

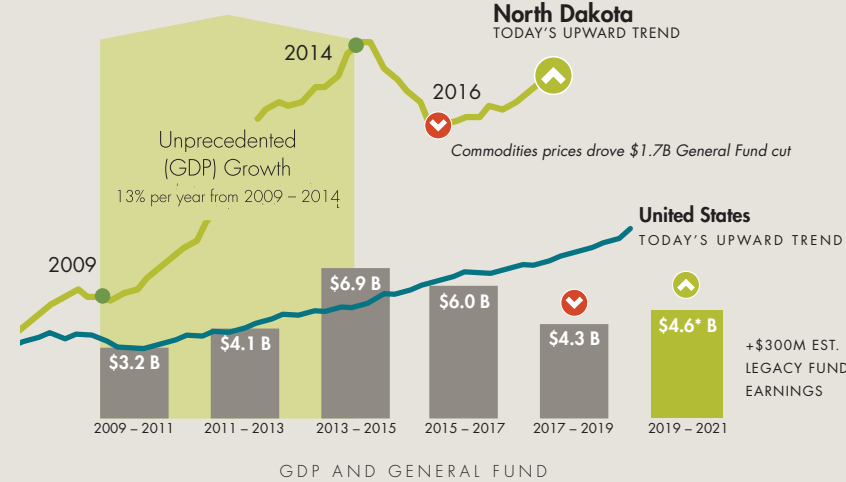
A PLAN FOR NORTH DAKOTA'S FUTURE

Empower People. Improve Lives. Inspire Success.

Increasing Transparency and Achieving Structural Balance

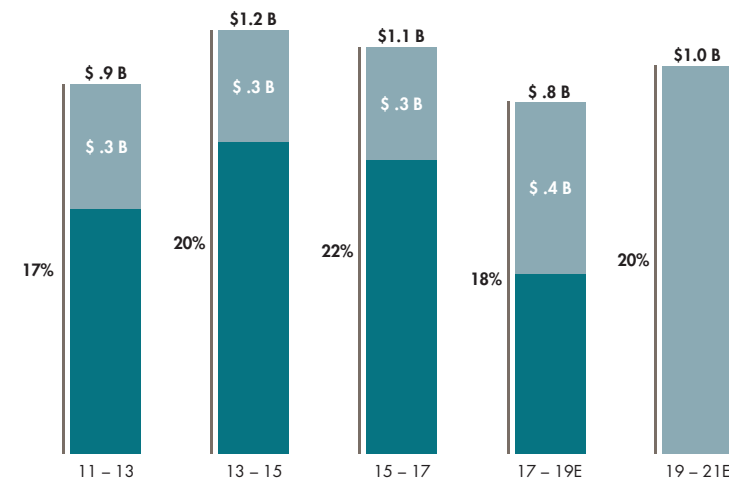
2017 ND Gross Domestic Product Returned to Growth

U.S. BUREAU OF ECONOMIC ANALYSIS



- Oil and agriculture prices collapsed during 2015-17 biennium forcing hard choices
 - Budget Stabilization Fund drained
 - Programs and team members impacted
- Over 40% of General Fund comes from sales taxes. When commodities prices dropped so did sales tax revenue – reinforcing the need to budget conservatively.
- The 2019-2021 budget recommendation is based on a comprehensive strategy review process
- The 2019-2021 budget balances ongoing revenues and expenses. It builds our reserves, allows us to strategically invest in our economy, in our workforce and in the well-being of our people.

