

[SB 2390 - Overview | North Dakota Legislative Branch](#)   [SB 2097 - Overview | North Dakota Legislative Branch](#)

The first hearing is scheduled for Friday, February 7 at 11:15 a.m. before Senate Agriculture and Veterans Affairs Committee. Voting on SB 2097 has been held to hear SB 2390 and compare endowment vs. challenge grant and delivery mechanisms.

	<b>SB 2390</b> <b>Rural Catalyst / Challenge Grant</b>	<b>SB 2097</b> <b>Rural Endowment Fund</b>
<b>Appropriation</b>	<p>\$30 million</p> <p>Expected to be a four-year program providing grants ranging from \$10,000 to \$5 million. Will result in portfolio of statewide impacts and understanding of rural needs to later justify the need for an endowment fund. Responsive to a broad range of locally defined needs.</p>	<p>\$55 million</p> <p>Endowment would produce approximately \$2.5 million annually with up to \$250,000 for administration. If appropriations is reduced, less funding would be available annually.</p>
<b>Delivery mechanism</b>	<p>Integrates the eight regional councils – the state’s system to “<i>establish a consistent, comprehensive statewide policy for planning, economic development, program operations, coordination, and related cooperative activities of the state and local governmental units ...</i>” (NDCC 54.40.1)</p> <p>The regional councils are the boots on the ground supporting grassroots efforts as well as leading regional initiatives around workforce, housing, entrepreneurship. The regional councils are led by 202 local officials and community leaders from every county in the state. Each council has an average of 2.5 staff.</p> <p>HB 1524 also calls for state funding to enable more regional development staff, enabling higher impacts in small towns.</p>	<p>Provides an unnamed single nonprofit, presumably Strengthen ND, which does not have a statewide system or presence.</p>
<b>Project development support and grant writing</b>	<p>The regional councils have a 50-year history of “finding the money”. Experts in federal, state, regional, local, private funding – often linking multiple sources into one project.</p> <p>Regional Councils are experts in project development, grant writing, loan packaging, and more to individuals, communities,</p>	<p>Limited experience in public grant writing and stacking multiple sources of funds in a single project to solve root issues or achieve a maximum impact.</p>

	businesses, and established new programs by <b>developing over 1,410 applications in the past five years yielding \$365 million in funds.</b>	
<b>Serves rural communities</b>  <div> <div>Total # Cities355</div> <div>Cities 5-1,000304</div> <div>Cities 1,001-850040</div> <div>Cities 8,501+9</div> </div> Note: Approximately half of the cities under 1,000 are under 100 people	<p>Cities under 8,500</p> <p>The “Under 1,000 population” arbitrarily leaves out several small towns with slightly larger communities with comparable levels of resources. These slightly larger communities similarly lack flexible funding in key areas.</p> <p>Between 2019 and 2023, the RCs assisted with <b>1,410 successful funding applications, nearly half communities under 1,000 were impacted by these projects.</b></p>	<p>Cities under 1,000</p> <p>Limiting to communities under 1,000 creates a <b>“missing middle”</b> whereby other rural community of a slightly larger size with similar issues and resources levels do not have access.</p>
<b>Grant management system</b>	<p>The regional councils are experts in grant management and accountability and subjected to federal single audits annually.</p> <p>The <b>regional councils have 50 years' experience in managing programs that have received federal, state, regional, local, and private funds and therefore apply prudent management practices</b> that satisfy the smallest projects to the large, complex systems.</p> <p>The regional councils have also provided fiscal sponsorship and management for volunteer groups working to improve their community and require prudent fiscal management.</p> <p>This system and expertise would ensure accountability and accuracy in reporting.</p>	Limited experience in managing public funds.
<b>How will funds be used?</b>	Small towns often <b>need help where there are no other sources available and/or funding requirements are a barrier for small-scale projects.</b>	Has proposed to address broad large-scale complex issues such as public infrastructure and housing – duplicating other state program proposals and/or seeking to match state dollars with state dollars.

	<p>The Catalyst Fund proposes flexible funding for quality-of-life amenities, community and economic development, healthcare and education enhancements.</p> <p>There are other bills that address complex, costly issues such as housing and infrastructure and a growing awareness for the need for rural set asides with rural-friendly program rules – much due to input and advocacy by the regional councils.</p>	Demonstrates limited expertise in these areas or other available funding programs.
<b>Leverage: Opportunity to incentivize philanthropy</b>	<p>There is private wealth in ND.</p> <p>As a \$2 state grant matching \$1 nonstate funds, it requires more local conversations and planning as well as strengthening local ability to connect with local givers.</p> <p>The challenge grant would be a tool to leverage a portion of the \$380B generational wealth transfer (2005 ND Wealth Transfer Study and expectedly much greater today) and provide local opportunities for donor-advised investments and increasing giving to local and regional projects and initiatives.</p>	Does not consider system approach and fails to take advantage to leverage philanthropy.
<b>“Skin in the game”</b>	<p>The challenge grant requires match.</p> <p>Match would be flexible and waivable on a case-by-case basis. Match can be cash or in-kind donations or hours.</p> <p>Proposed projects can be opportunities to support boarder community building.</p>	Assumes no match is possible.
<b>Grant Committee</b>	<p>Grassroots appointments by integrating regional councils to appoint two rural people from each of the eight regions = 16 rural residents.</p> <p>A grassroots approach strengthened with a legislator, Governor (or designee) as chair, and Commerce Department.</p> <p>This approach will serve as an educational tool on rural needs, the gaps in the system, how funding could be leveraged well for larger projects, and demonstrate the need for the program.</p>	<p>Led by a single nonprofit without a statewide system.</p> <p>Commissioner + nine rural residents appointed by the Commissioner.</p>