

**TESTIMONY ON HB 1013**  
**HOUSE APPROPRIATIONS COMMITTEE**  
**EDUCATION AND ENVIRONMENTAL DIVISION**  
**January 16, 2025**  
**By: Jamie Mertz, Chief Financial Officer**  
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**Department of Public Instruction**

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Mr. Chairman and Members of the Committee:

Good morning, for the record my name is Jamie Mertz, Chief Financial Officer for the Department of Public Instruction. I am here to provide you with information regarding the Department's 2025-27 appropriation request. This can be used in conjunction with the information presented to the full House Appropriation Committee on January 9th.

I will start out today with an overview of our budget. As you have heard before, 98% of our appropriation goes to entities outside of DPI in the form of per pupil foundation aid payments and grants. The remaining 2% goes towards the operations of the agency. Our operations are funded 66% with federal funds, 25% general funds and 9% special funds. The special funds are mainly for the School Food Processing Program which I'll touch on later.

Our salaries and wages appropriation funds 86.25 FTEs. You will often hear Superintendent Baesler say that we are a small but mighty team. I like to compare my office to our friendly neighbors directly south of us. They have 21 employees

in their fiscal department. I have 11. Does that mean I think we need more FTEs? No, I think I have the right number of people in my office now but I think it shows that the State is getting a great bang for its buck with the salaries paid to DPI employees.

One of the ways we have been able to operate with such a small staff is by utilizing outside experts with contracted work rather than hiring a permanent employee. Many times this can be more cost effective to the State. Twenty-eight percent of our operating line expenditures goes to towards consulting work. Our next highest expenditure category is for assessments. We expend fifteen percent of our operations on this important activity. These assessments provide valuable data on how well our students are doing academically and can identify areas of concern. Thirteen percent of our operating budget is for operating fees and services which covers multiple activities.

We expend twelve percent of our operations on the School Food Processing Program. With this program, we negotiate contracts with multiple companies to take raw food product and process further into things like hamburger patties, chicken strips, etc. We then place orders for these items on behalf of participating school districts who then reimburse us for the cost of the food. We do not charge the districts any fees to participate so they are able to save funds by not having to negotiate contracts on their own. This program has been extremely successful and

continues to grow. One of our additional requests is to increase the program by \$2,000,000.

IT related costs make up approximately eighteen percent of our expenses. These costs continue to rise but we have been able to cover these increases by finding savings elsewhere. At some point in the future, we may need to request increased funding but not this biennium.

Our largest line item is the per pupil foundation aid payments at a current amount of \$2.3 billion. Last week, Mr. Adam Tescher, our School Finance Officer, did a great job on explaining to the full appropriations committee on how these payments are calculated and I won't waste your time repeating that. I wouldn't even come close to matching his expertise anyway. In our agency request, we used the base budget number as we know it will change multiple times over the next four months.

We have six appropriation lines that are for grants to outside entities. The first is to districts to cover expenditures to educate special education students with high costs. These funds can also be used to cover the excess costs of students that are placed by state court, tribal court, juvenile services, or county/state social service agencies into a state-licensed foster home, state-licensed childcare home or facility, or a state-operated institution.

DPI also issues grants to school districts to assist with the costs of transporting students to and from school. There are multiple factors that are used to calculate the amount each district receives. The third group of grants are for state led program grants. These are for specific programs including Para-2 Professional, the Superintendent's Grant Pool, Adult Education, and others.

DPI also issues pass through grants that go to specific entities identified by the legislature. Some of the grantees include ND Museum of Art, NDSU and Minot State for writing projects, and Education Standards and Practices Board for their teacher support program. The fifth grant line is for the federal grants awarded to the State. We currently administer about 40 different programs including the education Title I programs, IDEA special education grants, school food programs and others. The final line is our smallest which is to provide grants to teachers to become nationally board certified.

The final line in our appropriation is PowerSchool which we would like changed to K-12 Data Management. Currently the entire amount of this line is paid to NDIT.

