

INTERIM HOUSE APPROPRIATIONS COMMITTEE

The Chairman of the Legislative Management appointed an Interim House Appropriations Committee and assigned the committee the following duties:

- Review proposals to use funding from the federal State Fiscal Recovery Fund established through the federal American Rescue Plan Act of 2021 and develop recommendations for the use of funds.
- Review legislative appropriations from the federal Coronavirus Capital Projects Fund and recommend any necessary changes to existing appropriations from the fund and develop recommendations regarding the use of any remaining available funding.
- Consider any other budget adjustments requiring legislation that are necessary before the 2023 regular legislative session.

Committee members were Representatives Jeff Delzer (Chairman), 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, and Don Vigesaa.

STATE FISCAL RECOVERY FUND

Background

The American Rescue Plan Act of 2021 included \$219.8 billion for the State Fiscal Recovery Fund. Of this amount, \$195.3 billion is available to the states, \$25.5 billion will be distributed equally to the states and the District of Columbia, resulting in \$500 million allocated to each state. After an additional \$755 million is distributed to the District of Columbia, the remaining \$169 billion will be distributed to the states based on each state's share of seasonally adjusted unemployed persons for the 3-month period ending December 2020. North Dakota's allocation from the State Fiscal Recovery Fund is \$1,007,502,515. The funds have been received and are on deposit in the Bank of North Dakota.

Allowable Uses

Allowable uses of funding from the State Fiscal Recovery Fund, which must be obligated by December 31, 2024, and spent by December 31, 2026, are as follows:

- Costs related to the Coronavirus (COVID-19) pandemic, including assistance to households, small businesses, nonprofits, and affected industries, such as tourism, travel, and hospitality;
- Provide premium pay of up to \$13 per hour in addition to base pay, up to a maximum of \$25,000, to state, territory, or tribal government workers who perform essential work during the COVID-19 pandemic, or provide grants to employers with employees who perform essential work, which is defined as work needed to maintain continuity of operations of critical infrastructure and other sectors designated by the Governor as critical to protect the health and well-being of residents;
- The cost of providing government services to the extent there was lost revenue as a result of the COVID-19 pandemic; and
- Investment costs in water, sewer, and broadband infrastructure.

States may not use the funding to reduce taxes directly or indirectly between March 3, 2021, and the last day of the fiscal year in which funds received have been spent or returned. States cannot use funds to make payments to pension plans. The Office of Management and Budget submitted \$1.8 billion of revenue loss as of December 2020; therefore, the funds should be able to be used for the cost of government services.

FEDERAL CORONAVIRUS CAPITAL PROJECTS FUND

Background

The American Rescue Plan Act of 2021 appropriated \$10 billion to the United States Department of the Treasury for a Coronavirus Capital Projects Fund to provide payments to states, territories, freely associated states, and tribal governments "to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19)."

North Dakota received an initial allocation of \$112,473,563 from the Coronavirus Capital Projects Fund. North Dakota's allocation was later increased to \$113,276,228. The Legislative Assembly, based on initial information provided regarding the fund, approved using \$106,474,000 of the funding for the following projects for the 2021-23 biennium:

Agency	Project	Amount
Office of Management and Budget	Medical center construction grant	\$500,000
Judicial branch	Information technology equipment	157,600
Department of Public Instruction	Children's science center grant	5,900,000
University of North Dakota	Airport apron project	5,000,000
Dickinson State University	Pulver Hall and meat processing laboratory projects	4,000,000
Department of Career and Technical Education	Statewide area career center initiative grant program	70,000,000
Highway Patrol	Law Enforcement Training Academy remodel project	3,000,000
State Historical Society	Capital project planning and historic site repairs	4,200,000
Parks and Recreation Department	Deferred maintenance projects and repayment of International Peace Garden project loan	11,716,400
Agriculture Commissioner	Intermodal facility grant program	2,000,000
Total - 2021-23 appropriations		\$106,474,000

Eligible Uses Based on September 2021 Guidance

The September 2021 guidance provides grant funds may be used for critical capital projects that directly enable work, education, and health monitoring in response to COVID-19. To be eligible for funding, a project must meet all of the following criteria:

1. The capital project invests in capital assets designed to directly enable work, education, and health monitoring;
2. The capital project is designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency; and
3. The capital project is designed to address a critical need of the community to be served by it.

