

Department 201 - Department of Public Instruction
Senate Bill No. 2013

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$1,581,358,763	\$1,237,388,125	\$2,818,746,888
2023-25 Base Level	1,658,196,873	938,233,270	2,596,430,143
Increase (Decrease)	(\$76,838,110)	\$299,154,855	\$222,316,745

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$1,218,407 is for salary increases and \$413,586 is for health insurance increases	\$617,995	\$1,013,998	\$1,631,993
2. Adds funding for operating expenses related to a new Capitol space rent model	\$140,899	\$0	\$140,899
3. Adjusts funding for the cost to continue integrated formula payments	(\$35,329,144)	\$0	(\$35,329,144)
4. Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million (It is anticipated approximately \$511.9 million will be available.)	(\$80,812,000)	\$80,812,000	\$0
5. Decreases funding for integrated formula payments resulting from the accelerated implementation of on-time funding	(\$2,400,000)	\$0	(\$2,400,000)
6. Adds funding to increase the integrated formula payment rate by 4 percent in the 1 st year of the biennium and 3 percent in the 2 nd year of the biennium	\$146,409,518	\$0	\$146,409,518
7. Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments	\$14,767,391	\$0	\$14,767,391
8. Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget (OMB) inadvertently included this funding twice in the executive recommendation.)	\$14,767,391	\$0	\$14,767,391
9. Adjusts funding for integrated formula payments to provide one-time funding from the foundation aid stabilization fund to provide a total of \$281.7 million from the fund for integrated formula payments	(\$138,215,156)	\$138,215,156	\$0
10. Adds one-time funding from the foundation aid stabilization fund for program grants for school board training	\$0	\$3,000,000	\$3,000,000
11. Adds one-time funding from the foundation aid stabilization fund for program grants for cybersecurity training for teachers	\$0	\$2,000,000	\$2,000,000
12. Adds one-time funding from the foundation aid stabilization fund for program grants for a grow-your-own teacher program	\$0	\$4,000,000	\$4,000,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Salary of the Superintendent of Public Instruction - Section 3 would provide the statutory changes to increase the Superintendent of Public Instruction's salary. The superintendent's annual salary would increase from the current level of \$130,323 to \$138,142, effective July 1, 2023, and to \$143,668, effective July 1, 2024, to reflect recommended salary increases of 6 percent in the 1st year of the biennium and 4 percent in the 2nd year of the biennium.

Tuition apportionment - Section 4 would provide that any money available in the state tuition fund in excess of the \$513,832,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction (DPI) for distribution to school districts.

Gifted and talented program funding and Medicaid matching grants - Section 5 would provide that DPI use \$800,000 of the 2023-25 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school

districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Health and Human Services on behalf of the school district or unit.

Indirect cost allocation - Section 6 would provide that, notwithstanding North Dakota Century Code Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Grants - Other grants distribution - Section 8 would require no more than one-half of the passthrough grants included in the grants - other grants line item is to be expended during the fiscal year ending June 30, 2024.

Transfer - Foundation aid stabilization fund transfer to Department of Public Instruction operating fund - Section 9 would require OMB transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of DPI for the purpose of providing integrated formula payments. The executive budget appropriates \$281,669,656 from the foundation aid stabilization fund for integrated formula payments.

Transfer - Foundation aid stabilization fund to Department of Public Instruction - One-time funding - Section 10 would require OMB transfer, on a quarterly basis, a total of \$9 million from the foundation aid stabilization fund to the DPI for school board training (\$3 million), a cybersecurity credential incentive (\$2 million), and a grow-your-own teacher program (\$4 million).

Use of new money - Nonadministrative personnel compensation increases - Section 11 would require school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

Exemption - 2021-23 biennium funding exemption and transfer to the Department of Public Instruction operating fund - Section 12 would provide that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Exemption - Deposits into the department's operating account - Section 13 would provide that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Exemption - Federal Elementary and Secondary School Emergency Relief (ESSER) Fund - Section 14 would provide funds appropriated to DPI from the ESSER Fund during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued to the 2023-25 biennium.

State school aid formula changes - Sections 15, 16, and 17 would provide the statutory changes to the state school aid formula included in the executive budget recommendation. Statutory changes would:

- Add or subtract 1.00 weighted student unit per student for increases or decreases, respectively, in fall enrollment as compared to the prior year spring average daily membership and provide for a 0.70 weighting factor deduction per student for school districts, paid based on fall enrollment during the 2022-23 school year, whose spring average daily membership for the 2022-23 school year is lower than the fall enrollment and for a 1.00 weighting factor deduction for school districts, paid based on fall enrollment, whose spring average daily membership is lower than the prior fall enrollment for school years after June 30, 2023;
- Increase the integrated per student payment rate from the current level of \$10,237 to \$10,646, effective for the 2023-24 school year, and to \$10,965, effective for the 2024-25 school year, to reflect integrated per student payment rate increases of 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium;
- Remove transition maximum limits on state school aid payments; and
- Update the year, from 2020 to 2022, used to determine the percentage of mills levied for sinking and interest relative to the total mills levied by the school district for all purposes. The percent is used to reduce local revenues deducted in the state school aid formula.

Continuing Appropriations

Instructional materials revolving printing fund - Section 15.1-03-03 - The fund is used for revenues and expenses associated with distributing instructional materials developed and printed by the department.

Displaced homemaker program - Chapter 14-06.1 - The fund is used to provide counseling, guidance, job readiness training, and services for displaced homemakers.

Estimated Turnback

The Department of Public Instruction estimates 2021-23 biennium general fund turnback will total approximately \$58.5 million relating to excess appropriations for integrated formula payments (\$55 million), special education contract grants (\$2 million), and the teacher loan forgiveness program (\$1.5 million). The 2023-25 biennium executive recommendation authorizes the department to continue up to \$10,387,064 remaining in the integrated formula payments line item at the close of the 2021-23

biennium to the 2023-25 biennium for various program and passthrough grants which, if approved, would reduce anticipated turnback to approximately \$48.1 million.

Significant Audit Findings

The operational audit of DPI for the biennium ended June 30, 2021, included a review of financial transactions to determine expenditures are correct. The State Auditor identified one audit finding related to spending authority approval. The department received approval from the Emergency Commission and the Budget Section for a total of \$16,918,463 to spend on the Comprehensive Literacy State Development Program, which is a program funded by the federal government to improve literacy for disadvantaged children. The department spent \$3,117,564 on the literacy program and \$13,800,899 on a summer foods program, which was not part of the Emergency Commission approval. The department spent funds on a program other than the program approved for additional spending authority by the Emergency Commission. The State Auditor recommended DPI develop procedures to track expenditures for Emergency Commission requests to ensure money is spent for the approved purpose or returned at the end of the biennium.

