

BUDGET SECTION

The Legislative Management's Budget Section is established in North Dakota Century Code Section 54-35-02.9. The section provides the Budget Section consists of the Majority and Minority Leaders of the House and Senate, the Assistant Majority and Minority Leaders of the House and Senate, the Speaker of the House, and the members of the House and Senate Appropriations Committees. The Legislative Management is to designate the Chairman of the Budget Section and the Chairman is to call quarterly meetings.

Section 54-35-02.9 provides the Legislative Assembly, by law, may provide for the Budget Section to approve specific actions, projects, and transfers. When evaluating state agency requests, the Budget Section is to consider criteria applicable to the request, including whether:

1. The request is for a specific purpose;
2. The request is for a specific amount of funds and for a specific time frame, not to continue beyond the end of the current biennium;
3. The request conforms with legislative intent;
4. The request is consistent with related statutory provisions;
5. The request supports state priorities;
6. The request improves state efficiencies and promotes effective state government;
7. If the request is for a new program, the program does not extend beyond the current biennium; and
8. The request addresses a state emergency.

Budget Section members were Senators Brad Bekkedahl (Chairman), Randy A. Burkhard, Kyle Davison, Dick Dever, Micheal Dwyer, Robert Erbele, Kathy Hogan, David Houge, Jerry Klein, Karen K. Krebsbach, Curt Kreun, Tim Mathern, Scott Meyer, Merrill Piepkorn, Jim P. Roers, David S. Rust, Donald Schaible, Ronald Sorvaag, Shawn Vedaa, Terry M. Wanzek; Representatives Bert Anderson, Larry Bellew, Glenn Bosch, Josh Boschee, Mike Brandenburg, Jay Fisher, Karla Rose Hanson, Zachary Ista, Dennis Johnson, Keith Kempenich, Gary Kreidt, Mike Lefor, Bob Martinson, Lisa Meier, Alisa Mitskog, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Emily O'Brien, Brandy Pyle, David Richter, Dan Ruby, Mark Sanford, Mike Schatz, Randy A. Schobinger, Greg Stemen, Michelle Strinden, Steve Swiontek, Don Vigesaa.

Representative Bellew was a member of the Budget Section until he resigned from the Legislative Assembly on December 31, 2023. Representative Schobinger was a member of the Budget Section until he died on August 13, 2024.

The following duties assigned to the Budget Section by law or by Legislative Management directive were acted on or reports were received during the 2023-24 interim:

1. **Annual report from the North Dakota State University (NDSU) Extension Service (Section 11-38-12)** - This section requires, within the duties of the NDSU Extension Service, an annual report to be provided to the Budget Section regarding any adjustments or increases of full-time equivalent (FTE) positions.
2. **Department of Trust Lands investment performance (Section 15-02-08.1)** - This section requires the Department of Trust Lands to provide annual reports to the Budget Section regarding the investment performance of funds under its control.
3. **Sources of funds received for construction projects of entities under the control of the State Board of Higher Education (SBHE) (Section 15-10-12.3)** - This section requires each institution under the control of SBHE undertaking a capital construction project that was approved by the Legislative Assembly and for which local funds are to be used to present a biennial report to the Budget Section detailing the source of all funds used in the project.
4. **SBHE's semiannual project variance reports (Section 15-10-47)** - This section requires the Office of Management and Budget (OMB) to provide to the Budget Section upon request information relating to SBHE's semiannual project variance reports regarding construction projects valued at more than \$250,000.
5. **Annual report from the NDSU Main Research Center (Section 15-12.1-05)** - This section requires, within the duties of the NDSU Main Research Center, an annual report to be provided to the Budget Section regarding any adjustments or increases of FTE positions.
6. **Status of the State Board of Agricultural Research and Education (SBARE) (Section 15-21.2-17(10))** - This section requires, within the duties of SBARE, a status report to be provided to the Budget Section.

7. **State Fire Marshal report on fire departments funding (Section 18-04-02)** - This section provides the Budget Section receive a biennial report from the State Fire Marshal summarizing the expenditures by certified city fire departments, certified rural fire departments, and certified fire protection districts of funds received under Section 18-04-05 and the information on committed and uncommitted reserve fund balances of these entities.
8. **Legacy and Budget Stabilization Fund Advisory Board semiannual reports (Section 21-10-11)** - This section requires the Legacy and Budget Stabilization Fund Advisory Board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy and budget stabilization funds as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy and budget stabilization funds.
9. **North Dakota National Guard service member, veteran, family, and survivor support program (Section 37-03-18)** - This section requires the Adjutant General to provide annual reports to the Budget Section regarding the income and expenditures made from the North Dakota National Guard service member, veteran family, and survivor support program and requires Budget Section approval for any expenditures from the fund which exceed \$500,000.
10. **State disaster relief fund expenditures (Section 37-17.1-27)** - This section requires an agency to report to the Appropriations Committees of the Legislative Assembly or to the Budget Section on the purpose and payee of any expenditure from the state disaster relief fund.
11. **Abandoned oil and gas well plugging and site reclamation fund (Section 38-08-04.5)** - This section requires the Industrial Commission to report to the Budget Section on the status of the abandoned oil and gas well plugging and site reclamation fund and related information.
12. **Annual audits of renaissance fund organizations (Section 40-63-07(9))** - This section requires the Department of Commerce Division of Community Services to provide annual reports to the Budget Section on the results of audits of renaissance fund organizations.
13. **Job insurance trust fund (Section 52-02-17)** - This section requires Job Service North Dakota to report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high-cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next 3 years. The Legislative Management has assigned this responsibility to the Budget Section.
14. **Warrants and checks outstanding for more than 90 days and less than 3 years (Section 54-11-01)** - This section requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years.
15. **Irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires OMB to submit a written report to the Budget Section documenting:
 - a. Any irregularities in the fiscal practices of the state;
 - b. Areas where more uniform and improved fiscal procedures are desirable;
 - c. Any expenditures or governmental activities contrary to law or legislative intent; and
 - d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
16. **Transfers exceeding \$50,000 (Section 54-16-04(2))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
17. **Acceptance and expenditure of federal funds of more than \$50,000 which were not appropriated (Section 54-16-04.1)**
 - a. **Acceptance of federal funds** - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept federal funds of more than \$50,000 which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. **Expenditure of federal funds** - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend federal funds of more than \$50,000 which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money. The Budget Section may amend any request that exceeds \$3 million and the amended request is deemed approved by the Emergency Commission. The total amount of requests that may be approved during a biennium under this section,

excluding Federal Highway Administration emergency relief and federal disaster and emergency recovery funding, may not exceed \$50 million.

18. **Acceptance and expenditure of other funds of more than \$50,000 which were not appropriated (Section 54-16-04.2)**
 - a. Acceptance of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. Expenditure of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs. The Budget Section may amend any request that exceeds \$3 million and the amended request is deemed approved by the Emergency Commission. The total amount of requests that may be approved during a biennium under this section may not exceed \$20 million.
19. **Consider authorization of additional FTE positions (Section 54-16-04.3)** - This section provides, on the advice of OMB and the recommendation of the Emergency Commission, the Budget Section may approve the employment by a state officer of FTE positions in addition to those authorized by the Legislative Assembly.
20. **Transfers of spending authority from the state contingencies appropriation exceeding \$50,000 (Section 54-16-09)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from the state contingencies line item to the appropriate line item in the appropriation of the state officer who requested the transfer. Budget Section approval is not required if the transfer is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state. A total of \$400,000 was provided for the 2023-25 biennium.
21. **Housing incentive fund (Section 54-17-40)** - This section requires the Housing Finance Agency to provide a report at least once each biennium to the Budget Section regarding the activities of the housing incentive fund.
22. **North Dakota Outdoor Heritage Advisory Board (Section 54-17.8-07)** - This section provides the Budget Section receive a report from the North Dakota Outdoor Heritage Advisory Board on a biennial basis regarding the activities of the board.
23. **Department of Corrections and Rehabilitation (DOCR) annual report on the department's prison population management plan (Section 54-23.3-11)** - This section requires DOCR to provide an annual report to the Budget Section regarding the department's prison population management plan and inmate admissions and the number of inmates the department has not admitted after sentencing.
24. **Reports from state agencies that applied for federal grants estimated to be \$25,000 or more (Section 54-27-27)** - This section requires OMB to present at each meeting of the Budget Section reports received from state agencies other than entities under the control of SBHE which have applied for federal grants estimated to be \$25,000 or more.
25. **Consider specific criteria for actions, projects, and transfers (Section 54-35-02.9)** - This section requires the Budget Section to review specific criteria when considering an item before the Budget Section.
26. **Tobacco settlement funds (Section 54-44-04(23))** - This section requires the Director of OMB to report to the Budget Section on the status of tobacco settlement funds and related information.
27. **Three Affiliated Tribes of the Fort Berthold Reservation investment of oil and gas tax receipts (Section 57-51.2-02)** - This section provides the Budget Section receive a report from the Three Affiliated Tribes annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.
28. **Retirement and Investment Office (RIO) incentive compensation program (Sections 5 and 7 of Senate Bill No. 2022 (2023))** - These sections require a report from RIO each interim regarding the status of the incentive compensation program for FTE investment and fiscal operations positions, including the provisions of the program; the total amount of incentives paid out to employees each year; and the minimum, maximum, and average payout per eligible FTE position.
29. **Legislative Council new and vacant FTE funding pool (Section 6 of House Bill No. 1001 (2023))** - This section requires the Legislative Council to provide a report regarding the use of funding from the Legislative Council new and vacant FTE funding pool containing information on new FTE positions, **including the date**

hired; vacant FTE positions, including the dates the positions are vacated and filled; and additional salaries and wages funding needed due to savings from vacant positions being less than anticipated.

