



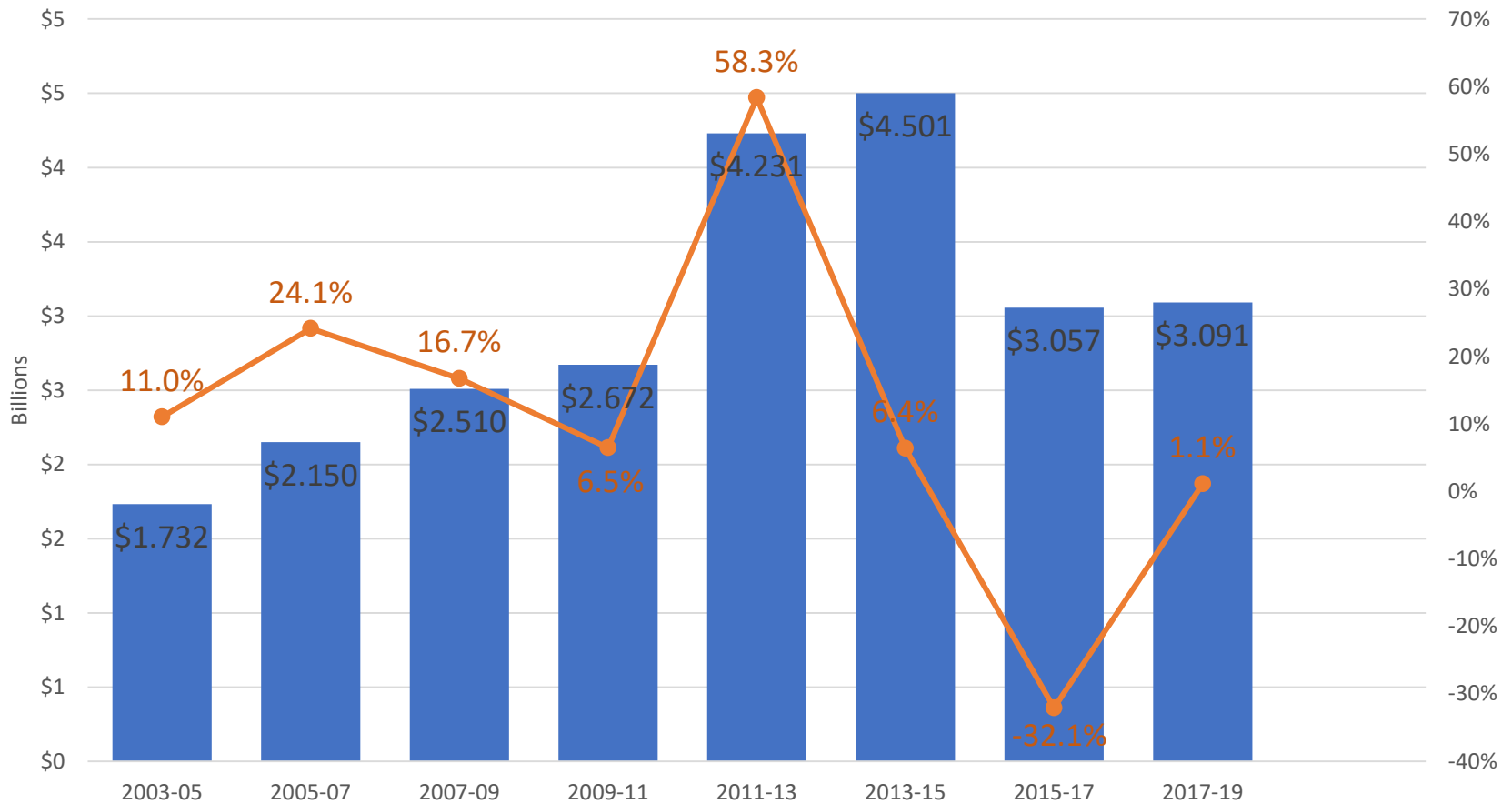
North Dakota School Boards Association February 8, 2019

2019-21 Biennium Executive Budget for the State of North Dakota

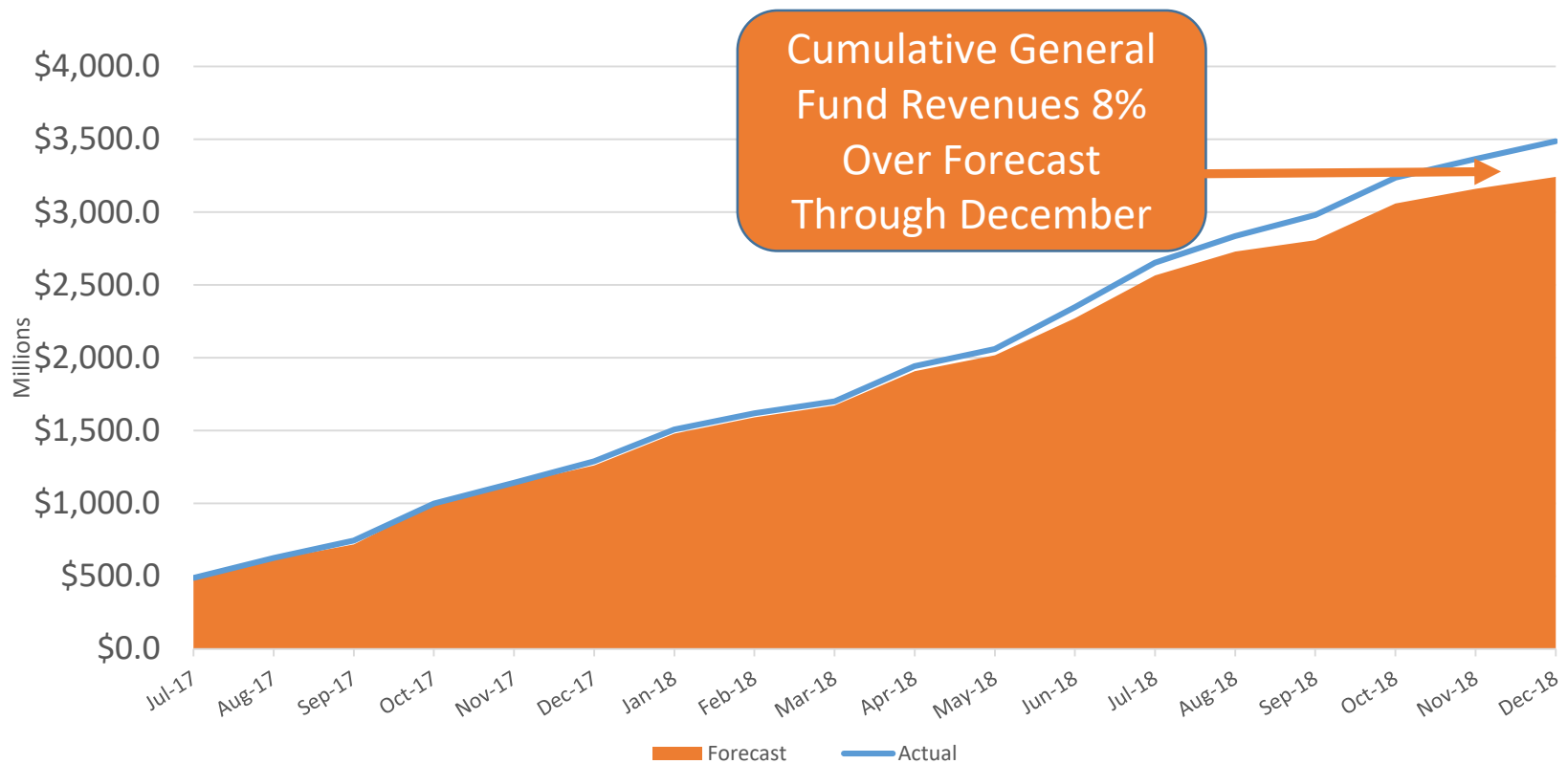
- Status of current revenue collections
- Budget process
- Guiding principles
- Challenges
- Priorities

