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## BUDGET SECTION - GOVERNMENT OPERATIONS DIVISION

Wednesday, June 19, 2024

[Room 327B](#)~~m-Roe~~, State Capitol

Bismarck, North Dakota

Representative David Monson, Chairman, called the meeting to order at 1:18 p.m.

**Members present:** Representatives David Monson, Mike Brandenburg, Lisa Meier, Corey Mock, Brandy Pyle, Dan Ruby; Senators Michael Dwyer, Robert Erbele, Jim P. Roers, Shawn Vedaa, Terry M. Wanzek

**Members absent:** Representative Keith Kempenich

**Others present:**

See [Appendix A](#).

### COMMITTEE DUTIES

Mr. Levi Kinnischtzke, Senior Fiscal Analyst, Legislative Council, presented a memorandum entitled [Budget Section Divisions - Background](#). He noted the non-leadership divisions of the Budget Section will review agency base budgets and programs, receive updates on the status of agency budgets, review agency budget requests, conduct [selected](#) tours of state facilities, and receive other budget information.

### DEPARTMENT OF TRANSPORTATION BUDGET AND PROGRAMS

Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, presented information regarding the Department of Transportation's (DOT) 2025 base budget bill [[25.0179.01000](#)], the [DOT department's](#) base budget summary ([Appendix B](#)), and the [DOT department's](#) compliance [with legislative intent](#) report ([Appendix C](#)).

Mr. Ron Henke, Director, Department of Transportation, presented information ([Appendix B-D](#)) regarding:

- The [DOT department's](#) organizational chart;
- Major [DOT department](#) programs, the purpose of the programs, funding amounts and sources for the programs, and full-time equivalent (FTE) positions allocated to each program;
- Agency budget funding sources and an overview of state transportation revenues, including motor fuels taxes, motor vehicle registration fees, and driver's license fees;
- An overview of the highway tax distribution fund, including projected and actual distributions from the fund for the biennium;
- An overview of federal aid programs, including federal highway funding, federal safety funding, and federal transit funding;
- Original and revised estimates for federal funding to be received in the 2023-25 biennium and projected needs to use funding from the general fund or strategic investment and improvements fund to match federal funds during the 2025-27 biennium;
- The number and types of positions that received funding from the targeted market equity funding pool;
- The project planning process;
- The development of the statewide transportation improvement program;
- Current estimated construction costs per mile for various roadway types;

- The status of contingent loan authorizations for a US Highway 85 project and northern Red River Valley infrastructure projects; and
- The status of the construction of a rest area in western North Dakota.

Mr. Henke noted:

- The ~~DOT~~department's budget includes 126 FTE positions and \$67.5 million for driver services, vehicle services, and highway safety programs for the 2023-25 biennium, of which \$55.2 million is federal funds and \$12.3 million is special funds.
- The ~~DOT~~department's budget includes 778 FTE positions and \$2.1 billion for highway programs for the 2023-25 biennium, of which \$1.2 billion is from federal funds, \$883 million is from special funds, and \$1.3 million is from the general fund. Highway programs account for approximately 91 percent of DOT expenditures.
- The ~~DOT~~department's budget includes 32 FTE positions and \$80.3 million from special funds for the fleet services program for the 2023-25 biennium, which is a ~~revenue-neutral~~self-supporting internal service program. There are approximately 3,600 vehicles in the DOT state fleet.
- The ~~DOT~~department's budget includes 65 FTE positions and \$67.5 million for administration for the 2023-25 biennium, of which approximately \$500,000 is from federal funds, \$57.9 million is from special funds, and \$9.1 million is from the general fund.
- The highway tax distribution fund ~~has~~is estimated to have \$500.7 million available for distribution to the highway fund (\$307 million or 61.3 percent), counties (\$110.1 million or 22 percent), cities (\$62.6 million or 12.5 percent), townships (\$13.5 million or 2.7 percent) and transit programs (\$7.5 million or 1.5 percent) during the 2023-25 biennium.
- Of the funding available in the highway tax distribution fund, 34.6 percent is derived from gasoline and gasohol tax, 31.5 percent is derived from diesel and special fuels excise tax, and 33.9 percent is derived from motor vehicle registration ~~fees~~.
- Through April 2024, the State Treasurer distributed \$137.8 million ~~to~~ from the highway tax distribution fund ~~to the highway fund~~ for use in DOT programs, \$8.3 million more than forecasted.
- As of June 2024, ~~the~~ DOT ~~has~~ applied for \$561 million of federal discretionary grant funding, ~~has-been~~was awarded \$55.5 million, and is ~~awaiting~~ on-award announcements for \$324 million.
- Federal funding for the 2023-25 biennium is within forecast and the projected federal aid for the 2025-27 biennium is estimated to be approximately 2 percent more than the 2023-25 biennium.
- 94 FTE positions received target market equity increases in June 2023.

