

**Senate Appropriations  
SB 2019**

**Department of Career and Technical Education  
January 7, 2021**

Chairman Holmberg and members of the committee, my name is Wayde Sick, State Director of the Department of Career and Technical Education. I am here to provide testimony for Senate Bill 2019 or the Department of Career and Technical Education Appropriations Bill.

2020 has been a year like no other. We have seen drastic changes in how we work, how we live, how we educate. What has become very apparent is the vital role the programs that are housed within SB2019 are to the state's and the nation's economic recovery. The occupations that originate in a high school CTE program have been commonly referred to as "Essential Workers" during the COVID pandemic. Distance education became a necessity, delivered by our schools, our CTE centers, and CTE's Center for Distance Education. Workforce recovery and skilling up workers who have lost their jobs was addressed by our community colleges and TrainND. The backbone of our state's economy is agriculture, making the ND Farm Management Education Program vital in helping North Dakota producers be more profitable and productive, which enables them to provide products that feed the world. This afternoon you will hear testimony from myself and others about the impact the programs embedded within the Department of Career and Technical Education budget have on our state. This is going to be a difficult budget year, we all know that, but the programs and initiatives we will discuss this afternoon will play a key role in economic recovery and a sustained future. I would like to add that many of the priorities of the Department of CTE also align with the strategic themes of the K12 Strategic Vision and the priorities of the North Dakota Workforce Development Council.

My testimony and those of others today will address the requests the Committee had of the

First, North Dakota Century Code that provides the agency the authority to do what it does. The Department of Career and Technical Education can be found in NDCC 15-20.1, 15-20.2 and 15-20.4. 15-20.1 gives the agency the authority to reimburse CTE programs using state and federal funds, develop a STEM grant program, a Career Development and the ND Elementary Student Entrepreneurship program, which is administered by Marketplace for Kids. You will hear later from Bob Heitkamp, director of Marketplace for Kids. 15-20.2 provides guidance and authority to operate area career and technology centers. 15-20.4 provides the State Board for Career and Technical Education the authority to approve private postsecondary career schools to operate in North Dakota. Examples of postsecondary career schools that required approval are Lynnes Welding, Emerging Digital Academy and Rasmussen College.

The North Dakota Center for Distance Education is created in 15-19-01. NDCC states NDCDE shall provide K-12 course, comprehensive educational support and High School Diplomas. Dr. Matthew Lonn is here to provide deeper testimony later in the hearing.

The mission of ND Career and Technical Education is to work with others to provide all North Dakota citizens with the technical skills, knowledge, and attitudes necessary for successful performance in a globally competitive workplace. I bring this up because the work CTE does is often through partnerships with industry, the various Career and Technical Student Organizations, higher education and other state agencies.

The next request was the agency organizational chart. NDCTE is a relatively flat agency. The agency is divided into divisions, with most overseeing the various program areas. Dr. Lonn, with NDCDE, is on this organizational chart as he reports directly to me and will explain his organization in greater detail.

The most recent audit completed in March 2020 by the State Auditor's Office found no areas of concern.

Moving on, the committee asked what has the agency accomplished in the 2019-21 biennium. First, the agency wrote state plan for the Strengthening Career and Technical Education in the 21<sup>st</sup> Century Act, also known as Perkins V. Rewriting the state plan was a requirement of the federal law. The first step in rewriting the plan was stakeholder feedback. We needed to connect with multiple organizations, spanning tribal, employers, educators, labor unions, workforce development council, etc. and gather feedback. Perkins IV and V were relatively similar, but with a few major changes. The first was the requirement of the agency to create and require completion of a comprehensive local needs assessment. Each school district, receiving Perkins funds, was required to complete the CLNA. The CLNA was to guide the school districts on how best to use their federal funds, based on student performance and enrollments, identify any gaps that may be based on demographics and program alignment with in-demand, high wage, and high skill jobs. The agency developed the CLNA within our current reimbursement system and provided all the data and Labor Market Information to complete the CLNA. We also provided multiple workshops over the winter of 2019-20 to help administrators complete the process. A second change brought upon by Perkins V was the selection of a new secondary performance quality indicator. The indicator under Perkins IV was the completion of a Technical Assessment, which was simply a posttest after completing a program. The state selected Work-Based Learning as it's new indicator. This is an attempt to create more opportunities for students to receive hands on experience, either with an employer or some sort of simulated experience, to further enhance their skills. The agency is rolling out guidance in the spring of 2021 for programs to use to stand up and expand WBL. The final change, spurred by Perkins V, was the state to develop a federally funded Innovation Grant Program. On an annual basis, we are setting aside approximately \$300,000 of the current federal allocation we receive for schools, centers and colleges to apply for funds, with a required match, to enhance their programming opportunities. The first grants were awarded in this fall.