PROPOSALS RECEIVED

The committee reviewed proposals from members of the Legislative Assembly and the Governor for the use of federal American Rescue Plan Act funds and for other budget adjustments as detailed in this section.

Federal Coronavirus Capital Projects Fund

The committee reviewed a proposal to adjust the funding source of certain projects that received an appropriation from the federal Coronavirus Capital Projects Fund during the 2021 regular legislative session. The proposal would change the funding source of nine projects from the fund to federal state fiscal recovery funds.

Agency	Description	Amount
Office of Management and Budget	Medical center construction grant	\$500,000
Judicial branch	Information technology equipment	157,600
Department of Public Instruction	Children's science center grant	5,900,000
University of North Dakota	Airport apron project	5,000,000
Dickinson State University	Pulver Hall and meat processing laboratory projects	4,000,000
Highway Patrol	Law Enforcement Training Academy remodel project	3,000,000
State Historical Society	Capital project planning and historic site repairs	4,200,000
Parks and Recreation Department	Deferred maintenance projects and repayment of International Peace Garden project loan	11,716,400
Agriculture Commissioner	Intermodal facility grant program	2,000,000
Total		\$36,474,000

Federal State Fiscal Recovery Funds

The committee reviewed 156 proposals to use federal state fiscal recovery funds as follows:

Category	Proposals Received
Infrastructure	The committee reviewed 15 proposals to use federal state fiscal recovery funds for infrastructure projects, including natural gas pipelines, roads, water control, and other projects.
Aid to political subdivisions	The committee reviewed 33 proposals to use federal state fiscal recovery funds to provide aid to political subdivisions for road and bridge projects, local park district infrastructure projects, water and sewer projects, and other purposes.
Capital improvements	The committee reviewed 34 proposals to use federal state fiscal recovery funds for capital projects for state agency and institution building projects, deferred maintenance, and other purposes.
Information technology	The committee reviewed 19 proposals to use federal state fiscal recovery funds for information technology projects, including cybersecurity enhancements, state agency software projects, and other purposes.

Category	Proposals Received
Economic development	The committee reviewed 29 proposals to use federal state fiscal recovery funds for economic development, including research programs, workforce initiatives, business incentives, and other purposes.
Other proposals	The committee reviewed 26 proposals to use federal state fiscal recovery funds for other purposes, including human service programs, long-term care facility assistance, child care programs, and other purposes.

Other Budget Adjustments

The committee reviewed 27 proposals for other budget adjustments. The proposals included adjustments to federal spending authority for agencies, the authorization of new full-time equivalent (FTE) positions, additional authority to allow for the distribution of federal local fiscal recovery funds, and other purposes.

COMMITTEE RECOMMENDATIONS

Bill Draft 21.1104.06000

The committee recommends a bill draft [\[21.1104.06000\]](#) to appropriate \$509,150,228 of federal COVID-19 relief funding, of which \$113,276,228 is from the federal Coronavirus Capital Projects Fund, \$383,474,000 is from the federal State Fiscal Recovery Fund, and \$12,400,000 is from the federal Coronavirus Relief Fund to various state agencies, as follows:

Federal Coronavirus Capital Projects Fund		
Agency	Description	Federal Funds
Department of Career and Technical Education ¹	Section 1 - Statewide area career center initiative grant program for career academies	\$50,000,000
Information Technology Department	Section 8 - Broadband infrastructure grants to providers to expand coverage and ensure reliable high-speed broadband Internet to all addresses in the state	63,276,228
Total		\$113,276,228

¹House Bill No. 1015 (2021) provided \$70 million from the federal Coronavirus Relief Fund to the Department of Career and Technical Education for career academies. Section 1 of the bill draft would provide a total of \$80 million for this purpose, of which \$50 million is from the federal Coronavirus Capital Projects Fund and \$30 million is from the federal State Fiscal Recovery Fund.