Current Revenues

General Fund Ongoing Revenues – Minimal Growth in Original Forecast



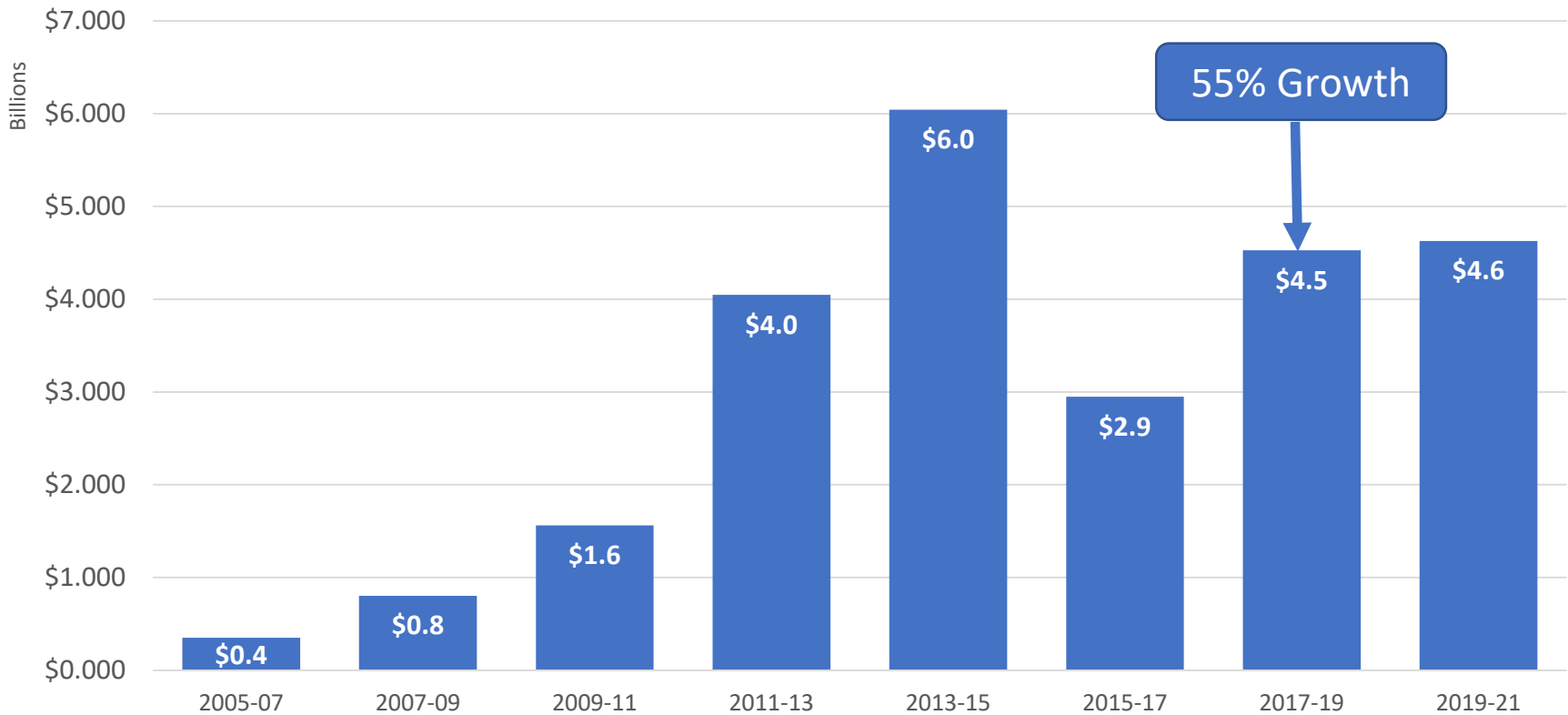
Current Biennium General Fund Revenues Continue to Exceed Forecast



