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 designates the Chairman of the Budget Section, and the Chairman is required 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 must consider criteria applicable to the request, including whether:

- The request is for a specific purpose;
- 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;
- The request conforms with legislative intent;
- The request is consistent with related statutory provisions;
- The request supports state priorities;
- The request improves state efficiencies and promotes effective state government;
- If the request is for a new program, the program does not extend beyond the current biennium; and
- The request addresses a state emergency.

Budget Section members were Representatives Don Vigesaa (Chairman), Bert Anderson, Mike Berg, Glenn Bosch, Mike Brandenburg, Gretchen Dobervich, Jay Fisher, Karla Rose Hanson, Zachary Ista, Keith Kempenich, Mike Lefor, Scott Louser, Bob Martinson, Lisa Meier, Alisa Mitskog, David Monson, Eric J. Murphy, Mike Nathe, Jon O. Nelson, Brandy L. Pyle, David Richter, Matthew Ruby, Mark Sanford, Gregory Stemen, Steve Swiontek, Scott Wagner, and Robin Weisz and Senators Brad Bekkedahl, Randy A. Burckhard, Sean Cleary, Cole Conley, Kyle Davison, Dick Dever, Michael Dwyer, Robert Erbele, Kathy Hogan, David Hogue, Jerry Klein, Randy D. Lemm, Jeffery J. Magrum, Tim Mathern, Scott Meyer, Donald Schaible, Jonathan Sickler, Ronald Sorvaag, Paul J. Thomas, and Terry M. Wanzek.

Representative Emily O'Brien served on the Budget Section until her resignation from the Legislative Assembly on August 19, 2025. Senator Josh Boschee served on the Budget Section until his resignation from the Legislative Assembly on August 4, 2026.

The following duties assigned to the Budget Section by law or by Legislative Management directive were acted on or reports were received during the 2025-26 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 the 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 the 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 (SIB) regarding investment of funds in the Legacy and Budget Stabilization Funds.

9. **Flexible Transportation Fund projects (Section 24-02-37.3)** - 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.

10. **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.

11. **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.

12. **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.

13. **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.

14. **Opioid Settlement Fund (Section 50-36-04)** - This section requires the Department of Health and Human Services (DHHS) to provide reports regarding the status of the Opioid Settlement Fund and of spending decisions made by the department and political subdivisions.

15. **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.

16. **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.

17. **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.

18. **Line item or fund transfers (Section 54-16-04)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer 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.

19. **Acceptance of special and federal funds (Section 54-16-04.1)** - This section requires the approval of the Emergency Commission and Budget Section for a state officer to accept any special or federal funds not appropriated by the Legislative Assembly, which the Legislative Assembly has not indicated an intent to reject. 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.

20. **Transfer of spending authority from state contingencies appropriation (Section 54-16-09)** - This section authorizes the transfer of general, special, and federal funds authority to state agencies from the State Contingencies Fund appropriation subject to approval from the Emergency Commission and Budget Section. Budget Section approval is not required if the transfer of appropriation authority 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.

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 the SBHE which have applied for federal grants estimated to be $25,000 or more.

25. **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.

26. **Retirement and Investment Office (RIO) Incentive Compensation Program (Section 54-52.5-04)** - This section requires 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.

27. **Hub city funding information (Section 57-51-15)** - This section requires each hub city to report at least once each interim regarding the use of funding received from the hub city debt relief funding pool and information on the hub city's outstanding debt, including maturity dates, interest rates, and annual repayment sources.

28. **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 of the Fort Berthold Reservation annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.

29. **DHHS transfers between line items in excess of $50,000 (Section 3 of House Bill 1012 (2025))** - This section requires DHHS to report to the Budget Section after June 30, 2026, on any transfers in excess of $50,000 made during the 2025-27 biennium between line items in Section 1 of House Bill 1012.

30. **DHHS salaries and wages block grant (Section 5 of House Bill 1012 (2025))** - This section requires DHHS to report to the Budget Section quarterly regarding changes made to FTE positions and the allocation of salaries and wages to programs as part of the salaries and wages block grant.

31. **Behavioral health bed grants (Section 54 of House Bill 1012 (2025))** - This section requires DHHS to provide reports regarding the awarding of grant funding to increase the number of behavioral health beds in the state.

32. **State fiscal recovery funds (Section 11 of House Bill 1015 (2025))** - This section requires a report from OMB regarding the transfer of any uncommitted federal State Fiscal Recovery Fund earnings and interest and appropriation authority from the state agency that received the appropriation authority to DOCR.

33. **Executive branch new and vacant FTE funding pool line items (Section 18 of House Bill 1015 (2025))** - This section requires a report from OMB at each meeting of the Budget Section regarding salaries and wages, vacant position information, and agencies' use of funding in new and vacant FTE funding pool line items.

34. **Elementary and secondary education Integrated Formula Gap Funding Program (Section 28 of House Bill 1176 (2025))** - This section requires the Department of Public Instruction (DPI) to provide a report regarding the development of the Integrated Formula Gap Funding Program.

35. **Cash Management Board (Section 1 of House Bill 1278 (2025))** - This section requires the Cash Management Board to report to the Budget Section each fiscal year regarding the board's review of existing policies, and the development of new policies for managing money in the state treasury, identifying cash flow characteristics, and improving cash management practices.

36. **Legislative Council new and vacant FTE funding pool (Section 3 of Senate Bill 2001 (2025))** - 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, including 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.

37. **Judicial branch new and vacant FTE funding pool (Section 3 of Senate Bill 2002 (2025))** - 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, including 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.

38. **Council on the Arts line item transfer (Section 7 of Senate Bill 2010 (2025))** - This section requires a report from the Council on the Arts after June 30, 2026, on any transfer made in excess of $50,000 between line items in Section 1 of Senate Bill 2010.

39. **Theodore Roosevelt Expressway four-lane project (Section 19 of Senate Bill 2012 (2025))** - This section requires a report regarding the costs and status of the environmental impact statement process relating to the construction of a four-lane highway for the remaining sections of the Theodore Roosevelt Expressway.

40. **Pipeline capacity agreements (Section 32 of Senate Bill 2014 (2025))** - This section requires the North Dakota Pipeline Authority to provide a report regarding the status of any pipeline capacity agreements, including commitments from other private sector entities and the anticipated borrowing by the authority under Section 54-17.7-04(4).

41. **Law enforcement technology grants (Section 5 of Senate Bill 2018 (2025))** - This section requires the Attorney General to provide a report regarding the award of technology grants to individuals or entities that aid the Bureau of Criminal Investigation (BCI) in conducting missing persons searches, crime scene reconstruction, and law enforcement first response operations. The report must include a list of grant recipients, the amounts awarded, and a description of the use of the grant funding.

42. **Career and technical education autonomous technology grants (Section 6 of Senate Bill 2018 (2025))** - This section requires the Department of Career and Technical Education (CTE) to provide a report regarding autonomous technology grants provided to a workforce training center serving the northwest area of the state for providing workforce training to address workforce shortages in the state, including shortages in the oil and gas industry. The report must include a list of grant recipients, the amounts awarded, and a description of the use of the grant funding.

43. **Department of Commerce grants (Section 18 of Senate Bill 2018 (2025))** - This section requires the Department of Commerce to provide semiannual reports regarding grant programs administered by the department, including the purpose of each grant program, funding history, number of days the grant application was open to applicants, the name of each grant recipient and the amount of each grant award, and the distribution date or the anticipated distribution date of grant funds.

