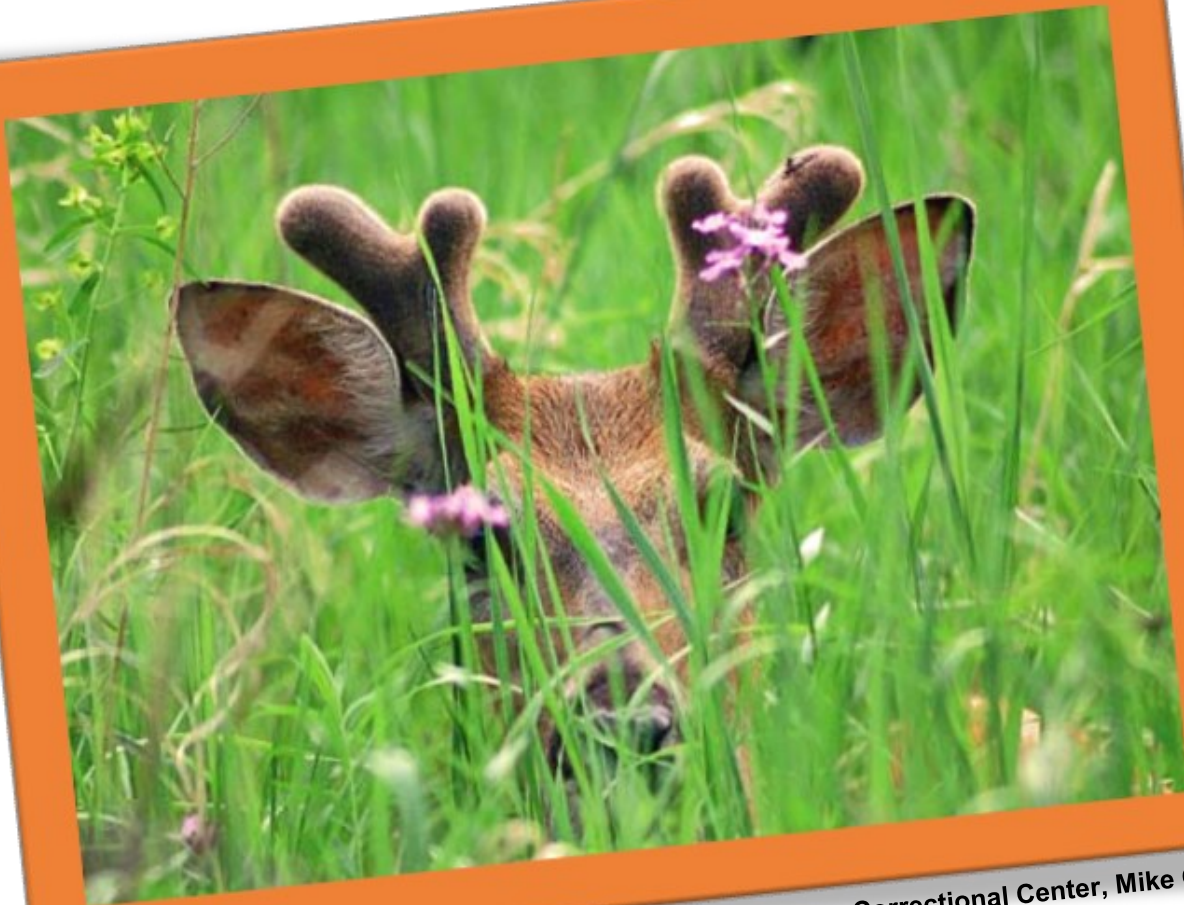


Status of the General Fund

Presented to the

Budget Section

June 21, 2017



Deer in Spurge, Missouri River Correctional Center, Mike Olson

ECONOMIC INDICATORS

June 2017

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 1.9% in May 2017, compared to 1.0% in the 12-month period ending May 2016. According to *Moody's Analytics*, the CPI is expected to change by 2.6% during 2017. Projections indicate the rate will increase by an average of 2.5% for 2018, 2.9% in 2019, and 2.7% in 2020 before decreasing to 2.4% in 2021.

Money Markets – The average yield on a three-month Treasury bill is currently .70%. *Moody's* expects three month T-bill rates to increase to .8% by the end of 2017. Rates are expected to increase over the next few years to 1.4% in 2018, 2.9% in 2019 and more than 3.0% in 2020 and 2021. *Moody's* predicts that the prime rate will average 4.1% for 2017 and 5.0% for 2018. Their forecast provides for steady increases in the ensuing years, to 6.5% in 2019, 6.8% in 2020, and 6.5% in 2021.

Personal Income – Personal income, as reported by *Moody's* in inflation-adjusted 2005 dollars, grew by 2.5% during 2016. *Moody's* predicts personal income growth will average 2.0% during 2017 and 2.3% in 2018 before gradually decreasing to 2.2% in 2019, 2.0% in 2020 and 1.6% in 2021.