Major Related Legislation

Senate Bill No. 2032 - Provides an appropriation of \$3 million from the general fund to DPI for grants to accredited institutions of higher education to **assist paraprofessionals to become qualified teachers**, for the biennium beginning July 1, 2023, and ending June 30, 2025. The department may award up to \$20,000 to each qualifying institution for program startup and other administrative costs and the remainder of the appropriation may be used only for tuition and scholarships for students enrolled in the program. The department may establish policies and procedures to administer this program.

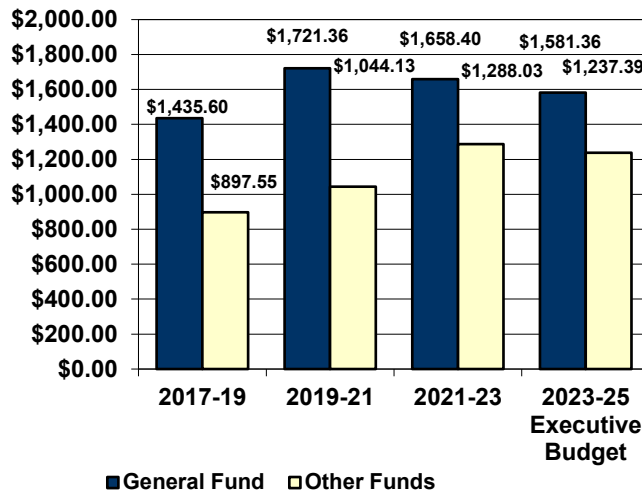
Senate Bill No. 2033 - Establishes a student loan forgiveness program for teachers in shortage areas and provides an appropriation of \$3 million from the general fund to the department for **teacher shortage student loan forgiveness** payments.

Senate Bill No. 2066 - Reduces the **local property tax in the state school aid formula** from 60 mills to 30 mills and uses the 2022 taxable valuation for the 2023-24 payment year. The taxable valuation is increased by 5 percent each year thereafter for general fund levy and property tax contributions. The decrease in the contribution from property taxes would require an additional \$327.5 million from the state for state school aid.

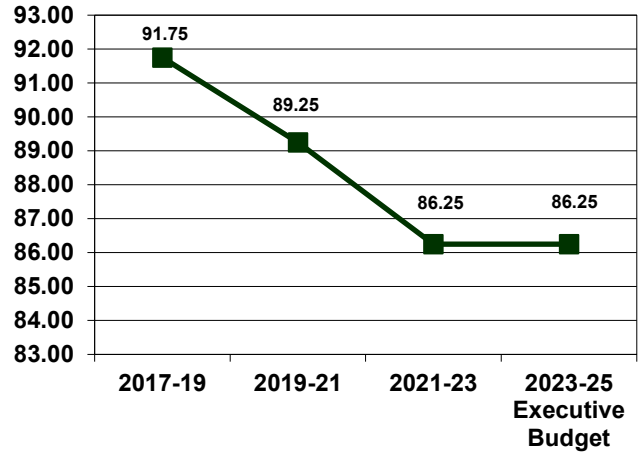
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,689,008,539	\$1,435,601,984	\$1,721,161,137	\$1,658,196,873	\$1,719,573,919
Increase (decrease) from previous biennium	N/A	(\$253,406,555)	\$285,559,153	(\$62,964,264)	\$61,377,046
Percentage increase (decrease) from previous biennium	N/A	(15.0%)	19.9%	(3.7%)	3.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(15.0%)	1.9%	(1.8%)	1.8%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 8 FTE positions from the base budget, of which funding for 3 FTE IT programmer and research positions were transferred from the salaries and wages line item to the operating expenses line item to contract for services. (\$652,038)
2. Reduced funding for operating expenses. (\$1,301,254)
3. Increased funding for cost-to-continue state school aid. \$18,864,163
4. Adjusted the funding sources of integrated formula payments to provide for increased funding available from the state tuition fund. (\$86,412,905)
5. Adjusted the funding sources of integrated formula payments to provide for a decrease in ongoing funding provided from the foundation aid stabilization fund to \$110 million. \$6,053,293
6. Adjusted the funding sources of integrated formula payments to provide for one-time funding from the foundation aid stabilization fund. (\$185,000,000)
7. Increased funding for special education contract grants to provide a total of \$19.3 million from the general fund. \$2,000,000
8. Reduced funding for transportation grants to provide a total of \$55.4 million from the general fund. (\$1,600,000)
9. Added funding for a flexible funding pool for certain programs administered by the Superintendent of Public Instruction. \$1,530,000
10. Reduced funding for program grants. (\$1,179,022)
11. Reduced funding for various passthrough grants. (\$2,887,500)
12. Reduced funding for PowerSchool. (\$500,000)

2019-21 Biennium

1. Removed 4 FTE positions from the base budget.	(\$583,930)
2. Restored 1 FTE division manager position.	\$272,692
3. Added a .50 FTE position and related funding for salaries and wages (\$76,000) and operating expenses (\$189,000) for the administration of the Education Coordination Council established in Senate Bill No. 2215.	\$265,000
4. Transferred the teacher shortage loan forgiveness program from the North Dakota University System.	\$2,103,393
5. Added funding for operating expenses related to increases in the continuous improvement for schools contract with AdvancEd to provide a total of \$1,112,000.	\$312,000
6. Increased funding for operating expenses to correct an error in the department's budget request relating to its base budget adjustments.	\$1,000,000
7. Added funding for operating expenses related to a Pre K-12 Education Vision Steering Committee to support the facilitation of stakeholder groups to continue developing education initiatives as provided in Senate Bill No. 2025.	\$300,000
8. Increased funding for cost-to-continue state school aid.	\$53,625,374
9. Adjusted funding for integrated formula payments for changes to the state school aid formula approved in Senate Bill No. 2265.	\$109,372,892
10. Added funding for integrated formula payments to replace one-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium.	\$185,000,000
11. Adjusted the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund.	(\$72,217,095)
12. Increased funding for special education contract grants to provide a total of \$24 million from the general fund.	\$4,700,000
13. Increased funding for transportation grants to provide a total of \$56.5 million from the general fund.	\$1,100,000
14. Increased funding for adult education matching grants to provide a total of \$4.4 million from the general fund.	\$1,300,000
15. Added funding for leadership professional development program grants.	\$200,000
16. Removed funding for the transportation efficiency line item and included transportation efficiency in the flexible funding pool.	(\$30,000)
17. Reduced funding for the Superintendent of Public Instruction's flexible funding pool to provide a total of \$1.5 million from the general fund for certain programs and initiatives administered by the superintendent.	(\$30,000)
18. Reduced funding for passthrough grants.	(\$34,236)
19. Reduced funding for national board certification to provide a total of \$108,000 from the general fund.	(\$12,000)