Our next slide identifies the one-time funding that we had for the 2023-25 biennium. The science experiment grants issued two grants; one to the Grand Forks Children's Museum for \$5,000,000 and the other was \$500,000 to the Fargo-Moorhead Science Museum. The Statewide Teacher Retention Program provides

grants to districts for its teachers to participate in a program provided by Vital Network. This organization focuses on gathering educator feedback to support districts in their journey to improve daily practices and enhance employee engagement. The outcome is intended to reduce educator burnout and increase retention. Approximately 5,000 of North Dakota educators have participated in the pilot program.

We had three one-time funded projects that were related to reading. The first was the Amira Statewide Reading Tool for \$1.6 million. Amira is a tool that utilizes artificial intelligence to create individualized reading plans for users. We have spent just over \$1 million for this project so far. The next project was the Science of Reading training with an appropriation of \$1 million. Science of Reading is defined in North Dakota Century Code 15.1-21-12.1 as curriculum that is research-based, includes phonemic awareness, phonics, fluency, vocabulary, and comprehension, and uses systematic direct instruction to ensure all students obtain necessary early reading skills. The final project was Language Essentials for Teachers of Reading and Spelling or LETRS training with a \$558,000 appropriation. This is a specific professional training program that uses the Science of Reading as its basis.

The next item was the Be Legendary School Board Training grants. This program is designed to sharpen school boards and their superintendents focus on

one primary objective: improving student outcomes. The training is based on six critical pillars to transform school board performance:

1. Adopting Student Outcome Goals
2. Adopting Goal Progress Measures
3. Adopting Guardrails
4. Monitoring Student Outcomes
5. Structuring for Success
6. Active Teamwork and Advocacy

To date, 30% of North Dakota districts have completed the training.

For the 2023-25 biennium, \$279,000 was appropriated for the Dyslexia Training Program. With these funds we have contracted with AIM Institute to provide training that allows North Dakota educators to obtain a Dyslexia Credential at no cost. The final one time item was a \$70,000 grant for Regional Education Associations to merge. The two western REAS did merge to form the Western Education Regional Coop.

Our next slide shows the fees we charge for GED items. We charge \$10 for a duplicate certificate and \$2 for a transcript. For the 2021-23 biennium we collected \$6,400 which barely covers the cost of the credit card machine charged to us by Bank of North Dakota. We have been asked if the amount charged is adequate but there are multiple times individuals don't even have the \$2. We have

a pool of money that has been donated by DPI employees to cover these costs.

These are the only fees collected by DPI.

In December, we received a liquidation extension for ESSER funded projects that were obligated by September 30, 2024. For a project to be obligated, contracts or orders must have been in place by that date. No changes or new contracts can be made after that date. We only had one LEA request the extension which was Parshall Public Schools for a school bus and replacement of wireless hubs throughout their building. For State Discretionary Projects, we had multiple items including online courses, tutoring, professional development, dual credit opportunities and other educational options. In the binder there is a more comprehensive list of these items. We expect all discretionary funds to be expended by the end of 2025.

I will now move on to our requests for additional funding for the 2025-27 biennium. The first request is for salary increases for DPI employees. As has been mentioned before, we are the smallest state education agency in the nation. We are also one of the lowest paid agencies in the State. We have many employees who could work in area school districts and make much more. We're not asking for salaries equivalent to these districts but some equity increases to get us closer to them.

Our next request is for \$6,000,000 for our School Improvement Contract. State law requires all public schools to participate in a continuous cycle of improvement to advance student achievement. Our contract is coming up for renewal and may have to go through the RFP process. We expect a significant increase to this contract when this takes place. We are also requesting \$1.5 million for the implementation of ND FIRST. Last session, legislation was passed that allows NDDPI to intervene in chronically low-performing schools. We would need to contract for the resources to carry out this requirement.

We are requesting a \$2,000,000 increase to the School Food Processing Program which I mentioned earlier. It seems that every biennium we go to the Emergency Commission to request an increase to this program as it continues to rapidly grow. We hope that this increase will resolve that issue. We are also requesting \$150,000 for summer EBT administration which provides summer food assistance to households with school-age children who are eligible for free or reduced-priced school meals. While the benefit funds are federally provided, the administration costs are covered by the state.

