

**2025 SENATE APPROPRIATIONS**

**SB 2013**

## DEPARTMENT 226 - DEPARTMENT OF TRUST LANDS 2025-27 BASE-LEVEL BUDGET

### Base Budget - Summary

	<u>Base Level</u>
Salaries and wages	\$8,005,331
Operating expenses	1,763,694
Contingencies	<u>100,000</u>
Total special funds	\$9,869,025
Full-time equivalent (FTE) positions	33.00

### Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 33 FTE positions	\$0	\$8,005,331	\$8,005,331
2. Includes funding for operating expenses, primarily related to information technology (IT) costs (\$581,894), operating and professional services for property taxes and audit and legal fees (\$436,980), travel and professional development (\$250,000), and rents and repairs (\$235,614)	\$0	\$1,763,694	\$1,763,694
3. Includes funding for contingencies, primarily for executive searches or other unanticipated expenses	\$0	\$100,000	\$100,000

### Distribution of Income From Permanent Trust Funds

Pursuant to Article IX of the Constitution of North Dakota, the Department of Trust Lands distributed the income from permanent trust funds to state institutions as follows:

	2021-23 Biennium	2023-25 Biennium	Increase (Decrease)
Common schools	\$421,020,000	\$499,860,000	\$78,840,000
North Dakota State University	6,620,000	7,648,000	1,028,000
University of North Dakota	5,084,000	5,986,000	902,000
Youth Correctional Center	2,228,000	2,662,000	434,000
School for the Deaf	2,014,000	2,198,000	184,000
North Dakota State College of Science	1,941,000	2,259,700	318,700
State Hospital	1,673,000	1,835,700	162,700
Veterans' Home	795,000	893,700	98,700
Valley City State University	1,178,000	1,354,000	176,000
North Dakota Vision Services - School for the Blind	1,375,000	1,679,700	304,700
Mayville State University	742,000	894,000	152,000
Dakota College at Bottineau	285,000	343,700	58,700
Dickinson State University	285,000	343,700	58,700
Minot State University	285,000	343,700	58,700
Total	\$445,525,000	\$528,301,900	\$82,776,900

### Continuing Appropriations

**Unclaimed property** - North Dakota Century Code Section 47-30.1-23 - Payments made to owners of unclaimed property.

**Investments and farm loans** - Section 15-03-16 - Money manager and custodial fees and loan administration fees to maintain and enhance income earning potential of trusts' financial assets.

**County services** - Section 15-04-23 - Payments made to counties for various services provided that benefit school trust lands.

**Land expenses** - Sections 15-04-24, 15-06-22, 15-07-22, 15-08-04, and 15-68-06 - Payments for appraisal fees, survey costs, surface lease refunds, weed and insect control, cleanup costs, capital improvement rent credits, fire protection, land rent, value survey costs, and other expenses.

**Mineral expenses** - Section 15-05-19 - Payments for appraisal fees, consulting fees, refunds, and other expenses to manage the value of the minerals and trust assets.

**In lieu of taxes** - Section 57-02.3-07 - Payments made in lieu of property taxes on certain state lands managed by the department.

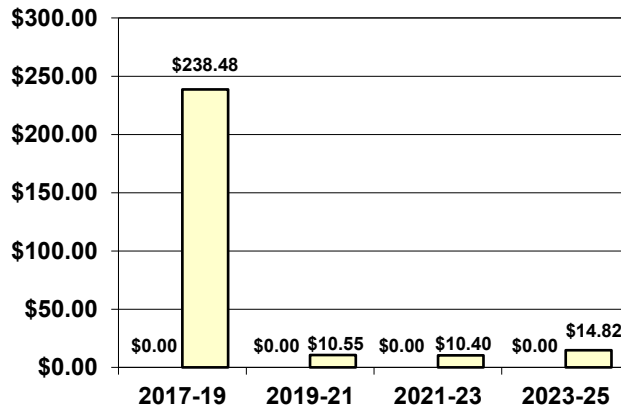
As reported in the June 30, 2023, financial statements for the Department of Trust Lands, expenditures under continuing appropriation authority for the 2021-23 biennium totaled \$90,142,602 as shown below.

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>	<b>2021-23 Biennium</b>
Investments	\$49,376,155	\$36,013,561	\$85,389,716
Land management	375,385	1,817,839	2,193,224
County services	130,368	115,928	246,296
In lieu of property tax payments	137,357	141,339	278,696
Strategic investment and improvements fund	395,668	407,859	803,527
Office building	53,885	87,323	141,208
Unclaimed property	322,208	767,727	1,089,935
<b>Total</b>	<b>\$50,791,026</b>	<b>\$39,351,576</b>	<b>\$90,142,602</b>

# Historical Appropriations Information

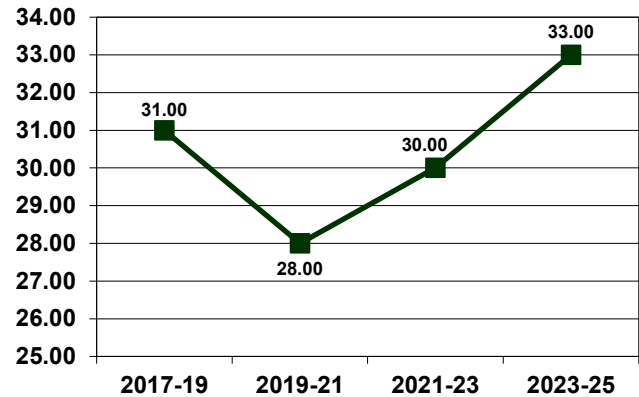
## Agency Appropriations and FTE Positions

Agency Funding (Millions)



■ General Fund □ Other Funds

FTE Positions



### Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	\$108,243,153	\$7,881,273	\$8,108,401	\$8,802,999	\$9,869,025
Increase (decrease) from previous biennium	N/A	(\$100,361,880)	\$227,128	\$694,598	\$1,066,026
Percentage increase (decrease) from previous biennium	N/A	(92.7%)	2.9%	8.6%	12.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(92.7%)	(92.5%)	(91.9%)	(90.9%)

### Major Increases (Decreases) in Ongoing Other Funds Appropriations

#### 2017-19 Biennium

- Added 1 FTE geographic information system specialist position, including \$177,080 for salaries and wages and \$23,025 for operating expenses \$200,105
- Removed 3 FTE positions, including 1 FTE energy infrastructure and impact office position (\$151,237), 1 FTE natural resources director position (\$259,307), and 1 FTE project manager position (\$206,550) (\$617,094)
- Adjusted funding for operating expenses, including increases for building maintenance and utility costs (\$93,746); increases for professional development (\$45,000); and decreases for professional development, IT services, and travel (\$405,685) (\$266,939)
- Removed funding for Energy Infrastructure and Impact Office administrative expenses (\$389,217)
- Removed funding for grants to political subdivisions from the oil and gas impact grant fund (\$99,300,000)

#### 2019-21 Biennium

- Removed 3 FTE positions, including 2 administrative assistants and an audit technician (\$288,863)
- Added funding for 2 FTE positions, including an administrative assistant (\$123,361) and an attorney (\$248,461), and related operating expenses (\$43,670) \$415,492
- Transferred 2 FTE programmer analyst positions to the Information Technology Department for the IT unification initiative resulting in an increase in operating expenses for the agency \$19,739
- Reduced funding for operating expenses primarily related to travel, equipment, IT costs, professional development, and other services (\$504,949)
- Added funding for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits \$384,564
- Increased funding for operating expenses associated with new financial software (\$175,000) and Microsoft Office 365 licensing costs (\$23,342) \$198,342

**2021-23 Biennium**

1. Added 2 FTE positions, including a mineral title specialist (\$211,665) and a compliance auditor (\$264,550), and related operating expenses (\$70,900) \$547,115

**2023-25 Biennium**

1. Added funding for 1 FTE investment analyst position (\$343,942), 1 FTE mineral title specialist position (\$253,704), and 1 FTE unclaimed property position (\$165,786) \$763,432
2. Transferred \$538,878 from the operating expenses line item to the salaries and wages line item for salary adjustments \$0
3. Increased funding for shared software and service rate changes \$49,000

**One-Time Other Funds Appropriations**

	<b>2015-17</b>	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>	<b>2023-25</b>
One-time other funds appropriations	\$40,000,000	\$230,600,000	\$2,445,640	\$1,600,000	\$4,954,900

**Major One-Time Other Funds Appropriations****2017-19 Biennium**

1. Added one-time funding for mineral revenue repayments including \$100 million from the strategic investment and improvements fund and \$87 million from a Bank of North Dakota line of credit (Senate Bill No. 2134) \$187,000,000
2. Added one-time funding for grants to airports including \$25 million from the oil and gas impact grant fund and \$15 million from the energy impact fund \$40,000,000
3. Added one-time funding for an IT system replacement project \$3,600,000

**2019-21 Biennium**

1. Added one-time funding from the oil and gas impact grant fund for grants to oil-impacted political subdivisions \$2,000,000
2. Added one-time funding from the state lands maintenance fund for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources \$350,000
3. Provided a supplemental appropriation of \$95,640 of federal coronavirus relief funds for service fees associated with an online surface lease auction platform and costs associated with an analysis of oil and gas royalty cashflows due to an increase in shut-in wells \$95,640

**2021-23 Biennium**

1. Added one-time funding from the state lands maintenance fund to complete an IT project \$1,600,000

**2023-25 Biennium**

1. Added one-time funding to complete an IT project initially approved by the 2019 Legislative Assembly \$4,900,000
2. Added one-time funding for a utility vehicle and trailer (\$49,500) and IT equipment for new FTE positions (\$5,400) \$54,900



**Department of Trust Lands**  
**Department No. 226**  
**2025 Senate Bill No. 2013**

**EXECUTIVE BUDGET RECOMMENDATION**  
**2025-27 BIENNIUM**

**Budget Summary**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Executive budget recommendation	30.00	\$0	\$10,751,194	\$10,751,194
Base level	33.00	0	9,869,025	9,869,025
Increase (decrease)	(3.00)	\$0	\$882,169	\$882,169
Percentage increase (decrease)	(9.1%)	N/A	8.9%	8.9%

**NOTE:**

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

**Selected Highlights**

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Adds funding to replace the 2023-25 vacant FTE pool (\$230,225) and the 2023-25 new FTE pool (\$739,732)
- Transfers \$53,998 from the operating expenses line item to the salaries and wages line item for base payroll changes associated with the cost to continue 2023-25 biennium salary increases
- Transfers \$858,397 of special funds and 4 FTE unclaimed property positions to the State Treasurer to transfer the administration of unclaimed property
- Adds 1 FTE diversified revenue officer position, including \$271,731 for salaries and wages, \$22,900 for ongoing operating expenses, and \$3,000 for one-time operating expenses
- Decreases funding for operating expenses by \$177,174 related to budgetary savings and efficiencies

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Agency Fees**

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency has 20 fees. The agency recommended the following changes to its fees:

- Remove 5 fees, including the surface lease assignment fee, coal lease assignment application fee, coal lease amendment or renewal application fee, oil well shut-in fee, and oil and gas lease advertising fee.
- Increase the amount charged for 3 fees, including surface lease fee, land sale application fee, and oil and gas lease extension or amendment application fee.

**Major Related Legislation**

As of the date of this report, there is no major related legislation for this agency.

**NOTE:**

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



**Department of Trust Lands - Budget No. 226**  
**Agency Worksheet - Senate Bill No. 2013**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
<b>2025-27 Biennium Base Level</b>	33.00	\$0	\$9,869,025	\$9,869,025
<b>2025-27 Ongoing Funding Changes</b>				
Salary increase			\$403,184	\$403,184
Health insurance increase			180,158	180,158
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225
Funding to replace the 2023-25 new FTE pool			739,732	739,732
Transfers \$53,998 from operating to salaries - Base				0
Transfers unclaimed property to State Treasurer	(4.00)		(858,397)	(858,397)
FTE diversified revenue officer position	1.00		294,631	294,631
Information technology rate increases			66,810	66,810
Budget reduction for operating expense savings			(177,174)	(177,174)
Total ongoing funding changes	<b>(3.00)</b>	<b>\$0</b>	<b>\$879,169</b>	<b>\$879,169</b>
<b>One-Time Funding Items</b>				
Operating expenses for new FTE position			\$3,000	\$3,000
Total one-time funding changes	<b>0.00</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>
<b>Total Changes to Base Level Funding</b>	<b>(3.00)</b>	<b>\$0</b>	<b>\$882,169</b>	<b>\$882,169</b>
<b>2025-27 Total Funding</b>	<b>30.00</b>	<b>\$0</b>	<b>\$10,751,194</b>	<b>\$10,751,194</b>
<i>Federal funds included in other funds</i>			\$0	

<i>Total ongoing changes - Percentage of base level</i>	(9.1%)	N/A	8.9%	8.9%
<i>Total changes - Percentage of base level</i>	(9.1%)	N/A	8.9%	8.9%

**Other Sections in Department of Trust Lands - Budget No. 226**

Section Description	Executive Budget
Fund distributions	Section 3 would provide the permanent fund income distributions to state institutions.
FTE position adjustments	Section 4 would authorize the Department of Trust Lands to increase or decrease authorized FTE positions subject to the availability of funds.
Transfer of unclaimed property administration	Sections 5 through 16 would transfer the administration of unclaimed property from the Department of Trust Lands to the State Treasurer.

Sixty-ninth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2013**  
**(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands and to provide for distributions from permanent funds and to amend and reenact subsection 2, 7 and 9 of section 47-30.2-01, section 47-30.2-03, subdivision j of subsection 1 of section 47-30.2-22, subsection 4 of section 47-30.2-23, subsection 1 of section 47-30.2-24, subdivision b of subsection 3 of section 47-30.2-28, subsection 2 of section 47-30.2-44, subdivision c of subsection 2 of section 47-30.2-50, subsection 1 of section 47-30.2-56, subdivision c of subsection 2 of section 47-30.2-57, subsection 1 and subsection 2 of section 47-30.2-66, and subsection 4 of section 47-30.2-67 and to provide an exemption.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the state lands maintenance fund, to the commissioner of university and school lands for the purpose of defraying the expenses of the commissioner of university and school lands, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$8,005,331	\$1,020,631	\$9,025,962
Operating Expenses	1,763,694	(\$138,462)	1,625,232
Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Special Funds	\$9,869,025	\$882,169	\$10,751,194
Full-time Equivalent Positions	33.00	(3.00)	30.00

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Information Technology Project	\$4,900,000	\$0
Information Technology Equipment	5,400	3,000
Utility Vehicle and Trailer	<u>49,500</u>	<u>0</u>
Total Special Funds	\$4,954,900	\$3,000

The 2025-27 biennium one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The commissioner of university and school lands shall report to the appropriations committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025 and ending June 30, 2027.

**SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to section 1 of article IX of the Constitution of North Dakota, the board of university and school lands shall distribute during the biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the permanent funds managed for the benefit of the following entities:

Common Schools	\$584,677,350
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North Dakota State University	8,770,000
University of North Dakota	6,948,000
Youth Correctional Center	3,136,000
School for the Deaf	2,388,000
State college of Science	2,570,284
State Hospital	1,976,284
Veterans' Home	994,284
Valley City State University	1,566,000
North Dakota Vision Services - School for the Blind	1,936,284
Mayville State University	1,102,000
Dakota College at Bottineau	406,284
Dickinson State University	406,284
Minot State University	406,284
<b>Total</b>	<b>\$617,283,338</b>

**SECTION 4. EXEMPTION - FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** Notwithstanding any other provisions of law, the commissioner of university and school lands may increase or decrease authorized full-time equivalent positions as needed, subject to availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The commissioner of university and school lands shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.

**SECTION 5. AMENDMENT.** Subsection 2, 7 and 9 of section 47-30.2-01 of North Dakota Century Code is amended and reenacted as follows:

2. "Administrator's agent" means a person with which the ~~commissioner~~treasurer contracts to conduct an examination under sections 47-30.2-54, 47-30.2-55, 47-30.2-56, 47-30.2-57, 47-30.2-58, 47-30.2-59, 47-30.2-60, 47-30.2-61, and 47-30.2-62 on behalf of the administrator. The term includes an independent contractor of the person and each individual participating in the examination on behalf of the person or contractor.

7. "~~Commissioner~~Treasurer" means the ~~commissioner of university and school lands~~state treasurer.

9. "Department" means the ~~department of trust lands~~office of the state treasurer.

**SECTION 6. AMENDMENT.** Section 47-30.2-03 of North Dakota Century Code is amended and reenacted as follows:

The ~~commissioner~~treasurer may adopt rules to implement and administer this chapter.

**SECTION 7. AMENDMENT.** Subdivision j of subsection 1 of section 47-30.2-22 of North Dakota Century Code is amended and reenacted as follows:

j. Contain other information the ~~commissioner~~treasurer prescribes by rules.

**SECTION 8. AMENDMENT.** Subsection 4 of section 47-30.2-23 of North Dakota Century Code is amended and reenacted as follows:

4. The ~~commissioner~~treasurer may grant an extension of the reporting date for good cause in the event of a national or state emergency.

**SECTION 9. AMENDMENT.** Subsection 1 of section 47-30.2-24 of North Dakota Century Code is amended and reenacted as follows:

1. A holder required to file a report under section 47-30.2-21 shall retain records for ten years after the later of the date the report was filed or the last date a timely report was due to be filed, unless a shorter period is provided by rule of the ~~commissioner~~treasurer.

**SECTION 10. AMENDMENT.** Subdivision b of subsection 3 of section 47-30.2-28 of North Dakota Century Code is amended and reenacted as follows:

b. Maintain a website or database accessible by the public and electronically searchable which contains the names reported to the administrator of apparent owners for whom property that meets or exceeds the searchable value as set by the ~~commissioner~~treasurer is being held by the administrator. Property that does not meet or exceed the searchable value must continue to be held by the administrator but may not appear in the searchable website or database.

**SECTION 11. AMENDMENT.** Subsection 2 of section 47-30.2-44 of North Dakota Century Code is amended and reenacted as follows:

2. The department shall maintain an account with an amount of funds the ~~commissioner~~treasurer reasonably estimates is sufficient to pay claims allowed under this chapter.

**SECTION 12. AMENDMENT.** Subdivision c of subsection 2 of section 47-30.2-50 of North Dakota Century Code is amended and reenacted as follows:

- c. The property has a value as provided by rules adopted by the ~~commissioner~~treasurer.

**SECTION 13. AMENDMENT.** Subsection 1 of section 47-30.2-56 of North Dakota Century Code is amended and reenacted as follows:

1. The ~~commissioner~~treasurer shall adopt rules governing an examination under section 47-30.2-55, including rules for use of an estimation, extrapolation, and statistical sampling in conducting an examination. An examination commenced after adoption of rules under this subsection must comply with the rules.

**SECTION 14. AMENDMENT.** Subdivision c of subsection 2 of section 47-30.2-57 of North Dakota Century Code is amended and reenacted as follows:

- c. May be disclosed at the discretion of the ~~commissioner~~treasurer, on request, to the person that administers the unclaimed property law of another state for that state's use in circumstances equivalent to circumstances described in sections 47-30.2-54, 47-30.2-55, 47-30.2-56, 47-30.2-57, 47-30.2-58, 47-30.2-59, 47-30.2-60, 47-30.2-61, and 47-30.2-62. A state to which information is disclosed shall maintain the confidentiality and security of information obtained in a manner substantially equivalent to sections 47-30.2-71, 47-30.2-72, and 47-30.2-73;

**SECTION 15. AMENDMENT.** Subsection 1 and subsection 2 of section 47-30.2-66 of North Dakota Century Code is amended and reenacted as follows:

1. If a holder enters into a contract or other arrangement for the purpose of evading an obligation under this chapter or otherwise willfully fails to perform a duty imposed on the holder under this chapter, the ~~commissioner~~treasurer may require the holder to pay the administrator, in addition to interest as provided in subsection 1 of section 47-30.2-65, a civil penalty of one thousand dollars for each day the obligation is evaded or the duty is not performed, up to a cumulative maximum amount of twenty-five thousand dollars, plus twenty-

five percent of the amount or value of property that should have been, but was not reported, paid, or delivered as a result of the evasion or failure to perform.

2. If a holder makes a fraudulent report under this chapter, the ~~commissioner~~treasurer may require the holder to pay to the administrator, in addition to interest under subsection 1 of section 47-30.2-65, a civil penalty of one thousand dollars for each day from the date the report was made until corrected, up to a cumulative maximum of twenty-five thousand dollars, plus twenty-five percent of the amount or value of any property that should have been reported, but was not included in the report or was underreported.

**SECTION 16. AMENDMENT.** Subsection 4 of section 47-30.2-67 of North Dakota Century Code is amended and reenacted as follows:

4. The ~~commissioner~~treasurer may waive up to twenty-five thousand dollars of the penalty or reduce interest. A request for a waiver or reduction of penalty in excess of twenty-five thousand dollars must be presented to the board, with the ~~commissioner's~~treasurer's recommendation, for review and decision.



**Department of Trust Lands**  
**Department No. 226**  
**2025 Senate Bill No. 2013**

**REVISED EXECUTIVE BUDGET RECOMMENDATION**  
**2025-27 BIENNIUM**

**Budget Summary**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Burgum budget recommendation	30.00	\$0	\$10,751,194	\$10,751,194
Revisions - Increase (decrease)	3.00	0	526,415	526,415
<b>Armstrong budget recommendation</b>	<b>33.00</b>	<b>\$0</b>	<b>\$11,277,609</b>	<b>\$11,277,609</b>
Base level	33.00	0	9,869,025	9,869,025
Increase (decrease)	0.00	\$0	\$1,408,584	\$1,408,584
Percentage increase (decrease)	0.0%	N/A	14.3%	14.3%

**NOTE:**

More detailed information on the revised executive budget recommendation is attached as an appendix.

**Selected Highlights**

- **Salary increases of up to 3 percent effective July 1, 2025, and 3 percent effective July 1, 2026**
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Adds funding to replace the 2023-25 vacant FTE pool (\$230,225) and the 2023-25 new FTE pool (\$739,732)
- Transfers \$53,998 from the operating expenses line item to the salaries and wages line item for base payroll changes associated with the cost to continue 2023-25 biennium salary increases
- Decreases funding for operating expenses by \$177,174 related to budgetary savings and efficiencies

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Agency Fees**

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency has 20 fees. The agency recommended the following changes to its fees:

- Remove 5 fees, including the surface lease assignment fee, coal lease assignment application fee, coal lease amendment or renewal application fee, oil well shut-in fee, and oil and gas lease advertising fee.
- Increase the amount charged for 3 fees, including surface lease fee, land sale application fee, and oil and gas lease extension or amendment application fee.

**Major Related Legislation**

As of the date of this report, there is no major related legislation for this agency.

**NOTE:**

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



**Department of Trust Lands - Budget No. 226**  
**Agency Worksheet - Senate Bill No. 2013**

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
<b>2025-27 Biennium Base Level</b>	33.00	\$0	\$9,869,025	\$9,869,025
<b>2025-27 Ongoing Funding Changes</b>				
Salary increase			\$350,818	\$350,818
Health insurance increase			198,173	198,173
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225
Funding to replace the 2023-25 new FTE pool			739,732	739,732
Transfers \$53,998 from operating to salaries - Base				0
Information technology rate increases			66,810	66,810
Budget reduction for operating expense savings			(177,174)	(177,174)
Total ongoing funding changes	<b>0.00</b>	<b>\$0</b>	<b>\$1,408,584</b>	<b>\$1,408,584</b>
<b>One-Time Funding Items</b>				
No one-time funding items				\$0
Total one-time funding changes	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Changes to Base Level Funding</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,408,584</b>	<b>\$1,408,584</b>
<b>2025-27 Total Funding</b>	<b>33.00</b>	<b>\$0</b>	<b>\$11,277,609</b>	<b>\$11,277,609</b>

*Federal funds included in other funds*

\$0

*Total ongoing changes - Percentage of base level*

0.0%

N/A

14.3%

14.3%

*Total changes - Percentage of base level*

0.0%

N/A

14.3%

14.3%

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2013  
1/13/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds

10:52 a.m. Chairman Wanzek opened the meeting. Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### Discussion Topics:

- Agency overview
- Special Funds
- Investment Division
- Unclaimed Property Division
- Staff
- State Investment Fund - SIF
- Common Schools Trust Fund
- Investment portfolios
- Agency audit report
- Minerals management program
- Litigation reductions
- Budget requests
- Mineral Tracker projections
- Revenue diversification
- Funding Pool
- Land Board compensation study
- Constitutional guidelines for agency duties

10:52 a.m. Joseph Herringer, Director of the Department of Trust Lands, testified in favor and provided written testimony #28503.

11:30 a.m. Susan Dallinger, of the Unclaimed Property Department, provided information.

12:02 p.m. Chairman Wanzek adjourned the meeting.

*Carol Thompson, Committee Clerk*

# 69<sup>th</sup> LEGISLATIVE ASSEMBLY JANUARY 13, 2025

## SENATE APPROPRIATIONS COMMITTEE - SB 2013



### TESTIMONY OF COMMISSIONER JOSEPH HERINGER

Chairman Wanzek and members of the Senate Appropriations Committee, Government Operations Division, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify regarding the Department of Trust Lands' (Department) total special funds appropriation found in Senate Bill 2013

#### **1. EXPLAIN THE PURPOSE OF THE AGENCY'S VARIOUS DIVISIONS/PROGRAMS (ORGANIZATIONAL CHART)**

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

The Department manages approximately 2.6 million mineral acres with their roughly 8,600 associated oil & gas leases, and over 700,000 surface acres with their roughly 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonus payments and easements granted for pipelines, roads, and well pads, are deposited into 13 permanent trust funds and invested to provide long-term income for trust beneficiaries. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a balance of \$7 billion as of June 30, 2024.

The Department manages five additional funds: (1) the Strategic Investment and Improvements Fund (SIIF), (2) the Coal Development Trust Fund, (3) the Capitol Building Fund, (4) the Indian Cultural Education Trust, and (5) the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

The management of assets falls within the Minerals Management, Surface Management, Revenue Compliance, Investments, Unclaimed Property, and Accounting Divisions.

The Minerals Division manages 2.6 million minerals acres including oil, gas, coal and other subsurface minerals. The division is responsible for the leasing of minerals acres and the maintenance of all records and requests pertaining to mineral ownership and leasing activity. The division tracks and interprets business transactions by lessees; assignments by depth, formation, well bore or value; requests for pooling agreements; lease and title interpretation; royalty; authorization for participation in production; overrides; and analysis of drilling and production data necessary to hold a producing lease. This division has four FTEs consisting of the division director and three staff members who are dedicated to reviewing historical records, assessing the unique leasing arrangements, processing leases, division orders and assignments.

The Surface Division is responsible for leasing and managing 706,600 surface acres held in trust for various schools and institutions. The division has six FTEs including the division director, and nine temporary, non-classified employees who help inspect the vast acreage we manage. The major source of income for the Surface Division is agricultural leases, with grazing being the predominant

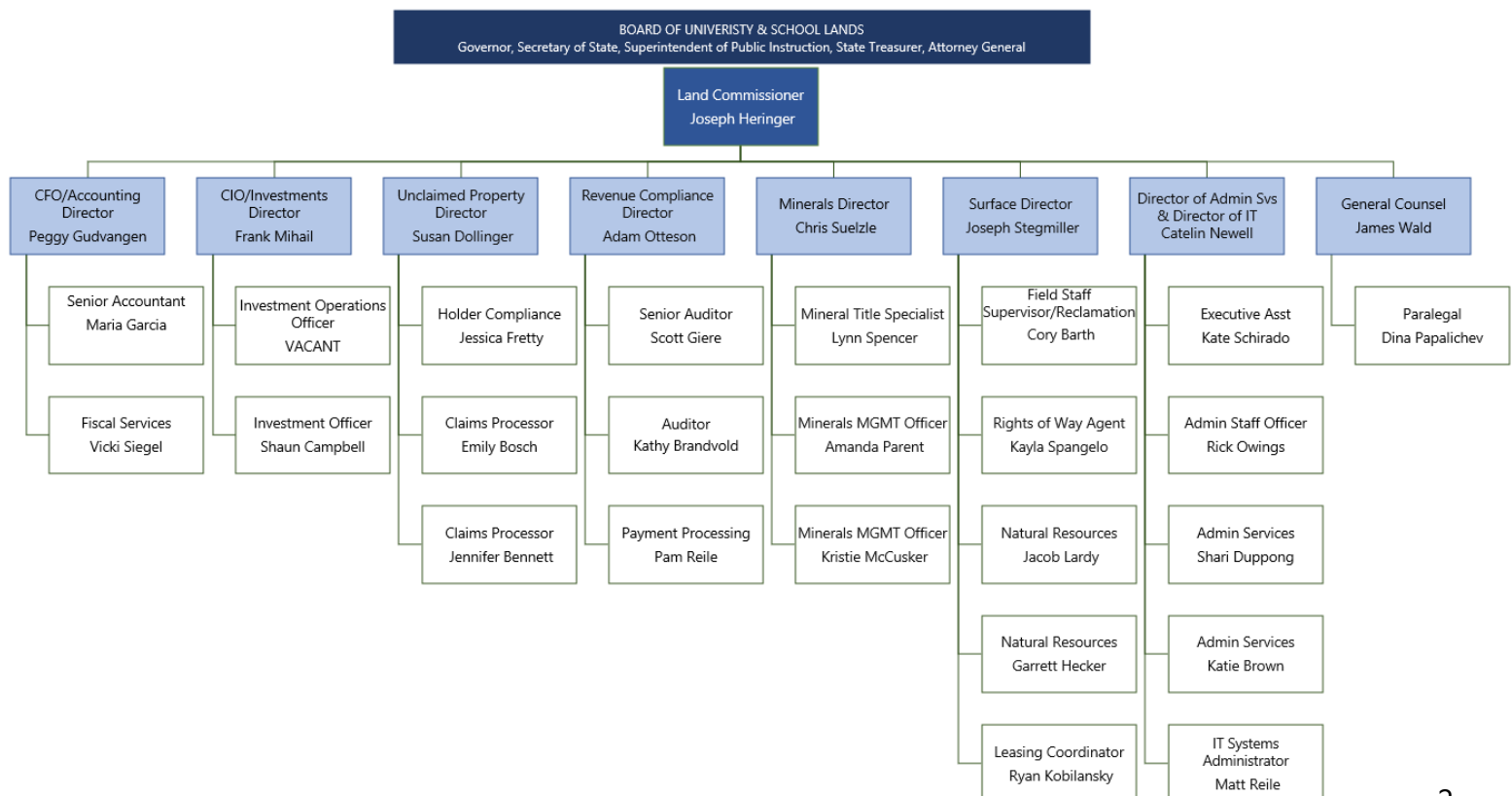
land use. Significant revenue is also generated from rights-of-way, salt-water disposal, and gravel and scoria mining.

The Revenue Compliance Division is responsible for developing and implementing procedures to assure the timely and accurate accounting of all royalties, bonuses, rents and other revenues received by the Department. The division is also responsible for developing, implementing, and monitoring the managerial and system controls used by the Department to detect and prevent the misappropriation of trust assets and revenues. The division has four FTEs including the division director.

The Accounting Division is responsible for fulfilling the agency's constitutional, statutory laws and rules, and governmental accounting standard board requirements for budgeting, accounting practices, payroll, financial data management, investments, calculating distributions for beneficiaries, and safeguarding over \$8.8 billion in assets of 19 different trusts and funds plus two additional departments (Energy Infrastructure & Impact Office and Unclaimed Property).

The Investment Division is responsible for directing, implementing, coordinating, and monitoring all aspects of the Land Board's investment program. The division has three FTEs, including the division director. Outside of monitoring funds and investment managers, the division administers the cash flows and obligations of the Permanent Trust Funds, SIFF, the Coal Development Trust Fund, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

Additionally, the Department administers North Dakota Unclaimed Property Program. In this role, the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.) from businesses that operate in the state and processes claims to reunite owners with their lost property. While holding unclaimed property, the Department invests it to benefit the CSTF. Unclaimed Property has four FTEs including the division director.





## DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College\*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

\* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

### DID YOU KNOW?

WE MANAGE 2.6 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 9,700 OF ND'S APPROXIMATELY 19,000 PRODUCING WELLS WITH MORE THAN 8,600 LEASES.



WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4,400 LEASES.



### CURRENT AGENCY TEAM MEMBER STATS

**33**

FTE  
count

**6**

average yrs  
of service

**45%**

turnover  
since 2021

**4**

retirement  
eligible

### HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

**ND DTL**  
33 FTE  
1 FTE/\$262 Million

**UTAH**  
68 FTE  
1 FTE/\$47 Million

**MINNESOTA**  
88FTE  
1 FTE/\$21 Million

**TEXAS GLO**  
801 FTE  
1 FTE/\$65 Million

2023 ASSET  
VALUE

**\$ 8,647,994,458**

**\$ 3,221,207,646**

**\$ 1,889,600,000**

**\$ 52,316,792,346**

2023  
OPERATING  
REVENUE

**\$ 535,700,494**

**\$ 146,578,644**

**\$ 30,000,000**

**\$ 1,900,818,720**

## DEPARTMENT HIGHLIGHTS

### \$2 BILLION IN ROYALTY REVENUE DEPOSITED INTO DTL TRUSTS AND FUNDS



### COMMON SCHOOLS TRUST FUND (CSTF) FUNDING OF K-12 EDUCATION

**\$2,501**

CSTF funding per  
K-12 student

The CSTF distributions to the State Tuition Fund total \$2.2 billion over a 10-year span (2018-2027); helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2025-2027 Biennium alone will see an 17% increase in distributions totaling nearly \$585 million translating to approximately \$2,501 in funding per K-12 student. This translates to the Department covering nearly 25% of the State's financial responsibility per student.



**CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 9,700 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, INVESTMENT INCOME, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.**



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 2025**

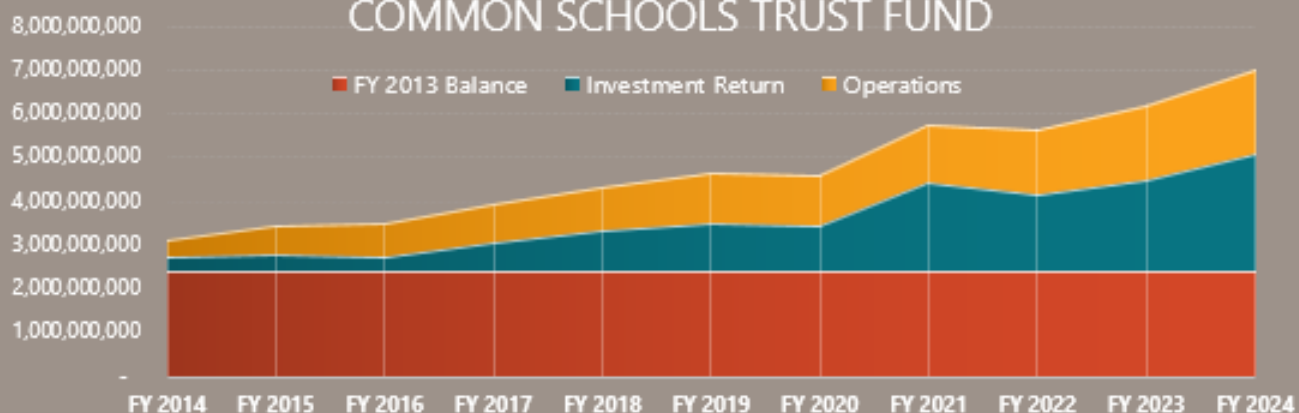


**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS TRUST FUND





## COMMON SCHOOLS TRUST FUND (CSTF)



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 25**

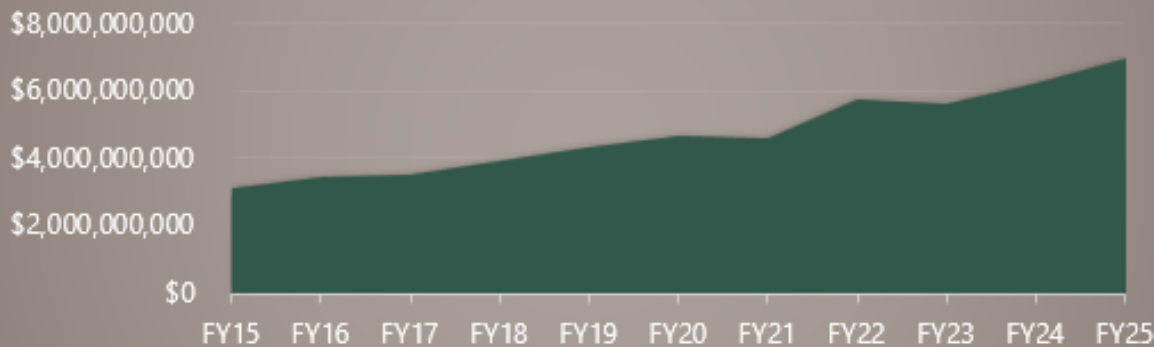


**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS FUND GROWTH



**\$2.2 BILLION IN K-12 DISTRIBUTIONS FROM 2018 - 2027 DIRECTLY  
OFFSETTING THE LEVEL OF FINANCIAL RESPONSIBILITY REQUIRED OF THE  
GENERAL FUND AND PROPERTY TAXES.**

### DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

#### MINERALS

- 10% OF THE OIL EXTRACTION TAX
- MINERAL LEASE BONUSES
- ROYALTY REVENUE



#### SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



### COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

**10% OF FIVE-YEAR  
AVERAGE VALUE OF TRUST  
INVESTMENTS (N.D.  
CONST ART. 9, SEC. 2)**

**3.17% NET AVERAGE  
ANNUAL DISTRIBUTION  
OVER PAST 10 YEARS**

**PERCENTAGE OF ROLLING  
AVERAGE VALUE FORMULA  
SMOOTHS DISTRIBUTIONS  
FOR LONG-TERM GROWTH**

**\* LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET  
ANNUAL DISTRIBUTION OF LESS THAN 5%**



## ND LAND BOARD INVESTMENT PROGRAM



## PERFORMANCE HIGHLIGHTS

**9.42%**

**FY 2024  
Return**

**\$606m**

**FY 2024  
Gains**

**0.58%**

**3-Year  
Excess Return**

## BOARD ACCOMPLISHMENTS



**NEW ASSET ALLOCATION  
REDUCING REAL ESTATE,  
INCREASING HEDGE FUNDS**



**\$2.25B PROFIT DURING  
5-YR PERIOD ENDING  
JUNE 2024**



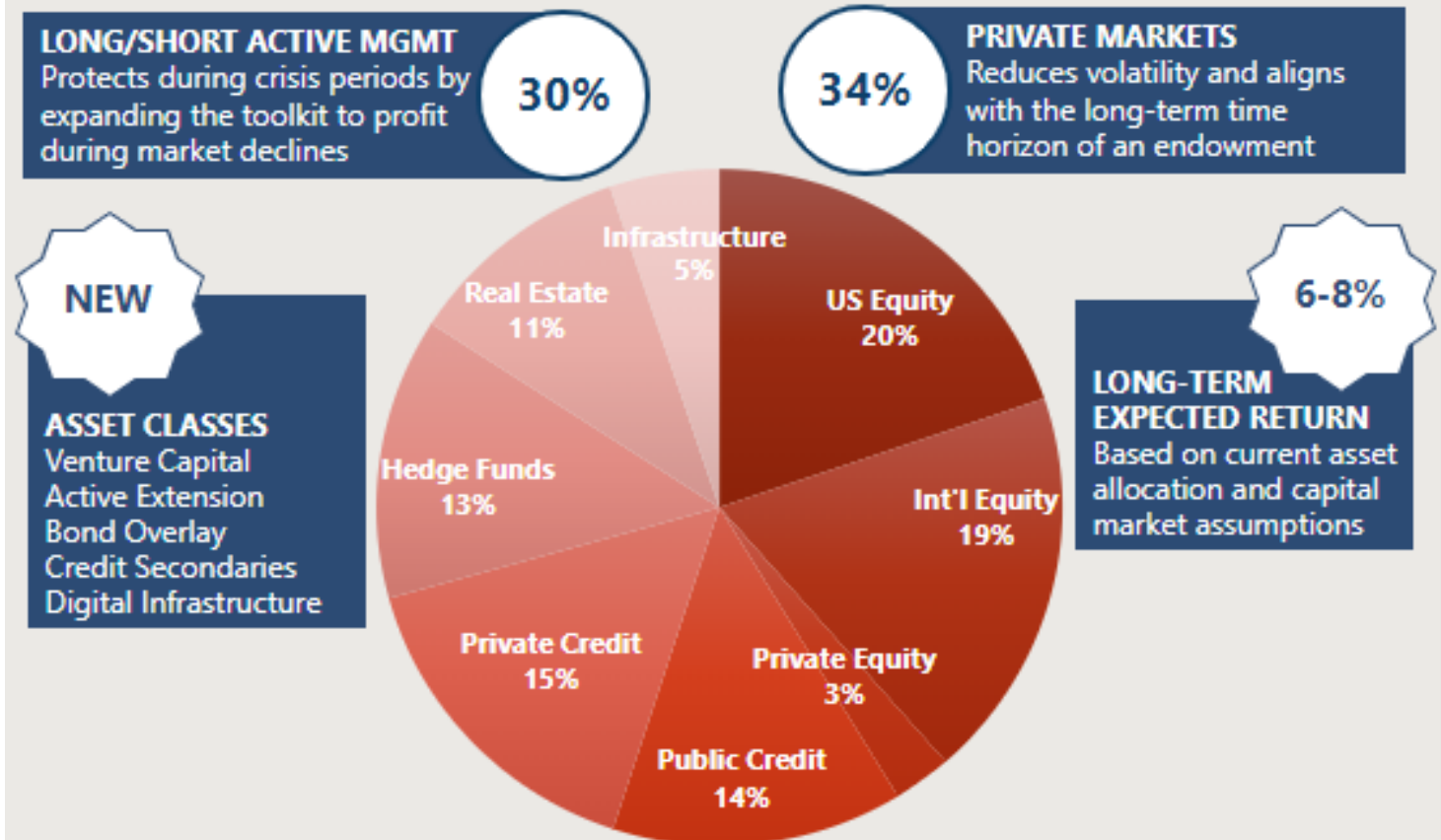
**\$264M DEPLOYED TO  
ALTERNATIVE STRATEGIES  
IN FY 2024**



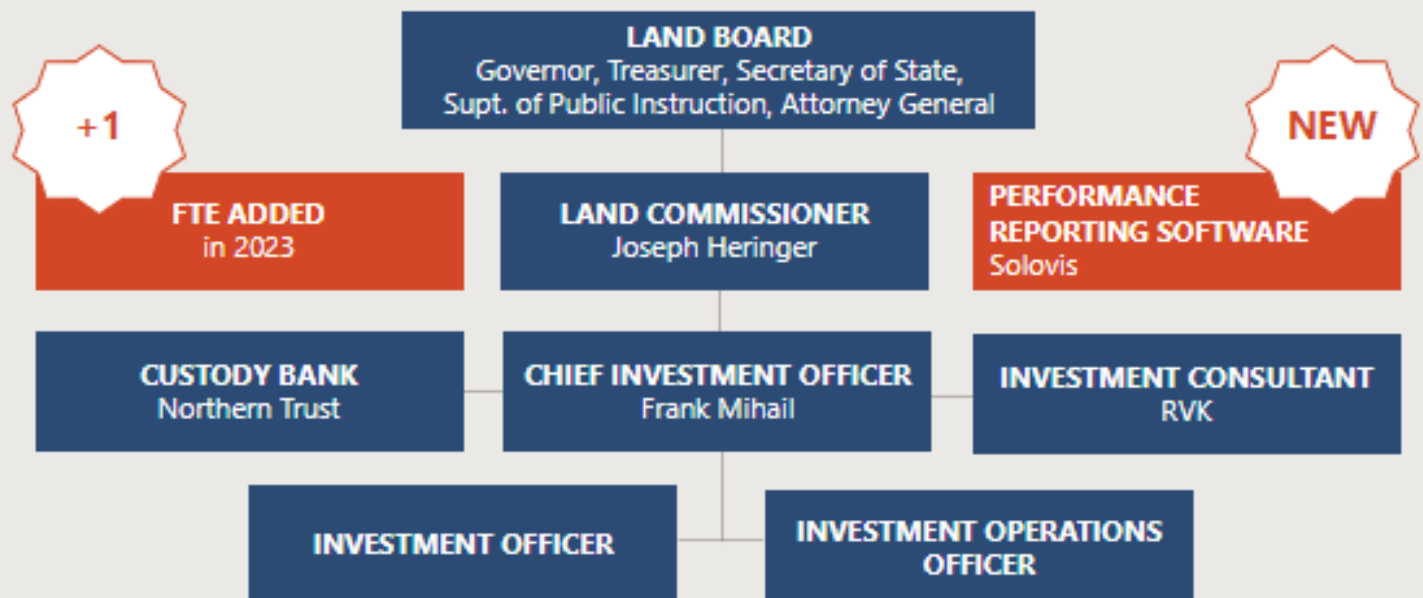
**APPROVED 20 NEW  
INVESTMENTS FOR \$4B  
IN CY 2023 & 2024**



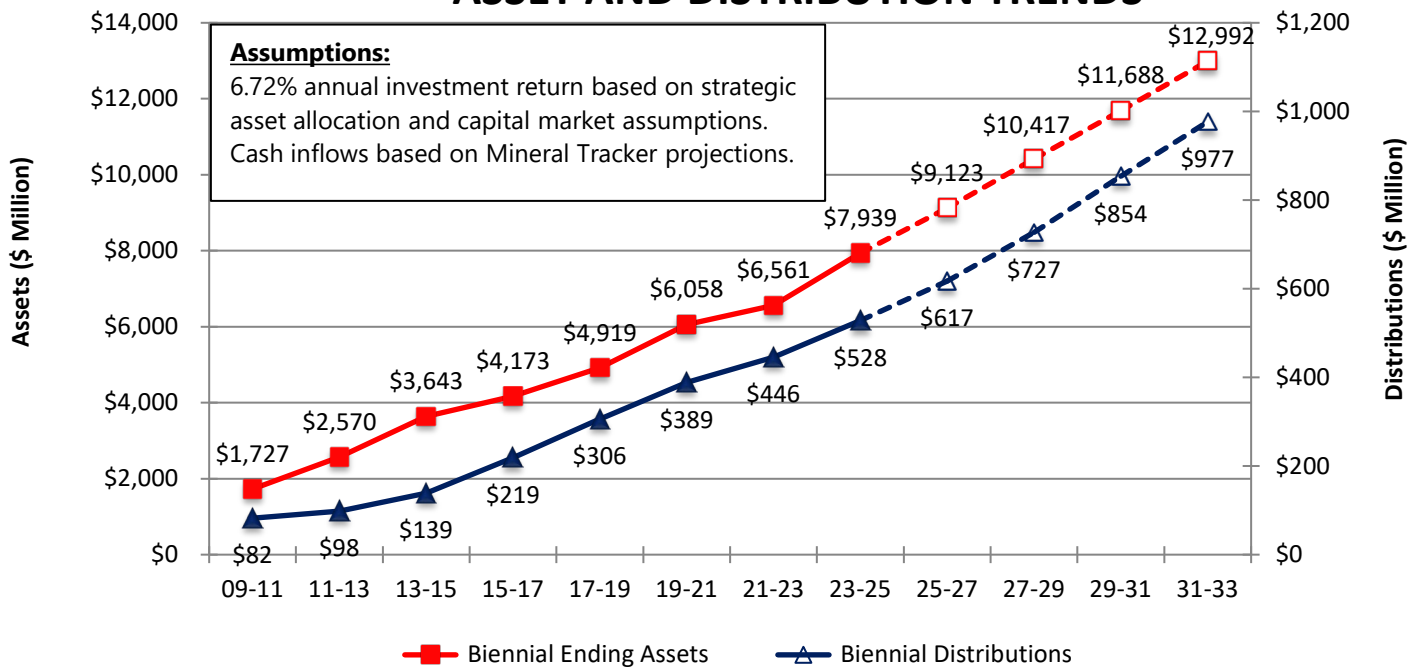
## ASSET ALLOCATION (JUNE 30, 2024)



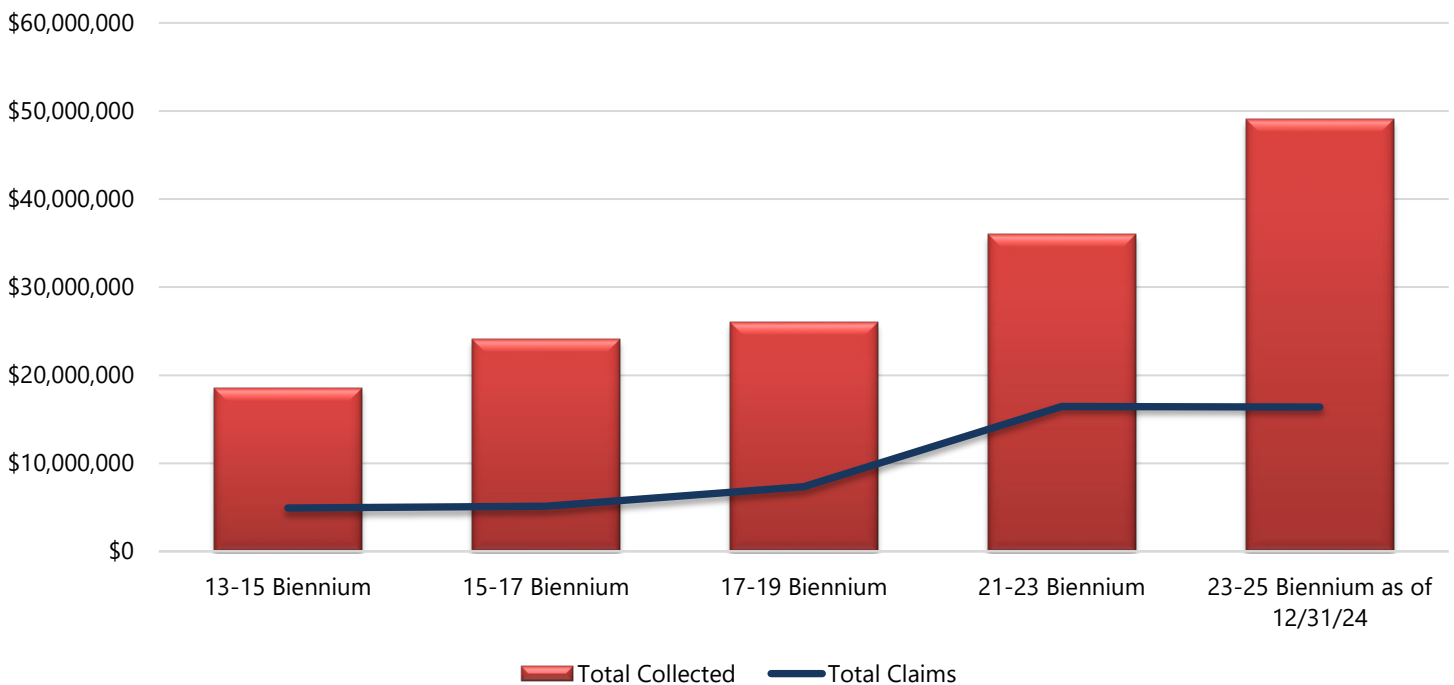
## INVESTMENT TEAM



## 13 PERMANENT TRUST FUNDS ASSET AND DISTRIBUTION TRENDS



## UNCLAIMED PROPERTY INCREASES (Cash Only Properties)



**2. REPORT ANY FINANCIAL AUDIT FINDINGS INCLUDED IN THE MOST RECENT AUDIT OF YOUR DEPARTMENT OR INSTITUTION AND ACTION TAKEN TO ADDRESS EACH FINDING.**

Eide Bailly recently completed its audit of Department financial statements for the year ended June 30, 2024. It was a clean audit with three minor misstatements identified that were corrected.

**3. DISCUSS CURRENT BIENNIUM ACCOMPLISHMENTS AND CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS.**

Accomplishments

- Generated a record \$1 billion in oil and gas royalties
- Record \$585 million CSTF distribution for upcoming 2025-27 biennium; 17% increase over current biennium amount which was also a record
- Continued diversification of \$7 billion investment portfolio for more consistent performance through all market cycles
- Own interest in 9,700, or 51%, of total 19,00 producing oil and gas wells in North Dakota
- Own interest in 18 million, or 49%, of total 37 million oil barrels produced each month
- Own 1.20% of all oil & gas produced each month in North Dakota
- New Mineral Management System went live in January 2023
- New online customer portal with electronic payment processing go live May 2025
- Achieved numerous oil & gas royalties settlements totaling tens of millions of dollars
- Significant litigation reduction
- The Unclaimed Property Division returned a record \$16.5 million to owners during the 2022-2023 biennium by paying 31,975 claims. Additionally, the Unclaimed Property Division processed 7,054 holder reports totaling \$36 million. This is due to increased outreach efforts.
- Re-structured Unclaimed Property 3rd party auditor contracts to promote increased holder compliance

Goals/Plans

- Develop alternative revenue sources
- Start unclaimed property internal audit program
- Continue to increase operational efficiencies with new systems/technologies
- Reduce unnecessary red tape
- Continued improvement of information available to public via website
- Continued growth of revenue and investments
- Increase return rate of unclaimed property by increasing owner outreach

Challenges

- Talent recruitment and retention
- Managing workload with continually increasing responsibilities:
  - Record number of leases to manage
  - Record high in revenues to manage
  - Record value of trust funds to manage
  - More unclaimed property holder reports and claims to process

**4. COMPARE THE AGENCY'S REQUEST/RECOMMENDATION TOTALS, INCLUDING FTE POSITIONS, FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM.**

The Department is requesting a -\$108,862 decrease in operating expenses from the current biennium due to achieved administrative efficiencies and reduced legal costs. We are requesting a +\$720,037 increase in our current salary and benefits appropriation of \$8,823,877 to \$9,543,914. Of that amount, \$514,628 is to add two FTEs from 33 to 35, and the balance of approximately \$205,409 is for anticipated retirement payouts and additional flexibility to help recruit and retain qualified employees.

Diversified Revenue Officer - This position will leverage Land Board assets to create new revenue streams by tapping into the various growing industries in North Dakota such as carbon capture/storage, soil carbon markets, rare earth minerals, wind, solar, etc. Currently, 97% of revenues generated by Land Board surface and mineral rights come from oil & gas royalties, which are projected to begin declining in the early 2030's. For sustainable trust distributions well into the future, we need to start diversifying our revenue streams. This is an investment to start building a Diversified Revenues Division with the goal of achieving 10% non-oil & gas royalty revenues by 2035.

Unclaimed Property Auditor - This position will fill a critical gap in auditing North Dakota centric businesses to ensure compliance with unclaimed property laws. Currently unclaimed property audits are done by contracted third party auditors that focus on large multi-state businesses, missing many North Dakota focused companies that have large operations in the state. This position will promote compliance from those businesses, resulting in millions more in unclaimed property being returned to rightful owners.

DESCRIPTION	CURRENT APPROPRIATION	DEPARTMENT REQUEST 2025-27	DOLLAR CHANGE	PERCENTAGE CHANGE
<b>SALARY &amp; WAGES</b>	<b>8,823,877</b>	<b>9,543,914</b>	<b>720,037</b>	<b>8.2%</b>
<b>OPERATING EXP.</b>	<b>1,769,094</b>	<b>1,660,232</b>	<b>(108,862)</b>	<b>(6.1%)</b>
<b>CAPITAL ASSETS</b>	<b>4,949,500</b>	<b>0</b>	<b>(4,949,500)</b>	<b>(100%)</b>
<b>CONTINGENCY</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0%</b>

BIENNIUM	FTE	ASSETS	OIL/GAS PRODUCING PROPERTIES
<b>13 - 15</b>	<b>31</b>	<b>\$4.6 B</b>	<b>5,080</b>
<b>15 - 17</b>	<b>33</b>	<b>\$4.7 B</b>	<b>5,884</b>
<b>17 - 19</b>	<b>31</b>	<b>\$6.1 B</b>	<b>6,937</b>
<b>19 - 21</b>	<b>29</b>	<b>\$5.7 B</b>	<b>7,511</b>
<b>21 -23</b>	<b>30</b>	<b>\$7.1 B</b>	<b>8,600</b>
<b>23-25</b>	<b>33</b>	<b>\$8.8 B*</b>	<b>9,700</b>
		<b>* as of June 30, 2024</b>	

It is important to note that the Department's peer states have significantly more FTE's than the Department while we manage more assets than most of our peers.



5. DISCUSS ANY NEW POSITIONS APPROVED FOR YOUR AGENCY FOR THE 2023-25 BIENNIUM BY THE 2023 LEGISLATIVE ASSEMBLY, THE TIMING OF FILLING THE POSITIONS, AMOUNTS TRANSFERRED FROM THE OMB POOL FOR THE FILLED POSITIONS, AND FUNDING APPROPRIATED AND THE AMOUNT ESTIMATED TO BE SPENT FOR EACH POSITION FOR THE 2023-25 BIENNIUM.

POSITION	DATE FILLED	FTE FUNDING POOL TRSFR	DATE TERMINATED	DATE FILLED	APPROPRIATE FUNDING	ESTIMATED FUNDING
Unclaimed Property Processor	07/01/23	\$149,207	11/15/24	12/16/24	\$154,886	\$166,811
Minerals Management Officer	09/05/23	\$215,194	-	-	\$239,104	\$228,033
Investment Operations Officer	10/01/23	\$292,987	01/31/24	05/01/24	\$334,842	\$233,775
<u>VACANT POSITION</u>						
Minerals Management Officer	09/01/23	\$161,158	06/21/24	10/07/24	\$201,588	\$333,875
		\$818,546			\$930,420	\$962,494

6. **DISCUSS EMPLOYEE TURNOVER AND THE NUMBER OF VACANT POSTIONS DURING THE 2023-25 BIENNIUM TO DATE, THE AMOUNT OF SAVINGS RELATVN TO THE VACANT POSITIONS AND EMPLOYEE TURNOVER TO DATE COMPARED TO THE VACANT POSITION SAVINGS REMOVED FROM YOUR AGENCY’S BUDGET BY THE 2023 LEGILSATIVE ASSEMBLY, THE AMOUNT OF VACANT POSITION SAVING SPENT FOR OTHER PURPOSES, AND ANY AMOUNTS TRANSFERRED OR ANTICIPATED TO BE TRANSFERRED FROM THE OMB POOL.**

Position	Reason	Date Terminated	Date Filled
Administrative Assistant	Retirement	5/16/2024	09/03/24
Investment Operations Officer	Private Sector	12/13/2024	VACANT

#### Agency Vacancy Saving Worksheet

**Est. Vacancy Savings** \$ 197,237.00

#### Use of vacant position savings:

Accrued Leave Payouts	519
Extra Salary Increases	86,638
Bonuses	8,000
Incentive/location Pay	-
Reclassifications	24,238
Extra Temporary salary Funding	-
Extra Overtime Funding	-
Other (identify)	-

**EST. TOTAL SAVINGS** (as of 12/31/24) \$ 77,842.00

**Vacant Positions** (as of 12/31/24) 1

7. **EXPLAIN THE FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM EITHER IN TOTAL OR BY DIVISION DEPENDING ON THE SIZE OF THE AGENCY:**

**SEE #4 ABOVE**

8. **DISCUSS THE PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM.**

Our IT systems project is proceeding on-time and within budget, with completion scheduled for May 2025. A new UTV for land inspections was purchased in 2024.

9. **IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED.**

**N/A**

**10. DISCUSS AGENCY COLLECTIONS THAT ARE DEPOSITED IN THE GENERAL FUND, OR A SPECIAL FUND, AND ANY ANTICIPATED CHANGES FROM 2021 LEGISLATIVE SESSION ESTIMATES DURING THE 2023-25 BIENNIUM AND ESTIMATED CHANGES FOR THE 2025-27 BIENNIUM.**

	2023-25 Legislative Appropriation	2025-27 Executive Budget	Increase	Increase %
Common schools	\$499,860,000	\$584,677,350	\$84,817,350	17%
North Dakota State University	7,648,000	8,770,000	1,122,000	14.7%
University of North Dakota	5,986,000	6,948,000	962,000	16.1%
Youth Correctional Center	2,662,000	3,136,000	474,000	17.8%
School for the Deaf	2,198,000	2,388,000	190,000	8.6%
North Dakota State College of Science	2,259,700	2,570,284	310,584	13.7%
State Hospital	1,835,700	1,976,284	140,584	7.7%
Veterans' Home	893,700	994,284	100,584	11.3%
Valley City State University	1,354,000	1,566,000	212,000	15.7%
North Dakota Vision Services - School for the Blind	1,679,700	1,936,284	256,584	15.3%
Mayville State University	894,000	1,102,000	208,000	23.3%
Dakota College at Bottineau	343,700	406,284	62,584	18.2%
Dickinson State University	343,700	406,284	62,584	18.2%
Minot State University	343,700	406,284	62,584	18.2%
Total	\$528,301,900	\$617,283,338	\$88,981,438	

**11. IDENTIFY AND FEDERAL STATE FISCAL RELIEF FUNDS REMAINING TO BE SPENT BY YOUR AGENCY BY DECEMBER 2026.**

N/A

**12. DISCUSS THE NEED FOR ANY OTHER SECTIONS TO BE ADDED TO THE APPROPRIATION BILL.**

Potential increase to salary line and language authorizing the Land Board to adopt an incentive compensation plan for the Department, similar to what was included in the Retirement & Investment Office budget bill last session. This will depend on the Board's decisions at its January and/or February meetings after reviewing a compensation study procured on this issue.

**13. DISCUSS ANY OTHER BILLS BEING CONSIDERED BY THE LEGISLATIVE ASSEMBLY AND THEIR POTENTIAL BUDGETARY IMPACT ON THE AGENCY.**

Nothing material we are aware of at this time.

**14. PROVIDE A ONE-PAGE ITEMIZED LISTING ANY CHANGES YOUR AGENCY IS REQUESTING THE COMMITTEE TO MAKE TO THE EXECUTIVE BUDGET RECOMMENDATION.**

The executive budget recommendation does not include the two new FTEs discussed in #4 above: 1) Diversified Revenue Officer and 2) Unclaimed Property Auditor.

**We look forward to working with the Committee on this bill and would be happy to answer any questions.**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2013  
1/20/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds

2:40 p.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### **Discussion Topics:**

- Comparison of Governor Burgum and Governor Armstrong budgets
- New and Vacant Full-time employee (FTE) pool
- Unclaimed property
- Administrative costs
- Diversification of revenue from state trust lands

2:41 p.m. Senior Fiscal Analyst Adam Mathiak provided neutral testimony and submitted testimony #31764.

2:53 p.m. Joe Heringer, ND Director of Trust Lands, testified in favor, submitted testimony #30323, and referenced testimony #28503.

3:22 p.m. Chairman Wanzek closed the hearing.

*Carol Thompson, Committee Clerk*

## 2025-27 Trust Lands Budget Request

### **Salary Base**

Leg. Base	\$8,005,331
Vacant FTE Pool	+\$230,225
New FTE Pool	+\$739,732
Health Insurance Increase	+\$_____
Cost of Living Salary Increase	+\$_____

### **Salary Optional**

Retirements, Recruitment, Retention	+\$200,000
Diversified Revenues Officer	+\$294,631
Unclaimed Property Auditor	+\$274,900

### **Operating Expenses Base**

Leg. Base	\$1,763,694
-----------	-------------

### **Operating Expenses Optional**

Cost Savings	-\$100,000
IT Rate Increases	+\$100,000
Rental & Lease Increases	+50,000
Diversified Revenues Officer	+\$3,000
Unclaimed Property Auditor	+\$3,000

January 20, 2025



Department of Trust Lands - Budget No. 226  
Agency Worksheet - Senate Bill No. 2013

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	33.00	\$0	\$9,869,025	\$9,869,025	33.00	\$0	\$9,869,025	\$9,869,025	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase			\$403,184	\$403,184			\$350,818	\$350,818			(\$52,366)	(\$52,366)
Health insurance increase			180,158	180,158			198,173	198,173			18,015	18,015
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225			230,225	230,225				0
Funding to replace the 2023-25 new FTE pool			739,732	739,732			739,732	739,732				0
Transfers \$53,998 from operating to salaries - Base				0				0				0
Transfers unclaimed property to State Treasurer	(4.00)		(858,397)	(858,397)				0	4.00		858,397	858,397
FTE diversified revenue officer position	1.00		294,631	294,631				0	(1.00)		(294,631)	(294,631)
Information technology rate increases			66,810	66,810			66,810	66,810				0
Budget reduction for operating expense savings			(177,174)	(177,174)			(177,174)	(177,174)				0
Total ongoing funding changes	(3.00)	\$0	\$879,169	\$879,169	0.00	\$0	\$1,408,584	\$1,408,584	3.00	\$0	\$529,415	\$529,415
One-Time Funding Items												
Operating expenses for new FTE position			\$3,000	\$3,000				\$0			(\$3,000)	(\$3,000)
Total one-time funding changes	0.00	\$0	\$3,000	\$3,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$3,000)	(\$3,000)
Total Changes to Base Level Funding	(3.00)	\$0	\$882,169	\$882,169	0.00	\$0	\$1,408,584	\$1,408,584	3.00	\$0	\$526,415	\$526,415
2025-27 Total Funding	30.00	\$0	\$10,751,194	\$10,751,194	33.00	\$0	\$11,277,609	\$11,277,609	3.00	\$0	\$526,415	\$526,415
Federal funds included in other funds			\$0	\$0			\$0	\$0			\$0	\$0
Total ongoing changes - Percentage of base level	(9.1%)	N/A	8.9%	8.9%	0.0%	N/A	14.3%	14.3%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	(9.1%)	N/A	8.9%	8.9%	0.0%	N/A	14.3%	14.3%	N/A	N/A	N/A	N/A

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2013  
1/22/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds

9:25 a.m. Chairman Wanzek opened the meeting.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### **Discussion Topics:**

- Bill overview
- Amendment overview
- New and vacant full-time employee (FTE) pool
- Budgeting process

9:25 a.m. Adam Mathiak, Senior Fiscal Analyst, LC, provided budget information, referenced previous testimony #31764 from (1/20/25 at 2:40 p.m.) and answered committee questions.