2021-23 Biennium

1. Transferred 3 FTE positions and related salaries of \$600,000 and operating expenses of \$100,000 to the Department of Human Services pursuant to House Bill No. 1416 relating to the administration of an early childhood education program for 4-year olds.	(\$300,000)
2. Adjusted the funding source for professional fees related to accreditation support to provide funding from school district reimbursements for services.	(\$1,012,000)
3. Removed funding for ACT and WorkKeys testing fees pursuant to Senate Bill No. 2141.	(\$780,000)
4. Decreased funding for integrated formula payments for savings related to a reduction in the cost to continue.	(\$16,868,441)
5. Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund.	(\$55,256,000)
6. Increased funding for integrated formula payments for changes to the state school aid formula approved in House Bill No. 1388.	\$12,036,512
7. Added funding for the fiscal impact of increased participation in summer school related to House Bill No. 1436.	\$1,300,000
8. Added funding for the fiscal impact of House Bill No. 1246 related to eliminating the deduction of tuition paid with federal impact aid.	\$3,700,000
9. Increased funding for special education contract grants to provide a total of \$27 million from the general fund.	\$3,000,000
10. Increased funding for transportation grants, pursuant to reimbursement changes approved in House Bill No. 1027, to provide a total of \$58.1 million from the general fund.	\$1,600,000

11. Reduced funding for the Superintendent of Public Instruction's flexible funding pool, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$1,500,000)
12. Increased funding for program grants, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$6,180,000)
13. Increased funding for passthrough grants, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$2,863,764)

2023-25 Biennium (Executive Budget Recommendation)

1. Adjusts funding for the cost to continue integrated formula payments. (\$35,329,144)
2. Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million. (It is anticipated approximately \$511.9 million will be available.) (\$80,812,000)
3. Decreases funding for integrated formula payments resulting from the accelerated implementation of on-time funding. (\$2,400,000)
4. Adds funding to increase the integrated formula payment rate by 4 percent in the 1st year of the biennium and 3 percent in the 2nd year of the biennium. \$146,409,518
5. Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments. \$14,767,391
6. Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget inadvertently included this funding twice in the executive recommendation.) \$14,767,391

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$200,000	\$200,000	(\$138,215,156)

Major One-Time General Fund Appropriations

2017-19 Biennium

None

2019-21 Biennium

Added one-time funding for operating expenses to rewrite the state school aid formula \$200,000

2021-23 Biennium

Added one-time funding for state automated reporting system (STARS) application maintenance \$200,000

2023-25 Biennium (Executive Budget Recommendation)

Reduces funding from the general fund for integrated formula payments for one-time funding provided from the foundation aid stabilization fund (\$138,215,156)

Department 250 - State Library
Senate Bill No. 2013

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$7,033,588	\$2,152,915	\$9,186,503
2023-25 Base Level	5,831,721	2,364,417	8,196,138
Increase (Decrease)	\$1,201,867	(\$211,502)	\$990,365

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$257,581 is for salary increases and \$138,888 is for health insurance increases	\$340,174	\$56,295	\$396,469
2. Increases funding for operating expenses	\$54,559	\$0	\$54,559
3. Adds funding for operating expenses related to a new Capitol space rent model	\$264,635	\$0	\$264,635
4. Adds funding for library vision grants to tribal libraries	\$50,000	\$0	\$50,000
5. Adds one-time funding for salaries and wages for retirement payouts	\$40,000	\$0	\$40,000
6. Adds one-time funding for operating expenses to meet maintenance of effort requirements	\$228,635	\$0	\$228,635
7. Adds one-time funding for operating expenses for information technology equipment	\$43,000	\$0	\$43,000
8. Adds one-time funding for operating expenses for building renovations	\$150,000	\$0	\$150,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

State aid to public libraries - Section 7 would provide that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The performance audit of the State Library performed by the State Auditor for the biennium ended June 30, 2021, included a review of financial transactions and determining that expenses are correct. The audit did not identify any areas of concern and prior audit recommendations have been implemented.

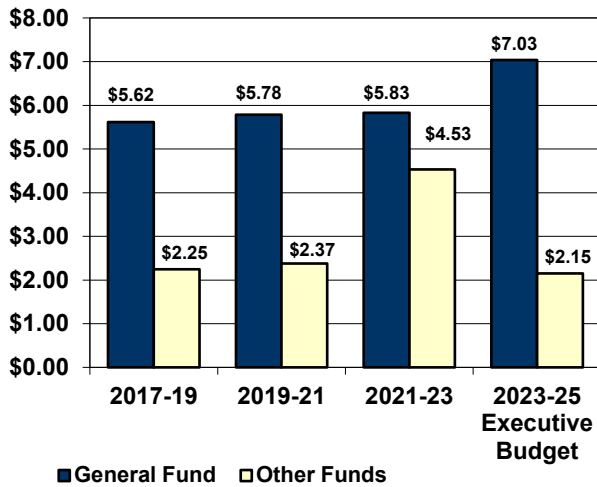
Major Related Legislation

Senate Bill No. 2050 - Allows the State Librarian to recalculate grant payments to public libraries upon successful appeal, repeals the requirement of maintenance of local effort, and clarifies processes for public libraries and state agencies and the role of the Library Coordinating Council.

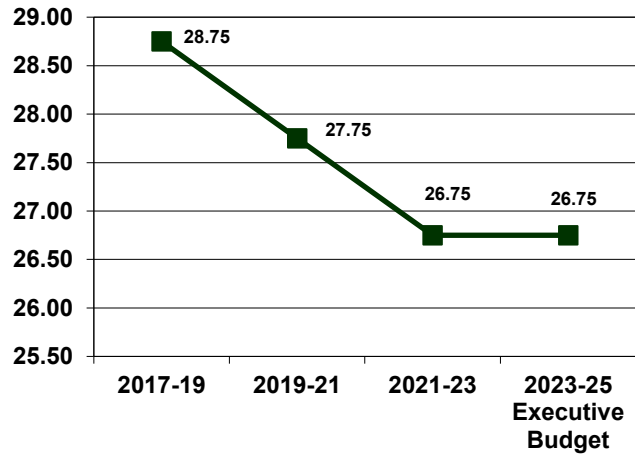
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$6,079,981	\$5,618,301	\$5,781,419	\$5,831,721	\$6,571,953
Increase (decrease) from previous biennium	N/A	(\$461,680)	\$163,118	\$50,302	\$740,232
Percentage increase (decrease) from previous biennium	N/A	(7.6%)	2.9%	0.9%	12.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(7.6%)	(4.9%)	(4.1%)	8.1%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Restored salaries and wages funding reductions during the 2015-17 biennium \$61,341
2. Removed 1 FTE education program administrator II position (\$142,296)
3. Reduced funding for online library resources (\$182,239)
4. Reduced funding for state aid to libraries to provide a total of \$1,737,582 from the general fund (\$295,472)

