

**Department 201 - Department of Public Instruction
House Bill No. 1013**

Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

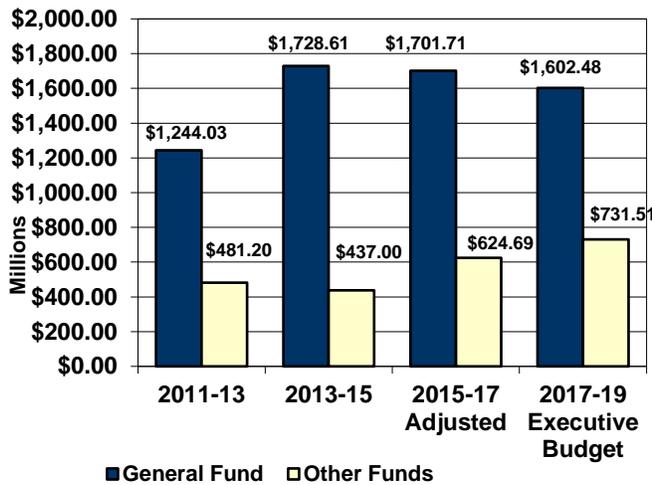
	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	97.75	\$1,602,482,491	\$731,511,822	\$2,333,994,313
2015-17 Adjusted Legislative Appropriations ¹	99.75	1,701,708,569	624,685,766	2,326,394,335
Increase (Decrease)	(2.00)	(\$99,226,078)	\$106,826,056	\$7,599,978

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions and funding changes made in August 2016, but do not include additional special funds authority of \$500,000 resulting from Emergency Commission action during the 2015-17 biennium.

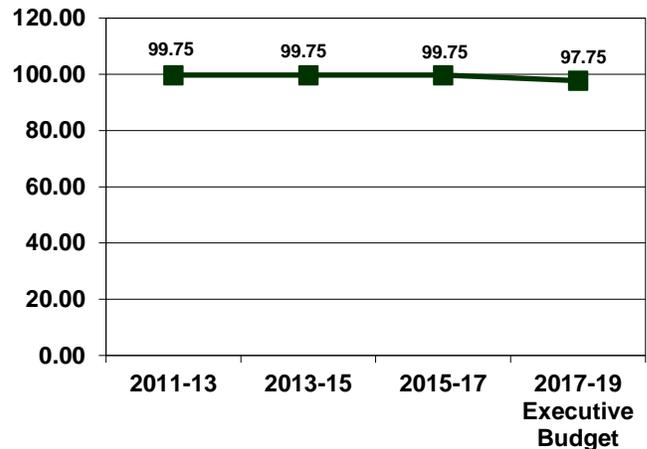
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$1,602,482,491	\$0	\$1,602,482,491
2015-17 Adjusted Legislative Appropriations	1,689,008,539	12,700,030	1,701,708,569
Increase (Decrease)	(\$86,526,048)	(\$12,700,030)	(\$99,226,078)

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$1,602,482,491	\$731,511,822	\$2,333,994,313
2017-19 Base Level	1,689,008,539	624,685,766	2,313,694,305
Increase (Decrease)	(\$86,526,048)	\$106,826,056	\$20,300,008

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Dalrymple and Burgum Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
Salaries and wages			
1. Provides funding for state employee salary and benefit increases, of which \$77,343 is for salary increases, and \$283,332 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The House removed funding for the salary increases.	\$111,327	\$249,348	\$360,675
2. Increases base payroll.	\$2,064		\$2,064
3. Removes 2 FTE positions from base budget. The House removed an additional 3 FTE positions and related funding.	(\$251,576)	\$1	(\$251,575)

Operating expenses

4. Increases funding for food service contracts.		\$500,000	\$500,000
5. Reduces funding for operating expenses. (The Burgum budget provided for an additional \$488,412 reduction in operating expenses.)	(\$812,842)		(\$812,842)

