2018. Additional oil taxes were allocated to the Tax Relief Fund until that fund received \$200.0 million, and then to the Budget Stabilization Fund until that fund reached its cap of \$75.0 million. In June, the General Fund began receiving allocations to meet its second tier of \$200.0 million.

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**Compared to the Previous Biennium Revenues**  
**2017-19 Biennium**  
**PRELIMINARY June 2018**

Revenues and Transfers	Fiscal Month			Biennium To Date				
	June 2016	June 2018	Variance	Percent	2015-17	2017-19	Variance	Percent
Sales Tax	61,579,782	64,996,578	3,416,797	5.5%	925,369,574	829,120,206	(96,249,368)	-10.4%
Motor Vehicle Excise Tax	7,236,146	11,128,100	3,891,953	53.8%	106,332,785	114,342,237	8,009,452	7.5%
Individual Income Tax	16,583,661	15,329,846	(1,253,815)	-7.6%	353,937,749	364,254,125	10,316,376	2.9%
Corporate Income Tax	15,879,624	22,274,942	6,395,318	40.3%	97,580,800	92,348,170	(5,232,630)	-5.4%
Insurance Premium Tax	2,573,414	1,359,380	(1,214,034)	-47.2%	55,575,373	55,117,265	(458,108)	-0.8%
Financial Institutions Tax					324,145	(324,145)		-100.0%
Oil & Gas Production Tax*	30,247,656	30,247,656			83,379,177	124,133,322	40,754,145	48.9%
Oil Extraction Tax*	32,133,913	32,133,913			116,620,823	138,248,248	21,627,424	18.5%
Gaming Tax	123,618	24,968	(98,650)	-79.8%	3,457,055	3,124,625	(332,430)	-9.6%
Lottery	9,580,000	7,300,000	(2,280,000)	-23.8%	9,580,000	7,300,000	(2,280,000)	-23.8%
Cigarette & Tobacco Tax	2,512,192	2,360,930	(151,261)	-6.0%	29,049,715	26,473,548	(2,576,167)	-8.9%
Wholesale Liquor Tax	767,664	825,352	57,687	7.5%	9,025,988	8,818,575	(207,413)	-2.3%
Coal Conversion Tax	3,558,174	1,905,831	(1,652,343)	-46.4%	22,189,976	19,854,558	(2,335,419)	-10.5%
Mineral Leasing Fees	1,128,221	1,415,293	287,073	25.4%	13,801,576	16,528,386	2,726,810	19.8%
Departmental Collections	4,505,755	3,169,251	(1,336,503)	-29.7%	41,644,520	41,056,026	(588,494)	-1.4%
Interest Income	9,900,319	1,349,132	(8,551,187)	-86.4%	12,327,098	3,819,572	(8,507,526)	-69.0%
State Mill & Elevator-Transfer	4,434,894	9,500,000	5,065,106	114.2%	4,434,894	9,500,000	5,065,106	114.2%
Major Special Fund Transfers					657,000,000	377,000,000	(280,000,000)	-42.6%
Other Transfers		109,380	109,380	100.0%	1,091,154	33,541,749	32,450,595	2974.0%
<b>Total Revenues and Transfers</b>	<b>140,363,462</b>	<b>205,430,553</b>	<b>65,067,090</b>	<b>46.4%</b>	<b>2,542,722,400</b>	<b>2,264,580,611</b>	<b>(278,141,790)</b>	<b>-10.9%</b>

# N.D.C.C. 54-14-03.1 Fiscal Irregularities

March through June 2018

## Pay Adjustments

### May 2018

**301 Health**

**Patrick Kennelly**

**\$ 1,599.36**

Sick leave payout.

**Kim Mertz**

**\$ 725.00**

**Tracy Miller**

**\$ 657.00**

Workload increases for additional strategic and reorganizational responsibilities.

### June 2018

**253 Vision Services/School for the Blind**

**Deborah Johnsen**

**\$10,946.00**

Teacher who was paid over 12 months, but worked 9 months retired May 31. Paid for June, July, and August, in addition to 10% of sick leave.

