



Budget Basics

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DEPARTMENT OF PUBLIC INSTRUCTION

The Superintendent of Public Instruction, through the Department of Public Instruction, provides technical and professional support to school districts and is responsible for school accreditation and for the enforcement of all state statutes and federal regulations relating to public elementary and secondary education in the state. The department administers state and federal programs and the distribution of state school aid, including integrated formula payments, transportation payments, and special education contract payments.

STATE SCHOOL AID Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of a new integrated formula payment to provide school funding. The state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2019-21 biennium, the integrated payment rates are increased 2 percent each year of the biennium to provide \$9,839 during the 1st year of the biennium and \$10,036 during the 2nd year of the biennium. This base level of support is provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by property tax sources and local revenue is provided by the state through the integrated formula payment. In addition to the 60 mills, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund. Funding also is provided in the integrated formula payments line item for gifted and talented programs, state child placement costs, South Dakota cross border tuition, and regional education association grants. When implemented, the integrated payment formula provided for payments based on prior year enrollment. In 2019 the Legislative Assembly provided one-time funding of \$3 million from the foundation aid stabilization fund for rapid enrollment grants in the 1st year of the 2019-21 biennium and began a transition to providing state school aid payments based on fall enrollment in the 2nd year of the biennium.

For the 2019-21 biennium, the Legislative Assembly provided an appropriation of \$2,098,202,429 for state school aid for integrated formula payments. Of this total, \$1,610,438,429 is from the general fund, \$366,756,000 is from common schools trust fund distributions, \$110,000,000 is from the foundation aid stabilization fund, and \$11,008,000 is estimated to be provided from the state tuition fund from fines for violation of state laws.

Transportation Payments

In addition to integrated formula payments, school districts are reimbursed for a portion of their transportation costs. The Legislative Assembly provided \$56.5 million from the general fund for transportation aid during the 2019-21 biennium. The Legislative Assembly requires the Department of Public Instruction to distribute transportation aid for the 2019-21 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:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 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.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Special Education Contract Payments

The Department of Public Instruction maintains a special education contract system to reimburse school districts for high-cost special education students. The Legislative Assembly provided \$24 million from the general fund for special education contracts during the 2019-21 biennium. There are two types of student placement contracts--agency placed and school placed. When the placement is voluntary by a legal guardian; made by a state or county social service agency; ordered by state court, tribal court, or juvenile services; or in a state-operated institution, the district is responsible for the state average cost per student. Charges over the state average cost per student are reimbursed by the state. The resident district is responsible for four times the state average cost per student when the district places the student out of district for education purposes. If the high-cost student remains in their resident district, the district will be reimbursed for any cost exceeding four times the state average cost per student.

OTHER APPROPRIATIONS

In addition to state school aid, the legislative appropriation for the 2019-21 biennium includes funding from the general fund for program grants totaling \$7.68 million, including adult education grants, school food services matching grants, a free breakfast program, leadership professional development, and a program grant pool to be used for initiatives of the Superintendent of Public Instruction. The Legislative Assembly also provided one-time funding of \$800,000 from the foundation aid stabilization fund for music grants.

For the 2019-21 biennium, the Legislative Assembly provided \$2.86 million for various passthrough grants for national writing projects; the North Dakota Museum of Art; the North Central Council for Educational Media Services; the "We the People" program; cultural heritage grants; and a teacher, principal, and instructional coach mentoring program.

The Legislative Assembly provided \$53.2 million for Department of Public Instruction administration during the 2019-21 biennium, of which \$14.3 million is from the general fund. Included in the department's administration funding is one-time funding of \$1.2 million from the foundation aid stabilization fund to rewrite the state automated reporting system (STARS) application.

In separate line items of the Department of Public Instruction budget, the Legislative Assembly provided \$5.5 million from the general fund for PowerSchool maintenance and upgrades and \$108,000 from the general fund for payments to teachers receiving national board certification.

Federal grants included in the Department of Public Instruction budget total \$286.9 million. Major federal programs include school nutrition, Title I, and Individuals with Disabilities Education Act (IDEA).

DEPARTMENT OF PUBLIC INSTRUCTION - 2019-21 BIENNIUM BUDGET

As approved by the 2019 Legislative Assembly, the 2019-21 biennium Department of Public Instruction budget totals \$2,538,914,880. Of this amount, \$1,721,361,137 is from the general fund and \$817,553,743 is from other funds, including federal funds.

A summary of the budget for the 2019-21 biennium is shown below.

Integrated formula payments	\$2,098,202,429
Transportation aid payments	56,500,000
Special education contract payments	24,000,000
One-time funding for rapid enrollment grants	3,000,000
Total state school aid	\$2,181,702,429
Program grants	7,680,000
One-time funding for music grants	800,000
Passthrough grants	2,863,764
PowerSchool	5,500,000
National board certification	108,000
Displaced homemaker program	225,000
Federal grants	286,837,705
Total state school aid and other programs	\$2,485,716,898
Department of Public Instruction administration	53,197,982
Total 2019-21 biennium budget	\$2,538,914,880

Sources of funding for the budget:	
General fund	\$1,721,361,137
Foundation aid stabilization fund	115,000,000
Distributions from the common schools trust fund	366,756,000
Fines for violation of state laws	11,008,000
Other special funds	1,873,190
Federal funds	322,916,553
Total 2019-21 biennium original appropriation	\$2,538,914,880

The next topic in the *Budget Basics* series will review the North Dakota University System.