Oil and Gas Taxes – Minimal Growth in Original Forecast



Oil and Gas Taxes – Significant Growth in Revised Forecast



Budget Process

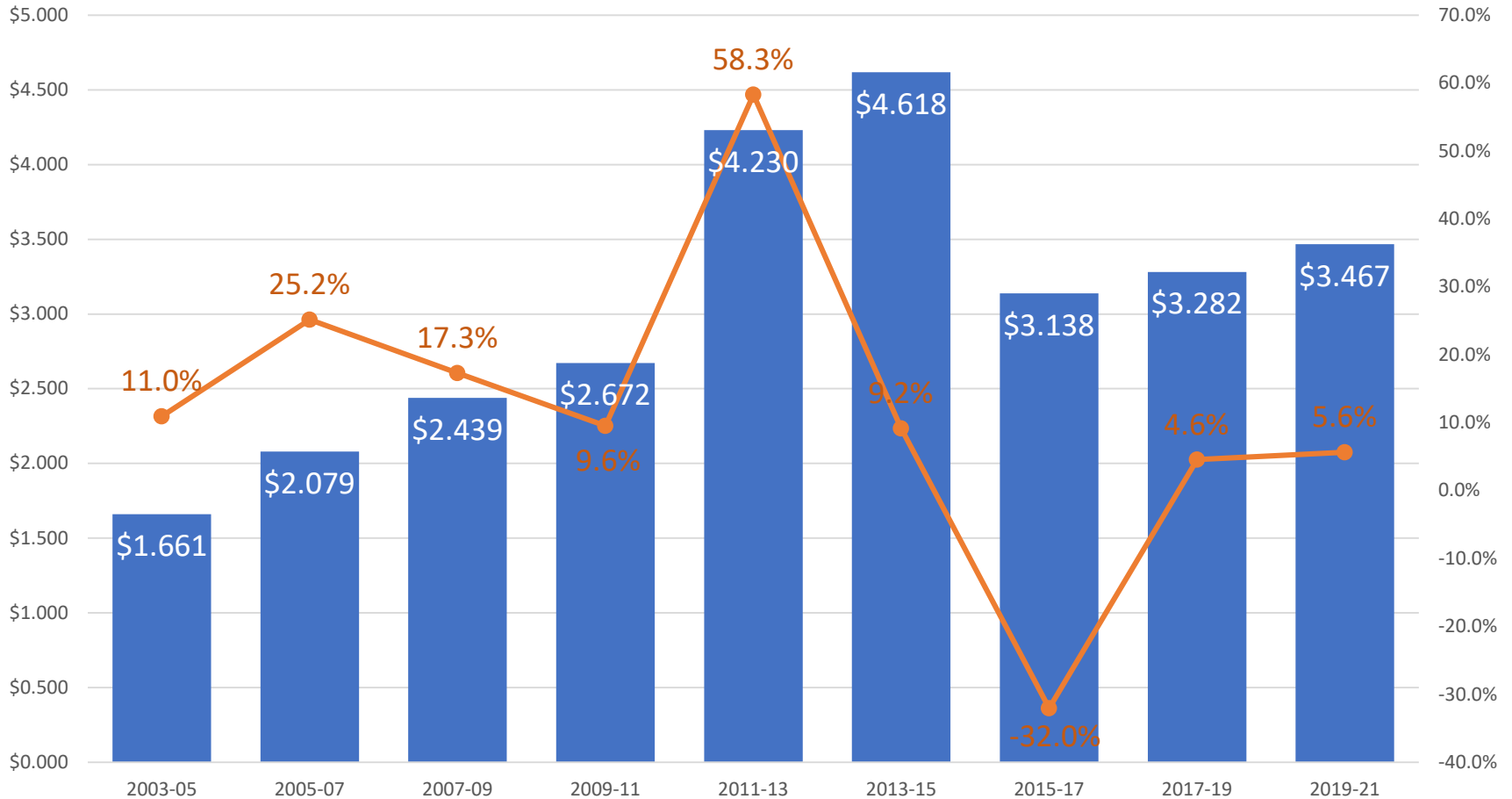
- Started in March 2018 with budget guidelines
- Strategic planning with each agency in April and May 2018
- Budget proposals developed by agencies June – September 2018
- Executive budget developed by OMB and Governor during July – December
- Executive budget presented to legislature in December 2018
- January to April 2019 – Legislature considers executive budget and makes adjustments to arrive at legislative budget
- February 22, 2019 – Crossover date for bills
- April 30, 2019 – 80th legislative day

2019-21 Executive Budget Guiding Principles

- Improve state's financial position
 - Balance ongoing revenues and expenses
 - Restore savings accounts
 - Reduce unfunded pension liability
- No tax increases
- Invest in people
- Reinvest and reallocate - reprioritize how we spend

2019-21 Executive Budget Challenges

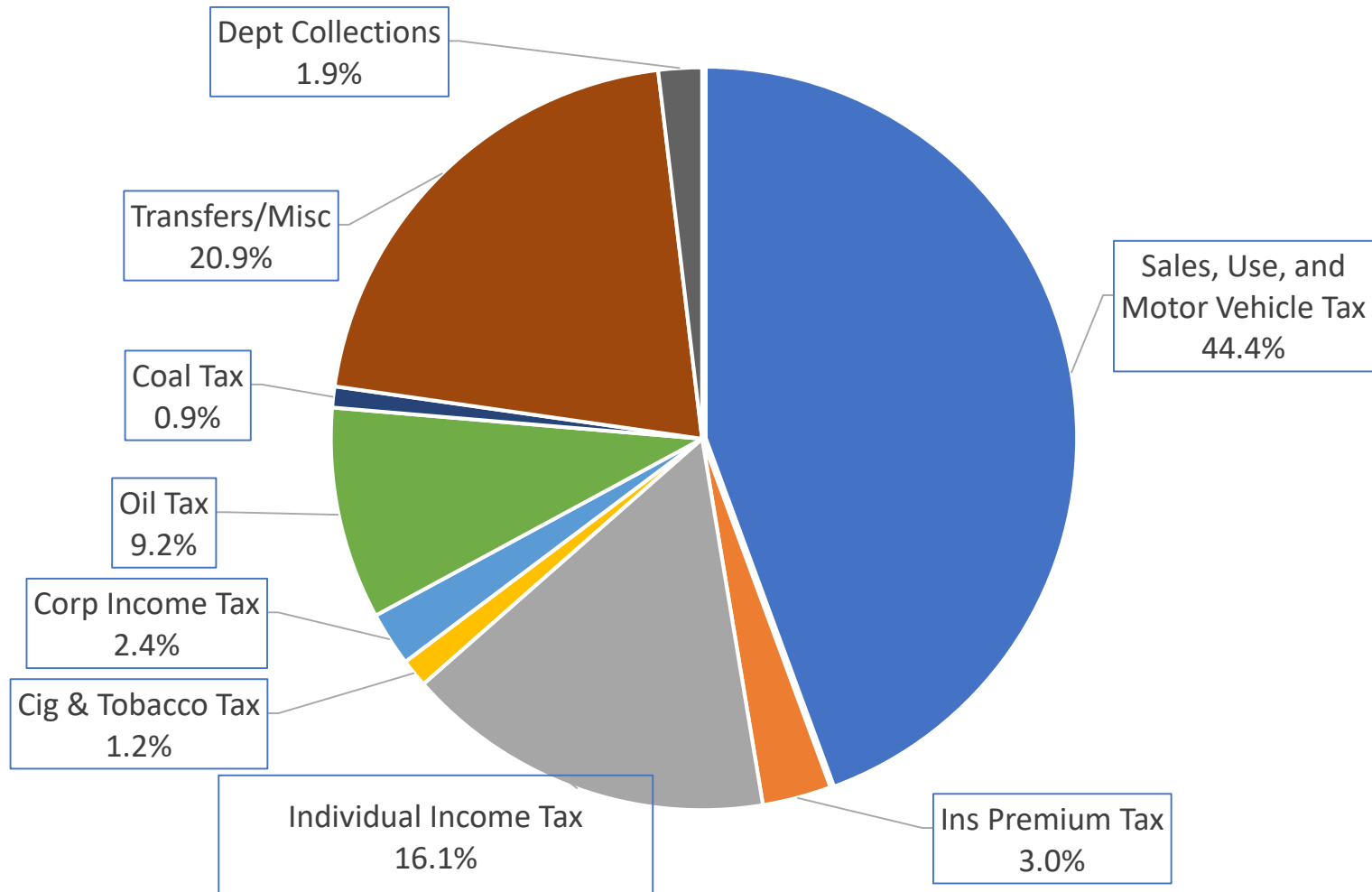
Return to GF Revenue Growth But at a Moderate Pace