Grants

6. Increases funding for cost-to-continue state school aid. The House reduced the cost-to-continue state school aid by \$1,870,837, which is offset by an increase in state school aid of \$5,590,878 due to changes to the state school aid formula related to local revenue offsets.	\$20,735,000		\$20,735,000
7. Increases funding to provide a 1 percent increase in the per-student rate during the 2 nd year of the biennium. (The Burgum budget removed funding for the per-student rate increase.) The House did not include this increase. The House also reduced the integrated formula payments line item by \$800,000 related to reimbursements for regional education association coordinators.	\$9,745,547		\$9,745,547
8. Increases funding from the state tuition fund for state school aid to provide a total of \$301,264,000. The House provided an additional \$4,282,905 from the state tuition fund due to a transfer from the department's operating account. (See NOTE below)	(\$82,130,000)	\$82,130,000	\$0
9. Increases funding from the foundation aid stabilization fund for state school aid to provide a total of \$140 million. (The Burgum budget increased funding from the foundation aid stabilization fund for state school aid by \$60 million to provide a total of \$200 million.) The House decreased ongoing funding provided for state school aid from the foundation aid stabilization fund to provide total ongoing funding of \$110 million. In addition, the House provided \$160 million of one-time funding for state school aid from the fund to provide a total of \$270 million from the foundation aid stabilization fund.	(\$23,946,707)	\$23,946,707	\$0
10. Increases funding for special education grants to provide a total of \$19.3 million.	\$2,000,000		\$2,000,000
11. Reduces funding for transportation aid grants to provide a total of \$51.3 million. (The Burgum budget reduced funding for transportation aid grants by an additional \$5.1 million.) The House did not include the Burgum budget reduction.	(\$5,700,000)		(\$5,700,000)
12. Reduces funding for various passthrough grants. (The Burgum budget provided for an additional \$2,085,500 reduction in passthrough grants.) The House identified passthrough and program grants and adjusted the funding to provide \$2,612,839 more for passthrough and program grants than the Burgum budget.	(\$5,778,861)		(\$5,778,861)

Other

13. Reduces funding for PowerSchool.	(\$500,000)		(\$500,000)
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NOTE: State tuition fund - North Dakota Century Code Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition, Section 4 of 2013 House Bill No. 1013 provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund of \$130,326,000 and transfers from the state tuition fund to the department's operating fund of \$14,282,905 totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. This funding was not included in the department's appropriation for the 2015-17 biennium nor the 2017-19 biennium executive recommendation. **The House provided, in Section 4 of House Bill No. 1013, a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund.**

Other Sections in House Bill No. 1013

Health insurance increase - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

Transfer from public instruction fund to state tuition fund - Section 4 provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund. (See NOTE above)

Tuition apportionment - Section 5 provides that any money available in the state tuition fund in excess of the \$305,546,905 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Foundation aid stabilization fund transfer - Section 6 identifies \$270 million of estimated income provided for integrated formula payments in Section 1 of the bill is provided from the foundation aid stabilization fund, of which \$160 million is considered one-time funding.

2015-17 biennium funding transfer exemption and authorization - Section 7 allows the Superintendent of Public Instruction to transfer \$1,308,000 in general fund authority from the integrated formula payments line item to the grants - special education line item (\$1.2 million) and the transportation grants line item (\$108,000) during the 2015-17 biennium for anticipated obligations based on the special education and transportation formulas.

Payments for 2015-17 biennium educational services - Section 8 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2017-19 biennium to pay claims due during the 2015-17 biennium, but not filed with the department until the 2017-19 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2018.

Special education grants deficiency authorization - Section 9 provides, if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent of Public Instruction shall request a deficiency appropriation from the 66th Legislative Assembly.

Gifted and talented program funding and Medicaid matching grants - Section 10 provides that the Department of Public Instruction use \$800,000 of the 2017-19 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The Department of Public Instruction 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 the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

Transportation grants - Section 11 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.03 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.48 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.48 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.48 per mile one way for family transportation if the student lives more than 2 miles from the public school the student attends.
- \$0.28 per student for each one-way trip.

Continuing education grants - Section 12 identifies \$1,735,000 included in the grants - program grants line item is for a program grant pool. Of this amount, \$75,000 is provided for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per-student payments based on latest average daily membership.

Indirect cost allocation - Section 13 provides that, notwithstanding Section 54-44.1-15, the Department of Public Instruction 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.