Federal State Fiscal Recovery Fund		
Agency	Description	Federal Funds
Department of Career and Technical Education ¹	Section 1 - Statewide area career center initiative grant program	\$30,000,000
Department of Public Instruction	Section 1 - Grant to a children's science center project to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	5,900,000
University of North Dakota	Section 1 - Funding to reconstruct the University of North Dakota apron at Grand Forks International Airport to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	5,000,000
Dickinson State University	Section 1 - Funding for Dickinson State University projects, including a Pulver Hall project, a meat processing laboratory remodel, and other projects to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	4,000,000
Highway Patrol	Section 1 - Funding for a Law Enforcement Training Academy Center to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	3,000,000
Office of Management and Budget	Section 1 - Medical center grant to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	500,000
Judicial branch	Section 1 - Information technology equipment to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1015 (2021)	157,600
State Historical Society	Section 2 - Historic site deferred maintenance to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1018 (2021)	4,200,000
Parks and Recreation Department	Section 3 - State park deferred maintenance and essential infrastructure to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1019 (2021)	7,900,000
Parks and Recreation Department	Section 4 - State park capital improvements to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1019 (2021)	816,400

Federal State Fiscal Recovery Fund		
Agency	Description	Federal Funds
Parks and Recreation Department	Section 5 - Funding for the International Peace Garden to replace funding from the federal Coronavirus Capital Projects Fund in House Bill No. 1019 (2021)	3,000,000
Agriculture Commissioner	Section 6 - Intermodal facility construction grant program to replace funding from the federal Coronavirus Capital Projects Fund in Senate Bill No. 2245 (2021)	2,000,000
Department of Transportation	Section 7 - State road and bridge projects (\$200 million), to improve county bridges (\$50 million), for allocations to counties based on the highway tax distribution formula (\$50 million), and for allocations to townships (\$17 million), which was appropriated in House Bill No. 1395 (2021)	317,000,000
Total		\$383,474,000

¹House Bill No. 1015 (2021) provided \$70 million from the federal Coronavirus Relief Fund to the Department of Career and Technical Education for career academies. Section 1 of the bill draft would provide a total of \$80 million for this purpose, of which \$50 million is from the federal Coronavirus Capital Projects Fund and \$30 million is from the federal State Fiscal Recovery Fund.

Federal Coronavirus Relief Fund		
Agency	Description	Federal Funds
Department of Human Services	Section 9 - Payroll expenses	\$4,400,000
Department of Corrections and Rehabilitation Adjutant General	Section 9 - Payroll expenses	7,000,000
	Section 9 - Payroll expenses	1,000,000
Total		\$12,400,000

Bill Draft 21.1130.03000

The committee recommends a bill draft [\[21.1130.03000\]](#) to appropriate funding to the State Treasurer, Attorney General, Department of Human Services, Retirement and Investment Office, and Department of Public Instruction; transfer Bank of North Dakota profits to the University of North Dakota; authorize 16 FTE Department of Human Services positions; provide Department of Human Services transfer authority; and authorize 6 FTE Retirement and Investment Office positions, as follows:

Federal State Fiscal Recovery Fund		
Agency	Description	Federal Funds
Department of Public Instruction	Section 16 - Information technology project upgrades in lieu of withholding state school aid from school districts not eligible for federal Elementary and Secondary School Emergency Relief (ESSER) funding allocations	\$100,000
Total		\$100,000

Other Fiscal Items			
Agency	Description	Special Funds	Federal Funds
State Treasurer	Section 1 - Provides additional appropriation authority to the State Treasurer to distribute funding from the federal Local Fiscal Recovery Fund to cities, to provide a total of \$53,174,975 appropriated to the State Treasurer for this purpose	\$0	\$3,014,975
University of North Dakota	Section 2 - Transfers Bank of North Dakota profits to the University of North Dakota for campus network upgrades	750,000	0
Attorney General	Section 3 - Funding from the Attorney General refund fund for State Crime Laboratory salary equity increases	537,297	0
Department of Human Services	Section 4 - Authorizes 16 FTE positions for the Department of Human Services	0	0
Department of Human Services	Section 5 - Appropriates federal funding due to the increased federal medical assistance percentage (FMAP) and provides the department an exemption to use up to \$16 million of any general fund savings to address any decreases in the regular FMAP rate	0	79,600,000
Department of Human Services	Section 6 - Medicaid postpartum coverage	0	600,000

