

BUDGET SECTION

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

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

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

Budget Section members were Senators Terry M. Wanzek (Chairman), Brad Bekkedahl, Dick Dever, Robert Erbele, John Grabinger, Joan Heckaman, David Hogue, Ray Holmberg, Jerry Klein, Karen K. Krebsbach, Gary A. Lee, Tim Mathern, Dave Oehlke, Nicole Poolman, Larry J. Robinson, Ronald Sorvaag, and Rich Wardner and Representatives Bert Anderson, Thomas Beadle, Larry Bellew, Tracy Boe, Josh Boschee, Mike Brandenburg, Jeff Delzer, Karla Rose Hanson, Richard G. Holman, Michael Howe, Keith Kempenich, Lawrence R. Klemin, Gary Kreidt, Scott Louser, Bob Martinson, Lisa Meier, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Chet Pollert, Mark Sanford, Mike Schatz, Jim Schmidt, Randy A. Schobinger, and Don Vigasaa.

The following duties assigned to the Budget Section by law or by Legislative Management directive were acted on or reports were received during the 2019-20 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. **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 State Board of Higher Education (SBHE) which are financed by donations, gifts, grants, and bequests. Budget Section approval may be provided only when the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session. The Budget Section approval must include a specific dollar limit for each campus improvement or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of \$700,000 or less and the sale of real property received by gift or bequest may be authorized by the board. Any new building or an addition to an existing building with a cost of more than \$700,000 requires approval by the Legislative Assembly.
3. **Sources of funds received for construction projects of entities under the control of SBHE (Section 15-10-12.3)** - This section requires each institution under the control of SBHE undertaking a capital construction project approved by the Legislative Assembly and for which local funds are to be used to present a biennial report to the Budget Section detailing the source of all funds used in the project.
4. **SBHE's semiannual project variance reports (Section 15-10-47)** - This section requires the Office of Management and Budget (OMB) to provide to the Budget Section upon request information relating to SBHE's semiannual project variance reports regarding construction projects valued at more than \$250,000.

5. **Annual report from the NDSU Main Research Center (Section 15-12.1-05)** - This section requires, within the duties of the NDSU Main Research Center, an annual report to be provided to the Budget Section regarding any adjustments or increases of FTE positions.
6. **Status of the State Board of Agricultural Research and Education (SBARE) (Section 15-12.1-17(10))** - This section requires, within the duties of SBARE, a status report to be provided to the Budget Section.
7. **Legacy and Budget Stabilization Fund Advisory Board semiannual reports (Section 21-10-11)** - This section requires the Legacy and Budget Stabilization Fund Advisory Board to provide at least semiannual reports to the Budget Section regarding asset allocation and investment policies developed for the legacy and budget stabilization funds as well as recommendations presented to the State Investment Board regarding investment of funds in the legacy and budget stabilization funds.
8. **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.
9. **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.
10. **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.
11. **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.
12. **Report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1)** - This section requires the Commissioner of the Board of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for unclaimed property belonging to that agency within 1 year of receipt of the certified mail notification.
13. **Relinquishment of agency rights to recover property (Section 47-30.1-24.1)** - This section provides each state agency that does not submit a claim for unclaimed property belonging to that agency within 1 year of receipt of the certified mail notification relinquishes its right to recover the property upon approval of the Budget Section.
14. **Change or expansion of state building construction projects (Section 48-01.2-25)** - This section provides a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session, excluding the 6 months prior to a regular legislative session and the 3 months following the close of a regular session.
15. **Job insurance trust fund (Section 52-02-17)** - This section requires Job Service North Dakota 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.
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. **Acceptance and expenditure of federal funds of more than \$50,000 which were not appropriated. (Section 54-16-04.1)**
 - a. Acceptance of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. Expenditure of federal funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 of federal funds which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money.
19. **Acceptance and expenditure of other funds of more than \$50,000 which were not appropriated. (Section 54-16-04.2)**
 - a. Acceptance of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to accept more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
 - b. Expenditure of other funds - This section requires Budget Section approval for any Emergency Commission action authorizing a state officer to spend more than \$50,000 from gifts, grants, donations, or other sources which were not appropriated, and the Legislative Assembly has not indicated intent to reject the money or programs.
20. **Transfers exceeding \$50,000 (Section 54-16-04(2))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
21. **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.
22. **Transfers of spending authority from the state contingencies appropriation exceeding \$50,000 (Section 54-16-09)** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than \$50,000 from the state contingencies line item to the appropriate line item in the appropriation of the state officer who requested the transfer. Budget Section approval is not required if the transfer is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state. A total of \$500,000 was provided for the 2019-21 biennium.
23. **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.
24. **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.
25. **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 provisions 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.
26. **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.
27. **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.

28. **Reports from state agencies that applied for federal grants estimated to be \$25,000 or more (Section 54-27-27)** - This section requires OMB to present at each meeting of the Budget Section reports received from state agencies other than entities under the control of SBHE which have applied for federal grants estimated to be \$25,000 or more.
29. **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.
30. **Three Affiliated Tribes of the Fort Berthold Reservation investment of oil and gas tax receipts (Section 57-51.2-02)** - This section provides the Budget Section receive a report from the Three Affiliated Tribes annually regarding investment of oil and gas tax receipts in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.
31. **Hub city annual report on use of funding received from allocations from the oil and gas gross production tax (Section 12 of House Bill No. 1358 (2013))** - This bill provides the Budget Section receive a report from a representative of a hub city annually on the use of funding received from allocations from the oil and gas gross production tax under Section 57-51-15.
32. **Report regarding any transfers between line items in excess of \$50,000 (Section 10 of Senate Bill No. 2012 (2019))** - This section requires the Department of Human Services (DHS) to report to the Budget Section after June 30, 2020, on any transfers in excess of \$50,000 made during the 2019-21 biennium between line items within subdivisions 1, 2, and 3 of Senate Bill No. 2012.
33. **Red River Valley Water Supply Project approval (Section 14 of Senate Bill No. 2020 (2019))** - This bill requires the Budget Section to approve certification from the State Water Commission that certain project plan criteria have been met for the Red River Valley Water Supply Project.
34. **Federal funds report** - Receive a report from the Legislative Council staff in the fall of 2020 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.
35. **Agriculture research and related entities FTE positions (Section 8 of House Bill No. 1020 (2019))** - This bill requires SBHE to report to the Budget Section annually regarding any adjustments made to the number of FTE positions authorized for the NDSU Extension Service, Northern Crops Institute, Upper Great Plains Transportation Institute, Main Research Center, Branch Research Centers, and Agronomy Seed Farm.
36. **National Guard service member, veteran, family, and survivor support program (Section 1 of House Bill No. 1101 (2019))** - This bill created Section 37-03-18 to require 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 that exceed \$500,000.
37. **Report from the governor on federal and other funds received (Section 3 of Senate Bill No. 2001 (2019))** - This bill requires the Governor's office to provide a report to the Budget Section regarding the source, amount, and purpose of any additional income from federal or other funds received. This report also was required in Section 4 of House Bill No. 1001 (2017).
38. **Department of Trust Lands investment performance (Section 6 of House Bill No. 1013 (2019))** - This bill created Section 15-02-08.1 to require the Department of Trust Lands to provide annual reports to the Budget Section regarding the investment performance of funds under its control.
39. **Consider specific criteria for actions, projects, and transfers (Section 15 of Senate Bill No. 2055 (2019))** - This bill created Section 54-35-02.9 to require the Budget Section to review specific criteria when considering an item before the Budget Section.

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 2020 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 (December 2020).

3. **District court reporters (Section 18 of House Bill No. 1002 (2019))** - This bill requires the judicial branch to study the need for 1 FTE court reporter position for each district court judgeship and to provide a report to the Budget Section by December 31, 2020.

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 2019-20 interim:

1. **Bank of North Dakota loans (Section 6-09-15.1)** - This section requires OMB to provide a report to the Budget Section regarding any loans obtained from the Bank of North Dakota when the balance in the state general fund is insufficient to meet legislative appropriations. The total principal of any loans may not exceed \$50 million.
2. **Investment in real property by the Board of University and School Lands (Section 15-03-04)** - This section provides Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
3. **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.
4. **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.
5. **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.
6. **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.
7. **Termination of food stamp program (Section 50-06-05.1(16))** - This section provides, subject to Budget Section approval, DHS may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
8. **Termination of energy assistance program (Section 50-06-05.1(18))** - This section provides, subject to Budget Section approval, DHS may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
9. **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.
10. **Transfers resulting in program elimination (Section 54-16-04(1))** - This section provides, subject to Budget Section approval, the Emergency Commission may authorize a transfer which would eliminate or make impossible the accomplishment of a program or objective for which funding was provided by the Legislative Assembly.
11. **Acceptance of federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4))** - This section provides, upon approval by the Emergency Commission and Budget Section, the state may accept any federal funds made available to the state which are not for a specific purpose or program and which are not required to be spent prior to the next regular legislative session for deposit into a special fund until the Legislative Assembly appropriates the funds.
12. **Cashflow financing (Section 54-27-23)** - This section provides to meet the cashflow needs of the state, OMB may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cashflow financing, subject to certain limitations, must be approved by the Budget Section.

