



BUDGET SECTION

Wednesday, March 20, 2024
Senate Chamber, State Capitol
Bismarck, North Dakota

Senator Brad Bekkedahl, Chairman, called the meeting to order at 10:30 a.m.

Members present: Senators Brad Bekkedahl, Randy A. Burckhard, Kyle Davison, Dick Dever, Robert Erbele, Kathy Hogan, David Hogue, Jerry Klein, Karen K. Krebsbach*, Curt Kreun*, Tim Mathern, Scott Meyer, Merrill Piepkorn, Jim P. Roers*, David S. Rust*, Donald Schaible, Ronald Sorvaag, Shawn Vedaa, Terry M. Wanzek; Representatives Bert Anderson, Glenn Bosch, Josh Boschee, Mike Brandenburg, Jay Fisher, Karla Rose Hanson, Zachary Ista, Dennis Johnson*, Keith Kempenich, Gary Kreidt, Mike Lefor, Bob Martinson, Lisa Meier, Alisa Mitskog*, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Emily O'Brien, Brandy Pyle, David Richter, Dan Ruby, Mark Sanford, Mike Schatz, Randy A. Schobinger*, Greg Stemen, Michelle Strinden*, Steve Swiontek*, Don Vigesaa

Members absent: Senator Michael Dwyer

Others present: See [Appendix A](#)

**Attended remotely*

It was moved by Senator Dever, seconded by Senator Burckhard, and carried on a voice vote that the minutes of the December 13, 2023, meeting be approved as distributed.

STATE BUDGET INFORMATION

Ms. Susan Sisk, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the general fund, balances of selected special funds, general fund revenue collections, oil prices and production, and the status of the new and vacant FTE funding pool.

STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS

Ms. Sisk presented information ([Appendix C](#)) regarding state agencies that applied for federal grants estimated to be \$25,000 or more pursuant to North Dakota Century Code Section 54-27-27. She reported the following agencies have applied for a federal grant estimated to be \$25,000 or more:

Agency	Time Period of Grant	Amount
Department of Mineral Resources	April 2024 - April 2029	\$25,000,000
Department of Transportation	December 2024 - December 2026	\$1,000,000
Department of Transportation	January 2025 - January 2030	\$25,000,000
Department of Transportation	August 2025 - February 2028	\$1,920,000

Ms. Sisk presented the following schedule of federal grants of \$25,000 or more awarded to state agencies:

Agency	Time Period of Grant	Amount
Game and Fish Department	July 2023 - June 2025	\$2,499,976
Department of Transportation	February 2026 - November 2029	\$55,000,000

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Ms. Sisk presented information ([Appendix D](#)) regarding irregularities in the fiscal practices of the state pursuant to Section 54-14-03.1. She presented the following fiscal irregularities for the period December 2023 through February 2024:

Agency	Fiscal Irregularity	Amount
Office of Management and Budget	Temporary workload adjustments	\$3,221
Legal Counsel for Indigents	Temporary workload adjustments	\$1,952
Retirement and Investment Office	Temporary workload adjustments	\$9,756
Public Employees Retirement System	Temporary workload adjustments	\$4,391
Department of Public Instruction	Temporary workload adjustments	\$1,000
Department of Health and Human Services	Temporary workload increases	\$190,241
Department of Corrections and Rehabilitation	Temporary workload adjustments	\$2,891
Department of Parks and Recreation	Temporary workload adjustments	\$2,250
Department of Water Resources	Temporary workload adjustments	\$500
Attorney General	Equity increase	\$758
Public Employees Retirement System	Temporary workload adjustments	\$3,574
Veterans' Home	Position certification adjustment	\$992
Department of Health and Human Services	Equity increases	\$6,042
Department of Health and Human Services	Workload/responsibility increase	\$17,017
Department of Health and Human Services	Reclassification	\$5,469
Department of Health and Human Services	Military leave not reported	\$2,503

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Bekkedahl directed the Budget Section to consider agency requests ([Appendix E](#)) that have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Ms. Sisk presented information regarding the following requests that were authorized by the Emergency Commission and require consideration by the Budget Section:

- **Department of Public Instruction (Request #2114)** - The request is for a line item transfer of \$85 million of federal funds from the grants - other grants line item to the emergency education relief - schools line item to be used to reimburse school districts for qualified expenditures from the federal Elementary and Secondary School Emergency Relief Fund.
- **Office of Management and Budget (Request #2115)** - The request is to increase federal funds spending authority by \$399,500 to reauthorize the spending of federal Governor's Emergency Education Relief funds, which expired on June 30, 2023.
- **Department of Corrections and Rehabilitation (Request #2117)** - The request is for a line item transfer of \$275,771 from carryover funding designated for deferred maintenance and extraordinary repairs to the adult services line item, to provide a total of \$1,825,771 for the construction of a new James River Correctional Center maintenance shop.

Ms. Stephanie Gullickson, Management and Fiscal Analyst, Office of Management and Budget, responded to committee questions regarding the Office of Management and Budget request.

