

TESTIMONY ON HB 1013
SENATE APPROPRIATIONS – EDUCATION & ENVIRONMENT
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Mr. Chairman and Members of the Committee:

My name is Krista Schulz, and I am the Human Resources Director with the North Dakota Department of Public Instruction (NDDPI). I am here today to provide information on House Bill 1013, specifically regarding NDDPI's staffing information.

NDDPI is currently allocated 86.25 FTE within the agency. This allocation was unchanged from the 2021-2023 biennium, and we are requesting to maintain the same 86.25 FTE allocation for the upcoming 2025-2027 biennium.

Of the 86.25 allocated FTE, 82.5 are currently filled, leaving 3.75 vacancies. These vacancies are federally funded and remain open to provide flexibility in responding to ongoing changes in education programs or federal requirements. When these positions are filled, they will continue to be funded using federal resources.

The committee inquired about the 2023-2025 FTE Funding Pool. As part of this legislative initiative, budgets were reduced, with 70% of the reductions placed into the FTE Funding Pool. Agencies could request these funds upon hiring either

newly assigned FTE positions, which NDDPI did not have, or refilling positions that were vacant as of July 1, 2023. For NDDPI, our July 1, 2023 vacancies equated to 8.75 FTE. To date, NDDPI has filled 7 of the July vacant positions.

We transferred \$789,815 into the pool, consisting of \$295,820 in general funds and \$493,995 in federal funds. Under the provisions of the FTE Funding Pool, NDDPI was permitted to request 70% of these funds back as positions were filled. We have requested and received the allowable amount of \$552,870.

For your reference, I have included data detailing July 1, 2023 vacancies, hire dates, and the funds recouped from the FTE Funding Pool. NDDPI has received all available funds from the pool.

Next, I will discuss NDDPI's employee turnover and vacancy trends during the current 2023-2025 biennium. To date, NDDPI has experienced a turnover rate of 7.3%. The accompanying data outlines the monthly total of FTE vacancies, as well as the number of new hires and filled positions.

Finally, I would like to address general fund savings associated with vacant positions. For the current biennium, NDDPI has \$150,578 in savings from vacancies. These savings result from the lag time between a position becoming vacant and being filled, in addition to new hires starting at a lower salary than their predecessors.

To date, NDDPI has utilized \$45,906 of these savings to fund leave payouts and temporary salary increases.

At this time, I am happy to answer any questions regarding NDDPI's staffing information. Following this, I will turn the presentation over to NDDPI's Chief Financial Officer, Jamie Mertz to discuss the agency's funding.

Mr. Chairman and Members of the Committee:

For the record, my name is Krista Schulz, and I am the Human Resources Director with the North Dakota Department of Public Instruction (NDDPI). I will be discussing NDDPI's salary equity request.

First, I would like to explain our salary range structure by outlining the Office of Management and Budget's (OMB) broadband salary ranges. In 2020, OMB implemented a broadband pay structure for state employees. When this was done, it consolidated multiple paygrades. To better reflect the diverse complexity of roles at NDDPI, we divided the broadband pay grades into two levels per pay grade. This allowed us to recognize the different levels of work and align with an appropriate market policy point (MPP), which represents a midpoint for comparable positions in the broader market.

The State of North Dakota uses compa-ratios to measure how an employee's salary compares to the market rate for similar jobs. A compa-ratio is expressed as a percentage. For example:

- 100% compa-ratio means the employee is paid at the market rate, (MPP).
- A compa-ratio below 100% means the employee is paid under the market rate.
- A compa-ratio above 100% means the employee is paid above the market rate.

The State of North Dakota's broadband salary ranges typically range from 75% compa-ratio to 125% compa-ratio. Under this system, NDDPI's average compa-ratio is 95.7%, placing us as the 16th lowest-paid agency out of 53 state agencies managed under the Office of Management and Budget's compensation system. At NDDPI, we typically hire employees at 85-88% compa-ratio, with salary increases determined through legislative appropriations.

NDDPI operates with a lean team of 82.5 FTE. As we look to the future, we recognize that we will have the following concerns when it comes to hiring and retention.

1. Retaining highly qualified staff when North Dakota school district salaries from the 2023-2024 school year outpace NDDPI's projected 2025 salaries.

2. Attracting and hiring qualified new team members at lower hiring rates than those offered in the broader field.
3. Leveraging the current NDDPI team to take on additional state and federal initiatives.
4. Preparing for upcoming retirement eligibility of 22% of the NDDPI team.

Next, I will discuss how NDDPI compares to the field. Over the last ten years, ND school district staffing has grown by 13.4% while NDDPI's staffing has decreased by 13.5%.

Additionally, when analyzing school district salary data from a year ago, the 2023-2024 school year, we found that salaries were higher than what we can offer in 2025. We specifically highlighted the top ten largest school districts because their staff face similar challenges to ours. Our program administrators and directors manage 168 school districts, which encompasses 480 buildings. They also experience the same cost-of-living pressures, including housing, childcare, and general living expenses.

When comparing our agency's 2025 salaries to the 2023-2024 school district salaries, you can see that the average daily rates are:

- \$340 per day for teachers,
- \$515 per day for assistant principals,

- \$609 per day for principals,
- \$894 per day for superintendents.

For NDDPI comparisons, our average daily rates of pay are:

- \$306 per day for agency-wide overall salary,
- \$302 per day for program administrators,
- \$418 per day for directors.

NDDPI is requesting a biennium salary equity increase of \$1,023,497. This amount includes the spending authority to move \$624,333 of federal funds to our salary line and an additional \$399,163 of state funds. This funding will provide targeted equity increases to better align salaries more closely with the market. Our intent is to retain our high-performing professionals who consistently deliver exceptional results and are highly marketable across multiple industries.

We will prioritize salary adjustments as noted in the PowerPoint presentation. Our priority will be to bring our education professionals closer to school district salaries. The priority areas are as follows:

1. Education Program Administrators—These professionals consistently exceed expectations in managing statewide programs across North Dakota. We aim to align their salaries closer to those of teachers in large school districts.

2. Education Directors— Senior leaders who oversee statewide programs and education offices within NDDPI. Our goal is to bring their salaries closer to school district administrators.
3. Administrative Support Offices (Fiscal Management, HR, and Outreach & Engagement)— Teams responsible for supporting agency operations, grant management, communications, and statewide recognition or coordination efforts.
4. Management Information Systems—Information technology staff dedicated to addressing the evolving technology needs of North Dakota’s education entities.
5. Education Administrative Support positions—Staff who provide essential assistance to education program administrators and directors in carrying out education initiatives and programs.
6. Executive Leadership—A small portion of the funding will support NDDPI’s executive leadership, who strategically guides the agency’s offices.

If approved, these adjustments will reduce the compensation gap while still remaining below the previous year’s school district salary benchmarks. More importantly, it will allow us to retain the dedicated professionals who manage

North Dakota's essential education programs and ensure continued success for our schools and students.

At this time, I am happy to answer any questions regarding NDDPI's salary equity request.