2019-21 Biennium

1. Removed 2 FTE library associate I positions (\$280,915)
2. Added 1 FTE librarian III position \$181,278
3. Adjusted funding for operating expenses (\$29,959)

2021-23 Biennium

1. Removed 2 FTE unidentified positions (\$308,462)
2. Added 1 FTE educational program administrator II position \$151,000

2023-25 Biennium (Executive Budget Recommendation)

1. Increases funding for operating expenses \$54,559
2. Adds funding for operating expenses related to a new Capitol space rent model \$264,635
3. Adds funding for library vision grants to tribal libraries \$50,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$250,000	\$0	\$0	\$0	\$461,635

Major One-Time General Fund Appropriations

2017-19 Biennium

None

2019-21 Biennium

None

2021-23 Biennium

None

2023-25 Biennium (Executive Budget Recommendation)

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| 1. Adds one-time funding for salaries and wages for retirement payouts | \$40,000 |
| 2. Adds one-time funding for operating expenses to meet maintenance of effort requirements | \$228,635 |
| 3. Adds one-time funding for operating expenses for information technology equipment | \$43,000 |
| 4. Adds one-time funding for operating expenses for building renovations | \$150,000 |

Department 252 - School for the Deaf
Senate Bill No. 2013

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$8,413,822	\$3,680,550	\$12,094,372
2023-25 Base Level	7,406,556	2,790,528	10,197,084
Increase (Decrease)	\$1,007,266	\$890,022	\$1,897,288

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$336,147 is for salary increases and \$252,056 is for health insurance increases	\$571,656	\$16,547	\$588,203
2. Adds funding for a 0.75 FTE education services position	\$115,294	\$0	\$115,294
3. Adds funding for teacher salary increases	\$171,890	\$0	\$171,890
4. Adds one-time funding , including funds from special funds available from trust fund distributions, rents, and service revenue, for inflationary increases to operating expenses	\$90,085	\$30,086	\$120,171
5. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for boiler replacement	\$0	\$650,000	\$650,000
6. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for pneumatic controls and fire alarm	\$0	\$150,000	\$150,000
7. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets to replace equipment over \$5,000	\$0	\$43,500	\$43,500

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

The executive budget did not include any other sections related to the School for the Deaf.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial audit of the School for the Deaf, performed by the State Auditor for the biennium ending June 30, 2021, included a review to determine financial transactions, including expenditures of the School for the Deaf, were made in accordance with law and appropriation requirements. The audit did not identify any exceptions or default and a prior audit recommendation relating to noncompliance with state procurement guidelines has been implemented.

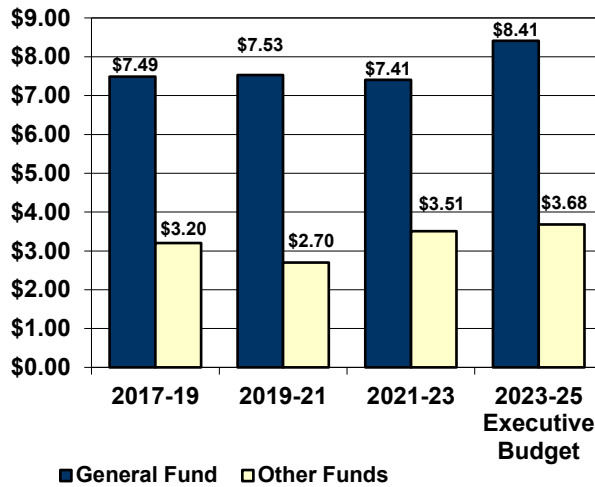
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

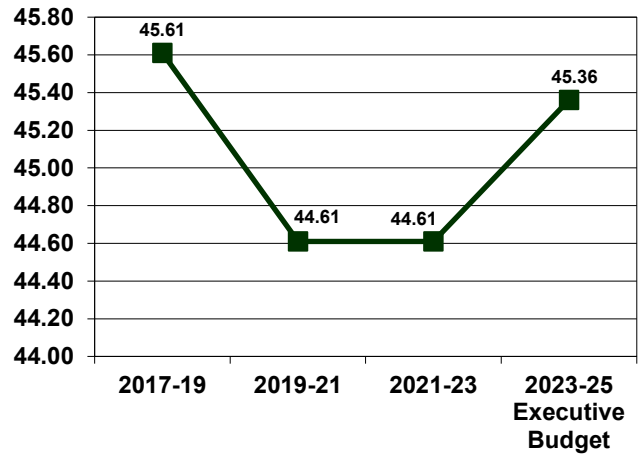
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$8,541,881	\$7,488,526	\$7,528,850	\$7,406,556	\$8,323,737
Increase (decrease) from previous biennium	N/A	(\$1,053,355)	\$40,324	(\$122,294)	\$917,181
Percentage increase (decrease) from previous biennium	N/A	(12.3%)	0.5%	(1.6%)	12.4%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(12.3%)	(11.9%)	(13.3%)	(2.6%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed funding for teacher composite pay increases (\$151,193)
2. Adjusted the funding source for a portion of operating expenses to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$784,381)
3. Reduced funding for extraordinary repairs and adjusted the funding source to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$152,174)

2019-21 Biennium

1. Removed 1 FTE position and adjusted base payroll (\$293,445)
2. Removed 1 FTE undesignated position and added 1 FTE adult services position funded by special funds (\$117,654)
3. Increased funding for teacher salaries \$144,153
4. Reduced funding for interpreter grants to state colleges and universities to provide a total of \$40,000 from the general fund (\$140,000)

2021-23 Biennium

1. Adjusted the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$365,542)
2. Increased funding for teacher salaries \$133,704
3. Removed funding for interpreter grants to state colleges and universities (\$40,000)

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|--|-----------|
| 1. Adds funding for a 0.75 FTE education services position | \$115,294 |
| 2. Adds funding for teacher salary increases | \$171,890 |

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$0	\$0	\$90,085

Major One-Time General Fund Appropriations**2017-19 Biennium**

None	\$0
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2019-21 Biennium

None	\$0
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2021-23 Biennium

None	\$0
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2023-25 Biennium (Executive Budget Recommendation)

Adds one-time funding for inflationary increases to operating expenses	\$90,085
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Department 253 - North Dakota Vision Services - School for the Blind
Senate Bill No. 2013

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$5,183,902	\$1,668,476	\$6,852,378
2023-25 Base Level	4,761,879	1,062,178	5,824,057
Increase (Decrease)	\$422,023	\$606,298	\$1,028,321

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$176,226 is for salary increases and \$149,176 is for health insurance increases	\$292,040	\$33,362	\$325,402
2. Adds funding for teacher salary increases	\$93,838	\$0	\$93,838
3. Increases funding from special funds available from trust fund distributions, rents, and service revenue for temporary salaries	\$0	\$30,000	\$30,000
4. Increases funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses	\$0	\$60,000	\$60,000
5. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses for equipment less than \$5,000	\$0	\$26,000	\$26,000
6. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for roof replacement and repair	\$0	\$150,000	\$150,000
7. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for south wing gutters	\$0	\$50,000	\$50,000
8. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for parking lot update	\$0	\$50,000	\$50,000
9. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for door and air conditioner repair	\$0	\$29,000	\$29,000
10. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for electrical panel replacement	\$0	\$10,000	\$10,000
11. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for east wing flooring and cabinets	\$0	\$45,000	\$45,000
12. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for front entrance update	\$0	\$55,000	\$55,000
13. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets to update student commons area	\$0	\$50,000	\$50,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

The executive budget did not include any other sections related to the North Dakota Vision Services - School for the Blind.

