



BUDGET SECTION - GOVERNMENT OPERATIONS DIVISION

Wednesday, September 18, 2024

Room 327B-Reem, State Capitol

Bismarck, North Dakota

Representative David Monson, Chairman, called the meeting to order at 1:03 p.m.

Members present: Representatives David Monson, Mike Brandenburg, Jay Fisher, Keith Kempenich, Lisa Meier, Brandy Pyle, Dan Ruby; Senators Robert Erbele, Shawn Vedaa

Members absent: Representative Corey Mock; Senators Michael Dwyer, Jim P. Roers, Terry M. Wanzek

Others present: See [Appendix A](#)

**Attended remotely*

It was moved by Representative Meier, seconded by Senator Erbele, and carried on a voice vote that the minutes of the June 19, 2024, meeting be approved as distributed.

AGRICULTURE RESEARCH AND EXTENSION AGENCIES

Mr. Grant Gader, Fiscal Analyst, Legislative Council, presented information regarding the [2025 base budget bill \[25.0187.01000\]](#) and base budget summaries ~~for~~ of the [North Dakota State University \(NDSU\) Extension Service, Main Research Center](#), and ~~Bbranch Rresearch Gcenters and the base budget bill [25.0187.01000]~~.

Mr. Greg Lardy, ~~Director~~Vice President for Agricultural Affairs, North Dakota State University-~~Extension Service~~, presented information ([Appendix B](#)) regarding the following [budget items of the](#) NDSU Extension Service, Main Research Center, and ~~Bbranch Rresearch Gcenters~~-~~budget items~~:

- Organizational charts.
- Major programs, the purpose of the programs, funding amounts and sources for the programs, and [full-time equivalent \(FTE\)](#) positions allocated to each program.
- How FTE positions are shared between the NDSU Extension Service and counties, including where the FTE positions are located and how ~~they're funded~~[funding is allocated](#).
- How FTE positions are shared between the Main Research Center and NDSU, including where the FTE positions are located and how ~~they're funded~~[funding is allocated](#).
- Primary research areas of the Main Research Center and ~~Bbranch Rresearch Gcenters~~.
- An update of capital projects at the Main Research Center and ~~Bbranch Rresearch Gcenters~~, including amounts spent to date and a comparison to project budgets.
- An update of additional income the NDSU Extension Service, Main Research Center, and ~~Bbranch Rresearch Gcenters~~ have received during the 2023-25 biennium pursuant to Section 5 of House Bill No. 1020 (2023), including the source of the funding, the purpose of the funding, and amounts spent to date.

Mr. Lardy noted:

- NDSU Extension Service provides education to improve the community, health, and economic conditions for North Dakotans. The Main Research Center conducts research and coordinates all research activities of the agricultural experiment station.

- NDSU Extension Service has extension service agents located across all 53 North Dakota counties. The funding structure for county-based extension service agents is a partnership that includes the county being responsible for the local operating budget and 50 percent of the agent's salary and NDSU Extension Service being responsible for employee benefits and the remaining 50 percent of the agent's salary.
- Of the 379.10 FTE positions shared between the Main Research Center and NDSU, there are 342.46 FTE positions included in the Main Research Center budget and 36.64 FTE positions included in the NDSU budget. All Main Research Center FTE positions are located at NDSU.
- Capital projects at the Main Research Center and Bbranch Rresearch Ccenters total approximately \$105 million for the 2023-25 biennium, including \$87 million from the strategic investment and improvements fund (SIIF) for the Bolley Agricultural Laboratory at NDSU. A competitive bidding environment has resulted in all subcontractor bids for the Bolley Agricultural Laboratory being submitted at less than expected costs.
- The Legislative Assembly appropriated \$1.9 million from SIIF for four sheds at the Main, Langdon, North Central, and Williston Research Extension Centers. All shed projects are ongoing, except for Williston, where high costs have prevented the agency from securing a bid. Similarly, the agency has not been able to secure a bid for the Nesson Valley Facility in Williston, which was appropriated \$1.7 million from the general fund. The State Board of Agricultural Research and Education approved an additional \$1.3 million in special fund authority for the construction of the Nesson Valley Facility.
- Unexpended funds for capital projects from the 2021-23 biennium were continued into the 2023-25 biennium, including \$2.2 million for the Dickinson Agronomy Lab, \$1.5 million for the Hettinger Livestock Research Lab, and \$1.9 million for the Hettinger Sheep Efficiency Facility, which were all completed in August 2024. The \$2.4 million Central Grasslands Livestock Lab and \$724,000 Langdon Greenhouse Expansion are expected to be completed in early 2025. The \$1.1 million Carrington Livestock Support Facility was completed in July 2024, and work is ongoing for the \$1.5 million Carrington Feedlot Expansion.
- The NDSU Extension Service, Main Research Center, and Bbranch Rresearch Ccenters do not anticipate needing the additional income authority provided in Section 5 of House Bill No. 1020 (2023).