13. **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.
14. **Purchases of "put" options (Section 54-44-16)** - This section requires OMB to report any purchases of "put" options to the Budget Section.
15. **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 organizational session.
16. **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.
17. **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.
18. **Requests by the Information Technology Department (ITD) to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires ITD to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of \$1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.
19. **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.
20. **Federal block grant hearings (House Concurrent Resolution No. 3001 (2019))** - This resolution authorizes the Budget Section, through September 30, 2021, to hold any required legislative hearings for federal block grants.
21. **Western Area Water Supply Authority loan payment (Section 10 of House Bill No. 1020 (2017))** - This section requires the State Water Commission to obtain Budget Section approval to make a payment to the Bank of North Dakota relating to a Western Area Water Supply Authority defaulted consolidation loan payment.
22. **SBHE tuition increases (Section 33 of House Bill No. 1003 (2019))** - This bill requires SBHE to obtain Budget Section approval of any tuition rate increases of more than 4 percent for the 2019-20 or 2020-21 academic years.
23. **Industrial Commission contingent FTE positions (Section 7 of House Bill No. 1014 (2019))** - This bill requires Budget Section approval for the Industrial Commission to spend \$229,544 to hire 2 FTE positions if the total number of oil wells capable of production and injection exceed 20,800.
24. **Theodore Roosevelt Presidential Library and Museum grant (Section 5 of Senate Bill No. 2001 (2019))** - This bill requires the Governor's office to provide a report to the Budget Section that includes the certification from a private entity that \$100 million in cash donations and binding pledged donations have been raised for the construction of a presidential library and museum and for grants to affected entities.
25. **Theodore Roosevelt Presidential Library and Museum loan (Section 8 of Senate Bill No. 2001 (2019))** - This bill requires the Governor's office to provide a report to the Budget Section within 30 days of applying for a loan for an endowment for the Theodore Roosevelt Presidential Library and Museum.
26. **Report regarding any transfers between line items in excess of \$50,000 (Section 11 of Senate Bill No. 2012 (2019))** - This section requires DHS to report to the Budget Section after June 30, 2020, on any transfers in excess of \$50,000 made during the 2019-21 biennium from line items within subdivisions 1, 2, and 3 to line items in subdivision 4 of Senate Bill No. 2012.
27. **State Water Commission expenditure of additional amounts that become available in the resources trust fund and the water development trust fund in excess of the 2019-21 biennium appropriation (Section 4 of Senate Bill No. 2020 (2019))** - This bill requires Budget Section approval for State Water Commission expenditure of funds that become available in the resources trust fund and the water development trust fund in excess of 2019-21 biennium appropriations.

28. **Western Area Water Supply Authority loan payment (Section 10 of House Bill No. 1020 (2017))** - This bill requires the State Water Commission to obtain Budget Section approval for a payment of a Western Area Water Supply Authority defaulted consolidation loan payment.
29. **Red River Valley Water Supply Project funding designations (Section 14 of Senate Bill No. 2020 (2019))** - The section requires the Budget Section to approve changes between funding designations for the Red River Valley Water Supply Project.

**OFFICE OF MANAGEMENT AND BUDGET
2017-19 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 2017-19 biennium:

Unobligated general fund balance - July 1, 2017		\$65,000,000
Balance obligated for authorized carryover from the 2015-17 biennium		99,271,093
Total beginning general fund balance - July 1, 2017		\$164,271,093
Add		
General fund collections		4,913,448,662
Total revenues available		\$5,077,719,755
Less		
Legislative appropriations - One-time	(\$14,638,226)	
Legislative appropriations - Ongoing	(4,295,624,415)	
Authorized carryover from previous biennium	(99,271,093)	
2019-21 authority spent in 2017-19 pursuant to emergency clause	(106,000)	
Deficiency and supplemental appropriations	(115,560,181)	
Unspent authority	61,389,781	
Total appropriations		(4,463,810,134)
General fund balance - June 30, 2019 - Before transfers		\$613,909,621
Transfer to budget stabilization fund ¹		(548,010,854)
Other transfers and adjustments		(898,767)
Ending general fund balance - June 30, 2019		\$65,000,000

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

2017-19 Biennium General Fund Turnback

The Budget Section received a report from OMB on the 2017-19 biennium agency unspent general fund appropriation amounts (turnback). Unspent 2017-19 biennium general fund appropriation authority totaled approximately \$51.9 million. The Department of Public Instruction had turnback of \$12.4 million, which was a result of reduced state school aid spending due to lower than anticipated enrollment growth, and DHS had turnback of \$14.1 million, which primarily related to lower than anticipated cost and caseload levels. In addition to the turnback amounts, \$9.5 million of general fund appropriation authority for the Theodore Roosevelt Presidential Library and Museum project was canceled on December 31, 2018.

2017-19 Biennium Capital Construction Carryover

The Budget Section received a report from OMB on 2017-19 biennium capital construction carryover. The Office of Management and Budget reported funding of \$57.1 million for the 2017-19 biennium was continued into the 2019-21 biennium. Of the total amount, \$31.4 million was for the continuation of federal funding authority for the National Guard Fargo Readiness Center project.

2019-21 Status of the General Fund

At each Budget Section meeting, a representative of OMB reviewed the status of the state general fund and revenue collections for the 2019-21 biennium. The following is a summary of the status of the state general fund, based on actual revenue collections through August 2020, and reflecting the 2019 legislative forecast for the remainder of the 2019-21 biennium:

Unobligated general fund balance - July 1, 2019		\$65,000,000
Balance obligated for authorized carryover from the 2017-19 biennium		130,404,813
Total beginning general fund balance - July 1, 2019		\$195,404,813
Add		
General fund collections to date	\$3,276,912,351	
Remaining forecasted general fund collections	1,622,758,285	
Total estimated general fund collections		4,899,670,636
Total estimated revenues available		\$5,095,075,449
Less		
Legislative appropriations - One-time	(\$48,639,068)	
Legislative appropriations - Ongoing	(4,794,924,098)	
Authorized carryover from previous biennium	(130,404,813)	
2019-21 biennium authority spent in 2017-19 pursuant to emergency clause	106,000	
Total appropriations		(4,973,861,979)
Estimated ending general fund balance - June 30, 2021 - Before transfers		\$121,213,470
Transfer to budget stabilization fund ¹		0
Estimated ending general fund balance - June 30, 2021		\$121,213,470

¹Pursuant to Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations. The budget stabilization fund is estimated to be at the maximum balance at the end of the 2019-21 biennium.

The Budget Section was informed as of August 2020, the balance in the budget stabilization fund was \$726.9 million, the balance in the legacy fund was \$7.0 billion, the balance in the foundation aid stabilization fund was \$376.0 million, the balance in the tax relief fund was \$290.5 million, and the unobligated balance in the strategic investment and improvements fund was \$94.9 million.

2019-21 Biennium Revised Revenues

The Budget Section received OMB's September 2020 revised 2019-21 biennium general fund revenue forecast. The revised revenue forecast includes an increase of \$88.3 million of general fund revenue compared to the 2019 legislative forecast for the 2019-21 biennium. The following is a summary of the revised revenue forecast:

Tax Type	2019 Legislative Forecast	September 2020 Revised Revenue Forecast	Increase (Decrease)
Sales and use taxes	\$1,868,262,000	\$1,771,298,564	(\$96,963,436)
Motor vehicle excise tax	249,951,800	225,871,814	(24,079,986)
Individual income tax	803,305,000	792,937,603	(10,367,397)
Corporate income tax	132,268,000	178,960,333	46,692,333
Insurance premium tax	72,944,050	94,520,219	21,576,169
Oil and gas taxes	400,000,000	400,000,000	0
Gaming tax	7,511,200	28,304,238	20,793,038
Lottery	12,245,000	10,222,500	(2,022,500)
Cigarette and tobacco tax	47,838,000	48,670,505	832,505
Wholesale liquor tax	18,703,000	18,268,734	(434,266)
Coal conversion tax	41,438,000	42,398,724	960,724
Mineral leasing fees	38,000,000	29,368,017	(8,631,983)
Departmental collections	91,521,566	78,964,720	(12,556,846)
Interest income	10,000,000	28,272,315	18,272,315
State Mill transfer	13,400,000	10,923,841	(2,476,159)
Bank of North Dakota transfer	140,000,000	140,000,000	0
Legacy fund transfer	100,000,000	235,630,000	135,630,000
Tax relief fund transfer	8,600,000	8,600,000	0
Strategic investment and improvements fund transfer	764,400,000	764,400,000	0
Gas tax administration	1,991,024	1,991,418	394
Miscellaneous revenue	581,000	1,643,059	1,062,059
Total revenues	\$4,822,959,640	\$4,911,246,604	\$88,286,964

