



BUDGET SECTION

Wednesday, September 24, 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, Mike Lefor, Bob Martinson, Lisa Meier, David Monson, Eric J. Murphy, Mike Nathe, Jon O. Nelson, Brandy L. Pyle, David Richter, Mark Sanford, Gregory Stemen, Steve Swiontek, Scott Wagner; Senators Brad Bekkedahl, Josh Boschee, Randy A. Burckhard, Cole Conley, Kyle Davison, Robert Erbele, Kathy Hogan, David Hogue, Jerry Klein, Randy D. Lemm, Jeffery J. Magrum, Tim Mathern, Scott Meyer, Donald Schaible, Jonathan Sickler, Ronald Sorvaag, Paul J. Thomas

Members absent: Representatives Keith Kempenich, Scott Louser, Alisa Mitskog, Matthew Ruby, Robin Weisz; Senators Sean Cleary, Dick Dever, Micheal Dwyer, Terry M. Wanzek

Others present: Representative Jared C. Hagert, Emerado, member of the Legislative Management
 See [Appendix A](#) for additional persons present.

It was moved by Representative Meier, seconded by Senator Mathern, and carried on a voice vote to approve the minutes of the June 25, 2025, meeting as distributed.

STATE BUDGET INFORMATION

Mr. Joe Morrissette, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the general fund for the 2023-25 and 2025-27 bienniums, balances of selected special funds, general fund revenue collections, and oil prices and production.

2023-25 Biennium General Fund Revenues and Expenditures

Mr. Morrissette presented the following information regarding the final status of the general fund for the 2023-25 biennium:

Unobligated general fund balance - July 1, 2023		\$1,488,329,948
Add		
General fund collections		5,638,221,941
Total estimated revenues available		\$7,126,551,889
Less		
Legislative appropriations - One-time	(\$240,590,721)	
Legislative appropriations - Ongoing	(5,856,738,816)	
Supplemental and deficiency appropriations	(24,350,866)	
Unspent authority	326,978,597	
Other adjustments	(429,750)	
Total appropriations		(\$5,795,131,556)
Estimated ending general fund balance - June 30, 2025 - Before transfers and adjustments		\$1,331,420,333
Transfer to budget stabilization fund ¹		0
Other adjustments		(1,912,123)
Ending general fund balance - June 30, 2025		\$1,329,508,210

¹Pursuant to North Dakota Century Code Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations.

2023-25 Biennium General Fund Turnback

Mr. Morrisette reported on the 2023-25 biennium agency unspent general fund appropriation amounts (turnback). Unspent 2023-25 biennium general fund appropriation authority totaled approximately \$327 million. He noted:

- The Department of Public Instruction had turnback of \$68.7 million, which was a result of reduced state school aid spending due to lower than anticipated enrollment growth.
- The Department of Health and Human Services had turnback of \$110.7 million, which primarily related to lower than anticipated cost and caseload levels for Medicaid and child care programs.
- The Tax Department had turnback of \$62.5 million due to lower than anticipated use of property tax relief programs.

2023-25 Biennium Capital Construction Carryover

Mr. Morrisette reported on the 2023-25 biennium capital construction carryover. Funding of \$17 million for the 2023-25 biennium was continued into the 2025-27 biennium. Of the total amount, \$11.4 million was for the continuation of Department of Transportation projects.

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to North Dakota Century Code Section 54-14-03.1, Mr. Morrisette presented information ([Appendix C](#)) on irregularities in the fiscal practices of the state. He presented the following fiscal irregularities for the period June 2025 through August 2025:

Agency	Fiscal Irregularity	Amount
Center for Distance Education	Pay adjustments	\$14,000
Department of Career and Technical Education	Pay adjustments	\$1,346
Department of Health and Human Services	Pay adjustments	\$3,722
Department of Transportation	Pay adjustments	\$5,377
State Treasurer	Retroactive pay adjustments	\$21,225
Attorney General	Retroactive pay adjustments	\$7,610
Judicial branch	Retroactive pay adjustments	\$1,841
Ethics Commission	Retroactive pay adjustments	\$3,368
Department of Health and Human Services	Retroactive pay adjustments	\$13,800
Industrial Commission	Retroactive pay adjustments	\$525
Securities Department	Retroactive pay adjustments	\$625
Bank of North Dakota	Retroactive pay adjustments	\$1,075
Highway Patrol	Retroactive pay adjustments	\$5,506
Department of Corrections and Rehabilitation	Retroactive pay adjustments	\$562
Department of Commerce	Retroactive pay adjustments	\$1,616
Department of Agriculture	Retroactive pay adjustments	\$3,432
Office of Management and Budget	Temporary pay increases	\$2,000
Information Technology Department	Temporary pay increases	\$1,000
Tax Department	Temporary pay increases	\$3,520
Retirement and Investment Office	Temporary pay increases	\$2,592
Public Employees Retirement System	Temporary pay increases	\$8,951
Department of Public Instruction	Temporary pay increases	\$3,300
Department of Veterans' Affairs	Temporary pay increases	\$3,750
Department of Health and Human Services	Temporary pay increases	\$55,674
Job Service North Dakota	Temporary pay increases	\$1,767
Insurance Department	Temporary pay increases	\$1,338
Public Service Commission	Temporary pay increases	\$6,400
Department of Corrections and Rehabilitation	Temporary pay increases	\$4,125
Department of Commerce	Temporary pay increases	\$3,225
Parks and Recreation Department	Temporary pay increases	\$3,250
Department of Water Resources	Temporary pay increases	\$2,500

STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS

Mr. Morrisette presented information ([Appendix D](#)) on state agencies that applied for federal grants estimated to be \$25,000 or more pursuant to 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
Attorney General	October 2025 - September 2028	\$3,000,000
Attorney General	October 2025 - September 2028	\$500,000
Department of Health and Human Services	September 2025 - September 2028	\$1,351,712
Department of Health and Human Services	December 2025 - September 2030	\$500,000,000
Adjutant General	October 2025 - September 2028	\$7,963,199
Department of Transportation	September 2025 - March 2029	\$11,500,000
Department of Transportation	November 2027 - July 2032	\$59,680,000
Department of Transportation	April 2027 - July 2032	\$51,760,000

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

Agency	Time Period of Grant	Amount
Game and Fish Department	September 2025 - September 2026	\$200,000

EXECUTIVE BRANCH NEW AND VACANT FTE FUNDING POOL

Mr. Morrisette presented information ([Appendix E](#)) on the final 2023-25 biennium new and vacant FTE funding pool. He noted:

- The 2023-25 biennium new and vacant FTE funding pool included \$98.2 million, of which \$40.1 million was from the general fund.
- A total of \$20.2 million from the pool was not used, including \$700,000 from the general fund.

INFORMATION TECHNOLOGY DEPARTMENT

Mr. Greg Hoffman, Deputy Chief Information Officer, Information Technology Department, presented information ([Appendix F](#)) pursuant to Section 54-59-14 regarding the department's continuing appropriation. He noted:

- The continuing appropriation was authorized by the Legislative Assembly in 2025 and allows the department to spend funds received from other agencies for services provided by the department.
- For the biennium to date, the department has received \$25.6 million in revenue from other agencies and spent \$30.6 million to provide the services.

Mr. Tony Ambrose, Department of Public Instruction, presented an update ([Appendix G](#)) regarding the status of the student information system transition project. He noted:

- The project is modernizing elementary and secondary data systems by transitioning to a single enterprise system.
- A software product called Infinite Campus is being implemented as the new state student information system.

LEGISLATIVE AND JUDICIAL BRANCH NEW AND VACANT FTE FUNDING POOL REPORTS

Mr. Don Wolf, Finance Director, Supreme Court, provided a report ([Appendix H](#)) regarding the final status of the 2023-25 biennium judicial branch new and vacant FTE funding pool. He noted:

- The judicial branch was authorized 22 new FTE positions for the 2023-25 biennium and filled all the positions resulting in all funding from the new and vacant FTE funding pool for new positions being utilized.
- The judicial branch had vacant position savings of \$1,795,940 during the 2023-25 biennium of which \$1,258,583 was reallocated for accrued leave payments, step system increases, compensation and overtime pay, position reclassifications, and salary equity adjustments.

