

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1013
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of public instruction, the center for distance education, the state library, the school for the deaf, and North Dakota vision services - school for the blind; to create and enact a new section to chapter 15.1-07 of the North Dakota Century Code, relating to the collection of free or reduced-price meal eligibility information; to amend and reenact sections 15.1-02-02 and 15.1-27-16 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction and administrative cost-sharing; to provide for a transfer; to provide a report; to provide an exemption; and to provide an effective date.

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 other funds derived from special funds and federal funds, to the department of public instruction, the center for distance education, the state library, the school for the deaf, and North Dakota vision services - school for the blind for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$19,964,765	\$1,121,603	\$21,086,368
New and vacant FTE pool	0	695,495	695,495
Operating expenses	32,793,320	10,618,819	43,412,139
Integrated formula payments	2,299,674,851	114,602,852	2,414,277,703
Grants - special education	24,000,000	(2,000,000)	22,000,000
Grants - transportation	58,100,000	2,000,000	60,100,000
Grants - other grants	382,738,893	29,705,709	412,444,602
Grants - program grants	17,205,000	8,511,027	25,716,027
Grants - passthrough grants	3,569,000	1,166,000	4,735,000
PowerSchool	5,775,000	(5,775,000)	0
Student information systems	0	5,775,000	5,775,000
National board certification	<u>176,290</u>	<u>0</u>	<u>176,290</u>
Total all funds	\$2,843,997,119	\$166,421,505	\$3,010,418,624
Less other funds	<u>1,115,246,674</u>	<u>187,164,012</u>	<u>1,302,410,686</u>
Total general fund	\$1,728,750,445	(\$20,742,507)	\$1,708,007,938
Full-time equivalent positions	86.25	0.00	86.25

Subdivision 2.

CENTER FOR DISTANCE EDUCATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Center for distance education	\$11,613,483	\$3,066,477	\$14,679,960
New and vacant FTE pool	0	<u>203,156</u>	<u>203,156</u>
Total all funds	\$11,613,483	\$3,269,633	\$14,883,116

Less other funds	<u>4,550,000</u>	<u>2,074,000</u>	<u>6,624,000</u>
Total general fund	\$7,063,483	\$1,195,633	\$8,259,116
Full-time equivalent positions	30.80	0.20	31.00

Subdivision 3.

STATE LIBRARY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,615,731	\$500,120	\$5,115,851
New and vacant FTE pool	0	107,552	107,552
Operating expenses	2,282,298	707,777	2,990,075
Grants	<u>2,283,528</u>	0	<u>2,283,528</u>
Total all funds	\$9,181,557	\$1,315,449	\$10,497,006
Less other funds	<u>2,499,073</u>	<u>305,139</u>	<u>2,804,212</u>
Total general fund	\$6,682,484	\$1,010,310	\$7,692,794
Full-time equivalent positions	26.75	0.00	26.75

Subdivision 4.

SCHOOL FOR THE DEAF

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$9,283,599	\$735,225	\$10,018,824
New and vacant FTE pool	0	415,571	415,571
Operating expenses	1,705,586	320,839	2,026,425
Capital assets	<u>158,678</u>	<u>283,800</u>	<u>442,478</u>
Total all funds	\$11,147,863	\$1,755,435	\$12,903,298
Less other funds	<u>2,811,557</u>	<u>360,186</u>	<u>3,171,743</u>
Total general fund	\$8,336,306	\$1,395,249	\$9,731,555
Full-time equivalent positions	45.36	1.50	46.86

Subdivision 5.

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$5,538,818	\$241,078	\$5,779,896
New and vacant FTE pool	0	259,436	259,436
Operating expenses	869,686	406,571	1,276,257
Capital assets	<u>39,192</u>	<u>230,808</u>	<u>270,000</u>
Total all funds	\$6,447,696	\$1,137,893	\$7,585,589
Less other funds	<u>1,206,705</u>	<u>534,239</u>	<u>1,740,944</u>
Total general fund	\$5,240,991	\$603,654	\$5,844,645
Full-time equivalent positions	27.75	1.00	28.75

Subdivision 6.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total all funds	\$2,882,387,718	\$173,899,915	\$3,056,287,633
Less grand total other funds	<u>1,126,314,009</u>	<u>190,437,576</u>	<u>1,316,751,585</u>
Grand total general fund	\$1,756,073,709	(\$16,537,661)	\$1,739,536,048