30. **Judicial branch new and vacant FTE funding pool (Section 6 of House Bill No. 1002 (2023))** - This section requires the Supreme Court to provide a report regarding the use of funding from the judicial branch new and vacant FTE funding pool containing information on new FTE positions, including the date hired; vacant FTE positions, including the dates the positions are vacated and filled; and additional salaries and wages funding needed due to savings from vacant positions being less than anticipated.
31. **Federal funds report** - Receive a report from the Legislative Council staff in the fall of 2024 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.
32. **Report regarding any transfers between line items in excess of \$50,000 (Section 3 of House Bill No. 1004 (2023))** - This section requires the Department of Health and Human Services (DHHS) to report to the Budget Section after June 30, 2024, on any transfers in excess of \$50,000 made during the 2023-25 biennium between line items within items within Section 1 of House Bill No. 1004 (2023), subdivisions 1, 2, and 3 of Section 1 of Senate Bill No. 2012 (2023), and any other appropriation authority for DHHS approved by the 68th Legislative Assembly for the biennium beginning July 1, 2023, and ending June 30, 2025.
33. **Report regarding any transfers between line items in excess of \$50,000 (Section 4 of House Bill No. 1004 (2023))** - This section requires DHHS to report to the Budget Section after June 30, 2024, on any transfer made in excess of \$50,000 between line items within Section 1 of House Bill No. 1004 (2023), subdivisions 1, 2, and 3 of Senate Bill No. 2012 (2023), and any other appropriation authority for DHHS approved by the 68th Legislative Assembly to subdivision 4 of Senate Bill No. 2012 (2023), for the biennium beginning July 1, 2023, and ending June 30, 2025.
34. **Council on the Arts line item transfer (Section 5 of House Bill No. 1010 (2023))** - This section requires a report from the Council on the Arts after June 30, 2024, on any transfer made in excess of \$50,000 between line items in Section 1 of House Bill No. 1010 (2023).
35. **Flexible transportation fund (Section 10 of House Bill No. 1012 (2023))** - This section requires periodic reports from the Director of the Department of Transportation (DOT) on the status of the flexible transportation fund and any projects receiving allocations from the fund.
36. **Agriculture research and related entities FTE positions (Section 10 of House Bill No. 1020 (2023))** - This bill requires SBHE to report to the Budget Section annually regarding any adjustments made to the number of FTE positions authorized for the NDSU Extension Service, Northern Crops Institute, Upper Great Plains Transportation Institute, Main Research Center, branch research centers, and Agronomy Seed Farm.
37. **Opioid settlement fund (Section 3 of House Bill No. 1447 (2023))** - This section requires an annual report from DHHS on the status of the opioid settlement fund and of spending decisions made by the department and political subdivisions under the new chapter to Title 50.
38. **Report from the Governor on federal and other funds received (Section 3 of Senate Bill No. 2001 (2023))** - This section requires the Governor's office to provide a report to the Budget Section regarding the source, amount, and purpose of any additional income from other funds received.
39. **Report regarding any transfers between line items in excess of \$50,000 (Section 5 of Senate Bill No. 2012 (2023))** - This section requires DHHS to report to the Budget Section after June 30, 2024, on any transfers in excess of \$50,000 made during the 2023-25 biennium between line items within items within Section 1 of House Bill No. 1004 (2023), subdivisions 1, 2, 3, and 4 of Section 1 of Senate Bill No. 2012 (2023), and any other appropriation authority for DHHS approved by the 68th Legislative Assembly for the biennium beginning July 1, 2023, and ending June 30, 2025.
40. **Executive branch new and vacant FTE funding pool (Section 16 of Senate Bill No. 2393 (2023))** - This section requires a report from OMB at each meeting of the Budget Section regarding salaries and wages, vacant position information, and the use of funding from the executive branch new and vacant FTE funding pool.
41. **Flexible transportation fund projects (Section 6 of House Bill No. 1541 (2023))** - This section requires the Budget Section to approve any project that utilizes more than \$10 million from the flexible transportation fund, except for projects that match federal or private funds and the amount utilized from the fund is 50 percent or less of total project costs.

The following duties assigned to the Budget Section by law or by Legislative Management directive are scheduled to be addressed by the Budget Section at its December 2024 meeting:

1. **Report on specified commodities and services exempted from the procurement requirements of Section 54-44.4-02.2** - This section requires the Director of OMB to report to the Budget Section in December of even-numbered years on specified commodities and services exempted by written directive of the Director from the procurement requirements of Chapter 54-44.4.
2. **Review and report on budget data (Legislative Management directive)** - Pursuant to Legislative Management directive, the Budget Section is to review and report on the budget data prepared by the Director of the Budget and presented to the Legislative Assembly during the legislative organizational session.
3. **State fiscal recovery funds (Section 4 of Senate Bill No. 2393 (2023))** - This section requires a report from OMB regarding the transfer on December 1, 2024, of any uncommitted federal State Fiscal Recovery Fund appropriation authority from the state agency that received the appropriation authority to DOCR and the transfer of any uncommitted accumulated interest and earnings of the State Fiscal Recovery Fund to DOCR during the biennium beginning July 1, 2023, and ending June 30, 2025.

The following duties assigned to the Budget Section by law or by Legislative Management directive did not require action by the Budget Section during the 2023-24 interim:

1. **Bank of North Dakota loans (Section 6-09-15.1)** - This section requires OMB to provide a report to the Budget Section regarding any loans obtained from the Bank of North Dakota when the balance in the state general fund is insufficient to meet legislative appropriations. The total principal of any loans may not exceed \$50 million.
2. **Investment in real property by the Board of University and School Lands (Section 15-03-04)** - This section provides Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
3. **Higher education campus improvements and building maintenance (Section 15-10-12.1)** - This section requires the approval of the Budget Section or the Legislative Assembly for campus improvements and building maintenance of more than \$700,000 on land under the control of SBHE which are financed by donations, gifts, grants, and bequests. Budget Section approval can only be provided when the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session. The Budget Section approval must include a specific dollar limit for each campus improvement or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$700,000 or less and the sale of real property received by gift or bequest may be authorized by the board. Any new building or an addition to an existing building with a cost of more than \$700,000 requires approval by the Legislative Assembly.
4. **Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section requires Budget Section approval for Game and Fish Department land acquisitions of more than 10 acres or \$10,000.
5. **Reduction of the game and fish fund balance below \$15 million (Section 20.1-02-16.1)** - This section provides the Game and Fish Department can spend money in the game and fish fund within the limits of legislative appropriations, only to the extent the balance of the fund is not reduced below \$15 million, unless otherwise authorized by the Budget Section.
6. **Provision of contract services by the Life Skills and Transition Center (Section 25-04-02.2)** - This section provides, subject to Budget Section approval, the Life Skills and Transition Center may provide services under contract with a governmental or nongovernmental person.
7. **Waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1)** - This section provides state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section. The exemption does not apply to any privately owned structure, fixture, or improvement located on state-owned land if the structure, fixture, or improvement is used for commercial purposes unless the structure, fixture, or improvement is primarily used for athletic or educational purposes at a state institution of higher education.
8. **Change or expansion of state building construction projects (Section 48-01.2-25)** - This section provides a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session.
9. **Termination of food stamp program (Section 50-06-05.1(16))** - This section provides, subject to Budget Section approval, DHHS may terminate the food stamp program if the rate of federal financial participation in

administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.