Commodity Prices – Agricultural prices decreased by an average of 9.2 % during 2016, the result of a 2.3% reduction in crop prices and a 16.5% decrease in livestock prices. After a projected increase of 2.2% in 2017, the *Moody's* outlook provides for smaller increases of 1.5% in 2018, 1.4% in 2019 and 1.3% in 2020. 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 \$43.40 in 2016 to \$53.30 in 2017. *Moody's* predicts the 2018 price to average \$57.00 and then continue to increase from \$60.10 per barrel in 2019 to \$62.30 per barrel in 2020.

Local

Unemployment – North Dakota's non-seasonally adjusted unemployment rate in May 2017 was 2.7%. The national average unemployment rate decreased from 5.1% in January to 4.1% in May.

Employment Growth – Nationally, according to State Policy Reports (S/P/R), the employment growth rate from February 2016 to February 2017 was 1.6%. North Dakota's employment growth rate decreased by 0.7% during that same time period.

Personal Income – S/P/R reported that between the fourth quarters of 2015 and 2016, North Dakota's personal income grew by 0.2%. The national average during the same period grew by 3.7%.

Energy – The March 2017 revised forecast was based on oil production decreasing to 925,000 barrels per day by the end of the 2015-17 biennium and oil prices slightly increasing to \$47 per barrel. The current rig count is 56 rigs, 28 rigs more than the number operating in the state one year ago. Price, production, and drilling activity are summarized on the following table:

	April 2017	March 2017	February 2017
Actual average price per barrel	\$44.34	\$42.92	\$46.92
Production (barrels/day)	1,050,630	1,025,690	1,034,168
Drilling permits	58	93	45
Producing wells	13,717	13,693	13,518
Rig count	50	46	39

Mortgage Rates – Mortgage rates remain low. Thirty-year fixed rate mortgages are available locally for 3.8%. Fifteen-year fixed rates are around 3.3%.

**GENERAL FUND STATUS STATEMENT
2015-17 BIENNIUM
AS OF MAY 31, 2017**

Beginning Balance:		
Beginning Unobligated Balance - July 1, 2015	\$729,529,389	
Balance Obligated for Authorized Carryover of Appropriations	<u>147,653,143</u>	
Total Beginning Balance		\$877,182,532
Revenues:		
Revenues Collected to Date	\$3,981,748,027	
Remaining Forecasted Revenues - Revised March 2017	111,932,241	
Total Revenues		<u>4,093,680,268</u>
Total Available		\$4,970,862,800
Expenditures:		
Legislative Appropriations - One time	(\$1,173,663,758)	
Legislative Appropriations - Ongoing	(4,852,498,920)	
DOT Contingent Appropriation	(20,000,000)	
4.05% Allotment (Executive Branch only)	239,120,392	
4.05% Allotment (Legislative Branch and Supreme Court)	5,749,197	
2.5% Allotment All Branches	151,154,067	
Restore DHS and DOCR	(36,535,880)	
Authorized Carryover from Previous Biennium	(147,653,143)	
2015-17 Authority Used in 2013-15 Pursuant to Emergency Clause	9,858,196	
2017 Legislative Adjustments to 2015-17 Appropriations	4,389,990	
Estimated Unspent Authority	<u>52,000,000</u>	
Total Authorized Expenditures		<u>(5,768,079,859)</u>
Estimated Ending Balance Before Transfer from Budget Stabilization Fund		(\$797,217,059)
Transfer from Budget Stabilization Fund		572,485,453
Estimated Ending Balance - June 30, 2017 - Before Additional Transfer from Other Fund Sources		(\$224,731,606)
Transfer from Bank of North Dakota		100,000,000
Transfer from SIIF Prior to June 30, 2017		155,000,000
Estimated Ending Balance - June 30, 2017		<u><u>\$30,268,394</u></u>

**SELECTED SPECIAL FUNDS
MAY 31, 2017 FUND BALANCES**

Fund	Balance
Budget Stabilization Fund	\$6,121,006
Legacy Fund	\$4,564,091,880
Foundation Aid Stabilization Fund	\$611,519,022
Tax Relief Fund	\$300,000,000
3/31/17 Strategic Investment and Improvements Fund (\$350,526,474 committed)	\$468,018,332

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the March 2017 Revised Forecast ^{/1}
2015-17 Biennium
May 2017

