



BUDGET SECTION

Wednesday, June 25, 2025
Senate Chamber, State Capitol
Bismarck, North Dakota

Representative Don Vigesaa, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Don Vigesaa, Bert Anderson, Mike Berg, Glenn Bosch, Mike Brandenburg, Gretchen Dobervich, Jay Fisher, Karla Rose Hanson, Zachary Ista, Keith Kempenich, Mike Lefor, Scott Louser, Bob Martinson, Lisa Meier, Alisa Mitskog, David Monson, Mike Nathe, Jon O. Nelson, Emily O'Brien, David Richter, Mark Sanford, Gregory Stemen, Steve Swiontek, Scott Wagner, Robin Weisz; Senators Brad Bekkedahl, Randy A. Burckhard, Sean Cleary, Cole Conley, Dick Dever, Michael Dwyer, Robert Erbele, Kathy Hogan, David Hogue, Jerry Klein, Jeffery J. Magrum, Tim Mathern, Donald Schaible, Jonathan Sickler, Ronald Sorvaag, Terry M. Wanzek

Members absent: Representatives Eric J. Murphy, Brandy L. Pyle; Senators Josh Boschee, Kyle Davison, Scott Meyer, Paul J. Thomas

Others present: See [Appendix A](#)

At the request of Chairman Vigesaa, Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, reviewed the following memorandums and reports:

- [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#)
- [Budget Section Duties and Responsibilities for the 2025-27 Biennium](#)

STATE BUDGET INFORMATION

Mr. Joe Morrissette, 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 2023-25 biennium executive branch new and vacant FTE funding pool.

TOBACCO SETTLEMENT PROCEEDS

Mr. Morrissette presented information ([Appendix C](#)) on the status of tobacco settlement proceeds received by North Dakota. He noted the April 2025 payments totaled \$20.6 million and were deposited in the tobacco settlement trust fund, a total of \$42.7 million has been deposited in the tobacco settlement trust fund during the 2023-25 biennium, and funding deposited in the tobacco settlement trust fund is transferred to the community health trust fund.

STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS

Mr. Morrissette presented information ([Appendix D](#)) on state agencies that applied for federal grants estimated to be \$25,000 or more pursuant to North Dakota Century Code Section 54-27-27. He 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 Public Instruction	January 2025 - January 2027	\$450,000
Department of Career and Technical Education	January 2024 - June 2026	\$300,000
Parks and Recreation Department	October 2026 - September 2027	\$437,329
Department of Transportation	March 2026 - March 2030	\$13,260,000

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

Agency	Time Period of Grant	Amount
Aeronautics Commission	January 2029	\$444,000
Department of Transportation	August 2025 - February 2028	\$1,920,000
Department of Transportation	January 2025 - January 2030	\$25,000,000

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to Section 54-14-03.1, Mr. Morrisette presented information ([Appendix E](#)) on irregularities in the fiscal practices of the state. He presented the following fiscal irregularities for the period December 2024 through May 2025:

Agency	Fiscal Irregularity	Amount
Center for Distance Education	Pay adjustments	\$34,591
Department of Health and Human Services	Pay adjustments	\$6,484
Department of Public Instruction	Pay adjustments	\$2,342
Tax Department	Pay adjustments	\$2,373
Game and Fish Department	Pay adjustments	\$735
Workforce Safety and Insurance	Pay adjustments	\$1,915
Department of Transportation	Pay adjustments	\$5,175
State Auditor	Retroactive pay adjustments	\$1,550
Attorney General	Retroactive pay adjustments	\$11,001
Department of Trust Lands	Retroactive pay adjustments	\$3,099
School for the Deaf	Retroactive pay adjustments	\$787
Department of Health and Human Services	Retroactive pay adjustments	\$74,412
Protection and Advocacy Project	Retroactive pay adjustments	\$755
Department of Financial Institutions	Retroactive pay adjustments	\$797
Securities Department	Retroactive pay adjustments	\$1,595
Department of Corrections and Rehabilitation	Retroactive pay adjustments	\$1,786
Parks and Recreation Department	Retroactive pay adjustments	\$504
Information Technology Department	Temporary pay increases	\$1,000
Commission on Legal Counsel for Indigents	Temporary pay increases	\$3,600
Retirement and Investment Office	Temporary pay increases	\$28,446
Public Employees Retirement System	Temporary pay increases	\$34,654
Department of Public Instruction	Temporary pay increases	\$3,724
Center for Distance Education	Temporary pay increases	\$5,350
Department of Veterans' Affairs	Temporary pay increases	\$6,950
Department of Health and Human Services	Temporary pay increases	\$207,266
Job Service North Dakota	Temporary pay increases	\$3,498
Public Service Commission	Temporary pay increases	\$4,256
Department of Corrections and Rehabilitation	Temporary pay increases	\$2,000
Department of Commerce	Temporary pay increases	\$133,400
Parks and Recreation Department	Temporary pay increases	\$10,000

Committee members made the following suggestions for information to be provided or considered at future Budget Section meetings:

- Consider a bill draft to increase the \$25,000 minimum reporting requirement for federal grants.
- Receive updates on the status of the effect of stripper well exemptions on oil extraction tax collections.
- Receive a report from the Office of Management and Budget on federal funding reductions and their effect on state agency programs and services.

