



BUDGET SECTION

Friday, May 15, 2020

Senator Terry M. Wanzek, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Terry M. Wanzek, Brad Bekkedahl, Dick Dever, Robert Erbele, John Grabinger, Joan Heckaman, David Hogue, Ray Holmberg, Jerry Klein, Karen K. Krebsbach, Tim Mathern, Dave Oehlke, Nicole Poolman, Ronald Sorvaag, Rich Wardner; Representatives Bert Anderson, Thomas Beadle, Larry Bellew, Tracy Boe, Josh Boschee, Mike Brandenburg, Jeff Delzer, Karla Rose Hanson, Richard G. Holman, Michael Howe, Lawrence R. Klemin, Gary Kreidt, Scott Louser, Bob Martinson, Lisa Meier, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Chet Pollert, Mark Sanford, Mike Schatz, Jim Schmidt, Randy A. Schobinger, Don Vigesaa

Members absent: Senators Gary A. Lee, Larry J. Robinson; Representative Keith Kempenich

Others present: See [Appendix A](#)

It was moved by Senator Holmberg, seconded by Representative Mock, and carried on a voice vote that the minutes of the April 7, 2020, meeting be approved as distributed.

STATE BUDGET INFORMATION

General Fund Status

Mr. Joe Morrissette, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the general fund and the balances of selected special funds. He presented the following information on the status of the general fund for the 2019-21 biennium:

Unobligated general fund balance - July 1, 2019		\$65,000,000
Balance obligated for authorized carryover from the 2017-19 biennium		130,404,813
Total beginning general fund balance - July 1, 2019		\$195,404,813
Add		
General fund collections to date	\$2,229,267,868	
Remaining forecasted general fund collections	2,675,146,391	
Total estimated general fund collections		4,904,414,259
Total estimated revenues available		\$5,099,819,072
Less		
Legislative appropriations - One-time	(\$48,639,068)	
Legislative appropriations - Ongoing	(4,794,924,098)	
Authorized carryover from previous biennium	(130,404,813)	
2019-21 authority spent in 2017-19 pursuant to emergency clause	106,000	
Total appropriations		(4,973,861,979)
Estimated ending general fund balance - June 30, 2021 - Before transfers		\$125,957,093
Transfer to budget stabilization fund ¹		0
Estimated ending general fund balance - June 30, 2021		\$125,957,093

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. The budget stabilization fund is estimated to be at the maximum balance at the end of the 2019-21 biennium.

Balances of Selected Special Funds

Mr. Morrisette presented the following schedule detailing estimated fund balances of selected special funds as of April 30, 2020:

Budget stabilization fund	\$696,719,225
Legacy fund	\$6,197,133,699
Foundation aid stabilization fund	\$366,752,096
Tax relief fund	\$290,474,146

Mr. Morrisette said the balance of the strategic investment and improvements fund on February 29, 2020, was \$744,893,342. He said of this amount, \$680,580,508 is obligated which provides for an unobligated balance of \$64,312,834.

Mr. Morrisette said the budget stabilization fund was previously at its maximum balance of \$726.5 million. However, he said, investment losses have caused the fund balance to decline to \$696.7 million. He said he anticipates investment gains will return the fund to its maximum balance by the end of the biennium.

In response to a question from Representative Pollert, Mr. Morrisette said many oil wells in the state have been shut in due to the low price of oil; however, a recent price increase has reduced the number of oil wells being shut in. He said the estimated current oil production level is in the range 900,000 to 1,000,000 barrels per day. He said the legislative forecast anticipated oil production of 1,400,000 barrels per day during the 1st year of the biennium.