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, provided a report ([Appendix I](#)) regarding the final status of the 2023-25 biennium legislative branch new and vacant FTE funding pool. He noted:

- A total of \$479,137 was allocated for the legislative branch new and vacant FTE funding pool. A total of \$209,000 was utilized for new positions and no funding was used for vacant positions resulting in \$270,137 remaining in the pool.
- The legislative branch had vacant positions savings of \$685,454 during the 2023-25 biennium of which \$77,069 was reallocated for accrued leave payments and temporary salary funding.

NORTH DAKOTA FINANCE FACTS

At the request of Chairman Vigesaa, Mr. Knudson reviewed the [2025 North Dakota Finance Facts](#) pocket brochure.

STATE TREASURER - OUTSTANDING WARRANTS AND CHECKS

Mr. Thomas Beadle, State Treasurer, presented information ([Appendix J](#)) regarding warrants and checks outstanding for more than 90 days and less than 3 years pursuant to Section 54-11-01. He noted:

- The total dollar amount of outstanding checks increased from \$8.2 million in fiscal year 2024 to \$8.5 million for fiscal year 2025.
- Approximately 5,897 checks totaling \$1,306,073 issued in fiscal year 2023 will be transferred to unclaimed property in October 2025.
- As of September 2025, there are 21,660 outstanding checks totaling \$8.5 million issued during fiscal years 2023, 2024, and 2025.

DEPARTMENT OF COMMERCE - RENAISSANCE FUND ORGANIZATIONS ANNUAL REPORT

Ms. Rikki Roehrich, Deputy Director, Division of Community Services, Department of Commerce, presented information ([Appendix K](#)) regarding annual audits of renaissance fund organizations pursuant to Section 40-63-07(9). She noted:

- The purpose of a renaissance fund organization (RFO) is to raise funds to be used to finance projects located in designated renaissance zones. There are 53 cities that have a renaissance zone. Of those cities, 8 have established an RFO, including Casselton, Fargo, Jamestown, Hazen, Mayville, West Fargo, Hope, and Grand Forks.
- The Legislative Assembly has approved \$10,500,000 in tax credits for RFO projects since 1999. A total of \$20,055,732 has been invested in RFOs during this time and \$10,027,866 of credits has been claimed. A total of \$472,134 of credits remain to be claimed.

FIRE DISTRICT EXPENDITURES AND DISTRIBUTIONS FROM THE INSURANCE TAX DISTRIBUTION FUND

Mr. Douglas Nelson, State Fire Marshal, Insurance Department, presented information ([Appendix L](#)) regarding expenditures by certified fire departments and funds received from the insurance tax distribution fund and reserve fund balances for 2023 and 2024, pursuant to Section 18-04-02. He noted:

- The insurance tax distribution fund was created in 1887 and receives revenues from insurance premium taxes. Money in the fund is distributed to qualified fire departments to maintain fire services.
- To receive a distribution from the fund, a fire department must complete a certificate of existence by October 31 of each year, have been in existence for at least 8 months, provide minimum requirements to maintain an Insurance Services Office - Public Protection Classification of nine or better, and be in compliance with fire reporting requirements detailed in Section 18-01-06.
- A total of 350 fire departments received \$14,152,729 of distributions in 2023 and \$14,556,939 was distributed in 2024.

**DEPARTMENT OF CORRECTIONS AND REHABILITATION -
INMATE REPORT**

Mr. Colby Braun, Director, Department of Corrections and Rehabilitation, presented information ([Appendix M](#)) regarding the department's prison population management plan, inmate admissions, and the number of inmates the department has not admitted after sentencing pursuant to Section 54-23.3-11. He noted:

- The maximum operational capacity for male inmates is 1,624 and the current male inmate count is 1,925.
- The current female inmate count is 277 which is the maximum operational capacity. However, an additional 304 beds will be added when the new Heart River Correctional Center is completed in October 2027.