Internal agency accomplishments are as follows:

We have a looked at many of our internal processes, looking for efficiencies. Two processes we are improving upon are new program approval and teacher endorsement approval. We have had retirements in the past year, that allowed us to evaluate those positions prior to re-hiring. In two instances, we were able to absorb duties across the agency, leaving vacant positions. Due to these vacancies, we created a Strategic Projects Manager position within the agency, that will tackle projects that we currently do not have the staffing to do so. Once onboarded, this person will begin working on streamlining CTE distance education and expanding on work-based learning and dual credit opportunities. Finally, COVID-19 has changed how we did our work. We, as many others, had to move to a virtual world. We also compiled a list of distance learning resources for schools to use when all education moved to virtual in April 2020. Finally, it gave the agency the opportunity to evaluate our office needs and begin to make decisions on what we need in the capitol.

Next is an overview of the accomplishments that have occurred in our schools and area career and technology centers.

- 1) Growth of new and expanding programs – As you can see we do lose programs every year, typically due to a school district being unable to replace a teacher. Our largest growth in new and expanding programs tend to be at our area career and technology centers, where they are able to serve multiple school districts. Expanding programs are programs that added course sections due to enrollments or add new courses, to add to the existing program.
- 2) The number of students in North Dakota that enroll in CTE courses and become concentrators continues to grow. We did see a dip in enrollment in 2019-20, but this doesn't concern us as fluctuations can occur. Also, we continue to improve our data collection, so it is possible past years enrollments may include duplications. A concentrator is a federal term that is defined as a student that take at least two courses in the same Career Cluster. The state defines a cou

as a full credit. In the 2019-20 school year 23,007 students enrolled in at least one course, with 8,129 becoming a concentrator. Postsecondary enrollment at our community colleges are 8,929 and concentrator count is 4,752. A post-secondary concentrator is a student that has completed at least 12 credits in a program or completed a program that is less than 12 credits. As you can see on this next slide is although our secondary programs data is trending up, our post-secondary have dipped. We contribute the most recent dip was due to COVID-19 and again, improved data collection. The data was pulled from the most recent term, where many students in CTE programming may not have been able to finish their coursework due to campuses shutting down.

- 3) CTE coursework continues to have a positive impact on High School Graduation rates. Data from 2018-19 graduates, continues to illustrate that students who complete at least two credits in a CTE program graduate at a higher rate, than those that do not.
- 4) Finally, accomplishments in the enrollment in the North Dakota Farm Management Education Program. This program provides one-on-one assistance to producers across the state to help them become more efficient, more profitable, in turn producing more with the same resources. We unfortunately have seen a dip in enrollments over the past few years, primarily as instructors retire and are programs are unable to find candidates to fill. The ND Farm Management Education Program is working very hard to turn this around. For one, Dakota College at Bottineau is in the process of expanding their program into the Northwest corner of the state. Secondly, the program launched an aggressive marketing campaign, in order to inform producers of this opportunity. Bismarck State College Farm Management Education Instructor Kyle Olson will provide additional details and answer questions later in the hearing.

The Committee asked what we hope to accomplish in the 2021-23 biennium. We have several lofty goals. They are as follows:

- Continue to develop new and expanding programs at our High Schools and Existing Centers
- Increase enrollee and concentrator numbers in both secondary and post-secondary
- Assist in the development of three additional area career and technology centers
  - Development of at least three new programs at each center, serving multiple districts
- Study and potentially restructure CTE funding model
- Coordinate distance education
- Secondary/Post-Secondary alignment
  - Expand Dual Credit CTE Options
- Expand Work-based Learning Opportunities
- Increase ND Farm Management Education Enrollment

Dr. Lonn, Ms. Vollmer, Mr. Olson and Mr. Hietkamp will discuss in greater detail the goals of their respective programs.

To meet these goals, we need assistance from the legislature. It does take funding to meet many of the goals we have set for ourselves. The remainder of my testimony will focus on the various budgets including our current biennial budget, the agency's proposed budget including the various requested change packages as well as the Governor's Executive Budget. I will also be able to address decreases the agency made to its budget to meet the 10% reduction as directed by the Governor's Office. During the change package slide, I will provide more detail on each of the change packages and the importance of each. Again, Dr. Lonn with CDE, Sara Vollmer with TrainND, Kyle Olson with BSC ND Farm Management Education and Bob Heitkamp with Marketplace for Kids will address their specific programs and budgets.

Slide 15 is a comparison of the 2019-21 biennial base budget compared to the 2021-23 agency proposed base budget. I will review each line item and explain the deltas.

Slide 16 is a comparison of the 2021 agency proposed budget, including the optional requests, compared to the Governor's Executive Budget. Again, I will review each line item and explain the variances.

Slide 17 lists the change packages, submitted by the agency and those included in the Governor's Executive Budget. You will find a one-pager document in your packet that includes each of these change packages.