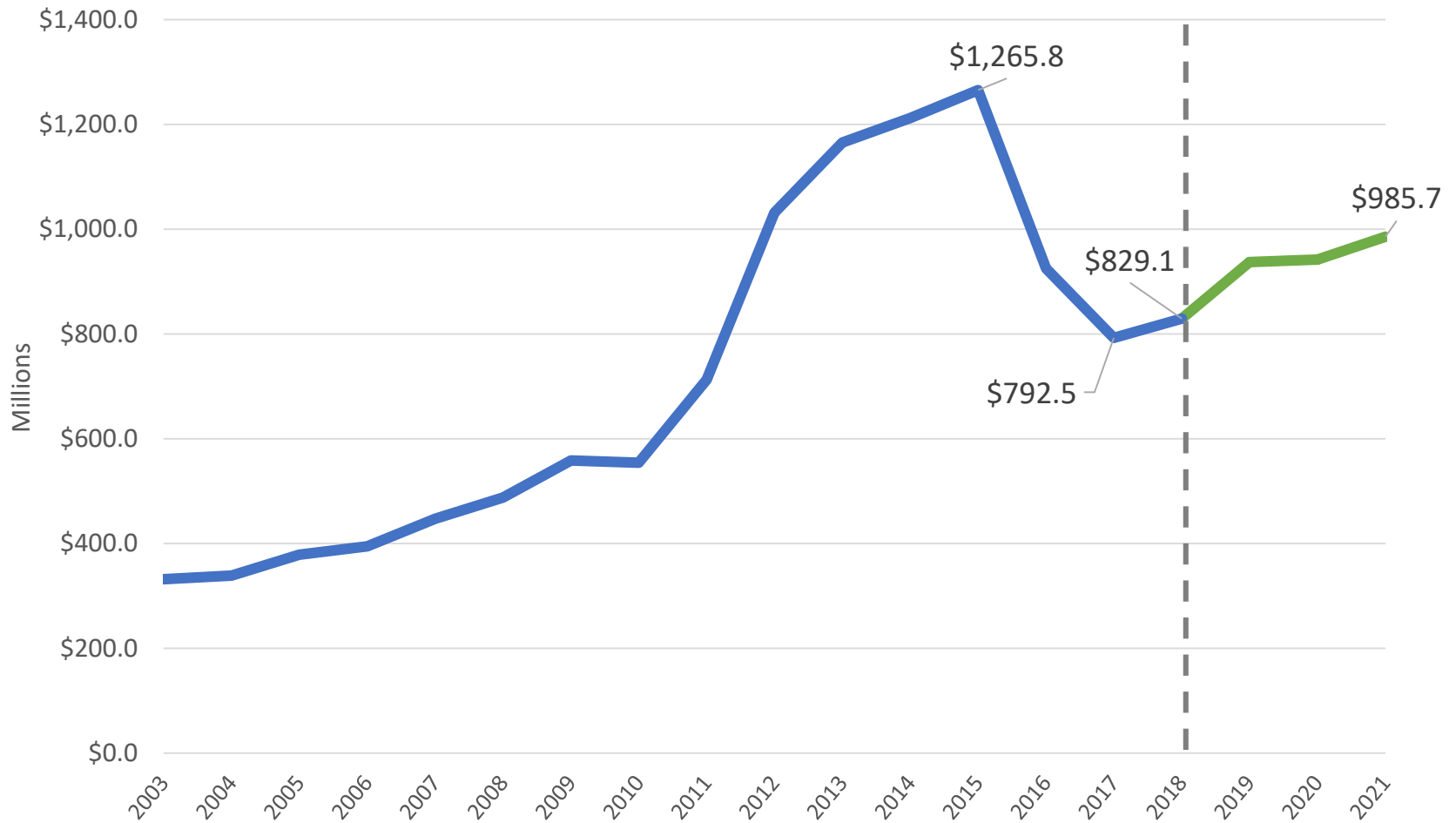
General Fund Ongoing Revenues Excluding Oil Taxes