Other Fiscal Items			
Agency	Description	Special Funds	Federal Funds
Department of Human Services	Section 7 - Lifespan respite care program	0	386,690
Department of Human Services	Section 8 - Vulnerable adult protection services program	0	1,936,350
Department of Human Services	Section 9 - Supplemental nutrition assistance program verification database	0	239,558
Department of Human Services	Section 10 - Children and Family Services transition program	0	1,168,347
Department of Human Services	Section 11 - Provides line item transfer authority to the Department of Human Services for House Bill Nos. 1394 and 1395 (2021)	0	0
Department of Human Services	Section 12 - Funding for the State Hospital	0	200,000
Department of Human Services	Section 13 - Money follows the person capacity program	0	5,000,000
Department of Human Services	Section 14 - Randolph Sheppard vocational rehabilitation program	0	22,663
Retirement and Investment Office	Section 15 - Authorizes 6 new FTE positions and appropriates funding for salaries and operating expenses	1,806,862	0
Department of Public Instruction	Section 16 - Funding from state school aid withholding for information technology upgrades	10,000,000	0
Total		\$13,094,159	\$92,168,583

Bill Draft 21.1137.01000

The committee recommends a bill draft [\[21.1137.01000\]](#) to appropriate \$570,035,705 from the federal State Fiscal Recovery Fund, included in Section 1 of the bill, as follows:

Federal State Fiscal Recovery Fund		
Agency	Description	Federal Funds
Industrial Commission	Pipeline infrastructure to transport natural gas from western to eastern North Dakota	\$150,000,000
Industrial Commission	Abandoned oil well conversion to water supply grant program to convert abandoned wells to livestock freshwater supply wells for permanent drought resiliency	3,200,000
Department of Water Resources	Water projects with \$50 million used to replace funding from the resources trust fund for current projects	75,000,000
Department of Corrections and Rehabilitation	Stipends to county jails for costs to house inmates sentenced to the department but deferred admission due to the pandemic	4,800,000
Parks and Recreation Department	Grants to local park districts to renovate and upgrade existing outdoor facilities with a maximum of \$1.5 million per park district and a 1-to-1 matching requirement	5,000,000
North Dakota State University Main Research Center	Capital projects, including \$446,000 for projects at the Carrington Research Extension Center (REC), \$1,963,000 at the Central Grasslands REC, \$3,420,000 at the Hettinger REC, and \$2,200,000 at the Dickinson REC	8,029,000
State Department of Health	Public health laboratory project	15,000,000
Department of Corrections and Rehabilitation	Free through recovery program for capacity increase, wait time reduction, recidivism reduction, and to improve outcomes	2,995,200
Parks and Recreation Department	State park deferred maintenance or small capital projects with each of the 13 state parks receiving a minimum of \$100,000	10,000,000
Office of Management and Budget	Critical maintenance projects	10,000,000
Office of Management and Budget	Human resources transformation initiative	
Office of Management and Budget	Heating, ventilation, and air conditioning improvements to the legislative chambers and Brynhild Haugland Room	7,000,000
State Historical Society	Essential infrastructure at historic sites	950,000
State Board of Higher Education	High performance computing at North Dakota State University	2,200,000