Mr. Lardy presented further information ([Appendix C](#)) regarding the following NDSU Extension Service, Main Research Center, and Bbranch Rresearch Ccenters budget items:

- The number and types of positions that received funding from the targeted market equity funding pool.
- The number of new FTE positions filled during the 2023-25 biennium and the amount of funding from the new and vacant FTE funding pool used for the positions.
- The number of July 1, 2023, vacant FTE positions, the number filled and when, and the amount of funding from the new and vacant FTE funding pool used for the positions.
- The number of FTE positions that became vacant each month during the 2023-25 biennium, the number filled each month, and estimated 2023-25 biennium savings to date from vacant positions and employee turnover.
- Use of any vacant FTE position savings.

Mr. Lardy noted:

- 304 FTE positions received targeted market equity increases in June 2023, including 91 positions at NDSU Extension Service, 170 positions at the Main Research Center, and 43 positions at the Bbranch Rresearch Ccenters. No administrative positions received funding from the targeted market equity funding pool.
- NDSU Extension Service had 31 vacant positions on July 1, 2023, and has filled 26 of the positions with \$1.5 million from the new and vacant FTE funding pool. The Main Research Center had 66 vacant positions on July 1, 2023, and has filled 51 of the positions with \$1.9 million from the new and vacant FTE funding pool. The Bbranch Rresearch Ccenters had 22 vacant positions on July 1, 2023, and has filled 7 of the positions with \$458,000 from the new and vacant FTE funding pool.
- Through August 2024, the agencies had estimated vacancy savings of \$7 million and used a portion of the savings for accrued leave payouts, moving expenses, graduate student stipends, recruitment expenses, temporary salary funding, and overtime funding.

INSURANCE COMMISSIONER

Mr. Adam Mathiak, Senior Fiscal Analyst, Legislative Council, presented information regarding the 2025 base budget bill [25.0154.01000] and Insurance Commissioner base budget summary and base budget bill [25.0154.01000] of the Insurance Commissioner.

Mr. Jon Godfread, Insurance Commissioner, presented information ([Appendix D](#)) regarding:

- The ~~Insurance Department's~~ organizational chart.
- Major programs, the purpose of the programs, funding amounts and sources for the programs, and FTE positions allocated to each program.
- An overview of insurance tax payments to fire departments and the North Dakota Firefighter's Association, including payments to date during the 2023-25 biennium and an estimate of payments to be made by the end of the 2023-25 and 2025-27 bienniums.
- An overview of the State Fire Marshal's office, including activities and funding sources and the State Fire Marshal's transition from the Attorney General's office.
- The status of the state fire and tornado fund and the state bonding fund.
- The status of reinsurance in the state and how that may affect insurance rates for consumers and the ~~Insurance Commissioner's~~ department's budget.

Mr. Godfread noted:

- The Insurance Commissioner ~~oversees~~ directs eight divisions responsible for overseeing insurance laws, providing consumer assistance, licensing, financial monitoring, fraud investigation, and ensuring fire safety throughout North Dakota.
- The ~~Insurance Commissioner~~ department distributed \$13.5 million from the insurance tax distribution fund in 2023 and anticipates distributing \$14.3 million in 2024. The ~~Insurance Commissioner~~ department was appropriated \$2.4 million for distribution to the North Dakota Firefighter's Association during the 2023-25 biennium.
- The Insurance Commissioner supports transferring administration of the state fire and tornado fund and state bonding fund to the Office of Management and Budget to remove potential conflicts of interest.
- Due to a rise in national catastrophes and inflationary pressures, reinsurance costs are increasing for insurance companies which result in increased insurance rates for consumers.

Mr. Godfread presented further information ([Appendix E](#)) regarding:

- The number and types of positions that received funding from the targeted market equity funding pool.
- The number of new FTE positions filled during the 2023-25 biennium and the amount of funding from the new and vacant FTE funding pool used for the positions.
- ~~The number of vacant FTE positions filled during the 2023-25 biennium and the amount of funding from the new and vacant FTE funding pool used for the positions~~ The number of July 1, 2023, vacant FTE positions, the number filled and when, and the amount of funding from the new and vacant FTE funding pool used for the positions.
- The number of FTE positions that became vacant each month during the 2023-25 biennium, the number filled each month, and estimated 2023-25 biennium savings to date from the vacant positions and employee turnover.
- Use of any vacant FTE position savings.

Mr. Godfread noted:

- 11 FTE positions received targeted market equity increases in June 2023.
- The ~~Insurance Commissioner~~ department filled three vacant FTE positions during the 2023-25 biennium and received \$532,798 from the new and vacant FTE funding pool.
- The ~~Insurance Commissioner~~ department is leaving positions vacant to maintain flexibility and operational capability.

It was moved by Representative Meier, seconded by Representative Kempenich, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a summary of the division's activities for the 2023-24 interim for inclusion in the Budget Section's report and to present the report to the Legislative Management.

No further business appearing, Chairman Monson adjourned the meeting at 4:29 p.m.

Grant Gader
Fiscal Analyst

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:5