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Wanzek directed the Budget Section to consider agency requests ([Appendix C](#)) authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Mr. Morrisette provided information regarding the following requests authorized by the Emergency Commission and which require consideration by the Budget Section:

- **Attorney General (Request #1965)** - The request is to increase federal funds spending authority by \$2,082,871 to accept and expend grant funds for costs relating to the Coronavirus (COVID-19) pandemic for grants to local law enforcement agencies and domestic violence and community services agencies, overtime costs incurred by the agency, agency operating costs, and capital assets to purchase safety equipment.
- **Attorney General (Request #1969)** - The request is to increase federal funds spending authority by \$750,000 for a Community Oriented Policing Services Anti-Methamphetamine Program to investigate illegal activities related to the manufacture and distribution of methamphetamine.
- **Council on the Arts (Request #1971)** - The request is to increase federal funds spending authority by \$421,700 to accept and expend grant funds for costs relating to the COVID-19 pandemic for agency administrative costs and grants to individuals and nonprofit arts and cultural organizations.
- **State Department of Health (Request #1973)** - The request is to increase federal funds spending authority by \$475,000 to accept and expend grant funds relating to COVID-19 to purchase N95 mask fit testing kits and to train additional instructors to provide fit testing.
- **State Department of Health (Request #1974)** - The request is to increase federal funds spending authority by \$201,000 to accept and expend federal grant funds to provide funding to domestic violence/rape crisis agencies to assist the agencies with increased costs related to the COVID-19 pandemic.
- **State Department of Health (Request #1975)** - The request is to increase federal funds spending authority by \$5,075,000 to accept and expend federal grant funds for COVID-19 costs related to contact tracing and case investigation, laboratory technicians, laboratory supplies, and equipment.
- **State Department of Health (Request #1976)** - The request is to transfer Centers for Disease Control and Prevention federal funds spending authority of \$6 million approved by the Emergency Commission and the Budget Section in March 2020 from various line items to a new COVID-19 response line item, including \$700,000 from the salaries and wages line item, \$3.2 million from the operating expenses line item, \$200,000 from the capital assets line item, and \$1.9 million from the grants line item.
- **Department of Human Services (Request #1979)** - The request is to increase federal funds spending authority by \$31,111,414 to accept and expend grant funds for costs relating to the COVID-19 pandemic to increase funding for the supplemental nutrition assistance program, increase estimated federal funds to be received for federal IV-E foster care and adoption assistance due to changes in the federal medical

assistance percentage, increase funding for supportive services for older adults and senior programs, provide additional funding for elderly nutrition services, increase assistance to individuals caring for family members, increase funding for the ombudsman program, provide additional funding for the Aging and Disability Resource Link, and increase mental health services.

- **Department of Human Services (Request #1980)** - The request is to increase federal funds spending authority by \$2.65 million to accept and expend funds relating to the COVID-19 pandemic from a community development block grant provided to the Department of Commerce for a household emergency rent bridge program and from the Federal Emergency Management Agency (FEMA) to provide funding to the Great Plains Food Bank.
- **Secretary of State (Request #1981)** - The request is to increase federal funds spending authority by \$3 million in the election reform line item to accept and expend federal funds to prevent, prepare for, and respond to COVID-19 related issues impacting the 2020 elections.
- **Multiple Agencies (Request #1982)** - The request is to increase federal funds spending authority by \$524,183,609 to allow the following 10 agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
 - Information Technology Department - \$67,618,226;
 - Department of Trust Lands - \$120,000;
 - State Department of Health - \$85,557,461;
 - Veterans' Home - \$131,097;
 - Department of Human Services - \$24,899,276;
 - Job Service North Dakota - \$110,000,000;
 - Industrial Commission - \$33,175,000;
 - Bank of North Dakota - \$200,000,000;
 - Department of Corrections and Rehabilitation - \$1,287,549; and
 - Department of Agriculture - \$1,395,000.
- **Department of Commerce (Request #1983)** - The request is to increase federal funds spending authority by \$5,303,030 relating to COVID-19 for the community development block grant program, the community services block grant program, and the community development emergency solutions grant program to provide assistance to eligible local government agencies, low-income facilities, and programs providing support for low-income individuals and for the benefit of unsheltered homeless, sheltered homeless, and those at risk of homelessness in the state.

In response to a question from Representative Delzer, Ms. Brenda Weisz, Chief Administrative Officer, State Department of Health, said the department has until June 30, 2021, to spend the money identified in requests #1973 and #1975. She said the department has until September 30, 2020, to spend the money identified in request #1974.

In response to a question from Senator Heckaman, the Legislative Budget Analyst and Auditor said request #1972, which authorizes the State Department of Health to receive federal funds to assist individuals with HIV, was approved by the Emergency Commission. He said Budget Section approval of the request is not needed because the request is to receive \$50,000 or less of federal funding.