## Retroactive Pay

### March 2018

**414 Securities**

**Karen Tyler**

**\$10,192.49**

Monthly pay increase of \$1,456.07 approved by the Governor on January 30 retroactive to July 1, 2017.

**530 DOCR**

**Lacey Beddow**

**\$ 792.00**

Workload adjustment.

### April 2018

**485 WSI**

**Jarrold Brown**

**\$ 1,356.30**

Workload adjustment.

**June 2018**

**192 NDPERS**

<b>MaryJo Anderson</b>	<b>\$ 1,079.69</b>
<b>Rebecca Fricke</b>	<b>\$ 1,282.77</b>
<b>Ronald Gilliam</b>	<b>\$ 521.23</b>

After benefit program manager retired, did not fill position. Restructured and all were made members of the management team and given workload increases.

**530 DOCR**

<b>Lee Hetleved</b>	<b>\$ 800.00</b>
<b>Megan Holkup</b>	<b>\$ 800.00</b>
<b>Melissa Bossingham</b>	<b>\$ 800.00</b>

Stipends earned for mentoring teachers to get their license.

<b>Corey Kolpin</b>	<b>\$ 768.00</b>
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Temporary workload adjustment.

**Severance Pay**

**June 2018**

**601 Commerce**

<b>Aasta Eggert</b>	<b>\$12,285.00</b>
<b>Jessica Fretty</b>	<b>\$ 6,642.00</b>
<b>Jennifer Ann Gisinger</b>	<b>\$13,077.00</b>
<b>Leigh Ann Huether</b>	<b>\$19,317.00</b>
<b>Dean Ihla</b>	<b>\$14,850.00</b>
<b>Christopher Kalash</b>	<b>\$20,886.00</b>
<b>Brianna Strahm Ludwig</b>	<b>\$15,615.00</b>
<b>Connie Ann Miller Hill</b>	<b>\$ 9,324.00</b>
<b>Steve Schanandore</b>	<b>\$ 4,788.00</b>
<b>Pamela Schmidt</b>	<b>\$ 5,718.00</b>
<b>Lavonne Stair</b>	<b>\$28,797.00</b>
<b>Jared Stober</b>	<b>\$17,859.00</b>
<b>Laura Willard</b>	<b>\$21,564.00</b>

Severance payments as a result of a reduction in force.

**Severance Pay**

**Voluntary Separation Incentive Program**

**June 2018**

<b>325 DHS (1 person)</b>	<b>\$23,331.66</b>
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# Report on Federal Grants

## Per NDCC 54-27-27

July 11, 2018

### Grant Applications

Agency	Time Period of Grant	Amount of Grant Requested
Department of Public Instruction	2018 – 2022	\$ 3,700,000
Department of Public Instruction	9/30/2018 – 9/30/2020	\$ 100,000
Department of Agriculture	10/1/2018 – 9/30/2020	\$ 300,000

### Grants Awarded

Agency	Time Period of Grant	Amount of Grant Awarded
State Library	7/1/2018 – 6/30/2020	\$ 249,000
ND Housing Finance	11/30/2017 – 11/30/2020	\$ 265,000



