



BUDGET SECTION - LEADERSHIP DIVISION

Wednesday, September 30, 2026
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Mike Lefor, Chairman, called the meeting to order at 1:02 p.m.

Members present: Representatives Mike Lefor, Gretchen Dobervich,* Don Vigesaa, Robin Weisz; Senators Brad Bekkedahl, Kathy Hogan, David Hogue, Jerry Klein

Members absent: Representatives Glenn Bosch, Zachary Ista

Others present: Representative Nathan Toman

Donna Aukland, Department of Health and Human Services; Don Morgan and Kelvin Hullet, Bank of North Dakota; Jim Peterson, North Dakota Wheat Commission; Julie Ellingson, North Dakota Stockmen's Association

**Attended remotely*

It was moved by Senator Bekkedahl, seconded by Senator Klein, and carried on a voice vote that the minutes of the June 24, 2026, meeting be approved as distributed.

RURAL HEALTH TRANSFORMATION PROGRAM

Ms. Donna Aukland, Chief Financial Officer, Department of Health and Human Services, provided information ([Appendix A](#)) regarding the federal Rural Health Transformation Program. She noted:

- Ms. Krissie Mayer has been named program director and has over 20 years of public health experience, including 12 years of program management at the department.
- Based on a recommendation from the federal Centers for Medicare and Medicaid Services, the department plans to partner with three other organizations (anchor partners) to administer portions of the grant program.
- The anchor partners will administer remaining 2026 funding that is not yet obligated, while the department will continue managing previously approved grants and retain steering committee oversight. The transition is expected to improve contracting and applicant communications.
- Updated guidance from the Centers for Medicare and Medicaid Services includes equipment replacement within the program's 20 percent construction maximum. Purchases of new equipment are excluded from the maximum.
- Department-obligated funds total approximately \$37.4 million, and anchor partner funds total approximately \$161.6 million.
- Federal 2nd year funding is expected by October 15, 2026. A revised budget is due October 30, 2026, and the first quarterly report is due November 30, 2026.

Committee members discussed partner selection, administrative costs, oversight, equipment reimbursement, and funding timeliness.

LEGISLATIVE TASK FORCE ON GOVERNMENT EFFICIENCY

Representative Nathan Toman, Chairman, Legislative Task Force on Government Efficiency, provided information regarding task force activities. He noted:

- The task force has completed its interim work and the final report is being prepared.
- Many programs the task force reviewed lack the data necessary for cost-benefit analysis.
- Clearly defined outcomes and improved data collection are needed to evaluate program effectiveness and strengthen accountability, including for workforce recruitment and retention programs.

Committee members discussed coordination among the State Auditor's office, Legislative Council, and Office of Management and Budget in evaluating program outcomes.

CASH MANAGEMENT BOARD

Mr. Don Morgan, President and Chief Executive Officer, Bank of North Dakota, provided information ([Appendix B](#)) regarding Cash Management Board activities under House Bill 1278 (2025). He noted:

- The board is reviewing cash management, forecasting, and investment practices from a statewide perspective.
- A consolidated summary identifies approximately \$35 billion in state-managed assets, excluding pension and insurance trust funds, with an acceptable liquidity ratio of approximately 11 percent.
- The Bank and State Treasurer are replacing more than 500 6-month certificates of deposit with a savings account providing comparable interest rates and reducing administrative work.
- The board intends to consider legislation adjusting the timing of Legacy Fund transfers for property tax relief to allow funds to remain invested longer.

Committee members discussed investment returns, liquidity, interest allocation, and coordination among state entities.

CROP PRODUCTION AND PRICES

Mr. Jim Peterson, Executive Director, North Dakota Wheat Commission, provided information ([Appendix C](#)) regarding crop production and prices in North Dakota. He noted:

- North Dakota's annual crop value has ranged from approximately \$9 billion to \$11 billion over the past 5 years, placing the state among the top five nationally in crop value at the producer level.
- Drought and high temperatures during the growing season reduced 2026 yields, while wet harvest conditions delayed harvest and affected quality.
- Improving prices are expected to increase total crop value slightly above 2024 and 2025 levels. Elevated production costs continue to negatively affect producer income.
- Federal assistance and crop insurance remain important, while biofuels growth and demand for high-quality wheat provide market opportunities.