It was moved by Senator Mathern, seconded by Representative Richter, and carried on a roll call vote that the Budget Section approve Emergency Commission requests #2114, #2115, and #2117. Senators Bekkedahl, Burckhard, Davison, Dever, Erbele, Hogan, Hogue, Klein, Krebsbach, Kreun, Mathern, Meyer, Piepkorn, Roers, Rust, Schaible, Sorvaag, Vedaa, and Wanzek and Representatives Anderson, Bosch, Boschee, Brandenburg, Fisher, Hanson, Ista, Johnson, Kempenich, Kreidt, Lefor, Martinson, Meier, Mitskog, Mock, Monson, Nathe, Nelson, O'Brien, Pyle, Richter, Ruby, Sanford, Schatz, Schobinger, Stemen, Strinden, Swiontek, and Vigesaa voted "aye." No negative votes were cast.

STATUS OF THE UNEMPLOYMENT INSURANCE TRUST FUND AND THE MODIFIED AVERAGE HIGH-COST MULTIPLIER

Ms. Jaime Lawler, Data and Quality Assurance Manager, Job Service North Dakota, presented information ([Appendix F](#)) regarding the status of the unemployment insurance trust fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. She reported:

- The multiplier is an actuarial calculation used to project the length of time the existing fund balance could support benefit payments at historically high payout rates and with no future revenue.
- The trust fund is financed by quarterly employer unemployment insurance taxes and these funds are used to pay unemployment insurance benefits.
- As of December 31, 2023, the balance of the unemployment trust fund was \$327.9 million, \$43.1 million more than the target balance of \$284.8 million, and the modified average high-cost multiplier was 1.04, 0.04 above the projected target of 1.0.

HOUSING FINANCE AGENCY - HOUSING INCENTIVE FUND

Mr. David A. Flohr, Executive Director, Housing Finance Agency, presented a report ([Appendix G](#)) pursuant to Section 54-17-40 regarding the status of the housing incentive fund. He noted:

- In September 2023, an application round for the housing incentive fund was held and a total of eight applications were received. Four projects received funding, including 8 units in Cavalier, 70 units in Jamestown, 16 units in Rolla, and 96 units in Bismarck.
- A new application round opened on March 1, 2024, and three applications have been received as of March 8, 2024.

FERTILIZER DEVELOPMENT INCENTIVE PROGRAM

Mr. Reice Haase, Deputy Executive Director, Industrial Commission, presented an update ([Appendix H](#)) on the fertilizer development incentive loan program. He noted:

- A total of \$125 million was authorized for the fertilizer development incentive loan program.
- Two projects were awarded loans from the program but one project declined the loan.
- The remaining project was awarded the full \$125 million loan amount.

Mr. Kelvin Hullet, Chief Business Development Office, Bank of North Dakota, responded to committee questions regarding the loan program.

BANK OF NORTH DAKOTA LINES OF CREDIT

Mr. Hullet presented an update ([Appendix I](#)) regarding lines of credit authorized for state agencies. He noted:

- The current amount of outstanding lines of credit is \$29.7 million with anticipated outstanding lines of credit to be approximately \$356.4 million by the end of 2024.
- The current interest rate on the lines of credit is 6.85 percent.

NORTH DAKOTA UNIVERSITY SYSTEM UPDATE

Mr. David Krebsbach, Vice Chancellor for Administration, North Dakota University System; Dr. David Cook, President, North Dakota State University; Mr. Steve Easton, President, Dickinson State University; and Dr. Doug Jensen, President, Bismarck State University, presented information ([Appendix J](#)) regarding institution responses to the Minnesota north star promise program. They noted:

- North Dakota State University established the NDSU tuition award program to provide financial assistance to North Dakota and Minnesota students whose family income is \$80,000 or less.
- Dickinson State University established the blue hawk promise scholarship to provide financial assistance to new students from North Dakota, Minnesota, South Dakota, and Montana.
- Bismarck State College established the Great Plains promise program to address the workforce shortage by providing financial assistance to North Dakota students whose family income is \$80,000 or less.

Dr. Andrew Armacost, President, University of North Dakota, presented comments regarding institution financial aid programs and policies.

Dr. Alan LaFave, President, Valley City State University, submitted information ([Appendix K](#)) regarding the viking promise financial aid program.

BUDGET SECTION DIVISIONS

Chairman Bekkedahl and Vice Chairman Vigasaa reviewed a proposal ([Appendix L](#)) to establish Budget Section divisions. They noted:

- Term limits will result in legislators having less experience and involvement in the state budget and the budget development process.
- The proposal would establish four Budget Section divisions that would allow members to receive additional information regarding the state budget during the interim.
- Budget Section divisions would meet in the afternoon following Budget Section meetings.

It was moved by Senator Davison, seconded by Representative Mock, and carried on a roll call vote that the Budget Section seek approval from the Legislative Management chairman to establish Budget Section divisions for the purpose of reviewing agency-specific budget information and other budget-related areas to assist in preparing for the regular legislative session. Senators Bekkedahl, Burckhard, Davison, Dever, Erbele, Hogan, Hogue, Klein, Krebsbach, Kreun, Mathern, Meyer, Piepkorn, Roers, Rust, Schaible, Vedaa, and Wanzek and Representatives Anderson, Bosch, Boschee, Brandenburg, Fisher, Hanson, Ista, Johnson, Kempenich, Kreidt, Lefor, Mitskog, Mock, Monson, Nathe, Nelson, Richter, Ruby, Sanford, Schatz, Schobinger, Stemen, Strinden, Swiontek, and Vigesaa voted "aye." No negative votes were cast.

OTHER BUSINESS

Chairman Bekkedahl announced the Budget Section is tentatively scheduled to meet on Wednesday, June 19, 2024.

No further business appearing, Chairman Bekkedahl adjourned the meeting at 1:05 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:12