44. **Agriculture research and related entities FTE positions (Section 9 of Senate Bill 2020 (2025))** - This section requires the 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.

45. **Information Technology Department (ITD) Operating Fund (Section 7 of Senate Bill 2021 (2025))** - This section requires ITD to provide a report at each meeting of the Budget Section regarding the status of the ITD Operating Fund.

46. **Student information system transition (Section 12 of Senate Bill 2021 (2025))** - This section requires DPI and ITD to provide quarterly reports regarding the status of the student information system transition.

47. **Rural Catalyst Grant Program (Section 3 of Senate Bill 2390 (2025))** - This section requires the Department of Commerce to report by September 1 of each even-numbered year regarding the results of the Rural Catalyst Grant Program, including the number of projects requested and supported through the program.

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 2026 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.

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 2025-26 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 when the balance in the 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 the 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 3 months prior to a regular legislative session and the 3 months following the close of a regular legislative 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 SBHE. 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 3 months prior to a regular legislative session and the 3 months following the close of a regular legislative session.
9. **Termination of food stamp program (Section 50-06-05.1(16))** - This section provides, subject to Budget Section approval, DHHS may terminate a 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 an 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 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. **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.

13. **Authorization to borrow for a disaster (Section 54-16-13)** - This section authorizes a state officer to borrow funds from the Bank of North Dakota for the purpose of responding to a disaster declared by the Governor subject to approval from the Emergency Commission and Budget Section.

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. **Cash flow financing (Section 54-27-23)** - This section provides to meet the cash flow 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 cash flow 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 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. **Western Area Water Supply loan guarantee (Section 61-40-09)** - This section requires Budget Section approval for a payment by the State Water Commission to the Bank of North Dakota 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.

25. **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.

26. **Report from the Governor on federal and other funds received (Section 4 of House Bill 1001 (2025))** - 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.

27. **Department of Water Resources (DWR) additional income (Section 4 of House Bill 1020 (2025))** - This section requires DWR to provide a report regarding the use of any additional federal funds or other amounts in the Resources Trust Fund and Water Commission Fund that become available during the biennium.

28. **DWR line item transfers (Section 23 of House Bill 1020 (2025))** - This section requires DWR to report any transfers made between the operating expenses and capital assets line items as requested by the director.

29. **DWR carryover authority (Section 24 of House Bill 1020 (2025))** - This section authorizes DWR the authority to carryover unexpended appropriations from the 2023-25 biennium to the 2025-27 biennium and request the department to provide a report regarding any funding continued.

30. **SBHE line item transfers (Section 38 of Senate Bill 2003 (2025))** - This section requests the SBHE to report any transfers of appropriation authority between an institution's operations line item to the capital assets line item.

31. **Federal block grant hearings (House Concurrent Resolution 4001 (2025))** - This resolution authorizes the Budget Section, through September 30, 2027, to hold any required legislative hearings for federal block grants.

OFFICE OF MANAGEMENT AND BUDGET

2023-25 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 2023-25 biennium:

Unobligated General Fund balance - July 1, 2023		$1,488,329,948
Add		
General Fund collections		5,638,221,941
Total estimated revenues available		$7,126,551,889
Less		
Legislative appropriations - One-time	($240,590,721)	
Legislative appropriations - Ongoing	(5,856,738,816)	
Supplemental and deficiency appropriations	(24,350,866)	
Unspent authority	326,978,597	
Other adjustments	(429,750)	
Total appropriations		($5,795,131,556)
Estimated ending General Fund balance - June 30, 2023 - Before transfers and adjustments		$1,331,420,333
Transfer to Budget Stabilization Fund[1]		0
Other adjustments		(1,912,123)
Ending General Fund balance - June 30, 2023		$1,329,508,210

[1]Pursuant 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.

2023-25 Biennium General Fund Turnback

The Budget Section received a report from OMB on the 2023-25 biennium agency unspent General Fund appropriation amounts (turnback). Unspent 2023-25 biennium General Fund appropriation authority totaled approximately $327 million. Major unspent General Fund appropriations include:

- DPI had turnback of $68.7 million, which was a result of reduced state school aid spending due to lower than anticipated enrollment growth.
- DHHS had turnback of $110.7 million, which is primarily related to lower than anticipated cost and caseload levels.

2023-25 Biennium Capital Construction Carryover

The Budget Section received a report from OMB on 2023-25 biennium capital construction carryover. The Office of Management and Budget reported funding of $17 million for the 2023-25 biennium was continued into the 2025-27 biennium. Of the total amount, $11.4 million was to continue Department of Transportation (DOT) projects.

2025-27 Status of the General Fund

At each Budget Section meeting, a representative of OMB reviewed the status of the General Fund and revenue collections for the 2025-27 biennium. The following is a summary of the status of the General Fund, based on actual revenue collections through August 2026, and reflecting the 2025 legislative forecast for the remainder of the 2025-27 biennium:

Unobligated General Fund balance - July 1, 2025		$1,329,508,210
Balance obligated for authorized carryover from the 2023-25 biennium		89,771,253
Total beginning General Fund balance - July 1, 2025		$1,419,279,463
Add		
General Fund collections to date	$3,176,408,821	
Remaining forecasted General Fund collections	2,110,892,192	
Total estimated General Fund collections		$5,287,301,013
Total estimated revenues available		$6,706,580,476
Less		
Legislative appropriations - One-time	($143,234,260)	
Legislative appropriations - Ongoing	(6,113,180,565)	
Special session appropriations	(6,825,000)	
Contingent appropriation	(13,600,000)	
Authorized carryover from previous biennium	(89,771,253)	
2025-27 authority spent in 2023-25 pursuant to emergency clause	10,195	
Total appropriations		($6,366,600,883)
Estimated ending General Fund balance - June 30, 2027 - Before transfers		$339,979,593
Transfer to Budget Stabilization Fund[1]		
Estimated ending General Fund balance - June 30, 2027		$339,979,593

[1]Pursuant 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 2025-27 biennium.

The Budget Section was informed as of May 31, 2026, the balance in the Budget Stabilization Fund was $986.6 million. As of August 31, 2026, the balance in the Legacy Fund was $15.3 billion, the balance in the Foundation Aid Stabilization Fund was $591.0 million, the balance in the Social Services Fund was $399.6 million, and the unobligated balance in the Strategic Investment and Improvements Fund was $174.0 million.

2025-27 Biennium Revised Revenues and Preliminary 2027-29 Revenues

- As projected by OMB, ongoing General Fund revenues from the sales and use tax, motor vehicle excise tax, and individual and corporate income taxes are estimated to be $4.043 billion for the 2025-27 biennium and $4.323 billion for the 2027-29 biennium.
- OMB is projecting oil prices to be $62 per barrel in fiscal year 2028 and $60 per barrel in fiscal year 2029. Oil production is estimated to be 1.075 million barrels of oil per day in fiscal year 2028 and 1.05 million barrels per day in fiscal year 2029.