10:15 a.m. Chairman Wanzek closed the hearing.

*Carol Thompson, Committee Clerk*

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2013  
1/24/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds

11:32 a.m. Chairman Wanzek opened the hearing.

Members present: Chairman Wanzek, Vice-Chair Dwyer, Senator Burckhard, Senator Erbele, and Senator Sickler.

### Discussion Topics:

- New and Vacant Full-Time Employee (FTE) funding pool
- Committee Action

11:32 a.m. Senior Fiscal Analyst Adam Mathiak testified neutrally and submitted testimony #31765 and #33001.

11:40 a.m. Senator Erbele moved to adopt Amendment 25.0180.01002 on SB 2013.

11:40 a.m. Senator Burckhard seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	Y

Motion passed 5-0-0

11:42 a.m. Senator Erbele moved a Do Pass as Amended for SB 2013.

11:42 a.m. Senator Burckhard seconded the motion.

Senators	Vote
Senator Terry M. Wanzek	Y
Senator Randy A. Burckhard	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Jonathan Sickler	Y

Motion passed 5-0-0

Senator Burckhard will carry the bill.

11:43 a.m. Chairman Wanzek closed the meeting.

Senate Appropriations Government Operations Division Committee  
SB 2013  
1/24/2025

*Carol Thompson, Committee Clerk*



Department of Trust Lands - Budget No. 226  
Agency Worksheet - Senate Bill No. 2013

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	33.00	\$0	\$9,869,025	\$9,869,025	33.00	\$0	\$9,869,025	\$9,869,025	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase			\$350,818	\$350,818			\$350,818	\$350,818				\$0
Health insurance increase			198,173	198,173			198,173	198,173				0
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225			230,225	230,225				0
Funding to replace the 2023-25 new FTE pool			739,732	739,732			739,732	739,732				0
2025-27 new and vacant FTE pool			0	0			(86,204)	(86,204)			(\$86,204)	(86,204)
Transfers \$53,998 from operating to salaries - Base				0				0				0
Information technology rate increases			66,810	66,810			66,810	66,810				0
Budget reduction for operating expense savings			(177,174)	(177,174)			(177,174)	(177,174)				0
Total ongoing funding changes	0.00	\$0	\$1,408,584	\$1,408,584	0.00	\$0	\$1,322,380	\$1,322,380	0.00	\$0	(\$86,204)	(\$86,204)
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$1,408,584	\$1,408,584	0.00	\$0	\$1,322,380	\$1,322,380	0.00	\$0	(\$86,204)	(\$86,204)
2025-27 Total Funding	33.00	\$0	\$11,277,609	\$11,277,609	33.00	\$0	\$11,191,405	\$11,191,405	0.00	\$0	(\$86,204)	(\$86,204)
Federal funds included in other funds			\$0	\$0			\$0	\$0			\$0	\$0
Total ongoing changes - Percentage of base level	0.0%	N/A	14.3%	14.3%	0.0%	N/A	13.4%	13.4%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	N/A	14.3%	14.3%	0.0%	N/A	13.4%	13.4%	N/A	N/A	N/A	N/A

Other Sections in Department of Trust Lands - Budget No. 226

Section Description	Armstrong Executive Budget	Senate Version
Fund distributions		Section 2 provides the permanent fund income distributions to state institutions.

1-24-25 - Adam

25.0180.01002  
Title.  
Fiscal No. 2

Prepared by the Legislative Council  
staff for Senate Appropriations -  
Government Operations Division  
Committee

January 24, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### SENATE BILL NO. 2013

Introduced by

Appropriations Committee

- 1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; and to provide for distributions from permanent funds.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

- 4 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
5 as may be necessary, are appropriated out of any moneys from special funds, to the  
6 commissioner of university and school lands for the purpose of defraying the expenses of the  
7 commissioner of university and school lands, for the biennium beginning July 1, 2025, and  
8 ending June 30, 2027, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11 <del>Salaries and wages</del>	<del>\$8,005,331</del>	<del>\$0</del>	<del>\$8,005,331</del>
12 <del>Operating expenses</del>	<del>1,763,694</del>	<del>0</del>	<del>1,763,694</del>
13 <del>Contingencies</del>	<del>100,000</del>	<del>0</del>	<del>100,000</del>
14 <del>Total special funds</del>	<del>\$9,869,025</del>	<del>\$0</del>	<del>\$9,869,025</del>
15 <del>Full-time equivalent positions</del>	<del>33.00</del>	<del>0.00</del>	<del>33.00</del>
16 <u>Salaries and wages</u>	<u>\$8,005,331</u>	<u>\$1,285,598</u>	<u>\$9,290,929</u>
17 <u>New and vacant FTE pool</u>	<u>0</u>	<u>201,144</u>	<u>201,144</u>
18 <u>Operating expenses</u>	<u>1,763,694</u>	<u>(164,362)</u>	<u>1,599,332</u>
19 <u>Contingencies</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>

1	Total special funds	\$9,869,025	\$1,322,380	\$11,191,405
2	Full-time equivalent positions	33.00	0.00	33.00

3       **SECTION 2. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the  
4 Constitution of North Dakota, the board of university and school lands shall distribute during the  
5 biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the  
6 permanent funds managed for the benefit of the following entities:

7	Common schools	\$584,677,350
8	North Dakota state university	8,770,000
9	University of North Dakota	6,948,000
10	Youth correctional center	3,136,000
11	School for the deaf	2,388,000
12	North Dakota state college of science	2,570,284
13	State hospital	1,976,284
14	Veterans' home	994,284
15	Valley City state university	1,566,000
16	North Dakota vision services - school for the blind	1,936,284
17	Mayville state university	1,102,000
18	Dakota college at Bottineau	406,284
19	Dickinson state university	406,284
20	Minot state university	<u>406,284</u>
21	Total	\$617,283,338

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2013 - Department of Trust Lands - Senate Action**

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,005,331	\$1,285,598	\$9,290,929
New and vacant FTE pool		201,144	201,144
Operating expenses	1,763,694	(164,362)	1,599,332
Contingencies	100,000		100,000
Total all funds	\$9,869,025	\$1,322,380	\$11,191,405
Less estimated income	9,869,025	1,322,380	11,191,405
General fund	\$0	\$0	\$0
FTE	33.00	0.00	33.00

**Department 226 - Department of Trust Lands - Detail of Senate Changes**

	Adds Funding for Salary and Benefit Increases <sup>1</sup>	Adds Funding to Replace 2023-25 FTE Pool <sup>2</sup>	Transfers Funding for 2025-27 New and Vacant FTE Pool <sup>3</sup>	Transfers Funding Between Line Items <sup>4</sup>	Adjusts Funding for Operating Expenses <sup>5</sup>	Total Senate Changes
Salaries and wages	\$548,991	\$969,957	(\$287,348)	\$53,998		\$1,285,598
New and vacant FTE pool			201,144			201,144
Operating expenses				(53,998)	(\$110,364)	(164,362)
Total all funds	\$548,991	\$969,957	(\$86,204)	\$0	(\$110,364)	\$1,322,380
Less estimated income	548,991	969,957	(86,204)	0	(110,364)	1,322,380
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Salaries and wages funding is adjusted for 2025-27 biennium salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and for health insurance premium rate increases of \$250 per month, from \$1,643 to \$1,893 per employee as follows:

	General Fund	Other Funds	Total
Salary increase	\$0	\$350,818	\$350,818
Health insurance adjustment	0	198,173	198,173
Total	\$0	\$548,991	\$548,991

<sup>2</sup> Funding is added to replace the 2023-25 FTE pool as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	\$0	\$230,225	\$230,225
New FTE positions	0	739,732	739,732
Total	\$0	\$969,957	\$969,957

<sup>3</sup> Funding of \$287,348 is removed for estimated savings from vacant 2025-27 FTE positions and \$201,144 is added for a new and vacant FTE pool line item resulting in net savings of \$86,204.

<sup>4</sup> Funding of \$53,998 is transferred from the operating expenses line item to the salaries and wages line item for cost to continue 2023-25 salary increases.

<sup>5</sup> Funding for operating expenses is decreased by \$110,364 for the following adjustments:

- Increase of \$66,810 for information technology rate increases.
- Decrease of \$177,174 for budget reduction for operating expense savings.

The Senate version includes a section to provide for the permanent fund income distributions to state institutions, which was also included in the base budget.

**Senate Bill No. 2013 - Other Changes - Senate Action**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2013  
1/27/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

9:18 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

### Discussion Topics:

- Trust Fund Allocations
- New and Vacant FTE Pool
- Amendments to SB 2013

9:18 a.m. Senator Burckhard introduced the bill and the amendment LC 25.0180.01003 and submitted testimony #32091.

9:35 a.m. Senator Burckhard moved to adopt the amendment LC 25.0180.01003.

9:36 a.m. Senator Wanzek seconded the motion.

### Roll Call Vote:

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

9:37 a.m. Senator Burckhard moved a Do Pass as Amended.

9:37 a.m. Senator Wanzek seconded the motion.

Roll Call Vote:

<b>Senators</b>	<b>Vote</b>
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 16-0-0.

Senator Burckhard will carry the bill.

9:38 a.m. Chairman Bekkedahl adjourned the meeting.

*Elizabeth Reiten, Committee Clerk*

25.0180.01003  
Title.02000  
Fiscal No. 3

Prepared by the Legislative Council  
staff for Senate Appropriations -  
Government Operations Division  
Committee

January 24, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### SENATE BILL NO. 2013

Introduced by

Appropriations Committee

*JB 1-27-25  
1 of 2*

- 1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; and to provide for distributions from permanent funds.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

- 4 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
5 as may be necessary, are appropriated out of any moneys from special funds, to the  
6 commissioner of university and school lands for the purpose of defraying the expenses of the  
7 commissioner of university and school lands, for the biennium beginning July 1, 2025, and  
8 ending June 30, 2027, as follows:

	Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11 <del>Salaries and wages</del>	<del>\$8,005,331</del>	<del>\$0</del>	<del>\$8,005,331</del>
12 <del>Operating expenses</del>	<del>1,763,694</del>	<del>0</del>	<del>1,763,694</del>
13 <del>Contingencies</del>	<del>100,000</del>	<del>0</del>	<del>100,000</del>
14 <del>Total special funds</del>	<del>\$9,869,025</del>	<del>\$0</del>	<del>\$9,869,025</del>
15 <del>Full time equivalent positions</del>	<del>33.00</del>	<del>0.00</del>	<del>33.00</del>
16 <u>Salaries and wages</u>	<u>\$8,005,331</u>	<u>\$1,285,598</u>	<u>\$9,290,929</u>
17 <u>New and vacant FTE pool</u>	<u>0</u>	<u>201,144</u>	<u>201,144</u>
18 <u>Operating expenses</u>	<u>1,763,694</u>	<u>(164,362)</u>	<u>1,599,332</u>
19 <u>Contingencies</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>

JB 2022

1	Total special funds	\$9,869,025	\$1,322,380	\$11,191,405
2	Full-time equivalent positions	33.00	0.00	33.00

3       **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
4 commissioner of university and school lands may not spend funds appropriated in the new and  
5 vacant FTE pool line item in section 1 of this Act, but may request the office of management and  
6 budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages  
7 line item in accordance with the guidelines and reporting provisions included in House Bill  
8 No. 1015, as approved by the sixty-ninth legislative assembly.

9	<b>SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.</b> Pursuant to article IX of the			
10	Constitution of North Dakota, the board of university and school lands shall distribute during the			
11	biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the			
12	permanent funds managed for the benefit of the following entities:			
13	Common schools			\$584,677,350
14	North Dakota state university			8,770,000
15	University of North Dakota			6,948,000
16	Youth correctional center			3,136,000
17	School for the deaf			2,388,000
18	North Dakota state college of science			2,570,284
19	State hospital			1,976,284
20	Veterans' home			994,284
21	Valley City state university			1,566,000
22	North Dakota vision services - school for the blind			1,936,284
23	Mayville state university			1,102,000
24	Dakota college at Bottineau			406,284
25	Dickinson state university			406,284
26	Minot state university			<u>406,284</u>
27	Total			\$617,283,338

**REPORT OF STANDING COMMITTEE  
SB 2013**

**Appropriations Committee (Sen. Bekkedahl, Chairman)** recommends **AMENDMENTS** ([25.0180.01003](#)) and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2013 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

1-27-25

25.0180.01003  
Title.  
Fiscal No. 3

Prepared by the Legislative Council  
staff for Senate Appropriations -  
Government Operations Division  
Committee

January 24, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### SENATE BILL NO. 2013

Introduced by

Appropriations Committee

- 1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; and to provide for distributions from permanent funds.

### 3 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 4 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
5 as may be necessary, are appropriated out of any moneys from special funds, to the  
6 commissioner of university and school lands for the purpose of defraying the expenses of the  
7 commissioner of university and school lands, for the biennium beginning July 1, 2025, and  
8 ending June 30, 2027, as follows:

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11 <del>Salaries and wages</del>	<del>\$8,005,331</del>	<del>\$0</del>	<del>\$8,005,331</del>
12 <del>Operating expenses</del>	<del>1,763,694</del>	<del>0</del>	<del>1,763,694</del>
13 <del>Contingencies</del>	<del>100,000</del>	<del>0</del>	<del>100,000</del>
14 <del>Total special funds</del>	<del>\$9,869,025</del>	<del>\$0</del>	<del>\$9,869,025</del>
15 <del>Full-time equivalent positions</del>	<del>33.00</del>	<del>0.00</del>	<del>33.00</del>
16 <u>Salaries and wages</u>	<u>\$8,005,331</u>	<u>\$1,285,598</u>	<u>\$9,290,929</u>
17 <u>New and vacant FTE pool</u>	<u>0</u>	<u>201,144</u>	<u>201,144</u>
18 <u>Operating expenses</u>	<u>1,763,694</u>	<u>(164,362)</u>	<u>1,599,332</u>
19 <u>Contingencies</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>

1	Total special funds	\$9,869,025	\$1,322,380	\$11,191,405
2	Full-time equivalent positions	33.00	0.00	33.00

3     **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
4 commissioner of university and school lands may not spend funds appropriated in the new and  
5 vacant FTE pool line item in section 1 of this Act, but may request the office of management and  
6 budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages  
7 line item in accordance with the guidelines and reporting provisions included in House Bill  
8 No. 1015, as approved by the sixty-ninth legislative assembly.

9     **SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the  
10 Constitution of North Dakota, the board of university and school lands shall distribute during the  
11 biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the  
12 permanent funds managed for the benefit of the following entities:

13	Common schools	\$584,677,350
14	North Dakota state university	8,770,000
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16	Youth correctional center	3,136,000
17	School for the deaf	2,388,000
18	North Dakota state college of science	2,570,284
19	State hospital	1,976,284
20	Veterans' home	994,284
21	Valley City state university	1,566,000
22	North Dakota vision services - school for the blind	1,936,284
23	Mayville state university	1,102,000
24	Dakota college at Bottineau	406,284
25	Dickinson state university	406,284
26	Minot state university	<u>406,284</u>
27	Total	\$617,283,338

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2013 - Department of Trust Lands - Senate Action**

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,005,331	\$1,285,598	\$9,290,929
New and vacant FTE pool		201,144	201,144
Operating expenses	1,763,694	(164,362)	1,599,332
Contingencies	100,000		100,000
Total all funds	\$9,869,025	\$1,322,380	\$11,191,405
Less estimated income	9,869,025	1,322,380	11,191,405
General fund	\$0	\$0	\$0
FTE	33.00	0.00	33.00

**Department 226 - Department of Trust Lands - Detail of Senate Changes**

	Adds Funding for Salary and Benefit Increases <sup>1</sup>	Adds Funding to Replace 2023-25 FTE Pool <sup>2</sup>	Transfers Funding for 2025-27 New and Vacant FTE Pool <sup>3</sup>	Transfers Funding Between Line Items <sup>4</sup>	Adjusts Funding for Operating Expenses <sup>5</sup>	Total Senate Changes
Salaries and wages	\$548,991	\$969,957	(\$287,348)	\$53,998		\$1,285,598
New and vacant FTE pool			201,144			201,144
Operating expenses				(53,998)	(\$110,364)	(164,362)
Total all funds	\$548,991	\$969,957	(\$86,204)	\$0	(\$110,364)	\$1,322,380
Less estimated income	548,991	969,957	(86,204)	0	(110,364)	1,322,380
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Salaries and wages funding is adjusted for 2025-27 biennium salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and for health insurance premium rate increases of \$250 per month, from \$1,643 to \$1,893 per employee as follows:

	General Fund	Other Funds	Total
Salary increase	\$0	\$350,818	\$350,818
Health insurance adjustment	0	198,173	198,173
Total	\$0	\$548,991	\$548,991

<sup>2</sup> Funding is added to replace the 2023-25 FTE pool as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	\$0	\$230,225	\$230,225
New FTE positions	0	739,732	739,732
Total	\$0	\$969,957	\$969,957

<sup>3</sup> Funding of \$287,348 is removed for estimated savings from vacant 2025-27 FTE positions and \$201,144 is added for a new and vacant FTE pool line item resulting in net savings of \$86,204.

<sup>4</sup> Funding of \$53,998 is transferred from the operating expenses line item to the salaries and wages line item for cost to continue 2023-25 salary increases.

<sup>5</sup> Funding for operating expenses is decreased by \$110,364 for the following adjustments:

- Increase of \$66,810 for information technology rate increases.
- Decrease of \$177,174 for budget reduction for operating expense savings.

The Senate version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section to provide for the permanent fund income distributions to state institutions, which was also included in the base budget.

**2025 HOUSE APPROPRIATIONS**

**SB 2013**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

SB 2013

3/14/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

8:35 Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Member Absent: Vice Chair Brandenburg

### Discussion Topics:

- ND Trust Funds
- ND Unclaimed Property Program
- Common Schools Trust Fund
- ND Land Board Investment Program
- Board of University and School Lands (Land Board)
- Trust Fund Investment Asset Allocation
- CBIZ Compensation Study

8:36 a.m. Joseph Heringer, Commissioner, North Dakota Department of Trust Lands testified in favor #40967 and additional testimony #41499.

10:11 a.m. Adam Otteson, Director of Revenue Compliance, North Dakota Department of Trust Lands testified in favor #40971 and additional testimony #41062.

10:47 a.m. Joseph Heringer, Commissioner, North Dakota Department of Trust Lands, answered questions.

### Additional written testimony:

Adam Mathiak, Legislative Council submitted neutral testimony #41490.

11:03 a.m. Chairman Monson adjourned the meeting.

*Krystal Eberle for Madaline Cooper, Committee Clerk*

# 69<sup>th</sup> LEGISLATIVE ASSEMBLY

## HOUSE APPROPRIATIONS COMMITTEE - SB 2013



### TESTIMONY OF COMMISSIONER JOSEPH HERINGER

Chairman Monson and members of the House Appropriations Committee, Government Operations Division, I am Joseph Heringer, North Dakota Commissioner of University and School Lands. I am here to testify regarding the Department of Trust Lands' (Department) total special funds appropriation found in Senate Bill 2013

#### 1. EXPLAIN THE PURPOSE OF THE AGENCY'S VARIOUS DIVISIONS/PROGRAMS (ORGANIZATIONAL CHART)

The Board of University and School Lands (Board), as established by the North Dakota Constitution, is charged with overseeing the management of state trust lands and investing the revenue generated therefrom to grow as a source of long-term income for the support of certain trust beneficiaries. The Board is comprised of the Governor, Secretary of State, Attorney General, State Treasurer, and Superintendent of Public Instruction. The Department is the administrative arm of the Board, serving under the direction and authority of the Board. The Department is a special fund agency, operating off its own revenues and investments, and as such does not receive state general funds.

The Department manages approximately 2.6 million mineral acres with their roughly 8,600 associated oil & gas leases, and over 700,000 surface acres with their roughly 4,400 associated agricultural leases. Revenues generated from these leases, along with payments received from other income sources such as oil & gas lease bonus payments and easements granted for pipelines, roads, and well pads, are deposited into 13 permanent trust funds and invested to provide long-term income for trust beneficiaries. Beneficiaries of these trust funds include public K-12 education, various colleges and universities, and other institutions throughout North Dakota. The largest trust fund is the Common Schools Trust Fund (CSTF) which had a balance of \$7 billion as of June 30, 2024.

The Department manages five additional funds: (1) the Strategic Investment and Improvements Fund (SIIF), (2) the Coal Development Trust Fund, (3) the Capitol Building Fund, (4) the Indian Cultural Education Trust, and (5) the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

The Strategic Investment and Improvements Fund (SIIF), was created in 2011 to replace the Lands and Minerals Trust Fund. The Land and Minerals Trust Fund was created in during the 1977 legislative session and was managed for its entirety by the Board of University and School Lands. SIIF now holds over 700,000 mineral acres previously held in the Lands and Minerals Trust Fund. These mineral acres include those formerly owned by the Bank of North Dakota and State Treasurer in addition to the minerals located under navigable rivers and lakes. These minerals assets now held is SIIF generated over \$200 million in revenue during fiscal year 2024.

The management of assets falls within the Minerals Management, Surface Management, Revenue Compliance, Investments, Unclaimed Property, and Accounting Divisions.

The Minerals Division manages 2.6 million minerals acres including oil, gas, coal and other subsurface minerals. The division is responsible for the leasing of minerals acres and the maintenance of all records and requests pertaining to mineral ownership and leasing activity. The division tracks and interprets business transactions by lessees; assignments by depth, formation, well bore or value; requests for pooling agreements; lease and title interpretation; royalty;

authorization for participation in production; overrides; and analysis of drilling and production data necessary to hold a producing lease. This division has four FTEs consisting of the division director and three staff members who are dedicated to reviewing historical records, assessing the unique leasing arrangements, processing leases, division orders and assignments.

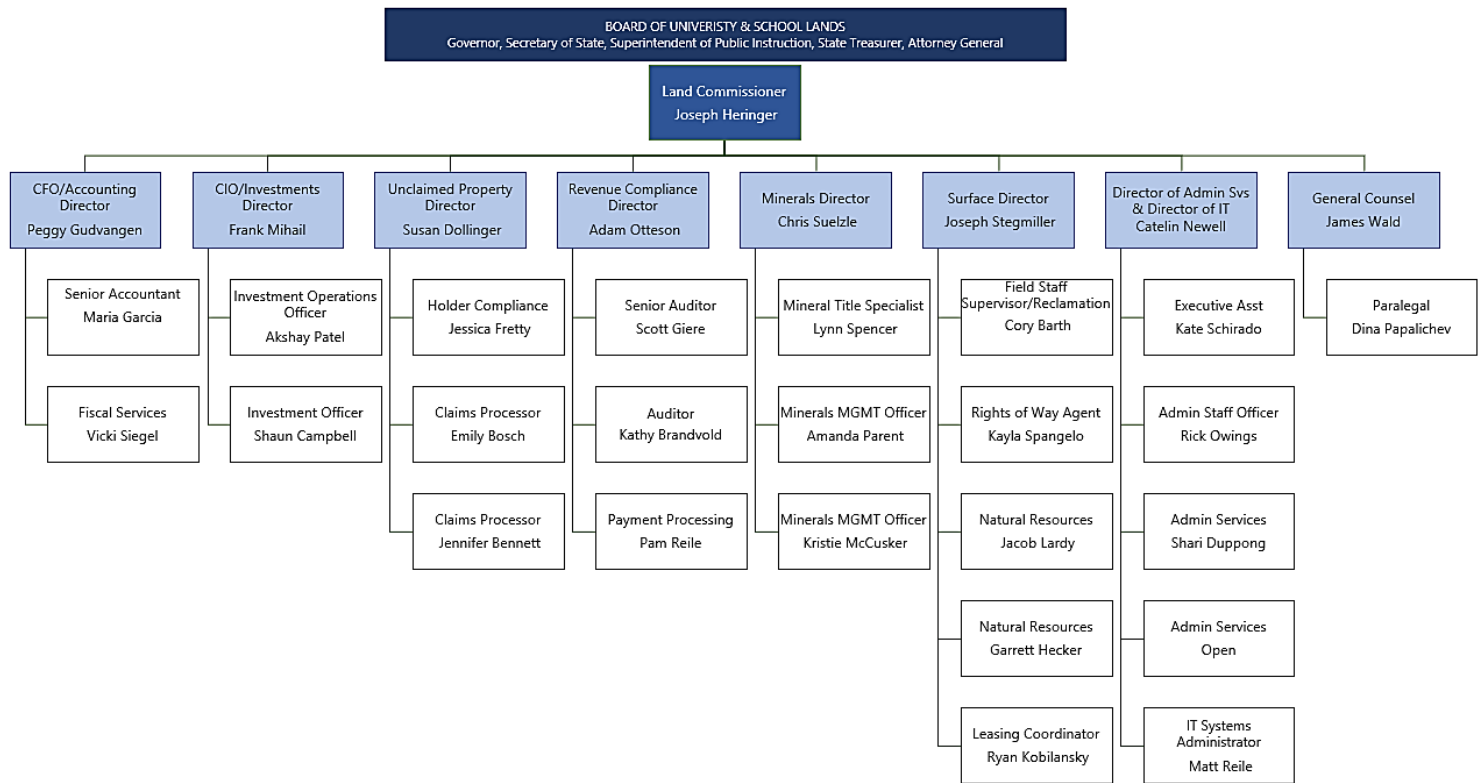
The Surface Division is responsible for leasing and managing 706,600 surface acres held in trust for various schools and institutions. The division has six FTEs including the division director, and nine temporary, non-classified employees who help inspect the vast acreage we manage. The major source of income for the Surface Division is agricultural leases, with grazing being the predominant land use. Significant revenue is also generated from rights-of-way, salt-water disposal, and gravel and scoria mining.

The Revenue Compliance Division is responsible for developing and implementing procedures to assure the timely and accurate accounting of all royalties, bonuses, rents and other revenues received by the Department. The division is also responsible for developing, implementing, and monitoring the managerial and system controls used by the Department to detect and prevent the misappropriation of trust assets and revenues. The division has four FTEs including the division director.

The Accounting Division is responsible for fulfilling the agency's constitutional, statutory laws and rules, and governmental accounting standard board requirements for budgeting, accounting practices, payroll, financial data management, investments, calculating distributions for beneficiaries, and safeguarding over \$8.8 billion in assets of 19 different trusts and funds plus two additional departments (Energy Infrastructure & Impact Office and Unclaimed Property).

The Investment Division is responsible for directing, implementing, coordinating, and monitoring all aspects of the Land Board's investment program. The division has three FTEs, including the division director. Outside of monitoring funds and investment managers, the division administers the cash flows and obligations of the Permanent Trust Funds, SIIF, the Coal Development Trust Fund, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund.

Additionally, the Department administers North Dakota Unclaimed Property Program. In this role, the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.) from businesses that operate in the state and processes claims to reunite owners with their lost property. While holding unclaimed property, the Department invests it to benefit the CSTF. Unclaimed Property has four FTEs including the division director.



DEPARTMENT OF TRUST LANDS (DTL) ORG CHART



## DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College\*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

\* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

### DID YOU KNOW?

WE MANAGE 2.6 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 9,700 OF ND'S APPROXIMATELY 19,000 PRODUCING WELLS WITH MORE THAN 8,600 LEASES.



WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4,400 LEASES.



### CURRENT AGENCY TEAM MEMBER STATS

33

FTE  
count

6

average yrs  
of service

45%

turnover  
since 2021

4

retirement  
eligible

### HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL  
33 FTE  
1 FTE/\$262 Million

UTAH  
68 FTE  
1 FTE/\$47 Million

MINNESOTA  
88FTE  
1 FTE/\$21 Million

TEXAS GLO  
801 FTE  
1 FTE/\$65 Million

2023 ASSET  
VALUE

\$ 8,647,994,458

\$ 3,221,207,646

\$ 1,889,600,000

\$ 52,316,792,346

2023  
OPERATING  
REVENUE

\$ 535,700,494

\$ 146,578,644

\$ 30,000,000

\$ 1,900,818,720

## DEPARTMENT HIGHLIGHTS

### \$2 BILLION IN ROYALTY REVENUE DEPOSITED INTO DTL TRUSTS AND FUNDS



### COMMON SCHOOLS TRUST FUND (CSTF) FUNDING OF K-12 EDUCATION

**\$2,501**

CSTF funding per  
K-12 student

The CSTF distributions to the State Tuition Fund total \$2.2 billion over a 10-year span (2018-2027); helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2025-2027 Biennium alone will see an 17% increase in distributions totaling nearly \$585 million translating to approximately \$2,501 in funding per K-12 student. This translates to the Department covering nearly 25% of the State's financial responsibility per student.



**CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 9,700 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, INVESTMENT INCOME, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.**



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 2025**

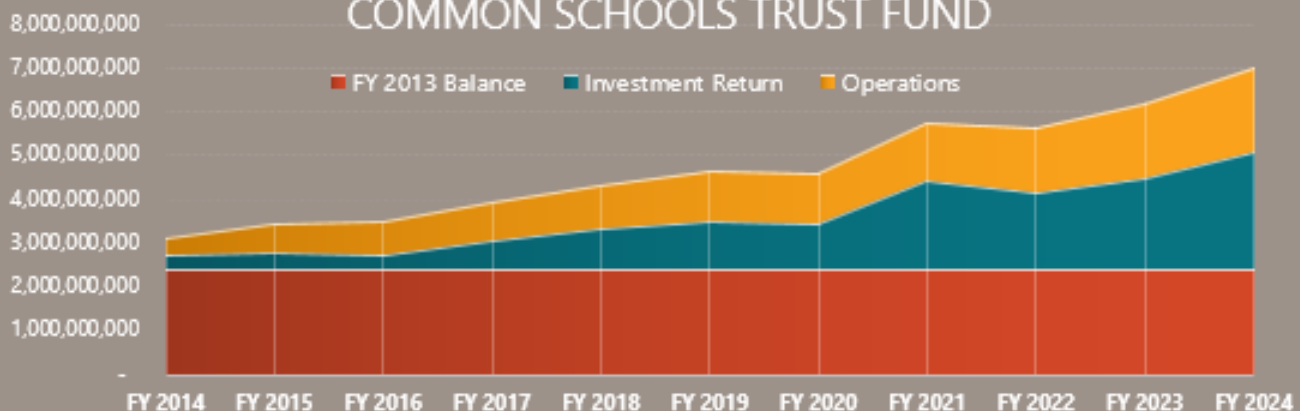


**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS TRUST FUND



## COMMON SCHOOLS TRUST FUND (CSTF)



**\$7 BILLION VALUE AS  
OF FISCAL YEAR 25**



**\$585 MILLION TO BE  
DISTRIBUTED IN  
2025-27 BIENNIUM**



**17% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIUM**

### COMMON SCHOOLS FUND GROWTH



**\$2.2 BILLION IN K-12 DISTRIBUTIONS FROM 2018 - 2027 DIRECTLY  
OFFSETTING THE LEVEL OF FINANCIAL RESPONSIBILITY REQUIRED OF THE  
GENERAL FUND AND PROPERTY TAXES.**

### DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

#### MINERALS

- 10% OF THE OIL EXTRACTION TAX
- MINERAL LEASE BONUSES
- ROYALTY REVENUE



#### SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



### COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

**10% OF FIVE-YEAR  
AVERAGE VALUE OF TRUST  
INVESTMENTS (N.D.  
CONST ART. 9, SEC. 2)**

**3.17% NET AVERAGE  
ANNUAL DISTRIBUTION  
OVER PAST 10 YEARS**

**PERCENTAGE OF ROLLING  
AVERAGE VALUE FORMULA  
SMOOTHS DISTRIBUTIONS  
FOR LONG-TERM GROWTH**

**\* LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET  
ANNUAL DISTRIBUTION OF LESS THAN 5%**



## ND LAND BOARD INVESTMENT PROGRAM



### PERFORMANCE HIGHLIGHTS

**9.42%**

**FY 2024  
Return**

**\$606m**

**FY 2024  
Gains**

**0.58%**

**3-Year  
Excess Return**

### BOARD ACCOMPLISHMENTS



**NEW ASSET ALLOCATION  
REDUCING REAL ESTATE,  
INCREASING HEDGE FUNDS**



**\$2.25B PROFIT DURING  
5-YR PERIOD ENDING  
JUNE 2024**



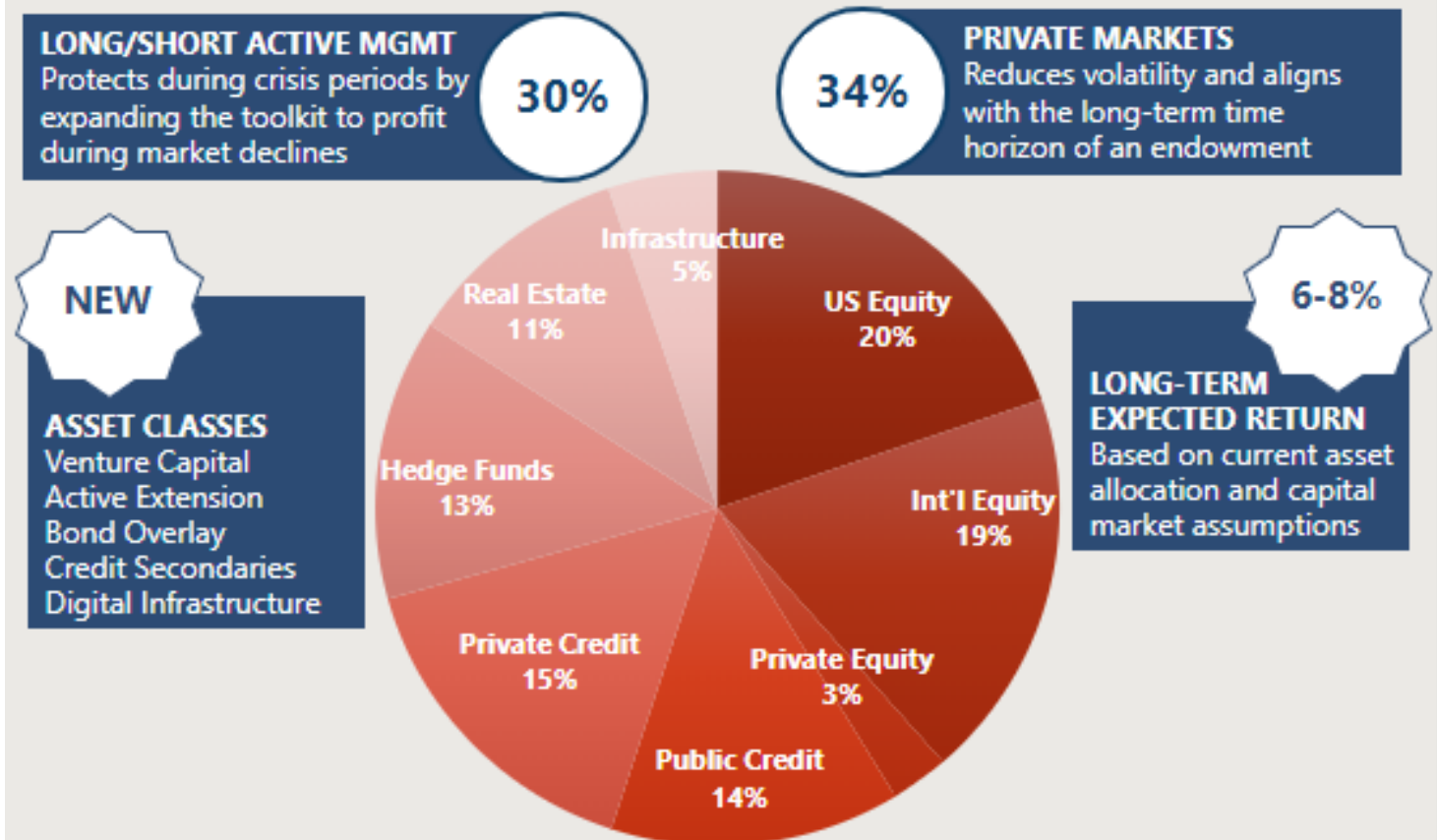
**\$264M DEPLOYED TO  
ALTERNATIVE STRATEGIES  
IN FY 2024**



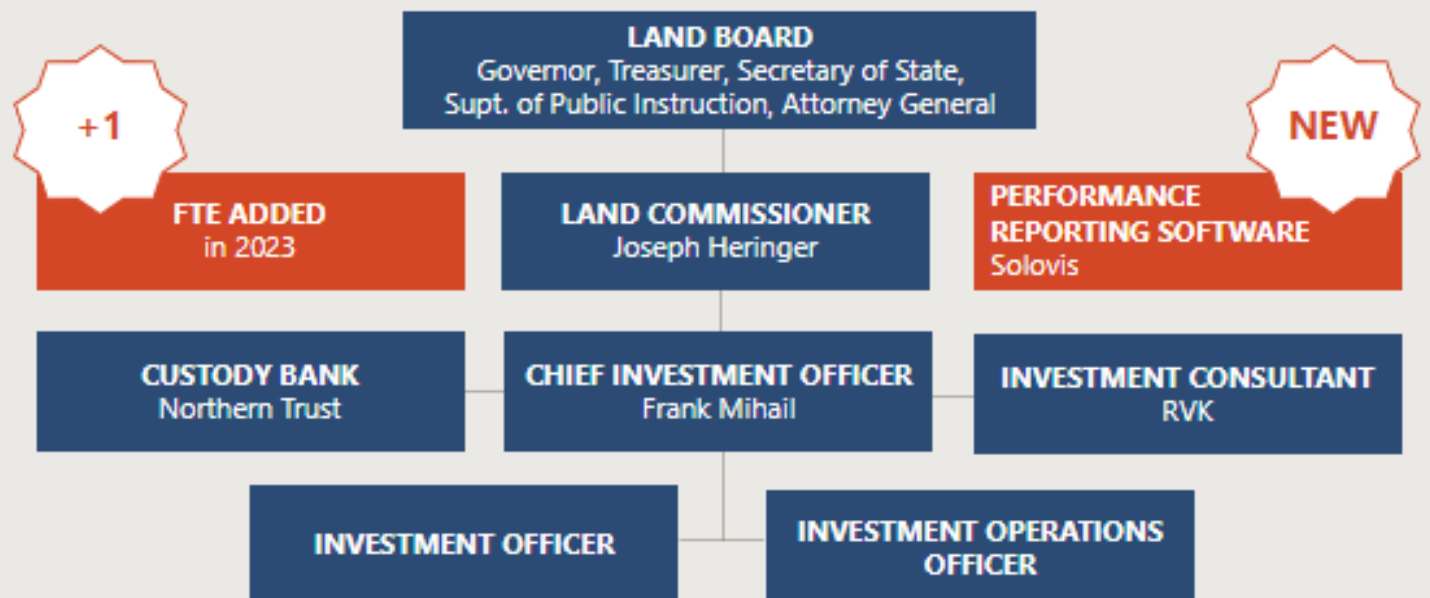
**APPROVED 20 NEW  
INVESTMENTS FOR \$4B  
IN CY 2023 & 2024**



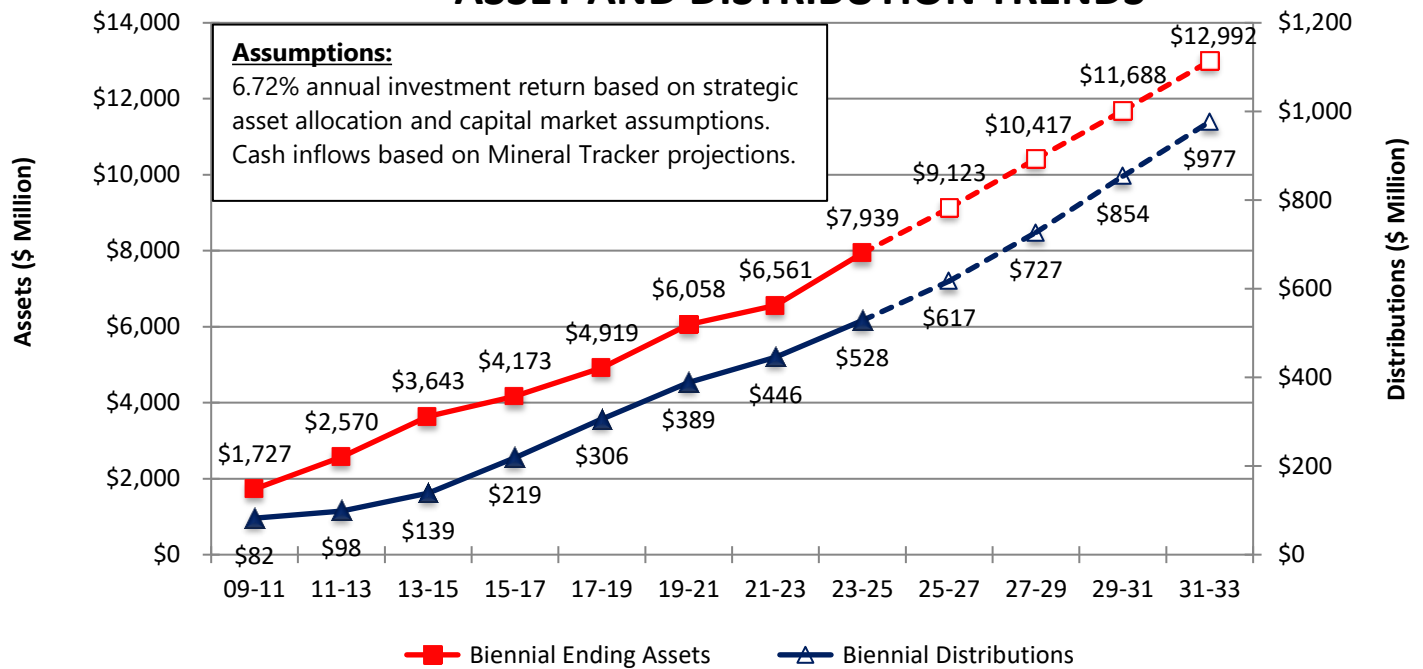
## ASSET ALLOCATION (JUNE 30, 2024)



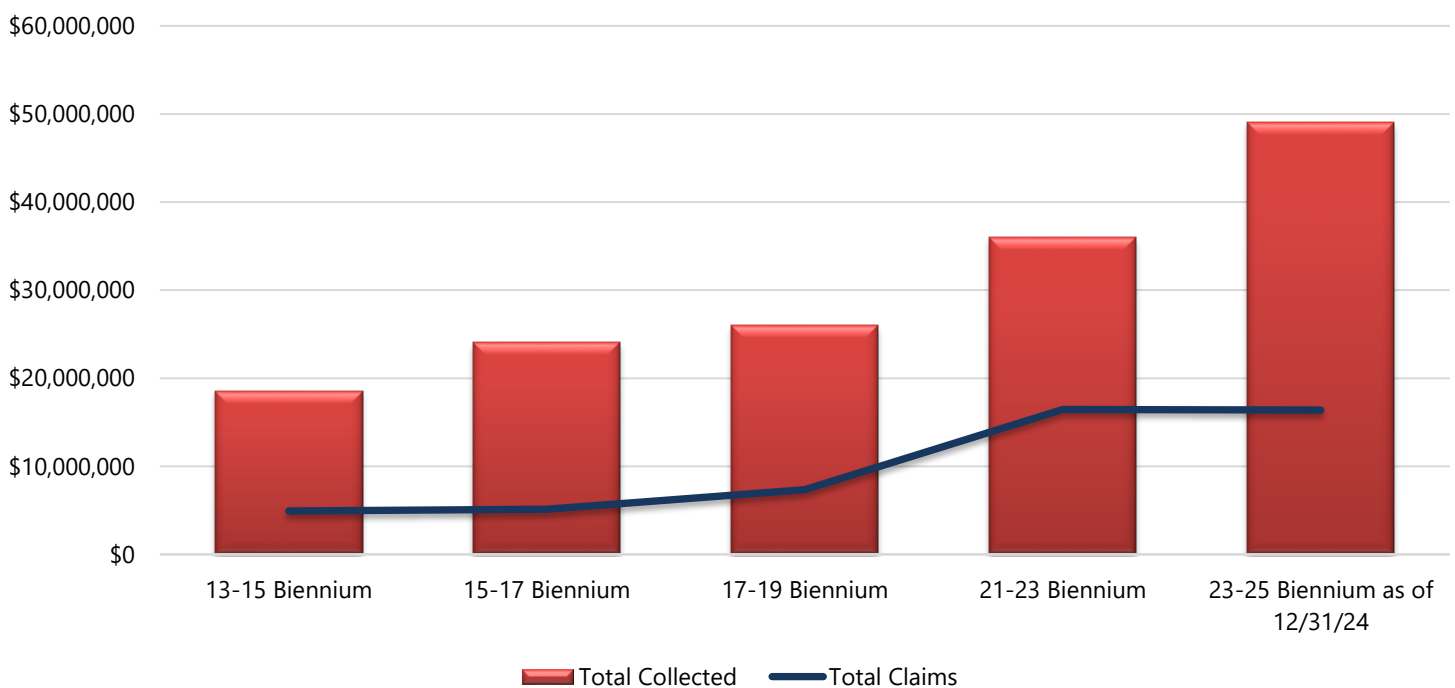
## INVESTMENT TEAM



## 13 PERMANENT TRUST FUNDS ASSET AND DISTRIBUTION TRENDS



## UNCLAIMED PROPERTY INCREASES (Cash Only Properties)



**2. REPORT ANY FINANCIAL AUDIT FINDINGS INCLUDED IN THE MOST RECENT AUDIT OF YOUR DEPARTMENT OR INSTITUTION AND ACTION TAKEN TO ADDRESS EACH FINDING.**

Eide Bailly recently completed its audit of Department financial statements for the year ended June 30, 2024. It was a clean audit with three minor misstatements identified that were corrected.

**3. DISCUSS CURRENT BIENNIUM ACCOMPLISHMENTS AND CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS.**

Accomplishments

- Generated a record \$1 billion in oil and gas royalties
- Record \$585 million CSTF distribution for upcoming 2025-27 biennium; 17% increase over current biennium amount which was also a record
- Continued diversification of \$7 billion investment portfolio for more consistent performance through all market cycles
- Own interest in 9,700, or 51%, of total 19,00 producing oil and gas wells in North Dakota
- Own interest in 18 million, or 49%, of total 37 million oil barrels produced each month
- Own 1.20% of all oil & gas produced each month in North Dakota
- New Mineral Management System went live in January 2023
- New online customer portal with electronic payment processing go live May 2025
- Achieved numerous oil & gas royalties settlements totaling tens of millions of dollars
- Significant litigation reduction
- The Unclaimed Property Division returned a record \$16.5 million to owners during the 2022-2023 biennium by paying 31,975 claims. Additionally, the Unclaimed Property Division processed 7,054 holder reports totaling \$36 million. This is due to increased outreach efforts.
- Re-structured Unclaimed Property 3rd party auditor contracts to promote increased holder compliance

Goals/Plans

- Develop alternative revenue sources
- Start unclaimed property internal audit program
- Continue to increase operational efficiencies with new systems/technologies
- Reduce unnecessary red tape
- Continued improvement of information available to public via website
- Continued growth of revenue and investments
- Increase return rate of unclaimed property by increasing owner outreach

Challenges

- Talent recruitment and retention
- Managing workload with continually increasing responsibilities:
  - Record number of leases to manage
  - Record high in revenues to manage
  - Record value of trust funds to manage
  - More unclaimed property holder reports and claims to process

**4. COMPARE THE AGENCY'S REQUEST/RECOMMENDATION TOTALS, INCLUDING FTE POSITIONS, FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM.**

See included slide deck

BIENNIUM	FTE	ASSETS	OIL/GAS PRODUCING PROPERTIES
13 - 15	31	\$4.6 B	5,080
15 - 17	33	\$4.7 B	5,884
17 - 19	31	\$6.1 B	6,937
19 - 21	29	\$5.7 B	7,511
21 -23	30	\$7.1 B	8,600
23-25	33	\$8.8 B*	9,700
		<i>* as of June 30, 2024</i>	

It is important to note that the Department's peer states have significantly more FTE's than the Department while we manage more assets than most of our peers.



5. DISCUSS ANY NEW POSITIONS APPROVED FOR YOUR AGENCY FOR THE 2023-25 BIENNIUM BY THE 2023 LEGISLATIVE ASSEMBLY, THE TIMING OF FILLING THE POSITIONS, AMOUNTS TRANSFERRED FROM THE OMB POOL FOR THE FILLED POSITIONS, AND FUNDING APPROPRIATED AND THE AMOUNT ESTIMATED TO BE SPENT FOR EACH POSITION FOR THE 2023-25 BIENNIUM.

POSITION	DATE FILLED	FTE FUNDING POOL TRSFR	DATE TERMINATED	DATE FILLED	APPROPRIATED FUNDING	ESTIMATED FUNDING
Unclaimed Property Processor	07/01/23	\$149,207	11/15/24	12/16/24	\$154,886	\$166,811
Minerals Management Officer	09/05/23	\$215,194	-	-	\$239,104	\$228,033
Investment Operations Officer	10/01/23	\$292,987	01/31/24	05/01/24	\$334,842	\$233,775
<u>VACANT POSITION</u>						
Minerals Management Officer	09/01/23	\$161,158	06/21/24	10/07/24	\$201,588	\$333,875
		\$818,546			\$930,420	\$962,494

6. DISCUSS EMPLOYEE TURNOVER AND THE NUMBER OF VACANT POSTIONS DURING THE 2023-25 BIENNIUM TO DATE, THE AMOUNT OF SAVINGS RELATVN TO THE VACANT POSITIONS AND EMPLOYEE TURNOVER TO DATE COMPARED TO THE VACANT POSITION SAVINGS REMOVED FROM YOUR AGENCY'S BUDGET BY THE 2023 LEGILSATIVE ASSEMBLY, THE AMOUNT OF VACANT POSITION SAVING SPENT FOR OTHER PURPOSES, AND ANY AMOUNTS TRANSFERRED OR ANTICIPATED TO BE TRANSFERRED FROM THE OMB POOL.

Position	Reason	Date Terminated	Date Filled
Administrative Assistant	Retirement	5/16/2024	09/03/24
Investment Operations Officer	Private Sector	12/13/2024	VACANT

#### Agency Vacancy Saving Worksheet

**Est. Vacancy Savings** \$ 197,237.00

#### Use of vacant position savings:

Accrued Leave Payouts	519
Extra Salary Increases	86,638
Bonuses	8,000
Incentive/location Pay	-
Reclassifications	24,238
Extra Temporary salary Funding	-
Extra Overtime Funding	-
Other (identify)	-

**EST. TOTAL SAVINGS** (as of 12/31/24) \$ 77,842.00

**Vacant Positions** (as of 12/31/24) 1

7. EXPLAIN THE FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM EITHER IN TOTAL OR BY DIVISION DEPENDING ON THE SIZE OF THE AGENCY:

SEE #4 ABOVE

8. DISCUSS THE PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM.

Our IT systems project is proceeding on-time and within budget, with completion scheduled for May 2025. A new UTV for land inspections was purchased in 2024.

9. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED.

N/A

**10. DISCUSS AGENCY COLLECTIONS THAT ARE DEPOSITED IN THE GENERAL FUND, OR A SPECIAL FUND, AND ANY ANTICIPATED CHANGES FROM 2021 LEGISLATIVE SESSION ESTIMATES DURING THE 2023-25 BIENNIUM AND ESTIMATED CHANGES FOR THE 2025-27 BIENNIUM.**

	2023-25 Legislative Appropriation	2025-27 Executive Budget	Increase	Increase %
Common schools	\$499,860,000	\$584,677,350	\$84,817,350	17%
North Dakota State University	7,648,000	8,770,000	1,122,000	14.7%
University of North Dakota	5,986,000	6,948,000	962,000	16.1%
Youth Correctional Center	2,662,000	3,136,000	474,000	17.8%
School for the Deaf	2,198,000	2,388,000	190,000	8.6%
North Dakota State College of Science	2,259,700	2,570,284	310,584	13.7%
State Hospital	1,835,700	1,976,284	140,584	7.7%
Veterans' Home	893,700	994,284	100,584	11.3%
Valley City State University	1,354,000	1,566,000	212,000	15.7%
North Dakota Vision Services - School for the Blind	1,679,700	1,936,284	256,584	15.3%
Mayville State University	894,000	1,102,000	208,000	23.3%
Dakota College at Bottineau	343,700	406,284	62,584	18.2%
Dickinson State University	343,700	406,284	62,584	18.2%
Minot State University	343,700	406,284	62,584	18.2%
Total	\$528,301,900	\$617,283,338	\$88,981,438	

**11. IDENTIFY AND FEDERAL STATE FISCAL RELIEF FUNDS REMAINING TO BE SPENT BY YOUR AGENCY BY DECEMBER 2026.**

N/A

**12. DISCUSS THE NEED FOR ANY OTHER SECTIONS TO BE ADDED TO THE APPROPRIATION BILL.**

N/A

**13. DISCUSS ANY OTHER BILLS BEING CONSIDERED BY THE LEGISLATIVE ASSEMBLY AND THEIR POTENTIAL BUDGETARY IMPACT ON THE AGENCY.**

Nothing material we are aware of at this time.

**14. PROVIDE A ONE-PAGE ITEMIZED LISTING ANY CHANGES YOUR AGENCY IS REQUESTING THE COMMITTEE TO MAKE TO THE EXECUTIVE BUDGET RECOMMENDATION.**

The executive budget recommendation does not include the two new FTEs discussed in the supplemental slide deck: 1) Diversified Revenue Officer and 2) Unclaimed Property

**We look forward to working with the Committee on this bill and would be happy to answer any questions.**

# DIVERSIFIED REVENUES OFFICER

## FTE Request

New position to capitalize on emerging revenue opportunities

- Carbon capture/storage
- Soil carbon markets
- Rare earth minerals
- Wind, solar, etc.

Currently, 97% of revenues are from oil & gas, with projected decline in early 2030's

Long-term, prudent planning to diversify revenues

- \$192,000 for biennial salary
- If granted, legislative council will calculate the additional funding needed for benefits

# UNCLAIMED PROPERTY

## FTE Request

February 27<sup>th</sup> - Land Board voted 3-1 to oppose move to Treasurer's office

Requesting 1 additional FTE – Internal Auditor

- Fill gap with external contracted auditors
- Provide additional compliance support
- \$170,000 for biennial salary
- If granted, legislative council will calculate the additional funding needed for benefits

# CBIZ COMPENSATION STUDY

- Directed by Land Board; completed in February 2025
- Very thorough; interviewed all 33 employees
- Compared to both public & private sectors
- Weighted to North Dakota / Bismarck comparables
- Three main recommendations:
  1. Bring 12 employees up to recommended salary range minimums
  2. Alleviate salary compression based on experience & tenure
  3. Implement incentive compensation plan
- Board approved requests for recommendations 1 & 2
- Board approved introducing incentive compensation topic, with no formal request at this time; will research further

# EQUITY FUNDING REQUEST

- \$674,745 base pay equity for 2025-27 biennium; equates to 0.03% of last two years' revenue
- Includes \$231,216 for 12 employees identified in CBIZ compensation study as "at risk of losing due to pay"
- Balance of \$443,529 is to bring employees within market ranges based on experience and tenure
- If granted, legislative council will calculate the additional funding needed for benefits

# INCENTIVE COMPENSATION PLAN

The Department of Trust Lands is well suited for incentive pay as one of North Dakota's four main revenue generating agencies

- Bank of North Dakota (retention bonus plan in place; developing incentive plan)
- Retirement and Investment Office (incentive plan in place)
- Mill & Elevator (profit sharing plan in place)

FY23 & FY24 DTL generated \$2.2 billion in revenues

- \$1.03 billion mineral royalties & bonus
- \$1.11 billion investment returns
- \$80 million other (rent, unclaimed property, securities lending)

Clear metrics to measure high performance that financially benefits the state

- For example, 10% growth of Common Schools Trust Fund equates to over \$700 million

### Things to consider before moving the Unclaimed Property Division to the Treasurer's Office.

Actual number of FTE's required to administer the program.	<p>The Dept. of Trust Lands has 4 designated FTEs for Unclaimed Property, in addition, in FY 2024 the department averaged 95 hours/month spread out among 14 additional employees. <i>See attached.</i></p> <p>SB2013 originally requested a 5<sup>th</sup> FTE for compliance purposes.</p> <p>In order to function properly, the Division would need 5 FTE's for sure, if not 6.</p>
Relationship with Northern Trust	<p>Northern Trust is the Custodian for over 1300 individual positions (equities and mutual funds). The fees Unclaimed Property pays are \$250/quarter and \$50/claimant registration which totals approximately \$2,000/year.</p> <p>Northern would have to open a new account under the Treasurer's office and individually re-register each position. Or, move custody altogether. This would be a heavy lift for Northern as well as Unclaimed Property.</p> <p>Unclaimed Property received a quote from its IT vendor, Kelmar to manage our securities custody through Wells Fargo in 2022. The quote at that time was \$7,500/month or \$90,000/year. See attached.</p>
Accounting and cash management associated with the Common Schools Trust Fund	Unclaimed Property maintains its own DDA at BND for incoming cash. It also has its own account at the Treasurer's office (418).
Legal Counsel	Treasurer's Office would need legal support to address various issues that arise which would be additional cost.
Moving Tangible Items	<p>Is there sufficient space for 6 very heavy fireproof cabinets, and can the floor support the weight? Is there adequate space for inventorying tangible items? Is there adequate security for this space? Handling of tangible property is handled under STRICT DUAL CONTROL.</p> <p>There will be a cost to moving these very heavy safes.</p>

Constituent Experience	The Trust Lands building is conveniently located with street parking directly in front. Upon entering, claimants can use a small office dedicated to their meetings. If unclaimed property were stored at the Capitol, constituents would have to manage parking, go through security, and then find the Treasurer's office. Additionally, the Treasurer's office would need a designated meeting space for walk-in claimants, as well as increased public hours.
Funds to Remodel Treasurer's Office	Will either be continuing authority under N.D.C.C. 47-30.2 or a special appropriation. Undetermined at this time.
Numerous Statutes and Administrative Rules to update	See attached
Update vendor contracts	8-3 <sup>rd</sup> party examiners, Kelmar for IT system, NCR (third party payor), LexisNexis, SURCH

#### **Duties performed by individuals other than Unclaimed Property staff.**

System Administrator	<p>The unclaimed property IT system (KAPS) is the first and only State system that was purchased "off the shelf". Its database is not housed with NDIT. Our System Administrator serves as the "administrator" of the Unclaimed Property IT system. This ensures the strict separation of duties.</p> <p><b>IT, responsibilities for the entire office but would charge to UP on timesheets if performing the following tasks specifically for UP staff:</b></p> <ul style="list-style-type: none"> <li>• Local Drive Permissions</li> <li>• Data clean up as requested</li> <li>• Basic desktop support</li> <li>• Security Roles/Permissions in KAPS</li> <li>• Submit tickets for KAPS if there are issues, we do not support the software in house</li> <li>• Some NDIT coordination re: certificate update for unclaimedproperty.nd.gov website. Website managed by Kelmar.</li> <li>• Data clean up as requested</li> </ul>
Administrative Staff	<p><b>Admin, Unclaimed Property Specific:</b></p> <ul style="list-style-type: none"> <li>• Mail outgoing claim checks and supporting documentation (the majority of outgoing checks are for Unclaimed Property)</li> <li>• Upload Deposit report into KAPS and On-Base</li> <li>• Deposit checks into Unclaimed Property account at BND</li> <li>• Walk in and phone call handling – a large portion of walk in traffic is unclaimed property related outside of when surface rent is due and there is an uptick in surface customers. Unclaimed Property</li> </ul>

	<p>has their own section on the phone menu when customers call. If calls come into the front office it is typically overflow during busy times.</p> <ul style="list-style-type: none"> <li>• UP Records Management – Admin Officer <ul style="list-style-type: none"> <li>○ RecordKeepers UP records offsite storage ending in the year 2033 when the final records would be destroyed, records since 2019 are held in KAPS.</li> <li>○ Approx \$36/month storage and \$50 annual destruction.</li> </ul> </li> <li>• Vault Access by double authentication (1 person from admin and 1 person from UP)</li> </ul> <p><b>Admin, responsibilities for the entire office but would charge to UP on timesheets if performing the following tasks specifically for UP staff:</b></p> <ul style="list-style-type: none"> <li>• Process incoming mail, peak season October/November (most “normal” days mail opening duties would be charged to operations on timesheets)</li> <li>• Process outgoing mail, USPS, UPS, FedEx.</li> <li>• HR hiring process assistance – job posting, employee onboarding, payroll.</li> <li>• Designing new State forms and editing current forms</li> <li>• Order supplies, envelopes, letter head, Etc.</li> <li>• Notarizing documents</li> <li>• Surplus items to State surplus</li> <li>• Asset tagging/cataloging assets</li> </ul>
Accounting Assistant	<ul style="list-style-type: none"> <li>• Creates journal entries for cash receipts in accounting system (FMA)</li> <li>• Processes holder refunds</li> <li>• Reconciles cash with bank</li> <li>• Verifies void and reissued checks with Treasurer Office</li> <li>• Transfers cash to Treasurer’s Office to cover expenditures and claim payments</li> </ul>
Senior Accountant	<ul style="list-style-type: none"> <li>• Finalizes journal entries in accounting system (FMA)</li> <li>• Prepares footnotes for financial statements</li> </ul>
Chief Financial Officer	<ul style="list-style-type: none"> <li>• During fiscal year 2023, spent a significant amount of time, along with the Legal Division, amending and updating the software contract and licenses for the KAPS</li> <li>• Serves as the procurement officer for the Department including Unclaimed Property</li> <li>• Identify and allocate expenditures, including salaries, that are Unclaimed Property to ensure compliance with Article IX on monthly basis</li> <li>• Collaborate with the Treasurer’s Office to request stop payments, reissue requests, and copies of cashed checks for claimants</li> <li>• Work with the Treasurer’s Office on outstanding checks</li> <li>• Finalize footnotes for financial statement</li> <li>• Manages payroll</li> </ul>

Paralegal	<p>Manages Bankruptcies reported to Unclaimed Property.</p> <p>Handles Unclaimed Property garnishments</p> <p>Manages open records requests for Unclaimed Property.</p> <p>Conducts various research projects.</p> <p>Notarized documents</p>
General Counsel	<p>Represents Unclaimed Property in multi-state issues. Reviews correspondence to holders resisting examination. Instrumental in writing statute that has lead the way for change in multiple states.</p> <p>Provides guidance on all areas of unclaimed property not only to defend when legal issues arise, but to prevent litigation before it happens.</p> <p>Reviews legal documents on difficult estate claims. Provides guidance on updates to statutes, and is active with the NAUPA legal committee.</p>
Commissioner	<p>Approves transactions with Northern Trust</p> <p>Overall authority for the program.</p> <p>Is the Administrator of the Unclaimed Property Program by statute.</p>
Investments Officer	Liaison between Unclaimed Property and Northern Trust
Chief Investment Officer	<p>Approved transactions in the absence of the commissioner.</p> <p>Replies to call back verification with Northern on re-registration transactions.</p>

## **Admin Rules**

Title 85 – Unclaimed Property

Title 70 – Real Estate Commission – 70-02-01-15-2.d

## **Century Code**

N.D.C.C. Ch. 47-30.2 – Revised Uniform Unclaimed Property Act

N.D.C.C. Ch. 15-01 – Board of University and School Lands

N.D.C.C. § 15-02-05 – Duties of the Commissioner of University and School Lands

N.D.C.C. § 54-11-01 – Duties and powers of the state treasurer

N.D.C.C. § 44-04-18.25 – Open Records

N.D.C.C. Ch. 26.1-55 - Unclaimed Life Insurance Benefits

N.D.C.C. § 6-07.2-19 - Voluntary liquidation of a credit union

N.D.C.C. § 10-15-49 - Cooperative Associations – Amounts due unknown persons

N.D.C.C. § 9-12-29 - Contracts and Obligations – Claim of money by creditor—Extinguishment of lien

N.D.C.C. § 54-27-15.1 – State Treasurer Checks – Provide a list to Unclaimed Property

N.D.C.C. § 57-28-20 - Taxation – Disposition of proceeds of sales

N.D.C.C. § 30-1-20-14 – Uniform Probate Code – Disposition of unclaimed assets

N.D.C.C. § 57-39-2-23 – Taxation – Information Deemed confidential – Certain releases of information

N.D.C.C. § 57-38-57 – Income Tax – Information sharing



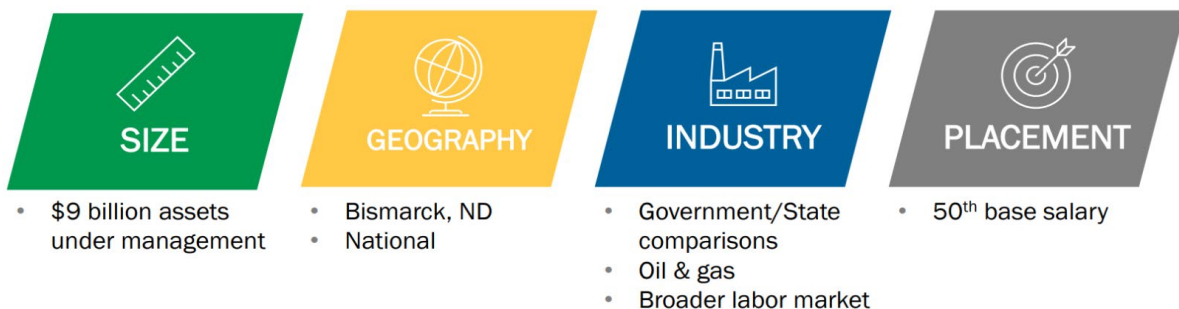
**TESTIMONY OF ADAM OTTESON  
REVENUE COMPLIANCE DIRECTOR  
SENATE BILL 2013**

Good morning, members of the House Appropriations – Government Operations Committee. My name is Adam Otteson, and I serve as the Director of Revenue Compliance for the Department of Trust Lands. Thank you for the opportunity to present on the salary study conducted by CBIZ, focusing on the critical base pay adjustments necessary to maintain a competitive and effective workforce.