In response to a question from Senator Bekkedahl, Ms. Weisz said request #1982 includes \$20 million of funds that will be disbursed to local public health units.

In response to a question from Representative Nelson, Mr. Morrissette said the State Department of Health is requesting all COVID-19 related funding be placed into a single line item for expenditure monitoring purposes. He said other agencies may not use a separate line item but will use accounting codes to monitor COVID-19 related spending.

In response to a question from Senator Mathern, Ms. Jamie Wilke, Assistant Chief Financial Officer, Department of Human Services, said she will provide information to the committee regarding federal data collection requirements needed for the department's proposed rent assistance program.

Representative Monson said he has been contacted by constituents who have expressed concern regarding the Secretary of State sending applications for absentee voting ballots to noncitizens. He said the Secretary of State's office indicated applications for ballots were sent based on driver's license records. He said some farmers have received several applications for foreign employees who previously worked on their farm.

Senator Holmberg said North Dakota is the only state that does not require voter registration. He said the Legislative Assembly may need to consider having the Secretary of State manage a voter registration system rather than using the driver's license records system to manage voter records.

Mr. Alvin A. Jaeger, Secretary of State, said the Legislative Assembly recently passed a law that requires a driver's license record for a license issued to a noncitizen to be identified separately. He said driver's license records continue to be updated as individuals renew licenses. He said absentee voter applications were sent to approximately 600,000 individuals. He said there are safeguards in the system that require an individual applying for an absentee voting ballot to provide information that is known only to the individual.

Representative Boschee expressed concern regarding individuals not qualified to vote receiving applications for absentee voting ballots. He said in the 2016 general election there only were 570,955 eligible voters yet over 600,000 individuals received an application for an absentee voting ballot this year. He said more effort is needed to manage the central voter file to ensure election integrity.

In response to a question from Representative Boschee, Mr. Jaeger said the federal funding being received may not be used to pay postage costs to return absentee voting ballots. He said approximately 130,000 absentee voting ballots have been mailed to individuals.

In response to a question from Representative Nelson, Mr. Jaeger said an individual who recently moved must use the new address when applying for an absentee voting ballot. He said an absentee voting ballot mailed to an old address may be returned as undeliverable mail. He said anyone who has not received an absentee voting ballot application should contact the Secretary of State's office or the local county auditor. He said individuals are to notify the Department of Transportation within 10 days of changing an address which results in the central voter file being updated.

In response to a question from Representative Louser, Mr. Jaeger said the driver's license of a noncitizen will differ in appearance from a resident license.

It was moved by Senator Holmberg, seconded by Senator Wardner, and carried on a roll call vote that the Budget Section approve requests #1965, #1969, #1971, #1973, #1974, #1975, #1976, #1979, #1980, #1981, and #1983, which were approved by the Emergency Commission. Senators Wanzek, Bekkedahl, Dever, Erbele, Grabinger, Heckaman, Hogue, Holmberg, Klein, Krebsbach, Mathern, Oehlke, Poolman, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boschee, Delzer, Hanson, Holman, Howe, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." No negative votes were cast.

Chairman Wanzek called for discussion on request #1982.

Mr. Morrisette said the state received an allocation of \$1.25 billion from the federal Coronavirus Relief Fund. He said the funds may be used for costs that are required due to the COVID-19 health pandemic, are not accounted for in the most recently approved budget, and are incurred during the period March 1, 2020, through December 30, 2020. He said request #1982 would authorize 10 state agencies to use \$524.2 million of the funds.

In response to a question from Representative Louser, Mr. Morrisette said the Bank of North Dakota is proposing to use \$200 million of the funds for a loan interest buydown program for businesses. He said the program would provide grants to businesses to buydown interest rates when obtaining a qualifying loan. He said the expense is recorded when the interest buydown occurs which would be prior to December 30, 2020. He said he was involved in a conference call on May 14, 2020, with a representative of the United States Department of the Treasury and was able to pose a question regarding appropriateness of using the federal Coronavirus Relief Fund for the Bank of North Dakota interest rate buydown program. He said the United States Department of the Treasury representative indicated the program appears to meet the criteria for use of the federal funds.