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 2025		
Center for Distance Education	Pay adjustments	$34,591
Department of Health and Human Services	Pay adjustments	$6,484
Department of Public Instruction	Pay adjustments	$2,342
Tax Department	Pay adjustments	$2,373
Game and Fish Department	Pay adjustments	$735
Workforce Safety and Insurance	Pay adjustments	$1,915
Department of Transportation	Pay adjustments	$5,175
State Auditor	Retroactive pay adjustments	$1,550

Agency	Description	Amount
Attorney General	Retroactive pay adjustments	$11,001
Department of Trust Lands	Retroactive pay adjustments	$3,099
School for the Deaf	Retroactive pay adjustments	$787
Department of Health and Human Services	Retroactive pay adjustments	$74,412
Protection and Advocacy Project	Retroactive pay adjustments	$755
Department of Financial Institutions	Retroactive pay adjustments	$797
Securities Department	Retroactive pay adjustments	$1,595
Department of Corrections and Rehabilitation	Retroactive pay adjustments	$1,786
Parks and Recreation Department	Retroactive pay adjustments	$504
Information Technology Department	Temporary pay increases	$1,000
Commission on Legal Counsel for Indigents	Temporary pay increases	$3,600
Retirement and Investment Office	Temporary pay increases	$28,446
Public Employees Retirement System	Temporary pay increases	$34,654
Department of Public Instruction	Temporary pay increases	$3,724
Center for Distance Education	Temporary pay increases	$5,350
Department of Veterans' Affairs	Temporary pay increases	$6,950
Department of Health and Human Services	Temporary pay increases	$207,266
Job Service North Dakota	Temporary pay increases	$3,498
Public Service Commission	Temporary pay increases	$4,256
Department of Corrections and Rehabilitation	Temporary pay increases	$2,000
Department of Commerce	Temporary pay increases	$133,400
Parks and Recreation Department	Temporary pay increases	$10,000
September 2025		
Center for Distance Education	Pay adjustments	$14,000
Department of Career and Technical Education	Pay adjustments	$1,346
Department of Health and Human Services	Pay adjustments	$3,722
Department of Transportation	Pay adjustments	$5,377
State Treasurer	Retroactive pay adjustments	$21,225
Attorney General	Retroactive pay adjustments	$7,610
Judicial branch	Retroactive pay adjustments	$1,841
Ethics Commission	Retroactive pay adjustments	$3,368
Department of Health and Human Services	Retroactive pay adjustments	$13,800
Industrial Commission	Retroactive pay adjustments	$525
Securities Department	Retroactive pay adjustments	$625
Bank of North Dakota	Retroactive pay adjustments	$1,075
Highway Patrol	Retroactive pay adjustments	$5,506
Department of Corrections and Rehabilitation	Retroactive pay adjustments	$562
Department of Commerce	Retroactive pay adjustments	$1,616
Department of Agriculture	Retroactive pay adjustments	$3,432
Office of Management and Budget	Temporary pay increases	$2,000
Information Technology Department	Temporary pay increases	$1,000
Tax Department	Temporary pay increases	$3,520
Retirement and Investment Office	Temporary pay increases	$2,592
Public Employees Retirement System	Temporary pay increases	$8,951
Department of Public Instruction	Temporary pay increases	$3,300
Department of Veterans' Affairs	Temporary pay increases	$3,750
Department of Health and Human Services	Temporary pay increases	$55,674
Job Service North Dakota	Temporary pay increases	$1,767
Insurance Department	Temporary pay increases	$1,338
Public Service Commission	Temporary pay increases	$6,400
Department of Corrections and Rehabilitation	Temporary pay increases	$4,125
Department of Commerce	Temporary pay increases	$3,225
Parks and Recreation Department	Temporary pay increases	$3,250
Department of Water Resources	Temporary pay increases	$2,500
December 2025		
Attorney General	Pay adjustments	$1,276
Commission on Legal Counsel for Indigents	Pay adjustments	$556
Center for Distance Education	Pay adjustments	$750
Department of Health and Human Services	Pay adjustments	$2,598
Attorney General	Retroactive pay	$2,716
Department of Environmental Quality	Retroactive pay	$789
Department of Health and Human Services	Retroactive pay	$16,566
Department of Corrections and Rehabilitation	Retroactive pay	$757
Office of Management and Budget	Temporary pay increases	$1,500
Tax Commissioner	Temporary pay increases	$10,512
Public Employees Retirement System	Temporary pay increases	$3,040
Department of Public Instruction	Temporary pay increases	$8,400

Agency	Description	Amount
Department of Veterans' Affairs	Temporary pay increases	$2,500
Department of Health and Human Services	Temporary pay increases	$77,826
Job Service North Dakota	Temporary pay increases	$1,803
Insurance Commissioner	Temporary pay increases	$4,013
Public Service Commission	Temporary pay increases	$4,650
Department of Commerce	Temporary pay increases	$3,225
Parks and Recreation Department	Temporary pay increases	$5,450
Department of Water Resources	Temporary pay increases	$2,400
March 2026		
Retirement and Investment Office	Incentive payments	$1,258,488
Veterans' Home	Incentive payments	$5,765
Department of Health and Human Services	Incentive payments	$97,150
School for the Deaf	Pay adjustments	$705
Department of Health and Human Services	Pay adjustments	$2,390
Department of Financial Institutions	Pay adjustments	$874
Department of Transportation	Pay adjustments	$1,376
State Auditor	Retroactive payments	$1,969
Tax Department	Retroactive payments	$771
Ethics Commission	Retroactive payments	$595
Department of Health and Human Services	Retroactive payments	$46,511
Department of Financial Institutions	Retroactive payments	$558
Department of Corrections and Rehabilitation	Retroactive payments	$1,431
Adjutant General	Retroactive payments	$607
State Historical Society	Retroactive payments	$3,730
Bank of North Dakota	Severance pay	$112,327
Office of Management and Budget	Temporary increases	$2,000
Tax Department	Temporary increases	$7,560
Department of Public Instruction	Temporary increases	$11,650
Department of Veterans' Affairs	Temporary increases	$3,750
Department of Health and Human Services	Temporary increases	$93,337
Job Service North Dakota	Temporary increases	$1,803
Insurance Commissioner	Temporary increases	$4,013
Department of Corrections and Rehabilitation	Temporary increases	$3,035
Department of Commerce	Temporary increases	$3,225
Parks and Recreation Department	Temporary increases	$6,000
State Water Commission	Temporary increases	$3,600
June 2026		
Department of Health and Human Services	Incentive payments	$222,750
Veterans' Home	Incentive payments	$16,850
Department of Health and Human Services	Pay adjustment	$2,286
Center for Distance Education	Pay adjustment	$4,431
Information Technology Department	Retroactive pay	$1,565
Attorney General	Retroactive pay	$1,054
Legislative Council	Retroactive pay	$1,750
Center for Distance Education	Retroactive pay	$1,427
Department of Health and Human Services	Retroactive pay	$26,042
Job Service North Dakota	Retroactive pay	$9,532
Highway Patrol	Retroactive pay	$981
Department of Corrections and Rehabilitation	Retroactive pay	$1,724
Center for Distance Education	Severance pay	$23,590
Bank of North Dakota	Severance pay	$69,859
Office of Management and Budget	Temporary increases	$1,500
Tax Department	Temporary increases	$1,560
Department of Public Instruction	Temporary increases	$22,500
Veterans' Home	Temporary increases	$877
Department of Veterans' Affairs	Temporary increases	$3,750
Department of Health and Human Services	Temporary increases	$116,209
Insurance Department	Temporary increases	$4,012
Department of Corrections and Rehabilitation	Temporary increases	$1,663
Department of Commerce	Temporary increases	$3,225
Parks and Recreation Department	Temporary increases	$10,550
Department of Water Resources	Temporary increases	$4,000
September 2026		
Veterans' Home	Incentive pay	$12,745
Department of Health and Human Services	Incentive pay	$215,250
Center for Distance Education	Pay adjustment	$2,994
Department of Health and Human Services	Pay adjustment	$2,286

