



BUDGET SECTION

Wednesday, March 18, 2026
 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, Glenn Bosch, Mike Brandenburg, Gretchen Dobervich, Jay Fisher, Karla Rose Hanson, Keith Kempenich, Mike Lefor, Bob Martinson, Lisa Meier, Alisa Mitskog, David Monson, Eric J. Murphy, Mike Nathe, Jon O. Nelson, Brandy L. Pyle, David Richter, Matthew Ruby, Mark Sanford*, Gregory Stemen, Steve Swiontek*, Scott Wagner, Robin Weisz; Senators Brad Bekkedahl, Josh Boschee, Randy A. Burckhard, Sean Cleary, Cole Conley, Kyle Davison, Dick Dever, 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, Terry M. Wanzek*

Members absent: Representatives Mike Berg, Zachary Ista, Scott Louser; Senator Michael Dwyer

Others present: See [Appendix A](#) for additional persons present.
 *Attended remotely

It was moved by Senator Mathern, seconded by Senator Burckhard, and carried on a voice vote that the minutes of the December 10, 2025, meeting be approved 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, balances of selected special funds, General Fund revenue collections, oil prices and production, the Voluntary Separation Incentive Program, and the status of new and vacant FTE pools.

STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS

Mr. Morrissette presented information ([Appendix C](#)) regarding 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
Attorney General	N/A	\$100,000
Department of Transportation	January 2028 - December 2029	\$16,300,000
Department of Transportation	January 2028 - July 2031	\$25,000,000

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

Agency	Time Period of Grant	Amount
Department of Public Instruction	January 2026 - December 2031	\$10,000,000
Department of Transportation	September 2025 - March 2029	\$5,070,000

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Mr. Morrisette presented information ([Appendix D](#)) regarding irregularities in the fiscal practices of the state pursuant to Section 54-14-03.1. He presented the following fiscal irregularities for the period November 2025 through January 2026:

Agency	Fiscal Irregularity	Amount
Retirement and Investment Office	Incentive payments	\$1,258,488
Veterans' Home	Incentive payments	\$5,765
Department of Health and Human Services	Incentive payments	\$97,150
School for the Deaf	Pay adjustments	\$705
Department of Health and Human Services	Pay adjustments	\$2,390
Department of Financial Institutions	Pay adjustments	\$874
Department of Transportation	Pay adjustments	\$1,376
State Auditor	Retroactive payments	\$1,969
Tax Department	Retroactive payments	\$771
Ethics Commission	Retroactive payments	\$595
Department of Health and Human Services	Retroactive payments	\$46,511
Department of Financial Institutions	Retroactive payments	\$558
Department of Corrections and Rehabilitation	Retroactive payments	\$1,431
Adjutant General	Retroactive payments	\$607
State Historical Society	Retroactive payments	\$3,730
Bank of North Dakota	Severance payments	\$112,327
Office of Management and Budget	Temporary increases	\$2,000
Tax Department	Temporary increases	\$7,560
Department of Public Instruction	Temporary increases	\$11,650
Department of Veterans' Affairs	Temporary increases	\$3,750
Department of Health and Human Services	Temporary increases	\$93,337
Job Service North Dakota	Temporary increases	\$1,803
Insurance Commissioner	Temporary increases	\$4,013
Department of Corrections and Rehabilitation	Temporary increases	\$3,035
Department of Commerce	Temporary increases	\$3,225
Parks and Recreation Department	Temporary increases	\$6,000
State Water Commission	Temporary increases	\$3,600

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Vigesaa directed the Budget Section to consider agency requests ([Appendix E](#)) that have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Mr. Morrisette presented information regarding the following requests that were authorized by the Emergency Commission and require consideration by the Budget Section:

