

CORRECTED: TESTIMONY OF

Joe Morrisette, Director, Office of Management and Budget

Good afternoon, Chairman Bekkedahl and members of the Senate Appropriations committee. I am Joe Morrisette, 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.

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 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 \$100,000. Since the current budget already includes \$50,000, the ask is for an additional \$50,000 from the general fund to cover these costs, as included in the House version.

A recent analysis indicates a potential shortfall in the operating line due primarily to costs incurred before the transition to the current administration. To cover this potential shortfall, I request your consideration of an additional \$20,000 from the general fund to cover operating costs. This need for this request was not clear at the time this bill was being considered by the House.

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 Feb. 28, \$4,612,238 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 \$98,870 has been spent as of Feb. 28. 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 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 determinant of DOCR prison population levels. As of February 2025, the male population was 303 over the estimated population and the female population was 28 over the estimated population. 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, 2023 SB 2393 does not allow DOCR to use the DOCR to make use of these savings. Consequently, the department is requesting a general fund deficiency appropriation of \$11,500,000 to cover excess costs through the remainder of the biennium.

Office of the Adjutant General

The requested deficiency appropriation for the Office of the Adjutant General relates to the state response to the Dakota Access Pipeline (DAPL) protest. The amount included in this bill is \$1,763,490 for interest that will accumulate on the outstanding loan through the end of the biennium. An additional \$13,362,262 would be required to repay the outstanding principal. The remaining \$4,294,789 request relates to response costs for state disasters. The entire deficiency appropriation is from the general fund.

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 SB 2397. The bill requires Water Resources to request a deficiency appropriation. It does not specify the funding source for the repayment. Although the engrossed bill provides this appropriation from the Resources Trust Fund, HB 1020, the budget bill for the Department of Water Resources, provides this appropriation from the Strategic Investment and Improvements Fund (SIIF). Only one of these appropriations is necessary. My understanding is the House position is to have this funding come from SIIF.

Mr. Chairman and committee members, this concludes my testimony. I ask your support for Engrossed 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.