



INTERIM HOUSE APPROPRIATIONS COMMITTEE

Tuesday and Wednesday, October 19-20, 2021
 Brynhild Haugland Room, State Capitol
 Bismarck, North Dakota

Representative Jeff Delzer, Chairman, called the meeting to order at 9:00 a.m. on Tuesday, October 19, 2021.

Members present: Representatives Jeff Delzer, Bert Anderson, Larry Bellew, Tracy Boe, Mike Brandenburg, Michael Howe, Keith Kempenich, Gary Kreidt, Bob Martinson, Lisa Meier, Alisa Mitskog, Corey Mock*, David Monson, Mike Nathe, Jon O. Nelson, Mark Sanford, Mike Schatz, Jim Schmidt, Randy A. Schobinger, Michelle Strinden, Don Vigesaa

Members absent: None

Others present: Representatives Chet Pollert, Carrington; Joshua A. Boschee, Fargo; Glenn Bosch, Bismarck; and Mike Lefor, Dickinson; and Senators Donald Schaible, Mott; and Rich Wardner, Dickinson, members of the Legislative Management

Representatives Ruth Buffalo, Fargo; Jeffery J. Magrum, Hazelton; and Austen Schauer, West Fargo

Senators Tim Mathern, Fargo; Dick Dever, Bismarck; Kathy Hogan, Fargo; David A. Clemens, West Fargo; David Hogue, Minot; and Oley Larsen, Minot

See [Appendix A](#) for additional persons present.

**Attended remotely*

It was moved by Representative Bellew, seconded by Representative Nathe, and carried on a voice vote that the minutes of the October 12-13, 2021, meeting be approved as distributed.

BACKGROUND

Ms. Sheila Sandness, Senior Fiscal Analyst, Legislative Council, distributed a memorandum entitled [Potentially Duplicated Proposals Submitted for Consideration by the Interim Appropriations Committees](#).

PROPOSALS TO USE FUNDS FOR INFORMATION TECHNOLOGY PROJECTS AND OTHER PURPOSES

Ms. Sandness distributed a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for information technology projects and other purposes:

Item Number	Presenter	Subject Summary
83	Representative Buffalo	\$300,000 for the establishment of a missing persons database
84	Mr. Jon J. Jensen, Chief Justice, North Dakota Supreme Court and Mr. Wayne Stenehjem, Attorney General	\$1 million for the replacement of the Attorney General's prosecuting case management system
85	Representative Delzer	\$5,470,884 for statewide interoperable radio network radios
87	Representative Pollert and Mr. David Crothers, Executive Vice President, Broadband Association of North Dakota	\$60 million for rural broadband (Appendix B)
88-91	Mr. Shawn Riley, Chief Information Officer, Information Technology Department	\$58,901,000 for transformation of information technology services and process improvement, cybersecurity enhancements, mail digitization, and grants to the North

Item Number	Presenter	Subject Summary
91	Ms. Julie Ellingson, Executive Vice President, North Dakota Stockmen's Association	Dakota Stockmen's Association to convert the brand inspection program to an electronic system (Appendix C) \$401,000 to convert the brand inspection program to an electronic system
92-94	Mr. Phillip Davis, Workforce Services Director, Job Service North Dakota and Mr. Darren Brostrom, Deputy Director, Job Service North Dakota	\$14,020,000 for a job placement, outreach program to populations with barriers to employment, and modernization of the unemployment insurance system (Appendix D)
95	Major General Alan S. Dohrmann, Adjutant General	\$450,000 for the replacement of state active-duty software (Appendix E)
96	Ms. Sally Holewa, State Court Administrator, Supreme Court	\$2,020,000 for the replacement of the Supreme Court docket system (Appendix F)
97	Mr. Larry Martin, Fiscal Management Analyst, Office of Management and Budget	\$20,000 for the development of a web-based document management system for the Office of Administrative Hearings (Appendix G)
98-101	Mr. Doug Goehring, Agriculture Commissioner	\$17.6 million (Governor proposal) to \$40.6 million (Agriculture Commissioner proposal) for bioscience innovation grants, information technology upgrades, grants to veterinary clinics and auction markets, meat processor grants, and dairy improvements grants (Appendix H)

See [Appendix I](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

Comments by Interested Persons

Mr. Justin Forde, Senior Director of Government Relations, Midcontinent Communications, presented information ([Appendix J](#)) regarding a proposal to provide funding for broadband projects.