2017-19 General Fund Revenue Sources

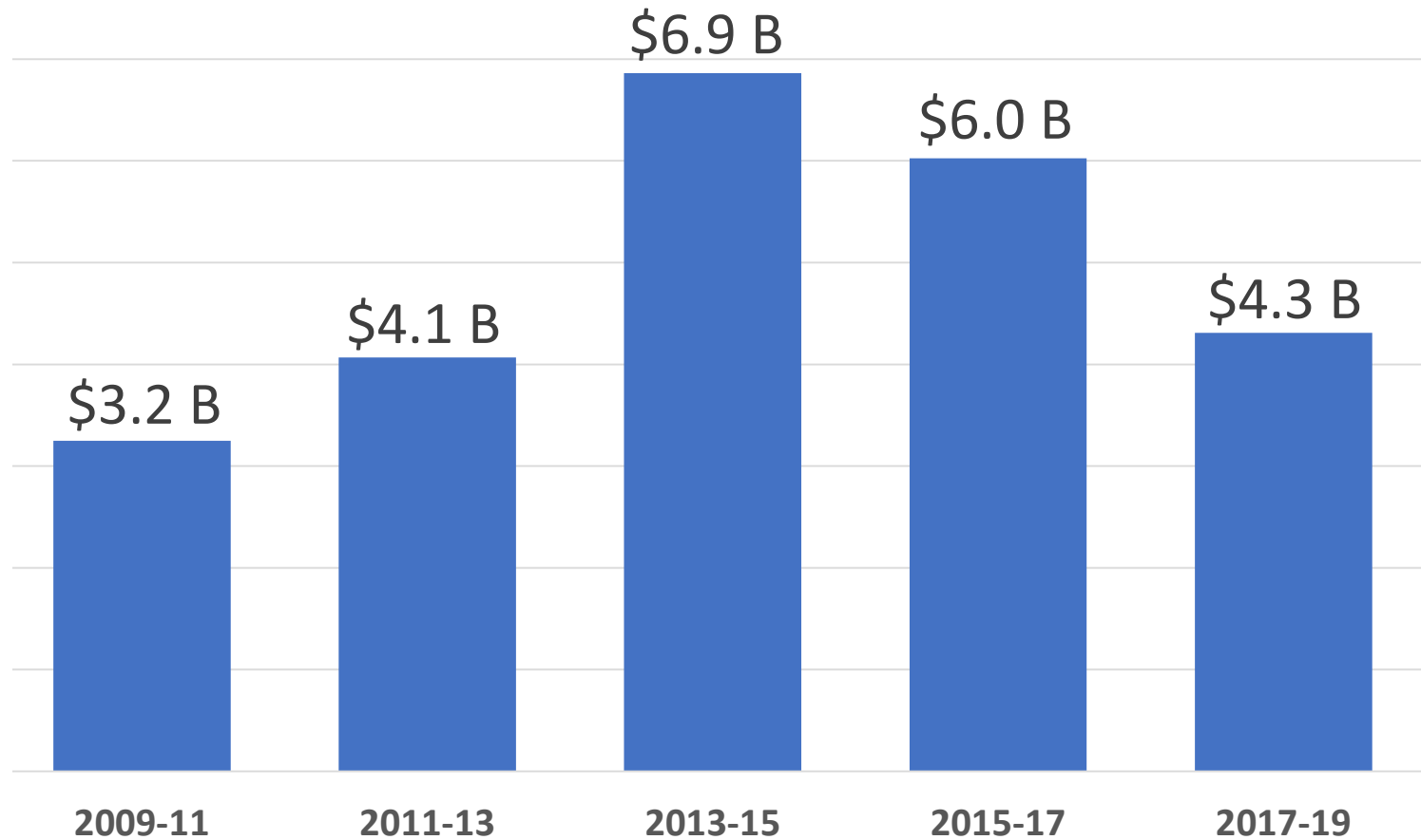
Heavy Reliance on Sales Tax



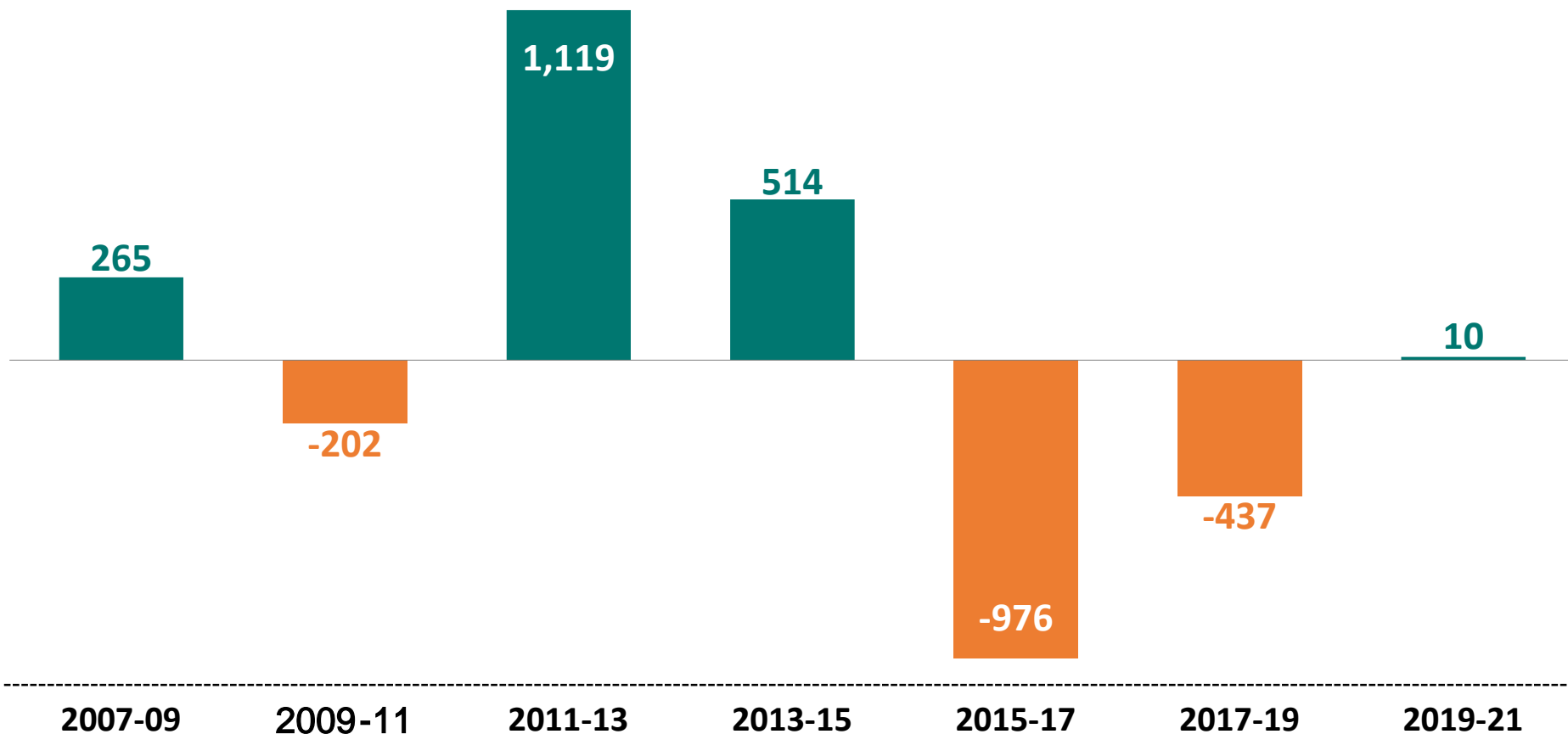
Sales Tax Forecast for 2021: 22% Below 2015 Peak



General Fund Appropriations Reduced By \$1.7 Billion Last Biennium



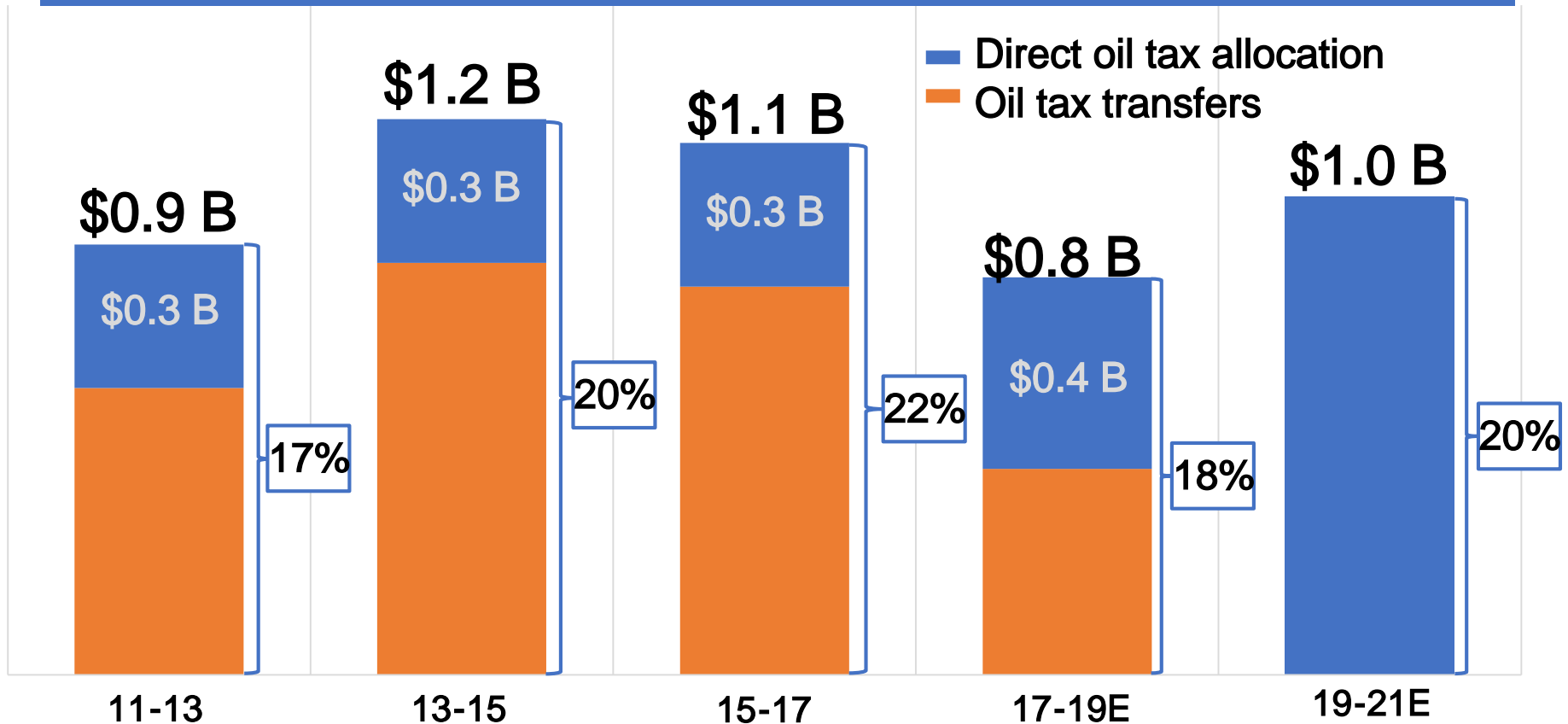
Balancing Ongoing Revenues and Expenses



Ongoing Revenues Less Ongoing Expenses
(\$ Millions)