Passthrough grants - Section 17 provides the Superintendent of Public Instruction determine the manner in which funding provided in the grants - passthrough grants line item is distributed. Grantees, as a condition of receiving the grant, are required to establish performance measures to be reviewed by the Superintendent and report to the Superintendent regarding performance based on the measures before October 1, 2018. The Superintendent must provide a report to the 2019 Legislative Assembly regarding the performance measures established for each grantee and whether the grantee met performance expectations.

Legislative Management study - Educational programs - Section 18 provides the Legislative Management consider studying the feasibility and desirability of combining services for any or all English language learner programs, distance learning programs, regional education agencies, teacher center networks, adult learning centers, career and technical education programs, Education Technology Services (Edutech), continuing education for counselors, the North Dakota Leadership in Educational Administration Development Center, and the teacher mentoring program.

Special education contract costs - Bank of North Dakota profits - Section 21 repeals Section 6-09-45 relating to a required transfer from Bank of North Dakota undivided profits to provide funding for special education contract costs in excess of funds appropriated.

Contingent transportation payments - 2015-17 biennium - Section 22 repeals Section 13 of Chapter 49 of the 2015 Session Laws which provides \$3 million for contingent transportation payments provided from excess state school aid funding during the 2015-17 biennium.

Emergency - Section 23 declares Section 7, relating to transfer authority between various line items during the 2015-17 biennium, and Section 22, relating to the repeal of 2015 Session Laws, are declared an emergency.

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 general fund turnback totaling \$34 million as follows:

- \$33 million - Integrated formula payments, including a contingent appropriation of \$3 million provided by Section 13 of 2015 Senate Bill No. 2015. The 2015 Legislative Assembly provided if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. Legislation has not yet been proposed to change this contingent appropriation; therefore, if the provision remains the turnback estimate will decrease by \$3 million. **The House repealed Section 13 of Chapter 49 of the 2015 Session Laws related to contingent transportation payments. The House, in Section 7, authorized the use of 2015-17 unspent integrated formula payments funding to be used for an anticipated shortfall to pay 2015-17 special education and transportation payment obligations resulting in estimated general fund turnback decreasing by \$1,308,000.**
- \$1 million - PowerSchool.

Significant Audit Findings

There were no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1051 - Repeals Section 15.1-21-15 requiring those providing elementary or high school courses electronically to a student, school, or school district in this state, the person must obtain annual approval from the Superintendent of Public Instruction.

House Bill No. 1192 - Relates to authority to withhold school district state aid.

House Bill No. 1318 - Provides for a Legislative Management study of all entities receiving appropriations for the delivery of education to preschool through grade twelve students.

House Bill No. 1324 - Establishes the policy for implementing the K-12 funding formula.

House Bill No. 1357 - Provides for a Legislative Management study of the effects of placing limits on school district levies on the equitable application of the education funding formula.

House Bill No. 1358 - Provides for a Legislative Management study of the use of open educational resources in the elementary and secondary school system.

House Bill No. 1382 - Provides for a Legislative Management study of the feasibility and desirability of developing a school choice program.

House Bill No. 1423 - Provides for a Legislative Management study of the elementary and secondary education funding formula.

Senate Bill No. 2150 - Relates to eligibility for school construction loans.

Senate Bill No. 2243 - Establishes a teacher loan forgiveness program and provides an appropriation of \$2 million from the student loan trust fund to the Department of Public Instruction for the loan forgiveness program.

Senate Bill No. 2272 - Provides changes to the school construction loan program and includes a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund, of which up to \$50 million must be used to repay the Bank of North Dakota for certain outstanding loans. The bill also provides appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$10 million) and English language learner grants (\$1 million).

Senate Bill No. 2307 - Relates to eligibility criteria for students placed for noneducational purposes. A fiscal note prepared by the Department of Public Instruction indicates additional special education grant expenditures of approximately \$500,000.

Senate Bill No. 2321 - Increases the amount that a school district can have in their ending fund balance from 35 percent of expenditures plus \$20,000 to 35 percent of expenditures plus \$200,000. A school district's state aid is reduced the following

year for any money in the ending fund balance that is over this amount. A fiscal note prepared by the Department of Public Instruction indicates additional state school aid expenditures of approximately \$1.5 million.