Last summer, after reviewing the Land Commissioner’s salary, the Board of University and School Lands (“Board”) expressed concern that staff compensation was falling behind market rates, particularly when compared to salaries at other state agencies managing substantial assets and revenues, such as Bank of North Dakota and the Retirement and Investment Office. To address this concern, the Board tasked the Performance and Compensation Committee, in collaboration with HRMS and Trust Lands, to conduct a comprehensive salary study, ensuring that compensation remains competitive and supports the recruitment and retention of top talent.

After a competitive procurement process, CBIZ was selected to conduct the study. CBIZ performed a thorough evaluation, interviewing every employee, reviewing job descriptions and responsibilities, and benchmarking salaries against comparable government positions, related job sector wages, and the broader labor market. Their recommended salary ranges were set at the 50th percentile—ensuring competitiveness without excess.

## Labor Markets & Competitiveness





## Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

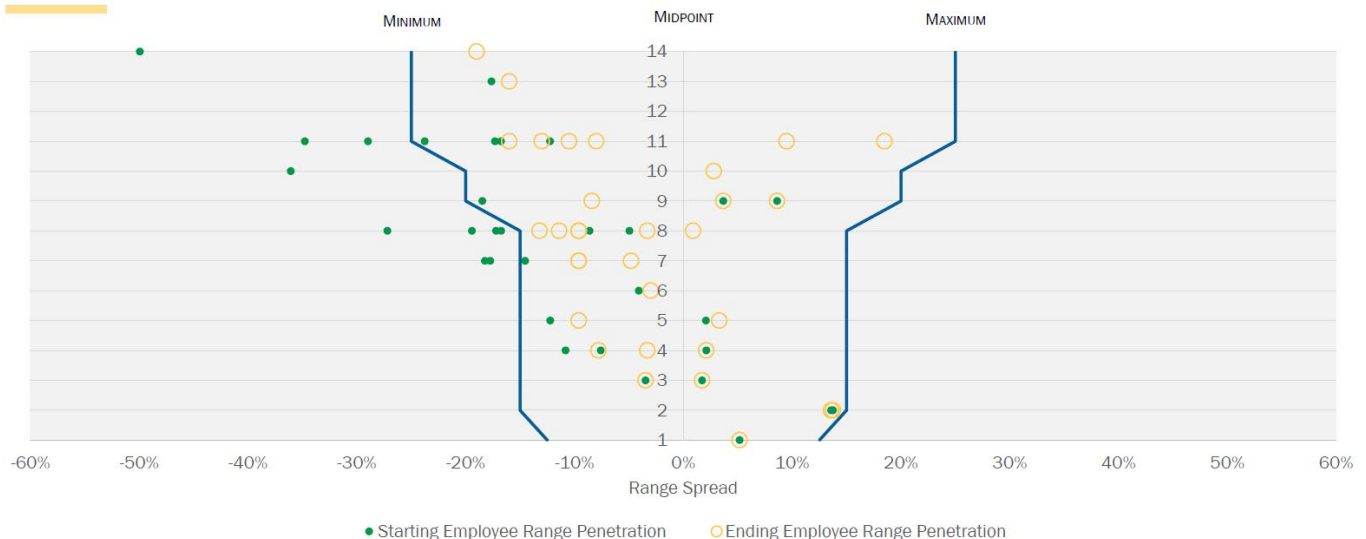
Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,838
3	\$31,508	\$40,960	\$50,412

Illustrative Structure

Based on their analysis, CBIZ recommended equity adjustments for specific positions. Their findings were clear: while lower pay grade positions are adequately compensated, professional and management roles in many cases are underpaid. As the chart below illustrates, many current salaries (green dots) fall below the starting salary range (blue line) for comparable positions. CBIZ's recommended salaries (yellow circles) account for key factors such as performance, years of service, and market benchmarks.



## Post Increase Range Placement



To implement the recommended salary adjustments, bringing employees up to the minimum salaries for their roles will require an annual equity increase of \$115,608. Addressing compression to ensure fair pay progression based on tenure, performance and the current salary market will require an additional \$221,770 annually. In total, approximately \$675,000 for the next biennium, plus benefits, is necessary to align salaries with CBIZ's findings.

While this may seem like a significant adjustment, it is a modest investment considering the scope of our responsibilities. We manage over \$11 billion in assets, including surface and mineral valuations, and have generated more than \$2.2 billion in revenue over the past two years alone (excluding tax revenue). The trusts and funds we oversee provide essential support for education and fund statewide initiatives through the Strategic Investments and Improvement Fund. Ensuring competitive salaries is vital to retaining the highly skilled professionals necessary to sustain and grow these critical revenue streams.



## Salary Adjustment Considerations

Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none"><li>• At risk of losing employees due to pay</li></ul>	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none"><li>• Alleviate pay compression based on time in role and performance</li><li>• Improve overall pay position</li></ul>	\$221,770	7.2%
<b>Total Increases:</b>		<b>\$337,377</b>	<b>11.0%</b>

The CBIZ study's recommendations are well-founded, relying on public sector benchmarks with adjustments for the specialized industries in which Trust Lands operates. This was not a private sector salary comparison but a targeted analysis to ensure fair compensation.

The Board, under the Governor's leadership, has reviewed the study and authorized us to present this request to the committee for salary equity adjustments in this biennium's budget. We respectfully seek full funding of \$674,745, plus benefits, to bring salaries in line with the market and address compression. However, if the committee finds that the full amount is not feasible, we request approval for at least \$231,216, plus benefits, to support the 12 employees identified as "at risk of leaving due to pay." Any additional funding beyond this amount would significantly help reduce compression and close salary gaps.

It is important to note that this funding request does not impact the general fund budget, as we are a special funds agency.

Additionally, while the study recommended an incentive compensation plan, the Board decided to research that issue further before requesting legislative authorization. The CBIZ study report has been separately submitted for your review.

Thank you for considering this request to help Trust Lands maintain a highly skilled and competitive workforce for the effective management of the state's valuable assets. I'm happy to answer any questions.



# State of North Dakota Department of Trust Lands Compensation and Benefits Study Results

March 12, 2025

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# Table of Contents

Executive Summary..... 2

Objective and Scope of the Study..... 3

Methodology..... 4

    Definitions..... 4

    Market Pricing..... 5

    Aging Data..... 6

    Job Matching..... 6

Compensation Study Results ..... 7

    Job Architecture ..... 7

    Market Analysis ..... 7

    Salary Structure Development..... 8

    Salary Analysis ..... 9

    Compression Analysis ..... 9

    Incentive Recommendations ..... 9

    Benefits Analysis ..... 10

    Total Compensation Analysis..... 10

Summary of Findings ..... 11

Recommendations..... 12

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## Executive Summary

CBIZ Compensation Consulting (“CBIZ”) was engaged by the State of North Dakota Department of Trust Lands (the “DTL”) to conduct a comprehensive compensation study for its employees, including a review of current compensation practices, and an update of the compensation plan.

To assist the DTL in implementing a compensation system that considers both market and internal factors, CBIZ matched the DTL’s positions to positions in the market, developed a new salary structure, and calculated the cost of implementing the recommendations. In addition to evaluating base salaries, CBIZ assessed total cash compensation and competitive benefit levels.

The remainder of this report will explain the methodology and expand on this summary to clearly document the comprehensive approach taken to analyze the DTL’s current compensation practices and develop its new compensation plan.

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## Objective and Scope of the Study

The objective of the compensation study is to provide the DTL with a plan that:

- Enhances the ability to attract, retain, and motivate qualified individuals;
- Establishes structures that are flexible to meet changing needs;
- Is well-aligned with broader goals and strategies; and

The scope of the study included:

- A competitive market analysis of base salary, total cash compensation, and benefits;
- Creation of a job architecture framework;
- Development of a salary structure;
- Reconciliation of actual compensation with market-competitive compensation;
- Calculation of plan implementation costs;
- Analysis of market-competitive benefits levels;
- Development of an annual incentive plan;
- Total compensation analysis; and
- Overall recommendations.

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# Methodology

## Definitions

**Base Salary:** the annual fixed rate that an individual is paid for performing a job.

**Bonus/Annual Incentive:** the actual direct compensation paid under a bonus, commission, profit-sharing, or other short-term cash compensation plan that provides awards based on established criteria or management discretion, such as the overall performance of the organization or achievement of individual goals.

**Total Cash Compensation:** the sum of base salary and annual incentive compensation payments from variable pay programs.

**Employee Benefits:** non-cash compensation provided to an employee. Some benefits are measured as a fixed cost per employee (e.g., medical, dental and vision insurance), while others are more accurately quantified as a variable cost tied to compensation (e.g., retirement and PTO).

**Total Compensation:** the sum of total cash compensation and employee benefits.

**Job Architecture:** A foundational, systematic approach to consistently organizing and classifying jobs with similar responsibilities and level of responsibility across an organization's hierarchy.

**Career Stream:** Broad career level categories to be able to compare across the job families and functions more easily where there are peers within other disciplines that should be considered for various things such as pay equity or career paths.

**Career Level:** Consistent definitions across the organization on select compensable factors which describe the level of scope, impact, problem solving, complexity, collaboration, and management along with the typical profile of education and experience required or preferred to be fully competent in a position.

### **Data Points:**

- 25th percentile: the value in an array that falls at the first quarter of the sampled data (75% of the values in the sample are greater than the 25th percentile value).
- 50th percentile: the value in an array that falls in the middle or median of the sampled data (half of the values in the sample fall above this value and half fall below it). This is the data point of reference for the proposed pay grade assignments.
- 75th percentile: the value in an array that falls at the third quarter of the sampled data (25% of the values in the sample are greater than the 75th percentile value).

**Compa-ratio:** the employee's current salary divided by a market comparison point, which is usually the market 50th percentile. An employee whose salary equals the 50th percentile of the market has a compa-ratio of 100%. A compa-ratio of less than 100% indicates that the employee's salary is less than the 50th percentile of the market, and a compa-ratio greater than 100% indicates that the employee's salary is greater than the 50th percentile of the market.

**Range Penetration:** the employee's current salary minus the salary grade minimum salary divided by the difference of the salary grade maximum and minimum. An employee whose range penetration equals 50% is paid at the midpoint of the salary grade range, 0% is equal to the salary grade minimum and 100% is equal to the salary grade maximum.

# Market Pricing

## Compensation Philosophy

According to a recent WorldatWork survey of market pricing practices, most organizations (approximately 85%) utilize a compensation philosophy that strives to compensate employees at the median of the competitive labor market. Median pay is the point at which half of the employers pay more and half pay less.

Based on CBIZ's discussions with the DTL, it intends to be competitive with its level of pay, which generally corresponds to setting the pay structure at the market median.

The labor market influences described below were considered for the jobs included in the scope of the study.

## Labor Market Influence

The three most important labor market characteristics are the size of an organization, geographic scope, and industries from which the DTL recruits talent. Because surveys focus on different market characteristics (e.g., some focus on size, others focus on geography or industry), CBIZ determined each characteristic as it relates to each position before conducting the market analysis, as follows:

### *Size of Organization*

A key factor to be considered in determining market-competitive compensation, particularly for senior management positions, is the size of an organization. While compensation for many positions is based primarily upon location, industry, job tasks, and responsibilities, compensation for upper-level positions is also significantly affected by the size of the organization. CBIZ considered size factors such as assets under management of \$9.05 billion.

### *Geographic Influence*

Many jobs in an organization are recruited locally. Professional jobs may be recruited statewide or regionally. Because individuals who work in senior management positions often relocate solely to accept a new job, national searches are commonly conducted for these positions. In contrast, lower-paid salaried employees seldom relocate primarily based on a job. To accurately reflect this marketplace characteristic, the survey data must be comprised of participants who reflect the geographic scope of the position in question. Too narrow or broad a market area scope either does not consider all necessary factors or introduces irrelevant factors.

However, when considering senior management positions, it is most reasonable to geographically adjust the data to the higher of the local or national market. This is because organizations in locations that have greater comparative salaries will provide higher salaries to employees. In addition, the higher (local) rates would be required to compensate an employee moving from an area with a lower cost of living. Conversely, although executives are often recruited on a national basis, in practical application executives rarely are open to reductions in pay, even if they are moving to a lower-cost area.

CBIZ primarily utilized data specific to Bismarck, North Dakota, which is expected to be the primary market for recruiting employees under the scope of the analysis.

### *Industry Influence*

Industry is the final key consideration for matching jobs to the market. Some jobs only exist within a certain industry and are most accurately priced to that industry exclusively. Conversely, some jobs are found in all industries, and the true market for these jobs usually considers this broader market. For example, most clerical and trade jobs can be found in any organization. For this reason, CBIZ focused on a mix of government and state comparisons, the oil and gas industry and the broader labor market, as appropriate.

## Salary Surveys

The first step in ascertaining the competitiveness of compensation was to determine what competitors pay for jobs comparable to those at the DTL. CBIZ used its proprietary survey database that aggregates data from hundreds of valid and reliable published salary surveys and includes specific data based on geographic area, size of organization, years of experience, and industry. CBIZ used a database that compiles multiple salary sources because:

- They provide a richer and more complete view of the market.
- Survey sources may focus on different market characteristics to define market peers.
- They allow the DTL to define peers and peer relationships more closely than is possible using any single survey source.
- Multiple sources allow for statistical validation of the collected data.

## Aging Data

Survey data must be adjusted to account for market pay movement between the time of publication and when the data are to be used. For example, a survey may have been conducted to report salaries effective as of October 1, 2024. To market-price the jobs at the DTL as of July 1, 2025, CBIZ had to age the survey data nine months. In addition, different surveys have different publication dates, and they must be aged to a common point in time. Put simply, aging the data provides up-to-date salary data and allows for an "apples to apples" comparison of survey data.

All salary data were aged to reflect estimated market pay as of January 1, 2026. Data were aged using a factor of 3.2%, which reflects the 12-month increase in compensation average as reported by the Bureau of Labor Statistics *Employment Cost Index* and forecasted increases from the *WorldatWork 2024-2025 Salary Budget Survey*.

## Job Matching

CBIZ reviewed the content of each job description provided and searched the salary survey job descriptions to find the best possible match. When a valid match was found, the corresponding salary survey market data were recorded. CBIZ recorded the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles for both base salary and total cash compensation.

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# Compensation Study Results

## Job Architecture

Exhibit JA 1 is the Career Level Guide, which is a framework comprised of career streams and career levels. For each career level, the guide provides an overview and definitions for job components such as complexity, collaboration, leadership, and typical education and experience.

## Market Analysis

Exhibit 1 displays the composite market data. The analysis is a comprehensive review of the included positions compared to the market base salary and market total cash compensation. The 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles are reported. This exhibit provides a summary look at how the DTL's positions compare to the labor market. A detailed employee analysis with associated implementation costs is provided later in this report.

Market data were also compared graphically to the DTL's current average compensation by position. Exhibit 2A reveals the trendline for actual base salaries compared to market 50th percentile base salary. Exhibit 2B provides the trendline for actual total cash compensation compared to market 50th percentile total cash compensation. Exhibit 2C provides the trendline for actual average benefits compared to market average benefits. Exhibit 2D provides the trendline for actual total compensation compared to market 50th percentile total compensation.

## Salary Structure Development

A critical element of the compensation plan is the salary structure. The salary structure is a compensation framework comprised of multiple grades, each of which has an associated salary range. The salary structure groups jobs with similar market values and/or internal equity into the same grade. The salary structure ensures that each employee receives a salary that is reasonable given their assigned grade and corresponding salary range.

CBIZ developed a unique salary structure for the DTL, which will provide a system for slotting all jobs and allow for future growth. The structure is provided in Exhibit 3. Exhibit 4A provides a list of positions sorted by grade. Exhibit 4B provides the comparison from current pay grade to proposed pay grade. This exhibit also will serve as your feedback worksheet. See the [Client Feedback Instructions](#) section of this report for more information. Exhibit 4C provides a job matrix view by Division. Exhibit 4D provides a job matrix view by Career Level.

In the proposed salary structure, the salary grade midpoint is designed to approximate the market median for each job. CBIZ slotted each position into a grade in the structure based on the grade midpoint that most closely corresponds to the market 50<sup>th</sup> percentile identified in Exhibit 1. The final grade classification can consider other factors based on the culture of the DTL. As such, the CBIZ solicits and encourages internal equity feedback.

SAMPLE			
Job Title:	Job XYZ		
Market Median:	\$35,455		
Salary Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,837
3	\$31,508	\$40,960	\$50,413

## Salary Analysis

Exhibit 5 provides a graphical depiction of employee range penetration at the 50<sup>th</sup> percentile.

Exhibits 6 compares the market data and corresponding salary ranges to actual base pay at the DTL. This spreadsheet is set up to where you can filter on any of the columns and the summary at the top will automatically update. This exhibit document the cost of implementing the compensation plan.

## Compression Analysis

Compression exists when inexperienced employees within a grade are paid an identical or similar rate as those with greater tenure. The primary driver leading to pay compression is existing employees not significantly advancing throughout the salary range. Compression is a pay administration problem for two reasons. First, it restricts an organization from onboarding qualified staff as doing so could create a pay equity problem. Second, it means that experienced staff may be at risk for voluntary exit due to pay.

Exhibits 7A and 7B provide an interactive tool that will allow the DTL to model different scenarios to identify and alleviate compression. These exhibits are set up to compare employees to a target salary range placement based on time in job and performance. If an employee is below the target salary range placement based upon the modeling inputs in Exhibit 7A, an increase is recommended in Exhibit 7B to close or eliminate the pay gap. Exhibit 7C is the graphical depiction of employee range penetration post implementation of compression pay adjustments.

The following definitions pertain to the inputs within Exhibit 10A - Compression Model:

**Planning Date:** The planning date is used to calculate an employee's time within the job. This date should be set to six months after the date on which the compression adjustments will be given to align with the organization's lead/lag philosophy. Alternatively, the date may be set to reflect the effective date of the compression increases.

**Performance Score Requirement:** This represents the minimum level of performance that must be achieved in order to be eligible for a compression adjustment.

**Goal Range Penetration:** This is the ideal salary range placement based on evaluation of time in job and performance, measured by range penetration. The goal range penetration salary allows for progression through the range of pay to alleviate pay compression, allow room to hire new employees without creating compression, and better align employee pay with the market.

**Range Penetration Points:** The points are used to calculate the Goal Range Penetration for each employee. This value represents the amount of incremental progression through the range for each year of experience within the job.

**Target Range Penetration Cutoff:** The point within the range at which employees will no longer be eligible for compression increases. For example, if the range penetration cutoff is 75%, then employees with a range penetration ratio of 75% or higher will not be eligible for a compression adjustment.

**Minimum Increase:** This value is the minimum compression adjustment increase given within the model. If an employee is set to receive a compression increase less than the minimum increase, then the model will increase the compression adjustment up to the minimum increase value.

## Incentive Recommendations

Exhibit 8A provides threshold, target, and maximum level incentive recommendations for each proposed career level, as well as the how the overall incentive amounts are determined as a percent of organizational and divisional goals. Exhibit 8B outlines the incentive metrics for each division. Exhibit 8C detail incentive payouts by employee based on achievement of the various incentive metrics. This exhibit is set up to be an interactive tool that will allow for changing metrics achievement to evaluate financial impact of the incentive plan.

## Benefits Analysis

Exhibit 9A outlines the results of the benefits analysis assessing the market-competitive benefit levels. CBIZ determined the market competitive benefits value based on a combination of fixed dollar values and percentages of base salary.

For some benefits, namely medical and medically related benefits, it is most accurate to utilize a fixed cost per employee as the cost incurred by the organization typically does not depend on the position held by the employee. For example, healthcare benefits provided to an executive and a secretary would be expected to cost the employer the same amount. Other benefits, including paid time off and retirement and savings, are most accurately represented as a percent of the incumbent's base salary.

Exhibit 9B outlines the results of the paid-time off analysis assessing the market-competitive levels for vacation time, sick days, and holidays.

## Total Compensation Analysis

Exhibit 10 combines the results of the base salary, incentive, total cash compensation, and benefits analyses to compare the employees pre-implementation and post-implementation compensation to the market.

## Summary of Findings

- The DTL's average base salary compa-ratio is 92.5% at the 50th percentile. This indicates that on average base pay is approximately 7.5% below the published survey data market median, which is approximated by the salary range midpoints.
- As presented in Exhibit 6, the initial cost to implement the new structures would be approximately \$115,608. This is the cost to bring all employees to the minimum of their respective proposed ranges and represents 3.8% of payroll.
  - In the analysis, no employees are above the maximum of the ranges.
  - Among the 32 employees included in the scope of the analysis, there are 10 below their respective salary grade minimums.
  - There are many reasons that an individual employee's pay may be above or below market median pay levels. New employees or poor performers should be paid below the market, while experienced employees with excellent performance should be paid well above the market.
- The DTL's average overall current total cash compensation compa-ratio (actual total cash compensation divided by market competitive levels) is 89.3%. The DTL's average overall post-implementation total cash compensation compa-ratio, with salary changes and the adoption of the incentive plan, (actual total cash compensation divided by market competitive levels) is 105.7%.
- On average, the DTL's current benefits compa-ratio (actual benefits divided by market competitive levels) is 88.8%. On average, the DTL's post-implementation benefits compa-ratio, with salary changes and the adoption of the incentive plan, is 93.2%.
  - The DTL's medical and medically related benefits are \$19,717 per employee compared to \$15,041 in the market.
  - Paid time off benefits and retirement and savings benefits are approximately 26.4% of base salary at the DTL compared to 34.4% in the market.
- As presented in Exhibit 7B, the initial cost to implement the compression adjustments would be approximately \$221,770. This cost represents 7.2% of payroll.
- The DTL's average overall current total compensation compa-ratio (actual total compensation divided by market competitive levels) is 89.1%. The DTL's average overall post-implementation total compensation compa-ratio, with salary changes and the adoption of the incentive plan, (actual total compensation divided by market competitive levels) is 101.8%.

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## Recommendations

- Explore the adoption of a new salary structure separate from the Human Resources Management Services structure.
- Increase the compensation of all employees to the minimum of their respective proposed salary ranges. The range minimum represents the level at which entry-level pay can be considered market competitive.
- Temporarily freeze pay for employees above the maximum of their respective proposed grade. The pay freeze should remain in place until the point at which the range maximum surpasses actual pay.
- Consider adopting the compression-based pay adjustments. This will help to ensure that employee compensation is commensurate with experience and performance. It will also allow for enhanced flexibility to onboard new employees without creating pay inequities.
- Implementation of the compensation plan should occur uniformly across all positions. While different implementation scenarios may recognize budget constraints, partial or sporadic implementation can result in pay equity issues.
- Consider implementing a merit matrix tool (or concept) to reward performance. The merit matrix is a tool that rewards employees based on performance while accelerating pay to market-competitive levels.
- Consider implementing the incentive plan target recommendations and design.
- Annually update structures and evaluate annual employee pay increases based on market pay trends. In order to reduce the administrative burden associated with both, CBIZ will provide annual recommendations for structure updates and salary increase budgets for five years after the study.
- Conduct a comprehensive market review every three to five years to ensure that the ranges remain market competitive.



# State of North Dakota Department of Trust Lands Compensation Study Results

March 2025

# Project Overview

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- Developed job architecture to create a top-down framework for job standards**
- Identified market comparisons tied to industry, geography, and size**
- Completed market analysis and developed market competitive salary structures**
- Created annual incentive plan**
- Calculated plan implementation cost**

# Summary of Recommendations

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**Adopt new pay structure aligned to market data competitive based on a blend of governmental and oil & gas comparisons.**

- Market assessment indicates salary adjustments are needed to align with competitive pay

**Adopt an incentive plan to achieve based on the following goals**

- Recognize the team for financial results and growth of Common School Trust Fund overall and division contributions
- Align with other revenue generating state agencies
- Align with market incentive opportunities

# Developed Job Architecture

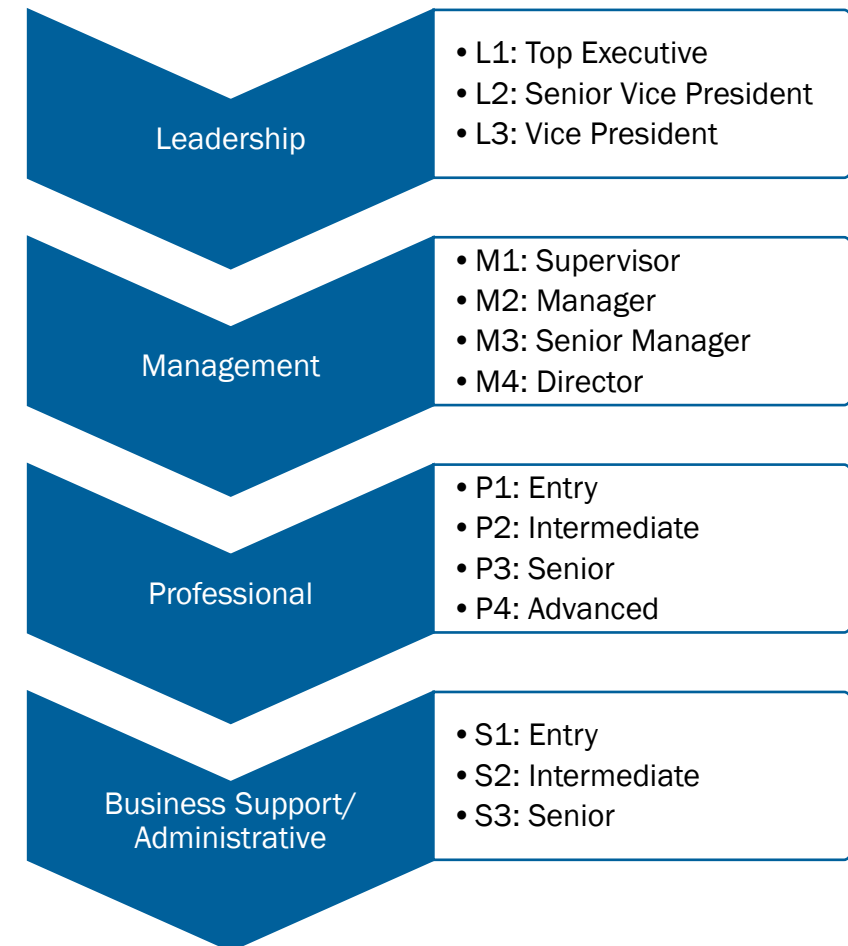
**Top-down exercise to define job expectations and requirements**

## Framework for job consistency

- Overview
- Complexity & Problem Solving
- Collaboration
- Leadership
- Typical Education & Experience

**Title review for market comparison and internal consistency**

**Promote career path conversations, mapping, and movement**



# Labor Markets & Competitiveness



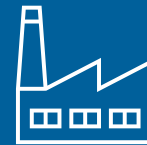
## SIZE

- \$9 billion assets under management



## GEOGRAPHY

- Bismarck, ND
- National



## INDUSTRY

- Government/State comparisons
- Oil & gas
- Broader labor market



## PLACEMENT

- 50<sup>th</sup> base salary

# Market Analysis

## Evaluate job documentation

## Sources of compensation data

- Published survey data

## Job matching

- Compare job descriptions to survey descriptions
- Match based on duties, scope, and qualifications

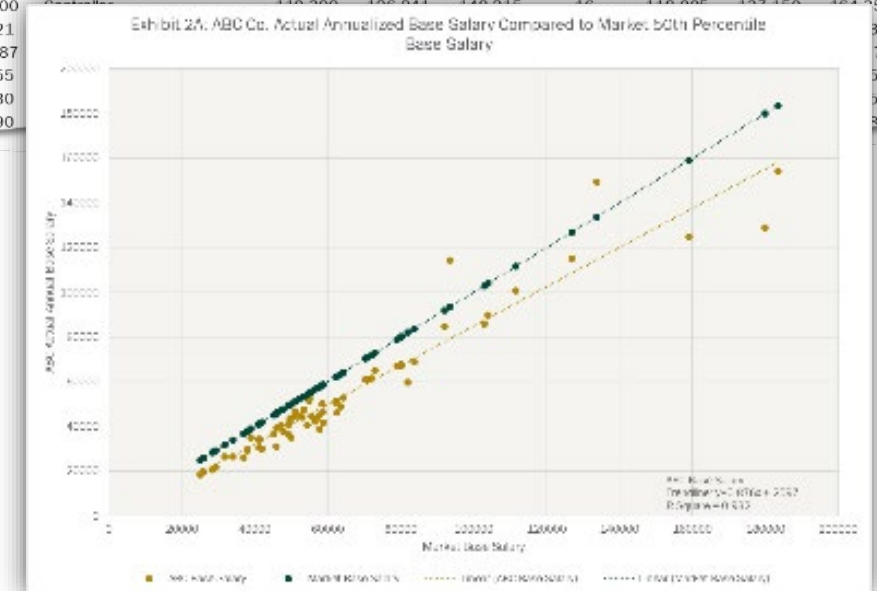
## Age data

## Summarize results

- Aggregate market percentiles
- Base salary
- Total cash compensation
- Benefits
- Total Compensation

ABC Co.  
Preliminary Compensation Study Results  
Exhibit 1 - Market Summary  
Data Effective July 1, 2021

CBIZ Code	Annualized Average Base	Annualized Average Total Cash	Current Job Title	Market Base Salary			Proposed Pay Grade	Market Total Cash Compensation		
				25th	50th	75th		25th	50th	75th
100	30,042	30,042	Accounting Specialist	39,499	42,065	45,423	7	40,335	42,959	46,391
101	35,085	35,085	Administrative Assistant	36,586	38,948	42,098	6	37,107	39,506	42,704
181	43,629	43,629	Archives Librarian	52,686	56,267	61,394	9	53,673	57,346	62,589
107	46,863	46,863	Benefits Coordinator	47,725	51,029	55,389	8	48,734	52,114	56,570
187	40,842	40,842	Bibliographer	46,807	49,391	53,202	8	57,408	60,866	65,818
102	41,614	41,614	Communications Specialist	55,205	58,783	63,901	10	56,241	59,908	65,144
104	50,825	50,825	Content Managing Editor	59,230	62,242	66,608	10	61,471	64,633	69,197
105	115,200	135,200	Controller	110,000	120,000	140,000	12	110,000	120,000	140,000
112	40,621	40,621								
115	149,287	159,287								
116	39,255	39,255								
165	42,330	42,330								
117	51,490	51,490								



# Base Salary Compared to Market 50th Percentile Base Salary



# Designed Pay Structure

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**Structures simplify ongoing compensation administration**

**Integrate market and internal equity**

**Consists of a series of grades, each with a minimum and maximum level of pay**

- Range minimum establishes attractive entry level pay
- Range midpoint approximates the market 50th percentile
- Range maximum establishes top out pay
  - Encourage employees to develop new skills, seek new roles

# Salary Structure

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>	<i>Range Spread</i>	<i>Midpoint Differential</i>
1	\$47,422	\$53,350	\$59,278	25%	
2	\$51,030	\$58,685	\$66,340	30%	10.0%
3	\$56,133	\$64,554	\$72,974	30%	10.0%
4	\$61,747	\$71,009	\$80,271	30%	10.0%
5	\$67,922	\$78,110	\$88,298	30%	10.0%
6	\$74,714	\$85,921	\$97,128	30%	10.0%
7	\$82,185	\$94,513	\$106,841	30%	10.0%
8	\$90,404	\$103,964	\$117,525	30%	10.0%
9	\$97,033	\$116,440	\$135,846	40%	12.0%
10	\$108,677	\$130,413	\$152,148	40%	12.0%
11	\$119,980	\$149,974	\$179,969	50%	15.0%
12	\$137,976	\$172,471	\$206,965	50%	15.0%
13	\$186,268	\$232,835	\$279,402	50%	35.0%
14	\$232,835	\$291,044	\$349,253	50%	25.0%

## Highlights

- Separate from state classification plan
- Narrower ranges offer market appropriate starting pay, bring down maximums
- More grades for flexibly

# Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	<b>\$35,618</b>	\$43,838
3	\$31,508	\$40,960	\$50,412