BANK OF NORTH DAKOTA LINES OF CREDIT

Mr. Kelvin Hullet, Chief Public Affairs Officer, Bank of North Dakota, provided information ([Appendix D](#)) regarding legislatively authorized lines of credit. He noted:

- Approved and authorized lines of credit with the Bank total approximately \$1.15 billion, with approximately \$159.8 million outstanding.
- Outstanding balances are projected to total approximately \$338.2 million on June 30, 2027, including \$70 million for the Theodore Roosevelt Presidential Library, which is to be repaid with private donations.

- Anticipated June 30, 2027, balances include \$100 million for the State Hospital, \$70 million for the Clean Sustainable Energy Authority, and \$50 million for the Water Infrastructure Revolving Loan Fund.
- Anticipated June 30, 2029, balances total \$150 million for Pipeline Authority capacity obligations, the Value Added Agriculture Production Facility Incentive Program, and the Military Museum.

Committee members discussed State Hospital funding and continuation of borrowing authority, Theodore Roosevelt Presidential Library interest payments, and the Department of Health and Human Services child welfare technology project.

CATTLE INDUSTRY OUTLOOK

Ms. Julie Ellingson, Executive Vice President, North Dakota Stockmen's Association, provided information ([Appendix E](#)) regarding the North Dakota cattle industry. She noted:

- North Dakota has 6,749 farms and ranches with beef cattle, and the industry generated approximately \$1.77 billion in cash receipts in 2025.
- Strong beef demand and limited national supplies support near-record cattle prices, while North Dakota's cattle inventory increased to approximately 1.73 million head in 2026.
- Cattle and calf cash receipts in North Dakota are projected to reach approximately \$1.91 billion in 2026, surpassing wheat as the state's third-largest agricultural sector.
- Drought, rising input costs, labor shortages, trade uncertainty, and market volatility remain challenges, making insurance and federal disaster programs important risk management tools.

Committee members discussed cattle herd growth, expanded meat processing opportunities, and feedlot development in North Dakota.

FEDERAL FARM PROGRAMS

Ms. Breck L. Graves, Fiscal Analyst, Legislative Council, presented a memorandum entitled [Major Federal Programs Available to North Dakota Farmers](#). She noted:

- The "One Big Beautiful Bill Act" enhanced commodity price and revenue safety net programs, authorized additional base acres, increased payment limits, and expanded crop insurance assistance and conservation funding.
- A temporary bridge assistance program supported producers awaiting enhanced farm safety net payments, with approximately \$709.1 million distributed to North Dakota producers through the federal Farmer Bridge Assistance Program as of September 7, 2026.
- North Dakota producers received approximately \$667.9 million in Supplemental Disaster Relief Program Stage 1 payments as of September 10, 2026.
- Conservation programs also support producer income, including approximately \$74.1 million in annual federal Conservation Reserve Program rental payments scheduled for October 2026.

PRELIMINARY BUDGET OUTLOOK

Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, Legislative Council, presented a memorandum entitled [Preliminary Budget Outlook - 2027-29 biennium](#). He noted:

- The preliminary 2025-27 General Fund ending balance is projected to be approximately \$279.8 million, reflecting below-forecast collections and estimated remaining income tax effects of the "One Big Beautiful Bill Act."
- Preliminary estimated 2027-29 General Fund resources total approximately \$5.79 billion, compared with approximately \$6.35 billion in appropriations, resulting in a preliminary General Fund shortfall of approximately \$563.5 million.

- Net cost-to-continue items total approximately \$238.2 million, including items related to state employee compensation, human services, education, and line of credit repayments, partially offset by additional Common Schools Trust Fund income.
- Preliminary projected balances available in the 2027-29 biennium include approximately \$1.14 billion in the Strategic Investment and Improvements Fund and \$941.5 million in the Budget Stabilization Fund.

It was moved by Senator Hogue, seconded by Senator Klein, and carried on a voice vote that the Legislative Council staff prepare a summary of the division's activities for the 2025-26 interim for inclusion in the Budget Section's report to the Legislative Management.

No further business appearing, Chairman Lefor adjourned the meeting at 3:50 p.m.

Allen H. Knudson
Legislative Budget Analyst and Auditor

Breck L. Graves
Fiscal Analyst

ATTACH:5