Agency	Description	Amount
Department of Transportation	Pay adjustment	$5,527
Information Technology Department	Retroactive pay	$5,189
Attorney General	Retroactive pay	$1,966
Ethics Commission	Retroactive pay	$1,425
Department of Health and Human Services	Retroactive pay	$12,092
Parks and Recreation Department	Retroactive pay	$2,065
Information Technology Department	Severance pay	$64,215
State Auditor	Severance pay	$39,508
Bank of North Dakota	Severance pay	$28,251
Department of Mineral Resources	Severance pay	$37,089
Workforce Safety and Insurance	Severance pay	$17,406
Department of Career and Technical Education	Severance pay	$31,777
Department of Health and Human Services	Severance pay	$311,883
Adjutant General	Severance pay	$7,868
Information Technology Department	Temporary increase	$1,500
Tax Department	Temporary increase	$1,040
Department of Public Instruction	Temporary increase	$12,800
Department of Environmental Quality	Temporary increase	$1,391
Department of Health and Human Services	Temporary increase	$109,521
Job Service North Dakota	Temporary increase	$6,589
Insurance Department	Temporary increase	$2,675
Public Service Commission	Temporary increase	$1,500
Department of Corrections and Rehabilitation	Temporary increase	$4,063
Department of Commerce	Temporary increase	$1,075
Parks and Recreation Department	Temporary increase	$9,550

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 2025-27 biennium to date through June 2026, approximately $19.7 million had been received by the state and deposited in the Tobacco Settlement Trust Fund. The entire $19.7 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 $650.7 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 the 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 2025		
Department of Public Instruction	January 2025 - January 2027	$450,000
Department of Career and Technical Education	January 2024 - June 2026	$300,000
Parks and Recreation Department	October 2026 - September 2027	$437,329
Department of Transportation	March 2026 - March 2030	$13,260,000
September 2025		
Attorney General	October 2025 - September 2028	$3,000,000
Attorney General	October 2025 - September 2028	$500,000
Department of Health and Human Services	September 2025 - September 2028	$1,351,712
Department of Health and Human Services	December 2025 - September 2030	$500,000,000
Adjutant General	October 2025 - September 2028	$7,963,199
Department of Transportation	September 2025 - March 2029	$11,500,000
Department of Transportation	November 2027 - July 2032	$59,680,000
Department of Transportation	April 2027 - July 2032	$51,760,000
December 2025		
Department of Public Instruction	January 2026 - December 2031	$10,000,000
Department of Corrections and Rehabilitation	October 2025 - September 2028	$500,000
Department of Corrections and Rehabilitation	October 2025 - September 2029	$1,717,736

Agency	Time Period of Grant	Amount
March 2026		
Attorney General	N/A	$100,000
Department of Transportation	January 2028 - December 2029	$16,300,000
Department of Transportation	January 2028 - July 2031	$25,000,000
June 2026		
Department of Public Instruction	October 2026 - September 2029	$8,393,567
Department of Career and Technical Education	September 2026 - August 2031	$10,000,000
Job Service North Dakota	July 2026 - December 2029	$1,499,999
Department of Corrections and Rehabilitation	October 2025 - September 2028	$794,368
Department of Corrections and Rehabilitation	October 2025 - September 2028	$750,000
Department of Corrections and Rehabilitation	October 2025 - September 2029	$3,333,624
Department of Corrections and Rehabilitation	October 2026 - September 2027	$150,000
Department of Corrections and Rehabilitation	September 2026 - September 2031	$5,000,000
Game and Fish Department	October 2026 - September 2029	$3,000,000
Department of Transportation	March 2027 - March 2032	$48,640,000
Department of Transportation	March 2028 - March 2032	$45,360,000
Department of Transportation	May 2027 - July 2031	$16,500,000
Department of Transportation	April 2028 - July 2032	$17,820,000
September 2026		
Attorney General	August 2026 - August 2029	$17,921,072
Department of Health and Human Services	September 2026 - September 2027	$1,072,530
Department of Health and Human Services	September 2026 - September 2027	$205,000
Department of Corrections and Rehabilitation	October 2026 - September 2029	$114,701
Department of Transportation	January 2028 - July 2033	$64,800,000
Department of Transportation	December 2027 - July 2032	$5,040,000
Department of Transportation	August 2027 - July 2031	$1,950,000
Department of Transportation	June 2028 - July 2033	$30,076,000

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 2025		
Aeronautics Commission	January 2029	$444,000
Department of Transportation	August 2025 - February 2028	$1,920,000
Department of Transportation	January 2025 - January 2030	$25,000,000
September 2025		
Game and Fish Department	September 2025 - September 2026	$200,000
March 2026		
Department of Public Instruction	January 2026 - December 2031	$10,000,000
Department of Transportation	September 2025 - March 2029	$5,070,000
September 2026		
Department of Public Instruction	October 2026 - September 2031	$7,988,000
Department of Commerce	July 2026 - June 2029	$761,780
Game and Fish Department	August 2026 - October 2027	$202,500
Game and Fish Department	October 2026 - September 2029	$3,000,000
Department of Transportation	September 2026 - July 2030	$1,040,000

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 the 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 the 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 2026, OMB reported project variance reports for North Dakota University System projects as of June 30, 2026, as follows:

	Project Authorization	Adjusted Authorization	Difference
Projects Specifically Authorized by the Legislative Assembly			
Bismarck State College	$2,200,000	$2,200,000	$0
Dakota College at Bottineau	$2,129,551	$2,129,551	$0
Dickinson State University	$37,142,211	$51,566,667	$14,424,456
Lake Region State College	$4,642,801	$4,642,801	$0
Mayville State University	$52,254,901	$52,254,901	$0
Minot State University	$61,497,234	$61,497,234	$0
North Dakota State University Extension Service	$114,958,500	$118,350,300	$3,391,800
North Dakota Forest Service	$62,480	$0	($62,480)
North Dakota State University	$317,000,000	$330,000,000	$13,000,000
University of North Dakota	$228,028,093	$337,028,415	$109,000,000
Valley City State University	$55,390,863	$56,000,000	$609,137
Williston State College	$44,489,135	$44,489,135	$0
Projects Approved by the State Board of Higher Education			
Bismarck State College	$30,700,000	$42,200,000	$11,500,000
Dickinson State University	$5,000,000	$7,500,000	$2,500,000
North Dakota State College of Science	$19,975,000	$19,975,000	$0
North Dakota State University	$40,500,000	$49,500,000	$9,000,000
University of North Dakota	$104,225,947	$111,379,291	$7,153,344

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 $33.9 million, of which $20.7 million was used for other purposes, including accrued leave payouts, bonuses, temporary salaries, and overtime. The Office of Management and Budget also reported as of August 31, 2026, $78.6 million, or 88.6 percent of the $88.7 million executive branch new and vacant FTE pool was still available.

Through August 2026, the Legislative Council reported vacant FTE savings of $668,865 and the Supreme Court reported vacant FTE savings of $1,290,697.

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 the SBHE. The report indicated eight projects were authorized in prior bienniums and continued into the 2023-25 biennium. Four of the projects were completed in the 2023-25 biennium and four were continued into the 2025-27 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 reduced 14.86 FTE positions between December 1, 2024, and November 30, 2025, resulting in a total of 353.67 FTE positions as of November 30, 2025.