2019-21 Oil Tax Revenue Allocations

The Budget Section received OMB's revised 2019-21 biennium oil tax revenue forecast in September 2020. The revised estimated oil tax revenue is \$1.4 billion less than the 2019 legislative forecast. The revised forecast estimates an average North Dakota price of \$32 per barrel of oil the rest of the biennium. The following schedule compares total oil tax allocations under the revised forecast:

	2019-21 Biennium Legislative Forecast	2019-21 Biennium Revised Revenue Forecast	Increase (Decrease)
Total oil tax allocations	\$4,851,193,101	\$3,415,479,818	(\$1,435,713,283)

Preliminary 2021-23 Revenue Forecast

The Budget Section received the OMB preliminary revenue forecast for the 2021-23 biennium. The following schedule details the preliminary 2021-23 biennium general fund revenue forecast with the revised 2019-21 biennium general fund revenue forecast for major tax types:

	2019-21 Biennium Revised Revenue Forecast	2021-23 Biennium Preliminary Forecast	Increase (Decrease)
Sales and use taxes	\$1,771,298,564	\$1,700,264,000	(\$71,034,564)
Motor vehicle excise tax	225,871,814	237,728,000	11,856,186
Individual income tax	792,937,603	782,127,000	(10,810,603)
Corporate income tax	178,960,333	189,033,000	10,072,667
Total	\$2,969,068,314	\$2,909,152,000	(\$59,916,314)

The preliminary 2021-23 biennium revenue forecast prepared by OMB includes estimated oil tax revenue of \$3.0 billion, \$382.8 million less than the 2019-21 biennium revised forecast and \$1.8 billion less than the 2019 legislative forecast. The preliminary 2021-23 biennium revenue forecast estimates an average North Dakota oil price of \$34.50 per barrel in the 1st year of the 2021-23 biennium and to \$36 per barrel in the 2nd year of the biennium. Oil production is forecasted to remain at 1.25 million barrels per day through the end of the of 2021-23 biennium.

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 2019		
Department of Human Services	Workload adjustment	\$8,260
Information Technology Department	Workload adjustment	\$2,394
Department of Human Services	Equity adjustment	\$1,000
Department of Commerce	Workload adjustment	\$4,000
Department of Human Services	Workload adjustment	\$980
Governor's office	Workload adjustment	\$1,500
Department of Human Services	Workload adjustment	\$1,300
Department of Human Services	Equity adjustment	\$1,400
Department of Commerce	Workload adjustment	\$543
Department of Commerce	Workload adjustment	\$797
Department of Human Services	Equity adjustment	\$996
Department of Human Services	Workload adjustment	\$2,835
Securities Department	Equity increase	\$1,655
Judicial branch	Workload adjustment	\$1,074
Department of Human Services	Workload adjustment	\$906
Department of Trust Lands	Severance package	\$14,840
September 2019		
North Dakota Vision Services - School for the Blind	Summer teaching contracts	\$17,973
North Dakota Vision Services - School for the Blind	Balance of contract for employees who resigned or retired	\$13,715
Attorney General's office	Employee reclassification	\$1,495
Tax Department	Employee reclassification	\$1,696
Judicial branch	Workload adjustment	\$529
Bank of North Dakota	Promotions and workload adjustments	\$1,381
Department of Commerce	Workload increase	\$4,200
State Historical Society	Retroactive workload adjustment	\$500
Attorney General's office	Promotion	\$800
Department of Human Services	Employee reclassification	\$802
Department of Human Services	Temporary workload increases	\$2,367
Department of Human Services	Equity increases	\$8,686
Department of Human Services	Employee reclassification	\$1,025
Office of Management and Budget	Severance package	\$26,106
Department of Human Services	Reduction in force	\$71,932
Public Service Commission	Reduction in force	\$2,000

Agency	Description	Amount
December 2019		
Department of Transportation	Temporary workload adjustment	\$5,000
State Treasurer's office	Temporary workload adjustments for three employees	\$2,250
Commission on Legal Counsel for Indigents	Temporary workload adjustment	\$750
Department of Human Services	Equity adjustment	\$1,365
Parks and Recreation Department	Temporary workload adjustments for three employees	\$4,500
Attorney General's office	Equity adjustment	\$1,000
Department of Human Services	Equity adjustments for two employees	\$5,922
Department of Human Services	Workload increase	\$700
March 2020		
Department of Career and Technical Education	Temporary workload adjustment	\$600
Secretary of State's office	Workload increase	\$1,635
Department of Human Services	Temporary workload increase	\$900
Department of Human Services	Workload increases	\$1,139
Department of Corrections and Rehabilitation	Contract adjustments	\$2,806
Department of Commerce	Temporary workload increase	\$827
Parks and Recreation Department	Temporary workload increase	\$772
State Department of Health	Severance pay	\$31,622
June 2020		
Attorney General's office	Increase in responsibilities	\$1,477
Attorney General's office	Duties performed while on unpaid leave	\$819
Retirement and Investment Office	Retroactive pay	\$6,948
Department of Human Services	Workload adjustments for six employees	\$10,510
Department of Corrections and Rehabilitation	Workload adjustment	\$944
September 2020		
North Dakota Vision Services - School for the Blind	Payment of contract after employee resignation	\$7,332
Highway Patrol	Payout of excess annual leave	\$7,756
North Dakota Vision Services - School for the Blind	Work days in excess of contract	\$6,742
Department of Career and Technical Education	Temporary workload adjustments	\$3,027
Department of Human Services	Additional payment for licensure	\$1,196
Department of Human Services	Workload increase	\$2,260
Council on the Arts	Temporary workload adjustments	\$2,550

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 2019-21 biennium to date through June 2020, approximately \$21.4 million had been received by the state and deposited in the tobacco settlement trust fund. The entire \$21.4 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 \$517.5 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.

Voluntary Separation Incentive Program

The Office of Management and Budget reported to the Budget Section in June 2019 regarding the status of the voluntary separation incentive program. The Office of Management and Budget reported from January 2019 through May 2019, 35 state employees received severance payments totaling \$616,823.

Deficiency Appropriations

The Office of Management and Budget reported to the Budget Section in September 2020 regarding anticipated deficiency appropriations for the 2019-21 biennium. The Office of Management and Budget reported five agencies anticipate requesting deficiency appropriations totaling \$34.2 million from the 2021 Legislative Assembly. The Office of Management and Budget anticipates requesting \$400,000 for expenditures related to a federal voting lawsuit; the Adjutant General anticipates requesting \$29.1 million for disaster costs; the Attorney General anticipates requesting \$175,000 for a lawsuit related to corporate farming laws; the Tax Department anticipates requesting \$4 million for the homestead tax credit and disabled veterans' tax credit programs; and NDSU anticipates requesting \$475,000 for a lawsuit relating to the A. Glenn Hill Center construction project.

Federal Grant Applications

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

Agency	Time Period of Grant	Amount
June 2019		
Adjutant General's office	October 2019 - September 2020	\$1,200,000
Adjutant General's office	July 2019 - March 2022	\$1,326,425
Department of Agriculture	July 2019 - June 2021	\$310,660
Department of Public Instruction	October 2019 - September 2024	\$500,000
Department of Public Instruction	July 2019 - July 2024	\$35,000,000
Department of Transportation	April 2019 - June 2023	\$3,670,342
Department of Transportation	October 2019 - November 2025	\$40,000,000
September 2019		
Industrial Commission	October 2019 - October 2024	\$51,092
Game and Fish Department	October 2019 - September 2020	\$40,000
Department of Transportation	November 2019 - September 2026	\$22,968,650
December 2019		
Department of Human Services	January 2020 - December 2022	\$20,850,542
Attorney General's office	January 2020 - December 2022	\$442,908
Attorney General's office	August 2019 - September 2021	\$376,010
March 2020		
State Historical Society	September 2020 - August 2021	\$224,220
Department of Transportation	Fall 2020 - Project completion	\$45,000,000
June 2020		
Office of Management and Budget	June 2020 - September 2022	\$5,932,707
Attorney General's office	October 2020 - September 2023	\$270,000
Attorney General's office	October 2020 - September 2021	\$100,000
Attorney General's office	January 2020 - January 2022	\$2,082,871
Attorney General's office	October 2020 - September 2021	\$100,000
Attorney General's office	October 2020 - September 2023	\$200,000
Department of Human Services	May 2020 - April 2021	\$300,000
Department of Human Services	May 2020 - September 2021	\$2,000,000
Department of Human Services	May 2020 - September 2021	\$800,000
Department of Human Services	Date awarded - June 2020	\$160,572
Department of Human Services	Date awarded up to 3 years	\$1,000,000
Department of Human Services	July 2020 - June 2021	\$200,000
Department of Career and Technical Education	July 2020 - June 2025	\$9,000,000
Housing Finance Agency	July 2019 - June 2020	\$45,055
Housing Finance Agency	October 2019 - September 2021	\$94,000
Department of Transportation	3 years from when funding becomes available	\$30,114,650
September 2020		
Department of Public Instruction	2020 through 2025	\$2,100,000
Industrial Commission	Up to 5 years	\$26,157

