

TESTIMONY ON SB 2013
HOUSE APPROPRIATIONS COMMITTEE
March 1, 2023
By: Jamie Mertz, Director of Fiscal Management
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Mr. Chairman and Members of the Committee:

Good morning, my name is Jamie Mertz, Director of Fiscal Management for the Department of Public Instruction. I am here to provide you with information regarding the Department's 2023-25 appropriation request. I refer you to the budget book that was distributed this morning.

The Department's budget is comprehensive and includes three outlying agencies. These agencies will be providing information and testimony following DPI. For your convenience, we have separated the budget documents by pre-printed tabs for easy reference.

I will start with pages 9 and 10 in the NDDPI 2023-25 Budget Request section. As Superintendent Baesler mentioned, approximately 92% of our budget is distributed directly to school districts. Of the remaining 8%, 6% are granted to entities other than school districts and 2% are agency operations. Agency operations are funded with 24% General Funds and 76% Federal and Special Funds. In our budget request, we requested a 10% increase to our salary line as well as a \$960,000 equity increase which is also in the OMB budget bill.

Since Superintendent Baesler has been elected as the North Dakota State Superintendent, we have continually looked at ways to manage our funding better and promote enhanced student outcomes to the extent possible from the department. Over the past ten years, we decreased our FTE numbers from 101.5 to 86.25, a reduction of 15.25 full-time employees, equating to a 15% staff reduction. In addition, we have not been able to fully fund all 86.25 FTEs due to the lack of funding provided. We are currently staffed at 78.5 FTEs. This has resulted in work being reassigned or eliminated. We are asking more of our employees as we continually add programs and initiatives to our department to provide resources and opportunities to North Dakota schools that aim to increase student outcomes. We are looking to the Legislature to provide additional compensation to get current staff closer to market compensation which is needed to retain current DPI talent. In addition, we will be looking to fund the unfilled FTEs to reduce exorbitant stress on current team members. This equates to funding for approximately 7.25 positions. We intend to use performance bonuses to recognize the work of those employees who have exhibited exemplary service during the current fiscal year. In some cases where employees have assumed additional duties, we have provided pay increases and retention bonuses commensurate with the additional workload they are assuming.

Staff turnover has caused additional challenges within the North Dakota Department of Public Instruction. The learning curve is high for new employees, and staff has to pick up the workload due to the decreased FTEs. In addition, the agency has taken on new initiatives to better serve North Dakota schools and educators. We are working tirelessly to provide North Dakota schools with additional resources, tools, and programs to address the learning loss caused by the Covid-19 pandemic.

The Department has developed a strategic plan that is being used as a roadmap for the future education direction. We utilize the strategic plan to review current programs to determine if we need to make changes in the implementation of existing programs, or if there is a need to redirect resources to areas that we determine to be important to facilitate better student outcomes aligned with student outcome goals. Based on our strategic plan, we do not anticipate additional FTEs. As mentioned before, our goal for the next biennium will be to fully fund our agency. We would look to the agency's current vacant FTEs for possible reclassification to meet the focus areas necessary to achieve improved student outcomes and meet the agency's continually growing needs.

Our budget request also includes the increase to our operating line that was added in the Senate's version of our budget. This is for anticipated increases to NDIT costs and rent.

I will next refer to lines 5-8 which are the Integrated Formula Payment or School Foundation Aid. The number in our request is based on the version of the funding formula that was passed out of the Senate. Mr. Adam Tescher will address this later in the presentation.

On line 11, we have our Covid Relief Funds. We will need to get authorization language written into our bill to allow us to carry over any unused amounts into the 2023-25 biennium as some of the funds go through September 2024. We estimate the amount to be \$250 million.

The next section lists various program grants that are State funded. Line 13 includes a \$500,000 request to increase to Adult Education funding. With the workforce problem in North Dakota, Adult Education is an important part of the solution. This is one of the fastest ways to train individuals for the open positions that are desperately needed to be filled. More and more jobs require a high school diploma and there is a pool of ND citizens who could gain employment or better their employment by going through the program. The increase from last biennium is to maintain an ESSER jump-started program called Integrated Education and Training (IET). This program has been a success in getting students workforce ready even faster but we do not have a funding source after this program year.

Line 17 has the Superintendent's grant pool in which we are requesting an increase of \$500,000 for Leveraging the Senior Year. This is actually made up of

two programs: Advanced Placement testing and College Ready English and Math. With the advanced placement, North Dakota students are provided the opportunity to take rigorous, college-level courses and earn college credit while in high school. For economically disadvantaged students taking AP exams in English, math, science, and computer science, the State pays the entire exam fee for up to 4 qualifying exams for the student's high school career. For other students, the State pays the full fee for the student's first exam and fifty percent of the next three exams. This program has saved North Dakota families millions of dollars in college tuition.

The College Ready English and Math, or CREAM, program is designed to provide high school seniors and juniors with the opportunity to take the necessary developmental coursework required upon entering credit-bearing higher education. Several years ago, it was identified that a high percentage of North Dakota high school graduates were needing to take remedial/developmental coursework upon entering college as a freshman. These developmental courses not only cost money and take time to complete, but they do not count towards the students' college diploma requirements. The CREAM program is made available to provide these students with the remedial coursework they would otherwise need to take but will save them time and money. In addition to satisfying the requirements for credit-

bearing course placement in college, successful completion of these courses also fulfills requirements for high school graduation in math and English.