Branch Research Centers and Agronomy Seed Farm

The branch research centers added 1.05 FTE positions between December 1, 2024, and November 30, 2025, resulting in 108.21 FTE positions as of November 30, 2025. The Agronomy Seed Farm reported no changes in FTE positions were made between December 1, 2024, and November 30, 2025, maintaining a total of 3 FTE positions as of November 30, 2025.

North Dakota State University Extension Service

The NDSU Extension Service reported to the Budget Section regarding the FTE position adjustments made at the Extension Service pursuant to Section 11-38-12. The Extension Service reduced 5.28 FTE positions between December 1, 2024, and November 30, 2025, resulting in a total of 250.16 FTE positions as of November 30, 2025.

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 reported no changes in FTE positions between December 1, 2024, and November 30, 2025, maintaining a total of 17.60 FTE positions as of November 30, 2025.

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, 2024, and November 30, 2025, maintaining a total of 42.88 FTE positions as of November 30, 2025.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION

Status Report

The SBARE submitted a report to the Budget Section in June 2026, 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 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 March 2026, the program has provided over $158,000 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.

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 53 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 city of 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	$650,366[1]	$472,134	$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	$10,027,866	$472,134	$0

[1]Category 1 cities - Casselton ($37,500), Hazen ($15,500), Mayville ($252,650), and Hope ($344,716).

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

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

Rural Catalyst Grant Program

The Department of Commerce provided a report pursuant to Section 54-40.1-08 regarding the Rural Catalyst Grant Program. A total of 90 grant applications for projects totaling over $18 million were received. Of the applications, nine projects totaling $2.5 million were selected.

Department Grant Programs

The Department of Commerce provided a report pursuant to Section 54-60-33 regarding grant programs administered by the department. The report detailed each grant program administered by the department, the amount of funding available for each program, and grant recipients. The department also maintains a public-facing transparency page to provide information regarding department grant programs. The transparency page consolidates all state and federal grants administered by the department and provides information regarding funding availability, timelines, and program types.

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 2025 and September 2026. 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 2025 the total dollar amount of outstanding checks increased from $8.2 million in fiscal year 2024 to $8.5 million for fiscal year 2025. The State Treasurer reported the total number of outstanding checks as of September 2025 was 21,660 with an amount totaling $8.5 million. The State Treasurer reported 5,897 outstanding checks from fiscal year 2023 totaling $1,306,073 would be transferred to the Department of Trust Lands Unclaimed Property Division in October 2025.

The State Treasurer reported in September 2026 that the total dollar amount of outstanding checks decreased by 6.29 percent from fiscal year 2025 to fiscal year 2026. The State Treasurer reported 5,170 checks totaling $833,979 issued in fiscal year 2024 will be transferred to the Unclaimed Property Division in October 2026. As of September 2026, there were 21,710 outstanding checks totaling $8 million issued during fiscal years 2024, 2025, and 2026.

DEPARTMENT OF WATER RESOURCES

Carryover Authority

The Budget Section received information on unexpended 2023-25 biennium appropriation authority for water projects continued into the 2025-27 biennium pursuant to Section 24 of House Bill 1020 (2025). The Department of Water Resources noted:

- A total of $570.1 million of unexpended 2023-25 biennium appropriation authority for water projects was continued into the 2025-27 biennium compared to the estimate during the 2025 legislative session of $600 million.
- Of the funding continued, a total of $133.2 million has been spent on projects, $396.6 million is obligated for projects, and $40.3 million remains unobligated.

DEPARTMENT OF TRUST LANDS

Investment Performance

The Budget Section received reports from the Department of Trust Lands in September 2025 and September 2026 regarding the investment of assets under the control of the Board of University and School Lands. The department reported as of June 2026, approximately $9.5 billion of assets were under the control of the board. The net return for the permanent trust funds as of June 30, 2026, was 15.56 percent for the prior year compared to a benchmark of 12.36 percent, 12.20 percent for the prior 3 years compared to a benchmark of 10.85 percent, and 7.35 percent for the prior 5 years compared to a benchmark of 6.06 percent.

As of June 30, 2026, the net return on investments for the Strategic Investment and Improvements Fund was 1.36 percent for the prior 6 months compared to a benchmark of 1.25 percent and 3.72 percent for the prior year compared to a benchmark of 3.49 percent.

In fiscal year 2026, the department paid $95.1 million, or 1.72 basis points, of fund management fees to private entities for managing approximately $8.8 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 2026 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, 2025, the balance of the Unemployment Trust Fund was $332.1 million, $11.6 million more than the target balance of $320.5 million. The average high-cost multiplier for the period was 1.03, 0.03 above the projected target of 1.0.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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 noted through December 2025, the state has received a total of $26.6 million from the settlement with an additional $43.3 million anticipated to be received.

During the 2023-25 biennium, a total of $7.6 million of settlement funding was used for nasal naloxone purchases ($634,834), tribal prevention, treatment, and recovery activities ($305,417), grants to political subdivisions, health districts, and other recipients ($6,705,993), and administrative costs ($1,841). An additional $8 million is anticipated to be allocated in the 2025-27 biennium for grants and other prevention and recovery efforts.

COUNCIL ON THE ARTS

Transfers in Excess of $50,000

The Budget Section received a report from the Council on the Arts in September 2025 regarding 2023-25 biennium transfers in excess of $50,000 pursuant to Section 5 of House Bill 1010 (2023). A total of $68,450 was transferred from the operating expenses line item to the salaries and wages line item during the 2023-25 biennium for accrued leave payouts. Through September 2026 the agency did not make any 2025-27 biennium line item transfers pursuant to Section 7 of Senate Bill 2010 (2025).

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 SIB 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, 2026, the market value of the Legacy Fund was $13.6 billion. The unaudited fund performance for the fiscal year through March 31, 2026, was 7.56 percent compared to a target return of 6.45 percent. The board reported that during the 5-year period ended June 30, 2025, the return was 8.32 percent compared to a target return of 7.25 percent.

Budget Stabilization Fund

As of March 31, 2026, the market value of the Budget Stabilization Fund was $978.4 million. The Legacy and Budget Stabilization Fund Advisory Board reported the unaudited investment returns, net of fees, averaged 2.93 percent during the 5 years ended June 30, 2025, compared to a policy benchmark of 1.60 percent. Unaudited fund performance for the fiscal year through March 31, 2026, net of fees, was 3.19 percent compared to a policy benchmark of 2.66 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. For the 2023-25 biennium, a total of $12 million was made available for two application cycles for multifamily units. Seven projects were awarded a total of $12,025,000 in Housing Incentive Funds. Projects funded included 70 rehabilitation units in Jamestown, 23 rehabilitation units for two projects in Rolla, 96 rehabilitation units in Bismarck, 34 new construction units in Bismarck, 60 rehabilitation units in Dickinson, and 48 rehabilitation units in Minot. Since 2011, more than $127 million has been used from the Housing Incentive Fund to construct and rehabilitate 3,933 multifamily housing units in the state.

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 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 350 fire departments received a total of $14,152,729 of distributions in 2023 and $14,556,939 of distributions in 2024.

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 2026, the maximum operational capacity for male inmates is 1,624 while the maximum operational capacity for female inmates is 277. As of September 2026, a total of 2,312 individuals were assigned to the custody of the department. The department uses a prioritization chart when admissions exceed maximum operational capacity and appropriated contract housing funds.