Executive Budget Priorities

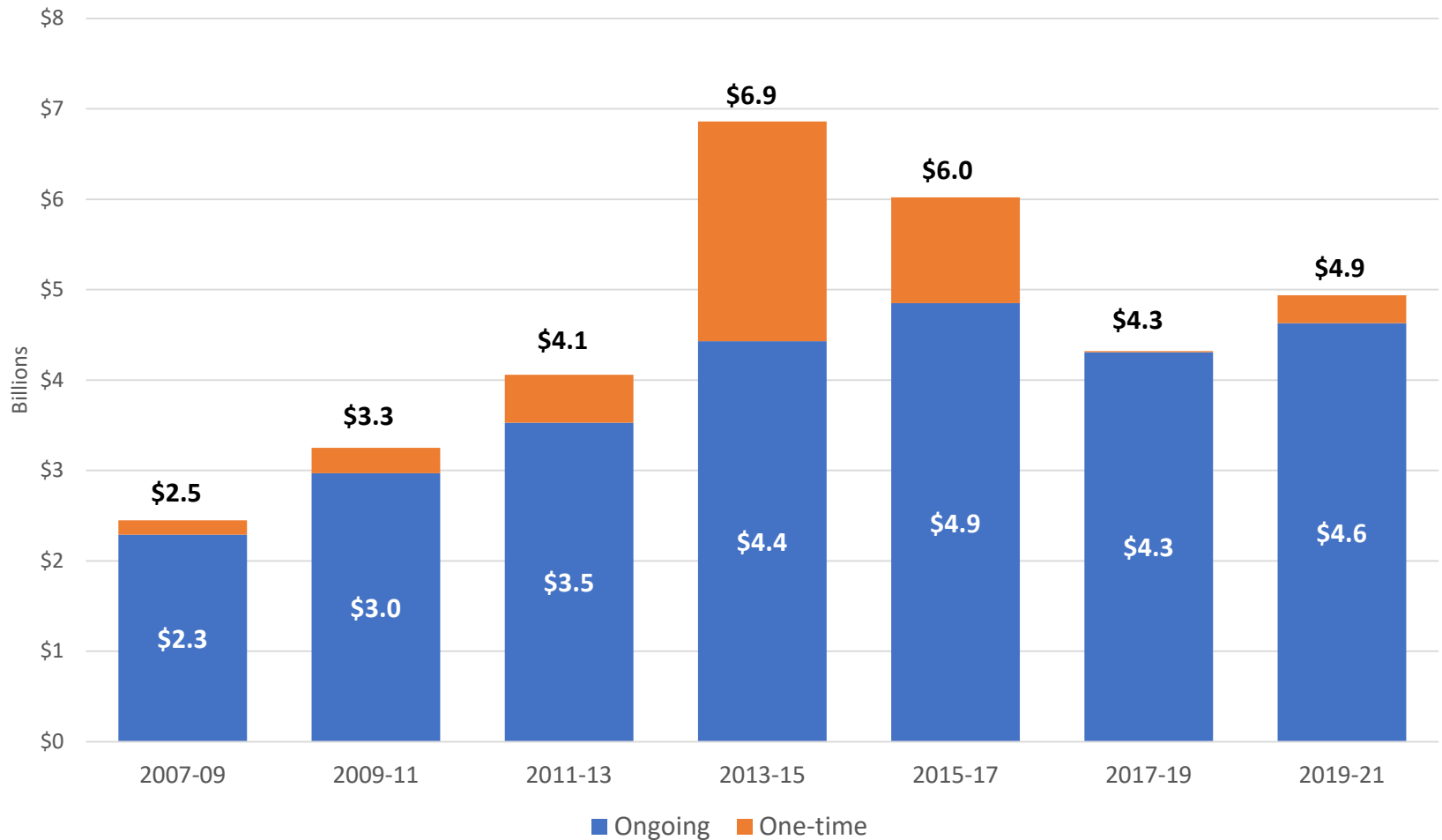
Adding Transparency To General Fund Oil Tax Revenues



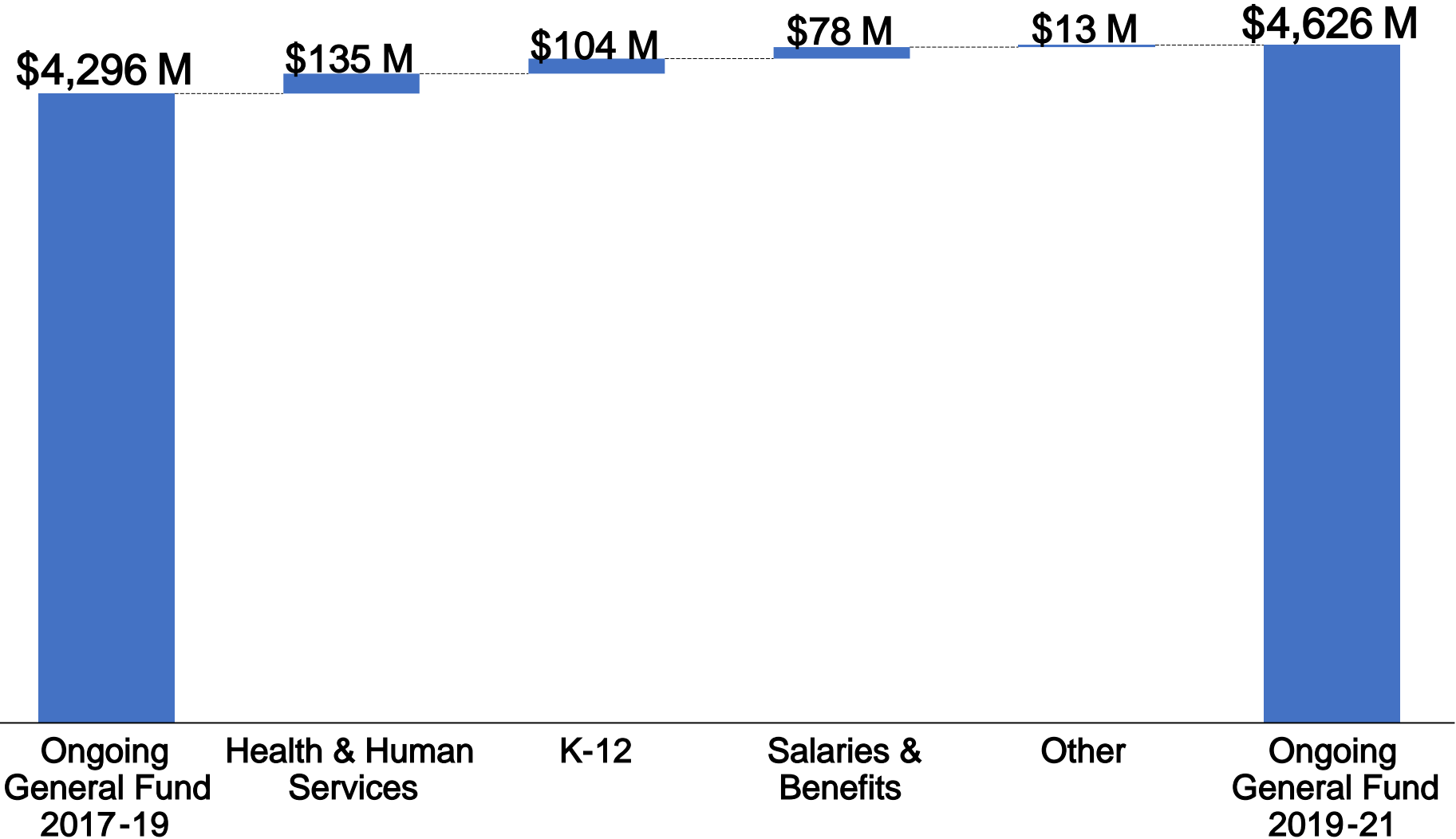
**Oil tax revenue and related transfers
to the General Fund**