Department of Public Instruction - Budget No. 201
House Bill No. 1013
Base Level Funding Changes

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2017-19 Biennium Base Level	99.75	\$1,689,008,539	\$624,685,766	\$2,313,694,305	99.75	\$1,689,008,539	\$624,685,766	\$2,313,694,305
2017-19 Ongoing Funding Changes								
Base payroll changes		\$2,064		\$2,064		\$2,064		\$2,064
Salary increase - Performance				0				0
Health insurance increase		87,454	195,878	283,332		87,454	195,878	283,332
Employee portion of health insurance		(45,813)	(102,613)	(148,426)				0
Removes 2 FTE positions from base budget	(2.00)	(251,576)	1	(251,575)	(2.00)	(251,576)	1	(251,575)
Removes additional 3 FTE positions				0	(3.00)	(400,462)		(400,462)
Increases funding for food service contracts			500,000	500,000			500,000	500,000
Reduces funding for operating expenses		(812,842)		(812,842)		(1,301,254)		(1,301,254)
Reduces operating expenses - 2 percent of general fund appropriation without various state school aid lines		(488,412)		(488,412)				0
Increases funding for cost-to-continue state school aid		20,735,000		20,735,000		18,864,163		18,864,163
Increases funding to provide a 1 percent increase in the per student rate during the 2nd year of the biennium				0				0
Increases funding from the state tuition fund for state school aid		(82,130,000)	82,130,000	0		(86,412,905)	86,412,905	0
Increases funding from the foundation aid stabilization fund for state school aid		(23,946,707)	23,946,707	0				0
Provides additional funding from the foundation aid stabilization fund for state school aid		(60,000,000)	60,000,000	0				0
Adjusts ongoing funding from the foundation aid stabilization fund for integrated formula payments				0		6,053,293	(6,053,293)	0
Increases funding for integrated formula payments due to changes in local revenue offsets				0		5,590,878		5,590,878
Removes funding for regional education association coordinators				0		(800,000)		(800,000)
Increases funding for special education grants		2,000,000		2,000,000		2,000,000		2,000,000
Reduces funding for transportation aid grants		(5,700,000)		(5,700,000)		(5,700,000)		(5,700,000)
Reduces transportation grants an additional 10 percent		(5,100,000)		(5,100,000)				0
Reduces funding for various passthrough grants		(5,778,861)		(5,778,861)		(3,867,500)		(3,867,500)
Additional reductions to passthrough grants		(2,085,500)		(2,085,500)				0

Reduces funding for program grants				0	(1,473,611)		(1,473,611)	
Reduces funding for adult education grants				0	(1,110,411)		(1,110,411)	
Adds funding for leveraging the senior year program				0	1,000,000		1,000,000	
Adds funding for a leadership program				0	200,000		200,000	
Reduces funding for PowerSchool	(500,000)			(500,000)	(500,000)		(500,000)	
Transfers program and passthrough grants to separate line items				0			0	
Removes 3 FTE programmers and researchers and transfer funding to operating expenses to contract for services				0	(3.00)		0	
Total ongoing funding changes	(2.00)	(\$164,015,193)	\$166,669,973	\$2,654,780	(8.00)	(\$68,019,867)	\$81,055,491	\$13,035,624
One-time funding items								
Provides funding for integrated formula payments from the foundation aid stabilization fund				0	(\$160,000,000)	\$160,000,000	\$0	
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	(\$160,000,000)	\$160,000,000	\$0
Total Changes to Base Level Funding	(2.00)	(\$164,015,193)	\$166,669,973	\$2,654,780	(8.00)	(\$228,019,867)	\$241,055,491	\$13,035,624
2017-19 Total Funding	97.75	\$1,524,993,346	\$791,355,739	\$2,316,349,085	91.75	\$1,460,988,672	\$865,741,257	\$2,326,729,929