Continuing Appropriations

Visual aid and appliance fund - North Dakota Century Code Section 25-06-10 - A revolving fund for adaptive aids for those who are blind and visually impaired.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

January 12, 2023

Significant Audit Findings

The operational audit of the North Dakota Vision Services - School for the Blind performed by the State Auditor identified no areas of concern.

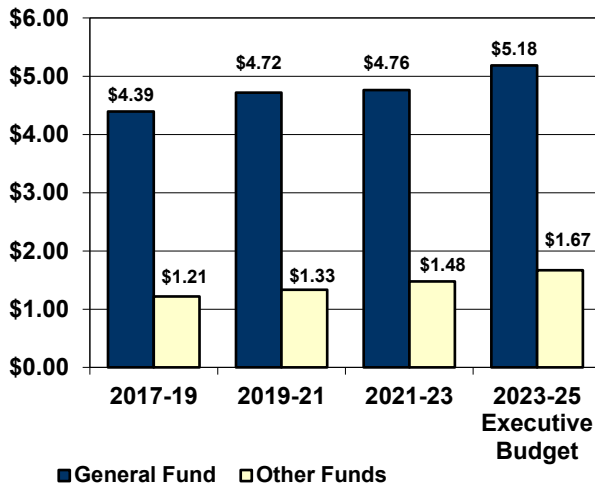
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

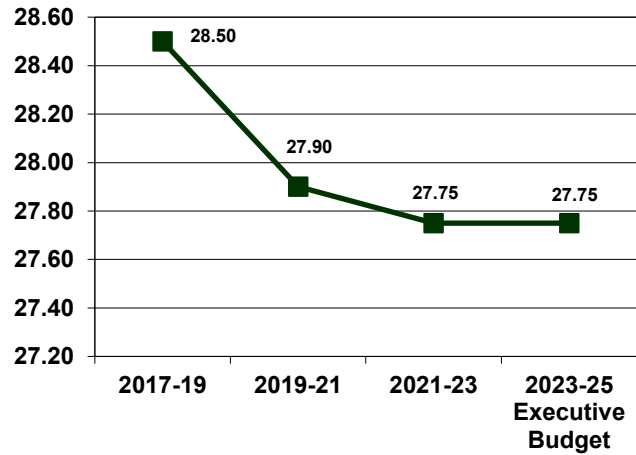
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$4,748,647	\$4,394,146	\$4,717,989	\$4,761,879	\$5,183,902
Increase (decrease) from previous biennium	N/A	(\$354,501)	\$323,843	\$43,890	\$422,023
Percentage increase (decrease) from previous biennium	N/A	(7.5%)	7.4%	0.9%	8.9%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(7.5%)	(0.6%)	0.3%	9.2%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed a 0.5 FTE position and restored salaries and wages funding reductions made during the 2015-17 biennium \$105,800
2. Removed 1 FTE teacher position (\$154,216)
3. Restored funding for operating expenses, reduced as part of the August 2016 general fund budget reductions, and adjusted the funding source for a portion of operating expenses to provide funding from special funds available from trust fund distributions, rents, contributions, and service revenue (\$420,173)

2019-21 Biennium

1. Removed a 0.60 FTE systems administrator I position (\$73,069)
2. Increased funding for teacher salaries \$119,203

2021-23 Biennium

1. Removed a 0.15 FTE activity assistant position (\$9,370)
2. Reduced funding for salaries and wages (\$74,312)
3. Increased funding for teacher salaries \$72,610

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for teacher salary increases \$93,838

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

None \$0

2019-21 Biennium

None \$0

2021-23 Biennium

None \$0

2023-25 Biennium (Executive Budget Recommendation)

None \$0

Department of Public Instruction - Budget No. 201
Senate Bill No. 2013
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	86.25	\$1,658,196,873	\$938,233,270	\$2,596,430,143
2023-25 Ongoing Funding Changes				
Cost to continue salary increases		\$42,088	\$81,573	\$123,661
Salary increase		456,449	761,958	1,218,407
Health insurance increase		161,546	252,040	413,586
Adds funding, including funding from federal and special funds, for increased operating expenses related to ITD rate increases		22,144	32,128	54,272
Adds funding for operating expenses related to a new Capitol space rent model		140,899		140,899
Adjusts funding for the cost to continue integrated formula payments		(35,329,144)		(35,329,144)
Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million (It is anticipated approximately \$511.9 million will be available.)		(80,812,000)	80,812,000	0
Decreases funding for integrated formula payments resulting from the accelerated implementation of on-time funding		(2,400,000)		(2,400,000)
Adds funding to increase the integrated formula payment rate by 4 percent in the 1st year of the biennium and 3 percent in the 2nd year of the biennium		146,409,518		146,409,518
Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments		14,767,391		14,767,391
Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget inadvertently included this funding twice in the executive recommendation.)		14,767,391		14,767,391
Increases funding for other grants for anticipated increases in United States Department of Agriculture food program funding			50,000,000	50,000,000
Increases funding for other grants for anticipated increases in United States Department of Education programs			20,000,000	20,000,000
Increases funding for the leveraging the senior year program to provide a total of \$1.4 million for the program grant pool, of which \$900,000 is allocated to the leveraging the senior year program		500,000		500,000