PROPOSALS TO USE FUNDS FOR OTHER PURPOSES

Ms. Sandness distributed a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for other purposes:

Item Number	Presenter	Subject Summary
102	Senator Mathern and Mr. Scott Skokos, Executive Director, Dakota Resource Council	\$24.6 million for an environmental quality incentives program, a conservation stewardship program, planting trees and erosion control management, a cover crop discount program, and soil conservation district equipment and operations (Appendix K)
103	Senator Mathern	\$75 million for the expansion of human service programs (Appendix L)
104	Mr. Bruce Murry, Executive Director, North Dakota Association of Community Providers and Mr. Trevor Vannett, Bismarck	\$2.5 million for retention bonuses for direct service professionals serving clients with intellectual or developmental disabilities (Appendix M)
105	Senator Dever and Ms. Veronica Zietz, Executive Director, Protection and Advocacy Project	\$5.2 million for the transition of individuals from the Life Skills and Transition Center to community-based providers (Appendix N)
106	Senator Hogan	\$6.15 million for the creation of a Hunger Free North Dakota Coalition to address ongoing and emerging food distribution challenges (Appendix O)
107	Representative Kreidt	\$45.8 million for congregate care facilities, including nursing, basic care, and assisted living facilities (Appendix P)
107	Ms. Shelly Peterson, President, North Dakota Long-Term Care Association	\$45.8 million for congregate care facilities, including nursing, basic care, and assisted living facilities (Appendix Q)

Item Number	Presenter	Subject Summary
108	Representative J. Nelson, Ms. Caprice Knapp, Director, Medical Services Division, Department of Human Services, and Mr. Chris Jones, Executive Director, Department of Human Services, Dr. Rosalie Etherington, Superintendent, State Hospital, Department of Human Services, and Ms. Pamela Sagness, Director, Behavioral Health Division, Department of Human Services	\$54.35 million for Department of Human Services programs, including Medicaid eligibility system upgrades, renovation of the Life Skills and Transition Center, independent living support, child care assistance, child care for workers, nurse retention, child support system, a community behavioral health program, and substance use disorder treatment voucher system grants (Appendix R)
109	Senator Clemens, Ms. Jill Chandler, Director, Women's Pregnancy Center, and Mr. Nathaniel Douglas, The Perry Center	\$1.5 million for the North Dakota Pregnancy Resource Network (Appendix S)
110	Representative Lefor and Ms. DeeAnna Opstedahl, Vice President of Patient Care Services and Interim President, Catholic Health Initiatives St. Alexius Health, Dickinson	\$4 million to expand behavioral health services in western North Dakota
111	Ms. Pamela Sagness, Director, Behavioral Health Division, Department of Human Services	\$4 million for a community-based behavioral health program (Appendix T)
112-113	Mr. Chris Jones, Executive Director, Department of Human Services	\$16.35 million for an early childhood workforce tuition waiver program (\$6.75 million) and public-private partnerships to invest in child care (\$9.6 million) (Appendix U)
114	Major General Alan S. Dohrmann, Adjutant General	\$4.5 million for Camp Grafton housing enhancements (Appendix E)
115	Ms. Veronica Zietz, Executive Director, Protection and Advocacy Project	\$181,186 for emergency services system enhancements and training for first responders for persons with disabilities (Appendix V)
117	Representative Martinson	\$7.5 million for summer performing arts and children's education centers
118	Senator Schaible	\$100,000 for allocations of \$88 per student to school districts not eligible for federal Elementary and Secondary School Emergency Relief (ESSER) funds
119	Ms. Maria Neset, Policy Advisor, Governor's office	\$2.5 million for school board governance and leadership training (Appendix W)
121	Representative Schauer	\$1 million to assist in the construction of a Fisher House at the Fargo Veterans' Affairs Medical Center (FVAMC) for families of patients receiving services at the FVAMC (Appendix X)
121	Mr. Lonnie Wangen, Chairman, Fisher House North Dakota	\$1 million to assist in the construction of a Fisher House at the FVAMC for families of patients receiving services at the FVAMC (Appendix Y)
122	Mr. Lonnie Wangen, Commissioner, North Dakota Department of Veterans' Affairs	\$147,000 for the improvement and expansion of veteran medical transportation
126-127	Representative Boschee	\$107 million for the establishment of a program to incentivize employment at state and local public health units (\$7 million) and the establishment of a paid family leave program (\$100 million) (Appendix L)

See [Appendix Z](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

Comments by Interested Persons

Mr. Landis Larson, President and Secretary-Treasurer, North Dakota American Federation of Labor and Congress of Industrial Organizations, presented information ([Appendix AA](#)) regarding a proposal to provide funding for child care.

See [Appendix BB](#) for other comments by interested persons submitted for committee consideration but not presented to the committee during the meeting.