- **Department of Public Instruction (Request #2160)** - The request is to transfer \$5,264,918 of federal funds contingency appropriation authority to the salaries and wages line item (\$216,952) and the operating expenses line item (\$5,047,966) to accept and expend funds from a federal Education Innovation and Research Grant.
- **Department of Corrections and Rehabilitation (Request #2161)** - The request is to transfer \$105,000 of General Fund contingency appropriation authority to the operating expenses line item to purchase a global positioning system for monitoring of individuals sentenced to the Department of Corrections and Rehabilitation and placed in a transitional or work release program.
- **Department of Health and Human Services (Request #2162)** - The request is to transfer \$1,960,784 of federal funds contingency appropriation authority to the operating expenses line item to accept and expend a federal Medicaid Government Efficiency Grant for required system changes to the department's self-service portal and combined eligibility system.
- **Department of Health and Human Services (Request #2163)** - The request is to transfer \$1,189,769 of federal funds contingency appropriation authority to the operating expenses line item to accept and expend a federal Supplemental Nutrition Assistance Program Process and

Technology Improvement Grant Program for improvements to the self-service portal and combined eligibility system.

Ms. Ann Ellefson, Director of Academic Support, Department of Public Instruction, responded to committee member questions regarding Request #2160.

It was moved by Senator Davison, seconded by Senator Dever, and carried on a roll call vote that the Budget Section approve Emergency Commission Requests #2160, #2161, #2162, and #2163. Representatives Vigesaa, Anderson, Brandenburg, Dobervich, Fisher, Hanson, Kempenich, Lefor, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, Pyle, Richter, Ruby, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl, Boschee, Burckhard, Cleary, Conley, Davison, Dever, Erbele, Hogan, Hogue, Klein, Lemm, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." No negative votes were cast.

INFORMATION TECHNOLOGY DEPARTMENT REPORTS

Mr. Craig Felchle, Chief Technology Officer, and Mr. Greg Hoffman, Deputy Chief Information Officer, Information Technology Department; and Mr. Tony Ambrose, Bridge Executive Lead, Department of Public Instruction, presented reports ([Appendix F](#)) regarding the Information Technology Department's (ITD) actions to update state-controlled websites to comply with federal requirements, the status of the student information system transition, and the status of the ITD Operating Fund. They noted:

- ITD is updating the state's websites and digital content to comply with the federal Americans with Disabilities Act. The department is utilizing a \$1.5 million general appropriation to contract for services to comply with federal requirements.
- The student information system project is underway and a software product called Infinite Campus is being implemented as the new state student information system, replacing the PowerSchool system.
- As of February 2026, the balance of the ITD Operating Fund was \$11.2 million. During February 2026, the fund received revenues of \$10 million and had expenses of \$8.3 million.

LEGISLATIVE AND JUDICIAL BRANCH NEW AND VACANT FTE POOLS

Mr. Don Wolf, Finance Director, Supreme Court, provided a report ([Appendix G](#)) regarding the 2025-27 biennium judicial branch new and vacant FTE pool. He noted:

- A total of \$7,972,973 was allocated for the judicial branch new and vacant FTE pool. To date, no transfers have been made from the pool.
- For the biennium to date, the judicial branch realized vacant position savings of \$734,583 and has used \$205,956 of the savings for other purposes, including accrued leave payments, overtime, and position reclassifications.

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, provided a report ([Appendix H](#)) regarding the 2025-27 biennium legislative branch new and vacant FTE pool. He noted:

- A total of \$5,088,515 was allocated for the legislative branch new and vacant FTE pool. A total of \$2,550,000 has been used for new positions and no funding has been used for vacant positions.
- To date, the legislative branch has had vacant position savings of \$218,391, of which \$6,629 has been used for accrued leave payouts.

STATE BUDGET ACTIONS SUPPLEMENT

Mr. Knudson reviewed the [State Budget Actions Supplement for the 2025-27 Biennium Report](#).