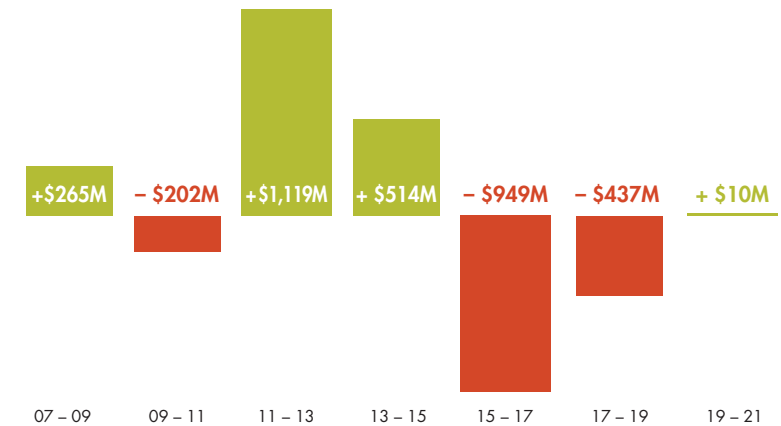
GENERAL FUND OIL TAX REVENUE



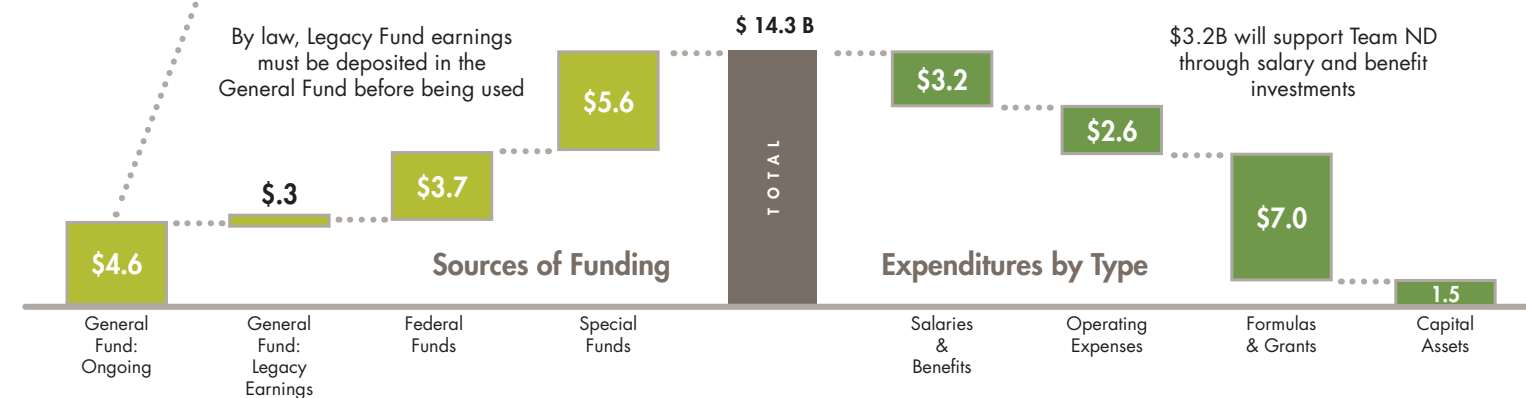
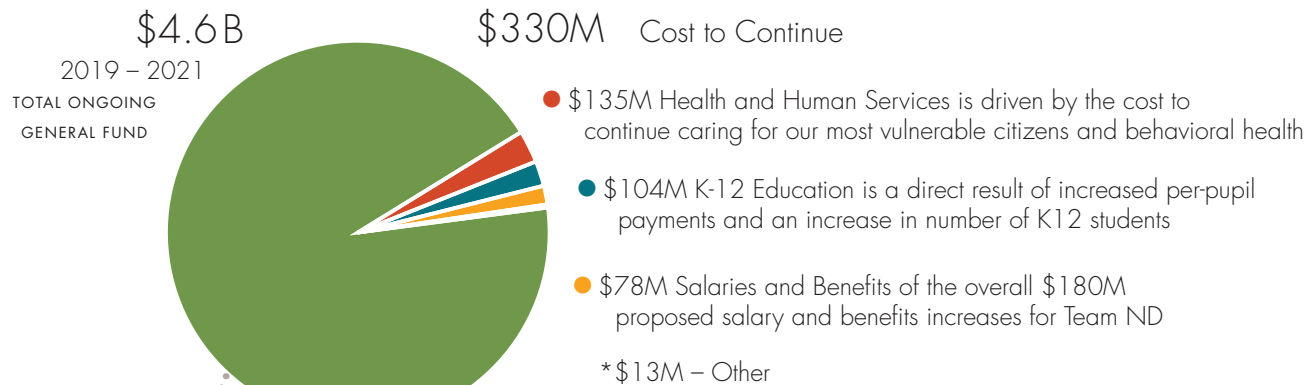
● Direct Oil Allocation ● Oil Tax Transfers