10. **Termination of energy assistance program (Section 50-06-05.1(18))** - This section provides, subject to Budget Section approval, DHHS may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
11. **Purchase or lease of aircraft by a state agency or entity of state government (Section 54-06-37)** - This section requires Budget Section approval for a state agency or other entity of state government to purchase or lease an aircraft without specific authorization from the Legislative Assembly. This section does not apply to aircraft purchased or leased by the Adjutant General's office or the University of North Dakota School of Aviation.
12. **Transfers resulting in program elimination (Section 54-16-04(1))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer that would eliminate or make impossible the accomplishment of a program or objective for which funding was provided by the Legislative Assembly.
13. **Acceptance of federal funds not designated for a specific purpose or program which were not appropriated (Section 54-16-04.1(4))** - This section provides, upon approval by the Emergency Commission and Budget Section, the state may accept any federal funds made available to the state which are not for a specific purpose or program and which are not required to be spent prior to the next regular legislative session for deposit into a special fund until the Legislative Assembly appropriates the funds.
14. **Report from the Industrial Commission on revenue impacts in excess of \$20 million (Section 54-17-42)** - This section requires if any order, regulation, or policy of the Industrial Commission necessary to implement the provision of Chapter 38-08 has an estimated fiscal effect on the state in excess of \$20 million in a biennium, the Industrial Commission will provide a report to the Budget Section regarding the fiscal impact on state revenues and expenditures, including any effect on the funds of the Industrial Commission.
15. **Capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request.
16. **Cashflow financing (Section 54-27-23)** - This section provides to meet the cashflow needs of the state, OMB may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cashflow financing, subject to certain limitations, must be approved by the Budget Section.
17. **Budget stabilization fund (Section 54-27.2-03)** - This section provides any transfers from the budget stabilization fund must be reported to the Budget Section.
18. **Purchases of "put" options (Section 54-44-16)** - This section requires OMB to report any purchases of "put" options to the Budget Section.
19. **Form of budget data (Section 54-44.1-07)** - This section requires the Director of the Budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council. Drafts of proposed general and special appropriations Acts embodying the budget data and recommendations of the Governor for appropriations for the next biennium and drafts of such revenues and other Acts recommended by the Governor for putting into effect the proposed financial plan must be submitted to the Legislative Council within 7 days after the day of adjournment of the legislative organizational session. The Budget Section was assigned this responsibility.
20. **Objection to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
21. **Budget reduction due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides, subject to Budget Section approval, the Director of the Budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action.
22. **Requests by Information Technology Department (ITD) to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires ITD to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.

23. **State parks gift fund approval (Section 55-08-07.2)** - This section requires the Parks and Recreation Department to obtain Emergency Commission and Budget Section approval for any expenditure from the state parks gift fund in excess of \$50,000 if the funding is not designated for a specific purpose.
24. **Extraterritorial workers' compensation insurance (Section 65-08.1-02)** - This section authorizes Workforce Safety and Insurance to establish, subject to Budget Section approval, a casualty insurance organization to provide extraterritorial workers' compensation insurance.
25. **Department of Water Resources carryover authority (Section 21 of Senate Bill No. 2020 (2023))** - This section authorizes the Department of Water Resources to seek Emergency Commission and Budget Section approval under Section 54-16-04.2 to increase carryover spending authority of funds appropriated in the 2021-23 biennium and continued into the 2023-25 biennium.
26. **Western Area Water Supply loan (Section 2 of Senate Bill No. 2196 (2023))** - This section requires Budget Section approval for a payment by the State Water Commission to the Bank in the amount of the default certified to the Budget Section by the Bank if the Western Area Water Supply Authority defaults on its payment of principal or interest on the infrastructure revolving loan under the new section to Chapter 61-40.
27. **Federal block grant hearings (House Concurrent Resolution No. 3001 (2023))** - This resolution authorizes the Budget Section, through September 30, 2025, to hold any required legislative hearings for federal block grants.

OFFICE OF MANAGEMENT AND BUDGET
2021-23 Biennium General Fund Revenues and Expenditures

The Budget Section received the following report from OMB on the final status of the general fund for the 2021-23 biennium:

Unobligated general fund balance - July 1, 2021		\$1,122,353,345
Add		
General fund collections		5,319,841,937
Total estimated revenues available		\$6,442,195,282
Less		
Legislative appropriations - One-time	(\$114,598,493)	
Legislative appropriations - Ongoing	(4,878,358,837)	
2023-25 appropriations spent through emergency clause	(1,846,593)	
Supplemental and deficiency appropriations	(65,852,655)	
Unspent authority	282,519,161	
Other adjustments	1,712,500	
Total appropriations		(4,776,424,917)
Estimated ending general fund balance - June 30, 2023 - Before transfers and adjustments		\$1,665,770,365
Transfer to budget stabilization fund ¹		(176,601,907)
Other adjustments		(858,286)
Ending general fund balance - June 30, 2023		\$1,488,310,172

¹Pursuant to Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations.

2021-23 Biennium General Fund Turnback

The Budget Section received a report from OMB on the 2021-23 biennium agency unspent general fund appropriation amounts (turnback). Unspent 2021-23 biennium general fund appropriation authority totaled approximately \$282.5 million. Major unspent general fund appropriations include:

- The Department of Public Instruction had turnback of \$55.3 million, which was a result of reduced state school aid spending due to lower than anticipated enrollment growth.
- DHHS had turnback of \$185.4 million, which primarily related to lower than anticipated cost and caseload levels and the enhanced Coronavirus (COVID-19) federal medical assistance percentage.

2021-23 Biennium Capital Construction Carryover

The Budget Section received a report from OMB on 2021-23 biennium capital construction carryover. The Office of Management and Budget reported funding of \$31.9 million for the 2021-23 biennium was continued into the 2023-25 biennium. Of the total amount, \$10.3 million was to continue DOT projects.

2023-25 Status of the General Fund

At each Budget Section meeting, a representative of OMB reviewed the status of the state general fund and revenue collections for the 2023-25 biennium. The following is a summary of the status of the state general fund, based on actual revenue collections through August 2024, and reflecting the 2023 legislative forecast for the remainder of the 2023-25 biennium:

Unobligated general fund balance - July 1, 2023		\$1,488,329,948
Balance obligated for authorized carryover from the 2021-23 biennium		70,628,658
Total beginning general fund balance - July 1, 2023		\$1,558,958,606
Add		
General fund collections to date	\$3,378,656,227	
Remaining forecasted general fund collections	1,941,352,994	
Total estimated general fund collections		5,320,009,221
Total estimated revenues available		\$6,878,967,827
Less		
Legislative appropriations - One-time	(\$240,590,721)	
Legislative appropriations - Ongoing	(5,856,738,816)	
Authorized carryover from previous biennium	(70,628,658)	
2023-25 authority spent in 2021-23 pursuant to emergency clause	1,846,593	
Total appropriations		(\$6,166,111,602)
Estimated ending general fund balance - June 30, 2025 - Before transfers		\$712,856,225
Transfer to budget stabilization fund ¹		
Estimated ending general fund balance - June 30, 2025		\$712,856,225

¹Pursuant to Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations. The budget stabilization fund is estimated to be at the maximum balance at the end of the 2021-23 biennium.

The Budget Section was informed as of June 30, 2024, the balance in the budget stabilization fund was \$919.6 million. As of August 31, 2024, the balance in the legacy fund was \$10.9 billion, the balance in the foundation aid stabilization fund was \$543.9 million, the balance in the social services fund was \$252.8 million, and the unobligated balance in the strategic investment and improvements fund was \$809.5 million.

2023-25 Biennium Revised Revenues and Preliminary 2025-27 Revenues

The Budget Section received updates on OMB's projected 2023-25 biennium revised revenue forecast and preliminary 2025-27 revenue forecast. Items noted include:

- Ongoing general fund revenues are estimated to be \$3.8 billion for the 2023-25 biennium and \$4.0 billion for the 2025-27 biennium.
- Oil prices are estimated to be \$63 per barrel in fiscal year 2026 and \$61 per barrel in fiscal year 2027. Oil production is estimated to remain at approximately 1.1 million barrels per day through fiscal year 2027.

Fiscal Irregularities

Pursuant to Section 54-14-03.1, the Budget Section received reports from OMB on irregularities in the fiscal practices of the state. Fiscal irregularities include the use of state funds to provide bonuses, cash incentive awards, and temporary salary adjustments for state employees. The Office of Management and Budget identified the following fiscal irregularities:

Agency	Description	Amount
June 2023		
Department of Corrections and Rehabilitation	Weather-related essential services	\$8,000,000
Department of Corrections and Rehabilitation	Temporary workload adjustments	\$1,000
Parks and Recreation Department	Position reclassification	\$641
Attorney General	Workload adjustments	\$1,134
Attorney General	Temporary workload adjustments	\$1,500
State Library	Position reclassification	\$1,007
Office of Management and Budget	Severance pay	\$7,450
North Dakota Beef Commission	Promotion increase	\$583
Judicial branch	Position reclassification	\$1,668
Department of Commerce	Temporary workload adjustments	\$17,745
Department of Career and Technical Education	Workload adjustment	\$825
Adjutant General	Temporary workload adjustment	\$2,572
Department of Health and Human Services	Workload adjustments	\$6,069
Department of Health and Human Services	Position reclassification	\$8,671