*Illustrative Structure*

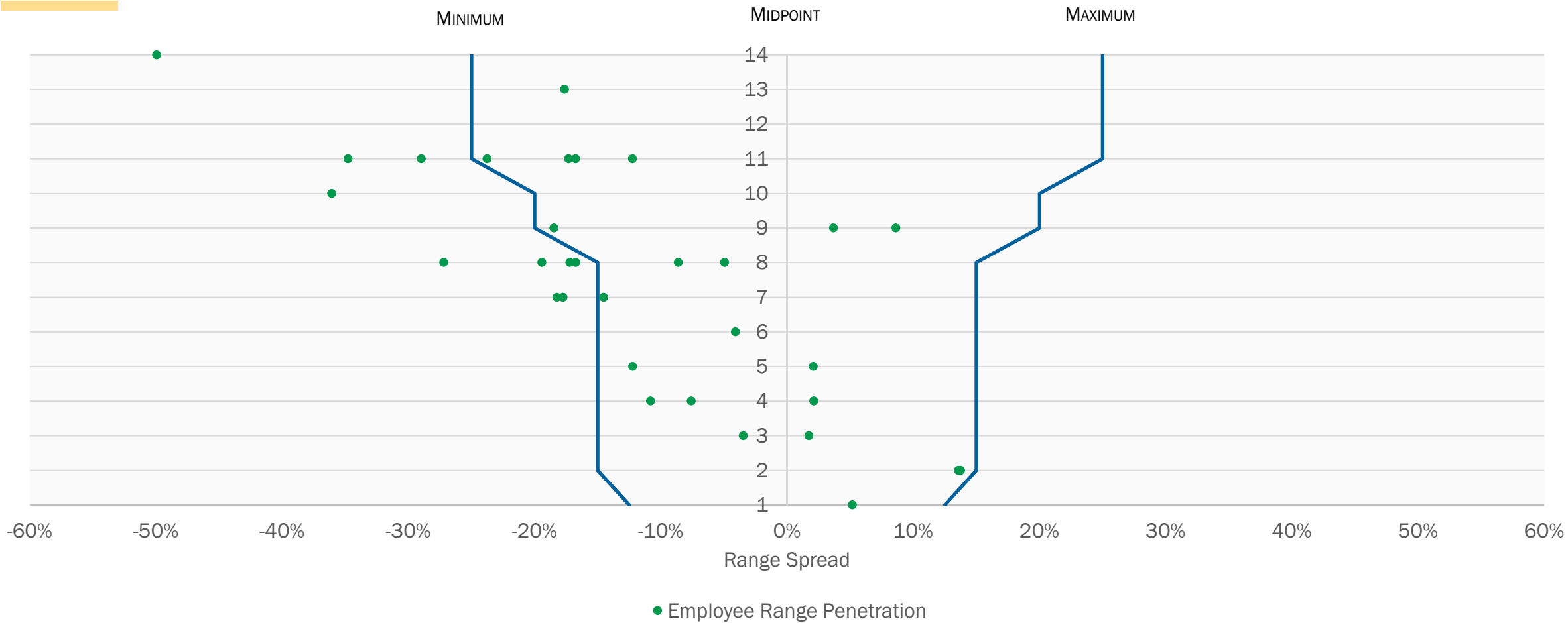
# Classification List



Grade	Proposed Title	Minimum	Midpoint	Maximum
14	Chief Investment Officer	\$232,835	\$291,044	\$349,253
13	Land Commissioner	\$186,268	\$232,835	\$279,402
12		\$137,976	\$172,471	\$206,965
11	Chief Financial Officer Director of Administrative & IT Divisions General Counsel Minerals Division Director Revenue Compliance Division Director Surface Division Director	\$119,980	\$149,974	\$179,969
10	Unclaimed Property Division Director Senior Investment Officer Senior Investment Operations Officer	\$108,677	\$130,413	\$152,148
9	Investment Operations Officer Investments Officer Senior Minerals Management Officer	\$97,033	\$116,440	\$135,846
8	Minerals Management Officer Senior Accountant Senior Auditor Senior Surface Management Officer	\$90,404	\$103,964	\$117,525

Grade	Proposed Title	Minimum	Midpoint	Maximum
7	Surface Management Officer	\$82,185	\$94,513	\$106,841
6	Auditor Senior Systems Administrator Accountant	\$74,714	\$85,921	\$97,128
5	Administrative Officer Paralegal	\$67,922	\$78,110	\$88,298
4	Executive Assistant Unclaimed Property Lead Systems Administrator	\$61,747	\$71,009	\$80,271
3	Account Technician Unclaimed Property Claims Processor Unclaimed Property Holder Reporting	\$56,133	\$64,554	\$72,974
2	Accounting Assistant Administrative Assistant	\$51,030	\$58,685	\$66,340
1	Front Office Administrative Assistant	\$47,422	\$53,350	\$59,278

# Employee Range Penetration



# Financial Impact Analysis

## Integration of structure with employee data

- Identify below min/above max of base pay ranges
- The average overall compa-ratio as compared to the market 50th percentile is 92.5%

## Compression adjustments provide an increase between current salary and the calculated ideal range placement.

- The ideal range placement is modeled based on an employee's time in current role.
  - Employees move 5% through the range per year of service (i.e., move from minimum to maximum in 20 years)
  - Pay advancement is capped at 90% range penetration (i.e.,  $\frac{3}{4}$  through the pay range)

	BELOW SALARY RANGE MINIMUM	ABOVE SALARY RANGE MAXIMUM	COMPRESSION ADJUSTMENTS
NUMBER OF EMPLOYEES	10	0	24
TOTAL AMOUNT (\$)	\$115,608	\$0	\$221,770
TOTAL AMOUNT AS A % OF PAYROLL	3.8%	0.0%	7.2%

\* Compa-ratio is calculated by dividing an employee's salary by the market base salary 50<sup>th</sup> percentile

# Benefits/Total Compensation Analysis

Benefits	Average Market Data	DTL Actual Benefits	Compa-Ratios
	Fixed Cost Tied to Headcount		
Payments for Medical Related	\$15,041	\$19,717	131.1%
Medical Insurance Premiums	\$14,506	\$19,532	
Dental Insurance Premiums	\$369	\$0	
Vision Insurance Premiums	\$59	\$0	
Employer Contributions to HSA	\$106	\$185	
<b>Total Fixed Cost</b>	<b>\$15,041</b>	<b>\$19,717</b>	<b>131.1%</b>
	Variable Cost Tied to Payroll		
Payments for Time Not Worked	11.3%	14.1%	124.6%
Payments for Holidays	3.5%	3.8%	
Payments for Vacations	5.1%	5.7%	
Sick Leave Pay	2.7%	4.6%	
Retirement and Savings	23.1%	12.3%	53.1%
<b>Total Variable Cost</b>	<b>34.4%</b>	<b>26.4%</b>	<b>76.7%</b>
<b>Benefits Formula</b>	<b>15,041 + 34.4% x Base Salary</b>	<b>19,717 + 26.4% x Base Salary</b>	

## Enhanced fringe formula

### Fixed-cost benefits

- Medical/medically-related benefits (e.g., medical, dental, vision, STD, LTD, and life insurance),
- Compare data to the market and value the total as an average cost per employee

### Variable-cost benefits

- Retirement and time-off benefits
- Compare plans and capture an employee cost as a percentage of salary

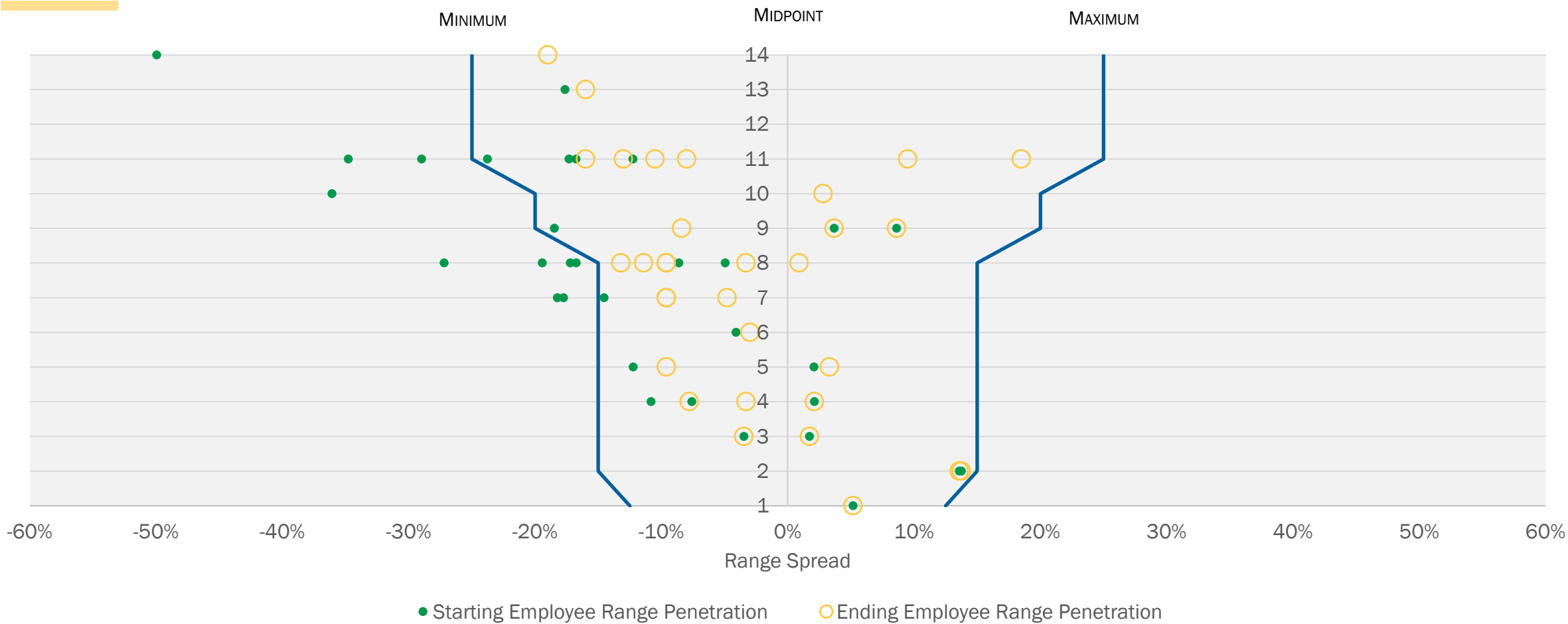
# Total Compensation Analysis Position to Market



# Salary Adjustment Considerations

Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none"> <li>At risk of losing employees due to pay</li> </ul>	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none"> <li>Alleviate pay compression based on time in role and performance</li> <li>Improve overall pay position</li> </ul>	\$221,770	7.2%
<b>Total Increases:</b>		<b>\$337,377</b>	<b>11.0%</b>

# Post Increase Range Placement



# Incentive Plan Payout Percentages

## Designed incentive plan based on level within the Department

- Threshold (50% of target)
- Target
- Maximum (200% of target)

## Determined weighting of incentives on organizational and divisional goals

- Organizational goal – growth of the Common School Trust Fund
- Divisional goal – tailored to divisions with well defined metrics, quantifiable for success

Career Level	Recommended Bonus Payout (as % of Base Salary)			% Based On Goals	
	Threshold	Target	Maximum	Organization	Division
L3	17.5%	35.0%	70.0%	100%	0%
L2	0%	35.0%	70.0%	0%	100%
L1	10.0%	20.0%	40.0%	50%	50%
M4	7.5%	15.0%	30.0%	50%	50%
M3	7.5%	15.0%	30.0%	50%	50%
M2	7.5%	15.0%	30.0%	50%	50%
M1	5.0%	10.0%	20.0%	50%	50%
P4	5.0%	10.0%	20.0%	50%	50%
P3	5.0%	10.0%	20.0%	50%	50%
P2	2.5%	5.0%	10.0%	50%	50%
P1	2.5%	5.0%	10.0%	50%	50%
S3	1.3%	2.5%	5.0%	50%	50%
S2	1.3%	2.5%	5.0%	50%	50%
S1	1.3%	2.5%	5.0%	50%	50%

# Incentive Plan Measures

Division	Metric	Measurement
Accounting	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Administrative Services	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Investments	Investments	Rolling 3 Year Average vs Benchmark (BPS)
Information Technology	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Land Commissioner	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Legal	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Minerals	Minerals Revenue	Rolling 3 Year Average Royalty & Bonus Revenue
Revenue Compliance	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Surface	Surface Revenue	Rolling 3 Year Average Rental Revenue
Unclaimed Property	Claims Paid/Holder Reports	Number of Claims and Holder reports processed

# Incentive Payout Potential

## Modeling assumes:

- All employees receive both increases to the minimum of their salary range and compression adjustments
- All employees achieve the same level of payout

PAYOUT LEVEL	PAYOUT AMOUNT	% OF PAYROLL	EST CS GROWTH	PAYOUT AS % OF CS GROWTH
THRESHOLD	\$196,904	5.8%	\$454,857,316	0.05%
TARGET	\$480,189	14.1%	\$594,813,413	0.08%
MAXIMUM	\$960,378	28.1%	\$734,769,510	0.13%

# State Bonus Plan Comparisons

## Retirement & Investment Office

- Eligibility tied to investment-related positions
- Max opportunity ranges from 25-100% of pay
  - Executive Director and Chief Investment Officer max at 100%.
- Metrics tied to fund performance and asset class/individual performance

## North Dakota Mill

- Eligible to all full-time employees
- Part fixed based on goals achievement up to 4% of pay, part uncapped gain-sharing plan tied to profits with 1% payout for each million of profit
  - Recent payouts approaching 30%.
- Separate plan for the Executive Director, up to 30% of pay

## Bank of North Dakota

- Still in final development, anticipated to be gainsharing with all employees receiving the same payout
- Payments stated to be paid over three years

# Recommendations

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# Recommendations

## 01

Increase the compensation of all employees to the minimum of their respective proposed salary ranges

- Range minimum represents the level at which entry-level pay can be considered market-competitive
- Implementation of the compensation plan should occur uniformly across all positions to avoid pay equity issues

## 02

Consider adopting the compression-based pay adjustments

- Help ensure that employee compensation is commensurate with experience and performance
- Allow for enhanced flexibility to onboard new employees without creating pay inequities

## 03

Consider implementing the annual incentive plan

- Motivates and engages employees
- Aligns performance with Department goals
- Help attract and retained high-quality candidates

## 04

Compare to market every three to five years

- Adjust ranges annually
- Budget for market competitive increases annually

# Annual Salary Planning

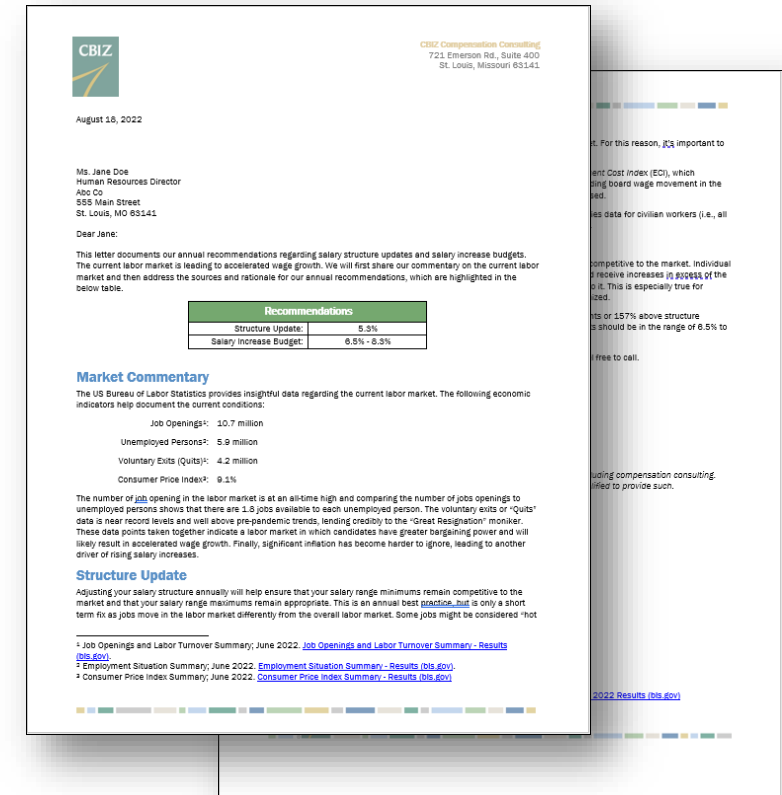
## Budget for market competitive salary increases

### Adjust structures annually to ensure:

- The new compensation system remains competitive for years to come
- Minimums stay competitive to the market
- Maximums stay appropriate

## CBIZ will provide salary structure update factors for up to five years

## CBIZ tracks data associated with cost of labor, not cost of living, changes





CBIZ  
QUESTIONS?





Department of Trust Lands - Budget No. 226  
Agency Worksheet - Senate Bill No. 2013

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	33.00	\$0	\$9,869,025	\$9,869,025	33.00	\$0	\$9,869,025	\$9,869,025	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase			\$350,818	\$350,818			\$350,818	\$350,818				\$0
Health insurance increase			198,173	198,173			198,173	198,173				0
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225			230,225	230,225				0
Funding to replace the 2023-25 new FTE pool			739,732	739,732			739,732	739,732				0
2025-27 new and vacant FTE pool				0			(86,204)	(86,204)			(\$86,204)	(86,204)
Transfers \$53,998 from operating to salaries - Base				0				0				0
Information technology rate increases			66,810	66,810			66,810	66,810				0
Budget reduction for operating expense savings			(177,174)	(177,174)			(177,174)	(177,174)				0
Total ongoing funding changes	0.00	\$0	\$1,408,584	\$1,408,584	0.00	\$0	\$1,322,380	\$1,322,380	0.00	\$0	(\$86,204)	(\$86,204)
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$1,408,584	\$1,408,584	0.00	\$0	\$1,322,380	\$1,322,380	0.00	\$0	(\$86,204)	(\$86,204)
2025-27 Total Funding	33.00	\$0	\$11,277,609	\$11,277,609	33.00	\$0	\$11,191,405	\$11,191,405	0.00	\$0	(\$86,204)	(\$86,204)
Federal funds included in other funds			\$0				\$0				\$0	
Total ongoing changes - Percentage of base level	0.0%	N/A	14.3%	14.3%	0.0%	N/A	13.4%	13.4%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	N/A	14.3%	14.3%	0.0%	N/A	13.4%	13.4%	N/A	N/A	N/A	N/A

Other Sections in Department of Trust Lands - Budget No. 226

Section Description	Armstrong Executive Budget	Senate Version
New and vacant FTE pool line item		Section 2 provides for the use of funding in the new and vacant FTE pool line item.
Fund distributions		Section 3 provides the permanent fund income distributions to state institutions.



# North Dakota Legislative Council

Prepared for the House Appropriations Committee  
March 14, 2025

## **MAJOR RELATED LEGISLATION AFFECTING THE DEPARTMENT OF TRUST LANDS AS OF CROSSOVER**

This memorandum provides information on major related legislation affecting the Department of Trust Lands as of Crossover:

**House Bill No. 1005** - This bill transfers unclaimed property from the Department of Trust Lands to the State Treasurer.

YEAR	ANNUAL DISTRIBUTIONS		CUMULATIVE DISTRIBUTIONS			ENDING BALANCE		
	CURRENT	HB 3035	CURRENT	HB 3035	IMPACT	CURRENT	HB 3035	IMPACT
2026	\$ 308,642,000	\$ 308,642,000	\$ 308,642,000	\$ 308,642,000	\$ -	\$ 8,503,094,220	\$ 8,503,094,220	\$ -
2027	\$ 308,642,000	\$ 308,642,000	\$ 617,284,000	\$ 617,284,000	\$ -	\$ 9,123,427,006	\$ 8,813,347,006	\$ (310,080,000)
2028	\$ 363,568,000	\$ 363,568,000	\$ 980,852,000	\$ 980,852,000	\$ -	\$ 9,746,507,305	\$ 9,105,509,929	\$ (640,997,376)
2029	\$ 363,568,000	\$ 363,568,000	\$ 1,344,420,000	\$ 1,344,420,000	\$ -	\$ 10,416,715,132	\$ 9,422,562,733	\$ (994,152,400)
2030	\$ 426,937,000	\$ 417,426,000	\$ 1,771,357,000	\$ 1,761,846,000	\$ (9,511,000)	\$ 11,045,343,837	\$ 9,684,134,965	\$ (1,361,208,871)
2031	\$ 426,937,000	\$ 417,426,000	\$ 2,198,294,000	\$ 2,179,272,000	\$ (19,022,000)	\$ 11,687,634,449	\$ 9,934,702,911	\$ (1,752,931,538)
2032	\$ 488,351,000	\$ 455,286,000	\$ 2,686,645,000	\$ 2,634,558,000	\$ (52,087,000)	\$ 12,316,855,225	\$ 10,170,222,671	\$ (2,146,632,553)
2033	\$ 488,351,000	\$ 455,286,000	\$ 3,174,996,000	\$ 3,089,844,000	\$ (85,152,000)	\$ 12,991,932,405	\$ 10,425,142,129	\$ (2,566,790,277)
2034	\$ 552,131,000	\$ 483,171,000	\$ 3,727,127,000	\$ 3,573,015,000	\$ (154,112,000)	\$ 13,636,253,069	\$ 10,658,171,542	\$ (2,978,081,527)
2035	\$ 552,131,000	\$ 483,171,000	\$ 4,279,258,000	\$ 4,056,186,000	\$ (223,072,000)	\$ 14,301,006,459	\$ 10,883,994,909	\$ (3,417,011,550)
2036	\$ 616,780,000	\$ 508,724,000	\$ 4,896,038,000	\$ 4,564,910,000	\$ (331,128,000)	\$ 14,945,121,146	\$ 11,100,093,102	\$ (3,845,028,045)
2037	\$ 616,780,000	\$ 508,724,000	\$ 5,512,818,000	\$ 5,073,634,000	\$ (439,184,000)	\$ 15,604,222,374	\$ 11,612,495,126	\$ (3,991,727,248)
2038	\$ 681,912,000	\$ 532,376,000	\$ 6,194,730,000	\$ 5,606,010,000	\$ (588,720,000)	\$ 16,245,928,048	\$ 12,140,517,138	\$ (4,105,410,909)
2039	\$ 681,912,000	\$ 532,376,000	\$ 6,876,642,000	\$ 6,138,386,000	\$ (738,256,000)	\$ 16,912,807,154	\$ 12,686,073,042	\$ (4,226,734,113)
2040	\$ 747,325,000	\$ 563,953,000	\$ 7,623,967,000	\$ 6,702,339,000	\$ (921,628,000)	\$ 17,542,450,037	\$ 13,221,212,691	\$ (4,321,237,346)
2041	\$ 747,325,000	\$ 563,953,000	\$ 8,371,292,000	\$ 7,266,292,000	\$ (1,105,000,000)	\$ 18,213,279,742	\$ 13,791,188,546	\$ (4,422,091,196)
2042	\$ 812,505,000	\$ 607,604,000	\$ 9,183,797,000	\$ 7,873,896,000	\$ (1,309,901,000)	\$ 18,837,626,304	\$ 14,330,156,253	\$ (4,507,470,051)
2043	\$ 812,505,000	\$ 607,604,000	\$ 9,996,302,000	\$ 8,481,500,000	\$ (1,514,802,000)	\$ 19,479,789,591	\$ 14,881,203,227	\$ (4,598,586,365)
2044	\$ 877,521,000	\$ 661,691,000	\$ 10,873,823,000	\$ 9,143,191,000	\$ (1,730,632,000)	\$ 20,081,509,110	\$ 15,396,979,630	\$ (4,684,529,480)
2045	\$ 877,521,000	\$ 661,691,000	\$ 11,751,344,000	\$ 9,804,882,000	\$ (1,946,462,000)	\$ 20,707,649,605	\$ 15,931,401,632	\$ (4,776,247,974)
2046	\$ 941,547,000	\$ 716,207,000	\$ 12,692,891,000	\$ 10,521,089,000	\$ (2,171,802,000)	\$ 21,297,759,503	\$ 16,433,459,090	\$ (4,864,300,413)
2047	\$ 941,547,000	\$ 716,207,000	\$ 13,634,438,000	\$ 11,237,296,000	\$ (2,397,142,000)	\$ 21,915,358,931	\$ 16,957,088,954	\$ (4,958,269,977)
2048	\$ 1,004,043,000	\$ 769,732,000	\$ 14,638,481,000	\$ 12,007,028,000	\$ (2,631,453,000)	\$ 22,494,236,851	\$ 17,444,954,981	\$ (5,049,281,870)
2049	\$ 1,004,043,000	\$ 769,732,000	\$ 15,642,524,000	\$ 12,776,760,000	\$ (2,865,764,000)	\$ 23,098,916,313	\$ 17,952,506,550	\$ (5,146,409,762)
2050	\$ 1,064,965,000	\$ 821,639,000	\$ 16,707,489,000	\$ 13,598,399,000	\$ (3,109,090,000)	\$ 23,670,552,351	\$ 18,429,805,607	\$ (5,240,746,744)
2051	\$ 1,064,965,000	\$ 821,639,000	\$ 17,772,454,000	\$ 14,420,038,000	\$ (3,352,416,000)	\$ 24,271,100,787	\$ 18,929,677,615	\$ (5,341,423,172)
2052	\$ 1,124,768,000	\$ 872,178,000	\$ 18,897,222,000	\$ 15,292,216,000	\$ (3,605,006,000)	\$ 24,841,904,076	\$ 19,402,614,291	\$ (5,439,289,785)
2053	\$ 1,124,768,000	\$ 872,178,000	\$ 20,021,990,000	\$ 16,164,394,000	\$ (3,857,596,000)	\$ 25,443,034,852	\$ 19,899,301,818	\$ (5,543,733,035)
2054	\$ 1,183,767,000	\$ 921,596,000	\$ 21,205,757,000	\$ 17,085,990,000	\$ (4,119,767,000)	\$ 26,016,380,895	\$ 20,371,088,946	\$ (5,645,291,949)
2055	\$ 1,183,767,000	\$ 921,596,000	\$ 22,389,524,000	\$ 18,007,586,000	\$ (4,381,938,000)	\$ 26,621,509,886	\$ 20,867,834,263	\$ (5,753,675,623)

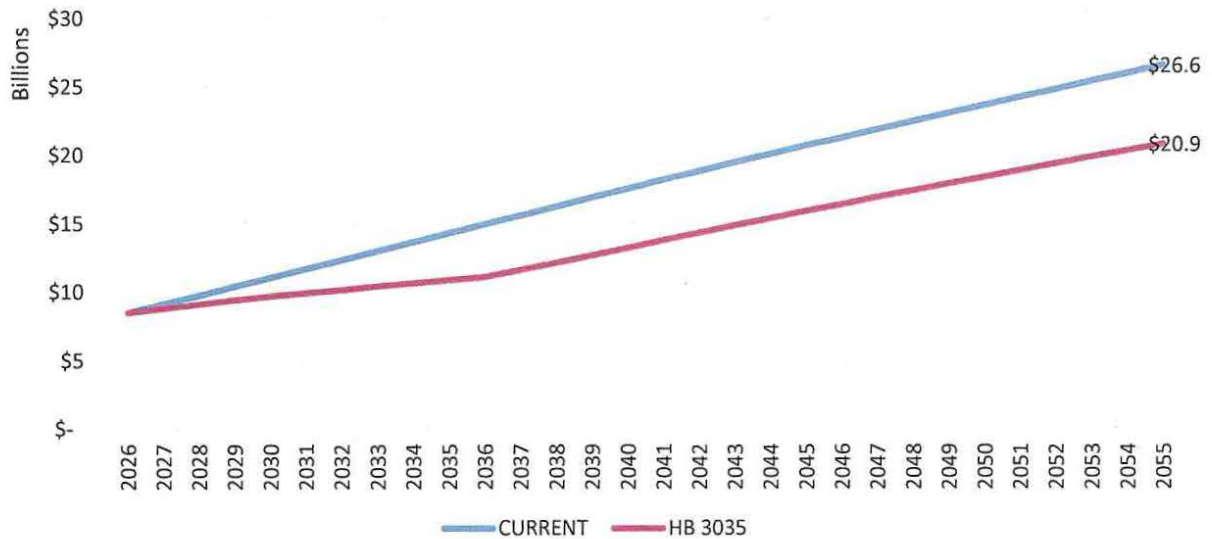
**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

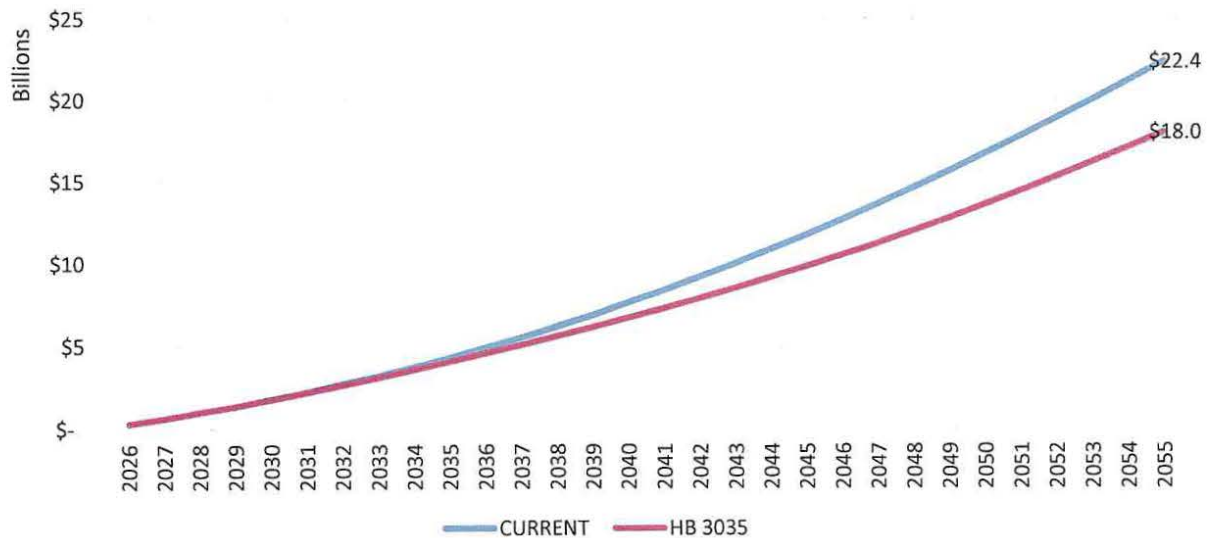
Cash inflows based on Mineral Tracker projections.

30-YR Projection	Current	HCR 3035	Impact
Ending Assets	\$26.6	\$20.9	\$5.7
Total Distributions	\$22.4	\$18.0	\$4.4
Combined Impact			\$10.1

Ending Fund Balance  
30-Year Projection



Cumulative Distributions  
30-Year Projection



# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

SB 2013

3/21/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

10:20 a.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

### Discussion Topics:

- Board of University and School Lands Assets Breakdown
- Indian Culture Education Trust
- Soil Carbon Sequestration
- Geological Carbon Sequestration
- Critical Mineral Development
- Data Center in Ellendale
- Third Party Audit Costs
- Potential FTE revenue

10:21 a.m. Joseph Heringer, Commissioner, North Dakota Department of Trust Lands, testified in favor and submitted testimony #43338.

11:11 a.m. Chairman Monson adjourned the meeting.

*Madaline Cooper, Committee Clerk*

## DEPARTMENT OF TRUST LANDS

The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College\*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

\* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

### DID YOU KNOW?

WE MANAGE 2.6 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 9,700 OF ND'S APPROXIMATELY 19,000 PRODUCING WELLS WITH MORE THAN 8,600 LEASES.



WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4,400 LEASES.



33

FTE  
count

6

average yrs  
of service

45%

turnover  
since 2021

4

retirement  
eligible

### HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL  
33 FTE  
1 FTE/\$262 Million

UTAH  
68 FTE  
1 FTE/\$47 Million

NEW MEXICO  
223 FTE  
1 FTE/\$47 Million

TEXAS GLO  
801 FTE  
1 FTE/\$65 Million

OKLAHOMA  
59 FTE  
1 FTE/\$46 Million

2023 ASSET  
VALUE

\$ 8,647,994,458

\$ 3,221,207,646

\$ 28,012,136,733

\$ 52,316,792,346

\$ 2,695,826,180

2023  
OPERATING  
REVENUE

\$ 535,700,494

\$ 146,578,644

\$ 2,750,296,730

\$ 1,900,818,720

\$ 103,047,114

<b>Board of University and School Lands</b>		
<b>Comparative Financial Position (Unaudited)</b>		
<b>Schedule of Net Assets</b>		
<b>Assets by Trust:</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Common Schools	7,372,328,921.36	\$6,509,124,581
North Dakota State University	109,549,491	98,320,268
School for the Blind	18,685,287	16,891,007
School for the Deaf	28,890,380	25,713,517
State Hospital	17,892,388	16,545,968
Ellendale *	35,796,878	32,147,813
Valley City State University	20,581,193	17,907,308
Mayville State University	14,725,511	12,884,872
Youth Correctional Center	40,484,479	35,833,289
State College of Science	25,883,812	23,649,116
School of Mines **	32,614,130	29,759,932
Veterans Home	7,062,104	6,137,672
University of North Dakota	54,062,922	48,573,427
Capitol Building	9,108,331	8,841,816
Strategic Investment and Improvements	1,418,091,155	933,937,064
Coal Development	75,187,364	73,602,641
Indian Cultural Education Trust	1,545,552	1,428,585
Theodore Roosevelt Presidential Library	53,345,471	51,812,824
<b>Total</b>	<b>\$9,335,835,367</b>	<b>\$7,943,111,702</b>
<b>Assets by Type:</b>		
Cash	\$836,353,288	\$268,096,490
Receivables	6,975,951	15,237,040
Investments ***	8,403,734,906	7,596,339,539
Office Building (Net of Depreciation)	97,358	192,805
Farm Loans	2,210,591	2,373,365
Energy Development Impact Loans	6,940,116	7,780,549
School Construction Loans (Coal)	33,176,609	31,497,165
Due From Other Trusts and Agencies	46,346,548	21,594,749
<b>Total</b>	<b>\$9,335,835,367</b>	<b>\$7,943,111,702</b>

**\* Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University	School for the Blind
Minot State University	Veterans Home
Dakota College at Bottineau	State Hospital
State College of Science - Wahpeton	

**\*\* School of Mines**

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

**\*\*\* Investments**

Includes available cash available for loans, investments, and abandoned stock.