**Cost to Continue** – Currently, the agency reimburses the existing approved CTE programs at our high schools and centers, based on instructor salaries and other expenses. As those salaries and expenses increase so does the reimbursement. The agency determined that \$1.5M is needed to maintain the existing reimbursement rates. The Governor included \$1,000,000 in the Executive Budget.

**New and Expanding Programs** – Every year, our schools and centers submit applications to create new or expand their existing programs. Without additional dollars, we will be unable to support those expansions. The agency requested \$1.5M. This was not included in the Executive Budget.

**Center for Distance Education Funding** – Dr. Lonn can provide details later, but before COVID-19, we were seeing an increase in enrollment. The additional request is to maintain that growth and not turn students away due to staffing capacity.

**Funding to Establish new CTE Centers** – Currently, there are ten regional area Career and Technology Centers (CTCs) in North Dakota. Instruction at the CTCs varies. It can be provided face-to-face, online, or through interactive television (ITV). Five of the CTCs are considered brick and mortar centers. The other five are considered virtual, meaning they lack a central physical space. A total of eight of the ten CTCs provide distance instruction, whether through ITV and/or online. The virtual centers are almost exclusively distance, but still provide a level of face-to-face hands-on instruction for every program.

The ND CTE approves the operation of the CTCs, approves their programming and supports them through funding and technical assistance. The CTCs also raise revenue through center membership

and course enrollment fees. The ten area CTCs currently have a school district membership totaling 100 school districts.

Career and technical education is available to every high school student in the state; what the CTCs can provide is career specific coursework. This can be done because a CTC is able to scale coursework by providing courses to multiple school districts at the same time.

Another benefit is that CTCs employ an administrator whose primary focus is career and technical education. This focus allows the administrator time to build quality programs, foster employer partnerships, and advocate for career and technical education. It is not that local district superintendents and principals do not do a good job at this; they simply don't often have the time for that level of commitment.

The request is to provide funding to expand access to CTCs through center expansion and start up grants. This would be a \$40 million competitive matching grant program. To ensure partnership and industry alignment, applications will be reviewed by a team comprised of representatives from ND CTE, Department of Public Instruction, Job Service ND, the Department of Commerce, and the ND Workforce Development Council. This idea stems from the success that has been seen from the current CTCs. Applicants will be required to ensure there is industry and community support, higher education partnership including dual credit and postsecondary offerings, and commitment from school districts to agree to partner with the center. As you can see, the Governor's Executive Budget includes \$45million. There is also legislation proposed on the House side that will include funding for CTE Centers.

New and Expanding CTE Center Operating - The intent of this change package is to support the operating of any new area CTCs that happen to come online during the 2021-23 biennium at the current reimbursement rate.



Revised Funding Model - The ND CTE has been exploring various models of funding career and technical education programs. The intent of this funding is to support all programs equally. Currently, Family and Consumer Science Education and Business Education programs receive lower reimbursement rates and are not totally funded. Also, the state does not currently support Middle School CTE programs. This funding could provide opportunities to expand access.

Transfer from Operating to Grants – ND CTE provides funds to the STEM Network, to provide professional development and Regional STEM Days. The STEM Network has attained 501(c)3 status, so the agency wishes to grant funds to the STEM Network instead of managing the funds itself.

Next, the Committee asked if there is any other legislation the agency is following that may impact CTE and CDE. The answer is a definite yes, but as it is early in the session, many may not be filed yet. They include:

- 1) New and Expanding CTE Center funds in the House Bonding Bill
- 2) Legacy Fund Earnings Bill
- 3) Adjustments to the CTE and Academic Scholarship
- 4) Adjustments to the Career Builder Scholarship
- 5) Distance Education bills
- 6) Any bills that may impact graduation requirements
- 7) Learn Everywhere bill

The final request of the Committee was if the agency received any Cares dollars, in response to COVID-19 pandemic. The agency did receive dollars through approval at the November Emergency Commission and the December Budget Section for a total of \$470,980. \$270,980 were used by the ND Center for Distance Education to fund adjunct teachers due to the surge in enrollments because of the pandemic. Mr. Lonn is here to provide more details you may request. \$200,000 was granted

out to our ten area career and technology centers to cover expenses such as PPE, cleaning supplies and equipment that was used for distance education or to cut down on multiple student use. The Centers were not included in any of the specific set aside Cares funds. Examples of equipment include health careers mannequins, cameras and safety goggles that cut down on multiple student use.

Senator Holmberg and members of the Senate Appropriations Committee. This concludes my testimony and I am happy to answer any questions you may have. If not, I would like to turn the podium over to Dr. Matt Lonn, Director for the Center for Distance Education.