Revenues and Transfers	Fiscal Month			Biennium To Date				
	March 2017 Rev. Forecast	Actual	Variance	Percent	March 2017 Rev. Forecast /1	Actual	Variance	Percent
Sales Tax	75,659,000	73,658,021	(2,000,979)	-2.6%	1,640,449,154	1,649,571,357	9,122,203	0.6%
Motor Vehicle Excise Tax	8,777,000	10,739,287	1,962,287	22.4%	205,510,942	210,552,972	5,042,030	2.5%
Individual Income Tax	46,153,000	26,327,676	(19,825,324)	-43.0%	672,059,528	653,087,142	(18,972,386)	-2.8%
Corporate Income Tax	1,756,000	3,448,215	1,692,215	96.4%	146,882,337	147,566,745	684,408	0.5%
Insurance Premium Tax	9,631,491	13,170,803	3,539,312	36.7%	106,263,062	109,004,415	2,741,353	2.6%
Financial Institutions Tax					1,299,254	1,308,555	9,301	0.7%
Oil & Gas Production Tax*					127,164,783	127,164,783		
Oil Extraction Tax*					172,835,217	172,835,217		
Gaming Tax	488,550	552,076	63,526	13.0%	6,693,863	6,626,985	(66,877)	-1.0%
Lottery					9,580,000	9,580,000		
Cigarette & Tobacco Tax	2,345,000	2,014,774	(330,226)	-14.1%	54,519,263	53,872,045	(647,218)	-1.2%
Wholesale Liquor Tax	813,000	710,934	(102,066)	-12.6%	17,240,382	17,058,773	(181,608)	-1.1%
Coal Conversion Tax	1,602,000	1,667,438	65,438	4.1%	39,540,615	39,832,728	292,113	0.7%
Mineral Leasing Fees	801,913	1,083,857	281,944	35.2%	25,565,313	26,508,681	943,369	3.7%
Departmental Collections	1,785,974	3,035,511	1,249,537	70.0%	78,204,083	79,083,637	879,553	1.1%
Interest Income	455,301	207,641	(247,660)	-54.4%	15,017,620	14,374,972	(642,649)	-4.3%
State Mill & Elevator-Transfer					4,434,894	4,434,894		
Major Special Fund Transfers					657,000,000	657,000,000		
Other Transfers		150,068	150,068		2,109,707	2,284,126	174,419	8.3%
Total	150,268,229	136,766,301	(13,501,928)	-9.0%	3,982,370,017	3,981,748,027	(621,990)	0.0%
Budget Stabilization Fund Transfer						572,485,454		
Strat Invest and Improv Fund Transfer		155,000,000				155,000,000		
Bank of North Dakota Transfer		27,432,755				100,000,000		
Total Revenues and Transfers		319,199,056				4,809,233,481		

^{/1} The March 2017 revised revenue forecast includes actual revenues through February 28, 2017, and revised estimates for the remainder of the biennium.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to the Previous Biennium Revenues
2015-17 Biennium
May 2017

Revenues and Transfers	Fiscal Month			Biennium To Date		
	<u>May 2015</u>	<u>May 2017</u>	<u>Variance</u>	<u>Percent</u>	<u>2013-15</u>	<u>2015-17</u> <u>Variance</u> <u>Percent</u>
Sales Tax	80,494,380	73,658,021	(6,836,359)	-8.5%	2,387,455,781	1,649,571,358 (811,542,444) -34.0%
Motor Vehicle Excise Tax	10,761,557	10,739,287	(22,270)	-0.2%	265,384,822	210,552,972 (54,831,850) -20.7%
Individual Income Tax	1,119,093	26,327,676	25,208,582	2252.6%	1,034,418,341	653,087,142 (381,331,199) -36.9%
Corporate Income Tax	982,174	3,448,215	2,466,041	251.1%	403,705,112	147,566,744 (256,138,368) -63.4%
Insurance Premium Tax	12,206,346	13,170,803	964,457	7.9%	91,226,815	109,004,415 17,777,600 19.5%
Financial Institutions Tax	(12,209)		12,209	100.0%	(4,985,740)	1,308,555 6,294,296 -126.2%
Oil & Gas Production Tax*					146,071,108	127,164,783 (18,906,325) -12.9%
Oil Extraction Tax*					153,928,892	172,835,217 18,906,325 12.3%
Gaming Tax	505,475	552,076	46,601	9.2%	7,061,152	6,626,985 (434,166) -6.1%
Lottery					7,200,000	9,580,000 2,380,000 33.1%
Cigarette & Tobacco Tax	2,453,288	2,014,774	(438,514)	-17.9%	57,746,039	53,872,045 (3,873,994) -6.7%
Wholesale Liquor Tax	865,592	710,934	(154,658)	-17.9%	17,950,044	17,058,773 (891,271) -5.0%
Coal Conversion Tax	2,235,681	1,667,438	(568,243)	-25.4%	36,109,787	39,832,729 3,722,941 10.3%
Mineral Leasing Fees	105,203	1,083,857	978,654	930.3%	40,055,203	26,508,681 (13,546,522) -33.8%
Departmental Collections	1,833,478	3,035,511	1,202,033	65.6%	80,236,786	79,083,636 (1,153,149) -1.4%
Interest Income	271,879	207,641	(64,238)	-23.6%	13,599,081	14,374,972 775,891 5.7%
State Mill & Elevator-Transfer					3,408,600	4,434,894 1,026,294 30.1%
Major Special Fund Transfers					861,790,000	657,000,000 (204,790,000) -23.8%
Other Transfers		150,068	150,068		1,987,999	2,284,126 296,128 14.9%
Total Revenues and Transfers	113,821,937	136,766,301	22,944,364	20.2%	5,604,349,821	3,981,748,028 (1,696,259,814) -30.3%