The next three requests are for one-time funding items. The first is \$650,000 for ND History and Tribal Textbook Printing. This initiative defrays the production costs for the five-book series covering the history and culture of Indigenous peoples in North Dakota, which supports the state's requirement for



schools to provide Native American history curriculum. The next request is for \$2,729,140 federal finding in which the US Department of Education determined that the State's funding formula did not meet federal maintenance of equity requirements for five districts in fiscal year 2023. The last item in this group is for \$1,350,000 in federal funds be added to our operating line for the administration of the Federal Comprehensive Literacy program.

Moving on to requests for our grants lines, our first two requests are for \$2.3 million to continue the Teacher Retention Program and \$1.5 million for the Be Legendary School Board Training. I've already spoke about each of these so I won't repeat myself. We are requesting \$1,000,000 each for the Science of Math training and the Science of Reading training. The Science of Reading has already been discussed and the Science of Math follows very similar concepts.

We are also requesting \$300,000 each for the Native American Essential Understandings and Indians into STEM programs. The Native American Essential Understandings aims to foster deeper understanding among North Dakotans from diverse cultural backgrounds. It supports the state's requirement for schools to provide Native American history. The Indians into STEM program was previously only available to New Town and Eight Mile students allowing them to attend STEM instruction at Valley City State during the summer. The initiative expands

this highly successful summer instruction to all North Dakota Native American students in grades 6 through 12.

Our next request is \$300,000 is to continue the Dyslexia Identification Training program and make the funding permanent. I spoke about this program previously but wanted to mention this has been funded as one-time for the last three biennia. We would like to make this permanent and not have to come back each session to request funding for this highly effective program. The last two items are just funding movements in which we are moving \$1,000,000 from the Free School Lunch Program for Adult Education IET grants and the Superintendent Grant Pool. This still leaves plenty of funds in the Free School Lunch Program to cover those expenditures.

The next two items are one-time increases to our Federal Grants line for federal programs. The first is \$27,000,000 for the Federal Comprehensive Literacy Grant that we received in the current biennium. This is a five year grant in which we received Emergency Commission approval to expend the first year in the current biennium. The amount we are requesting is for years 2 and 3. This program specifically aligns to the ND PK-12 Strategic Vision related to literacy. The second item is for \$2,705,709 for a Local Food for Schools and Child Care Providers Cooperative Agreement Program which gives subsidies to schools and childcare providers to purchase beef from local ranchers. We just found out that

we were awarded this grant a few weeks ago and think it is a win-win for both education and agriculture.

The last request is for \$200,000 to be added to the National Board Certification. This initiative provides grant funding for Native American educators pursuing National Board certification, which is widely recognized as a key tool in enhancing teacher effectiveness and improving student outcomes.

My next topic will address a few sections that we are requesting be added to HB1013. The first is carry over language of unexpended funds for ESSER, the State Automated Reporting System or STARS project, and Leveraging the Senior Year. We are requesting to have FTE position adjustment language that was included in former Governor Burgum's version of HB1013. This would allow the Superintendent of Public Instruction to determine the number of FTEs needed depending on funding. And the final is to change the line that says PowerSchool to K-12 Data Management System. In the binder of information we have included language that could be used for these items.

The next slide shows the additional funding that we are asking compared to what was in Governor Burgum's proposed budget. I've spoken about all the items so I won't waste the committee's time going over them again. My final slide addresses bills that would impact our appropriation. We are aware of HB1369 which is the foundation aid bill and it would increase that line by \$158.5 million.

HB1214 addresses the transportation formula and results in an additional \$10 million. There are multiple bills being introduced and we are watching all of them that effect our budget. Some items that we know will have unknown potential impacts include universal free lunch, property tax relief, school construction and the administration of other new initiatives.

Mr. Chairman, this concludes my remarks and the agency's presentation. I thank you for the opportunity to discuss the budget of the Department of Public Instruction. I would be happy to take any questions from the committee and I know there are others in attendance that would like the opportunity to discuss various programs in our budget. Thank you.