



BUDGET SECTION

Wednesday, March 30, 2022
 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, Larry Bellew, Tracy Boe, Joshua A. Boschee*, Mike Brandenburg, Jeff Delzer, Michael Howe, Keith Kempenich, Kim Koppelman, Gary Kreidt*, Scott Louser, Bob Martinson, Lisa Meier, Alisa Mitskog*, Corey Mock, David Monson*, Mike Nathe, Jon O. Nelson, Chet Pollert, Mark Sanford, Mike Schatz*, Jim Schmidt, Randy A. Schobinger*, Michelle Strinden; Senators Brad Bekkedahl, Kyle Davison, Dick Dever, Robert Erbele, Joan Heckaman, Kathy Hogan*, David Hogue, Ray Holmberg, Jerry Klein, Karen K. Krebsbach, Tim Mathern*, Nicole Poolman, David S. Rust, Ronald Sorvaag, Terry M. Wanzek, Rich Wardner

Members absent: Senator Dave Oehlke

Others present: See [Appendix A](#)
**Attended remotely*

It was moved by Representative Meier, seconded by Senator Poolman, and carried on a voice vote that the minutes of the December 15, 2021, 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, and oil prices and production.

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
Department of Public Instruction	April 2022 - March 2024	\$317,439
Department of Human Services	April 2021 - March 2024	\$1,200,000
Department of Agriculture	September 2022 - August 2023	\$100,000
Department of Agriculture	Two years from time of award	\$700,000

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 Human Services	August 2021 - July 2026	\$200,178
Department of Agriculture	September 2021 - August 2022	\$500,000

IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Mr. Morrissette 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 December 2021 through February 2022:

Agency	Fiscal Irregularity	Amount
Department of Career and Technical Education	Correct compensation errors	\$92,311
Department of Human Services	Temporary workload adjustment	\$4,779

Attorney General	Retroactive workload adjustment	\$1,925
Department of Human Services	Retroactive recruiting and retention compensation adjustments	\$65,079
Department of Human Services	Retroactive equity increases	\$14,004
Department of Human Services	Retroactive promotion increases	\$2,971
Securities Department	Retroactive increase in responsibilities	\$667
Adjutant General	Retroactive equity increases	\$2,369

AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

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

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

- **Department of Human Services (Request #2054)** - The request is to increase federal funds spending authority by \$158,610 to accept and expend funds for home- and community-based services and assistive technology for a temporary position (\$78,610) to assist home- and community-based services case managers and for a grant (\$80,000) to train individuals to use assistive technology.
- **Department of Commerce (Request #2056)** - The request is to increase federal funds spending authority by \$1.2 million for grants from the Corporation for National and Community Service for AmeriCorps projects, including education, economic opportunity, disaster services, environmental stewardship, health, and veteran and military family projects.
- **Department of Commerce (Request #2057)** - The request is to transfer \$220,000 of federal funds from the grants line item to the operating expenses line item for commission investment funds, which is a portion of the funding provided by the Corporation for National and Community Service for the AmeriCorps program.
- **Department of Water Resources (Request #2058)** - The request is for an increase of 3 full-time equivalent positions and for approval of a line item transfer of \$452,500 from the general water grants line item to the salaries and wages (\$392,500) and capital improvements (\$60,000) line items for positions to support and administer water resources and for a replacement rover for dam safety inspections.

It was moved by Representative Delzer, seconded by Representative Howe, and carried on a roll call vote that the Budget Section approve Emergency Commission requests #2054, #2056, and #2057. Representatives Vigesaa, Anderson, Bellew, Boe, Boschee, Brandenburg, Delzer, Howe, Kempenich, Koppelman, Kreidt, Louser, Martinson, Meier, Mitskog, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Strinden and Senators Bekkedahl, Davison, Dever, Erbele, Heckaman, Hogan, Hogue, Holmberg, Klein, Krebsbach, Mathern, Poolman, Rust, Sorvaag, Wanzek, and Wardner voted "aye." No negative votes were cast.

Ms. Andrea Travnicek, Director, Department of Water Resources, responded to questions regarding Request #2058.