Agency	Description	Amount
Department of Health and Human Services	Leave of absence adjustments	\$1,319
Department of Health and Human Services	Temporary workload adjustments	\$3,230
Department of Health and Human Services	Shift differential	\$3,710
Department of Health and Human Services	Probation adjustment	\$517
Department of Health and Human Services	Equity increase	\$647
Department of Health and Human Services	Promotion increase	\$3,657
Department of Health and Human Services	Part-time to full-time position adjustment	\$1,562
Department of Health and Human Services	Severance pay	\$53,502
September 2023		
Center for Distance Education	Temporary workload adjustments	\$2,167
School for the Blind	Summer teacher contracts	\$17,329
Department of Health and Human Services	Temporary workload adjustments	\$1,551
Judicial branch	Salary correction	\$1,603
Department of Health and Human Services	Part-time to full-time adjustments	\$2,382
Department of Health and Human Services	Temporary workload adjustments	\$6,842
Department of Health and Human Services	Position reclassification	\$95,730
Department of Health and Human Services	Overtime payments	\$3,906
Department of Health and Human Services	Salary corrections	\$6,920
Department of Health and Human Services	Workload adjustments	\$1,507
Department of Health and Human Services	Donated leave hours	\$795
Industrial Commission	Salary correction	\$3,431
December 2023		
Public Employees Retirement System	Donated leave hours	\$819
Center for Distance Education	Temporary workload adjustment	\$558
Department of Health and Human Services	Workload adjustments	\$12,714
Department of Health and Human Services	Overpayment deduction	\$2,500
Department of Health and Human Services	Donated leave hours	\$1,383
Department of Environmental Quality	Reclassification and equity increases	\$1,281
Department of Corrections and Rehabilitation	Donated leave hours	\$10,123
Department of Corrections and Rehabilitation	Unpaid leave adjustment	\$739
March 2024		
Office of Management and Budget	Temporary workload adjustments	\$3,221
Commission on Legal Counsel for Indigents	Temporary workload adjustments	\$1,952
Retirement and Investment Office	Temporary workload adjustments	\$9,756
Public Employees Retirement System	Temporary workload adjustments	\$4,391
Department of Public Instruction	Temporary workload adjustments	\$1,000
Department of Health and Human Services	Temporary workload increases	\$190,241
Department of Corrections and Rehabilitation	Temporary workload adjustments	\$2,891
Parks and Recreation Department	Temporary workload adjustments	\$2,250
Department of Water Resources	Temporary workload adjustments	\$500
Attorney General	Equity increase	\$758
Public Employees Retirement System	Temporary workload adjustments	\$3,574
Veterans' Home	Position certification adjustment	\$992
Department of Health and Human Services	Equity increases	\$6,042
Department of Health and Human Services	Workload/responsibility increase	\$17,017
Department of Health and Human Services	Reclassification	\$5,469
Department of Health and Human Services	Military leave not reported	\$2,503
June 2024		
Office of Management and Budget	Temporary workload adjustments	\$3,221
Commission on Legal Counsel for Indigents	Temporary workload adjustments	\$2,000
Retirement and Investment Office	Temporary workload adjustments	\$8,680
Public Employees Retirement System	Temporary workload adjustments	\$14,560
Department of Public Instruction	Temporary workload adjustments	\$3,800
Veterans' Home	Temporary workload adjustment	\$1,111
Department of Veterans' Affairs	Temporary workload adjustments	\$6,673
Department of Health and Human Services	Temporary workload increases	\$187,456
Department of Corrections and Rehabilitation	Temporary workload adjustments	\$1,800
Parks and Recreation Department	Temporary workload adjustments	\$2,250
Department of Water Resources	Temporary workload adjustments	\$2,000
Center for Distance Education	Retroactive pay	\$8,587
Department of Health and Human Services	Retroactive pay	\$57,634
Industrial Commission	Retroactive pay	\$18,750
Department of Mineral Resources	Retroactive pay	\$2,000
Adjutant General	Retroactive pay	\$1,738
Department of Transportation	Retroactive pay	\$1,962

Agency	Description	Amount
September 2024		
Judicial branch	Completed action plan	\$1,960
Department of Health and Human Services	Salary correction	\$3,829
Department of Health and Human Services	Donated leave	\$566
Department of Health and Human Services	Temporary workload adjustment	\$1,259
Department of Health and Human Services	Leave adjustment	\$638
Department of Health and Human Services	Reclassification pay	\$10,089
Department of Health and Human Services	Increase to new minimum	\$2,037
Bank of North Dakota	Interim president	\$14,946
Adjutant General	Salary correction	\$816
North Dakota Racing Commission	Probationary adjustment	\$2,933
Office of Management and Budget	Workload adjustment	\$1,879
Information Technology Department	Workload adjustment	\$2,653
Tax Department	Staffing changes	\$2,100
Commission on Legal Counsel for Indigents	Turnover adjustment	\$3,000
Retirement and Investment Office	New retirement plan workload adjustments	\$19,177
Department of Public Instruction	Additional project workload	\$1,200
Veterans' Home	Workload adjustment	\$823
Department of Veterans Affairs	Workload increase	\$8,057
Department of Health and Human Services	Workload increase	\$13,985
Job Service	Workload increase	\$583
Department of Agriculture	Workload increase	\$500
Parks and Recreation Department	Workload increase	\$2,750

Tobacco Settlement Proceeds

Pursuant to Section 54-44-04, the Budget Section received reports on tobacco settlement proceeds received by the state. The Office of Management and Budget reported for the 2023-25 biennium to date through June 2024, approximately \$22.2 million had been received by the state and deposited in the tobacco settlement trust fund. The entire \$22.2 million was transferred to the community health trust fund. Payments received by the state and deposited in the tobacco settlement trust fund since December 1999 total \$610.4 million.

Prior to the 2017-19 biennium, tobacco settlement funds were distributed as follows--10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. The tobacco settlement payments during the 2017-19 biennium were distributed 55 percent to the community health trust fund, 0 percent to the common schools trust fund, and 45 percent to the water development trust fund. Beginning with the 2019-21 biennium, all tobacco settlement proceeds are allocated to the community health trust fund.

Federal Grant Applications

The Office of Management and Budget reported quarterly to the Budget Section regarding state agencies applying for federal grants estimated to be \$25,000 or more pursuant to Section 54-27-27. Section 54-27-27 requires OMB to present at each meeting of the Budget Section reports received from state agencies, other than entities under the control of SBHE, which have applied for federal grants estimated to be \$25,000 or more. The Office of Management and Budget reported the following agencies applied for federal grants estimated to be \$25,000 or more:

Agency	Time Period of Grant	Amount
June 2023		
Department of Veterans' Affairs	October 2023 - September 2024	\$749,971
Department of Health and Human Services	March 2023 - March 2024	\$1,000,000
Department of Health and Human Services	September 2023 - September 2024	\$1,250,000
Aeronautics Commission	May 2023 - May 2027	\$176,400
Department of Corrections and Rehabilitation	March 2023 - June 2024	\$95,000
Department of Transportation	September 2023 - September 2032	\$21,440,000
Department of Transportation	September 2023 - September 2032	\$9,850,000
Department of Transportation	September 2023 - September 2032	\$2,410,000
September 2023		
Department of Health and Human Services	September 2023 - September 2026	\$783,856
Department of Agriculture	September 2023 - May 2027	\$4,690,280
Game and Fish Department	July 2023 - June 2025	\$2,500,000
Department of Transportation - 6 projects	October 2024 - November 2029	\$180,660,000
December 2023		
Department of Transportation	October 2024 - December 2027	\$360,000
Department of Transportation	December 2024 - December 2026	\$1,000,000
March 2024		
Department of Mineral Resources	April 2024 - April 2029	\$25,000,000
Department of Transportation	December 2024 - December 2026	\$1,000,000

Agency	Time Period of Grant	Amount
Department of Transportation	January 2025 - January 2030	\$25,000,000
Department of Transportation	August 2025 - February 2028	\$1,920,000
June 2024		
Department of Public Instruction	January 2025 - December 2030	\$60,000,000
Department of Corrections and Rehabilitation	October 2024 - October 2027	\$550,000
Department of Commerce	January 2026 - January 2030	\$50,000,000
Department of Commerce	October 2024 - October 2027	\$20,000,000
Game and Fish Department	July 2025 - June 2027	\$5,000,000
Department of Transportation	March 2026 - March 2030	\$2,700,000
Department of Transportation	March 2026 - March 2030	\$9,400,000
Department of Transportation	March 2028 - March 2032	\$11,700,000
Department of Transportation	March 2026 - March 2031	\$29,900,000
Department of Transportation	March 2028 - March 2032	\$32,500,000
Department of Transportation	June 2027 - March 2031	\$101,000,000
September 2024		
Department of Public Instruction	October 2024 - October 2029	\$3,000,000
Department of Corrections and Rehabilitation	October 2024 - September 2027	\$200,000
Department of Corrections and Rehabilitation	October 2024	\$587,000
Department of Corrections and Rehabilitation	October 2024 - September 2028	\$728,500
Department of Transportation	May 2026 - March 2030	\$13,680,000
Department of Transportation	February 2025 - February 2027	\$900,000
Department of Transportation	September 2025 - February 2027	\$900,000

The Office of Management and Budget reported the following agencies were awarded federal grants of \$25,000 or more:

Agency	Time Period of Grant	Amount
June 2023		
Attorney General	October 2022 - September 2026	\$644,469
Department of Corrections and Rehabilitation	February 2023 - June 2024	\$227,297
Adjutant General	September 2022 - August 2026	\$2,287,118
Department of Transportation	September 2024 - September 2029	\$400,000
Department of Transportation	September 2023 - November 2029	\$30,000,000
September 2023		
Secretary of State	June 2023 - June 2024	\$462,135
Aeronautics Commission	May 2023 - May 2027	\$176,400
Department of Transportation	March 2022 - September 2024	\$532,500
Department of Transportation	September 2023 - September 2032	\$9,850,000
December 2023		
Secretary of State	September 2023 - March 2025	\$145,425
State Historical Society	September 2023 - September 2028	\$50,000
March 2024		
Game and Fish Department	July 2023 - June 2025	\$2,499,976
Department of Transportation	February 2026 - November 2029	\$55,000,000
June 2024		
Department of Mineral Resources	April 2024 - April 2029	\$25,000,000
September 2024		
Aeronautics Commission	July 2024 - June 2028	\$750,897
Aeronautics Commission	June 2028	\$2,231,738
Aeronautics Commission	June 2028	\$1,304,253
State Historical Society	September 2024 - August 2027	\$300,000
Game and Fish Department	August 2024 - August 2025	\$168,723

State Board of Higher Education Project Variance Reports

The Office of Management and Budget reported to the Budget Section regarding capital project variance reports provided from SBHE to OMB pursuant to Section 15-10-47. Section 15-10-47 provides whenever any new construction, renovation, or repair, valued at more than \$250,000, is underway on the campus of an institution of higher education under the control of SBHE, the board must provide OMB with semiannual project variance reports. The reports must include:

- Name or description of the project.
- Expenditures authorized by the Legislative Assembly.
- Amount of the original contract.
- Amount of any change orders and description.