Oil tax revenue and related transfers to the general fund
Percentages represent portion of overall general fund revenue

BALANCING THE CHECKING ACCOUNT

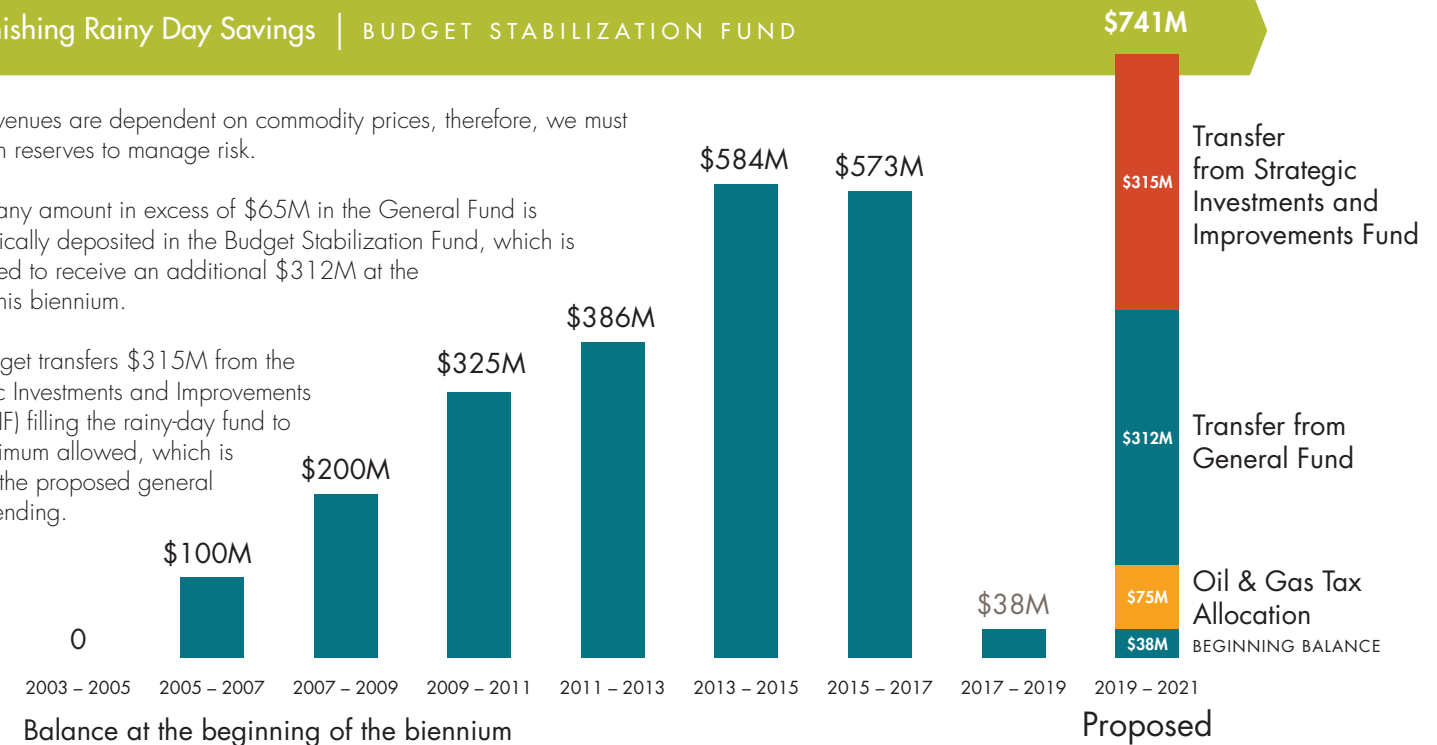


2019 – 2021 Executive Budget Recommendation | INVESTING IN PEOPLE

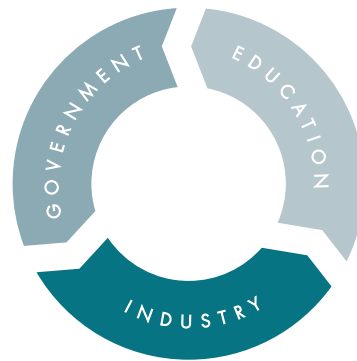


Replenishing Rainy Day Savings | BUDGET STABILIZATION FUND

- State revenues are dependent on commodity prices, therefore, we must replenish reserves to manage risk.
- By law any amount in excess of \$65M in the General Fund is automatically deposited in the Budget Stabilization Fund, which is forecasted to receive an additional \$312M at the end of this biennium.
- The budget transfers \$315M from the Strategic Investments and Improvements Fund (SIIF) filling the rainy-day fund to the maximum allowed, which is 15% of the proposed general fund spending.