NORTH DAKOTA OUTDOOR HERITAGE FUND REPORT

Ms. Brenna Jessen, Fiscal Manager and Grants Officer, Industrial Commission, presented information ([Appendix N](#)) regarding the North Dakota Outdoor Heritage Fund. She noted:

- The North Dakota Outdoor Heritage Fund received \$15 million of oil and gas production taxes during the 2023-25 biennium.
- A total of 26 grant rounds have been held since 2013, resulting in \$103,500,184 being awarded to 260 projects throughout North Dakota.

**BOARD OF UNIVERSITY AND SCHOOL LANDS
INVESTMENT PERFORMANCE**

Mr. Joseph Heringer, Commissioner, Board of University and School Lands, presented information ([Appendix O](#)) regarding the investment of assets under the control of the board. He noted as of May 2025, the board was managing approximately \$10.2 billion of assets, of which \$8.2 billion were assets of permanent trust funds. He noted the assets of the permanent trust funds were invested as follows:

	Asset Allocation	Percentage of Allocation	Target Allocation
United States equity	\$1,391,075,247	16.9%	15.0%
International equity	1,383,531,502	16.9%	15.0%
Private equity	280,118,406	3.4%	8.0%
Public credit	1,663,655,044	20.3%	15.0%
Private credit	1,264,239,072	15.4%	20.0%
Cash/implied leverage	(161,655,339)	(2.0%)	(5.0%)
Multistrategy hedge funds	1,258,740,662	15.4%	15.0%
Real estate	717,692,329	8.7%	10.0%
Private infrastructure	411,534,732	5.0%	7.0%
Total	\$8,208,931,655	100.0%	100.0%

Mr. Heringer noted:

- The net return for the permanent trust fund as of June 30, 2025, was 11.60 percent for the prior year compared to a benchmark of 11.29 percent, 9.04 percent for the prior 3 years compared to a benchmark of 9.08 percent, and 8.44 percent for the prior 5 years compared to a benchmark of 8.24 percent.
- As of June 30, 2025, the net return on investments for the strategic investment and improvements fund was 2.51 percent for the prior 6 months compared to a benchmark of 2.49 and 5.44 percent for the prior year compared to a benchmark of 5.31 percent.
- In fiscal year 2025, the department paid \$91.6 million of fund management fees to private entities for managing approximately \$7.35 billion of assets.

NORTH DAKOTA UNIVERSITY SYSTEM LOCAL FUNDS REPORT

Ms. Jamie Wilke, Director of Finance, North Dakota University System, presented information ([Appendix P](#)) pursuant to Section 15-10-12.3 regarding the sources of funds received for construction

projects of entities under the control of the State Board of Higher Education. She noted eight projects were authorized in a previous biennium and continued into the 2023-25 biennium. Four of the projects were completed during the 2023-25 biennium and four were continued into the 2025-27 biennium.

COUNCIL ON THE ARTS LINE ITEM TRANSFER

Ms. Jessica Christy, Executive Director, Council on the Arts, presented information ([Appendix Q](#)) regarding line item transfers made in excess of \$50,000 during the 2023-25 biennium pursuant to Section 5 of House Bill No. 1010 (2023). She noted \$68,450 was transferred from the operating expenses line item to the salaries and wages line item during the 2023-25 biennium for accrued leave payouts.

FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM

Ms. Sarah Aker, Medical Services Director, Department of Health and Human Services, presented information ([Appendix R](#)) regarding the federal Rural Health Transformation Program. She noted:

- The program includes a base line funding component that will provide \$100 million per year for 5 years to approved states.
- The program includes a workload funding component that states can apply for additional funding for various initiatives.
- States must submit their applications to receive funding by November 5, 2025.

Senator Hogue announced he is appointing an interim committee to review the provisions of the Rural Health Transition Program and provide input to the Department of Health and Human Services regarding the state's application for grant funding. He noted the committee will consist of members of the standing House and Senate Human Services Committees, the standing House Appropriations - Human Resources Division, the standing Senate Appropriations - Human Resources Division, the chairmen of the full House and Senate Appropriations Committees, and the Speaker of the House.

OTHER BUSINESS

Chairman Vigesaa announced the Budget Section is tentatively scheduled to meet on Wednesday, December 10, 2025.

No further business appearing, Chairman Vigesaa adjourned the meeting at 12:45 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:18