

Chairman Wanzek and Members of the Committee,

I appreciate the opportunity to speak about SB 2097, a strategic and fiscally responsible investment in North Dakota's rural future. This bill establishes the Rural Community Endowment Fund, a \$50 million permanent fund designed to provide sustainable grantmaking to communities with populations under 1,000, ensuring long-term prosperity in the heart of our state.

#### **SB 2097: A Strategic Investment in Rural North Dakota**

- **Endowment Structure:** The principal of the Rural Community Endowment Fund is **permanent and untouchable**. Only earnings from the investment will be distributed for grantmaking, ensuring that this fund will provide lasting benefits year after year.
- **Immediate Support for Rural Communities:** While the endowment grows, \$5 million will be available immediately to start grantmaking efforts, jumpstarting rural development projects that would otherwise be left unfunded.
- **Responsible Oversight:** The fund will be managed by the **State Investment Board**, with a **nine-member, State-appointed grantmaking and advisory committee** overseeing distributions. A proven, state-based grantmaker will ensure funds are allocated effectively.
- **No Match Required:** Unlike many grant programs that require local matching dollars, SB 2097 ensures that even our smallest communities can access much-needed resources without additional financial strain.

**The Need: North Dakota's Rural Population Deserves Long-Term Investment** North Dakota's smallest communities are the backbone of our state, yet they often lack sustainable funding sources. There are **228,621 North Dakotans**—nearly **30% of our state's total population of 783,926**—who live in communities with fewer than 1,000 residents. SB 2097 provides a permanent solution to support these vital, yet often overlooked, rural communities.

**How an Endowment Fund Works: Long-Term Impact, Not a One-Time Expense** An endowment is **not an expense—it is an investment**. The principal remains intact forever, generating income that is reinvested into our communities. Assuming a **7% investment return, 1.5% investment fees, and a 4.5% distribution rate**, after 20 years, the Rural Community Endowment Fund will have:

- **Distributed over \$50 million** to rural communities,
- **Grown the fund to over \$60 million**, ensuring even greater impact for future generations.

This model ensures **perpetual, self-sustaining support** for North Dakota's rural communities without adding to the state's long-term financial obligations.

### **Key Benefits of SB 2097**

- 1. Not a One-Time Expenditure – A Permanent Endowment** SB 2097 establishes a self-sustaining fund that will **generate grantmaking opportunities forever**, rather than being limited to a single budget cycle.
- 2. Diversifies North Dakota's Investment Portfolio** Instead of spending tax dollars once, SB 2097 reallocates State funds into an **investment vehicle that ensures continuous returns**, dedicated solely to rural development.
- 3. A Responsible, Strategic Use of State Resources** This is **not a new budget line item** or an added financial burden. It is a **more efficient use of existing State dollars**, ensuring long-term growth while maintaining fiscal responsibility.
- 4. Ensures Rural North Dakota's Financial Independence** SB 2097 eliminates the need for piecemeal, short-term appropriations, replacing them with a **permanent, reliable funding source** for rural communities.
- 5. Protects State Funds While Maximizing Impact** The endowment model **preserves the State's capital** while using investment earnings to support rural growth—a **fiscally conservative, forward-thinking approach**.

### **Conclusion: A Fiscally Responsible Commitment to Rural North Dakota**

SB 2097 is **not a cost—it is an investment** in the people and communities that define our state's identity. By committing to this permanent endowment, North Dakota is ensuring that its smallest communities have the resources they need to thrive **now and for generations to come**.

I respectfully urge your support of SB 2097 as a **responsible, long-term investment** in our rural future, without increasing ongoing expenditures.

Thank you for your time and consideration.

Sincerely,

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