LEGISLATIVE TASK FORCE ON GOVERNMENT EFFICIENCY

Tuesday, August 26, 2025
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Nathan Toman, Chairman, called the meeting to order at 10:02 a.m.

Members present: Representatives Nathan Toman, Glenn Bosch; Senators Kyle Davison, Kathy Hogan, Chuck Walen; Citizen Members Jonathan Casper*, Alan S. Dohrmann, Joshua C. Gallion, Joe Morrissette

Member absent: Representative Robin Weisz

Others present: Sarah Aker, Donna Aukland, and Patrick Traynor, Department of Health and Human Services; Maria Effertz Hanson; Sara Otte Coleman, Katherine Ralston Howe, and Chris Schilken, Department of Commerce
See Appendix A for additional persons present.
Attended remotely

It was moved by Representative Bosch, seconded by Senator Walen, and carried on a voice vote that the minutes of the July 30, 2025, meeting be approved as distributed.

GOVERNMENT EFFICIENCY INITIATIVES IN OTHER STATES

Mr. Levi Kinnischtzke, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled *Government Efficiency Initiatives and Proposals in Other States*. He noted other states have established committees or agencies to review state government operations, evaluate program outcomes, and consider legislation to enable artificial intelligence technologies to increase efficiencies in state government.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Patrick Traynor, Interim Commissioner, Ms. Donna Aukland, Chief Financial Officer, and Ms. Sarah Aker, Executive Director of Medical Services, Department of Health and Human Services, presented information (Appendix B) regarding a review of each of the department's program funding sources, including the amount and percentage of state funding required to match federally funded programs; programs in which the department can use cost avoidance methodologies to improve efficiency and transparency, realize budget savings, and increase data tracking and reporting; and an analysis of North Dakota's Medicaid program in comparison to other states, including the cost of administration, eligibility and enrollment data, reimbursement rates, federal and state funding, and suggestions to increase efficiency and transparency, realize budget savings, and increase data tracking and reporting. Ms. Aukland noted:

- Of the $5,818,036,970 appropriated by the Legislative Assembly to the Department of Health and Human Services (DHHS) for the 2025-27 biennium, $2,227,784,314 is from the general fund (38.3 percent), $3,103,646,473 is from federal funds (53.3 percent), and $486,606,183 is from special funds (8.4 percent).

- Appropriations to DHHS for federal entitlement programs total $3,982,277,093 for the 2025-27 biennium, including $436,512,518 (11.0 percent) for economic assistance programs,

$143,124,587 (3.6 percent) for children and family services programs, $762,316,101 (19.1 percent) for developmental disabilities programs, $1,663,445,099 (41.8 percent) for medical services programs, and $976,878,788 (24.5 percent) for long-term care programs.

• North Dakota's federal medical assistance percentage is 50.97 percent for federal fiscal year 2025, which provides for the federal government's share of certain federal programs including Medicaid.

• During fiscal year 2025, 133,153 individuals received Medicaid benefits, and the average monthly Medicaid enrollment was 107,578 individuals in North Dakota.

• As of April 2025, North Dakota's Medicaid and children's health insurance program enrollment, as a percentage of total state population, was 13 percent, compared to 20 percent in Minnesota, 19 percent in Montana, 17 percent in Nebraska, 15 percent in South Dakota, and 11 percent in Wyoming.

• Medicaid expenditures for federal fiscal year 2023 totaled $1.63 billion in North Dakota compared to $2.52 billion in Montana, $4.01 billion in Nebraska, $1.28 billion in South Dakota, $773 million in Wyoming, and $19.06 billion in Minnesota.

• Per capita Medicaid costs for calendar year 2022 totaled $13,097 in North Dakota compared to $8,141 in Montana, $10,308 in Nebraska, $9,773 in South Dakota, $9,101 in Wyoming, and $12,823 in Minnesota.

In response to a question from a task force member, Ms. Aker noted if DHHS transitioned to a prior authorization model for drug classes, the state may save approximately $1 million each year.

DEPARTMENT OF COMMERCE

Mr. Chris Schilken, Commissioner, and Ms. Katherine Ralston Howe, Deputy Commissioner and Workforce Development Division Director, Department of Commerce, presented information (Appendices C and D) regarding a review of the department's workforce programs, the department's collaboration with other agencies and their workforce programs, suggestions to increase efficiency and transparency, realize budget savings, and increase data tracking and reporting for all state workforce programs, and recent efforts and plans to increase grant award and expenditure transparency to ensure grant program outcomes are measurable and are being achieved. Ms. Ralston Howe noted:

• The department and the Workforce Development Council conducted a North Dakota workforce ecosystem assessment to gain information on current workforce programs, successes, and challenges, and ways to improve workforce programs and systems.

• More than 80 workforce development programs are administered by 10 state agencies.

• The workforce assessment revealed the lack of a clear, single entry point for job seekers, as individuals must engage with multiple agencies to ensure all needs are met.

• The department is working with the Governor's office to assess the current statewide workforce system to establish a unified state workforce vision, create a single entry point for job seekers, increase awareness of workforce programs, promote data sharing among agencies, and better track and measure program outcomes.

• The Governor's office has established subcabinet groups among cabinet level agencies to increase collaboration in keys areas of need, of which one group is focused on addressing workforce needs challenges.

In response to a question from a task force member, Ms. Sara Otte Coleman, Tourism and Marketing Division Director, Department of Commerce, noted tourism destination development initiative grant recipients are required to report information to the department regarding visitors to the tourism destination site that was built or improved with grant funding.

In response to a question from a task force member, Ms. Maria Effertz Hanson, Community Services Division Director, Department of Commerce, noted while the United States Department of Housing and Urban Development does not require state or local matching funds, the Department of Commerce

requires local political subdivisions to provide local matching funds when awarding funding through the federal community development block grant program.

INFORMATION TECHNOLOGY DEPARTMENT

Mr. Corey Mock, Chief Information Officer, Information Technology Department, presented information (Appendices E and F) regarding recent efforts and plans to reduce the rising cost of information technology (IT) services for state agencies, including a review of current service and hardware contracts, and a review of efficiencies gained as a result of the IT unification initiative, and any suggestions for improving services provided to state agencies. He noted:

- The department is evaluating state government applications that should be retained, reviewed, refreshed, or retired to better address state agency needs and reduce costs. Of the 1,760 applications evaluated in 23 agencies, 599 (34.0 percent) should be retained, 859 (48.8 percent) should be reviewed, 132 (7.5 percent) should be refreshed, and 170 (9.7 percent) should be retired.

- As a result of the IT unification initiative, cybersecurity costs have been reduced, cybersecurity standards are more consistent, cybersecurity incident response times are quicker, desktop support services have improved, statewide IT trends and common applications are more easily identified, data tracking practices have improved, career opportunities for IT staff have increased, and training opportunities for staff have increased.

- Challenges resulting from the IT unification initiative include the administrative burden and state agency confusion resulting from varying billing rates and service charges for IT services and reluctance among some IT staff that IT unification was the best organizational direction decision.

- The department is beginning to embed IT staff in physical locations of other executive branch agencies to promote better working relationships and provide better service.

- In 2023, the Iowa General Assembly approved the consolidation of 37 state agencies to 16 state agencies in an effort to realize efficiencies in state government.

OTHER

No further business appearing, Chairman Toman adjourned the meeting at 4:34 p.m.

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Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:6