Federal State Fiscal Recovery Fund		
Agency	Description	Federal Funds
State Board of Higher Education	Higher education capital projects, including \$25 million for Hartnett Hall at Minot State University, \$50 million for Merrifield Hall at the University of North Dakota, and \$38 million for a polytechnic building at Bismarck State College	113,000,000
State Board of Higher Education	Equipment and personnel for hyperbaric oxygen therapy at the University of North Dakota School of Medicine and Health Sciences	2,104,121
State Board of Higher Education	Dakota Digital Academy	475,000
Attorney General	Establishment of a missing persons database	75,000
Attorney General	Replacement of the prosecuting case management system	1,000,000
Information Technology Department	Funding for radios compatible with the statewide interoperable radio network, including \$2,612,000 for the Highway Patrol and \$2,057,384 for the Department of Corrections and Rehabilitation	4,669,384
Information Technology Department	Grant to the North Dakota Stockmen's Association for the conversion of a paper-based brand inspection program to an electronic system	401,000
Adjutant General	State active-duty software replacement project	450,000
Judicial branch	Supreme Court docket system replacement project	2,020,000
Office of Administrative Hearings	Development of a web-based document management system	20,000
Department of Human Services	Retention bonuses for direct service professionals serving clients with intellectual or developmental disabilities	2,500,000
Department of Human Services	Funding for long-term care facilities, including nursing facilities (\$20.8 million), basic care facilities (\$2.95 million), and assisted living facilities (\$1.25 million)	25,000,000
Department of Human Services	Funding for western North Dakota behavioral health (\$4 million), child care services (\$17 million), Medicaid eligibility system upgrades (\$5 million), and substance use disorder treatment voucher system grants (\$3 million)	29,000,000
Department of Human Services	North Dakota Pregnancy Resource Network	1,500,000
Adjutant General	Camp Grafton housing enhancements	2,000,000
Department of Veterans' Affairs	Grant to assist in the construction of the \$8 million Fisher House at the Fargo VA Medical Center	500,000
Department of Veterans' Affairs	Improve and expand veteran medical transportation	147,000
Bank of North Dakota	Fuel production facility loan forgiveness program	21,000,000
Department of Commerce	Transfer to the innovation technology loan fund program	5,000,000
Department of Commerce	Hydrogen development grants	20,000,000
Department of Commerce	Autonomous agriculture matching grant program to accelerate innovation and research within the autonomous agriculture industry, also known as the Grand Farm Initiative	10,000,000
Department of Commerce	Local workforce development incentive grant program to support efforts to recruit, retain, or retrain workers. Requires 25 percent matching funds from local sources.	15,000,000
Department of Commerce	Technical skills training grant program for the expansion of successful workforce training programs to allow businesses to establish or expand internal training and training for new workers and workforce innovation grant programs to focus on attracting skilled workers to the state from targeted communities and regions	5,000,000
State Board of Higher Education	Establishment of a Center for Space Education and Research at the University of North Dakota	10,000,000
Aeronautics Commission	Airport grants	5,000,000
Total		\$570,035,705

Department of Transportation

The bill also includes a \$100 million appropriation in Section 2 from federal funds in excess of the regular federal funding amounts included in the Department of Transportation's 2021-23 biennium budget, to the Department of Transportation for road and bridge construction projects for the remainder of the 2021-23 biennium.

Appropriation Recommendation Summary

The following is a summary of the committee's appropriation recommendations:

Bill Draft	Federal State Fiscal Recovery Fund	Federal Coronavirus Capital Projects Fund	Federal Coronavirus Relief Fund	Other Federal Funds	Special Funds	Total
21.1104.06000	\$383,474,000	\$113,276,228	\$12,400,000	\$0	\$0	\$509,150,228
21.1130.02000	100,000	0	0	92,168,583	13,094,159	105,362,742
21.1137.01000	570,035,705	0	0	100,000,000	0	670,035,705
Total	\$953,609,705	\$113,276,228	\$12,400,000	\$192,168,583	\$13,094,159	\$1,284,548,675

Bill Draft 21.1135.02000

The committee recommends a bill draft [\[21.1135.02000\]](#) to provide legislative intent to reduce integrated formula payments to school districts eligible to receive ESSER funds by a one-time amount of \$88 per student based on fall 2021 enrollment for information technology upgrades to the state automated reporting system and the statewide longitudinal data system. Legislative intent is provided that the Department of Public Instruction use ESSER funds appropriated to the department by the 2021 Legislative Assembly to reimburse eligible school districts for the amount of integrated formula payments withheld.

Bill Draft 21.1134.01000

The committee recommends a bill draft [\[21.1134.01000\]](#) to amend North Dakota Century Code Chapter 15.1-21 to require school districts to offer computer science and cybersecurity courses to students.