Transfers \$10,387,064 of special funds included in the base budget in the grants - program and passthrough line item to the grants - passthrough grants line item				0
Increases funding for passthrough grants for the teacher mentoring program to provide a total of \$4,251,528, of which \$2,125,764 is from the general fund and \$2,125,764 is from special funds resulting from carryover		2,125,764		2,125,764
Increases funding for PowerSchool to provide a total of \$5,775,000		525,000		525,000
Total ongoing funding changes	0.00	\$61,377,046	\$151,939,699	\$213,316,745
One-time funding items				
Adjusts funding for integrated formula payments to provide one-time funding from the foundation aid stabilization fund to provide a total of \$281.7 million from the fund for integrated formula payments		(\$138,215,156)	\$138,215,156	\$0
Adds one-time funding from the foundation aid stabilization fund for program grants for school board training			3,000,000	3,000,000
Adds one-time funding from the foundation aid stabilization fund for program grants for cybersecurity training for teachers			2,000,000	2,000,000
Adds one-time funding from the foundation aid stabilization fund for program grants for a grow-your-own-teacher program			4,000,000	4,000,000
Total one-time funding changes	0.00	(\$138,215,156)	\$147,215,156	\$9,000,000
Total Changes to Base Level Funding	0.00	(\$76,838,110)	\$299,154,855	\$222,316,745
2023-25 Total Funding	86.25	\$1,581,358,763	\$1,237,388,125	\$2,818,746,888
<i>Federal funds included in other funds</i>			\$419,573,819	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	3.7%	16.2%	8.2%
<i>Total changes as a percentage of base level</i>	0.0%	(4.6%)	31.9%	8.6%

Other Sections in Department of Public Instruction - Budget No. 201

	Executive Budget Recommendation
Salary of the Superintendent of Public Instruction	Section 3 would provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$130,323 to \$138,142, effective July 1, 2023, and to \$143,668, effective July 1, 2024, to reflect recommended salary increases of 6 percent in the 1st year of the biennium and 4 percent in the 2nd year of the biennium.
Tuition apportionment	Section 4 would provide that any money available in the state tuition fund in excess of the \$513,832,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

Other Sections in Department of Public Instruction - Budget No. 201

	Executive Budget Recommendation
Gifted and talented program funding and Medicaid matching grants	Section 5 would provide that DPI use \$800,000 of the 2023-25 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Health and Human Services on behalf of the school district or unit.
Indirect cost allocation	Section 6 would provide that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.
Grants - Other grants distribution	Section 8 would require no more than one-half of the passthrough grants included in the grants - other grants line item is to be expended during the fiscal year ending June 30, 2024.
Transfer - Foundation aid stabilization fund transfer to Department of Public Instruction operating fund	Section 9 would require OMB transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of DPI for the purpose of providing integrated formula payments. The executive budget appropriates \$281,669,656 from the foundation aid stabilization fund for integrated formula payments.
Transfer - Foundation aid stabilization fund to Department of Public Instruction - One-time funding	Section 10 would require the OMB transfer, on a quarterly basis, a total of \$9 million from the foundation aid stabilization fund to DPI for school board training (\$3 million), a cybersecurity credential incentive (\$2 million), and a grow-your-own-teacher program (\$4 million).
Use of new money - Nonadministrative personnel compensation increases	Section 11 would require school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.
Exemption - 2021-23 biennium funding exemption and transfer to the Department of Public Instruction operating fund	Section 12 would provide that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Other Sections in Department of Public Instruction - Budget No. 201

Executive Budget Recommendation

Exemption - Deposits into the department's operating account

Section 13 would provide that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Exemption - ESSER Fund

Section 14 would provide funds appropriated to DPI from the ESSER Fund during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

State school aid formula changes

Sections 15, 16, and 17 would provide the statutory changes to the state school aid formula included in the executive budget recommendation. Statutory changes would:

- Add or subtract 1.00 weighted student unit per student for increases or decreases, respectively, in fall enrollment as compared to the prior year spring average daily membership and provide for a 0.70 weighting factor deduction per student for school districts, paid based on fall enrollment during the 2022-23 school year, whose spring average daily membership for the 2022-23 school year is lower than the fall enrollment and for a 1.00 weighting factor deduction for school districts, paid based on fall enrollment, whose spring average daily membership is lower than the prior fall enrollment for school years after June 30, 2023;

- Increase the integrated per student payment rate from the current level of \$10,237 to \$10,646, effective for the 2023-24 school year, and to \$10,965, effective for the 2024-25 school year, to reflect integrated per student payment rate increases of 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium;

- Remove transition maximum limits on state school aid payments; and

- Update the year, from 2020 to 2022, used to determine the percentage of mills levied for sinking and interest relative to the total mills levied by the school district for all purposes. The percent is used to reduce local revenues deducted in the state school aid formula.

State Library - Budget No. 250
Senate Bill No. 2013
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	26.75	\$5,831,721	\$2,364,417	\$8,196,138
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		\$23,424	\$4,809	\$28,233
Adjustments to base level funding			(272,606)	(272,606)
Salary increase		216,718	40,863	257,581
Health insurance increase		123,456	15,432	138,888
Increases funding for operating expenses related to Information Technology Department rate increases		7,440		7,440
Increases funding for operating expenses		54,559		54,559
Adds funding for operating expenses related to a new Capitol space rent model		264,635		264,635
Adds funding for library vision grants to tribal libraries		50,000		50,000
Total ongoing funding changes	0.00	\$740,232	(\$211,502)	\$528,730
One-time funding items				
Adds one-time funding for salaries and wages for retirement payouts		\$40,000		\$40,000
Adds one-time funding for operating expenses to meet maintenance of effort requirements		228,635		228,635
Adds one-time funding for operating expenses for information technology equipment		43,000		43,000
Adds one-time funding for operating expenses for building renovations		150,000		150,000
Total one-time funding changes	0.00	\$461,635	\$0	\$461,635
Total Changes to Base Level Funding	0.00	\$1,201,867	(\$211,502)	\$990,365
2023-25 Total Funding	26.75	\$7,033,588	\$2,152,915	\$9,186,503
<i>Federal funds included in other funds</i>			\$2,086,095	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	12.7%	(8.9%)	6.5%
<i>Total changes as a percentage of base level</i>	0.0%	20.6%	(8.9%)	12.1%

Other Sections in State Library - Budget No. 250

State aid to public libraries

Executive Budget Recommendation

Section 7 would provide that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

School for the Deaf - Budget No. 252
Senate Bill No. 2013
Base Level Funding Changes

Executive Budget Recommendation				
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	44.61	\$7,406,556	\$2,790,528	\$10,197,084
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		\$58,341	\$824	\$59,165
Base budget adjustments to federal funds			(935)	(935)
Salary increase		326,080	10,067	336,147
Health insurance increase		245,576	6,480	252,056
Adds funding for a 0.75 FTE education services position	0.75	115,294		115,294
Adds funding for teacher salary increases		171,890		171,890
Total ongoing funding changes	0.75	\$917,181	\$16,436	\$933,617
One-time funding items				
Adds one-time funding, including funds from special funds available from trust fund distributions, rents, and service revenue, for inflationary increases to operating expenses		\$90,085	\$30,086	\$120,171
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for boiler replacement			650,000	650,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for pneumatic controls and fire alarm			150,000	150,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets to replace equipment over \$5,000			43,500	43,500
Total one-time funding changes	0.00	\$90,085	\$873,586	\$963,671
Total Changes to Base Level Funding	0.75	\$1,007,266	\$890,022	\$1,897,288
2023-25 Total Funding	45.36	\$8,413,822	\$3,680,550	\$12,094,372
<i>Federal funds included in other funds</i>			\$102,010	
<i>Total ongoing changes as a percentage of base level</i>	1.7%	12.4%	0.6%	9.2%
<i>Total changes as a percentage of base level</i>	1.7%	13.6%	31.9%	18.6%

Other Sections in School for the Deaf - Budget No. 252

Executive Budget Recommendation
The executive budget did not include any other sections related to the School for the Deaf.