In response to a question from Senator Hogue, Mr. Morrisette said the Adjutant General likely will submit requests for funding at future meetings. He said the Adjutant General has received Emergency Commission approval to receive additional funds and obtain loans but the requests have not required Budget Section approval.

Senator Wardner said the Emergency Commission recently authorized the Adjutant General to receive and expend up to \$30 million of federal funding.

In response to a question from Senator Krebsbach, Mr. Morrisette said funding for local public health units will be allocated based on the current funding formula. He said if a local public health unit does not use its entire allocation, funds may be reallocated to other health units.

In response to a question from Representative Vigessa, Mr. Shawn Riley, Chief Information Officer, Information Technology Department, said the unified data platform project funding request was considered but not approved by the 2019 Legislative Assembly. He said the current request would be focused on data generated by the State Department of Health related to COVID-19 tracing.

Mr. Riley said the call center request was not previously considered by the Legislative Assembly and will be used by multiple agencies in response to COVID-19. He said some agencies have experienced a significant increase in calls and agency call centers may not be able to adequately respond. He said the call center will assist agencies to respond to the increased number of calls.

In response to a question from Representative Vigessaa, Mr. Riley said the cybersecurity funding request will require the use of general fund dollars in future bienniums. He said the department is identifying potential future costs and is working to minimize them.

Senator Holmberg expressed concern that the Information Technology Department requests are an attempt to circumvent the regular legislative budget process.

In response to a question from Representative Martinson, Mr. Riley said the Information Technology Department request includes \$750,000 for legislative branch information technology projects. He said the remaining funds in the request are focused on statewide information technology initiatives and will benefit all branches of government.

Mr. Morrisette said the legislative and judicial branches have not submitted requests to use funding from the federal Coronavirus Relief Fund. However, he said, he anticipates funding requests will be made from the legislative and judicial branches, possibly at the next Budget Section meeting.

Representative Pollert said he supports the requests to use funding from the federal Coronavirus Relief Fund. He said it is important for the state to restart the economy and the requests will assist individuals and businesses.

Senator Wardner said he also supports the requests and the restart of the state's economy.

Representative Delzer said the request to transfer funding to the unemployment insurance fund is needed to keep the fund solvent and to prevent future unemployment insurance tax increases.

In response to a question from Representative Bellew, Mr. Morrisette said the state received an allocation of \$1.25 billion from the federal Coronavirus Relief Fund and request #1982 proposes to allow agencies to use \$524.2 million of the allocation. He said agencies may request approval to use the remaining funding at future meetings. He said the funding must be used for expenses incurred through December 30, 2020.

Representative Pollert said the unemployment insurance tax fund likely will need a total of \$400 million to \$500 million from the federal Coronavirus Relief Fund to remain solvent.

In response to a question from Senator Bekkedahl, Mr. Lynn Helms, Director, Department of Mineral Resources, said the funding included in the Industrial Commission request will be used for the plugging and reclamation of abandoned oil wells. He said approximately 10 percent of wells identified for plugging have been abandoned since the start of the COVID-19 pandemic. He said the remaining wells are owned by companies that do not have the financial resources to either restart or plug the wells. He said the state has the ability to file a lien against any assets owned by a company that abandons a well.

In response to a question from Senator Heckaman, Mr. Morrisette said there will be a federal reporting process on the use of the coronavirus relief funds. He said the requests being considered appear to meet the guidance released by the United States Department of the Treasury.

It was moved by Senator Wardner, seconded by Representative Pollert, and carried on a roll call vote that the Budget Section approve request #1982, which was approved by the Emergency Commission. Senators Wanzek, Bekkedahl, Dever, Grabinger, Heckaman, Hogue, Holmberg, Klein, Krebsbach, Mathern,

Oehlke, Poolman, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boschee, Brandenburg, Delzer, Hanson, Holman, Howe, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." No negative votes were cast.

Chairman Wanzek announced the next Budget Section meeting is tentatively scheduled for Thursday, June 25, 2020.

No further business appearing, Chairman Wanzek adjourned the meeting at 11:00 a.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:3