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 2019		
Attorney General's office	October 2018 - September 2020	\$945,771
September 2019		
Department of Agriculture	July 2019 - June 2021	\$310,658
Department of Transportation	July 2019 - June 2021	\$6,511,000
December 2019		
Attorney General's office	January 2020 - December 2022	\$442,908
Attorney General's office	August 2019 - September 2021	\$376,010
Game and Fish Department	October 2019 - September 2020	\$40,000
March 2020		
Department of Transportation	Not reported	\$241,687
June 2020		
Office of Management and Budget	June 2020 - September 2022	\$5,932,707
Department of Human Services	May 2020 - September 2021	\$2,000,000

Agency	Time Period of Grant	Amount
Department of Human Services	May 2020 - April 2021	\$300,000
Department of Human Services	Date awarded - June 2020	\$160,572
September 2020		
Department of Human Services	Date awarded up to 3 years	\$889,285
Department of Commerce	July 2019 - June 2022	\$694,317
Department of Transportation	January 2021 - December 2024	\$17,250,000

Prepayment of Planning Fees - Highway Patrol Training Academy

The Office of Management and Budget reported to the Budget Section regarding a request to use funds from the preliminary planning revolving fund for prepayment of consulting and planning fees for capital improvements pursuant to Section 54-27-22. Money in the revolving fund is available for studies, planning, architectural programming, schematic designs, and cost estimates relating to proposed new capital improvements and major remodeling of existing facilities. Any funds distributed for approved projects will be repaid to the capital improvements preliminary planning revolving fund if the project is approved and funds are appropriated for the project. The Office of Management and Budget recommended up to \$80,000 from the revolving fund be used by the Highway Patrol for prepayment of planning fees for the construction of a new public safety training facility with options to locate additional entities in the facility or for the renovation of the existing law enforcement training academy facility. House Bill No. 1011 (2019) directed the Highway Patrol to develop alternatives to relocate the housing and classroom portions of the law enforcement training academy. The Budget Section approved the request. As of September 2020 the balance of the preliminary planning revolving fund is \$94,000.

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

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

In October 2020, OMB reported project variance reports for University System projects as of June 30, 2020, as follows:

	Number of Projects	Project Authorization	Current Contract Amounts	Contract (Over)/Under Authorization
Projects Specifically Authorized by the Legislative Assembly				
Dakota College at Bottineau	6	\$14,148,194	\$876,695	\$13,271,499
Dickinson State University	8	\$4,000,000	\$934,235	\$3,065,765
Lake Region State College	5	\$3,528,932	\$3,004,466	\$524,466
Minot State University	10	\$2,800,000	\$2,248,560	\$551,440
North Dakota State College of Science	12	\$13,298,000	\$13,137,940	\$160,060
North Dakota State University	12	\$328,872,709	\$176,124,731	\$152,747,978
University of North Dakota	64	\$254,300,000	\$100,433,677	\$153,866,323
Valley City State University	23	\$55,700,000	\$33,088,322	\$22,611,678
Projects Approved by the State Board of Higher Education				
Bismarck State College	1	\$700,000	\$545,610	\$154,390
Minot State University	2	\$6,805,000	\$6,805,000	\$0

	Number of Projects	Project Authorization	Current Contract Amounts	Contract (Over)/Under Authorization
North Dakota State University	1	\$2,500,000	\$2,218,285	\$281,715
University of North Dakota	5	\$9,213,000	\$4,085,685	\$5,127,315
Williston State College	2	\$11,500,000	\$7,867,789	\$3,632,211

GOVERNOR'S OFFICE

Additional Federal or Other Funds Received

The Governor's office reported to the Budget Section on the source, amount, and purpose of additional federal or other funds received during the 2019-21 biennium pursuant to Section 3 of Senate Bill No. 2001 (2019). The report indicated the following additional funds were received by the Governor's office through September 2020:

Source	Amount	Purpose
Greater North Dakota Association	\$15,000	Costs of holding the January 2020 State of the State address in Grand Forks
Dakota Medical Foundation	\$60,000	Costs of the Office of Recovery Reinvented
Dakota Medical Foundation	\$20,000	Costs of the Office of Recovery Reinvented
Bush Foundation	\$25,000	Costs of Governor's Summit on Innovative Education
Dakota Medical Foundation	\$10,200	Costs of the Office of Recovery Reinvented
Dakota Medical Foundation	\$60,000	Costs of the Office of Recovery Reinvented

UNIVERSITY SYSTEM

Campus Improvements

The University System requested Budget Section approval relating to the following capital construction project requests for campus improvements:

Dickinson State University

- **Softball field project** - The Budget Section **did not approve** a request from Dickinson State University pursuant to Section 15-10-12.1 to construct a new softball field with an estimated cost of \$913,000. The project would have used \$304,333 of institution extraordinary repairs funding and \$608,667 of donated funds.

North Dakota State University

- **Outdoor track project** - Pursuant to Section 15-10-12.1, the Budget Section approved a \$5 million outdoor track facility project at NDSU. The project will be paid with private donations.

Dickinson State University

- **Pulver Hall project** - Pursuant to Section 48-01.2-25, the Budget Section authorized the project scope of the Dickinson State University Pulver Hall project to increase from \$4,000,000 to \$4,284,500 to allow for the replacement of air conditioning units. The source of funding for the increase is institution extraordinary repairs funding and required matching funds.

Local Funds Report

Pursuant to Section 15-10-12.3, the Budget Section received a report on sources of funds received for construction projects of entities under the control of SBHE. The report indicated four projects--the seed conditioning plants at two NDSU Research Extension Service Centers, The Dickinson State University Theodore Roosevelt Center Project, and the Valley City State University hillside slope stabilization project, were authorized in prior bienniums and continued into the 2017-19 biennium.

The hillside slope stabilization project was completed in June 2018 and the seed conditioning plants were anticipated to be completed by June 2020. The Theodore Roosevelt Center Project was canceled in December 2018.

ANNUAL FULL-TIME EQUIVALENT POSITION REPORT

North Dakota State University Main Research Center

The NDSU Main Research Center reported to the Budget Section regarding FTE position adjustments made at the Main Research Center pursuant to Section 15-12.1-05. The Main Research Center added 2.45 FTE positions between December 1, 2018, and November 30, 2019, resulting in a total of 241.25 FTE positions as of November 30, 2019.

Branch Research Centers and Agronomy Seed Farm

The branch research centers reported no changes in FTE positions were made between December 1, 2018, and November 30, 2019, maintaining a total of 109.50 FTE positions as of November 30, 2019. The Agronomy Seed Farm reported no changes in FTE positions were made between December 1, 2018, and November 30, 2019, maintaining a total of 3 FTE positions as of November 30, 2019.

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 2.90 FTE positions between December 1, 2018, and November 30, 2019, resulting in a total of 240.75 FTE positions as of November 30, 2019.

Northern Crops Institute

The Northern Crops Institute reported to the Budget Section regarding the FTE position adjustments made at the Northern Crops Institute pursuant to Section 11-38-12. The Northern Crops Institute added 2 FTE positions between December 1, 2018, and November 30, 2019, resulting in a total of 14.80 FTE positions as of November 30, 2019.

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, 2018, and November 30, 2019, resulting in a total of 43.88 FTE positions as of November 30, 2019.

STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION

Status Report

The State Board of Agricultural Research and Education submitted a report to the Budget Section in June 2020 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 National Guard Service Member, Veteran, Family, and Survivor Support Program. The program allows the Adjutant General to accept and expend funds from the North Dakota National Guard Foundation or any similar foundation, offered or tendered, for the benefit of the North Dakota National Guard Service Member, Veteran, Family, and Survivor Support Program. Any funds received are deposited in a special fund and are appropriated on a continuing basis to the Adjutant General to be used for the program. Expenditures from the fund may not exceed \$500,000 per biennium unless approved by the Emergency Commission and the Budget Section.

The Adjutant General reported in September 2020, \$2,500 of grant funding was received to address veterans' needs relating to the Coronavirus (COVID-19). Of this amount, \$885 was used to purchase masks and other sanitizing items which were used at events supporting veterans.

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 58 cities have a renaissance zone, 8 of which have established RFOs. The department reported approximately \$19.9 million has been invested in RFOs and \$9.9 million of tax credits have been claimed. The department reported of the \$536,134 remaining tax credits available as of September 2020, \$250,000 has been reserved for the Hope RFO, \$17,000 has been reserved for the Mayville RFO, and the remaining credits remain unclaimed.

The department reported the following tax credit summary as of September 2020:

Renaissance Tax Credits	Total Credits Authorized	Total Credits Claimed	Total Credits Available	
			Committed	Uncommitted
Category 1 (0 to 5,000 population)	\$1,043,366	\$586,366 ¹	\$267,000	\$190,000
Category 2 (5,001 to 30,000 population)	250,000	250,000 ²		
Category 3 (Over 30,000 population)	9,206,634	9,127,500 ³		79,134
Total	\$10,500,000	\$9,963,866	\$267,000	\$269,134

¹Category 1 cities - Casselton (\$37,500), Hazen (\$15,500), Mayville (\$210,650), and Hope (\$322,716).