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

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)	House Version
Health insurance increase		A section is added to identify the appropriation provided to fund increases in employee health insurance premiums from \$1,130 to \$1,249 per month.
Tuition apportionment	Section 3 provides that any money available in the state tuition fund in excess of the \$301,264,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.	Amends the section related to the tuition apportionment appropriation to identify total funding of \$305,546,905 provided from the state tuition fund, including \$4,282,905 transferred from the department's operating account, and to appropriate any additional amount that becomes available in the state tuition fund to the department for integrated formula payments.
Foundation aid stabilization fund transfer	Section 4 provides for the transfer, on a quarterly basis, of \$140 million from the foundation aid stabilization fund to the operating fund of the Department of Public Instruction for the purpose of providing integrated formula payments during the 2017-19 biennium. (The Burgum budget recommendation provides an additional \$60 million from the foundation aid stabilization fund.)	Adds a section to identify \$270 million of estimated income provided for integrated formula payments in Section 1 of the bill is provided from the foundation aid stabilization fund, of which \$160 million is considered one-time funding.
Payments for 2015-17 biennium educational services	Section 5 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2017-19 biennium to pay claims due during the 2015-17 biennium but not filed with the department until the 2017-19 biennium.	Amends the section that provides the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2017-19 biennium to pay claims due during the 2015-17 biennium but not filed with the department until the 2017-19 biennium. The amendment also requires those claims must be properly supported and filed with the Superintendent by June 30, 2018.

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

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Special education contract costs - Deficiency appropriation

Adds a section to provide if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent must request a deficiency appropriation from the 66th Legislative Assembly.

Gifted and talented program funding and Medicaid matching grants

Section 6 provides that the Department of Public Instruction use \$800,000 of the 2017-19 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 the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

The House also included this section.

Regional education association grants

Section 7 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2017-19 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000 or 70 percent of the total compensation of the coordinator.

The House did not include funding for regional education association coordinator grants.

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

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Transportation grants

Section 8 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.03 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.48 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.48 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.48 per mile one way for family transportation if the student lives more than 2 miles from the public school the student attends.
- \$0.28 per student for each one-way trip.

Section 8 also provides if any funds appropriated for transportation aid for the 2017-19 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate and distribute the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled. **(The Burgum budget recommendation reduces transportation rates based on an additional reduction in funding for transportation grants.)**

Amends the section related to transportation grants to require the Department of Public Instruction to distribute transportation aid for the 2017-19 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.03 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.48 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.48 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.48 per mile one way for family transportation if the student lives more than 2 miles from the public school the student attends.
- \$0.28 per student for each one-way trip.

The amendment also removes the provision that allows the department to distribute excess funds appropriated for transportation grants.

Continuing education grants

Section 9 provides for the distribution of up to \$125,000 from the grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per-student payments based on latest average daily membership.

Amends the section related to the distribution of up to \$75,000 from the grants - program grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per-student payments based on latest average daily membership.

Indirect cost allocation

Section 10 provides that, notwithstanding Section 54-44.1-15, the Department of Public Instruction 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.

The House also included this section.

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

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

State school aid program

Section 13 provides assumptions included in the executive recommendation for integrated formula payments and other grants, including a 1 percent increase in the per-student payment rate effective July 1, 2018. The current per-student payment rate of \$9,646 would remain in effect for the 2017-18 academic year and increase to \$9,742 for the 2018-19 academic year. Changes to the per-student payment rate require statutory change and this section may be eliminated when the recommendation for integrated formula payments is developed by the Legislative Assembly. **(The Burgum budget recommendation changes this section to remove the 1 percent increase.)**

The House did not include this section. Integrated formula payment rates are established in a separate policy bill.

Grants - Other grants distribution

Section 14 requires no more than one-half of the \$7,965,661 provided to the department in Section 1 for passthrough grants may be distributed during the 1st year of the biennium. **(The Burgum budget recommendation reduces the total grants referenced in this section.)**

Amends the section related to other grant reporting to provide the Superintendent will determine the manner in which each passthrough grant is distributed. Grantees, as a condition of receiving the grant, are required to establish performance measures to be reviewed by the Superintendent and report to the Superintendent regarding performance based on the measures before October 1, 2018. The Superintendent must provide a report to the 2019 Legislative Assembly regarding the performance measures established for each grantee and whether the grantee met performance expectations.