percentages represent portion of overall General Fund revenue

Limited Growth In Ongoing General Fund Spending

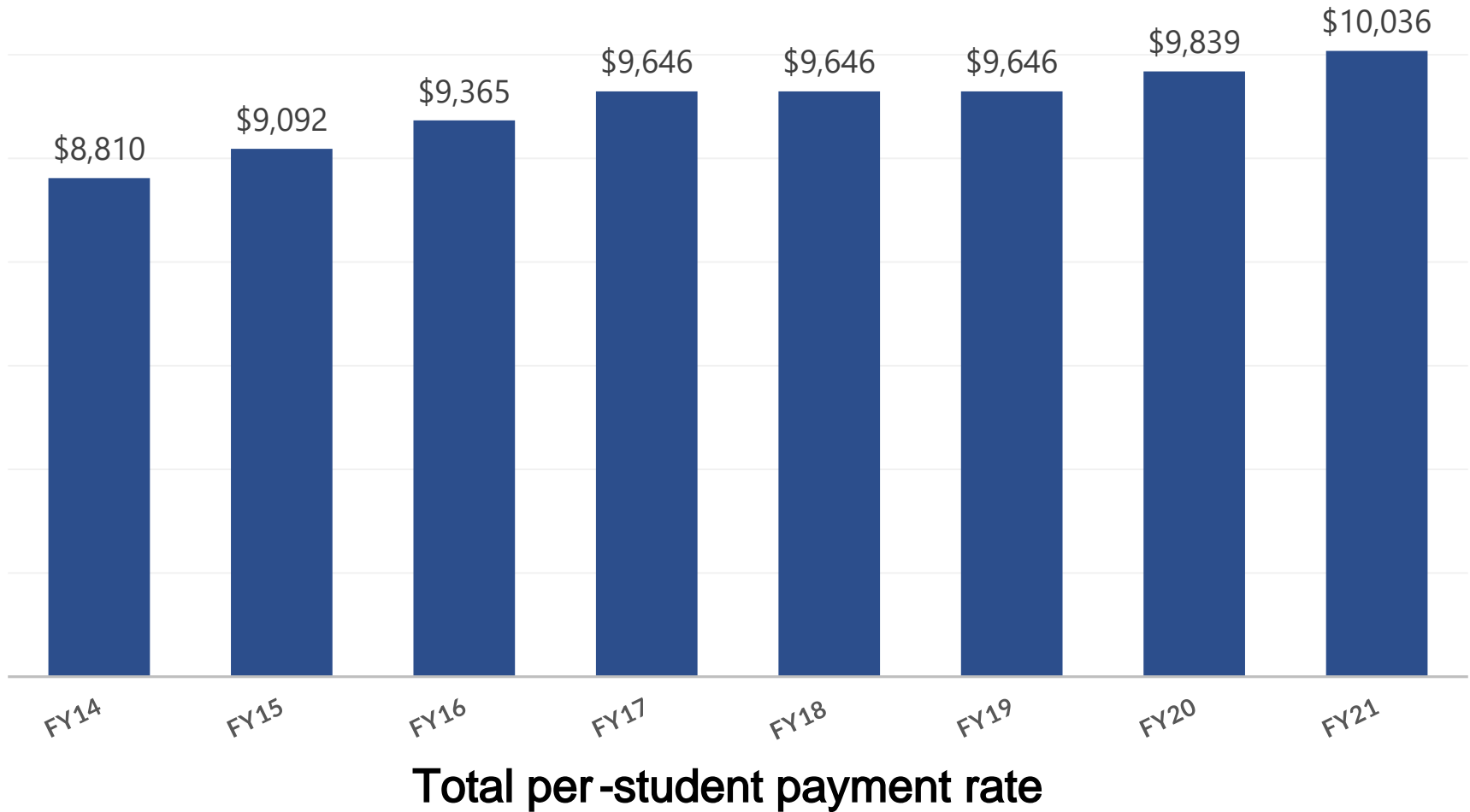


Increases in Ongoing General Fund Appropriations Limited to Three Main Areas

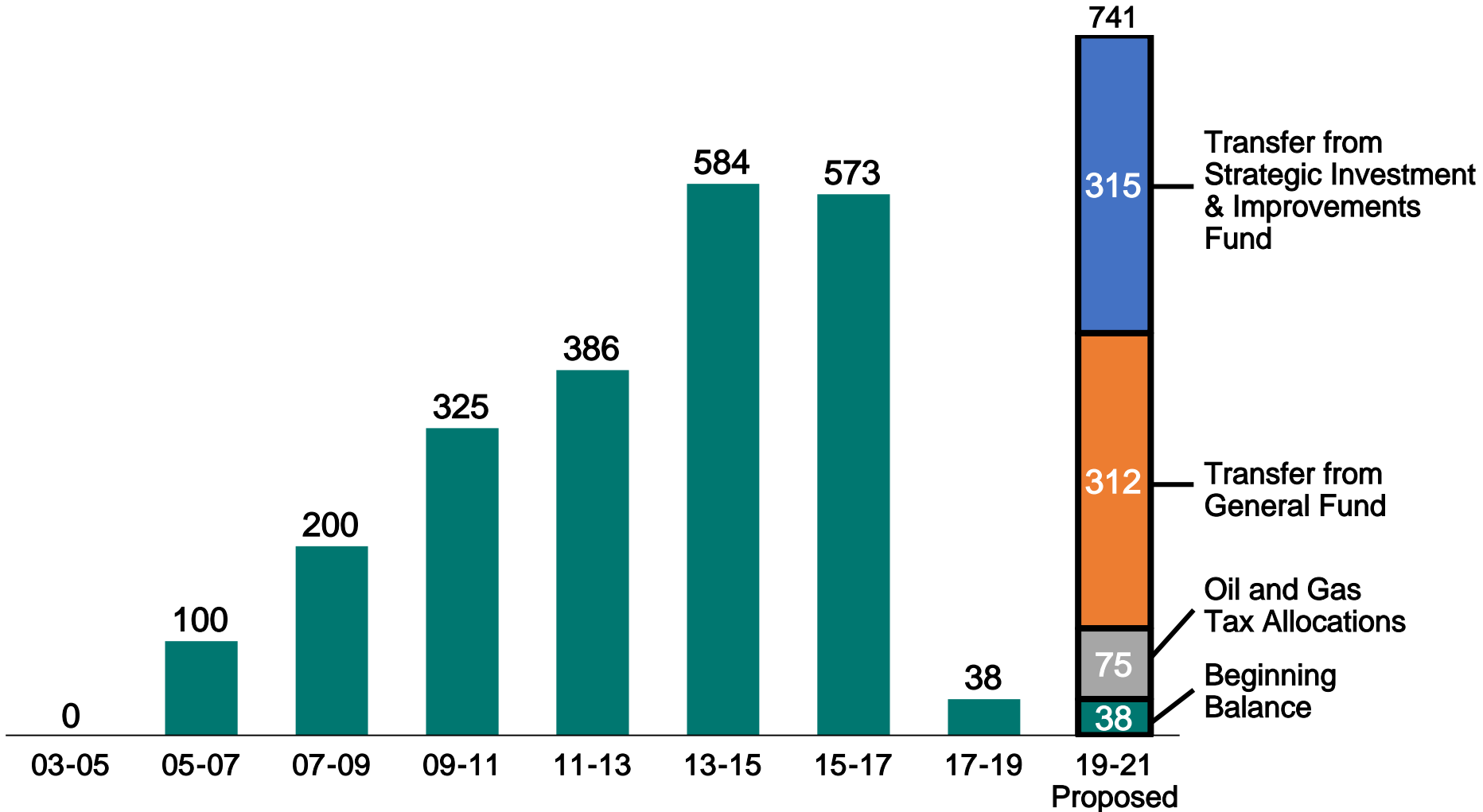


2019-21 Changes in Ongoing General Fund spending

Increasing Investment in K-12 Education



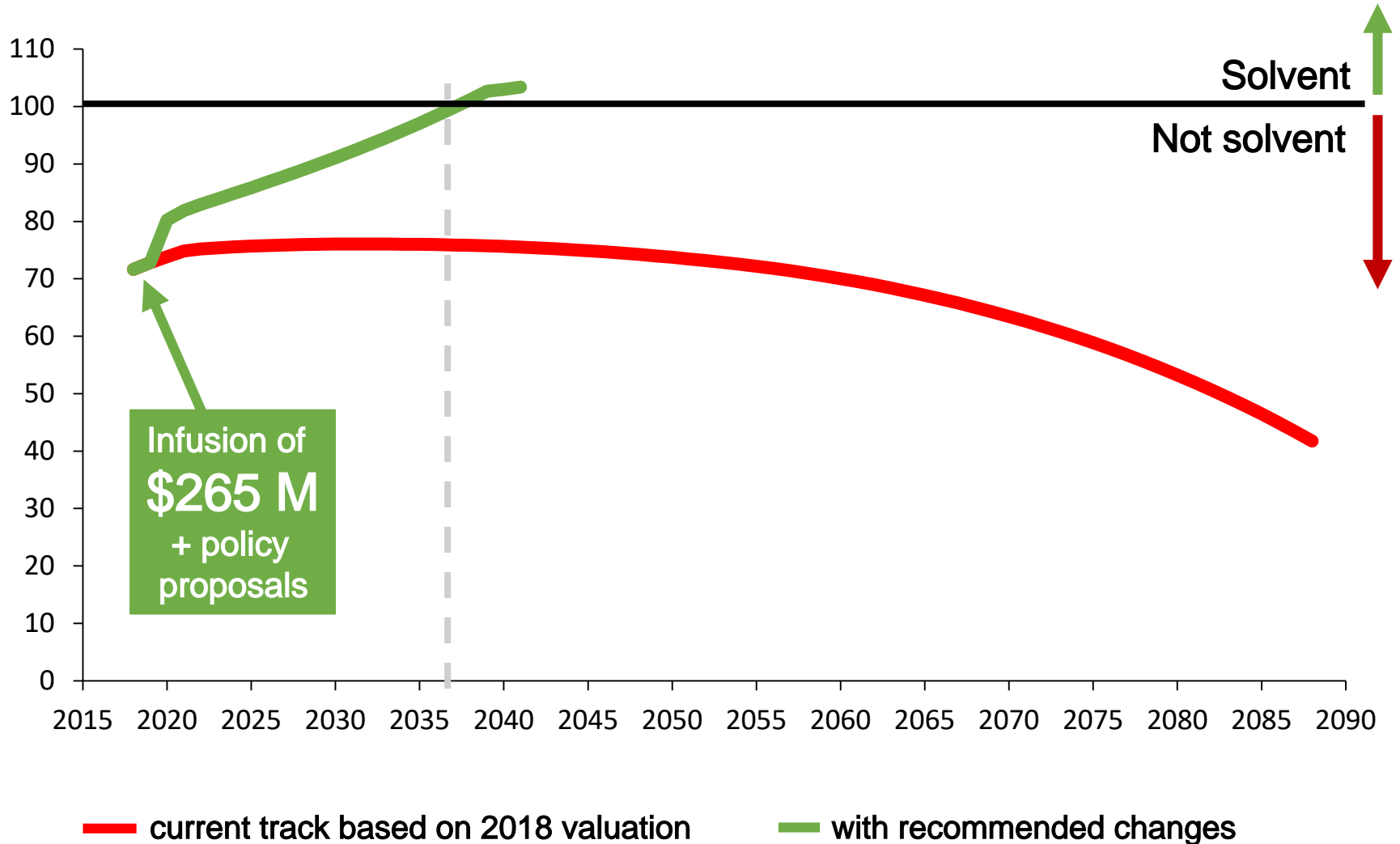
Replenishing Rainy Day Fund



Budget Stabilization Fund

Balance at the beginning of the biennium (\$ millions)

\$1.1 Billion Unfunded Pension Liability Demands Action



Summary

- Conservative budget with a focus on:
 - Balanced ongoing revenues and expenses
 - Strong salary and benefit package for state workers
 - Support for K-12 schools with increase of 2% per year in school aid funding
 - Investments in human services and behavioral health
 - Elimination of unfunded pension liability
 - Restoration of budget stabilization fund
- Positive outlook with revenue growth and economic expansion over next two years

Questions?

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