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

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

STATE TREASURER

Outstanding Warrants and Checks

The Budget Section received reports from the State Treasurer regarding warrants and checks outstanding for more than 90 days and less than 3 years pursuant to Section 54-11-01. Section 54-11-01 requires the State Treasurer to

report to the Budget Section, within 90 days of the beginning of each fiscal year, all warrants and checks outstanding for more than 90 days and less than 3 years. The State Treasurer provided reports to the Budget Section in September 2019 and September 2020. 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 2019 the total number of outstanding checks in state fiscal year 2019 decreased by 8.5 percent compared to state fiscal year 2018, while the total dollar amount of outstanding checks decreased by 11.2 percent during this time period. The State Treasurer reported the total amount of outstanding checks for fiscal year 2019 was \$2.1 million. The State Treasurer reported 3,931 outstanding checks from fiscal year 2016 totaling \$353,866 would be transferred to the Department of Trust Lands' Unclaimed Property Division in October 2019.

The State Treasurer reported in September 2020 the total dollar amount of outstanding checks increased by 10 percent from fiscal year 2019 to fiscal year 2020. The State Treasurer reported 4,461 checks totaling \$381,723 issued in fiscal year 2017 will be transferred to the Unclaimed Property Division in October 2020. As of September 2020, there were 16,767 outstanding checks totaling \$7.1 million issued during fiscal years 2018, 2019, and 2020.

DEPARTMENT OF TRUST LANDS

State Agency Unclaimed Property

The Budget Section received reports from the Department of Trust Lands regarding state agencies that have not submitted a claim for unclaimed property belonging to that agency pursuant to Section 47-30.1-24.1. The North Dakota Uniform Unclaimed Property Act has been in effect since 1975, and since that time, North Dakota state agencies have been reported as being owners of unclaimed property. The 2003 Legislative Assembly enacted Section 47-30.1-24.1 in an effort to resolve the issue of state agency unclaimed property. Section 47-30.1-24.1 provides that within 1 year of receipt of state agency property, the administrator of unclaimed property shall notify the agency by certified mail. The Commissioner of University and School Lands is to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within 1 year of the receipt of the date of the certified mail receipt, and upon approval of the Budget Section, the agency relinquishes its right to recover its property.

The Department of Trust Lands reported during the 2019-21 interim, its Unclaimed Property Division identified 13 state agencies with unclaimed properties with a total value of \$10,171 as of June 2019, and 16 state agencies with unclaimed properties with a total value of \$12,997 as of June 2020.

The Budget Section, pursuant to Section 47-30.1-24.1, approved the lists of state agencies relinquishing rights to recover unclaimed property in June 2019 and in June 2020.

Investment Performance

The Budget Section received reports from the Department of Trust Lands in September 2019 and September 2020 regarding the investment of assets under the control of the Board of University and School Lands. The department reported as of June 2020, approximately \$5.7 billion of assets were under the control of the board. The net return for the permanent trust funds as of June 30, 2020, was negative 1.95 percent for the prior year compared to a benchmark of 2.34 percent, 2.75 percent for the prior 3 years compared to a benchmark of 4.78 percent, and 3.37 percent for the prior 5 years compared to a benchmark of 4.8 percent. As of June 30, 2020, the net return on investments for the strategic investment and improvements fund was 1.17 percent for the prior 6 months compared to a benchmark of 1.73 percent and 2.42 percent for the prior year compared to a benchmark of 2.91 percent. In fiscal year 2020, the department paid \$22.3 million, or 46.1 basis points, of fund management fees to private entities for managing approximately \$4.9 billion of the \$5.7 billion of assets under the control of the board.

JOB SERVICE NORTH DAKOTA

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

The Budget Section received a report in June 2020 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, 2019, the balance of the unemployment trust fund was \$215 million, \$42 million more than the target balance of \$173 million. The average high-cost multiplier for the period was 1.24, 0.24 above the projected target of 1.0.

Job Service North Dakota reported the COVID-19 pandemic has caused unemployment claims to significantly increase. Job Service North Dakota is projecting the need to use \$410 million of federal Coronavirus Relief Fund dollars to maintain the fund's balance. After the projected transfers from the Coronavirus Relief Fund, the balance of the trust fund is estimated to be \$178 million on December 31, 2020.

DEPARTMENT OF HUMAN SERVICES

Transfers in Excess of \$50,000

The Budget Section received a report from DHS regarding transfers in excess of \$50,000 pursuant to Sections 10 and 11 of Senate Bill No. 2012 (2019). Through September 2020, transfers have been made to move medical claims and data entry FTE positions from the Management Division to the Program and Policy Division. Other transfers of FTE positions have been made to address department needs.

LEGACY AND BUDGET STABILIZATION FUND

Advisory Board Report

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

Legacy Fund

The Legacy and Budget Stabilization Fund Advisory Board reported as of March 31, 2020, the market value of the legacy fund was \$6.15 billion. Through April 30, 2020, the net earnings in the legacy fund totaled \$1.32 billion from inception, including \$1.09 billion of realized earnings based on the definition of earnings in Section 21-10-12. As of July 31, 2020, earnings of the legacy fund eligible for transfer to the general fund at the end of the 2019-21 biennium are \$339 million. The unaudited fund performance for the year ended March 31, 2020, was (4.21) percent compared to a target return of (2.69) percent. The board reported that during the 5-year period ended March 31, 2020, the return was 3.52 percent compared to a target return of 3.35 percent.

Budget Stabilization Fund

As of March 2020, the market value of the budget stabilization fund was \$714.3 million. The Legacy and Budget Stabilization Fund Advisory Board reported the unaudited investment returns, net of fees, averaged 1.15 percent during the 5 years ended March 31, 2020, compared to a policy benchmark of 1.88 percent. Unaudited fund performance for the year ended March 31, 2020, net of fees, was (0.37) percent compared to a policy benchmark of 4.5 percent. The fund is estimated to be at its maximum balance of \$726.5 million on June 30, 2021.

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. The 2019 Legislative Assembly allocated \$7.5 million for distributions from the housing incentive fund. Application rounds were held in September 2019 and April 2020 and six projects were committed funding. Four projects are for new senior housing and the remaining projects are for rehabilitation of senior and multifamily housing facilities. The projects will create 250 new housing units and preserve 128 existing units.

STATE FIRE MARSHAL

Fire Department Funding Report

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

The State Fire Marshal reported 368 fire departments received a total of \$7,120,918 of distributions in 2017. A total of \$7,117,781 was distributed in 2018 but 2 fire departments did not meet reporting requirements and did not receive a distribution. Ninety-nine fire departments did not report on items or services purchased with the funds and 10 departments did not report on amounts or how funds were spent.

HUB CITY REPORTS

The Budget Section received reports from hub cities in December 2019 regarding each city's use of funds received from hub city allocations from the oil and gas gross production tax under Section 57-51-15. Reports were received from Williston, Dickinson, and Minot.

DEPARTMENT OF CORRECTIONS AND REHABILITATION

Inmate Report

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 2019, December 2019, and September 2020. The maximum operational capacity for male inmates is 1,624 while the maximum operational capacity for female inmates is 224. The department reported in September 2020 both male and female inmate populations are below capacity. However, this is the result of the department deferring inmates to county jails to maintain adequate space in department facilities due to COVID-19. The department requested federal coronavirus relief funds to reimburse local correctional centers for housing inmates denied admission to department facilities.

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 2019-21 biennium beginning balance in the fund was \$22.1 million. As of June 30, 2020, the estimated fund balance was \$26.4 million, reflecting 2019-21 biennium revenues through June 2020 of \$8.0 million and estimated expenditures through June 2020 of \$3.7 million.

Actions With a Fiscal Impact of Greater than \$20 Million

Pursuant to Section 54-17-42, the Budget Section received a report regarding the effect on state revenues and expenditures of any Industrial Commission order, regulation, and policy estimated to have a fiscal impact in excess of \$20 million during a biennium. The Industrial Commission reported natural gas capturing rules adopted by the commission are estimated to have a \$26.5 million positive impact on state revenues.

NORTH DAKOTA OUTDOOR HERITAGE ADVISORY BOARD

Activities to Date

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 2020, the board reported the fund received \$10,872,753 of oil and gas tax collections during the 2017-19 biennium and \$7,574,097 during the 2019-21 biennium to date. The board reported the 2019-21 biennium funding for the North Dakota outdoor heritage fund is limited to \$15,000,000. Sixteen grant rounds have been held since 2013, resulting in \$47,306,829 being awarded to 168 projects throughout North Dakota.