Contingent appropriation - Special education grants and transportation grants

Section 15 provides if any funds appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the biennium beginning July 1, 2015, and ending June 30, 2017, the Superintendent shall:

1. Use the funds to pay any state obligations in excess of the amount appropriated for grants - special education contracts for the biennium beginning July 1, 2015, and ending June 30, 2017.
2. Use any remaining funds to pay state obligations in excess of the amount appropriated for grants - transportation for the biennium beginning July 1, 2015, and ending June 30, 2017.

The House added a section to allow the Superintendent of Public Instruction to transfer \$1,308,000 in general fund authority from the integrated formula payments line item to the grants - special education line item (\$1.2 million) and the transportation grants line item (\$108,000) during the 2015-17 biennium to fund anticipated obligations based on the special education and transportation formulas.

Superintendent of Public Instruction salary

Section 16 provides the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent of Public Instruction's annual salary will increase from the current level of \$120,410 to \$121,614, effective July 1, 2018, to reflect a 1 percent recommended salary increase the 2nd year of the biennium. **(The Burgum budget recommendation removes this section.)**

The House did not include this section.

Special education contract costs - Bank of North Dakota undivided profits

Adds a section to repeal Section 6-09-45 relating to a required transfer from Bank of North Dakota undivided profits for special education contract costs.

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

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

House Version

Transfer - Department of Public Instruction fund

Adds a section to transfer \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund.

2015-17 Contingent transportation appropriation repealed

Adds a section to repeal Section 13 of Chapter 49 of the 2015 Session Laws to repeal \$3 million contingent transportation payments provided from excess state school aid funding during the 2015-17 biennium.

Legislative Management study

Adds a section to provide the Legislative Management consider studying the feasibility and desirability of combining services for any or all English language learner programs, distance learning programs, regional education agencies, teacher center networks, adult learning centers, career and technical education programs, Edutech, continuing education for counselors, the North Dakota Leadership and Educational Administration Development Center, and the teacher mentoring program.

Emergency clause

Adds an emergency clause to provide the section repealing 2015 Session Laws and the section allowing the Superintendent to transfer authority between various line items during the 2015-17 biennium are declared an emergency.

Department 201 - Department of Public Instruction

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$1,805,502,952	\$15,480,000	\$1,820,982,952
General fund reductions	(116,494,413)	(2,779,970)	(119,274,383)
Adjusted 2015-17 appropriations	\$1,689,008,539	\$12,700,030	\$1,701,708,569
Dalrymple Executive Budget changes	(86,526,048)	(12,700,030)	(99,226,078)
2017-19 Dalrymple Executive Budget	\$1,602,482,491	\$0	\$1,602,482,491

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced operating expenses, including information technology and professional fees	(\$281,120)		(\$281,120)
Reduced Medicaid matching grants	(160,000)		(160,000)
Adjusted the funding source for integrated formula payments to provide funding from the foundation aid stabilization fund	(116,053,293)		(116,053,293)
Reduced funding for rapid enrollment grants		(\$2,295,470)	(2,295,470)
Reduced funding for cardiopulmonary resuscitation grants		(284,500)	(284,500)
Removed funding for a civics education grant		(200,000)	(200,000)
Total reductions	(\$116,494,413)	(\$2,779,970)	(\$119,274,383)
Percentage reduction to ongoing and one-time general fund appropriations	6.45%	17.96%	6.55%