## Dr. Matthew Lonn Testimony to Senate Appropriations Committee

Chairman Holmberg and members of the senate appropriations committee, I speak to you today on behalf of North Dakota's Center for Distance Education (NDCDE, CDE). For the record, I am Dr. Matthew Lonn, Director at the Center for Distance Education.

Center for Distance Education (CDE) has been given three specific responsibilities under Century Code 15-19-01, that is to provide: (1) K-12 courses, (2) comprehensive educational support, and (3) high school diplomas. Put simply, the guiding purpose of CDE is to provide learning opportunities for ND's K-12 learners. The mission that continues to be at the center of everything the organization does is to ensure that all ND students, regardless of location have access to educational opportunities that meet or exceed customer expectations for quality of curriculum, contact time with highly qualified instructors, course delivery efficiency and effectiveness, and student learning.

Throughout the 2019-2021 biennium, your investment in Center for Distance education proved to be invaluable. When the COVID-19 pandemic broke out in March of 2020, ND schools, students, and parents had a trusted distance learning organization that they could rely on to provide vital services. During the 2019-2021 biennium, CDE will have enrolled ND students in over 15,000 online courses. That is an increase from the previous biennium of over 50%. In addition, over 6,000 enrollments will have worked with schools or organizations that leverage CDE's learning management system, and over 3,000 students will have actively participated hands-on, blended learning labs supported by CDE. Overall, nearly 20,000 students will have been provided learning opportunities through CDE.

It is important to remember that even pre-pandemic, students, parents, and schools utilizing CDE's services had been increasing at annual growth rates of 4-7%. Even without COVID-19, CDE anticipates that over 10,000 online course enrollments would have occurred. The reasons for this are many. But essentially, CDE fills needs across the K-12 educational landscape. These are often unique needs that must be met for specific situations. The following are just a few actual examples that CDE saw over the 2019-2021 biennium.

- A small rural school is notified in December that their math teacher will not be returning.
- Dozens of ND schools want to offer ag. courses but are unable to hire any qualified applicants.
- A district cannot find any qualified business or Spanish instructors.
- A student in a local school fails a course and needs to retake it at their own pace to stay on track for graduation.
- A student cannot fit certain courses that they want to take in their local school schedule.
- Students want to explore topics that their school cannot offer.
- Students want to take courses that help prepare them for industry recognized certifications, asynchronously.
- A school cannot find enough funds to provide students with a quality blended, project-based, hands on learning environment.

- Because of bullying or other mental health issues, a student needs an alternative to traditional, face to face instruction.

Looking forward into the 2021-2023 biennium, CDE has the opportunity to help more kids. Based on feedback from parents and schools, the need is great for CDE's services. CDE anticipates annual growth in students needing supplemental online courses of at least 3% annually. In addition, CDE's growth in industry recognized certification preparation courses, adaptive technology, and competency-based learning opportunities hold great potential to help kids improve mastery of skills in an online delivery format. These developments in online course delivery hold potential to help CDE continue to increase its successful completion rate from 84% to 90% over the next two years. CDE also anticipates growth of blended, hands-on project-based learning with approximately 5 new labs installed and supported annually averaging over 1,500 more students each year. Lastly, CDE will continue to innovate internally to leverage new efficient processes like a rapid enrollment feature that leverages the SLDS database to improve the customer enrollment and payment experience.

To meet these expectations of students, parents, and schools, CDE is not requesting any additional FTE's. CDE is requesting a general fund allocation of \$6.7 million and special fund spending authority of \$3,050,000 for a total budget of \$9,750,000. This request reflects a 6% increase in general funds from CDE's 2019-2021 general fund allocation. This increase is necessary for CDE to continue to provide learning opportunities for the expected 11,000 enrollments utilizing CDE's services. The increase in general funds would be allocated to salaries and wages and would allow CDE the ability to hire the additional adjunct/temporary instructors needed to work with each one these students. CDE's operational expenses for each additional learner will continue to be collected from tuition and fees.

CDE is both a school and a state agency. Just like any other ND K-12 school, it must rely on tax dollars allocated from the state legislature. As a state agency, it must also generate revenue from the services it provides. This delicate balance allows approximately 65% of CDE's funding to come directly from state general funds and 35% of CDE's funding to be obtained by a per user fee or tuition payments. CDE's pricing strategy must meet two key objectives. (1). CDE sets a price that allows nearly all its operational expenses to be paid for with special funds. (2). Prices must be competitive with out of state online providers. Over a decade ago, CDE was asked by both the executive and legislative branches to help reduce the use of poor quality, out of state, online providers being used in ND. Keeping prices at current competitive rates is vital to keeping a quality online K-12 service in ND.

CDE is not simply an add-on to ND's K-12 educational system. CDE is a necessity that ensures a uniform system of education can be provided to every student.

Thank you for your time. I will now stand for any questions.

Dr. Matthew Lonn, State Director  
North Dakota Center for Distance Education