STATUS OF CONTINUING APPROPRIATIONS

The Budget Section received reports from representatives of agencies regarding continuing appropriations authorized for their agency. Reports included information regarding the revenues, expenses, and justification for each continuing appropriation. Reports were received regarding the following funds:

Agency	Fund
Attorney General's office	Assets forfeiture fund Attorney General refund fund Lottery operating fund Twenty-four seven sobriety program fund Special operations team reimbursement fund Multijurisdictional drug task force grant fund
Tax Department	Multistate tax audit fund

THREE AFFILIATED TRIBES OF THE FORT BERTHOLD RESERVATION

Investment of Oil and Gas Tax Receipts

Pursuant to Section 57-51.2-02, the Three Affiliated Tribes of the Fort Berthold Reservation reported to the Budget Section fees, expenses, and charges the tribe imposes on the oil industry and essential infrastructure projects completed by the Three Affiliated Tribes using oil and gas tax receipts. Fiscal year 2019 oil tax revenues totaled \$254.8 million. A portion of these revenues was used for various infrastructure projects, including an interpretive center, a community building, a wellness outreach center, and a school. In fiscal year 2020, oil tax revenues totaled \$188 million and a portion of these revenues was used for a school project, road construction and maintenance, and community buildings.

RED RIVER VALLEY WATER SUPPLY PROJECT

Certification of Items to be Accomplished

Section 14 of Senate Bill No. 2020 (2019) requires the State Water Commission to certify to the Budget Section that a list of items identified in the section relating to the Red River Valley Water Supply Project have been accomplished. Funding for Phase 1 of the project may be used only if the Budget Section approves the certification. The State Water Commission reviewed the list of items to be accomplished and certified all items have been accomplished. In September 2020, the Budget Section approved the certification of items to be accomplished.

LEGISLATIVE HEARINGS FOR FEDERAL BLOCK GRANTS

Background

The Legislative Council staff contacted state agencies receiving federal funds to determine which agencies receive block grants that require legislative hearings. The results of the survey revealed one block grant--the community services block grant administered by the Department of Commerce's Division of Community Services--requires legislative hearings. A summary of the proposed use and distribution plan for the block grant will be provided by the Department of Commerce as part of the agency's appropriations hearing during the 2021 legislative session. The required public hearing will be held as part of the appropriations hearing for the Department of Commerce during the 2021 legislative session.

Recommendation

The Budget Section recommends a concurrent resolution to authorize the Budget Section to hold public legislative hearings required for the receipt of new federal block grant funds during the period from the recess or adjournment of the 67th Legislative Assembly through September 30, 2023.

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, 2019, and June 30, 2021. The report did not include federal funds received due to COVID-19. The report indicated agencies estimate \$3.9 billion of federal funds will be received during the 2019-21 biennium, \$39.0 million less than appropriated. Agencies estimate \$4.0 billion of federal funds will be received for the 2021-23 biennium, \$127.4 million more than is estimated to be received during the 2019-21 biennium.

The Budget Section reviewed a memorandum on the largest variances by agency for the 2019-21 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 2019-21 biennium relating to federal funds appropriated and federal funds estimated to be received and the major variances estimated for the 2021-23 biennium compared to the 2019-21 biennium.

LEGISLATIVE COUNCIL STAFF REPORTS

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

- *66th Legislative Assembly Budget Status Report for the 2019-21 Biennium.* The report provides information on the status of the general fund and estimated June 30, 2021, ending balance, legislative changes to general fund revenues, and legislative appropriation changes.
- *66th Legislative Assembly Legislative Changes to State Agency Budgets for the 2019-21 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 2019 session.
- *66th Legislative Assembly State Budget Actions for the 2019-21 Biennium.* The report provides information on the 2019-21 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.
- *Estimated Revenue Sources and Distributions for Major State Funds for the 2019-21 Biennium.* The report provides information regarding revenue sources and transfers to major state funds and state agencies.
- *Oil and Gas Tax Revenue Allocation Flowchart.* The report provides information on the estimated allocation of oil and gas tax collections for the 2019-21 biennium based on the 2019 legislative revenue forecast.
- *2019-21 Biennium Report on Compliance with Legislative Intent.* The report provides the current status of major budget changes and initiatives approved by the 2019 Legislative Assembly for various agencies.

- *2019 and 2020 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.

The Legislative Council staff also presented information to the Budget Section comparing ongoing general fund revenues and expenses and the use of oil tax revenue in the state budget.

OTHER REPORTS

The Budget Section received other reports, including:

- Industrial Commission - Update on oil and gas development in the state - The Industrial Commission reported oil production in the state was approximately 1.4 million barrels per day in September 2019. The price of oil will affect the level of oil production in the state significantly.
- Office of Management and Budget - Capitol south entrance remodeling project - The Office of Management and Budget reported the project was anticipated to begin in April 2020 and be complete by December 2020.
- Department of Transportation - Driver's license sites - The report included information regarding how the department plans to improve wait times and other customer service issues at driver's license sites. The Department of Transportation reported it is addressing wait times by increasing the number of staff at certain sites, increasing the number of Saturdays certain sites are open for individuals to obtain a REAL ID, temporarily relocating the Fargo site, increasing opportunities for individuals to take road tests at private businesses, modernizing operations, and reviewing options to construct new sites in Minot and Williston.
- Department of Agriculture - Emergency feed transportation assistance program - The report detailed the status of the emergency feed transportation assistance program, including program eligibility requirements. The Department of Agriculture received 119 applications and approved 116 applications. Funds were disbursed the week of March 22, 2020, and the department anticipated \$250,000 of funds would be disbursed.
- Valley City State University - Integrated carbon plant project - Valley City State University reported to the Budget Section regarding the status of the integrated carbon plant project authorized in Senate Bill No. 2196 (2017). Valley City State University reported the project has potential to generate new revenue for the institution, allow for a decrease in utility expenditures, and create student research and teaching opportunities while lowering the university's carbon emissions. The 2017 Legislative Assembly authorized the university to proceed with the project by using revenue bonds of up to \$22.5 million. An independent feasibility study for the project was completed and determined the project would generate an average profit after tax of \$1.69 million per year for the first 20 years after the project is completed. The institution will seek approval from SBHE to proceed with issuing the revenue bonds authorized for the project.

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 26, 2019, through October 28, 2020:

Adjutant General

- June 26, 2019, for authorization to spend \$494,915 from the state disaster relief fund during the 2017-19 biennium to pay the state share of actual and estimated disaster-related costs incurred between March 6, 2019, and June 30, 2019.
- September 26, 2019, to increase federal funds spending authority by \$1,473,805 in the grants line item to accept and expend funds from the National Telecommunications and Information Administration and the National Highway Traffic Safety Administration to fully integrate Next Generation 9-1-1 throughout the state.

Department of Public Instruction

- December 18, 2019, to increase federal funds spending authority by \$17,793,798, including \$16,918,463 in the grants - other grants line item and \$875,335 in the operating expenses line item, to accept and expend funds from the United States Department of Education for a state comprehensive literacy plan aligned with the state's prekindergarten through grade 12 strategic vision initiatives.
- April 7, 2020, to increase federal funds spending authority by \$36.6 million in the grants - other grants line item to accept and expend funds anticipated to be received from the United States Department of Education as the result of the passage of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

- September 17, 2020, to increase federal funds spending authority by \$950,000 in the operating expenses line item to accept and expend federal Governor's Emergency Education Relief (GEER) funds for a remote learning digital platform and a special education teacher scholarship program.
- September 17, 2020, to increase federal funds spending authority by \$500,000 in the grants - other grants line item to accept and expend funds from ITD to provide grants to school districts to support the broadband needs of students and distance education.

Secretary of State

- March 19, 2020, to receive \$3 million of federal funds from the Federal Election Assistance Commission relating to the federal Help America Vote Act of 2002.
- May 15, 2020, to increase federal funds spending authority by \$3 million in the election reform line item to accept and expend federal funds to prevent, prepare for, and respond to COVID-19-related issues impacting the 2020 elections.