2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

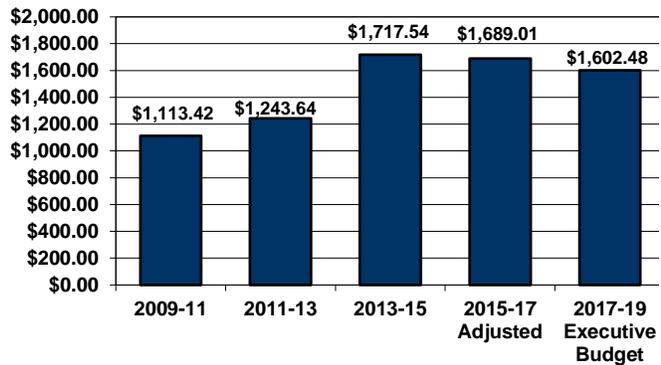
	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$111,327		\$111,327
Increases base payroll	2,064		2,064
Removes 2 FTE positions from base budget	(251,576)		(251,576)
Reduces funding for operating expenses	(1,093,962)	\$281,120	(812,842)
Increases funding for cost-to-continue state school aid	20,735,000		20,735,000
Increases funding to provide a 1 percent increase in the per-student rate during the 2 nd year of the biennium	9,745,547		9,745,547
Adjusts the funding source for integrated formula payment to provide additional funding from the state tuition fund for state school aid	(82,130,000)		(82,130,000)
Adjusts the funding source for integrated formula payment to provide additional funding from the foundation aid stabilization fund for state school aid	(140,000,000)	116,053,293	(23,946,707)
Increases funding for special education grants	2,000,000		2,000,000
Reduces funding for transportation aid grants	(5,700,000)		(5,700,000)
Reduces funding for various passthrough grants	(5,938,861)	160,000	(5,778,861)
Reduces funding for PowerSchool	(500,000)		(500,000)
Total	(\$203,020,461)	\$116,494,413	(\$86,526,048)

Department 201 - Department of Public Instruction

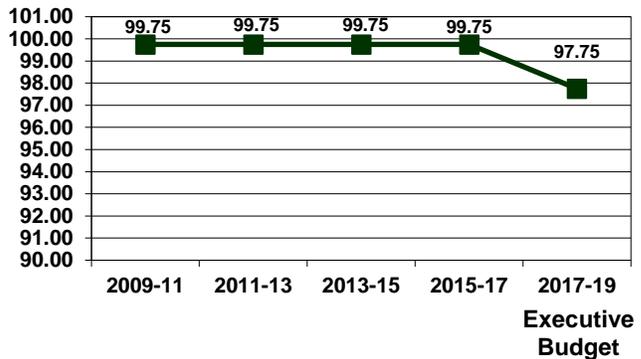
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$1,113,415,854	\$1,243,641,651	\$1,717,543,325	\$1,689,008,539	\$1,602,482,491
Increase (decrease) from previous biennium	N/A	\$130,225,797	\$473,901,674	(\$28,534,786)	(\$86,526,048)
Percentage increase (decrease) from previous biennium	N/A	11.7%	38.1%	(1.7%)	(5.1%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	11.7%	54.3%	51.7%	43.9%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

1. Provided funding for estimated costs of administering the ACT test to all 11th grade students. \$678,400
2. Provided funding for contracted grant writing consultants. \$200,000
3. Provided funding for increased charges by the Information Technology Department. \$185,880
4. Provided funding for inflationary increases in other operating expenses. \$100,000
5. Increased funding for the state assessment program to provide a total of \$2.2 million. \$763,586
6. Increased funding for special education from \$15.5 million to \$16 million. \$500,000
7. Increased funding for state school aid to provide for cost to continue, changes to the per-student payment rates, and formula weighting factors. \$94,751,183
8. Provided funding for mill levy reduction grants. \$341,790,000
9. Increased funding for other pass through grants. \$2,744,411

2013-15 Biennium

1. Increased funding for ACT and WorkKeys testing to provide a total of \$867,300 from the general fund. \$188,900
2. Removed funding for mill levy reduction grants. (\$341,790,000)
3. Increased funding for state school aid to provide for a new per-student integrated formula payment that provides an adequate base level of support necessary to educate students and includes property tax relief. \$794,952,522
4. Increased funding for transportation grants from \$48.5 million to \$53.5 million. \$5,000,000
5. Increased funding for special education from \$16 million to \$16.5 million. \$500,000
6. Increased funding for other passthrough grants. \$944,106

2015-17 Biennium (Original Amounts)