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 2025-27 biennium beginning balance in the fund was $41.3 million and the estimated June 30, 2027, balance is $54.4 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 2025, the board reported the North Dakota Outdoor Heritage Fund has received $95.5 million of oil and gas tax collections since the inception of the fund. A total of $103.5 million has been awarded to 260 projects throughout the state with $8.8 million of the funds returned due to projects being under budget.

Pipeline Capacity Agreements

Pursuant to Section 54-17.7-04(4) the North Dakota Pipeline Authority reported the Industrial Commission acted in August 2025 to support the Bakken East Pipeline proposal by WBI Energy. In April 2026, the Industrial Commission approved a 10-year capacity agreement for up to $50 million per year. The state's capacity position represents 11 percent of the proposed project's capacity.

DEPARTMENT OF TRANSPORTATION

Flexible Transportation Fund

The Budget Section approved DOT's request to use funding from the Flexible Transportation Fund pursuant to Section 24-02-37.3 for the following projects:

- $15 million for a Medora city street and sidewalk rehabilitation project north of Pacific Avenue.
- $11.2 million for a bridge replacement project in Cass County located 3 miles north and 2 miles east of Harwood.
- $21.3 million for a project on State Highway 31 from Interstate 94 to Hannover.
- $18.4 million for a project on State Highway 49 from the South Dakota border to the junction of State Highway 21.

United States Highway 85 and Theodore Roosevelt Expressway

The Budget Section received the following updates from DOT regarding United States Highway 85 projects and the status to four-lane the remaining portions of the Theodore Roosevelt Expressway pursuant to Section 19 of Senate Bill 2012 (2025):

- The department has awarded two projects on United States Highway 85. The first project is a 12.5 mile project from State Highway 200 to mile point 120.3 and the second project is from mile point 120.3 to the Long X Bridge. The cost of the projects is approximately $168 million.
- The environmental impact statement process to four-lane the remaining portions of Theodore Roosevelt Expressway has not begun. The process will begin when the project to four-lane the portion of the highway between Interstate 94 to State Highway 200 is in progress.

INFORMATION TECHNOLOGY DEPARTMENT

Continuing Appropriation

The Budget Section received information pursuant to Section 54-59-14 regarding the continuing appropriation authority for the ITD's operating fund. The continuing appropriation authority was authorized by the Legislative Assembly in 2025 and allows the department to spend funds received from other agencies for services provided by the department.

DEPARTMENT OF PUBLIC INSTRUCTION

Student Information System Transition Project

The Budget Section received information pursuant to Section 12 of Senate Bill 2021 (2025) regarding the student information system transition project. The project is modernizing elementary and secondary data systems by transitioning to a single enterprise system. A software product called Infinite Campus is being implemented as the new state student information system.

Integrated Formula Gap Funding Program

The Budget Section received information pursuant to Section 28 of House Bill 1176 (2025) regarding the status of the development of the Integrated Formula Gap Funding Program. Funding was appropriated to provide gap funding payments to school districts that are no longer permitted to levy 60 mills due to the 3 percent property tax increase limitation. During the 2025-26 school year, 33 schools applied for gap funding and 24 districts were approved. A total of $1.8 million in payments were distributed with amounts ranging from $171 to $573,264.

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 SIB 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. A total of $1,258,488 of bonuses was provided based on 2025 investment returns.

CAREER AND TECHNICAL EDUCATION

Autonomous Technology Grants

The Budget Section received a report from CTE pursuant to Section 6 of Senate Bill 2018 (2025) regarding the award of autonomous technology grants to workforce training centers. A total of $250,000 was provided by the Legislative Assembly for the purpose of uncrewed aircraft systems, autonomous vehicles, or other autonomous technology grants to a workforce training center serving the northwest area of North Dakota. TrainND Northwest, located at Williston State College, was selected as the grant recipient. Funding has been used to establish youth drone racing teams and to develop uncrewed aircraft system training for adults.

ATTORNEY GENERAL

Technology Grants

Pursuant to Section 5 of Senate Bill 2018 (2025) the Budget Section received a report regarding technology grants awarded by the Attorney General to agencies that aid BCI. Grants were awarded to the following agencies for drone purchases and drone enhancements:

Entity	Amount
Northwest Regional SWAT Team	$24,162
Dickinson Police Department	$25,000
Bismarck Police Department	$21,378
Stutsman County Sheriff's office	$27,460
Grand Forks County Sheriff's office	$152,000

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 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 2027 legislative session.

Recommendation

The Budget Section recommends a resolution draft [27.3007.01000] which authorizes 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 70th Legislative Assembly through September 30, 2029.

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, 2025, and June 30, 2027. The report indicated agencies estimate $6 billion of federal funds will be received during the 2025-27 biennium, $162.1 million more than appropriated. Agencies estimate $6.2 billion of federal funds will be received for the 2027-29 biennium, $185.2 million more 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 2025-27 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 2025-27 biennium relating to federal funds appropriated and federal funds estimated to be received and the major variances estimated for the 2027-29 biennium compared to the 2025-27 biennium.

LEGISLATIVE COUNCIL STAFF REPORTS

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

- *69th Legislative Assembly Budget Status Report for the 2025-27 Biennium*. The report provides information on the status of the General Fund and estimated June 30, 2027, ending balance, legislative changes to General Fund revenues, and legislative appropriation changes.
- *69th Legislative Assembly Legislative Changes to State Agency Budgets for the 2025-27 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 2025 session.
- *69th Legislative Assembly State Budget Actions for the 2025-27 Biennium*. The report provides information on the 2025-27 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.
- *69th Legislative Assembly State Budget Actions for the 2025-27 Biennium Supplements*. The reports provide information on revenue changes and appropriations made during the January 2026 and September 2026 special legislative sessions.
- *2025-27 Biennium Report on Compliance with Legislative Intent*. The report provides the current status of major budget changes and initiatives approved by the 2025 Legislative Assembly for various agencies.
- *2025* and *2026 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:

- **2023-25 biennium new and vacant FTE funding pools savings** - The Legislative Council staff provided the following summary of savings related to the 2023-25 biennium new and vacant FTE funding pools:

	General Fund	Federal Funds	Special Funds	Total Funds
Executive branch	$12,585,216	$9,658,879	$27,546,791	$49,790,886
Legislative branch	398,339	0	0	398,339
Judicial branch	2,950,858	20,403	17,809	2,989,070
Total	$15,934,413	$9,679,282	$27,564,600	$53,178,295