In response to a question from a committee member, Mr. Matt Linneman, Deputy Director for Engineering, Department of Transportation, noted ~~the~~DOT is considering options for redesigning the intersection of ~~s~~State ~~h~~Highway 23 and US ~~h~~Highway 83, including a roundabout.

Mr. Henke presented information ([Appendix CE](#)) regarding the number of new FTE positions filled during the 2023-25 biennium and the amount of funding from the new and vacant FTE funding pool used for the positions; the number of July 1, 2023, vacant FTE positions, the number filled and when, and the amount of funding from the new and vacant FTE funding pool used for the positions; ~~and~~the number of FTE positions that became vacant each month during the 2023-25 biennium, the number filled each month, and estimated 2023-25 biennium savings to date from vacant positions and employee turnover; and use of any vacant FTE position savings. He noted:

- The ~~DOT~~department was authorized 19 new FTE positions for the 2023-25 biennium, which were all filled by March 2024.
- As of June 2024, ~~the~~DOT ~~has~~ requested \$10.7 million of the \$13.6 million available from the new and vacant FTE funding pool.
- Through April 2024, ~~the~~DOT ~~had~~ estimated vacancy savings of \$2.5 million and used \$859,533 on accrued leave payouts, bonuses, and regional pay.

Mr. Henke presented information ([Appendix FD](#)) regarding state grant programs available to political subdivisions, including the amount and sources of funding for each program. He noted local public agency

programs available through ~~the~~ DOT include the highway safety improvement program, transportation alternatives program, urban grant program, small town revitalization endeavor for enhancing transportation program, rural community enhancement program, transit grants, state planning and research local transportation planning program, small rural economic development program, federal lands access program, special road fund, recreational trails program, and flexible transportation fund.

Mr. Henke presented information an overview (Appendix EG) ~~regarding an overview~~ of the flexible transportation fund, including projects that ~~have~~ received a funding commitment. He noted:

- Funding for the flexible transportation fund totals \$222.5 million for the 2023-25 biennium, of which \$171.5 million is from motor vehicle excise tax and \$51 million is from the strategic investment and improvements fund ~~(SHF);~~
- Through December 2023, ~~the~~ DOT received 264 applications for a total of \$432.3 million. The DOT department awarded 61 construction projects ~~funding from the flexible transportation fund~~ and an additional 21 projects have planned preliminary engineering activities for a total of \$199.2 million committed from the flexible transportation fund.
- Through April 2024, \$116.9 million is available in the flexible transportation fund, of which \$51 million is from SHF strategic investment and improvements fund and \$65.9 million is from motor vehicle excise tax, which is consistent with forecasted revenue collections.
- The DOT department estimates \$42.9 million from the fund will be designated for county and township road and bridge projects, \$44.1 million will be for county, city, and township transportation infrastructure projects, and \$112.2 million will be for infrastructure on the state highway system, to match federal discretionary grants, and for state support costs.

No further business appearing, Chairman Monson adjourned the meeting at 3:40 p.m.

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Brady A. Larson  
Assistant Legislative Budget Analyst and Auditor Levi Kinnischtzke  
~~Senior Fiscal Analyst~~

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