**PROPOSALS TO USE FUNDS FOR
ECONOMIC DEVELOPMENT AND OTHER PURPOSES**

Ms. Sandness distributed a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding using federal funding from the American Rescue Plan Act for economic development projects and other purposes:

Item Number	Presenter	Subject Summary
128	Mr. Scott Skokos, Executive Director, Dakota Resource Council	\$1.2 million for grants to purchase equipment to improve the industrial hemp supply chain
129	Senator Hogue	\$55 million for a medical facilities infrastructure revolving loan fund (Appendix CC)
130	Representative Brandenburg	\$42.25 million for a fuel production facility loan forgiveness program (Appendix DD)
130	Mr. Jeff Zueger, Chief Executive Officer, Midwest AgEnergy Group, LLC	\$42.25 million for a fuel production facility loan forgiveness program (Appendix EE)
133	Representative Magrum	\$1,007,502,515 for direct payments of approximately \$1,293 to every resident of the state affected by the Coronavirus (COVID-19) pandemic (Appendix FF)
134	Representative Nathe and Mr. James Leiman, Commissioner, Department of Commerce	\$15 million for the innovation technology loan fund (LIFT) program
136	Senator O. Larsen	\$750 million for a Farm to Pharma Center of Excellence in Minot (Appendix GG)
136	Mr. Rajan V. Vembu, President, U.S. Foods and Pharmaceuticals, Inc.	\$75 million for a Farm to Pharma Center of Excellence in Minot (Appendix HH)
137	Representative Howe	\$35 million for the Grand Farm Initiative, including facility planning, development, infrastructure, and construction (\$25 million), project management (\$6 million), and workforce development (\$4 million)
137	Mr. Greg Tehven, Chief Executive Officer and Co-Founder, Emerging Prairie and the Grand Farm Education and Research Institute	\$35 million for the Grand Farm Initiative, including facility planning, development, infrastructure, and construction (\$25 million), project management (\$6 million), and workforce development (\$4 million) (Appendix II)
138	Representative J. Nelson	\$2.5 million for a new hospital facility in Rugby
139	Representative J. Nelson	\$500,000 for the replacement of ski lifts and other equipment at the Bottineau Winter Park
140	Senator Dever and Jennifer Greuel, Executive Director, North Dakota Association of Nonprofit Organizations	\$5 million for grants of up to \$75,000 for nonprofit organizations to address community development and quality of life issues (Appendix JJ)
141	Mr. James Leiman, Commissioner, Department of Commerce	\$20 million for hydrogen development grants
142	Representative Mitskog	\$20 million for grants to small businesses impacted by the COVID-19 pandemic which have not previously been awarded COVID-19 impact grants
143	Mr. Tim Blasl, President, North Dakota Hospital Association	\$8 million for a frontline health care workers recruitment program (Appendix KK)
144-152	Mr. James Leiman, Commissioner, Department of Commerce	\$149,855,000 for Department of Commerce programs, including a hydrogen development program (\$20 million), expansion of the beyond visual line of sight unmanned aircraft system (Vantis) program (\$10 million), an autonomous agriculture matching grant program (\$10 million), a statewide workforce incentive grant program (\$10 million), a local workforce development incentive grant program (\$25.54 million), a technical skills training grant program (\$3.24 million), a workforce innovation grant program (\$10 million), a regional and community attraction grant program (\$10 million), a workforce housing redevelopment grant program (\$21,075,000), the LIFT program (\$15 million), and the North Dakota development fund (\$15 million) (Appendix LL)

Item Number	Presenter	Subject Summary
153	Representative Mitskog	\$400 million for child care services, including \$200 million to provide \$1,400 annually to licensed child care facilities for each full-time child cared for by the facility and \$200 million for grants to schools to construct child care facilities on school property (Appendix L) (Appendix MM)
154	Ms. Lacey Nicole Bjork Anderson, Fort Abraham Lincoln Foundation	\$1.2 million for grants to the Fort Abraham Lincoln Foundation, including for a parking lot project (\$750,000), the replacement of the Lewis and Clark Riverboat engine (\$165,000), and deferred maintenance at The Post in Mandan (\$285,000)
155	Senator Mathern	Provide a refundable \$1,000 tax credit for every resident of the state who is vaccinated by November 15, 2021, including those who have already been vaccinated

See [Appendix NN](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

Comments by Interested Persons

Ms. Jan Wangler, Bismarck, commented regarding Representative Magrum's proposal to provide \$1,007,502,515 for direct payments of approximately \$1,293 to every resident of the state affected by the COVID-19 pandemic.

Mr. Ryan Rauschenberger, Tax Commissioner, commented regarding Representative Pat D. Heinert's proposal to provide \$207 million for a nonrefundable \$500 individual income tax credit for 2021 and 2022.

Mr. Shawn Kessel, Deputy Commissioner, Department of Commerce, commented regarding a request to approve technical corrections related to the timing of matching requirements for the beyond visual line of sight unmanned aircraft system grant and tourism grants authorized by the 2021 Legislative Assembly for the Department of Commerce to administer during the 2021-23 biennium.