FLEXIBLE TRANSPORTATION FUND PROJECTS

Mr. Ron Henke, Director, Department of Transportation, presented requests ([Appendix I](#)) to use funding from the Flexible Transportation Fund pursuant to Section 24-02-37.3 for projects over \$10 million. He noted the department is requesting approval for the following projects:

- Rehabilitation of city streets and sidewalks north of Pacific Avenue in Medora.
- Replacement of a bridge in Cass County located 3 miles north and 2 miles east of Harwood.

It was moved by Representative Kempenich, seconded by Senator Cleary, and carried on a roll call vote that the Budget Section approve the use of the Flexible Transportation Fund for the Medora city street project. Representatives Vigesaa, Anderson, Bosch, Brandenburg, Dobervich, Hanson, Kempenich, Lefor, Meier, Mitskog, Nathe, Nelson, Pyle, Sanford, Stemen, Swiontek, Wagner, and Weisz and Senators Cleary, Davison, Erbele, Hogue, Klein, Lemm, Meyer, Sickler, and Wanzek voted "aye." Representatives Fisher, Martinson, Monson, Murphy, Richter, and Ruby and Senators Bekkedahl, Burckhard, Conley, Dever, Hogan, Magrum, Mathern, Schaible, Sorvaag, and Thomas voted "nay."

It was moved by Representative Pyle, seconded by Representative Meier, and carried on a roll call vote that the Budget Section approve the use of the Flexible Transportation Fund for the Cass County bridge replacement project. Representatives Vigesaa, Anderson, Bosch, Brandenburg, Dobervich, Fisher, Hanson, Kempenich, Lefor, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, Pyle, Richter, Ruby, Stemen, Swiontek, Wagner, and Weisz and Senators Bekkedahl Boschee, Burckhard, Cleary, Conley, Davison, Dever, Erbele, Hogan, Hogue, Klein, Lemm, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, and Wanzek voted "aye." Senator Magrum voted "nay."

FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM

Mr. Pat Traynor, Interim Commissioner, Department of Health and Human Services, presented an update ([Appendix J](#)) on the federal Rural Health Transformation Program. He noted:

- For the current grant year through September 30, 2026, the program is awarding \$198.9 million for initiatives to strengthen and stabilize the rural health care workforce, connecting technology, data and providers, bringing high-quality care close to home, and making North Dakota healthy again.
- The department is beginning to accept applications from potential grant recipients for various projects and initiatives.

NATIONAL GUARD SERVICE MEMBER, VETERAN, FAMILY, AND SURVIVOR SUPPORT PROGRAM

Brigadier General Mitchell Johnson, Adjutant General, North Dakota National Guard, presented a report ([Appendix K](#)) pursuant to Section 37-03-18 regarding the status of the North Dakota National Guard Service Member, Veteran, Family, and Survivor Support Program. He noted the program has provided over \$158,000 since 2021 to support ND Cares events, survivor outreach events, and military youth camps.

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 L](#)) regarding the status of the Unemployment Insurance Trust Fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. She reported:

- 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.
- As of December 31, 2025, the balance of the Unemployment Insurance Trust Fund was \$332.1 million, \$11.6 million more than the target balance of \$320.5 million, and the modified average high-cost multiplier was 1.03, 0.03 above the projected target of 1.00.

**RETIREMENT AND INVESTMENT OFFICE
INCENTIVE COMPENSATION PROGRAM**

Ms. Jodi A. Smith, Executive Director, Retirement and Investment Office, presented a report ([Appendix M](#)) pursuant to Section 54-52.5-04 regarding the office's Incentive Compensation Program. She noted eligible employees may receive a bonus ranging from 25 to 100 percent of their annual salary based on investment returns. A total of \$1,258,488 of bonuses were provided based on 2025 investment returns.

Ms. Smith and Mr. Scott Anderson, Chief Investment Officer, Retirement and Investment Office, responded to committee member questions.

OTHER BUSINESS

Chairman Vigesaa announced the Budget Section is tentatively scheduled to meet on Wednesday, June 24, 2026.

No further business appearing, Chairman Vigesaa adjourned the meeting at 1:10 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:13