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

<u>Date</u>	<u>Total Amount</u> <u>Received</u>	<u>Community Health</u> <u>Trust Fund - 10%</u>	<u>Commons School</u> <u>Trust Fund - 45%</u>	<u>Water Development</u> <u>Trust Fund - 45%</u>	<u>Attorney General</u> <u>Appropriation</u>
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	<u>20,196,746.52</u>	<u>2,019,674.66</u>	<u>9,088,535.93</u>	<u>9,088,535.93</u>	
Totals	\$ 421,857,422.91	\$ 42,165,742.27	\$ 189,745,840.31	\$ 189,745,840.32	\$ 200,000.00

NDCC 54-27-25
Tobacco Prevention and Control Trust Fund - Fund 369

<u>Date</u>	<u>Amount Received</u>
4/20/2009	\$ 14,138,010.91
4/15/2010	11,817,519.68
4/19/2010	456,873.60
4/20/2011	11,186,238.40
4/20/2012	11,392,520.98
4/17/2013	11,395,754.48
4/24/2013	6,854.92
4/22/2014	11,205,876.08
4/15/2015	11,028,494.47
5/15/2015	153,860.07
4/18/2016	11,480,888.92
4/20/2017	<u>11,426,839.94</u>
Totals	<u><u>\$ 105,689,732.45</u></u>

Report on Federal Grants

Per NDCC 54-27-27

June 21, 2017

Grant Applications

Agency	Time Period of Grant	Amount of Grant Requested
Attorney General	10/1/2017 – 9/30/2019	\$ 496,626
Dept of Human Services	4/1/2017 – 9/30/2019	\$4,000,000

N.D.C.C. 54-14-03.1

Fiscal Irregularities

November 2016 through April 2017

Retroactive Pay

March 2017

190 RIO

Paula Brown

\$ 650.00

Estelle Kirchoffner

\$ 650.00

Additional workload due to co-worker on maternity leave.

Severance Pay

December 2016

301 Health Department

Ranae Kunz

\$ 26,652.00

Severance agreement.

April 2017

313 Veterans Home

Shandra Malheim

\$ 45,000.00

Severance agreement.

Status of the Voluntary Separation Incentive Program

June 19, 2017

<u>Agency</u>	<u>Applicants</u>	<u>Accepted</u>	<u>Estimated</u>		<u>Funding Source</u>
			<u>Severance Cost</u>	<u></u>	
101 Governor's Office	1	1	\$ 17,934		1 position filled at lower pay rate
110 Office of Management and Budget	6	6	132,386		4 positions filled at lower pay rate; 2 will not fill
125 Attorney General's Office	11	11	208,406		2 positions filled at lower pay rate; 9 will not fill
190 Retirement and Investment Office	1	1	15,495		1 position filled at lower pay rate
192 ND Public Employees Retirement System	0	0	0	N/A	
301 Health Department	8	7	134,364		6 positions filled at lower pay rate; 1 will not fill
316 Indian Affairs Commission	1	1	17,127		1 position filled at lower pay rate
325 Department of Human Services	129	102	1,881,245		102 positions yet to be determined
408 Public Service Commission	0	0	0	N/A	
413 Financial Institutions	6	4	99,251		4 positions filled at lower pay rate
414 Securities Commission	1	1	23,359		1 position filled at lower pay rate
485 Workforce Safety and Insurance	11	9	165,672		6 positions filled at lower pay rate; 3 will not fill
504 Highway Patrol	11	4	65,009		1 positions filled at lower pay rate; 3 will not fill
540 Office of the Adjutant General	5	2	36,997		1 position filled at lower pay rate; 1 will not fill
601 Department of Commerce	2	2	42,083		2 positions filled at lower pay rate
750 Parks and Recreation	2	2	44,911		2 positions filled at lower pay rate
770 Water Commission	5	5	106,871		5 positions filled at lower pay rate
Total	200	158	\$ 2,991,110		

17 Agencies Offered VSIP
37 Positions to be Filled at Lower Rate of Pay
19 Positions Will Not be Filled
102 DHS Positions - Yet to be Determined