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in each entity's base budget for the 2027-29 biennium and which each entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Funds</u>
Department of Public Instruction			
Teacher retention program	\$0	\$2,000,000	\$2,000,000
School board training	0	1,500,000	1,500,000
Early learning program	0	1,500,000	1,500,000
Centers of excellence	0	1,000,000	1,000,000
Native American essential understandings and book series	0	950,000	950,000
Statewide reading tool	0	500,000	500,000
Dyslexia training	<u>0</u>	<u>300,000</u>	<u>300,000</u>
Total department of public instruction	\$0	\$7,750,000	\$7,750,000
Center for Distance Education			
Information technology equipment	\$0	\$25,000	\$25,000
Student information system upgrade	<u>75,250</u>	<u>0</u>	<u>75,250</u>
Total center for distance education	\$75,250	\$25,000	\$100,250
School for the Deaf			
Equipment replacement	\$0	\$45,000	\$45,000
Campus security upgrades	<u>0</u>	<u>238,800</u>	<u>238,800</u>
Total school for the deaf	\$0	\$283,800	\$283,800
North Dakota vision services - School for the Blind			
Equipment less than \$5,000	\$0	\$28,000	\$28,000
Door replacement	0	10,000	10,000
Breakroom remodel	0	55,000	55,000
Tractor replacement	0	55,000	55,000
South parking lot replacement	<u>0</u>	<u>150,000</u>	<u>150,000</u>
Total school for the blind	<u>\$0</u>	<u>\$298,000</u>	<u>\$298,000</u>
Grand total	\$75,250	\$8,356,800	\$8,432,050

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The department of public instruction, center for distance education, state library, school for the deaf, and North Dakota vision services - school for the blind may not spend funds appropriated in the new and vacant FTE pool line item in section 1 of this Act, but may request the office of management and budget to transfer funds from the new and vacant FTE pool line item to the salaries and wages line item or the center for distance education line item within each respective subdivision in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. APPROPRIATION - 2023-25 BIENNIUM - CONTRACT REIMBURSEMENTS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing contract reimbursements, for the period beginning with the effective date of this section, and ending June 30, 2025. The department of public instruction may use up to \$500,000 to reimburse vendors for services related to federal elementary and secondary school emergency relief fund contracts which have been denied payment by the United States department of education. Reimbursement may be made only for services provided through May 2, 2025.

SECTION 5. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$595,677,350, 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, 2025, and ending June 30, 2027.

SECTION 6. OTHER FUNDS - FOUNDATION AID STABILIZATION FUND. The other funds line item in subdivision 1 of section 1 of this Act includes the sum of \$233,000,000 from the foundation aid stabilization fund for integrated formula payments.

SECTION 7. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The other funds line item in subdivision 1 of section 1 of this Act includes the sum of \$6,250,000 from the strategic investment and improvements fund for one-time program grants, relating to dyslexia training, a statewide reading tool, a teacher retention program, a centers of excellence program, school board training, and a native American essential understandings program and book series.

SECTION 8. INTEGRATED FORMULA PAYMENTS AND SPECIAL EDUCATION CONTRACTS EXPENDITURE AUTHORITY. The superintendent of public instruction may expend funds included in the integrated formula payments and grants - special education contracts line items in subdivision 1 of section 1 of this Act for paying grants for educational services that were due in the 2023-25 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2025. To be reimbursed under this section, claims must be properly supported and filed with the superintendent of public instruction by June 30, 2026.

SECTION 9. GIFTED AND TALENTED PROGRAM. 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.

SECTION 10. MEDICAID MATCHING FUNDING - WITHHOLDING AND DISTRIBUTION. 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, for the biennium beginning July 1, 2025, and ending June 30, 2027. 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 health and human services on behalf of the school district or unit.

SECTION 11. REGIONAL EDUCATION ASSOCIATIONS - GRANTS - DISTRIBUTION. The integrated formula payments line item in subdivision 1 of section 1 of this Act includes \$600,000 from the general fund for the purpose of providing annual grants to regional education associations, for the biennium beginning July 1, 2025, and ending June 30, 2027. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2025. Regional education associations that merge during the 2025-27 biennium are entitled to the annual grants that would have been paid to each of the member associations.

SECTION 12. STUDENT MEALS - GRANTS - DISTRIBUTION. The grants - program grants line item in subdivision 1 of section 1 of this Act includes \$6,000,000 from the general fund for the purpose of providing grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below two hundred twenty-five percent of the federal poverty guideline, for the biennium beginning July 1, 2025, and ending June 30, 2027. The superintendent of public instruction shall develop guidelines and reporting requirements for the grants.