- Amount of any potential or anticipated change orders.
- Sum of the original contract, change orders, and potential or anticipated change orders and the amount by which that sum varies from the expenditures authorized by the Legislative Assembly.
- Total expenditures to date.
- Scheduled date of completion as noted in the original contract and the latest available scheduled date of completion.
- List of each public and nonpublic entity that has a contractually reflected financial obligation with respect to the project.

In September 2024, OMB reported project variance reports for North Dakota University System projects as of June 30, 2024, as follows:

	Project Authorization	Adjusted Authorization	Difference
Projects Specifically Authorized by the Legislative Assembly			
Bismarck State College	\$36,922,561	\$44,960,000	\$8,037,439
Dakota College at Bottineau	\$11,732,199	\$11,232,199	(\$500,000)
Dickinson State University	\$33,967,079	\$39,828,102	\$5,861,023
Lake Region State College	\$1,304,829	\$1,304,829	\$0
Mayville State University	\$53,854,901	\$54,253,871	\$398,970
Minot State University	\$32,504,424	\$37,269,424	\$4,765,000
NDSU Extension Service	\$95,598,000	\$97,381,230	\$1,783,230
Forest Service	\$62,480	\$0	(\$62,480)
North Dakota State University	\$320,000,000	\$333,400,000	\$13,400,000
University of North Dakota	\$358,600,000	\$311,300,000	(\$47,300,000)
Valley City State University	\$56,115,945	\$56,115,945	\$0
Williston State College	\$36,600,000	\$36,600,000	\$0
Projects Approved by the State Board of Higher Education			
Dakota College at Bottineau	\$3,400,000	\$5,916,711	\$2,516,711
Dickinson State University	\$5,000,000	\$5,000,000	\$0
Lake Region State College	\$443,437	\$0	(\$443,437)
North Dakota State College of Science	\$19,975,000	\$19,975,000	\$0
North Dakota State University	\$17,700,000	\$23,700,000	\$6,000,000
University of North Dakota	\$158,027,331	\$162,599,614	\$4,572,283

GOVERNOR'S OFFICE Additional Federal or Other Funds Received

The Governor's office reported to the Budget Section on the source, amount, and purpose of additional federal or other funds received during the 2023-25 biennium pursuant to Section 3 of Senate Bill No. 2001 (2023). The report indicated the following additional funds totaling \$238,750 were received by the Governor's office through September 2024:

Source	Amount	Purpose
Dakota Medical Foundation	\$21,500	Expenses of recovery reinvented program
Blue Cross Blue Shield	\$5,000	Expenses of Governor's Summit on Innovative Education
Southeast Education Cooperative	\$2,500	Expenses of Governor's Summit on Innovative Education
Minnkota Power Cooperative	\$1,000	Expenses of Governor's Summit on Innovative Education
Bioscience Association of ND	\$2,500	Expenses of Governor's Summit on Innovative Education
Bytespeed LLC	\$2,500	Expenses of Governor's Summit on Innovative Education
Border States Electric	\$2,500	Expenses of Governor's Summit on Innovative Education
Creedence Energy Services	\$2,500	Expenses of Governor's Summit on Innovative Education
Be More Colorful, LLC	\$2,500	Expenses of Governor's Summit on Innovative Education
ComDel Innovation, Inc.	\$1,000	Expenses of Governor's Summit on Innovative Education
SAS Institute	\$2,500	Expenses of Governor's Summit on Innovative Education
Sanford Health	\$5,000	Expenses of Governor's Summit on Innovative Education
Dakota Medical Foundation	\$50,000	Expenses of recovery reinvented program
Basin Electric Power Cooperative	\$2,500	Expenses of Governor's Summit on Innovative Education
Burgum Foundation	\$10,000	Expenses of Governor's Summit on Innovative Education
Marathon Oil	\$5,000	Expenses of Governor's Summit on Innovative Education
Creedence Energy Services	\$2,500	Expenses of Governor's Summit on Innovative Education
Dakota Medical Foundation	\$30,000	Expenses of recovery reinvented program
Lab Midwest LLC	\$5,000	Expenses of Governor's Summit on Innovative Education
Gateway To Science Center	\$2,500	Expenses of Governor's Summit on Innovative Education

Source	Amount	Purpose
Vital Network	\$2,500	Expenses of Governor's Summit on Innovative Education
Burgum Foundation	\$7,500	Expenses of Governor's Summit on Innovative Education
Basin Electric Power Cooperative	\$2,500	Expenses of Governor's Summit on Innovative Education
Be More Colorful, LLC	\$2,500	Expenses of Governor's Summit on Innovative Education
Marathon Oil	\$5,000	Expenses of Governor's Summit on Innovative Education
BNI Coal Ltd.	\$250	Expenses of Governor's Summit on Innovative Education
Dakota Medical Foundation	\$30,000	Expenses of recovery reinvented program
Dakota Medical Foundation	\$30,000	Expenses of recovery reinvented program

NEW AND VACANT FTE FUNDING POOLS

Executive, Legislative, and Judicial Branch Reports

The Budget Section received reports from OMB, the Legislative Council, and the Supreme Court regarding the use of the executive, legislative, and judicial branch new and vacant FTE funding pools. The reports included information regarding new and vacant FTE positions, including funding used from the pools for the positions, the dollar amount of savings from vacant FTE positions, and the use of salary savings from the vacant FTE positions.

Through July 2024, OMB reported the executive branch had vacant FTE position savings of \$80.6 million, of which \$40.5 million was used for other purposes, including accrued leave payouts, bonuses, temporary salaries, overtime, and other purposes. The Office of Management and Budget also reported as of July 31, 2024, \$42.1 million, or 43 percent of the \$98.2 million executive branch new and vacant FTE pool was still available.

Through May 2024, Legislative Council reported vacant FTE savings of \$352,650 and the Supreme Court reported vacant FTE savings of \$839,838.

NORTH DAKOTA UNIVERSITY SYSTEM

Local Funds Report

Pursuant to Section 15-10-12.3, the Budget Section received a report on sources of funds received for construction projects of entities under the control of SBHE. The report indicated 12 projects were authorized in prior bienniums and continued into the 2021-23 biennium. Six of the projects were completed in the 2021-23 biennium and six were continued into the 2023-25 biennium.

ANNUAL FULL-TIME EQUIVALENT POSITION REPORT

North Dakota State University Main Research Center

The NDSU Main Research Center reported to the Budget Section regarding FTE position adjustments made at the Main Research Center pursuant to Section 15-12.1-05. The Main Research Center added 8.06 FTE positions between December 1, 2022, and November 30, 2023, resulting in a total of 365.53 FTE positions as of November 30, 2023.

Branch Research Centers and Agronomy Seed Farm

The branch research centers removed 3.50 FTE positions between December 1, 2022, and November 30, 2023, resulting in 108.30 FTE positions as of November 30, 2023. The Agronomy Seed Farm reported no changes in FTE positions were made between December 1, 2022, and November 30, 2023, maintaining a total of 3 FTE positions as of November 30, 2023.

North Dakota State University Extension Service

The NDSU Extension Service reported to the Budget Section regarding the FTE position adjustments made at the NDSU Extension Service pursuant to Section 11-38-12. The NDSU Extension Service added 5.09 FTE positions between December 1, 2022, and November 30, 2023, resulting in a total of 255.79 FTE positions as of November 30, 2023.

Northern Crops Institute

The Northern Crops Institute reported to the Budget Section regarding the FTE position adjustments made at the Northern Crops Institute pursuant to Section 11-38-12. The Northern Crops Institute added 2 FTE positions between December 1, 2022, and November 30, 2023, resulting in a total of 23.15 FTE positions as of November 30, 2023.