- 1. Added funding for market equity related to attrition in the director of school finance position. \$100,000
- 2. Increased funding for salaries and wages to support content positions in mathematics and science. The department planned to convert FTE positions. \$277,351
- 3. Increased funding for the administration of the Safe and Healthy Schools Unit, including salaries and wages (\$500,034) and operating expenses (\$97,640). \$597,674
- 4. Increased funding for information technology maintenance to update the state automated reporting system (\$112,000) and updates to the department's website (\$48,000). \$160,000
- 5. Added funding for operating expenses to support the statewide accreditation system. \$799,750
- 6. Added funding for operating expenses to support a college and career readiness program, including the cost of advanced placement teacher professional development and related expenses. \$250,000
- 7. Added funding to support statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs, including \$60,000 for operating costs and \$240,000 for grants. \$300,000
- 8. Increased funding for integrated formula payments. (Due to budget allotments declared by the Governor, the funding source for integrated formula payments was adjusted to provide additional funds from the foundation aid stabilization fund.) \$85,732,000
- 9. Increased funding for transportation grants to provide a total of \$57 million from the general fund. \$3,500,000
- 10. Increased funding for special education contract grants to provide a total of \$17.3 million from the general fund. \$800,000
- 11. Increased funding for the mentorship grant program to provide \$2.7 million from the general fund for an expanded teacher, principal, and instructional coach mentoring program. \$400,000
- 12. Increased funding for adult education grants to provide a total of \$4,110,411 from the general fund. \$1,000,000
- 13. Increased funding for other passthrough grants. \$121,394
- 14. Added funding for grants to provide free breakfast to students eligible for reduced meals to provide a total of \$205,000 from the general fund. \$205,000
- 15. Added funding for English language learner grants to provide a total of \$1 million from the general fund. \$1,000,000
- 16. Added funding for Medicaid matching requirements of school districts related to increased medical assistance payment rates for physical, occupational, and speech therapy services to provide a total of \$323,611 from the general fund. (This funding was reduced as part of the general fund budget reductions approved in August 2016.) \$323,611
- 17. Added funding for PowerSchool to provide a total of \$6 million from the general fund in a separate line of the department's appropriation and removed the PowerSchool factor from the state school aid formula. \$6,000,000

2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

- 1. Removes 2 FTE positions from base budget. **The House removed an additional 3 FTE positions and related funding.** (\$251,576)
- 2. Reduces funding for operating expenses. (The Burgum budget provided for an additional \$488,412 reduction in operating expenses.) (\$812,842)
- 3. Increases funding for cost-to-continue state school aid. **The House reduced the cost-to-continue state school aid by \$1,870,837, which is offset by an increase in state school aid of \$5,590,878 due to changes to the state school aid formula related to local revenue offsets.** \$20,735,000
- 4. Increases funding to provide a 1 percent increase in the per-student rate during the 2nd year of the biennium. (The Burgum budget removed funding for the per-student rate increase.) **The House did not include this increase. The House also reduced the integrated formula payments line item by \$800,000 related to reimbursements for regional education association coordinators.** \$9,745,547
- 5. Adjusts the funding source for integrated formula payments to provide additional funding from the state tuition fund for state school aid. **The House provided an additional \$4,282,905 from the state tuition fund due to a transfer from the department's operating account.** (\$82,130,000)
- 6. Adjusts the funding source for integrated formula payments to provide additional funding from the foundation aid stabilization fund for state school aid. (The Burgum budget increased funding from the foundation aid stabilization fund for state school aid by \$60 million to provide a total of \$200 million.) **The House decreased ongoing funding provided for state school aid from the foundation aid stabilization fund to provide total ongoing funding of \$110 million. In addition, the House provided \$160 million of one-time funding for state school aid from the fund to provide a total of \$270 million from the foundation aid stabilization fund.** (\$23,946,707)

7. Increases funding for special education grants.	\$2,000,000
8. Reduces funding for transportation aid grants. (The Burgum budget reduced funding for transportation aid grants by an additional \$5.1 million.) The House did not include the Burgum budget reduction.	(\$5,700,000)
9. Reduces funding for various passthrough grants. (The Burgum budget provided for an additional \$2,085,500 reduction in passthrough grants.) The House identified passthrough and program grants and adjusted the funding to provide \$2,612,839 more for passthrough and program grants than the Burgum budget.	(\$5,778,861)
10. Reduces funding for PowerSchool.	(\$500,000)