SECTION 13. PARAPROFESSIONAL-TO-TEACHER PROGRAM - GRANTS - DISTRIBUTION. The grants - program grants line item in subdivision 1 of section 1 of this Act includes \$3,000,000 from the general fund for the purpose of providing grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers, for the biennium beginning July 1, 2025, and ending June 30, 2027. The superintendent of public instruction 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 superintendent of public instruction may establish policies and procedures to administer this program.

SECTION 14. NORTH DAKOTA GOVERNOR'S SCHOOLS - GRANTS - DISTRIBUTION. The grants - passthrough grants line item in subdivision 1 of section 1 of this Act includes \$500,000 from the general fund for the purpose of providing grants for North Dakota governor's schools at North Dakota state university and university of North Dakota, for the biennium beginning July 1, 2025, and ending June 30, 2027.

1. The superintendent of public instruction shall conduct North Dakota governor's schools once a summer alternating annually between North Dakota state university and university of North Dakota.
2. The superintendent of public instruction shall award the grants based on providing an average cost of \$5,000 per student attending the schools each year not to exceed a total of \$250,000 to each university for each year of the biennium.
3. The governor's schools program must provide programs related to science, technology, engineering, mathematics, energy law, mental health, education, and health sciences.
4. The superintendent of public instruction shall name codirectors at each university to ensure continued collaboration of the schools at both campuses.
5. Funds may be used only for defraying expenses for students while on campus, including housing, dining, resident assistants, program directors, instructors, and faculty research sponsors.

SECTION 15. EXEMPTION - INDIRECT COST RECOVERIES, GENERAL EDUCATIONAL 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 16. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND - TRANSFER - GENERAL FUND. Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2023-25 biennium, from any moneys remaining in the integrated formula payments line item in subdivision 1 of section 1 of chapter 45 of the 2023 Session Laws, the lesser of \$11,000,000 or the remaining amount must be continued into the 2025-27 biennium and the office of management and budget shall transfer this amount into the public instruction fund for the purpose of providing integrated formula payments as appropriated in subdivision 1 of section 1 of this Act. The superintendent of public instruction shall transfer any of these funds remaining unspent at the end of the 2025-27 biennium to the general fund.

SECTION 17. EXEMPTION - UNEXPENDED APPROPRIATIONS - DEPARTMENT OF PUBLIC INSTRUCTION. The following appropriations to the department of public instruction are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. Any funds remaining from federal funds derived from the elementary and secondary school emergency education relief fund and any other federal funds appropriated in subdivision 2 of section 2 of chapter 28 of the 2021 Session Laws; and
2. Any funds remaining from special funds from the public instruction fund in the state treasury, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to the state automated reporting system and the statewide longitudinal data system, appropriated in section 17 of chapter 549 of the 2021 Special Session Session Laws.

SECTION 18. EXEMPTION - UNEXPENDED APPROPRIATION - STATE LIBRARY. The sum of \$150,000, appropriated from the general fund to the state library for building renovations in subdivision 3 of section 1 of chapter 45 of the 2023 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for building renovations during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 19. EXEMPTION - UNEXPENDED APPROPRIATIONS - SCHOOL FOR THE DEAF. The sum of \$800,000, appropriated from special funds, derived from trust fund distributions, rents, and service revenue, to the school for the deaf for boiler replacement, pneumatic controls, and a fire alarm system in subdivision 4 of section 1 of chapter 45 of the 2023 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for boiler replacement, pneumatic controls, and a fire alarm system during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 20. STATE AID TO PUBLIC LIBRARIES. The grants line item in subdivision 3 of section 1 of this Act includes \$1,737,582 for aid to public libraries, of which no more than one-half may be expended during the fiscal year ending June 30, 2026.

SECTION 21. 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 thirty-eight thousand one hundred forty-two~~ one hundred forty-seven thousand nine hundred seventy-eight dollars through June 30, 2024~~2026~~, and ~~one hundred forty-three thousand six hundred sixty-eight~~ one hundred fifty-two thousand four hundred seventeen dollars thereafter.

SECTION 22. A new section to chapter 15.1-07 of the North Dakota Century Code is created and enacted as follows:

Electronic collection of free or reduced-price meal eligibility information - Requirements.