It was moved by Representative Pollert, seconded by Representative Koppelman, and carried on a roll call vote that the Budget Section approve two of the full-time equivalent positions included in Request #2058 and the line item transfer of \$452,500 included in the request. Representatives Vigesaa, Anderson, Boschee, Brandenburg, Howe, Kempenich, Koppelman, Kreidt, Louser, Martinson, Meier, Mitskog, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Strinden and Senators Bekkedahl, Davison, Dever, Erbele, Heckaman, Hogan, Hogue, Holmberg, Klein, Krebsbach, Mathern, Poolman, Rust, Sorvaag, Wanzek, and Wardner voted "aye." Representatives Bellew, Boe, and Delzer voted "nay."

NORTH DAKOTA UNIVERSITY SYSTEM CAPITAL PROJECTS

Dr. Dean L. Bresciani, President, North Dakota State University, presented information ([Appendix F](#)) regarding requests to increase authorization for two projects pursuant to Section 48-01.2-25. He noted:

- The first request is to increase the North Dakota State University softball indoor facility project authorization from \$2 million to \$2.6 million utilizing additional special or local funds.
- The second request is to increase the North Dakota State University football performance complex project authorization from \$37.2 million to \$50 million utilizing special funds derived from donations.

Dr. Brian Van Horn, President, Mayville State University, presented information ([Appendix G](#)) regarding a request pursuant to Section 48-01.2-25 to increase the Mayville State University natural gas boiler installation project authorization from \$1,600,000 to \$1,998,970 utilizing capital building funds and operating funds.

It was moved by Senator Holmberg, seconded by Senator Bekkedahl, and carried on a roll call vote that pursuant to Section 48-01.2-25 the Budget Section approve the capital project authorization increases for the North Dakota State University softball indoor facility project, the North Dakota State University football performance complex project, and the Mayville State University natural gas boiler installation project as requested by the institutions. Representatives Vigesaa, Anderson, Boe, Brandenburg, Delzer, Howe, Kempenich, Koppelman, Kreidt, Louser, Martinson, Meier, Mitskog, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Strinden and Senators Bekkedahl, Davison, Dever, Erbele, Heckaman, Hogue, Holmberg, Klein, Krebsbach, Mathern, Poolman, Rust, Sorvaag, Wanzek, and Wardner voted "aye." Representative Bellew voted "nay."

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 H](#)) 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, 2021, the balance of the unemployment trust fund was \$252 million, \$6 million more than the target balance of \$246 million, and the modified average high-cost multiplier was 1.02, 0.02 above the projected target of 1.0.

HOUSING FINANCE AGENCY - HOUSING INCENTIVE FUND

Mr. David A. Flohr, Executive Director, Housing Finance Agency, presented a report ([Appendix I](#)) pursuant to Section 54-17-40 regarding the status of the housing incentive fund. He noted:

- In September 2021, an application round for the housing incentive fund was held and a total of 16 applications were received. Four projects received funding, including a new 120-unit senior housing facility in Fargo and three rehabilitation projects to preserve 221 units in Grand Forks, Rolla, and Fargo.
- Lutheran Social Services Housing, Incorporated, operated 577 affordable housing units in the state when it filed for bankruptcy in 2021. Seven properties operated by the entity utilized the housing incentive fund in project financing. The Housing Finance Agency attempted to require the property buyers to assume debt and affordability restrictions; however, the debt and affordability restrictions for some of the properties were removed.

GOVERNOR'S OFFICE OTHER FUNDS RECEIVED

Mr. Jace Beehler, Chief of Staff, Governor's office, presented a report ([Appendix J](#)) pursuant to Section 3 of House Bill No. 1001 (2021) regarding other funds accepted by the office. He noted:

- The office received \$110,000 from the Dakota Medical Foundation to promote efforts to address addiction issues.
- The office received \$35,000 from the National Governors Association to address workforce readiness issues.

DEPARTMENT OF HUMAN SERVICES AND STATE DEPARTMENT OF HEALTH INTEGRATION

Mr. Christopher D. Jones, Executive Director, Department of Human Services, presented an update ([Appendix K](#)) on the integration of the Department of Human Services and State Department of Health. He noted:

- The new organizational structure will include divisions for public health, medical services, behavioral health, human services, and administrative functions.
- The integration of the department will become effective on September 1, 2022.

No further business appearing, Chairman Vigesaa adjourned the meeting at 11:30 a.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:11