**DISCLOSURE: Investments recorded on the financials have a semi-annual and/or quarterly reporting lag due to moving from a public to private equity investment portfolio.**

ND Department of Trust Lands  
Statement of Changes in Fiduciary Net Position  
June 30, 2024 and 2023

	2024 Indian Cultural Education Trust	2023 Indian Cultural Education Trust
<b>Additions</b>		
Contributions:		
Donations	\$ -	\$ -
Total Contributions	-	-
Investment income:		
Net change in fair value of investments	136,401	57,060
Interest	25,329	32,579
Less investment expense	3,838	4,383
Net Investment Income	157,892	85,256
Securities Lending Activity:		
Securities lending income	-	2,188
Net Securities Lending Income	-	2,188
Miscellaneous Income	2,649	2,528
<b>Total Additions</b>	160,541	89,972
<b>Deductions</b>		
Payments in accordance with Trust agreement	49,104	46,052
Administrative expenses	1,041	1,088
<b>Total Deductions</b>	50,145	47,140
Change in net position held in Trust for:		
Indian Cultural Education Trust	110,396	42,832
Total Change in Net Position	110,396	42,832
Net Position – Beginning of Year	1,372,630	1,329,798
Net Position – End of Year	\$ 1,483,026	\$ 1,372,630

See Notes to the Financial Statements

Trust Funds Performance	
Calendar Year (Net)	
Year	Net Return
2024	10.35%
2023	8.83%
2022	-8.12%
2021	12.44%
2020	5.95%
2019	14.40%
2018	-5.11%
2017	12.62%
2016	8.65%
2015	-4.55%
SI*	6.48%

*\*Annualized since August 1995*

## COMMON SCHOOLS TRUST FUND SHARE OF STATE SCHOOL PAYMENTS

The distribution of funds from the Common School Trust Fund (CSTF) has experienced a significant increase over the past 25 years.

In 1999-2001, the total distribution from the Trust Fund was \$47,550,000. Fast forward to the years 2025-2027 and we will distribute an astonishing \$585,000,000 – more than 12 times the previous amount.

Since the 2013-15 biennium, the CSTF share of state aid payments to schools has risen from 8 percent to 25.2 percent. These funds have replaced money that would normally come from the general fund.

The CSTF has provided almost \$2 billion (\$1.987B) in state aid to schools. (2013-15 through 2023-25).

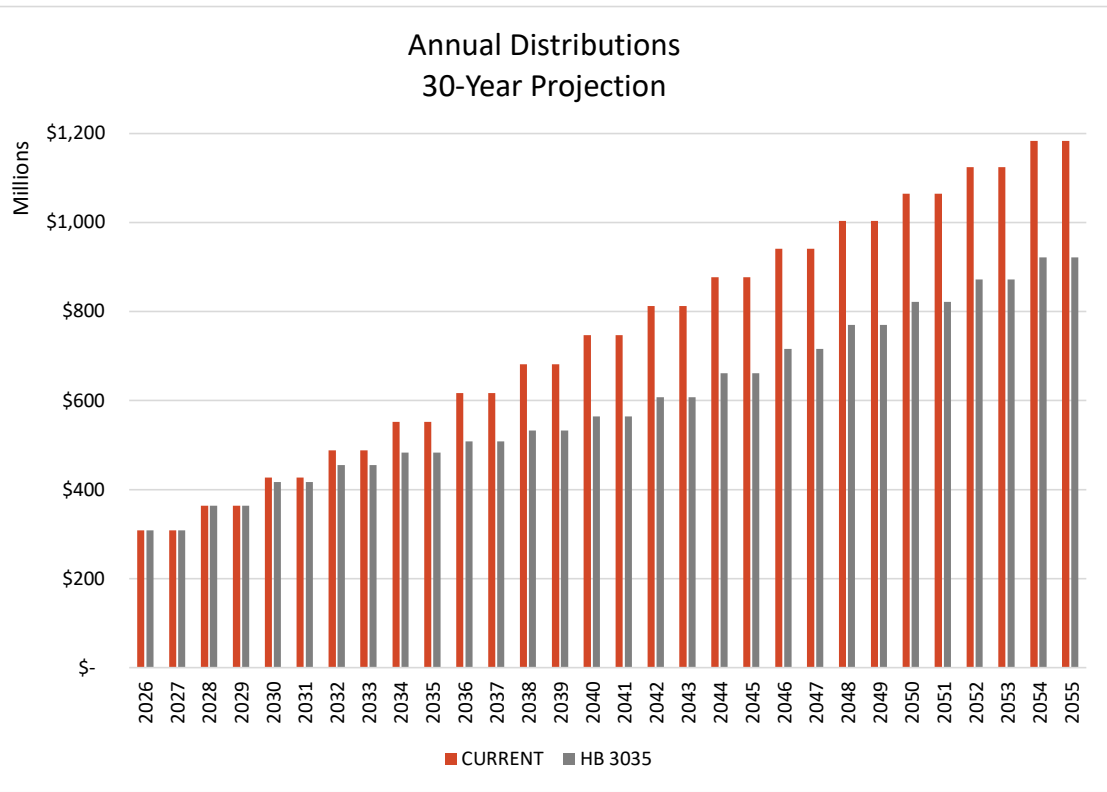
Biennium	Formula Payment	Common Schools Trust Fund	Percentage of Formula	Increase
2013-15	\$1,752,100,000	\$140,326,000	8 percent	\$38,688,000
2015-17	\$1,916,640,000	\$219,134,000	11.4 percent	\$78,808,000
2017-19	\$1,935,204,163	\$305,546,905	15.8 percent	\$86,412,905
2019-21	\$2,098,202,429	\$377,764,000	18 percent	\$72,217,095
2021-23	\$2,131,825,000	\$433,020,000	20.3 Percent	\$55,256,000
2023-25	\$2,299,674,851	\$510,860,000	22.2 Percent	\$77,840,000
2025-27	\$2,359,674,851	\$595,677,350	25.2 Percent	\$84,817,350

“Formula payment” is listed in the Legislative Council’s budget details as “Integrated Formula Payment.” This is, by far, the largest source of state support for K-12 education.

The “Common Schools” expenditures are listed in the Legislative Council’s budget documents as money from the “Tuition Fund.” The Tuition Fund expenditures include money from state fines along with the Common Schools Trust Fund distributions. The trust fund distributions make up almost all of the “tuition fund” money.

**Updated March 7, 2025 with information provided by the Department of Public Instruction**

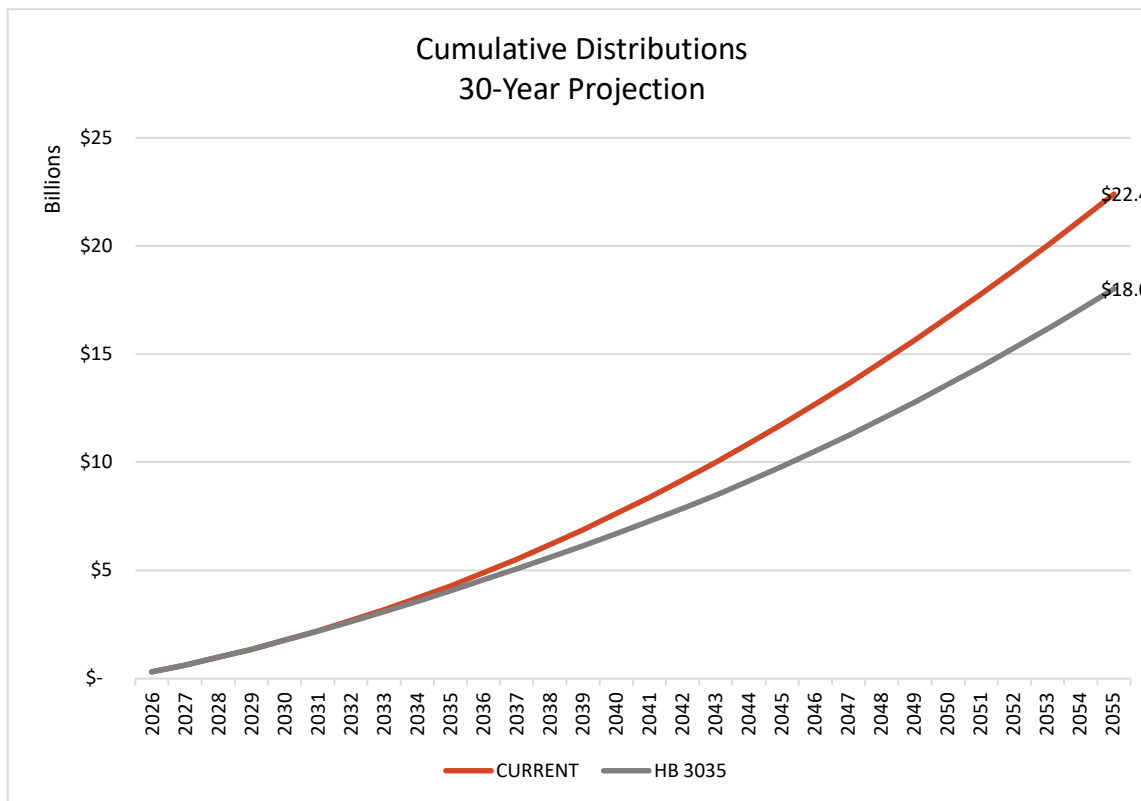
YEAR	ANNUAL DISTRIBUTIONS		BIENNIAL IMPACT
	CURRENT	HB 3035	
2026	\$ 308,642,000	\$ 308,642,000	
2027	\$ 308,642,000	\$ 308,642,000	\$ -
2028	\$ 363,568,000	\$ 363,568,000	
2029	\$ 363,568,000	\$ 363,568,000	\$ -
2030	\$ 426,937,000	\$ 417,426,000	
2031	\$ 426,937,000	\$ 417,426,000	\$ (19,022,000)
2032	\$ 488,351,000	\$ 455,286,000	
2033	\$ 488,351,000	\$ 455,286,000	\$ (66,130,000)
2034	\$ 552,131,000	\$ 483,171,000	
2035	\$ 552,131,000	\$ 483,171,000	\$ (137,920,000)
2036	\$ 616,780,000	\$ 508,724,000	
2037	\$ 616,780,000	\$ 508,724,000	\$ (216,112,000)
2038	\$ 681,912,000	\$ 532,376,000	
2039	\$ 681,912,000	\$ 532,376,000	\$ (299,072,000)
2040	\$ 747,325,000	\$ 563,953,000	
2041	\$ 747,325,000	\$ 563,953,000	\$ (366,744,000)
2042	\$ 812,505,000	\$ 607,604,000	
2043	\$ 812,505,000	\$ 607,604,000	\$ (409,802,000)
2044	\$ 877,521,000	\$ 661,691,000	
2045	\$ 877,521,000	\$ 661,691,000	\$ (431,660,000)
2046	\$ 941,547,000	\$ 716,207,000	
2047	\$ 941,547,000	\$ 716,207,000	\$ (450,680,000)
2048	\$ 1,004,043,000	\$ 769,732,000	
2049	\$ 1,004,043,000	\$ 769,732,000	\$ (468,622,000)
2050	\$ 1,064,965,000	\$ 821,639,000	
2051	\$ 1,064,965,000	\$ 821,639,000	\$ (486,652,000)
2052	\$ 1,124,768,000	\$ 872,178,000	
2053	\$ 1,124,768,000	\$ 872,178,000	\$ (505,180,000)
2054	\$ 1,183,767,000	\$ 921,596,000	
2055	\$ 1,183,767,000	\$ 921,596,000	\$ (524,342,000)



**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.  
Cash inflows based on Mineral Tracker projections.

CUMULATIVE DISTRIBUTIONS			IMPACT
YEAR	CURRENT	HB 3035	
2026	\$ 308,642,000	\$ 308,642,000	\$ -
2027	\$ 617,284,000	\$ 617,284,000	\$ -
2028	\$ 980,852,000	\$ 980,852,000	\$ -
2029	\$ 1,344,420,000	\$ 1,344,420,000	\$ -
2030	\$ 1,771,357,000	\$ 1,761,846,000	\$ (9,511,000)
2031	\$ 2,198,294,000	\$ 2,179,272,000	\$ (19,022,000)
2032	\$ 2,686,645,000	\$ 2,634,558,000	\$ (52,087,000)
2033	\$ 3,174,996,000	\$ 3,089,844,000	\$ (85,152,000)
2034	\$ 3,727,127,000	\$ 3,573,015,000	\$ (154,112,000)
2035	\$ 4,279,258,000	\$ 4,056,186,000	\$ (223,072,000)
2036	\$ 4,896,038,000	\$ 4,564,910,000	\$ (331,128,000)
2037	\$ 5,512,818,000	\$ 5,073,634,000	\$ (439,184,000)
2038	\$ 6,194,730,000	\$ 5,606,010,000	\$ (588,720,000)
2039	\$ 6,876,642,000	\$ 6,138,386,000	\$ (738,256,000)
2040	\$ 7,623,967,000	\$ 6,702,339,000	\$ (921,628,000)
2041	\$ 8,371,292,000	\$ 7,266,292,000	\$ (1,105,000,000)
2042	\$ 9,183,797,000	\$ 7,873,896,000	\$ (1,309,901,000)
2043	\$ 9,996,302,000	\$ 8,481,500,000	\$ (1,514,802,000)
2044	\$ 10,873,823,000	\$ 9,143,191,000	\$ (1,730,632,000)
2045	\$ 11,751,344,000	\$ 9,804,882,000	\$ (1,946,462,000)
2046	\$ 12,692,891,000	\$ 10,521,089,000	\$ (2,171,802,000)
2047	\$ 13,634,438,000	\$ 11,237,296,000	\$ (2,397,142,000)
2048	\$ 14,638,481,000	\$ 12,007,028,000	\$ (2,631,453,000)
2049	\$ 15,642,524,000	\$ 12,776,760,000	\$ (2,865,764,000)
2050	\$ 16,707,489,000	\$ 13,598,399,000	\$ (3,109,090,000)
2051	\$ 17,772,454,000	\$ 14,420,038,000	\$ (3,352,416,000)
2052	\$ 18,897,222,000	\$ 15,292,216,000	\$ (3,605,006,000)
2053	\$ 20,021,990,000	\$ 16,164,394,000	\$ (3,857,596,000)
2054	\$ 21,205,757,000	\$ 17,085,990,000	\$ (4,119,767,000)
2055	\$ 22,389,524,000	\$ 18,007,586,000	\$ (4,381,938,000)

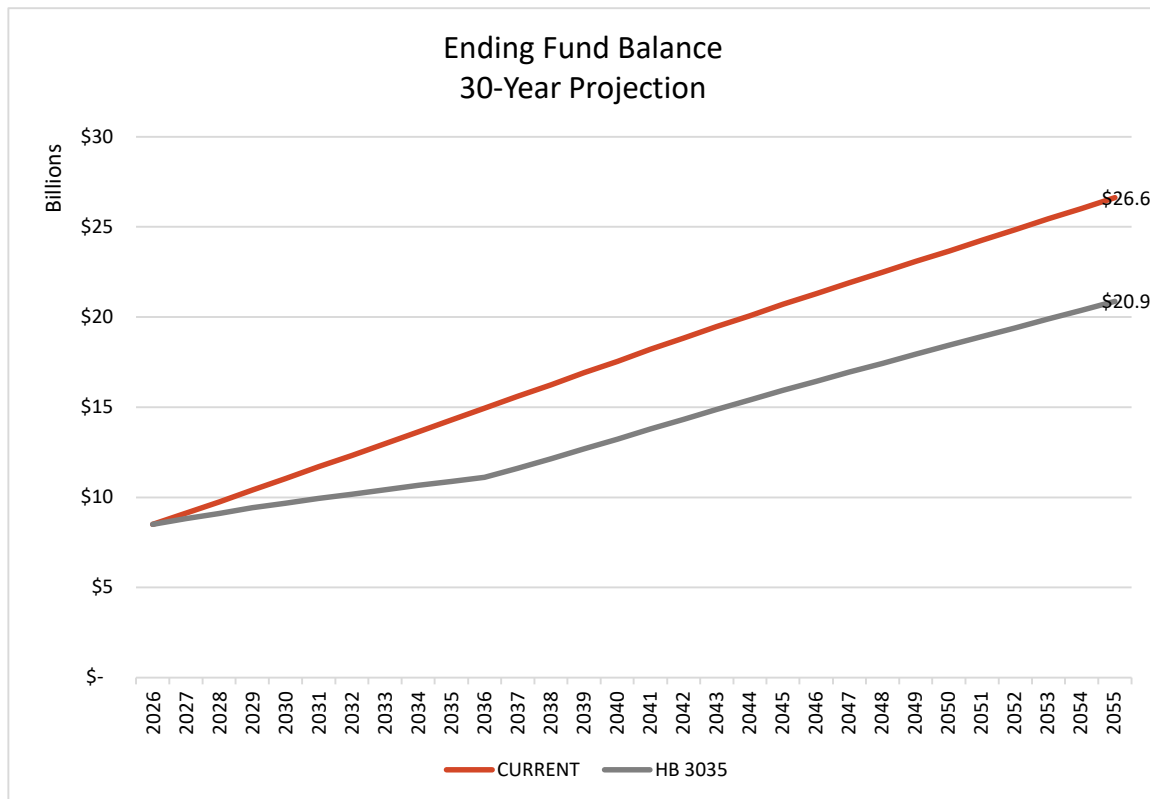


**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.

ENDING FUND BALANCE			IMPACT
YEAR	CURRENT	HB 3035	
2026	\$ 8,503,094,220	\$ 8,503,094,220	\$ -
2027	\$ 9,123,427,006	\$ 8,813,347,006	\$ (310,080,000)
2028	\$ 9,746,507,305	\$ 9,105,509,929	\$ (640,997,376)
2029	\$ 10,416,715,132	\$ 9,422,562,733	\$ (994,152,400)
2030	\$ 11,045,343,837	\$ 9,684,134,965	\$ (1,361,208,871)
2031	\$ 11,687,634,449	\$ 9,934,702,911	\$ (1,752,931,538)
2032	\$ 12,316,855,225	\$ 10,170,222,671	\$ (2,146,632,553)
2033	\$ 12,991,932,405	\$ 10,425,142,129	\$ (2,566,790,277)
2034	\$ 13,636,253,069	\$ 10,658,171,542	\$ (2,978,081,527)
2035	\$ 14,301,006,459	\$ 10,883,994,909	\$ (3,417,011,550)
2036	\$ 14,945,121,146	\$ 11,100,093,102	\$ (3,845,028,045)
2037	\$ 15,604,222,374	\$ 11,612,495,126	\$ (3,991,727,248)
2038	\$ 16,245,928,048	\$ 12,140,517,138	\$ (4,105,410,909)
2039	\$ 16,912,807,154	\$ 12,686,073,042	\$ (4,226,734,113)
2040	\$ 17,542,450,037	\$ 13,221,212,691	\$ (4,321,237,346)
2041	\$ 18,213,279,742	\$ 13,791,188,546	\$ (4,422,091,196)
2042	\$ 18,837,626,304	\$ 14,330,156,253	\$ (4,507,470,051)
2043	\$ 19,479,789,591	\$ 14,881,203,227	\$ (4,598,586,365)
2044	\$ 20,081,509,110	\$ 15,396,979,630	\$ (4,684,529,480)
2045	\$ 20,707,649,605	\$ 15,931,401,632	\$ (4,776,247,974)
2046	\$ 21,297,759,503	\$ 16,433,459,090	\$ (4,864,300,413)
2047	\$ 21,915,358,931	\$ 16,957,088,954	\$ (4,958,269,977)
2048	\$ 22,494,236,851	\$ 17,444,954,981	\$ (5,049,281,870)
2049	\$ 23,098,916,313	\$ 17,952,506,550	\$ (5,146,409,762)
2050	\$ 23,670,552,351	\$ 18,429,805,607	\$ (5,240,746,744)
2051	\$ 24,271,100,787	\$ 18,929,677,615	\$ (5,341,423,172)
2052	\$ 24,841,904,076	\$ 19,402,614,291	\$ (5,439,289,785)
2053	\$ 25,443,034,852	\$ 19,899,301,818	\$ (5,543,733,035)
2054	\$ 26,016,380,895	\$ 20,371,088,946	\$ (5,645,291,949)
2055	\$ 26,621,509,886	\$ 20,867,834,263	\$ (5,753,675,623)



**Assumptions:**

6.72% annual investment return based on strategic asset allocation and capital markets assumptions.

Cash inflows based on Mineral Tracker projections.

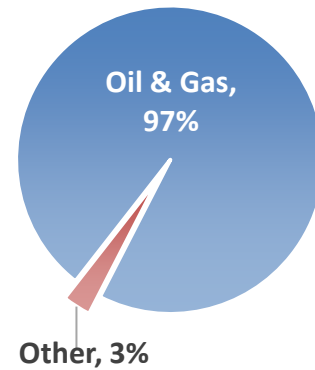
## Business Plan – Diversified Revenues Officer

The goal of this position is to capitalize on new market opportunities and diversify the Department's revenue which is heavily dependent on the Oil and Gas Industry.

### Projected New 10 Year Revenues

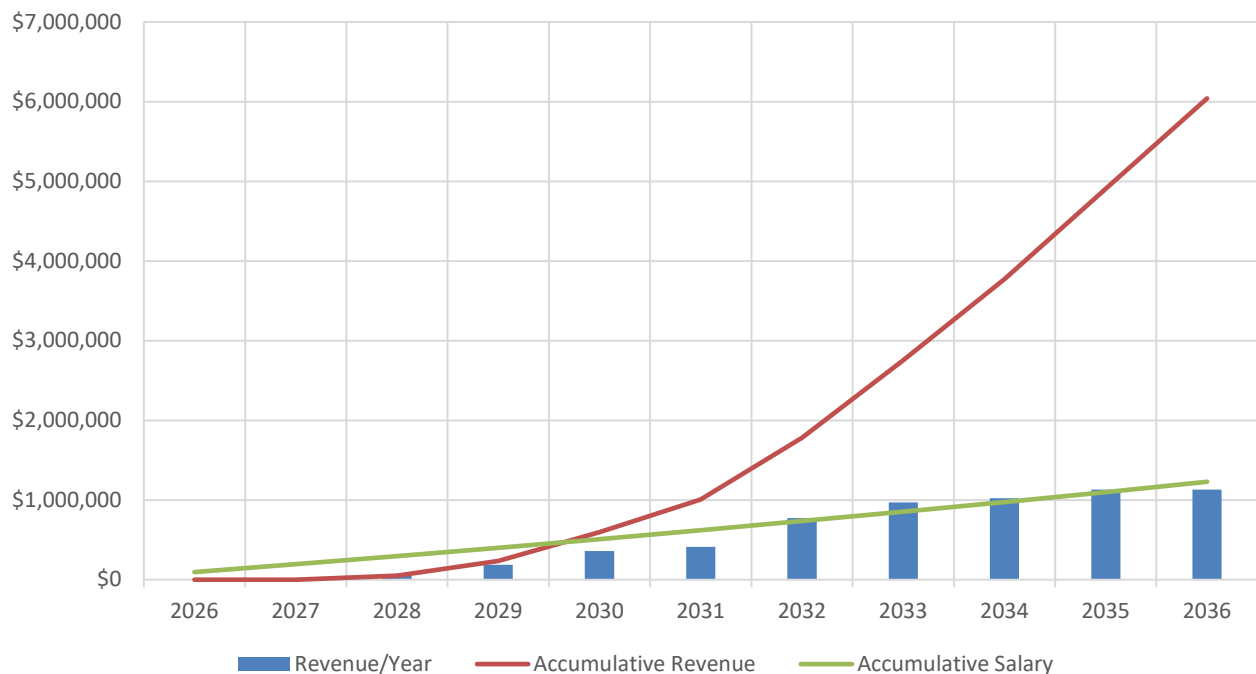
1. Wind (3 projects with 3 turbines each)
  - a. \$36,000/year per project
2. Soil Carbon Sequestration (3 projects)
  - a. \$50,000/year per project
3. Geological Carbon Sequestration (3 projects)
  - a. \$75,000/year per project
4. Critical Mineral Development (2 projects)
  - a. \$100,000/year per project
5. Data Centers (2 projects)
  - a. \$100,000/year per project
6. Large Industrial (1 project)
  - a. \$250,000/year

### Current Annual Revenue



We believe these are conservative projections, with much more potential as markets and technologies evolve, some of which may not yet even exist. This should be viewed as a small, initial investment into what could someday be a full Diversified Revenues Department with multiple employees.

### Projected 10-year Revenue and Salary



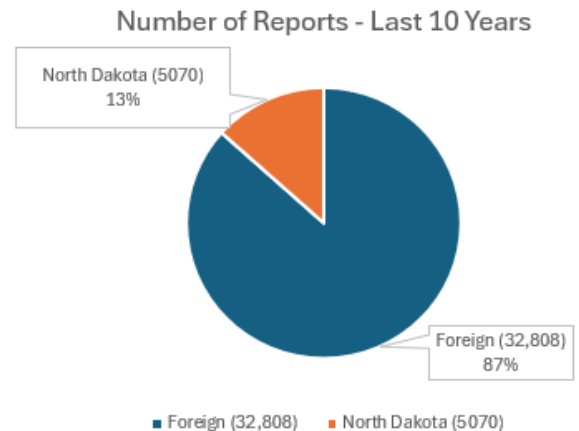
## Business Plan – Unclaimed Property Compliance Officer

The enforcement of unclaimed property laws is a critical function of all unclaimed property programs.

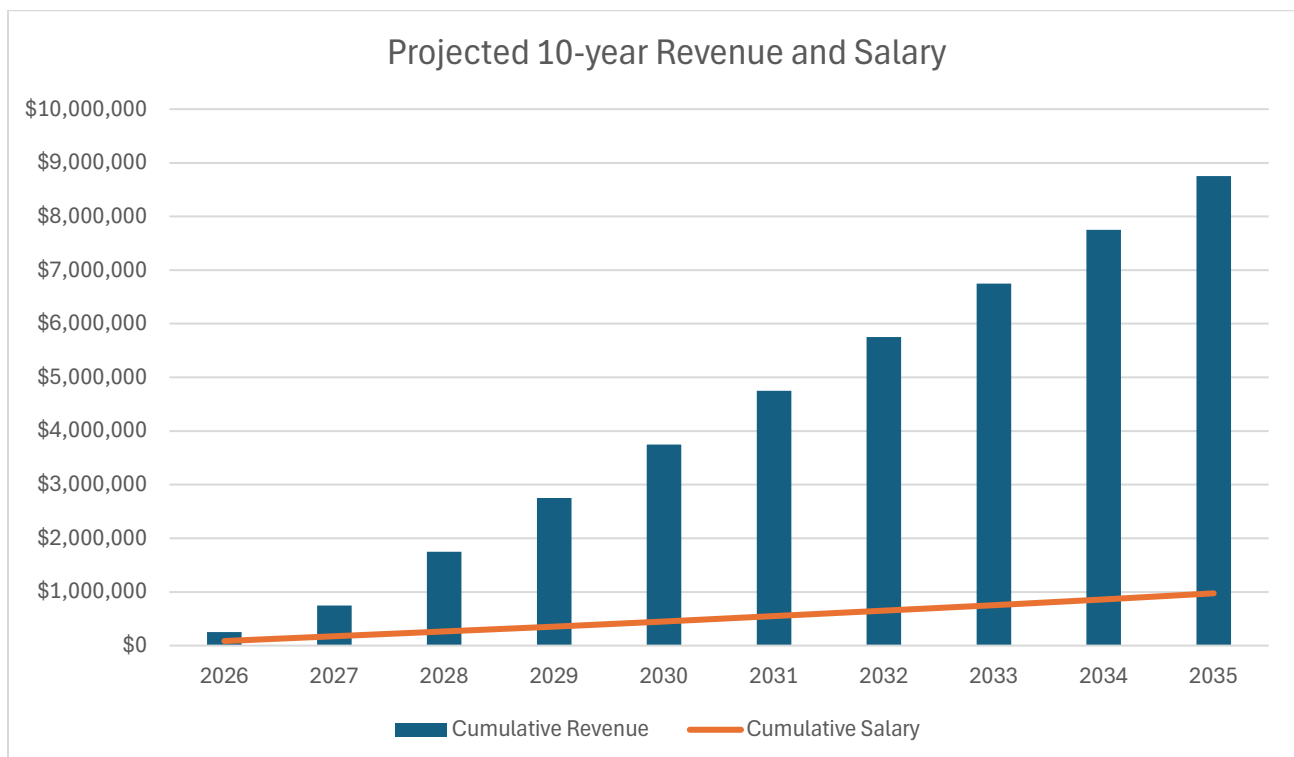
The goal of this position is to strengthen compliance oversight for North Dakota holders of Unclaimed Property, which will increase revenue for the Common Schools Trust Fund and help return more property to rightful owners.

By hiring a Compliance Officer, the Department of Trust Lands, Unclaimed Property Division can:

- Identify non-compliant businesses
- Initiate state-led audits of North Dakota holders
- Reduce dependency on third-party audit firms
- Ensure fair and transparent enforcement of state laws
- Develop compliance training programs
- Provide education and guidance to businesses
- Increase voluntary compliance efforts



Many businesses fail to report unclaimed property due to lack of awareness, not deliberate non-compliance. States with effective compliance / education programs recover millions of dollars annually from audits, voluntary disclosures, and enforcement actions.



# EQUITY FUNDING REQUEST

- \$674,745 base pay equity for 2025-27 biennium; equates to 0.03% of last two years' revenue
- Includes \$231,216 for 12 employees identified in CBIZ compensation study as "at risk of losing due to pay"
- Balance of \$443,529 is to bring employees within market ranges based on experience and tenure
- If granted, legislative council will calculate the additional funding needed for benefits

# DECISION POINTS

## 1. Pay Equity

- 12 Employees up to Minimums - \$231,216 (biennium)
- Compression Adjustments - \$443,529 (biennium)
- Total - \$674,745 (biennium)

## 2. New FTE - Unclaimed Property Audit / Compliance

- \$170,000 (biennium)

## 3. New FTE – Diversified Revenues Officer

- \$192,000 (biennium)

## 4. Restore Operating Expense Cut - \$177,174

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

SB 2013

3/28/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

8:31 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

### Discussion Topics:

- Pay Salaries for ND Department of Trust Lands Employees
- Unclaimed Property Audit Employee
- Ellendale Trust History
- Committee Action

8:33 a.m. Joeseeph Herringer, Commissioner, ND Department of Trust Lands testified In Favor #44124 and continued with previous testimony #43338 from 3/13/25.

9:06 a.m. Representative Kempenich suggested a modification to include adding an FTE in Unclaimed Property.

9:14 a.m. Representative Meier suggested adding salary adjustment.

9:26 a.m. Representative Kempenich moved to amend to add FTE in Unclaimed Property and a salary adjustment.

9:26 a.m. Representative Bosch seconded the motion.

9:27 a.m. Roll Call Vote

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

9:27 a.m. Motion passed 7-0-0.

9:28 a.m. Representative Kempenich moved Do Pass as amended.

9:28 a.m. Representative Fisher seconded the motion.

9:28 a.m. Roll Call Vote

<b>Representatives</b>	<b>Vote</b>
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

9:28 a.m. Motion passed 7-0-0.

9:28 a.m. Representative Kempenich will carry the bill.

9:29 a.m. Chairman Monson closed the meeting.

*Krystal Eberle for Madaline Cooper, Committee Clerk*

# 69<sup>th</sup> LEGISLATIVE ASSEMBLY

## HOUSE APPROPRIATIONS COMMITTEE - SB 2013



### COMMON SCHOOLS TRUST FUND SHARE OF STATE SCHOOL PAYMENTS

**Note: This information was provided to the Committee on March 21, 2025.**

Distributions from the Common Schools Trust Fund (CSTF) have experienced a significant increase over the past 25 years.

In 1999-2001, the total distribution from the Trust Fund was \$47,550,000. Fast forward to the years 2025-2027 and we will distribute an astonishing \$585,000,000 – more than 12 times the previous amount.

Since the 2013-15 biennium, the CSTF share of state aid payments to schools has risen from 8% to 25.2%. These funds have replaced money that would normally come from the general fund.