- **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 $77.9 million, of which $38.7 million is from private donations.
- **DHHS - Federal Rural Health Transformation Program** - DHHS provided updates to the Budget Section regarding the state's application for the Rural Health Transformation Program and the status of the use of grant funds received.
- **State agency website and electronic document compliance with the federal Americans with Disabilities Act** - ITD provided updates regarding state efforts to comply with the Americans with Disabilities Act as it applies to websites and electronic documents. The department received a $1.5 million General Fund appropriation during the January 2026 special legislative session to update state websites and electronic documents to comply with federal requirements. The deadline for compliance was extended from April 2026 to April 2027.
- **Industrial Commission - Update on oil and gas development in the state** - The Industrial Commission reported as of April 2025, the state averaged a total of 30 active drilling rigs and 19,257 producing wells.
- **Primary Residence Credit Program** - The Tax Commissioner provided an update on the Primary Residence Credit Program. The program provides $1,600 of property tax relief to eligible homeowners and a total of 164,762 applications were received in 2026 for the program, of which 164,052 were approved. The program is estimated to cost $431 million for the 2025-27 biennium, but only $408.9 million was appropriated for the program, which may result in a deficiency appropriation request to the 2027 Legislative Assembly.
- **Pipeline protest lawsuit** - OMB reported on the status of the settlement of the lawsuit and contingent appropriation for the *North Dakota v. United States of America* lawsuit relating to pipeline protest costs. The settlement provides for the state to receive a payment of $27.8 million, which will be deposited in the General Fund. A portion of the funding will be used to repay the loan obtained at the Bank of North Dakota to pay for state costs related to the pipeline protest. The loan and related interest total $14.1 million; however, OMB only has authority to pay $13.6 million toward the loan and interest, which will result in a deficiency appropriation request during the 2027 legislative session.
- **Hub city debt relief funding pool** - The Budget Section received reports from the cities of Williston and Dickinson pursuant to Section 57-51-15 regarding the use of funding from the hub city debt relief funding pool. The city of Minot did not submit a report.
- **Tribal government use of oil and gas tax receipts** - A report was requested from the Three Affiliated Tribes of the Fort Berthold Reservation pursuant to Section 57-51.2-02 regarding the use of oil and gas tax receipts in infrastructure and the fees and charges imposed by the tribe on the oil industry. A report was not submitted to the Budget Section.

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 25, 2025, through September 30, 2026:

Center for Distance Education

- June 25, 2025, to increase special funds spending authority by $250,000 in the Center for Distance Education line item to accept and expend a $250,000 passthrough grant from DPI to be used for digital courses and student scholarships.

Department of Public Instruction

- June 25, 2025, to increase federal funds spending authority by $14,499,055 in the grants - other grants line item to accept and expend various federal funds to reimburse school districts for expenses that qualify for federal funding, including meals for low-income students, education for special needs students, and professional development for educators.

- December 10, 2025, to transfer $37,461 of federal funds contingency authority to the salaries and wages line item ($35,000) and the operating expenses line item ($2,461) to accept and expend federal funds available through a subgrant from New Classrooms to provide for the development of a comprehensive and different model for mathematics education.
- March 18, 2026, to transfer $5,264,918 of federal funds contingency appropriation authority to the salaries and wages line item ($216,952) and the operating expenses line item ($5,047,966) to accept and expend funds from a federal Education Innovation and Research Grant.
- June 24, 2026, to transfer $500,000 of special funds from the state contingencies appropriation to the agency's operating expenses line item to accept and expend special funds collected from school districts participating in the statewide food processing program.
- June 24, 2026, for a line item transfer of $3.1 million of General Fund spending authority, provided to DPI for integrated formula payments, from the agency's integrated formula payments line item to its grants-program grants line item to implement a new grant program to offset school district costs related to the building reports informing data-driven growth in education project.
- September 30, 2026, to increase federal funds spending authority by $1,185,341 in the operating expenses line item ($107,713) and the grants - other grants line item ($1,077,628) to accept and expend federal funds available from the United States Department of Education's Office of Elementary and Secondary Education for subgrants to up to four charter schools.

Office of Management and Budget

- June 25, 2025, for $189,750 from the state contingencies appropriation to replace federal funding for contracts entered for various initiatives to be funded through the federal Governor's Emergency Education Relief Fund for which federal funding is no longer available.

Department of Environmental Quality

- December 10, 2025, for a line item transfer of $200,000 of special funds from the operating expenses line item to the capital assets line item relating to the chemistry laboratory in the new laboratory building.

Insurance Commissioner

- December 10, 2025, to transfer $1.5 million of special funds contingency appropriation to use funding from the Insurance Regulatory Trust Fund in the operating expenses line item to conduct fire inspections of state buildings and institutions due to local fire departments rescinding agreements to conduct inspections of state buildings.

Department of Corrections and Rehabilitation

- March 18, 2026, to transfer $105,000 of General Fund contingency appropriation authority to the operating expenses line item to purchase a global positioning system for monitoring of individuals sentenced to DOCR and placed in a transitional or work release program.

Department of Health and Human Services

- March 18, 2026, to transfer $1,960,784 of federal funds contingency appropriation authority to the operating expenses line item to accept and expend a federal Medicaid Government Efficiency Grant for required system changes to the department's self-service portal and combined eligibility system.
- March 18, 2026, to transfer $1,189,769 of federal funds contingency appropriation authority to the operating expenses line item to accept and expend a federal Supplemental Nutrition Assistance Program Process and Technology Improvement Grant Program for improvements to the self-service portal and combined eligibility system.

Public Service Commission

- June 24, 2026, to transfer $6 million of federal funds from the state contingencies appropriation to the agency's abandoned mined lands contractual services line item for additional federal funding to be received from the federal Office of Surface Mining Reclamation and Enforcement.

Attorney General

- June 24, 2026, to transfer $240,501 of General Fund authority from the state contingencies appropriation and authorize 1 FTE position. The funding includes $129,998 for salaries and wages of 1 FTE BCI guardianship agent position, $46,403 for operating expenses, and $64,100 for capital assets.

Department of Commerce

- September 30, 2026, to expend federal grant funds not previously anticipated to be received from the United States Department of Labor for a State Apprenticeship Expansion Grant Program to expand access to work-based learning opportunities to address workforce shortages in key industries by increasing the number of registered apprenticeship programs, expanding participation among employers, and creating career pathways for new and current workers.

Agriculture Commissioner

- September 30, 2026, to increase other funds spending authority by $1,434,215 from the Agricultural Products Utilization Fund to pay outstanding prior biennium obligations of the Agricultural Products Utilization Commission.
- September 30, 2026, to increase other funds spending authority by $97,000, including $44,000 in the grants line item and $53,000 in the operating expenses line item, to expand the Pride of Dakota Program.

Legislative Assembly

- September 30, 2026, to increase special funds spending authority in the operating expenses line item by $28,200 as a result of the Legislative Assembly receiving a grant from the National Conference of State Legislatures for reimbursing legislators for the cost of personal safety and security-related expenses of up to $200 per legislator.

BUDGET SECTION DIVISIONS

Budget Section divisions were established for the purpose of reviewing agency-specific budget information and other budget-related areas to assist in preparing for the regular legislative session. The divisions met after each Budget Section meeting. The following is a summary of the actions of each division.

Leadership

The Leadership Division reviewed state budget information, including:

- State revenue and appropriation trends, major special fund balances, and revenue distributions for the 2025-27 biennium.
- General Fund revenue forecasts, individual income tax collections, and the preliminary budget outlook for the 2027-29 biennium.
- Oil and gas production, tax collections, and industry outlooks, including factors affecting future state revenues.
- Investment returns and cash management practices for the General Fund, Legacy Fund, Budget Stabilization Fund, and other state funds.
- Federal funding changes, State Fiscal Recovery Fund expenditures, and potential funding reallocations.
- The status of major state capital projects, including the new State Hospital, Capitol grounds improvements, and deferred maintenance projects.
- Agency compliance with legislative intent, including one-time funding items and transfers authorized by the Legislative Assembly.
- The Public Employees Retirement System actuarial valuation and estimated future state contribution requirements.
- State workforce trends and Legislative Council staffing.
- The status and future plans for the Rural Health Transformation Program.
- Agricultural economic conditions including crop production, commodity prices, the cattle industry outlook, and federal farm programs affecting North Dakota farm income.
- Bank of North Dakota lines of credit for state agencies, including anticipated outstanding balances at the end of the 2025-27 biennium.