MEETING WORKFORCE DEMANDS FOR THE 21ST CENTURY



Workforce is the largest gating factor to North Dakota's continued growth. Technological and competitive forces require us to redouble our efforts in key areas. Working as one we can have significant impact on strategic drivers including skills, education, retention and recruitment. At the same time we can mitigate barriers like occupational licensing.

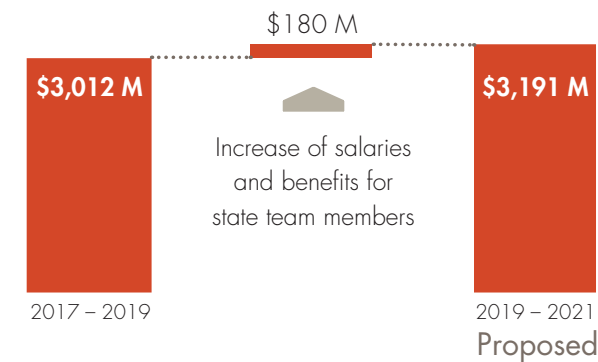
WORKFORCE PRIORITIES

- Technical Skills Gap
- Need for Youth Engagement
Earlier and more diverse career exploration.
- Nursing and Healthcare Technician Shortage
- Support for Populations with Barriers to Employment
- Need for Net In-Migration of North Dakotans

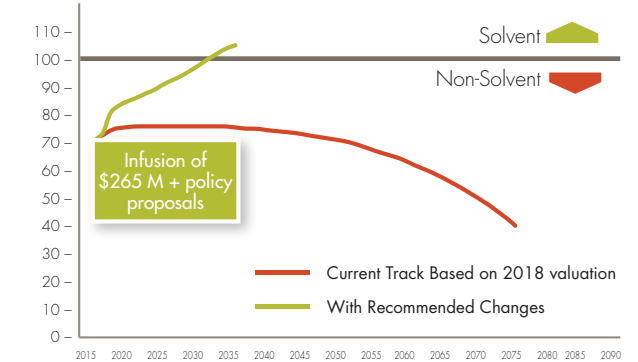
INVESTING IN PEOPLE

Performance based salary increases and investment in pension fund today supports financial security for Team North Dakota.