School for the Blind - Budget No. 253
Senate Bill No. 2013
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	27.75	\$4,761,879	\$1,062,178	\$5,824,057
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		\$36,145	\$921	\$37,066
Salary increase		158,296	17,930	176,226
Health insurance increase		133,744	15,432	149,176
Adds funding for teacher salary increases		93,838		93,838
Increases funding from special funds available from trust fund distributions, rents, and service revenue for temporary salaries			30,000	30,000
Increases funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses related to ITD rate increases			7,015	7,015
Increases funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses			60,000	60,000
Adds funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses for IT related to a database			10,000	10,000
Total ongoing funding changes	0.00	\$422,023	\$141,298	\$563,321
One-time funding items				
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for operating expenses for equipment less than \$5,000			\$26,000	\$26,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for roof replacement and repair			150,000	150,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for south wing gutters			50,000	50,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for parking lot update			50,000	50,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for door and air conditioner repair			29,000	29,000

Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for electrical panel replacement			10,000	10,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for east wing flooring and cabinets			45,000	45,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets for front entrance update			55,000	55,000
Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue for capital assets to update student commons area			50,000	50,000
Total one-time funding changes	0.00	\$0	\$465,000	\$465,000
Total Changes to Base Level Funding	0.00	\$422,023	\$606,298	\$1,028,321
2023-25 Total Funding	27.75	\$5,183,902	\$1,668,476	\$6,852,378
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	8.9%	13.3%	9.7%
<i>Total changes as a percentage of base level</i>	0.0%	8.9%	57.1%	17.7%

Other Sections in School for the Blind - Budget No. 253

Executive Budget Recommendation

The executive budget did not include any other sections related to the North Dakota Vision Services - School for the Blind.

SENATE BILL NO. 2013
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the department of public instruction, the state library, the school for the deaf, and the North Dakota vision services - school for the blind; to amend and reenact section 15.1-02-02 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction; to provide for a transfer; to amend and reenact sections 15.1-27-03.1 and 15.1-27-04.1 of the North Dakota Century Code.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 17,854,747	\$1,755,654	\$ 19,610,401
Operating Expenses	33,098,149	195,171	33,293,320
Integrated Formula Payments	2,131,825,000	123,447,765	2,270,040,156
Grants-Special Education	27,000,000	0	27,000,000
Grants-Transportation	58,100,000	0	58,100,000
Grants-Other Grants	312,738,893	70,000,000	382,738,893
Grants-Program Grants	0	9,500,000	9,500,000
Grants-Passthrough Grants	10,387,064	2,125,764	12,512,828
PowerSchool	5,250,000	525,000	5,775,000
National Board Certification	176,290	0	176,290
Total All Funds	\$2,596,430,143	\$ 207,549,354	\$2,818,746,888
Less Estimated Income	938,233,270	284,387,464	1,237,388,125
Total General Fund	\$1,658,196,873	(\$76,838,110)	\$1,581,358,763
Full-Time Equivalent Positions	86.25	0.00	86.25

Subdivision 2.

STATE LIBRARY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$4,139,907	\$406,960	\$4,546,867
Operating Expenses	1,822,703	533,405	2,356,108
Grants	2,233,528	50,000	2,283,528
Total All Funds	\$8,196,138	\$990,365	\$9,186,503
Less Estimated Income	2,364,417	(211,502)	2,152,915
Total General Fund	\$5,831,721	\$1,201,867	\$7,033,588
Full-Time Equivalent Positions	26.75	0.00	26.75

Subdivision 3.

SCHOOL FOR THE DEAF

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$8,332,820	\$933,617	\$ 9,266,437
Operating Expenses	1,727,086	98,671	1,825,757
Capital Assets	<u>137,178</u>	<u>865,000</u>	<u>1,002,178</u>
Total All Funds	\$10,197,084	\$1,897,288	\$12,094,372
Less Estimated Income	<u>2,790,528</u>	<u>890,022</u>	<u>3,680,550</u>
Total General Fund	\$7,406,556	\$1,007,266	\$ 8,413,822
Full-Time Equivalent Positions	44.61	0.75	45.36

Subdivision 4.

NORTH DAKOTA VISION SERVICES – SCHOOL FOR THE BLIND

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$4,992,194	\$486,306	\$5,478,500
Operating Expenses	792,671	103,015	895,686
Capital Assets	<u>39,192</u>	<u>439,000</u>	<u>478,192</u>
Total All Funds	\$5,824,057	\$1,028,231	\$6,852,378
Less Estimated Income	<u>918,315</u>	<u>750,161</u>	<u>1,668,476</u>
Total General Fund	\$4,905,742	\$278,160	\$5,183,902
Full-Time Equivalent Positions	27.75	0.00	27.75

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$1,676,340,892	(\$74,350,817)	\$1,601,990,075
Grant Total Special Funds	<u>944,306,530</u>	<u>285,816,145</u>	<u>1,230,122,675</u>
Grand Total All Funds	\$2,620,647,422	\$ 211,465,328	\$2,832,112,750

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

DEPARTMENT OF PUBLIC INSTRUCTION

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
STARS Maintenance	\$200,000	\$ 0
Gateway To Science Grant	13,500,000	0
Regional Education Association Grants	250,000	0
Be Legendary School Board Training	0	3,000,000
Cyber Security Credential Incentive	0	2,000,000
Grow Your Own Teacher Program	<u>0</u>	<u>4,000,000</u>
Total Department of Public Instruction - All Fund	\$13,950,000	\$9,000,000
Total Department of Public Instruction - Special Funds	<u>13,750,000</u>	<u>9,000,000</u>
Total Department of Public Instruction - General Fund	\$ 200,000	\$ 0

STATE LIBRARY

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Funding For Maintenance Of Effort	\$0	\$228,635
Retirement Leave Payout	0	40,000
IT Equipment	0	43,000
Office Renovation	<u>0</u>	<u>150,000</u>
Total School For The Deaf - Special Funds	\$0	\$461,635

SCHOOL FOR THE DEAF

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Boiler Replacement	\$650,000	\$650,000
Operating Expenses	21,500	0
Replace Campus Server	7,500	0
Inflationary Increase	0	120,171
Replace Pneumatic Controls And Fire Alarm Equipment	0	150,000
	<u>40,000</u>	<u>43,000</u>
Total School for The Deaf – All Funds	\$719,000	\$963,671
Total School for The Deaf - Special Funds	<u>719,000</u>	<u>\$873,586</u>
Total School for The Deaf – General Fund	\$ 0	\$90,085

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Miscellaneous Repairs	\$414,500	\$439,000
Equipment	<u>0</u>	<u>26,000</u>
Total School for the Blind Special Funds	\$ 414,500	\$ 465,000
Grand Total - All Funds	\$15,083,500	\$10,890,306
Grand Total - Estimated Income	\$14,883,500	\$10,338,586
Grand Total - General Fund	\$ 200,000	\$ 551,720

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The department of public instruction, state library, school for the deaf, and North Dakota vision services - school for the blind shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary.