Our next request for additional funding is for the Grow Your Own Teacher program. This program provides grants to institutions of higher education to assist paraprofessionals to become qualified teachers. We implemented this program with four institutions using ESSER state discretionary funds and the Governor's Emergency Educational Relief Fund and it has been very successful. This request is related to SB 2032 which has an appropriation of \$3 million.

We are also requesting \$3 million for the Be Legendary School Board Training. Less than 10% of school board meetings are spent on student outcomes, even though that is the most important purpose of education. This program is a 2 day institute for school boards with optional ongoing coaching. The idea for this program first came about in 2019 when a group from North Dakota was sent to the training with the plan to request seed money from the 2021 legislature to implement the program. However, COVID-19 put a hitch in that plan. We used ESSER State discretionary funds to create a North Dakota-specific model to train North Dakota school boards as well as provide funds to attend the training. Eight districts have completed the program and twenty-six are in process or scheduled to start the training. As the mantra of the program states, "Student outcomes don't change until adult behaviors change".

Our next request is \$2 million for a Cyber-Security Credential incentive for instructors. Our cyber world continues to grow as more and more devices are linked together over the web. We are becoming more and more dependent on these devices in our connected society. The 21st Century workforce needs 21st century skills. Whether you're a farmer bringing food to the table, a technician working to maintain critical energy infrastructure, or just sharing news with friends over social media, you use connected devices. Any significant shift in the farming, energy production, manufacturing, or medical industry will result from shifts in the use of data or connected systems. Most new businesses (Uber, Doordash, Carvana) have sprung up and thrived due to connected systems. These systems are constantly under attack; these businesses rely on skilled technicians on the front line to defend these systems from cyber attacks. Even if you're not looking to reduce cost, add services or be the next big thing, you are likely sharing data over the internet and need to learn to protect your information. Everyone needs to learn to become good digital citizens. Everyone needs at least basic knowledge of computers and how modern systems communicate, even if you are not going to specialize in a cyber career. We must ensure our educators are equipped and trained to provide this knowledge to our learners with the goal of having every student cyber-educated. This request is to provide an incentive for educators to obtain a credential in cyber-security.

Our final request in this section is for \$500,000 for the Greater Math in North Dakota program. We implemented this program with ESSER State discretionary funds but are looking to continue with State funds. Based on the 2022 State Assessment, only 39% of students are proficient in math. Math is a cumulative subject and if a student struggles with a concept they tend to get further behind as new ones are added. This program is a partnership with the Regional Educational Laboratory Central, Regional Education Associations and grantees to provide training and support for mathematics education. It looks to refine the teacher's approach by using the same curriculum, tools, programs, and online platforms that a school already has. The desired outcome would be increases in math growth and closing student gaps by implementing a high-quality blended learning model. Blended learning combines face-to-face instruction with online learning by leveraging technology to assist educators in diagnosing students' prior knowledge, differentiating academic paths for each student, and adjusting lesson execution. This is a two-year program with 8 districts currently participating, however, we had more districts interested than what we had funding available.

The next section on page 10 contains various grants that simply flow through our agency. Normally our request doesn't include any additional funding requests or reductions, however, the Governor's budget did double the size of the Education Standards and Practices Board's Teacher Support System which we

included here. I believe someone from ESPB will testify in support of this request when public testimony is heard.

Line 35 is our federal program grants that are not pandemic related. We are requesting a \$70 million increase to this line for anticipated funding increases for the US Department of Agriculture food programs and US Department of Education Special Education and Title programs.

On line 39, North Dakota Information Technology has requested a \$525,000 increase to the PowerSchool funding. PowerSchool is a student information system that school districts utilize. The funding in this line goes directly to NDIT for maintenance and improvements to this system.

Line 40 contains a request for \$5 million for the rewrite of our State Automated Reporting System or STARS. This is a custom data clearinghouse solution that implements the unique requirements for the collection, aggregation, storage, distribution, and reporting of State and Federal government-mandated education data. During the current biennium, DPI withheld \$9.97 million from districts' foundation aid payments to pay for this project. The language we would need would just be authorization to carry forward the unused funds.

Page 11 summarizes the additional funding requests that I have discussed as well as the possible funding sources. Pages 12 and 13 are a breakdown of the various federal programs that we have administered over the last 2 years. Prior to

the pandemic, a normal year would be about \$150 million so you can see the large increases we have experienced. We do not believe the federal programs decreasing to this level and this why we are requesting a \$70 million increase to our Grants-Other Grants line.

On page 14, we have summarized all of the pandemic-related funding that was awarded through our agency as well as what has been spent through the end of December. One of the things that I am most proud of is that we were able to administer all of these funds by only hiring a single temporary employee whose employment ends when the programs do. Speaking to my colleagues in other states, they hired teams of people to administer these funds. We were the beneficiaries of some fortunate timing in that we had implemented our WebGrants grant management system in the fall of 2019 which allows us to issue grants and grantees can request funds electronically. Prior to this, we had a cumbersome paper process and I couldn't imagine how we would have handled all of these funds as quickly and efficiently as we did under the old methodology.

Mr. Chairman, this concludes my remarks and I thank you for the opportunity to discuss the budget of the Department of Public Instruction. Our School Finance Officer Mr. Adam Tescher will present information in the School Finance Statistics pertaining to school funding, but I would be happy to take any additional questions from the committee before he presents. Please feel free to contact me to answer any

questions or provide further information. If I don't know the answer I definitely can find the person who would. Thank you.