Since 2013, the CSTF has provided almost \$2 billion (\$1.987B) in state aid to schools.

Biennium	Formula Payment	CSTF	% of Formula	Increase
2013-15	\$1,752,100,000	\$140,326,000	8 percent	\$38,688,000
2015-17	\$1,916,640,000	\$219,134,000	11.4 percent	\$78,808,000
2017-19	\$1,935,204,163	\$305,546,905	15.8 percent	\$86,412,905
2019-21	\$2,098,202,429	\$377,764,000	18 percent	\$72,217,095
2021-23	\$2,131,825,000	\$433,020,000	20.3 Percent	\$55,256,000
2023-25	\$2,299,674,851	\$510,860,000	22.2 Percent	\$77,840,000
2025-27	\$2,359,674,851	\$595,677,350	25.2 Percent	\$84,817,350

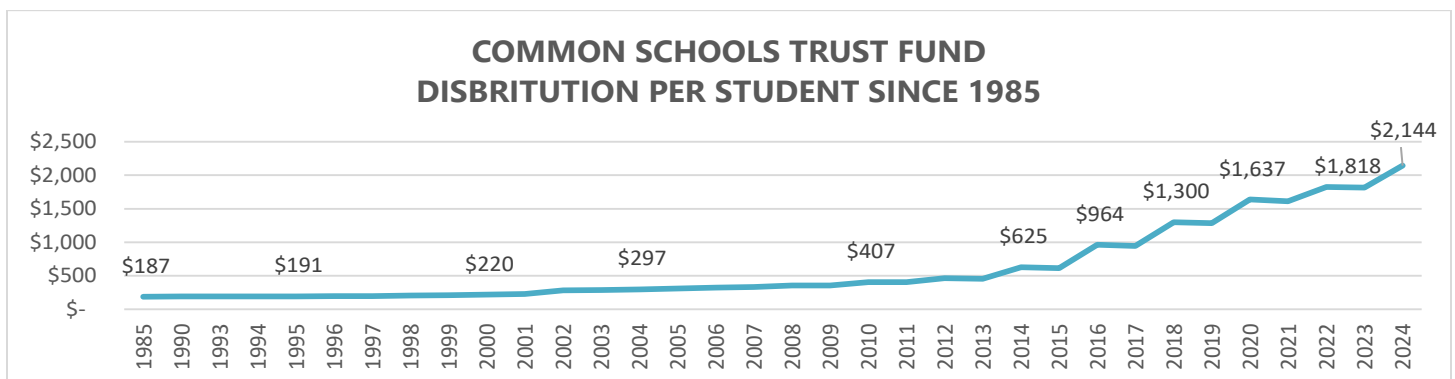
"Formula payment" is listed in the Legislative Council's budget details as "Integrated Formula Payment." This is, by far, the largest source of state support for K-12 education.

The "Common Schools" expenditures are listed in the Legislative Council's budget documents as money from the "Tuition Fund." The Tuition Fund expenditures include money from state fines along with the Common Schools Trust Fund distributions. The trust fund distributions make up almost all of the "tuition fund" money.

Updated March 7, 2025, with information provided by the Department of Public Instruction (DPI)

**Note: The following information is in addition for presentation to the Committee on March 28, 2025.**

DPI provided student enrollment data back to 1985, with gaps from 1985-1990 and 1990-1993. The Committee requested information back to the 1970's if possible. Without having enrollment data from the 1970s, we estimated using the 1985 enrollment. The 1977-1979 CSTF distribution of \$12,926,114 would equate to approximately \$55/student per year. The CSTF distribution in 2025-2027 will be 45x that.



YEAR	K-12 ENROLLMENT	CSTF DISTRIBUTION	\$/STUDENT
1985	117,995	\$ 22,031,142	\$ 187
1990	116,951	\$ 22,616,683	\$ 193
1993	118,512	\$ 22,616,683	\$ 191
1994	118,649	\$ 22,616,683	\$ 191
1995	118,565	\$ 22,616,683	\$ 191
1996	117,816	\$ 22,850,000	\$ 194
1997	116,103	\$ 22,850,000	\$ 197
1998	113,929	\$ 23,200,000	\$ 204
1999	111,705	\$ 23,200,000	\$ 208
2000	108,094	\$ 23,775,000	\$ 220
2001	105,217	\$ 23,775,000	\$ 226
2002	103,013	\$ 28,896,500	\$ 281
2003	101,137	\$ 28,896,500	\$ 286
2004	99,324	\$ 30,000,000	\$ 297
2005	97,120	\$ 30,000,000	\$ 309
2006	95,600	\$ 31,100,000	\$ 325
2007	94,057	\$ 31,100,000	\$ 331
2008	93,406	\$ 33,400,000	\$ 356
2009	93,715	\$ 33,400,000	\$ 356
2010	94,729	\$ 38,589,000	\$ 407
2011	95,778	\$ 38,589,000	\$ 403
2012	99,192	\$ 46,257,000	\$ 466
2013	101,656	\$ 46,257,000	\$ 455
2014	104,278	\$ 65,163,000	\$ 625
2015	106,070	\$ 65,163,000	\$ 614
2016	106,863	\$ 103,067,000	\$ 964
2017	108,945	\$ 103,067,000	\$ 946
2018	110,842	\$ 144,132,000	\$ 1,300
2019	112,858	\$ 144,132,000	\$ 1,286
2020	112,045	\$ 183,378,000	\$ 1,637
2021	113,858	\$ 183,378,000	\$ 1,611
2022	115,385	\$ 210,510,000	\$ 1,824
2023	115,767	\$ 210,510,000	\$ 1,818
2024	116,598	\$ 249,930,000	\$ 2,144

# DECISION POINTS

1. Pay Equity – per CBIZ study
  - 12 Employees up to Minimums - \$289,020 (biennium – includes benefits)
  - Compression Adjustments - \$554,411 (biennium – includes benefits)
  - Total - \$843,431 (biennium – includes benefits)
2. New FTE - Unclaimed Property Audit / Compliance
  - \$242,900 (biennium – this amount includes benefits)
3. New FTE – Diversified Revenues Officer
  - \$271,728 (biennium – this amount includes benefits)
4. Restore Operating Expense Cut - \$177,174

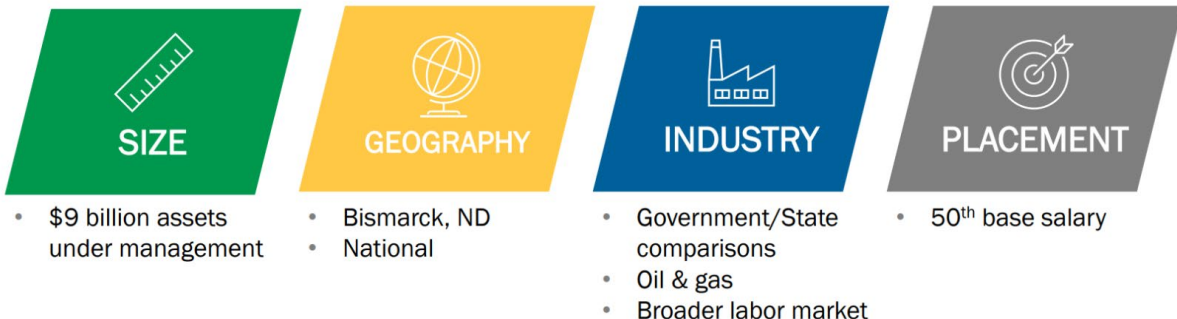
**REVISED TESTIMONY OF ADAM OTTESON  
REVENUE COMPLIANCE DIRECTOR  
SENATE Bill 2013**

Good morning, members of the House Appropriations – Government Operations Committee. My name is Adam Otteson, and I serve as the Director of Revenue Compliance for the Department of Trust Lands. Thank you for the opportunity to present on the salary study conducted by CBIZ, focusing on the critical base pay adjustments necessary to maintain a competitive and effective workforce. This testimony is an update from the March 14th testimony to include the estimated cost of benefits to our request.

Last summer, after reviewing the Land Commissioner's salary, the Board of University and School Lands ("Board") expressed concern that staff compensation was falling behind market rates, particularly when compared to salaries at other state agencies managing substantial assets and revenues, such as Bank of North Dakota and the Retirement and Investment Office. To address this concern, the Board tasked the Performance and Compensation Committee, in collaboration with HRMS and Trust Lands, to conduct a comprehensive salary study, ensuring that compensation remains competitive and supports the recruitment and retention of top talent.

After a competitive procurement process, CBIZ was selected to conduct the study. CBIZ performed a thorough evaluation, interviewing every employee, reviewing job descriptions and responsibilities, benchmarking salaries against comparable government positions, related job sector wages, and the broader labor market. Their recommended salary ranges were set at the 50th percentile—ensuring competitiveness without excess.

## Labor Markets & Competitiveness





## Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

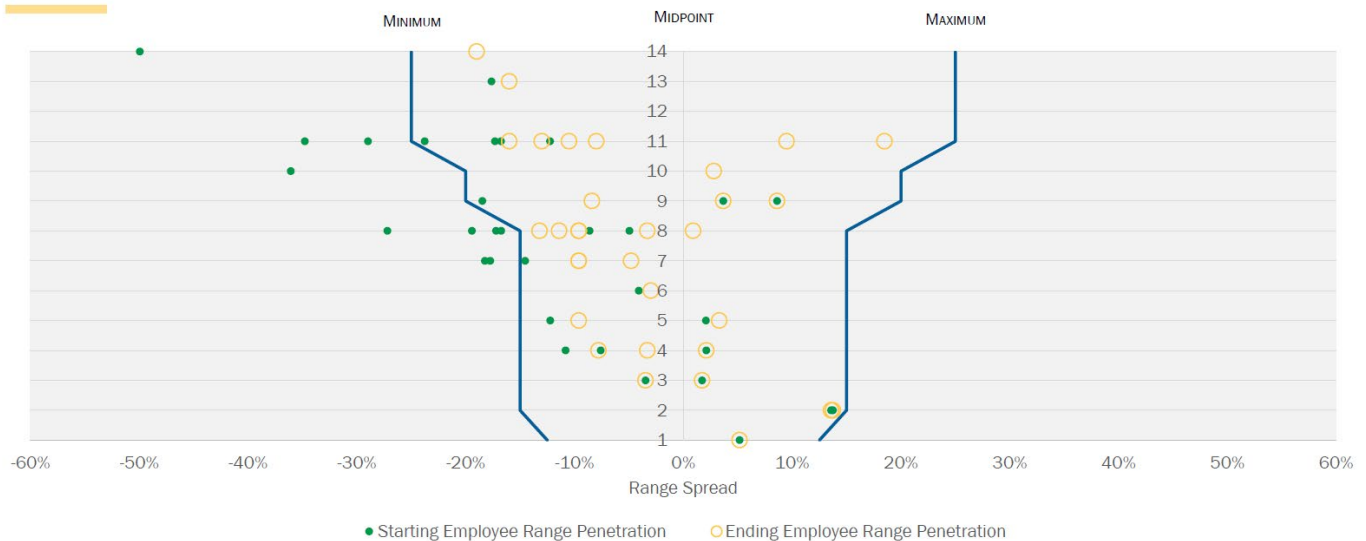
Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,838
3	\$31,508	\$40,960	\$50,412

Illustrative Structure

Based on their analysis, CBIZ recommended equity adjustments for specific positions. Their findings were clear: while lower pay grade positions are adequately compensated, professional and management roles in many cases are underpaid. As the chart below illustrates, many current salaries (green dots) fall below the starting salary range (blue line) for comparable positions. CBIZ's recommended base salaries (yellow circles) account for key factors such as performance, years of service, and market benchmarks.



## Post Increase Range Placement



To implement the recommended salary adjustments, bringing employees up to the minimum salaries for their roles will require an annual equity increase of \$115,608. Addressing compression to ensure fair pay progression based on tenure, performance and the current salary market will require an additional \$221,770 annually. To fully align salaries with CBIZ's findings, including the estimated cost of benefits, brings to total cost up to approximately \$843,000 for the next biennium.

While this may seem like a significant adjustment, it is a modest investment considering the scope of our responsibilities. We manage over \$11 billion in assets, including surface and mineral valuations, and have generated more than \$2.2 billion in revenue over the past two years alone (excluding tax revenue). The trusts and funds we oversee provide essential support for education and fund statewide initiatives through the Strategic Investments and Improvement Fund. Having competitive salaries is vital to retaining the highly skilled professionals necessary to sustain and grow these critical revenue streams.

## Salary Adjustment Considerations



Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none"><li>• At risk of losing employees due to pay</li></ul>	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none"><li>• Alleviate pay compression based on time in role and performance</li><li>• Improve overall pay position</li></ul>	\$221,770	7.2%
Total Increases:		\$337,377	11.0%

The CBIZ study's recommendations are well-founded, relying on public sector benchmarks with adjustments for the specialized industries in which Trust Lands operates. This was not a private sector salary comparison but a targeted analysis to ensure fair compensation.

The Board, under the Governor's leadership, has reviewed the study and authorized us to present this request to the committee for salary equity adjustments in this biennium's budget. We respectfully seek full funding of \$843,431 to bring salaries in line with the market and address compression. However, if the committee finds that the full amount is not feasible, we request approval for at least \$289,020 to support the employees identified as "at risk of leaving due to pay." Any additional funding beyond this amount would significantly help reduce compression and close salary gaps.

It is important to note that this funding request does not impact the general fund budget, as we are a special funds agency.

Additionally, while the study recommended an incentive compensation plan, the Board decided to research that issue further before requesting legislative authorization. The CBIZ study report has been separately submitted for your review.

Thank you for considering this request to help Trust Lands maintain a highly skilled and competitive workforce for the effective management of the state's valuable assets. I'm happy to answer any questions.



## Senate Bill No. 2013

### Supplemental Information March 2025

#### Ellendale Trust History

Article IX of the ND Constitution designated 40,000 acres of Trust Land to the School for Manual Training located in Ellendale, ND and the school was opened in September 1899. Later, the school was designated as a Normal School with the main objective to train teachers. The school operated for over 70 years but was closed in 1971. In 1972, the citizens of North Dakota approved a constitutional amendment that removed the reference to the Ellendale Trust. In the 1973 Legislative Assembly, HB 1052 was passed to reallocate the Ellendale Trust funds equally to the following beneficiaries: Veterans Home, School for the Blind, Dakota College at Bottineau, State School of Science - Wahpeton, State Hospital, Minot State University, and Dickinson State University.

Currently, the Ellendale Trust has approximately 4,919 surface acres and 21,028 mineral acres. As of December 31, 2024, the Ellendale Trust had a balance of \$35,796,878. Below is the trust's recent distribution history.

	ELLENDALE TRUST FUND DISTRIBUTIONS		
	2019-21	2021-23	2023-25
Beneficiary name	Distribution	Distribution	Distribution
SCHOOL FOR THE BLIND	242,000	285,000	343,700
STATE HOSPITAL	242,000	285,000	343,700
STATE COLLEGE OF SCIENCE	242,000	285,000	343,700
VETERANS HOME	242,000	285,000	343,700
DICKINSON STATE UNIVERSITY	242,000	285,000	343,700
MINOT STATE UNIVERSITY	242,000	285,000	343,700
DAKOTA COLLEGE AT BOTTINEAU	242,000	285,000	343,700
	\$1,694,000	\$1,995,000	\$2,405,900

# CONSTITUTIONAL AMENDMENTS, APPROVED

## CHAPTER 526

### CONSTITUTIONAL STATUS OF UND-ELLENDALE BRANCH

House Concurrent Resolution No. 3045, chapter 623, 1971 Session Laws, proposed by the Forty-second Legislative Assembly of the State of North Dakota, providing for the amendment of section 216 of the Constitution of the State of North Dakota, and subsection 1 of article 54 of the amendments to the Constitution of the State of North Dakota, relating to the removal of the constitutional status of the Ellendale Branch of the University of North Dakota, to read as follows:

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 216 of the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

Section 216. The following named public institutions are hereby permanently located as hereinafter provided, each to have so much of the remaining grant of one hundred seventy thousand acres of land made by the United States for "other educational and charitable institutions" as is allotted by law, namely:

First: A soldiers' home, when located, or such other charitable institution as the legislative assembly may determine, at Lisbon, in the county of Ransom, with a grant of forty thousand acres of land.

Second: The blind asylum shall be known as the North Dakota school for the blind and may be removed from the county of Pembina to such other location as may be determined by the board of administration to be in the best interests of the students of such institution and the state of North Dakota.

Third: A school of forestry, or such other institution as the legislative assembly may determine, at such place in one of the counties of McHenry, Ward, Bottineau, or Rolette, as the electors of said counties may determine by an election for that purpose, to be held as provided by the legislative assembly.

Fourth: A scientific school or such other educational or charitable institution as the legislative assembly may prescribe, at the city of Wahpeton, county of Richland, with a grant of forty thousand acres.

Fifth: A state normal school at the city of Minot in the county of Ward.

Sixth: (a) A state normal school at the city of Dickinson, in the county of Stark. (b) A state hospital for the insane at such place within this state as shall be selected by the legislative assembly, provided, that no other institution of a character similar to any one of those located by this article shall be established or maintained without a revision of this Constitution.

SECTION 2. AMENDMENT.) Subsection 1 of article 54 of the amendments to the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

1. A board of higher education, to be officially known as the State Board of Higher Education, is hereby created for the control and administration of the following state educational institutions, to-wit:

(1) The State University and School of Mines, at Grand Forks, with their substations.

(2) The State Agricultural College and Experiment Station, at Fargo, with their substations.

(3) The School of Science, at Wahpeton.

(4) The State Normal Schools and Teachers Colleges, at Valley City, Mayville, Minot, and Dickinson.

(5) The School of Forestry, at Bottineau.

(6) And such other State institutions of higher education as may hereafter be established.

Approved September 5, 1972.

68,575 to 41,350

NOTE: This was constitutional measure No. 2 on the primary election ballot.

## CHAPTER 176

HOUSE BILL NO. 1052  
(Solberg, Strinden, L. Hausauer)  
(From Legislative Council Study)

## REALLOCATION OF ELLENDALE GRANT LANDS

AN ACT to reallocate the grant lands and assets of the Ellendale fund and to direct the deposit of the remainder of the Ellendale branch fire proceeds in the state's general fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) The grant lands and other assets of the Ellendale fund, maintained by the state land department and previously allocated under section 216 of the North Dakota Constitution to an institution at Ellendale, are hereby reallocated to the soldiers' home, the North Dakota school for the blind, the forestry school, the state school of science, the state hospital, Minot state college, and Dickinson state college.

The board of university and school lands shall allocate the income in equal proportions to the above-mentioned institutions.

SECTION 2.) It is hereby directed that one hundred twelve thousand four hundred four dollars and fifty-four cents of the fire insurance proceeds from the university of North Dakota-Ellendale branch, or so much thereof as remains, including the appropriation authorized by chapter 209 of the 1971 session laws, be deposited in the general fund in the state treasury.

Approved February 6, 1973

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2013  
4/3/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

10:37 a.m. Chairman Vigesaa opened the meeting.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Member absent: Representative Mitskog

### Discussion Topics:

- Committee Action

10:37 a.m. Representative Kempenich explained the Amendment LC #25.0180.02001, #44624.

10:43 a.m. Representative Kempenich moved Amendment LC #25.0180.02001.

10:43 a.m. Representative Brandenburg seconded the motion.

10:44 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y

Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

10:44 a.m. Motion passed 22-0-1.

10:44 a.m. Representative Kempenich moved Do Pass as Amended.

10:45 a.m. Representative Monson seconded the motion.

10:48 a.m. Roll Call Vote

<b>Representatives</b>	<b>Vote</b>
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

10:48 a.m. Motion passed 22-0-1.

10:48 a.m. Representative Kempenich will carry the bill.

10:52 a.m. Chairman Vigesaa adjourned the meeting.

*Krystal Eberle, Committee Clerk*

March 28, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

VC 4/3/25  
1 of 3

**ENGROSSED SENATE BILL NO. 2013**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; ~~and~~ to provide for distributions from permanent funds; and to  
3 provide for a report.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys from special funds, to the  
7 commissioner of university and school lands for the purpose of defraying the expenses of the  
8 commissioner of university and school lands, for the biennium beginning July 1, 2025, and  
9 ending June 30, 2027, as follows:

	Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12 <del>Salaries and wages</del>	<del>\$8,005,331</del>	<del>\$1,285,598</del>	<del>\$9,290,929</del>
13 <del>New and vacant FTE pool</del>	<del>0</del>	<del>201,144</del>	<del>201,144</del>
14 <del>Operating expenses</del>	<del>1,763,694</del>	<del>(164,362)</del>	<del>1,599,332</del>
15 <del>Contingencies</del>	<del>100,000</del>	<del>0</del>	<del>100,000</del>
16 <del>Total special funds</del>	<del>\$9,869,025</del>	<del>\$1,322,380</del>	<del>\$11,191,405</del>
17 <del>Full-time equivalent positions</del>	<del>33.00</del>	<del>0.00</del>	<del>33.00</del>
18 <u>Salaries and wages</u>	<u>\$8,005,331</u>	<u>\$1,835,598</u>	<u>\$9,840,929</u>
19 <u>New and vacant FTE pool</u>	<u>0</u>	<u>419,754</u>	<u>419,754</u>

1	Operating expenses	1,763,694	(164,362)	1,599,332
2	Contingencies	100,000	0	100,000
3	Total special funds	\$9,869,025	\$2,090,990	\$11,960,015
4	Full-time equivalent positions	33.00	1.00	34.00

5       **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
6 commissioner of university and school lands may not spend funds appropriated in the new and  
7 vacant FTE pool line item in section 1 of this Act, but may request the office of management and  
8 budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages  
9 line item in accordance with the guidelines and reporting provisions included in House Bill  
10 No. 1015, as approved by the sixty-ninth legislative assembly.

11       **SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the  
12 Constitution of North Dakota, the board of university and school lands shall distribute during the  
13 biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the  
14 permanent funds managed for the benefit of the following entities:

15	Common schools	\$584,677,350
16	North Dakota state university	8,770,000
17	University of North Dakota	6,948,000
18	Youth correctional center	3,136,000
19	School for the deaf	2,388,000
20	North Dakota state college of science	2,570,284
21	State hospital	1,976,284
22	Veterans' home	994,284
23	Valley City state university	1,566,000
24	North Dakota vision services - school for the blind	1,936,284
25	Mayville state university	1,102,000
26	Dakota college at Bottineau	406,284
27	Dickinson state university	406,284
28	Minot state university	406,284
29	Total	\$617,283,338

30       **SECTION 4. REVENUE DIVERSIFICATION AND DEVELOPMENT OPPORTUNITIES -**  
31 **DEPARTMENT OF COMMERCE - REPORT.** During the biennium beginning July 1, 2025, and

1 ending June 30, 2027, the commissioner of university and school lands and the commissioner  
2 of commerce shall collaborate to identify revenue diversification and development opportunities  
3 on trust lands. The commissioner of university and school lands shall report to the  
4 appropriations committees of the seventieth legislative assembly on the results of the  
5 collaboration to identify revenue diversification and development opportunities.

**REPORT OF STANDING COMMITTEE  
ENGROSSED SB 2013**

**Appropriations Committee (Rep. Vigesaa, Chairman)** recommends **AMENDMENTS** ([25.0180.02001](#)) and when so amended, recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2013 was placed on the Sixth order on the calendar.

25.0180.02001  
Title.  
Fiscal No. 1

Prepared by the Legislative Council  
staff for House Appropriations -  
Government Operations Division  
Committee

March 28, 2025

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

### ENGROSSED SENATE BILL NO. 2013

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of  
2 university and school lands; ~~and to provide for distributions from permanent funds; and to~~  
3 provide a report.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys from special funds, to the  
7 commissioner of university and school lands for the purpose of defraying the expenses of the  
8 commissioner of university and school lands, for the biennium beginning July 1, 2025, and  
9 ending June 30, 2027, as follows:

10			Adjustments or	
11		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12	Salaries and wages	\$8,005,331	\$1,285,598	\$9,290,929
13	New and vacant FTE pool	0	201,144	201,144
14	Operating expenses	1,763,694	(164,362)	1,599,332
15	Contingencies	100,000	0	100,000
16	Total special funds	\$9,869,025	\$1,322,380	\$11,191,405
17	Full-time equivalent positions	33.00	0.00	33.00
18	Salaries and wages	\$8,005,331	\$1,835,598	\$9,840,929
19	New and vacant FTE pool	0	419,754	419,754

Sixty-ninth  
Legislative Assembly

1	Operating expenses	1,763,694	(164,362)	1,599,332
2	Contingencies	100,000	0	100,000
3	Total special funds	\$9,869,025	\$2,090,990	\$11,960,015
4	Full-time equivalent positions	33.00	1.00	34.00

5       **SECTION 2. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
6 commissioner of university and school lands may not spend funds appropriated in the new and  
7 vacant FTE pool line item in section 1 of this Act, but may request the office of management and  
8 budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages  
9 line item in accordance with the guidelines and reporting provisions included in House Bill  
10 No. 1015, as approved by the sixty-ninth legislative assembly.

11       **SECTION 3. DISTRIBUTIONS TO STATE INSTITUTIONS.** Pursuant to article IX of the  
12 Constitution of North Dakota, the board of university and school lands shall distribute during the  
13 biennium beginning July 1, 2025, and ending June 30, 2027, the following amounts, from the  
14 permanent funds managed for the benefit of the following entities:

15	Common schools	\$584,677,350
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29	Total	\$617,283,338

30       **SECTION 4. REVENUE DIVERSIFICATION AND DEVELOPMENT OPPORTUNITIES -**  
31 **DEPARTMENT OF COMMERCE - REPORT.** During the biennium beginning July 1, 2025, and

Sixty-ninth  
Legislative Assembly

- 1 ending June 30, 2027, the commissioner of university and school lands and the commissioner
- 2 of commerce shall collaborate to identify revenue diversification and development opportunities
- 3 on trust lands. The commissioner of university and school lands shall report to the
- 4 appropriations committees of the seventieth legislative assembly on the results of the
- 5 collaboration to identify revenue diversification and development opportunities.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2013 - Department of Trust Lands - House Action**

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$8,005,331	\$9,290,929	\$550,000	\$9,840,929
New and vacant FTE pool		201,144	218,610	419,754
Operating expenses	1,763,694	1,599,332		1,599,332
Contingencies	100,000	100,000		100,000
Total all funds	\$9,869,025	\$11,191,405	\$768,610	\$11,960,015
Less estimated income	9,869,025	11,191,405	768,610	11,960,015
General fund	\$0	\$0	\$0	\$0
FTE	33.00	33.00	1.00	34.00

**Department 226 - Department of Trust Lands - Detail of House Changes**

	Adds Unclaimed Property FTE Position <sup>1</sup>	Adds Funding for Salary Adjustments <sup>2</sup>	Total House Changes
Salaries and wages		\$550,000	\$550,000
New and vacant FTE pool	\$218,610		218,610
Operating expenses			
Contingencies			
Total all funds	\$218,610	\$550,000	\$768,610
Less estimated income	218,610	550,000	768,610
General fund	\$0	\$0	\$0
FTE	1.00	0.00	1.00

<sup>1</sup> Funding of \$242,900 is added for salaries and wages for 1 FTE unclaimed property position. Funding for salaries and wages is decreased by \$242,900 and funding of \$218,610 is added to the new and vacant FTE pool for the position resulting in net savings of \$24,290.

<sup>2</sup> Funding of \$550,000 is added for salary adjustments related to equity increases and employee retention.

The House also added a section, which was not included in the Senate version, to direct the Commissioner of University and School Lands and the Commissioner of Commerce to collaborate to identify revenue diversification and development opportunities on trust lands.

**2025 CONFERENCE COMMITTEE**

**SB 2013**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Appropriations - Government Operations Division Red River Room, State Capitol

SB 2013  
4/21/2025  
Conference Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; and to provide for distributions from permanent funds.

11:29 a.m. Chairman Burckhard opened the meeting.

Members present: Chairman Burckhard, Senator Erbele, Senator Wanzek, Representative Kempenich, Representative Bosch, and Representative Monson.

### **Discussion Topics:**

- Unclaimed property - new full-time employee (FTE)
- Revenue diversification - explanation
- Long-term planning for surface and mineral properties
- Synergy with Commerce Department
- Valuation of ND State Lands and other assets - available on website
- Highest and best use of assets

11:30 a.m. Adam Mathiak, LC Senior Fiscal Analyst, submitted testimony #45105, the "long sheet."

11:30 a.m. Chairman Burckhard led discussion of the differences between the Senate and House versions of the bill.

11:35 a.m. Joseph Herring, Director, ND Department of Trust Lands, responded to committee questions.

11:51 a.m. Representative Bosch moved the Senate accept the House Amendments LC#25.0180.02001.

11:52 a.m. Senator Wanzek seconded the motion.

11:53 a.m. Roll Call Vote - Motion Passed 5-1-0.

Senator Burckhard will carry the bill.

Representative Kempenich will carry the bill.

11:51 a.m. Senator Burckhard closed the hearing.

*Carol Thompson, Committee Clerk*

## SB 2013 042125 1153 AM Roll Call Vote

### Final Recommendation

**SB 2013**

**Date Submitted:** April 21, 2025, 11:53 a.m.

**Recommendation:** Accept

**Amendment LC #:** 25.0180.02001

**Engrossed LC #:** N/A

**Description:**

**Motioned By:** Bosch, Glenn

**Seconded By:** Wanzek, Terry M.

**House Carrier:** Kempenich, Keith

**Senate Carrier:** Burckhard, Randy A.

**Emergency Clause:** None

**Vote Results:** 5 - 1 - 0

Sen. Burckhard, Randy A.	Yea
Sen. Erbele, Robert	Nay
Sen. Wanzek, Terry M.	Yea
Rep. Kempenich, Keith	Yea
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea

**REPORT OF CONFERENCE COMMITTEE  
ENGROSSED SB 2013**

Your conference committee (Sens. Burckhard, Erbele, Wanzek and Reps. Kempenich, Bosch, Monson) recommends the **SENATE ACCEPT** the House amendments ([25.0180.02001](#)) to Engrossed SB 2013.

Engrossed SB 2013 was placed on the Seventh order of business on the calendar.



Department of Trust Lands - Budget No. 226  
Agency Worksheet - Senate Bill No. 2013

	Senate Version				House Version				House Compared to Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	Increase (Decrease)			
									FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	33.00	\$0	\$9,869,025	\$9,869,025	33.00	\$0	\$9,869,025	\$9,869,025	0.00	\$0	\$0	\$0
2025-27 Ongoing Funding Changes												
Salary increase			\$350,818	\$350,818			\$350,818	\$350,818				\$0
Health insurance increase			198,173	198,173			198,173	198,173				0
Funding to replace the 2023-25 vacant FTE pool			230,225	230,225			230,225	230,225				0
Funding to replace the 2023-25 new FTE pool			739,732	739,732			739,732	739,732				0
2025-27 new and vacant FTE pool - vacant			(86,204)	(86,204)			(86,204)	(86,204)				0
2025-27 new and vacant FTE pool - new				0			(24,290)	(24,290)			(\$24,290)	(24,290)
Unclaimed property FTE position				0	1.00		242,900	242,900	1.00		242,900	242,900
Salary funding - Equity and retention				0			550,000	550,000			550,000	550,000
Transfers \$53,998 from operating to salaries - Base				0				0				0
Information technology rate increases			66,810	66,810			66,810	66,810				0
Budget reduction for operating expense savings			(177,174)	(177,174)			(177,174)	(177,174)				0
Total ongoing funding changes	0.00	\$0	\$1,322,380	\$1,322,380	1.00	\$0	\$2,090,990	\$2,090,990	1.00	\$0	\$768,610	\$768,610
One-Time Funding Items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$1,322,380	\$1,322,380	1.00	\$0	\$2,090,990	\$2,090,990	1.00	\$0	\$768,610	\$768,610
2025-27 Total Funding	33.00	\$0	\$11,191,405	\$11,191,405	34.00	\$0	\$11,960,015	\$11,960,015	1.00	\$0	\$768,610	\$768,610
Federal funds included in other funds			\$0				\$0				\$0	
Total ongoing changes - Percentage of base level	0.0%	N/A	13.4%	13.4%	3.0%	N/A	21.2%	21.2%	N/A	N/A	N/A	N/A
Total changes - Percentage of base level	0.0%	N/A	13.4%	13.4%	3.0%	N/A	21.2%	21.2%	N/A	N/A	N/A	N/A

Other Sections in Department of Trust Lands - Budget No. 226

Section Description	Senate Version	House Version
New and vacant FTE pool line item	Section 2 provides for the use of funding in the new and vacant FTE pool line item.	Section 2 provides for the use of funding in the new and vacant FTE pool line item.
Fund distributions	Section 3 provides the permanent fund income distributions to state institutions.	Section 3 provides the permanent fund income distributions to state institutions.
Revenue diversification and development collaboration		Section 4 directs the Commissioner of University and School Lands and the Commissioner of Commerce to collaborate to identify revenue diversification and development opportunities on trust lands.