Upper Great Plains Transportation Institute

The Upper Great Plains Transportation Institute reported to the Budget Section regarding the FTE position adjustments made for the Upper Great Plains Transportation Institute pursuant to Section 11-38-12. The Upper Great Plains Transportation Institute did not adjust any positions between December 1, 2022, and November 30, 2023, resulting in a total of 43.88 FTE positions as of November 30, 2023.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION

Status Report

The State Board of Agricultural Research and Education submitted a report to the Budget Section in June 2024, regarding the status of board activities pursuant to Section 15-12.1-17(10).

ADJUTANT GENERAL

National Guard Service Member, Veteran, Family, and Survivor Support Program

The Budget Section received a report pursuant to Section 37-03-18 regarding the North Dakota National Guard service member, veteran, family, and survivor support program. The program allows the Adjutant General to accept and expend funds from the North Dakota National Guard Foundation or any similar foundation, offered or tendered, for the benefit of the North Dakota National Guard service member, veteran, family, and survivor support program. Any funds received are deposited in a special fund and are appropriated on a continuing basis to the Adjutant General to be used for the program. Expenditures from the fund may not exceed \$500,000 per biennium unless approved by the Emergency Commission and the Budget Section.

The Adjutant General reported as of September 2024, the program has provided over \$157,000 to support ND Cares events, survivor outreach events, and military youth camps.

Use of State Disaster Relief Fund

Section 37-17.1-27 requires the Adjutant General to provide reports to either the Appropriations Committees of the Legislative Assembly or the Budget Section regarding the uses of funds from the state disaster relief fund. The Adjutant General provided reports to the Budget Section throughout the interim regarding the uses of funds from the state disaster relief fund. Through September 2024, a total of \$1.8 million was used from the disaster relief fund to match \$11.3 million of federal funding for public assistance and hazard mitigation payments.

DEPARTMENT OF COMMERCE

Renaissance Fund Organizations Annual Audits

The Department of Commerce reported on the annual audits of renaissance fund organizations (RFOs) pursuant to Section 40-63-07(9). The department reported 51 cities have a renaissance zone, 8 of which have established RFOs. The department reported approximately \$20 million has been invested in RFOs and \$10 million of tax credits has been claimed. The department reported the \$494,134 remaining tax credits available as of September 2024 has been reserved for the Hope RFO.

The department reported the following tax credit summary as of September 2024:

Renaissance Tax Credits	Total Credits Authorized	Total Credits Claimed	Total Credits Available	
			Committed	Uncommitted
Category 1 (0 to 5,000 population)	\$1,122,500	\$628,366 ¹	\$494,134	\$0
Category 2 (5,001 to 30,000 population)	250,000	250,000 ²	0	0
Category 3 (Over 30,000 population)	9,127,500	9,127,500 ³	0	0
Total	\$10,500,000	\$10,005,866	\$494,134	\$0

¹Category 1 cities - Casselton (\$37,500), Hazen (\$15,500), Mayville (\$252,650), and Hope (\$322,716).

²Category 2 cities - Jamestown (\$150,000) and West Fargo (\$100,000).

³Category 3 cities - Fargo (\$9,127,500).

STATE TREASURER

Outstanding Warrants and Checks

The Budget Section received reports from the State Treasurer regarding warrants and checks outstanding for more than 90 days and less than 3 years pursuant to Section 54-11-01. Section 54-11-01 requires the State Treasurer to report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years. The State Treasurer provided reports to the Budget Section in September 2023 and September 2024. The Budget Section was informed items reported may be the result of money that has not been received by the proper recipient or checks that have not been cashed. Annually, checks more than 3 years old are transferred to the Department of Trust Lands as unclaimed property.

The State Treasurer reported in September 2023 the total dollar amount of outstanding checks decreased from \$8.1 million in fiscal year 2022 to \$6.7 million for fiscal year 2023. The State Treasurer reported the total number of outstanding checks as of September 2023 was 22,850 with an amount totaling \$6.8 million. The State Treasurer reported 5,950 outstanding checks from fiscal year 2021 totaling \$917,189 would be transferred to the Department of Trust Lands' Unclaimed Property Division in October 2023.

The State Treasurer reported in September 2024 the total dollar amount of outstanding checks increased by 22.4 percent from fiscal year 2023 to fiscal year 2024. The State Treasurer reported 5,322 checks totaling \$1,035,332 issued in fiscal year 2022 will be transferred to the Unclaimed Property Division in October 2024. As of September 2024, there were 21,201 outstanding checks totaling \$8.2 million issued during fiscal years 2022, 2023, and 2024.

DEPARTMENT OF TRUST LANDS

Investment Performance

The Budget Section received reports from the Department of Trust Lands in September 2023 and September 2024 regarding the investment of assets under the control of the Board of University and School Lands. The department reported as of May 2024, approximately \$7.4 billion of assets were under the control of the board. The net return for the permanent trust funds as of June 30, 2024, was 9.33 percent for the prior year compared to a benchmark of 9.03 percent, 3.33 percent for the prior 3 years compared to a benchmark of 2.73 percent, and 5.66 percent for the prior 5 years compared to a benchmark of 6.44 percent. As of June 30, 2024, the net return on investments for the strategic investment and improvements fund was negative 2.35 percent for the prior 6 months compared to a benchmark of 2.00 percent and 5.52 percent for the prior year compared to a benchmark of 5.14 percent. In fiscal year 2024, the department paid \$75.3 million, or 112 basis points, of fund management fees to private entities for managing approximately \$6.7 billion of assets.

JOB SERVICE NORTH DAKOTA

Status of the Unemployment Trust Fund and the Modified Average High-Cost Multiplier

The Budget Section received a report in March 2024 from Job Service North Dakota on the status of the unemployment trust fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. As of December 31, 2023, the balance of the unemployment trust fund was \$327.9 million, \$43.1 million more than the target balance of \$284.8 million. The average high-cost multiplier for the period was 1.04, 0.04 above the projected target of 1.0.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Transfers in Excess of \$50,000

The Budget Section received a report from DHHS regarding transfers in excess of \$50,000 pursuant to Section 5 of Senate Bill No. 2012 (2023) and Sections 3 and 4 of House Bill No. 1004 (2023). Through September 2024, the department reported transfers have been made between line items and subdivisions to better align staff with the structure of the department.

Opioid Settlement Fund

The Budget Section received a report from DHHS regarding the status of the opioid settlement fund pursuant to Section 50-36-04. The report indicated a total of \$8 million is available from the fund for the 2023-25 biennium and organizations have been applying for grants for opioid use prevention and overdose prevention efforts in the state.

COUNCIL ON THE ARTS

Transfers in Excess of \$50,000

The Budget Section received a report from the Council on the Arts regarding transfers in excess of \$50,000 pursuant to Sections 5 of House Bill No. 1010 (2023). Through September 2024, \$90,000 was transferred from the operating expenses line item to the salaries and wages line item for temporary salaries to administer the Arts Across the Prairie initiative.

LEGACY AND BUDGET STABILIZATION FUND

Advisory Board Report

The Budget Section received reports from the Legacy and Budget Stabilization Fund Advisory Board regarding the investment policies for the legacy fund and budget stabilization fund pursuant to Section 21-10-11. Section 21-10-11 requires the advisory board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy fund and budget stabilization fund as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy fund and budget stabilization fund.

Legacy Fund

The Legacy and Budget Stabilization Fund Advisory Board reported as of March 31, 2024, the market value of the legacy fund was \$10.5 billion. The unaudited fund performance for the fiscal year through March 31, 2024, was 9.8 percent compared to a target return of 8.95 percent. The board reported that during the 5-year period ended June 30, 2023, the return was 5.47 percent compared to a target return of 5.03 percent.

Budget Stabilization Fund

As of March 31, 2024, the market value of the budget stabilization fund was \$964.3 million. The Legacy and Budget Stabilization Fund Advisory Board reported the unaudited investment returns, net of fees, averaged 1.61 percent during the 5 years ended June 30, 2023, compared to a policy benchmark of 1.13 percent. Unaudited fund performance for the fiscal year through March 31, 2024, net of fees, was 5.50 percent compared to a policy benchmark of 3.88 percent.

HOUSING FINANCE AGENCY Housing Incentive Fund Update

Pursuant to Section 54-17-40, the Budget Section received a report from the Housing Finance Agency regarding the housing incentive fund. In September 2023, an application round for the housing incentive fund was held and a total of eight applications were received. Four projects received funding, including 8 units in Cavalier, 70 units in Jamestown, 16 units in Rolla, and 96 units in Bismarck.

STATE FIRE MARSHAL Fire Department Funding Report

Pursuant to Section 18-04-02, the State Fire Marshal reported to the Budget Section expenditures by certified fire departments, district funds received from the insurance tax distribution fund, and reserve fund balances. The State Fire Marshal reported on or before October 31 of each year, a fire department must file a certificate of existence to the State Fire Marshal. The State Fire Marshal reported funds distributed from the insurance tax distribution fund help communities maintain fire services with equipment, operations, buildings, vehicles, and other necessities. The State Fire Marshal reported certified fire departments, certified rural fire departments, and certified fire protection districts receiving funds are required to file a report with the State Fire Marshal detailing expenditures of funds and its committed and uncommitted reserve balances. The report must identify the purpose of any committed reserve balance and anticipated time period for spending the committed reserves. The Insurance Commissioner computes the amounts due to certified fire departments on December 1 of each year and distributes the funds to each fire service jurisdiction in December of each year. The State Fire Marshal reported to be eligible, fire departments from cities, townships, or fire districts must be in operation for at least 8 months.