The division also received updates on the Cash Management Board's recommendations for improving investment returns and the efforts of the interim Legislative Task Force on Government Efficiency to improve agency performance and operational efficiency.

Government Operations

The Government Operations Division received budget and program updates from:

- DOT regarding the Flexible Transportation Fund, federal transportation funding, and planning and construction updates.
- The Agriculture Commissioner regarding major programs and funds, including the Agricultural Products Utilization Commission, the North Dakota Trade Office, the Board of Animal Health, the Wildlife Services Program, the Pipeline Restoration and Reclamation Oversight Program, Postproduction Royalty Oversight Program, and the Agriculture Diversification and Development Fund.
- The Tax Commissioner regarding an overview of the homestead tax credit and the disabled veterans' property tax credit, and implementation efforts of the primary residence credit.

- OMB regarding the Capitol space rent model, the State Facility Maintenance Fund, capital projects at the Governor's residence and State Capitol grounds, and the new State Hospital project.
- The Public Service Commission regarding major programs and the status of one-time funding items.
- The Adjutant General regarding North Dakota National Guard and Department of Emergency Services programs, funding amounts and sources, the status of major projects, recent disaster and emergency response activities, the status of the Dakota Access Pipeline response loan and related contingent appropriation, and significant items that may be requested for the 2027-29 biennium.

Human Resources

The Human Resources Division received budget and program updates from:

- The Council on the Arts, the Indian Affairs Commission, the Protection and Advocacy Project, the Department of Veterans' Affairs, the Veterans' Home, the Office of Administrative Hearings, and the Department of Environmental Quality, including the agencies' appropriations and major initiatives for the 2025-27 biennium.
- DOCR regarding the department's 2025-27 budget, inmate populations, and the status of major construction projects. Some inmates are housed in county jails since the department's facilities are at capacity, and the department provides reimbursements to county jails for costs incurred based on agreements with county jails. A new Heart River Correctional Center to house female inmates is anticipated to be completed in September 2027 at a cost of $127 million, and preliminary designs for a new minimum security facility to replace the Missouri River Correctional Center were completed in June 2026.
- DHHS regarding the department's 2025-27 biennium budget, which is comprised of 82 percent for payments to vendors, providers, and individuals, 4 percent for administration salaries, 7 percent for direct care salaries, 3 percent for operating expenses and capital assets, and 4 percent for information technology services. The department anticipates a shortfall of approximately $35.5 million for child care programs and plans to address the shortfall by limiting part-time child care payments, decreasing the maximum payment rates, using available federal Temporary Assistance for Needy Families Program funds, and creating a wait list for the program.
- DHHS regarding new requirements to the federal Supplemental Nutrition Assistance Program approved in the federal "One Big Beautiful Bill Act." Provisions of the Act require states to contribute more funding if the state's error rate is 6 percent or more. The department anticipates the state may be required to contribute 15 percent, or approximately $39 million per biennium, because North Dakota's preliminary error rate for fiscal year 2026 is 13 percent. The department has reviewed quality control procedures, increased training for staff, and implemented correction action plans for certain human service zones to reduce the payment error rate.
- DHHS regarding the new Rural Health Transformation Program which will provide the state with approximately $198.9 million of federal funding per year for 5 years to support rural health care initiatives through grants awarded by the department. The first round of grant funding was required to be awarded by October 30, 2026, to comply with federal requirements. Originally, DHHS planned to manage all the grants and obligated $37.3 million to recipients through August 2026. In October 2026, DHHS will transfer the remaining $161.6 million to anchor partners which fulfills the federal obligation requirements and follows the same process being used in all other states. The anchor partners will manage the grant funding and may use up to 10 percent for administrative costs.
- DHHS regarding updates on the construction of the new State Hospital, which is anticipated to open in May 2028 with an expected total cost of $293.7 million, and on the status of behavior health facility projects in Bismarck, Grand Forks, and Williston.

Education and Environment

The Education and Environment Division received budget and program updates from the University System, Center for Distance Education, CTE, and DWR.

The division received information from the University System regarding:

- Personnel by campus in the University System.
- Higher education enrollment trends.
- Workforce education innovation grant funding used to expand nursing education at multiple campuses.
- The establishment of a cybersecurity and artificial intelligence degree at Dickinson State University.
- The establishment of new health care training programs at Williston State College.
- Dual credit in the state.
- Higher education tuition waivers.

The Department of Water Resources reported:

- Of the $570.1 million of appropriation authority continued from prior bienniums, $315.7 million has been expended, $219.1 million is obligated for various projects, and $35.3 million, primarily appropriated for flood control, is unobligated.
- The department has not drawn on the $260 million Bank of North Dakota line of credit available for water projects, but expects to draw $54.9 million from the $100 million line of credit authorized to support the Water Infrastructure Revolving Loan Fund.

The division also received information regarding the:

- Status of career and technical education centers. The Legislative Assembly appropriated $121.1 million for the Statewide Area Career Center Initiative Grant Program. Grants, ranging from $1.1 million to $13.7 million, were awarded to facilities in 13 communities.
- Estimated fiscal impact of the constitutional initiative on the November 2026 ballot, which requires free breakfast and lunch for every student is approximately $133.8 million for the 2027-29 biennium.
- Oil extraction tax exemption for stripper wells.

Commerce and Legal Services

The Commerce and Legal Services Division received budget and program updates from the:

- Department of Commerce regarding the department's 2027-29 biennium base budget, a report regarding grant programs administered by the department pursuant to Section 54-60-33, the Tourism Destination Development Grant Program, the North Dakota Development Fund, grant and loan program processes, administration of workforce programs, and housing assistance programs. The department reported 106 applications were received from 50 communities totaling $153.2 million for the Tourism Destination Development Grant Program. The department awarded the entire $15 million appropriation to 23 community projects, including $4 million for a project that was declined by the grant recipient. The department reported the $4 million would be awarded to a new applicant.
- Attorney General regarding the agency's 2027-29 biennium base budget, the statewide litigation funding pool, State Crime Laboratory, BCI, Medicaid Fraud Control Unit, and the Gaming Division, including recent charitable gaming activities and trends in the state. The Attorney General reported a settlement was reached in June 2026 with the federal Department of Justice for the $28 million previously awarded by a trial court related to the Dakota Access Pipeline lawsuit and that the settlement proceeds will be used for the repayment of Bank of North Dakota loans and attorney fees associated with the Dakota Access Pipeline protests.

Regulatory

The Regulatory Division received budget and program updates related to the Industrial Commission and the entities under its control, including the:

- Housing Finance Agency serviced 14,000 mortgages in 2025, awarded $25 million from the Housing Incentive Fund for housing projects, and awarded $4.6 million of the $9.85 million appropriated for homelessness programs.
- Department of Mineral Resources reported the average completed lateral footage per oil well reached an all-time high of 13,400 feet per well in January 2026, but oil prices were volatile due to a conflict in the Middle East. The Industrial Commission approved $45.1 million for six enhanced oil recovery projects, including $25 million provided by the Legislative Assembly for the 2025-27 biennium, and is managing 108 open grants with total committed funding of $165 million.
- Bank of North Dakota reported net income of $231.8 million in 2025, an agricultural loan portfolio which exceeded $1 billion for the first time in 2025, and a shrinking deposit base which may limit the amount the Bank is able to lend.
- North Dakota Pipeline Authority provided an update on natural gas transmission projects, including state support of up to $500 million over 10 years for a proposed natural gas pipeline project by WBI Energy.