PROPOSALS FOR OTHER BUDGET ADJUSTMENTS

Ms. Sandness distributed a memorandum entitled [Proposals for Consideration by the Interim Appropriations Committees](#). The following proposals were presented regarding adjustments to the state budget approved during the 2021 regular legislative session:

Item Number	Presenter	Subject Summary
Governor's Proposal for Use of the Coronavirus Capital Projects Fund		
1-3	Mr. Joe Morrissette, Director, Office of Management and Budget and Mr. Shawn Riley, Chief Information Officer, Information Technology Department	\$113,276,228 from the federal Coronavirus Capital Projects Fund, including for career academies as appropriated in House Bill No. 1015 (2021) (\$70 million), additional funding for career academies with no matching requirements (\$10 million), and broadband infrastructure grants (\$33,276,228) (Appendix C)
Other Fiscal Items		
1	Representative Delzer	\$3,014,975 from the federal Local Fiscal Recovery Fund to be provided to cities from the State Treasurer
2	Representative Delzer	\$750,000 to reauthorize the University of North Dakota to use Bank of North Dakota profits for campus network upgrades
3	Mr. Wayne Stenehjem, Attorney General	\$537,297 from the Attorney General refund fund for State Crime Laboratory salaries
4	Representative Delzer	\$10 million from ESSER funds to reduce school funding by \$88 per student to reimburse the state for state automated reporting system and statewide longitudinal data system upgrades
5-16	Mr. Jonathan Alm, Attorney III, Department of Human Services	Various Department of Human Services requests (Appendix OO), including providing:

Item Number	Presenter	Subject Summary
17	Senator Wardner and Ms. Kirsten Baesler, State Superintendent, Department of Public Instruction	<ul style="list-style-type: none"> • The authorization for 16 full-time equivalent (FTE) positions transferred from human service zones; • Spending authority due to an increase in the federal medical assistance percentage (\$79.6 million); • Spending authority for Medicaid postpartum coverage (\$600,000); • Spending authority for the Lifespan Respite grant (\$386,690); • Reauthorizing the Vulnerable Adult Protection Services grant (\$1,936,350); • Spending authority for a supplemental nutrition assistance program verification database (\$239,558); • Spending authority for the Children and Family Services transition Title IV-B grant (\$1,168,347); • Line item transfer authority; • Spending authority for the free through recovery program (\$3.3 million); • Carryover authority for \$200,000 received by the State Hospital from the United States Department of Health and Human Services; • Spending authority for the Money Follows the Person capacity fund (\$5 million); and • Spending authority for the Randolph Shepard Vocational Rehabilitation funding received from the federal Department of Education (\$22,663). <p>Provide legislative intent to use \$2 million of ESSER funds received by the Department of Public Instruction to provide coursework and training for teacher credentialing and to provide assistance to the Center for Distance Education to deliver courses to school districts unable to secure a qualified teacher and related statutory changes to instruction and graduation requirements (Appendix PP)</p>
18	Senator Wardner and Ms. Janilyn Murtha, Interim Executive Director, Retirement and Investment Office	Authorize 6 new FTE positions for the Retirement and Investment Office (Appendix QQ)
Governor's Proposal for Use of Excess General Fund Revenues		
1-6	Mr. Joe Morrissette, Director, Office of Management and Budget	\$407 million from the general fund, including funding for an individual income tax credit for 2021 (\$207 million), the LIFT program (\$15 million), the North Dakota development fund (\$15 million), agriculture and energy higher education research grants (\$20 million), the clean sustainable energy fund (\$50 million), and \$100 million to be transferred to the Public Employees Retirement System main system defined benefit fund based on the outcome of the legislative study regarding the closure of the defined benefit plan (\$100 million) (Appendix RR)

See [Appendix SS](#) for proposal information submitted for committee consideration but not presented to the committee during the meeting.

CAPITAL IMPROVEMENTS

Ms. Becky Deichert, Fiscal Management Analyst, Office of Management and Budget, distributed information ([Appendix TT](#)) regarding a proposal from the Governor regarding critical maintenance projects.

PROPOSED BILL DRAFT

Ms. Sandness distributed a memorandum entitled [Listing of Proposed Items for Bill Draft](#), which includes information regarding a bill draft related to proposed funding changes.

No further business appearing, Chairman Delzer adjourned the meeting at 2:31 p.m. on Wednesday, October 20, 2021.

Sheila M. Sandness
Senior Fiscal Analyst

Adam Mathiak
Senior Fiscal Analyst

Levi Kinnischtzke
Senior Fiscal Analyst

ATTACH:46