1. Each school district shall annually provide an electronic form to all parents or guardians of enrolled students to collect household income information necessary to determine eligibility for free or reduced-price meals under the national school lunch program and other relevant federal and state assistance programs.
2. The electronic form must be made available to all parents or guardians at the beginning of the eligibility period or the beginning of each school year and must be designed to facilitate ease of completion and submission.
3. A school district shall offer a paper form upon request of a parent or guardian who prefers a nonelectronic submission method.

SECTION 23. AMENDMENT. Section 15.1-27-16 of the North Dakota Century Code is amended and reenacted as follows:

~~15.1-27-16. Per student payments -- Administrative cost-sharing -- Cooperating districts and special education units. (Effective through June 30, 2026)~~

1. ~~If any school district receiving payments under this chapter cooperates with another school district for the joint provision of educational services under a plan approved by the superintendent of public instruction, the superintendent of public instruction shall, notwithstanding the provisions of section 15.1-27-03.2, create and assign a separate weighting factor that allows the cooperating districts to receive, for a period of four years, a payment rate equivalent to that which each district would have received had the cooperative plan not taken effect. The superintendent of public instruction shall compute the separate~~

weighting factor to four decimal places and that weighting factor is effective for the duration of the cooperative plan.

2. ~~A school district that is cooperating with another school district under a cooperative plan approved by the superintendent of public instruction, and which has taxable property located in the same city as the other school district under the cooperative plan, may not be required as part of the cooperative plan to:~~
 - a. ~~Provide unduplicated grade-level services; or~~
 - b. ~~Share administrative personnel.~~
3. ~~If any school district in the state receiving payments under this chapter or any special education unit in the state cooperates with another school district or special education unit to jointly employ or contract with a superintendent or a school district business manager, or both, or to jointly employ or contract with a special education unit director or a special education unit business manager, or both, the superintendent of public instruction shall provide partial reimbursement of the salary of the superintendent or the school district business manager, or both, or partial reimbursement of the salary of the special education unit director or the special education unit business manager, or both, as follows:~~
 - a. ~~If the salary exceeds two hundred thousand dollars, the amount of the reimbursement must be calculated based upon two hundred thousand dollars. Each cooperating school district or special education unit shall receive a prorated share of the reimbursement percentages listed below each year for four years. The prorated reimbursement is based on the percentage of full-time equivalency that the superintendent or school district business manager, or both, or the special education unit director or special education unit business manager, or both, are employed or contracted by each district or special education unit. The percentage of reimbursement for the salary of the jointly hired superintendent or school district business manager, or both, or of the jointly hired special education unit director or special education unit business manager, or both, must be as follows:~~
 - (1) ~~If two schools or special education units are cooperating, ten percent of the salary;~~
 - (2) ~~If three schools or special education units are cooperating, fifteen percent of the salary;~~
 - (3) ~~If four schools or special education units are cooperating, twenty percent of the salary; and~~
 - (4) ~~If five or more schools or special education units are cooperating, twenty-five percent of the salary.~~
 - b. ~~To be eligible for reimbursement under this subsection, the cooperating school districts or special education units must:~~
 - (1) ~~Have been approved by the superintendent of public instruction and have implemented their administrative cost-sharing program after June 30, 2022; and~~
 - (2) ~~Submit the salary of the superintendent or school district business manager, or both, or the salary of the special education unit director or special education unit business manager, or both, to the superintendent of public instruction by June first of each year.~~

Per student payments - Cooperating districts. (Effective after June 30, 2026)

1. If any school district receiving payments under this chapter cooperates with another school district for the joint provision of educational services under a plan approved by the

superintendent of public instruction, the superintendent of public instruction shall, notwithstanding the provisions of section 15.1-27-03.2, create and assign a separate weighting factor that allows the cooperating districts to receive, for a period of four years, a payment rate equivalent to that which each district would have received had the cooperative plan not taken effect. The superintendent of public instruction shall compute the separate weighting factor to four decimal places and that weighting factor is effective for the duration of the cooperative plan.

2. A school district that is cooperating with another school district under a cooperative plan approved by the superintendent of public instruction, and which has taxable property located in the same city as the other school district under the cooperative plan, may not be required as part of the cooperative plan to:
 - a. Provide unduplicated grade level services; or
 - b. Share administrative personnel.

SECTION 24. EFFECTIVE DATE. Section 22 of this Act becomes effective July 1, 2026.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1013.

House Vote: Yeas 60 Nays 28 Absent 6

Senate Vote: Yeas 46 Nays 0 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State