**NDCC 54-27-25  
Tobacco Settlement Trust Fund - Fund 407**

<b>Date</b>	<b>Total Amount Received</b>	<b>Community Health Trust Fund - 55%</b>	<b>Commons School Trust Fund - 0 %</b>	<b>Water Development Trust Fund - 45%</b>	<b>Attorney General Appropriation</b>
12/14/99	9,036,985.38	903,698.54	4,066,643.42	4,066,643.42	
1/3/00	7,871,639.19	787,163.91	3,542,237.64	3,542,237.64	
4/18/00	12,875,523.14	1,287,552.32	5,793,985.41	5,793,985.41	
4/19/00	169,475.62	16,947.56	76,264.03	76,264.03	
5/4/00	984.72	98.48	443.12	443.12	
9/13/00	363.38	36.34	163.52	163.52	
1/2/01	8,011,307.29	801,130.73	3,605,088.28	3,605,088.28	
1/17/01	1,505.95	150.59	677.68	677.68	
4/17/01	14,690,317.34	1,469,031.74	6,610,642.80	6,610,642.80	
4/27/01	221,405.57	22,140.55	99,632.51	99,632.51	
6/15/01	21,277.38	2,127.74	9,574.82	9,574.82	
11/19/01	181,556.56	18,155.66	81,700.45	81,700.45	
1/2/02	7,115,019.43	711,501.95	3,201,758.74	3,201,758.74	
1/14/02	2,071.14	207.12	932.01	932.01	
4/16/02	18,872,853.92	1,887,285.40	8,492,784.26	8,492,784.26	
4/23/02	609,210.48	60,921.04	274,144.72	274,144.72	
1/2/03	5,869,683.32	586,968.34	2,641,357.49	2,641,357.49	
1/16/03	1,960,169.68	196,016.96	882,076.36	882,076.36	
4/16/03	18,051,398.80	1,805,139.88	8,123,129.46	8,123,129.46	
4/23/03	668,581.37	66,858.13	300,861.62	300,861.62	
7/1/03	305,817.91	30,581.79	137,618.06	137,618.06	
10/3/03	230,963.18	23,096.32	103,933.43	103,933.43	
4/15/04	21,899,894.49	2,189,989.45	9,854,952.52	9,854,952.52	
4/21/04	852,398.02	85,239.80	383,579.11	383,579.11	
8/30/04	255,371.41	25,537.15	114,917.13	114,917.13	
4/19/05	22,261,451.85	2,226,145.19	10,017,653.33	10,017,653.33	
4/20/05	809,930.77	80,993.07	364,468.85	364,468.85	
10/6/05	262,051.11	26,205.11	117,923.00	117,923.00	
4/17/06	19,898,716.49	1,989,871.65	8,954,422.42	8,954,422.42	
4/19/06	1,253,301.83	125,330.19	563,985.82	563,985.82	
12/22/06	196,418.35	19,641.83	88,388.26	88,388.26	
4/17/07	20,664,718.59	2,066,471.85	9,299,123.37	9,299,123.37	
4/19/07	1,379,744.44	137,974.44	620,885.00	620,885.00	
6/5/07	173,167.26	17,316.72	77,925.27	77,925.27	
4/16/08	34,965,293.50	3,496,529.34	15,734,382.08	15,734,382.08	
4/17/08	1,515,783.61	151,578.37	682,102.62	682,102.62	
7/7/08	91.50	9.14	41.18	41.18	
2/26/09	1,978,845.20	197,884.52	890,480.34	890,480.34	
4/20/09	23,035,384.29	2,303,538.43	10,365,922.93	10,365,922.93	
4/15/10	19,759,434.19	1,975,943.41	8,891,745.39	8,891,745.39	
4/19/10	1,057,430.92	105,743.10	475,843.90	475,843.91	
4/20/11	19,736,098.42	1,973,609.84	8,881,244.29	8,881,244.29	
4/20/12	20,127,216.58	2,012,721.66	9,057,247.46	9,057,247.46	
4/17/13	20,099,831.57	2,009,983.15	9,044,924.21	9,044,924.21	
4/24/13	13,067.04	1,306.70	5,880.17	5,880.17	
4/22/14	22,756,378.89	2,275,637.89	10,240,370.50	10,240,370.50	
4/15/15	19,220,022.57	1,922,002.25	8,649,010.16	8,649,010.16	
5/15/15	254,078.67	25,407.87	114,335.40	114,335.40	
5/18/16	20,466,444.08	2,026,644.40	9,119,899.84	9,119,899.84	200,000.00
4/20/17	20,196,746.52	2,019,674.66	9,088,535.93	9,088,535.93	
4/20/18	53,096,556.03	29,093,105.82	0.00	23,803,450.21	200,000.00
<b>Totals:</b>	<b>474,953,978.94</b>	<b>71,258,848.09</b>	<b>189,745,840.31</b>	<b>213,549,290.53</b>	<b>400,000.00</b>