The annual salary of the superintendent of public instruction is ~~one hundred twenty-seven thousand seven hundred sixty-eight dollars through June 30, 2022~~ one hundred thirty-eight thousand one hundred forty-two dollars through June 30, 2024 and ~~one hundred thirty thousand three hundred twenty-three dollars~~ one hundred forty-three thousand six hundred sixty-eight dollars thereafter.

SECTION 4. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$513,832,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is from the state tuition fund in the state treasury. Any additional amount in the state tuition fund that becomes available for distribution to public schools is appropriated to the department of public instruction for that purpose for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING - DISTRIBUTION.

1. The sum of \$800,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the superintendent of public instruction. The superintendent of public instruction shall encourage cooperative efforts for gifted and talented programs among school districts and special education units.
2. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the superintendent of public instruction to the department of human services on behalf of the school district or unit.

SECTION 6. INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account.

SECTION 7. STATE AID TO PUBLIC LIBRARIES. The line item entitled grants in subdivision 2 of section 1 of this Act includes \$1,737,582 for aid to public libraries, of which no more than one-half is to be expended during the fiscal year ending June 30, 2024.

SECTION 8. GRANTS – OTHER GRANTS. The line item entitled grants-other grants in subdivision 1 of section 1 of this Act contains pass-through grants, of which no more than one-half of the funding is to be expended during the fiscal year ending June 30, 2024.

SECTION 9. TRANSFER. The office of management and budget shall transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of the department of public instruction for the purpose of covering expenses in the integrated formula payment line in subdivision 1 of section 1 of this Act, for the period beginning with the effective date of this Act and ending June 30, 2025.

SECTION 10. TRANSFER – FOUNDATION AID STABILIZATION FUND – ONE-TIME FUNDING. The office of management and budget shall transfer \$9,000,000 from the foundation aid stabilization fund to the department of public instruction, of which, \$3,000,000 is for school board training, \$2,000,000 is for a cyber security credential incentive and \$4,000,000 is for the grow your own teacher program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 11. USE OF NEW MONEY – NONADMINISTRATIVE PERSONNEL COMPENSATION INCREASES.

1. During the 2023-25 biennium, the board of each school district shall use an amount equal to at least seventy percent of all new money received by the district, resulting from increases in the base integrated formula payment rate, to increase the compensation paid to nonadministrative personnel.
2. For purposes of this section, the superintendent of public instruction shall provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

SECTION 12. EXEMPTION – TRANSFER – PUBLIC INSTRUCTION FUND. Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in the integrated formula payments line item in subdivision 1 of section 1 of chapter 38 of the 2021 Session Laws, the lesser of \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and the office of management and budget shall transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants as appropriated in subdivision 1 of section 1 of this Act.

SECTION 13. EXEMPTION – GENERAL EDUCATOINAL DEVELOPMENT FEES AND DISPLACED HOMEMAKER DEPOSITS. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account. In addition, any moneys collected by the department of public instruction for general educational development fees and displaced homemakers deposits must be deposited in the public instruction fund in the state treasury. Any funds deposited in the public instruction fund may only be spent subject to appropriation by the legislative assembly.

SECTION 14. EXEMPTION – ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUNDS. The amount appropriated to the department of public instruction from federal funds in section 2 subdivision 2 of chapter 28 of the 2021 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the department of public instruction during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. AMENDMENT. Subsection 1 of Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;

c. 0.40 the number of full-time equivalent students who:

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
- (2) Are enrolled in a program of instruction for English language learners;

d. 0.28 the number of full-time equivalent students who:

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
- (2) Are enrolled in a program of instruction for English language learners;

e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;

f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;

g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;

h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;

i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

j. 0.82 the number of students enrolled in average daily membership, in order to support the provision of special education services;

k. 0.07 the number of full-time equivalent students who:

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
- (2) Are enrolled in a program of instruction for English language learners; and
- (3) Have not been in the third of six categories of proficiency for more than three years;

l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and

n. ~~0.50~~ 1.00 the number of students by which the district's September tenth enrollment report ~~exceeds~~ changes from the number of students in the prior year's average daily membership.

o. For districts paid based on September tenth enrollment in the prior year, 0.70 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership.

2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

Weighted average daily membership - Determination. (Effective after June 30, ~~2024~~ 2023)

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
 - j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and

(3) Have not been in the third of six categories of proficiency for more than three years;

l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1;

n. ~~0.60~~ 1.00 the number of students by which the district's September tenth enrollment report ~~exceeds changes from~~ the number of students in the prior year's average daily membership ~~increasing the factor annually by 0.10, not to exceed 1.00;~~ and

o. ~~For districts paid based on September tenth enrollment in the prior year, 0.50~~ 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, ~~increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.~~

2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

SECTION 16. AMENDMENT. Subsection 3 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

3. a. For the ~~2021-22~~ 2023-24 school year, the superintendent shall calculate state aid as the greater of:

(1) The district's weighted student units multiplied by ten thousand ~~one hundred thirty-six dollars~~ six hundred forty-six dollars;

(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand ~~one hundred thirty-six~~ six hundred forty-six dollars; or

(3) The district's baseline funding as established in subsection 1. (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~fifteen~~ forty-five percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.

b. For the ~~2022-23~~ 2024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:

(1) The district's weighted student units multiplied by ten thousand ~~two hundred thirty-seven~~ nine hundred sixty-five dollars;

(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand ~~two hundred thirty-seven~~ nine hundred sixty-five dollars; or

(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~fifteen~~ sixty percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.

- ~~c. The superintendent also shall adjust state aid determined in this subsection to ensure the amount does not exceed the transition maximum as follows:~~
- ~~(1) For the 2021-22 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - ~~(2) For the 2022-23 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - ~~(3) For the 2023-24 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus twenty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - ~~(4) For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - ~~(5) For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - ~~(6) For the 2026-27 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus eighty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

SECTION 17. AMENDMENT. Subsection 4 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:
 - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and
 - b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
 - (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of

subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

(b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2020~~ 2022 by the school district for sinking and interest relative to the total mills levied in ~~2020~~ 2022 by the school district for all purposes.