

TESTIMONY OF

Joe Morrissette, Director, Office of Management and Budget

Good morning, Chairman Vigesaa and members of the House Appropriations committee. I am Joe Morrissette, the Director of the Office of Management and Budget (OMB) and I am here to ask your support for the deficiency appropriation bill, HB 1024.

The information contained in the attached amendment reflects the deficiency appropriation requests known to OMB at this time. The amounts on this amendment are slightly different than reflected in the Armstrong executive budget, finalized earlier this month, and different than the amounts reflected in the Burgum budget recommendation, finalized in November 2024.

I will provide a brief overview of each request as reflected on the attached amendment. Representatives from each agency are here to provide additional detail or answer specific questions.

Office of the Adjutant General

The requested deficiency appropriation for the Office of the Adjutant General is \$19,420,541. This request includes \$15,125,752 to cover the cost of loans from the Bank of North Dakota for the state response to the Dakota Access Pipeline (DAPL) protest. Of this amount, \$13,362,262 for principal repayment and \$1,763,490 for accumulated interest. The remaining \$4,294,789 request relates to response costs for state disasters. The entire \$19,420,541 is proposed as a deficiency appropriation from the general fund.

Office of the Governor

The current biennium budget for the Office of the Governor includes a \$50,000 appropriation for Transition Out costs related to the change in administration. This funding is a place holder because actual transition costs, if there is a transition, were unknown at the time of the 2023 legislative session. This funding is primarily for the payout of accrued leave balances, required when a team member leaves state service. Actual leave payouts were nearly \$90,000. Since the current budget already includes \$50,000, the ask is for an additional \$40,000 from the general fund to cover these costs.

Office of Management and Budget

Several divisions of the Office of Management and Budget (OMB) operate on special fund authority, including Risk Management, Shared Services, and a large portion of Facility Management. Actual special fund authority included in our current appropriation is expected to be insufficient as we close out the biennium. This funding relates to spending in various areas, including operating, data processing, insurance and utilities. No general fund dollars are

requested, only \$195,000 special funds spending authority. Special fund revenues are adequate to cover this deficiency request.

Office of the Attorney General

The requested deficiency appropriation for the Office of the Attorney General is \$3,050,000. This request includes \$3,000,000 to supplement the litigation pool appropriation. For the 2023-25 biennium, the appropriation for the Attorney General includes \$8,000,000 for the litigation pool. As of Dec. 31, 2024, \$4,389,483 has been spent from the pool. The requested \$50,000 appropriation is to cover costs to reimburse counties for prosecution witness fees. The original appropriation for this purpose is \$95,056, and \$84,748 has been spent through Dec. 31. The entire \$3,050,000 is proposed as a deficiency appropriation from the general fund.

Department of Public Instruction

The requested deficiency appropriation for the Department of Public Instruction is \$30,000,000 for additional federal funds authority related to increases in Title I, Special Education and the school food program.

Department of Veterans Affairs

The requested deficiency appropriation for Veterans Affairs is \$80,000 to cover an estimated deficiency in their salary budget. This amount is proposed as a deficiency appropriation from the general fund.

Department of Corrections and Rehabilitation

The deficiency request for the Department of Corrections and Rehabilitation (DOCR) is related to population overcrowding. The daily inmate population has exceeded operational capacity for the men since July 2023. Factors outside of agency control will continue to be the main determinate of DOCR prison population levels. As of Jan. 28, the male population was 240 over capacity and the women population was four over capacity. Through the legislatively authorized transfer of federal American Rescue Plan Act (ARPA) funding to cover eligible salary expenditures, the DOCR is expected to have general fund turnback of approximately \$45,000,000. Although that turnback could be offset by the amount of this deficiency request. In order to keep the two issues separate and transparent, the department is requesting a general fund deficiency appropriation of \$11,500,000 to cover these excess costs through the remainder of the biennium.

Department of Water Resources

The requested deficiency appropriation for the Department of Water Resources is \$10,000,000 special fund spending authority for repayment of the line of credit for the Water Infrastructure Revolving Loan Fund, pursuant to 2023 Senate Bill 2397. The bill requires Water Resources to request a deficiency appropriation. It does not specify the funding source for the repayment.

Mr. Chairman and committee members, this concludes my testimony. I ask your support for the proposed amendments to HB 1024. I would be happy to answer any questions or turn it over to agency representatives who can provide more detail on these requests.

25.0741.01000

Sixty-ninth
Legislative Assembly
of North Dakota

Introduced by

Appropriations Committee

**PROPOSED AMENDMENTS TO
HOUSE BILL NO. 1024**

1 A BILL for an Act to provide an appropriation for defraying the expenses of various state
2 departments and institutions; and to declare an emergency.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
5 as may be necessary, are appropriated out of any moneys in the general fund in the state
6 treasury, not otherwise appropriated, to the state departments and institutions of the state of
7 North Dakota for the purpose of defraying their expenses for the period beginning with the
8 effective date of this Act, and ending June 30, 2025, as follows.

9 Subdivision 1.

10 OFFICE OF THE ADJUTANT GENERAL

11 <u>Protest response loan - principal</u>	<u>\$13,362,262</u>
12 <u>Protest response loan - interest</u>	<u>1,763,490</u>
13 Loan repayment - disaster costs	\$2,188,735 <u>4,294,789</u>
14 Total general fund	\$2,188,735 <u>19,420,541</u>

15 Subdivision 2.

16 OFFICE OF THE GOVERNOR

17 <u>Salary expenses</u>	<u>\$40,000</u>
18 <u>Total general fund</u>	<u>\$40,000</u>

19 Subdivision 3.

20 OFFICE OF MANAGEMENT AND BUDGET

21 <u>Operating expenses</u>	<u>\$195,000</u>
22 <u>Total other funds</u>	<u>\$195,000</u>

1 seek reimbursement from the federal government for the costs of responding to unlawful activity
2 associated with the construction of the Dakota access pipeline. It is further the intent of the
3 sixty-ninth legislative assembly that these reimbursements be used to repay the Bank of North
4 Dakota loans authorized by the emergency commission and the legislative assembly which
5 were obtained to provide the funding necessary to respond to the unlawful activity associated with
6 the construction of the Dakota access pipeline. It is further the intent of the sixty-ninth legislative
7 assembly that the provisions of section 54-16-13 apply to the loans, except that emergency
8 commission approval does not apply.

9 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.