	<b>Effective 2017- 2019 Biennium</b>	<b>Effective 2019- 2021 Biennium</b>
Community Health Trust Fund	55%	10%
Water Development Trust Fund	45%	45%
Common Schools Trust Fund	0%	45%
<b>Total %:</b>	<b>100%</b>	<b>100%</b>

## Budget Extension and Meeting Data 2019-2021

Agcy No.	Agency Name	Date Request Extended to	Date Originally Submitted
101	Office of the Governor	10/1/2018	
108	Secretary of State	8/17/2018	
110	OMB	9/14/2018	
112	ITD	9/15/2018	
117	State Auditor		
120	State Treasurer		
125	Attorney General	8/15/2018	
127	Tax Department	8/15/2018	
140	Admin Hearings		
150	Legislative Assembly		
160	Legislative Council		
180	Judicial Branch		
188	Indigents Council	8/15/2018	
190	RIO	7/31/2018	
192	PERS	8/10/2018	
201	Public Instruction	9/30/2018	
215	ND University System	8/31/2018	
226	Dept of Trust Lands	8/15/2018	
227	BSC	8/31/2018	
228	Lake Region	8/31/2018	
229	Williston State	8/31/2018	
230	UND	8/31/2018	
232	UND Medical Center	8/31/2018	
235	NDSU	8/31/2018	
238	ND College of Science	8/31/2018	
239	DSU	8/31/2018	
240	Mayville	8/31/2018	
241	Minot	8/31/2018	
242	Valley City	8/31/2018	
243	Dakota College-Bottineau	8/31/2018	
244	ND Forest Service	8/31/2018	
250	State Library		
252	School for the Deaf	8/1/2018	
253	School for the Blind	8/9/2018	
270	Career & Tech Educ	8/17/2018	
301	Department of Health	8/31/2018	
303	Dept of Environmental Quality	8/31/2018	
313	ND Veterans Home	7/27/2018	

<b>Agcy No.</b>	<b>Agency Name</b>	<b>Date Request Extended to</b>	<b>Date Originally Submitted</b>
316	Indian Affairs		
321	Veterans Affairs	7/31/2018	
325	Human Services	9/21/2018	
360	Protect & Advocacy	8/10/2018	
380	Job Service ND	7/31/2018	
401	Insurance Dept	8/31/2018	
405	Industrial Comm	8/15/2018	
406	Dept of Labor&Hum Rights	8/15/2018	
408	Public Service Comm	8/3/2018	
412	Aeronautics Comm	7/20/2018	
413	Financial Institutions	7/27/2018	
414	Securities Comm	8/8/2018	
471	Bank of ND	9/9/2018	
473	Housing Finance	8/15/2018	
475	ND Mill & Elevator	9/15/2018	
485	Workforce Safety & Ins	8/3/2018	
504	ND Highway Patrol	8/1/2018	
530	Corrections and Rehab	10/1/2018	
540	Adjutant General	9/1/2018	
601	Dept of Commerce	8/15/2018	
602	Dept of Agriculture	8/10/2018	
627	Upper Great Plains	8/31/2018	
628	Branch Research Centers	8/31/2018	
630	NDSU Extension	8/31/2018	
638	Northern Crops	8/31/2018	
640	NDSU Main Research	8/31/2018	
649	Agronomy Seed Farm	8/31/2018	
665	ND State Fair		
670	ND Racing Commission		
701	Historical Society	8/20/2018	
709	Council on the Arts		
720	Game and Fish Dept	7/31/2018	
750	Parks and Rec	8/3/2018	
770	Water Commission	9/14/2018	
801	Dept of Transportation	8/15/2018	

**73**

**62**

**0**