EMERGENCY COMMISSION REQUESTS

Mr. Morrisette reviewed the following requests ([Appendix F](#)) approved by the Emergency Commission which require Budget Section consideration.

- **Center for Distance Education (Request #2149)** - The request is to increase special funds spending authority by \$250,000 in the Center for Distance Education line item to accept and expend a \$250,000 passthrough grant from the Department of Public Instruction to be used for digital courses and student scholarships.
- **Department of Public Instruction (Request #2150)** - The request is to increase federal funds spending authority by \$14.5 million in the grants - other grants line item to accept and expend various federal funds to reimburse school districts for expenses that qualify for federal funding, including meals for low-income students, education for special needs students, and professional development for educators.
- **Office of Management and Budget (Request #2151)** - The request is for \$189,750 from the state contingencies appropriation to replace federal funding for contracts entered for various initiatives to be funded through the federal Governor's Emergency Education Relief Fund for which federal funding is no longer available.

Mr. Morrisette asked the Budget Section to amend Request #2150. He suggested reducing the requested amount by \$945 to remain within the \$50 million maximum amount of federal funds that may be authorized by the Emergency Commission and Budget Section.

It was moved by Senator Mathern, seconded by Representative Nelson, and carried on a voice vote to amend Request #2150 from \$14,500,000 to \$14,499,055.

It was moved by Senator Hogan, seconded by Senator Wanzek, and carried on a roll call vote to approve requests #2149 and #2151, as presented, and request #2150, as amended. Representatives Vigesaa, Anderson, Berg, Bosch, Brandenburg, Dobervich, Fisher, Hanson, Ista, Kempenich, Lefor, Louser, Martinson, Meier, Mitskog, Monson, Nathe, Nelson, O'Brien, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Burckhard, Cleary, Conley, Dever, Dwyer, Erbele, Hogan, Klein, Mathern, Schaible, Sickler, Sorvaag, and Wanzek voted "aye." No negative votes were cast.

At the request of Chairman Vigesaa, Mr. Larson reviewed a memorandum entitled [Budget Changes During the Interim - Emergency Commission and Budget Section Approval Process](#).

LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD REPORT

Senator Klein, Vice Chairman, Legacy and Budget Stabilization Fund Advisory Board, presented a memorandum entitled [Legacy and Budget Stabilization Fund Advisory Board - Status Report to the Budget Section June 25, 2025](#), regarding the investment of funds in the legacy fund and budget stabilization fund pursuant to Section 21-10-11. He noted:

- The estimated market value of the budget stabilization fund as of February 28, 2025, was \$963.3 million and the asset allocation of the budget stabilization fund is 99.0 percent short-term fixed income and 1.0 percent cash and equivalents.
- The fiscal year-to-date earnings of the fund are approximately 4.74 percent.
- The market value of the legacy fund as of February 2025 was \$12.1 billion and the amount, based on the percent of market value calculation of 2023-25 biennium legacy fund earnings, that will be transferred to the legacy earnings fund is \$686.9 million.
- The legacy fund's fiscal year-to-date net return was 6.63 percent compared to a benchmark return of 6.46 percent.

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 G](#)) on the status of the unemployment insurance trust fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. She noted:

- 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. Ms. Lawler noted as of December 31, 2024, the balance of the unemployment trust fund was \$337.7 million, \$21.4 million more than the target balance of \$316.3 million, and the modified average high-cost multiplier was 1.09, which was 0.09 more than the projected target of 1.0.

OPIOID SETTLEMENT FUND UPDATE

Ms. Pamela Sagness, Executive Director, Behavioral Health Division, Department of Health and Human Services, presented an update ([Appendix H](#)) on the status of the opioid settlement fund pursuant to Section 50-36-04. She noted:

- Through June 2025 the state has received \$23.2 million of opioid settlement funds and an additional \$46 million is anticipated to be received.
- The Opioid Settlement Advisory Committee allocated \$8 million of settlement proceeds during the 2023-25 biennium for naloxone purchases, grants to political subdivisions, and support of tribal initiatives.

UPDATE ON OIL AND GAS DEVELOPMENT IN THE STATE

Mr. Nathan Anderson, Director, Department of Mineral Resources, presented an update ([Appendix I](#)) on the development of oil and gas in the state. He noted:

- Oil production in five counties accounts for 97.5 percent of total oil production in the state.
- Rig counts have remained steady at 30 rigs.
- As of April 2025, there were 19,257 producing wells.

OTHER BUSINESS

Chairman Vigesaa said the next Budget Section meeting is tentatively scheduled for September 24, 2025.

No further business appearing, Chairman Vigesaa adjourned the meeting at 11:45 a.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:9