The State Fire Marshal reported 363 fire departments received a total of \$11,118,788 of distributions in 2021 and \$9,794,235 of distributions in 2022.

DEPARTMENT OF CORRECTIONS AND REHABILITATION Inmate Report - New Numbers

Pursuant to Section 54-23.3-11, the Budget Section received annual reports on the DOCR's prison population management plan, inmate admissions, and the number of inmates not admitted after sentencing. The department reported in September 2024 the maximum operational capacity for male inmates is 1,624 while the maximum operational capacity for female inmates is 262. The female capacity increased from 224 to 262 on October 1, 2023, when a female treatment and recovery unit opened. The male population exceeded capacity in July 2023 but the department has not implemented its inmate prioritization plan. The department implemented its inmate prioritization plan from March through October 2023 due to the female population exceeding capacity. The department anticipates requesting additional funding from the 2025 Legislative Assembly to address capacity issues.

INDUSTRIAL COMMISSION Abandoned Oil and Gas Well Plugging and Site Reclamation Fund

Pursuant to Section 38-08-04.5, the Budget Section received a report on the balance of the abandoned oil and gas well plugging and site reclamation fund and expenditures. The Industrial Commission reported the 2023-25 biennium beginning balance in the fund was \$25.3 million. As of June 2024, the estimated fund balance was \$33.4 million, and the estimated June 30, 2025, balance is \$37.4 million.

North Dakota Outdoor Heritage Advisory Board

Pursuant to Section 54-17.8-07, the North Dakota Outdoor Heritage Advisory Board reported to the Budget Section a summary of the board's activities. In September 2024, the board reported the North Dakota outdoor heritage fund has received \$87.3 million of oil and gas tax collections since the inception of the fund. A total of \$89.4 million has been awarded to 239 projects throughout the state with \$4.3 million of the funds returned due to projects being under budget.

DEPARTMENT OF TRANSPORTATION

Flexible Transportation Fund

The Budget Section approved the Department of Transportation's request to use funding from the flexible transportation fund pursuant to Section 24-02-37.3 for the following projects:

- \$19.1 million for a North Dakota Highway 49 project.
- \$27 million for a North Dakota Highway 14 project.

THREE AFFILIATED TRIBES OF THE FORT BERTHOLD RESERVATION

Investment of Oil and Gas Tax Receipts

Pursuant to Section 57-51.2-02, the Three Affiliated Tribes of the Fort Berthold Reservation reported to the Budget Section fees, expenses, and charges the tribe imposes on the oil industry and essential infrastructure projects completed by the Three Affiliated Tribes using oil and gas tax receipts. Expenditures totaled \$146,221,000 during fiscal year 2023, including \$29,654,000 for public safety projects, \$3,879,000 for environmental projects, and \$112,688,000 for infrastructure projects.

RETIREMENT AND INVESTMENT OFFICE

Incentive Compensation program

Pursuant to Section 54-52.5-04, the Budget Section received a report from RIO regarding the incentive compensation program. The office reported The State Investment Board approved an incentive compensation program based on in-house investment returns compared to benchmarks. Select employees are eligible to receive an annual bonus ranging from 25 to 100 percent of base salary levels.

LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

Background

The Legislative Council staff contacted state agencies receiving federal funds to determine which agencies receive block grants that require legislative hearings. The results of the survey revealed one block grant, the community services block grant administered by the Department of Commerce's Division of Community Services, requires legislative hearings. A summary of the proposed use and distribution plan for the block grant will be provided by the Department of Commerce as part of the agency's appropriations required public hearing during the 2025 legislative session.

Recommendation

The Budget Section recommends a resolution to authorize the Budget Section to hold public legislative hearings required for the receipt of new federal block grant funds during the period from the recess or adjournment of the 69th Legislative Assembly through September 30, 2027.

FEDERAL FUNDS

The Budget Section reviewed a report from the Legislative Council on federal funds anticipated to be received by state agencies and institutions for the bienniums ending June 30, 2023, and June 30, 2025. The report indicated agencies estimate \$5.8 billion of federal funds will be received during the 2023-25 biennium, \$397.4 million less than appropriated. Agencies estimate \$5.5 billion of federal funds will be received for the 2025-27 biennium, \$245.1 million less than is estimated to be received during the 2023-25 biennium.

The Budget Section reviewed a memorandum on the largest variances by agency for the 2023-25 biennium between federal funds appropriated and federal funds estimated to be received. The memorandum provides information regarding the major variances experienced by agencies during the 2023-25 biennium relating to federal funds appropriated and federal funds estimated to be received and the major variances estimated for the 2025-27 biennium compared to the 2023-25 biennium.

LEGISLATIVE COUNCIL STAFF REPORTS

The Budget Section received the following reports prepared by the Legislative Council staff:

- *68th Legislative Assembly Budget Status Report for the 2023-25 Biennium.* The report provides information on the status of the general fund and estimated June 30, 2025, ending balance, legislative changes to general fund revenues, and legislative appropriation changes.
- *68th Legislative Assembly Legislative Changes to State Agency Budgets for the 2023-25 Biennium.* The report provides information on legislative changes to agency budgets and is a compilation of the statements of purpose of amendment for action taken on appropriation bills during the 2023 session.
- *68th Legislative Assembly State Budget Actions for the 2023-25 Biennium.* The report provides information on the 2023-25 state budget, FTE positions, ongoing and one-time general fund appropriations, one-time funding, major

programs, and related legislation for each state agency. The report also includes an analysis of major special funds and statistical information on state appropriations.

- *68th Legislative Assembly State Budget Actions for the 2023-25 Biennium Supplement*. The report provides information on revenue changes and appropriations made during the October 2023 special legislative session.
- *Estimated Revenue Sources and Distributions for Major State Funds for the 2023-25 Biennium*. The report provides information regarding revenue sources and transfers to major state funds and state agencies.
- *Oil and Gas Tax Revenue Allocation Flowchart*. The report provides information on the estimated allocation of oil and gas tax collections for the 2023-25 biennium based on the 2023 legislative revenue forecast.
- *2023-25 Biennium Report on Compliance with Legislative Intent*. The report provides the current status of major budget changes and initiatives approved by the 2023 Legislative Assembly for various agencies.
- *2023 and 2024 North Dakota Finance Facts*. The annual pocket brochure contains information on economic statistics, the state budget, K-12 education, higher education, human services, corrections, economic development, and transportation.

OTHER REPORTS

The Budget Section received other reports, including:

- Targeted market equity funding pool - Update on allocations - The Office of Management and Budget reported \$82.5 million from the executive branch targeted market equity funding pool was allocated to 6,582 employees in executive branch state agencies.
- Career academies funding - Status of funding - OMB - The Office of Management and Budget reported \$6.3 million was accessed from a \$68.3 million line of credit from the Bank for costs to build career academies through the statewide area and career center initiative grant program. The funding was used until federal funding from the federal Coronavirus Capital Projects Fund became available.
- Legacy fund earnings - New allocation calculation - The Retirement and Investment Office reported Senate Bill No. 2330 (2023) implemented a percent of market value definition to provide that legacy fund earnings to be transferred to the general fund at the end of a biennium are an amount equal to 7 percent of the 5-year average value of the fund. Legacy fund earnings to be transferred at the end of the 2021-23 biennium under the percent of market value definition are \$486.6 million while actual legacy fund earnings for the 2021-23 biennium are \$458 million.
- Military museum - Update on construction - The State Historical Society provided an update on the military museum project. The total project cost is estimated to be \$54.8 million and the project is estimated to be complete in the 3rd quarter of 2027.
- Fertilizer development incentive program - Status of program - The Industrial Commission reported on the newly created fertilizer development incentive loan program. Two projects were selected to be awarded loan funding through the program. However, one project declined the loan, which resulted in the other project being awarded the full \$125 million loan amount.
- Bank of North Dakota - Lines of credit - The Bank of North Dakota reported on lines of credit authorized for state agencies. As of March 2024, the amount of outstanding lines of credit is \$29.7 million with anticipated outstanding lines of credit to be approximately \$356.4 million by the end of 2024. The current interest rate on the lines of credit is 6.85 percent.
- North Dakota University System enrollment - Response to Minnesota North Star Promise program - The North Dakota University System provided an update on institution responses to the Minnesota North Star Promise program that provides free tuition to low-income students. North Dakota State University, Valley City State University, Dickinson State University, and Bismarck State College have implemented programs to provide tuition assistance to low-income students.
- Industrial Commission - Update on oil and gas development in the state - The Industrial Commission reported oil production in the state was approximately 1.1 million barrels per day in March 2024. The price of oil will significantly affect the level of oil production in the state.

AGENCY REQUESTS CONSIDERED BY THE BUDGET SECTION

Pursuant to Sections 37-17.1-27, 54-16-04(2), 54-16-04.1, 54-16-04.2, and 54-16-09, the Budget Section considered agency requests authorized by the Emergency Commission. The following agency requests were approved from June 29, 2023, through September 18, 2024:

Department of Commerce

- September 21, 2023, to transfer \$1.55 million of federal funds from the grants line item to the operating expenses line item for a parks and recreation grant program.