Team Member Compensation



Pension Fund Solvency



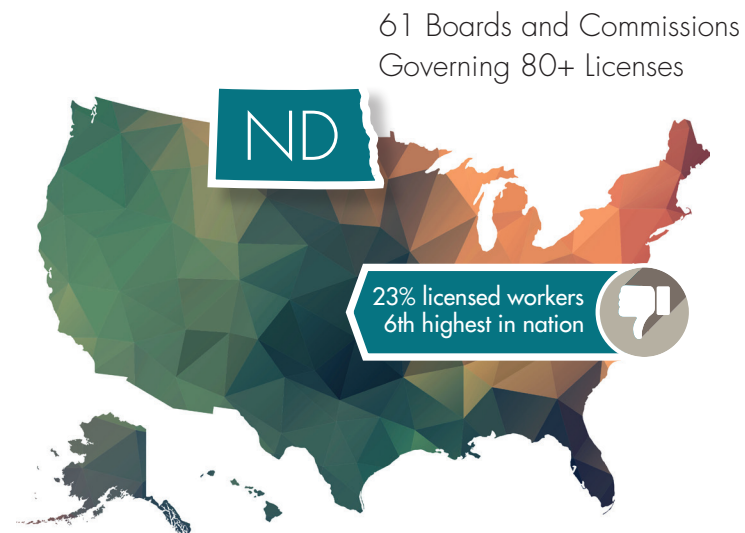
Investing In Workforce | KEY INVESTMENT AREAS

Expand Challenge Grants | \$40 Million

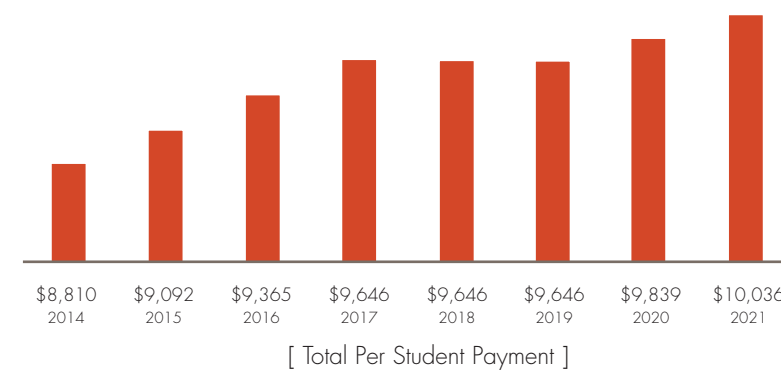
Career Academies Expansion | \$30 Million

Research ND | \$20 Million

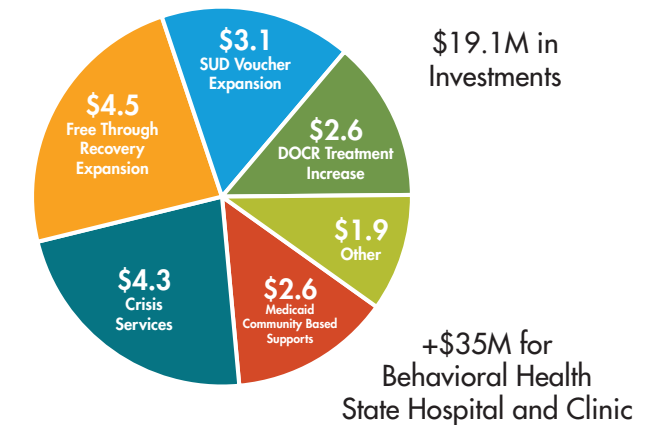
Mitigating Barriers | REFINEMENT OF OCCUPATIONAL LICENSING



Increasing Investment in Students and Teachers



Increase Investment in Behavioral Health



BUILDING FOR THE FUTURE

Technology | \$174M

Water Projects | \$464M

Roads | \$815M

Legacy Projects | \$300M

Legacy Projects | HIGHLIGHTS

\$80M Revolving Loan Funds (\$535M est. borrowing power)

\$30M UAS Network and Infrastructure

\$50M Theodore Roosevelt Presidential Library and Museum (Matching \$1 for every \$2 of private capital)

Modernize Higher Education

Multi-Board Governance Structure. More nimble. Better at what they do best.

REGIONAL UNIVERSITIES AND COMMUNITY COLLEGES

40%
State Student Population

UNIVERSITY OF NORTH DAKOTA

30%
State Student Population

NORTH DAKOTA STATE UNIVERSITY

30%
State Student Population