State Department of Health

- December 18, 2019, to increase spending authority from special funds available from life safety and construction review fees by \$55,000 in the salaries and wages line item and to add 1 FTE position by converting a temporary part-time position to an FTE position to review construction plans for long-term care facilities and hospitals.
- December 18, 2019, to increase special funds spending authority by \$3.54 million in the operating expenses line item to accept and expend funds from the Helmsley Charitable Trust to replace an estimated 1,733 automatic external defibrillators (AEDs) for law enforcement personnel in the state and to provide related AED training.
- March 19, 2020, to increase federal funds spending authority by \$475,000, including \$150,000 in the operating expenses line item and \$325,000 in the grants line item, to accept and expend funds from the United States Department of Agriculture Food and Nutrition Services Women, Infants, and Children (WIC) program to provide financial assistance for authorized grocery stores and retailers to upgrade point-of-sale systems to process WIC Electronic Benefits Transfer (EBT) transactions.
- March 19, 2020, to increase federal funds spending authority by \$6 million, including \$700,000 in the salaries and wages line item, \$3.2 million in the operating expenses line item, \$200,000 in the capital assets line item, and \$1.9 million in the grants line item to accept and expend funds from the federal Centers for Disease Control and Prevention to contain and mitigate the spread of COVID-19.
- May 15, 2020, to increase federal funds spending authority by \$475,000 to accept and expend grant funds relating to COVID-19 to purchase N95 mask fit testing kits and to train additional instructors to provide fit testing.
- May 15, 2020, to increase federal funds spending authority by \$201,000 to accept and expend federal grant funds to provide funding to domestic violence/rape crisis agencies to assist the agencies with increased costs related to the COVID-19 pandemic.
- May 15, 2020, to increase federal funds spending authority by \$5,075,000 to accept and expend federal grant funds for COVID-19 costs related to contact tracing and case investigation, laboratory technicians, laboratory supplies, and equipment.
- May 15, 2020, to transfer Centers for Disease Control and Prevention federal funds spending authority of \$6 million approved by the Emergency Commission and the Budget Section in March 2020 from various line items to a new COVID-19 response line item, including \$700,000 from the salaries and wages line item, \$3.2 million from the operating expenses line item, \$200,000 from the capital assets line item, and \$1.9 million from the grants line item.
- June 25, 2020, to increase federal funds spending authority by \$17.7 million in the COVID-19 response line item to accept and expend grant funds from the Centers for Disease Control and Prevention to contain and mitigate the spread of COVID-19.
- August 13, 2020, to increase federal funds spending authority by \$1,160,455 in the COVID-19 response line item to accept and expend grant funds to contain and mitigate the spread of COVID-19. A portion of the funding (\$175,455) will be provided to Sanford Health in Fargo, the designated special pathogen center in the state. The remainder (\$985,000) will be used for ventilators to support surge capacity.
- October 28, 2020, to increase federal funds spending authority by \$54.54 million to accept and expend funds from the Federal Emergency Management Agency (FEMA) for laboratory testing and capacity, personal protective equipment, overtime, and other related costs to contain and mitigate the spread of COVID-19.

State Library

- September 26, 2019, to increase federal funds spending authority by \$220,000 in the grants line item to accept and spend funds from the federal Institute of Museum and Library Services for computer coding club programs for small and rural public libraries to prepare students with technological skills.
- April 7, 2020, to increase federal funds spending authority by \$200,000 in the operating expenses line item to accept and expend funds from the Institute for Museum and Library Services anticipated to be received as the result of the CARES Act.

Tax Commissioner

- June 26, 2019, for \$300,000 from the Emergency Commission's contingency fund for anticipated homestead tax credits that exceed the appropriations for the program which need to be paid by the end of the 2017-19 biennium.

Department of Transportation

- April 7, 2020, to increase federal funds spending authority by \$17,996,449 in the grants line item for Federal Transit Administration Section 5311 funds anticipated to be received as the result of the passage of the CARES Act.

Department of Human Services

- April 7, 2020, to increase federal funds spending authority by \$42.7 million, including \$30 million in the grants - medical assistance line item, \$1.2 million in the operating expenses line item, and \$11.5 million in the grants line item to accept and expend funds anticipated to be received as a result of the CARES Act.
- April 7, 2020, to increase special funds spending authority from the department's operating fund by \$36 million in the grants line item to create a Childcare Emergency Operation Grant program to support child care providers until the COVID-19 declaration is ended.
- May 15, 2020, to increase federal funds spending authority by \$31,111,414 to accept and expend grant funds for costs relating to the COVID-19 pandemic to increase funding for the supplemental nutrition assistance program, increase estimated federal funds to be received for federal Title IV-E foster care and adoption assistance due to changes in the federal medical assistance percentage (FMAP), increase funding for supportive services for older adults and senior programs, provide additional funding for elderly nutrition services, increase assistance to individuals caring for family members, increase funding for the ombudsman program, provide additional funding for the Aging and Disability Resource Link, and increase mental health services.
- May 15, 2020, to increase federal funds spending authority by \$2.65 million to accept and expend funds relating to the COVID-19 pandemic from a community development block grant provided to the Department of Commerce for a household emergency rent bridge program and from FEMA to provide funding to the Great Plains Food Bank.
- June 25, 2020, to increase federal funds spending authority by \$2,360,572 to accept and expend funds for operating expenses with funding from the Department of Emergency Services for the crisis counseling assistance and training program (\$160,572); for operating expenses with funding from a federal Substance Abuse and Mental Health Services Administration COVID-19 emergency response for suicide prevention grant funding (\$800,000); for grants with funding transferred from the City of Fargo for its allocation from the CARES Act for the community development block grant program (\$400,000); and for grants with funding from a federal Department of Labor grant for the senior community services employment program (\$1,000,000).
- August 13, 2020, to increase federal funds spending authority by \$37,226,127 to accept and expend funds for costs relating to the COVID-19 pandemic for additional benefits to individuals enrolled in the supplemental nutrition assistance program (\$12,000,000), for the foster care and subsidized adoption programs (\$500,000), for medical assistance grants to continue the temporary increase of 6.2 percent in the state's FMAP (\$21,000,000), for rural area stimulus payments for human service centers and institutions to partially replace revenue reductions (\$3,445,927), and for support to the Great Plains Food Bank through claims submitted to FEMA for emergency food costs (\$280,200).
- September 17, 2020, to increase federal funds spending authority by \$17.5 million to accept and expend funds for the foster care and subsidized adoption programs (\$500,000) and for medical assistance grants (\$17 million) to continue the temporary increase of 6.2 percent in the state's FMAP through December 2020.
- October 28, 2020, to increase federal funds spending authority by \$25,534,942 to accept and expend federal funds to extend the emergency rent bridge program (\$4,034,942), to allow the department to receive and use a federal disaster response grant to provide mental health services to individuals affected by flooding in 2019 (\$4,000,000), and to continue the temporary increase of 6.2 percent in the state's FMAP for foster care and subsidized adoption (\$500,000) and medical assistance grants (\$17,000,000) through March 2021.

Attorney General

- May 15, 2020, to increase federal funds spending authority by \$2,082,871 to accept and expend grant funds for costs relating to the COVID-19 pandemic for grants to local law enforcement agencies and domestic violence and community services agencies, overtime costs incurred by the agency, agency operating costs, and capital assets to purchase safety equipment.
- May 15, 2020, to increase federal funds spending authority by \$750,000 for a Community Oriented Policing Services Anti-Methamphetamine Program to investigate illegal activities related to the manufacture and distribution of methamphetamine.

Council on the Arts

- May 15, 2020, to increase federal funds spending authority by \$421,700 to accept and expend grant funds for costs relating to the COVID-19 pandemic for agency administrative costs and grants to individuals and nonprofit arts and cultural organizations.

Department of Commerce

- May 15, 2020, to increase federal funds spending authority by \$5,303,030 relating to COVID-19 for the community development block grant program, the community services block grant program, and the community development emergency solutions grant program to provide assistance to eligible local government agencies, low-income facilities, and programs providing support for low-income individuals and for the benefit of unsheltered homeless, sheltered homeless, and those at risk of homelessness in the state.
- June 25, 2020, to increase federal funds spending authority by \$2,113,524 in the CARES Act funding 2020 line item with funding available for the community development block grant program, which will be transferred to DHS for a household emergency rent bridge program to assist low-income individuals for rent eviction prevention.
- June 25, 2020, to increase federal funds spending authority by \$7 million and special funds spending authority by \$1 million for unmanned aircraft systems research grants.
- August 13, 2020, to increase federal funds spending authority by \$3,468,739 in the CARES Act funding 2020 line item for the Emergency Solutions Grants Program, also known as the Emergency Shelter Grants Program.
- August 13, 2020, to increase federal funds spending authority by \$694,317 in the grants line item for a state apprenticeship expansion program to increase apprenticeship opportunities in the state.
- October 28, 2020, to increase federal funds spending authority by \$1,921,418 for funding available for the community development block grant program, which will be transferred to DHS for a household emergency rent bridge program to assist low-income individuals for rent eviction prevention.

Department of Corrections and Rehabilitation

- June 25, 2020, to increase federal funds spending authority by \$260,247 to accept and expend juvenile justice system enhancement grant funds to partner with the Council of State Governments Justice Center to conduct a data analysis relating to juvenile recidivism.
- June 25, 2020, to increase federal funds spending authority by \$268,948 to accept and expend justice reinvestment initiative grant funds to partner with Recidiviz to build technology tools to improve responsive supervision practices, enable DOCR to monitor the criminogenic needs of individuals under supervision, and create analyses that model the potential public safety impact of key initiatives.

Insurance Department

- June 25, 2020, to increase federal funds spending authority by \$21,488,350 to accept and expend federal funds to create the Reinsurance Association of North Dakota.

Veterans' Home

- June 25, 2020, to increase federal funds spending authority by \$190,331 in a new COVID-19 line item to accept and expend provider relief funding available to nursing facilities for salaries for additional cleaning services, overtime, and hazard pay and to purchase protective equipment and medical and cleaning supplies.