Secretary of State

- September 21, 2023, to increase federal funds spending authority by \$462,135 in the election reform line item for the 2023-25 biennium to accept federal Department of Defense funds for a secure ballot delivery portal for the Uniformed and Overseas Citizens Absentee Voting Act population.
- December 13, 2023, to increase federal funds spending authority by \$145,425 in the election reform line item for the 2023-25 biennium to receive funding from the federal Department of Emergency Services for online harassment and targeting prevention services and public awareness campaigns regarding election security and integrity measures.
- December 13, 2023, to transfer \$200,000 from the general fund to the election fund from funds appropriated to the Secretary of State in Senate Bill No. 2002 (2023) to match federal Help America Vote Act funds.
- June 19, 2024, to increase appropriation authority by \$1 million from federal funds from the Help America Vote Act in the election reform line item for the 2023-25 biennium.

Department of Public Instruction

- September 21, 2023, to increase federal funds spending authority by \$4,031,338, including funding in the operating expenses line item (\$851,338) and the grants - other grants line item (\$3,180,000), to accept and expend a state apprenticeship expansion formula grant, administered by the United States Department of Labor.
- March 20, 2024, to transfer \$85 million of federal funds from the grants - other grants line item to the emergency education relief - schools line item to be used to reimburse school districts for qualified expenditures from the federal Elementary and Secondary School Emergency Relief Fund.
- September 18, 2024, to increase special funds spending authority by \$700,000 in the operating expenses line item to accept and expend special funds received from school district reimbursements for food processing contracts negotiated statewide.
- September 18, 2024, to increase federal funds spending authority for the Department of Public Instruction by \$11,123,983, including funding in the operating expenses line item (\$556,200) and the grants - other grants line item (\$10,567,783), to accept and expend a comprehensive literacy state development grant.

Adjutant General

- September 21, 2023, to provide \$111,380 from the state contingencies appropriation for correcting snow removal grant amounts to certain political subdivisions due to errors in calculating the initial grant awards as authorized in Senate Bill No. 2183 (2023) during the 2021-23 biennium.
- September 21, 2023, to increase federal funds spending authority by \$515,000 to complete the bridge training site project located at the Camp Grafton Training Center.
- September 21, 2023, to increase federal funds spending authority by \$2 million to complete construction of the fitness facility at the Camp Grafton Training Center.
- June 19, 2024, to increase federal funds spending authority by \$3,159,000 to complete the bridge training site project located at the Camp Grafton Training Center.
- June 19, 2024, to transfer \$281,474 of special funds from the salaries and wages line item to the capital assets line item to complete the state radio console replacement project.
- September 18, 2024, to increase federal funds authority by \$500,000 to provide contingency funding to complete the Dickinson Readiness Center project.

Agriculture Commissioner

- September 21, 2023, to increase federal funds spending authority during the 2023-25 biennium by \$2,345,140, including \$61,650 for temporary salaries, \$6,110 for operating expenses, and \$2,277,380 for a resilient food systems infrastructure grant program funded by the United States Department of Agriculture - Agriculture Marketing Service.

Highway Patrol

- December 13, 2023, to accept and expend \$500,000 of federal funds from a federal Department of Justice grant to enhance storage and upload capabilities for body cameras and provide additional camera training.

Office of Management and Budget

- March 20, 2024, to increase federal funds spending authority by \$399,500 to reauthorize the spending of federal Governor's Emergency Education Relief funds, for which spending authority expired on June 30, 2023.
- June 19, 2024, for a line item transfer of \$468,770 from the capital carryover line item to the operating expenses line item for costs to demolish the State Office Building.

Department of Corrections and Rehabilitation

- March 20, 2024, to transfer \$275,771 from carryover funding designated for deferred maintenance and extraordinary repairs to the adult services line item, to provide a total of \$1,825,771 for the construction of a new James River Correctional Center maintenance shop.

Department of Mineral Resources

- June 19, 2024, to increase federal funds spending authority by \$2,406,989 to accept and expend funds from a federal grant to plug and reclaim abandoned oil wells and oil well sites.

Aeronautics Commission

- June 19, 2024, to increase other funds spending authority by \$900,000, including \$400,000 of federal funds and \$500,000 of special funds from the Aeronautics Commission fund, for the International Peace Garden airport rehabilitation project.

State Treasurer

- June 19, 2024, to provide \$175,000 from the state contingencies appropriation for payments in lieu of taxes associated with carbon dioxide pipelines while the pipelines are exempt from property taxes for the first 10 years of operation.

Insurance Commissioner

- June 19, 2024, to increase special funds authority from the insurance regulatory trust fund by \$1.5 million for costs to contract with consultants for studies of the property insurance sector resulting from recommendations of the environmental, social, and governance study approved by the 68th Legislative Assembly and conducted by the Bank.

Center for Distance Education

- September 18, 2024, to increase special funds spending authority by \$2.5 million in the center for distance education line item for cybersecurity training and for expenses related to increased course enrollments.

State Library

- September 18, 2024, to transfer \$200,000 of federal funds spending authority from the grants line item to the operating expenses line item to increase funding for electronic materials to support library consortiums.

Attorney General

- September 18, 2024, to transfer \$3 million of spending authority from the operating expenses line item to the statewide litigation funding pool line item for additional statewide litigation costs.

Legislative Council

- September 18, 2024, to add 2 FTE policy positions and 1 FTE communications position.

BUDGET SECTION DIVISIONS

In March 2024, the Budget Section approved a motion to request the Legislative Management Chairman to establish Budget Section divisions for the purpose of reviewing agency-specific budget information and other budget-related areas to assist in preparing for the regular legislative session. The Legislative Management Chairman established the four Budget Section divisions of leadership, government operations, human resources, and education and environment. The divisions met in June and September 2024, and the following is a summary of the actions of each division.

Leadership

The Leadership Division reviewed state budget information, including:

- Information on budget and fiscal trends, including flowcharts relating to oil and gas tax revenues and allocations, legacy fund investments and earnings, and the revenues and distributions for major state funds.
- Revised general fund revenue estimates for the 2023-25 biennium and a preliminary forecast for the 2025-27 biennium based on estimates from OMB and S&P Global.
- A preliminary budget outlook for the 2025-27 biennium reflecting a potential budget gap of \$950 million between ongoing general fund appropriations and ongoing general fund revenues based on potential increases in ongoing general fund appropriations and revenues.
- Information on budgeting processes in other states to capture savings from vacant FTE positions.

The division also received information on the results of a treasury and cash management study. Recommendations from the study include enhancing the treasury function within the State Treasurer's office and expanding options for investing state funds beyond the Bank of North Dakota.

Government Operations

The Government Operations Division received budget and program updates including:

- DOT, including state transportation revenues, federal aid programs, and the status of highway projects for the 2023-25 biennium.
- The agriculture research and extension agencies, including the allocation of FTE positions and the status of capital projects.
- The Insurance Department, including insurance tax distributions to fire departments and an overview of the State Fire Marshal's office.

The Department of Transportation reported the estimated revenue of the newly created flexible transportation fund totals \$222.5 million for the 2023-25 biennium, including \$171.5 million from motor vehicle excise tax collections and \$51 million from the strategic investment and improvements fund. The division received an update regarding the status of agriculture research capital projects totaling approximately \$102 million for the 2023-25 biennium, including \$87 million for an agriculture laboratory at NDSU and \$15 million for capital projects at other branch research centers.

Human Resources

The Human Resources Division received budget and program updates from the DHHS. Areas reviewed include:

- The department's organizational chart.
- The status of new child care, workforce, and medical services programs.
- The status of the department's salary equity pool and vacant FTE positions.
- The programs in the Public Health, Medical Services and Behavioral Health divisions.

The division received an update regarding the status of the new State Hospital project. The department reported the entire \$12.5 million appropriation for design costs of the new State Hospital has been spent. The department reported it could continue the design phase by using funding made available in Section 18 of Senate Bill No. 2012 (2023) for projects at the State Hospital. The division recommends supporting the department's intent to use the funding made available for projects at the State Hospital to continue the design phase of the new State Hospital.

Education and Environment

The Education and Environment Division received budget and program updates from the Department of Public Instruction. Areas reviewed include:

- The department's organizational chart.
- The status of the department's salary equity pool and vacant FTE positions.
- The status of the paraprofessional-to-teacher program.
- The grants awarded in the Grants - passthrough grants, Grants - program grants, and Grants - other grants line items.
- The status of federal Elementary and Secondary School Emergency Education Relief funding received by the department.

The Education and Environment Division also received budget and program updates from the University System office. Areas reviewed include:

- The office's organizational chart.
- The status of the office's and University System institutions' salary equity pool distributions.
- The higher education funding formula.
- The schedule of bond payments for capital projects financed with state bonds.
- The student financial assistance programs administered by the office.
- The use of funding for competitive research, education incentive programs, student mental health, veterans' assistance grants, shared campus services, and the nursing education consortium.