University System office

- June 25, 2020, for a line item transfer of \$2.5 million from the agency's student financial assistance grants line item to its academic and technical education scholarships line item.
- September 17, 2020, to increase appropriation authority by \$2.5 million from the GEER Fund to create the Higher Education COVID Impact Grants program.

Department of Career and Technical Education

- August 13, 2020, to increase federal funds spending authority by \$122,695 in the grants line item for a new program providing funding for apprenticeships across the state, primarily for information technology-related apprenticeships.

Office of Management and Budget

- August 13, 2020, to increase federal funds spending authority by \$5,932,707 in the grants line item to accept and expend GEER funds provided in the CARES Act. The funding will be forwarded to the Department of Public Instruction and the University System for distribution to local education agencies and institutions of higher education to allow for the continuation of educational services during the COVID-19 pandemic.
- September 17, 2020, to authorize a line item transfer of \$5,932,707 of GEER funds provided in the CARES Act from the grants line item to a special line item.

Department of Veterans' Affairs

- September 17, 2020, to increase federal funds spending authority by \$400,000 in the grants - transportation program line item to increase total funding available for the program to \$1.2 million.

Department of Trust Lands

- September 17, 2020, to authorize 1 FTE position to assist with minerals management.

Department of Environmental Quality

- September 17, 2020, to increase federal funds spending authority by \$182,500 in the salaries and wages line item (\$160,500) and the operating expenses line item (\$22,000) to accept and expend funds from FEMA for reimbursement of costs related to the COVID-19 pandemic.

Industrial Commission

- October 28, 2020, to increase federal funds spending authority by \$77,249 to accept and expend federal Safe Drinking Water Act funding to plug abandoned wells confiscated by the department.

Federal Coronavirus Relief Fund

The state received an allocation of \$1.25 billion from the federal Coronavirus Relief Fund established in the CARES Act. The funds may be used for costs that are required due to the COVID-19 health pandemic, are not accounted for in the most recently approved budget, and are incurred during the period March 1, 2020, through December 30, 2020.

The following are Budget Section actions relating to the use of federal coronavirus relief funds:

- May 15, 2020, to increase federal funds spending authority by \$524,183,609 to allow the following 10 agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
 - Information Technology Department - \$67,618,226;
 - Department of Trust Lands - \$120,000;
 - State Department of Health - \$85,557,461;
 - Veterans' Home - \$131,097;
 - Department of Human Services - \$24,899,276;
 - Job Service North Dakota - \$110,000,000;
 - Industrial Commission - \$33,175,000;
 - Bank of North Dakota - \$200,000,000;
 - Department of Corrections and Rehabilitation - \$1,287,549; and
 - Department of Agriculture - \$1,395,000.
- June 25, 2020, to increase federal funds spending authority by \$401,115,305 to allow the following agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
 - Governor's office - \$18,085;
 - Office of Management and Budget - \$119,700;
 - State Auditor - \$13,903;

Tax Department - \$81,601;
Legislative Assembly - \$1,250,000;
Legislative Council - \$100,000;
Judicial branch - \$26,383;
University System office - \$1,508,387;
Bismarck State College - \$2,417,365;
Lake Region State College - \$483,426;
Williston State College - \$584,432;
University of North Dakota - \$13,578,957;
North Dakota State University - \$19,788,622;
North Dakota State College of Science - \$3,825,311;
Dickinson State University - \$862,335;
Mayville State University - \$248,543;
Minot State University - \$588,379;
Valley City State University - \$237,930;
Dakota College at Bottineau - \$372,316;
Department of Environmental Quality - \$70,000;
Department of Veterans' Affairs - \$2,860;
Department of Human Services - \$9,866,232;
Job Service North Dakota - \$200,000,000;
Industrial Commission - \$33,176,513;
Mill and Elevator Association - \$149,079;
Workforce Safety and Insurance - \$116,576;
Highway Patrol - \$404,094;
Department of Corrections and Rehabilitation - \$4,226,240;
Adjutant General - \$10,000,000;
Department of Commerce - \$69,679,000;
Department of Agriculture - \$2,700,000;
Branch research centers - \$726,007;
NDSU Extension Service - \$855,400;
Northern Crops Institute - \$115,586;
Main Research Center - \$989,968;
Racing Commission - \$1,000;
State Historical Society - \$20,000;
Parks and Recreation Department - \$96,547;
Department of Transportation - \$17,881,982; and
State Treasurer (to be distributed to political subdivisions) - \$3,932,546.

- June 25, 2020, to increase federal funds spending authority in the Department of Agriculture's grants line item by \$5 million from the federal Coronavirus Relief Fund for a competitive grant program provided to North Dakota research companies for COVID-19 antibody treatment research.
- June 25, 2020, to increase federal funds spending authority for the Legislative Assembly by \$750,000 in a COVID-19 line item to accept and expend a portion of the federal funds allocated to ITD from the federal

Coronavirus Relief Fund for one-time costs relating to the purchase of equipment and for other costs to enable the Legislative Assembly to meet remotely.

- August 13, 2020, to increase federal funds spending authority by \$319,701,086 to allow the following agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
 - Secretary of State - \$49,216;
 - Office of Management and Budget - \$894,525;
 - Information Technology Department - \$500,000;
 - Judicial branch - \$285,829;
 - University System office - \$160,400;
 - Bismarck State College - \$1,584,357;
 - Lake Region State College - \$369,887;
 - Williston State College - \$515,932;
 - University of North Dakota - \$6,826,006;
 - North Dakota State University - \$2,882,792;
 - North Dakota State College of Science - \$1,452,586;
 - Dickinson State University - \$1,179,920;
 - Mayville State University - \$764,488;
 - Minot State University - \$954,560;
 - Valley City State University - \$270,627;
 - Dakota College at Bottineau - \$393,960;
 - State Department of Health - \$96,558,468;
 - Department of Human Services - \$13,277,209;
 - Job Service North Dakota - \$100,000,000;
 - Mill and Elevator Association - \$55,632;
 - Workforce Safety and Insurance - \$83,354;
 - Department of Corrections and Rehabilitation - \$386,398;
 - Adjutant General - \$23,296,780;
 - Department of Agriculture - \$2,261,000;
 - Upper Great Plains Transportation Institute - \$102,495;
 - Branch research centers - \$105,000;
 - Main Research Center - \$174,999;
 - Department of Transportation - \$294,493;
 - Office of Management and Budget (to be distributed to private higher education institutions) - \$5,000,000; and
 - State Treasurer (to be distributed to political subdivisions) - \$59,020,173.
- August 13, 2020, to transfer \$5,513,789 of federal coronavirus relief funds previously authorized by the Budget Section in May 2020 and June 2020 to a separate line item within the DOCR budget.
- September 17, 2020, to repurpose up to \$50 million of the \$200 million appropriated to the Bank of North Dakota from the federal Coronavirus Relief Fund to establish a new program to provide one-time grants to businesses to assist with interest expenses on debt that was issued prior to the COVID-19 emergency.
- September 17, 2020, to increase Department of Public Instruction federal funds spending authority by \$30 million in the grants - other grants line item to expend funds from the federal Coronavirus Relief Fund to reimburse school districts for additional staffing needs caused by the COVID-19 pandemic. This funding is available because the Bank of North Dakota does not anticipate spending \$120 million of its original \$200 million allocation.

- October 28, 2020, to increase federal funds spending authority by \$221,430,286 to allow the following agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
 - Office of Management and Budget - \$988,830;
 - Office of Administrative Hearings - \$522;
 - Legislative Assembly - \$1,100,000;
 - Department of Public Instruction - \$33,816,217;
 - Bismarck State College - \$228,000;
 - Lake Region State College - \$27,500;
 - Williston State College - \$612,000;
 - University of North Dakota - \$1,614,803;
 - North Dakota State College of Science - \$80,000;
 - Dickinson State University - \$306,184;
 - Mayville State University - \$1,193,625;
 - Minot State University - \$911,500;
 - Valley City State University - \$231,796;
 - Dakota College at Bottineau - \$54,355;
 - Department of Career and Technical Education - \$470,980;
 - State Department of Health - \$10,000,000;
 - Department of Environmental Quality - \$675,000;
 - Veterans' Home - \$330,943;
 - Indian Affairs Commission - \$20,915;
 - Department of Human Services - \$14,846,520;
 - Job Service North Dakota - \$9,727,570;
 - Industrial Commission - \$16,000,000;
 - Bank of North Dakota - \$20,000,000;
 - Mill and Elevator Association - \$12,920;
 - Workforce Safety and Insurance - \$818,122;
 - Highway Patrol - \$13,515,000;
 - Department of Commerce - \$29,000,000;
 - Department of Agriculture - \$2,200,000;
 - State Seed Department - \$6,117;
 - State Fair Association - \$105,272;
 - Parks and Recreation Department - \$154,438;
 - Department of Transportation - \$651,458; and
 - State Treasurer (To be distributed to political subdivisions) - \$61,729,699.

These funds are available because agencies do not anticipate spending \$221,430,286 of their original allocations of the \$1.25 billion.