

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

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	131.95	\$550,821,984	\$237,017,455	\$787,839,439
1999-2001 Legislative Appropriations	<u>131.95</u>	<u>547,053,909</u>	<u>204,269,173</u>	<u>751,323,082</u> ¹
Increase (Decrease)	<u>0.00</u>	<u>\$3,768,075</u>	<u>\$32,748,282</u>	<u>\$36,516,357</u>

2001-03 Hoeven Executive Budget	<u>131.95</u>	<u>\$570,605,949</u>	<u>\$237,044,955</u>	<u>\$807,650,904</u>
Hoeven Increase (Decrease) to Schafer	<u>0.00</u>	<u>\$19,783,965</u>	<u>\$27,500</u>	<u>\$19,811,465</u>

¹ The 1999-2001 appropriation amounts include \$191,664, of which \$67,082 is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$7,902, of which \$1,182 is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000. The 1999-2001 appropriation amounts do not include additional other funds spending authority of \$1,736,469 authorized by the Emergency Commission during the 1999-2001 biennium and general fund spending authority of \$70,400 carried over from the 1997-99 biennium pursuant to Section 12 of 1999 Senate Bill No. 2013.

Major Schafer Recommendations Affecting Department of Public Instruction 2001-03 Budget

	General Fund	Other Funds	Total
Grants			
1. Increases by 1.4 percent, from \$479,006,259 to \$485,542,761, funding for foundation aid (including transportation aid and payments for limited English proficient students). (The House reduced the appropriation for foundation aid by \$24,507,093, to \$461,035,668.)	\$6,536,502		\$6,536,502
2. Increases by 25.6 percent, from \$53,528,217 to \$67,239,025, spending authority for tuition fund payments to schools to reflect the executive recommendation that the Board of University and School Lands distribute all income relating to tobacco settlement proceeds deposited in the common schools trust fund.		\$13,710,808	\$13,710,808
3. Increases by 11.3 percent, from \$3.1 million to \$3.45 million, funding for supplemental revenue payments to schools pursuant to North Dakota Century Code Section 15-40.1-07.8.	\$350,000		\$350,000
4. Increases by 10 percent, from \$46.6 million to \$51.26 million, funding for general fund special education grants. (The House reduced the appropriation for special education by \$1,361,305, to \$49,898,695.)	\$4,660,000		\$4,660,000
5. Removes funding for supplemental payments to certain districts with declining enrollment and to all districts on the basis of average daily membership (ADM) (1999 Senate Bill No. 2162).	(\$3,500,000)		(\$3,500,000)
6. Removes funding for grants to the SENDIT computer network (a general fund appropriation of \$1,973,669 is included in the recommended appropriation for the Information Technology Department).	(\$496,669)	(\$50,000)	(\$546,669)
7. Removes funding for general fund grants distributed by the Educational Telecommunications Council (a general fund appropriation of \$3.5 million is included in the recommended appropriation for the Information Technology Department).	(\$6,000,000)		(\$6,000,000)

8. Provides funding for a grant to the quality schools fund, which is also appropriated in House Bill No. 1157 to the Quality Schools Commission for expenses of the commission in implementing a quality assessment process for North Dakota elementary and secondary schools. (The House removed this funding.)	\$575,192	\$575,192
9. Increases, from \$145,000 to \$205,000, funding for the Governor's school program. (The House reduced funding for the Governor's school by \$60,000, to \$145,000.)	\$60,000	\$60,000
10. Increases, from \$20,000 to \$33,000, funding for the teacher certification program. (The House reduced funding for the teacher certification program by \$13,000, to \$20,000.)	\$13,000	\$13,000
11. Increases, from \$23,780 to \$33,117, funding for FINDET to replace federal school-to-work funds which were previously used to support the program but are no longer available.	\$9,337	\$9,337
12. Increases by 8.3 percent, from \$135.3 million (adjusted appropriation amount) to \$146.5 million, federal funding for grants to reflect changes in the following federal programs:		
School food services	(\$2,234,250)	(\$2,234,250)
Class-size reduction	941,892	941,892
Adult education	624,563	624,563
Aids prevention programs	260,500	260,500
Special education - Individuals With Disabilities Education Act (IDEA) Part B	6,280,852	6,280,852
Special education - IDEA Part D	(250,000)	(250,000)
Special education - Preschool programs	260,893	260,893
Special education - State improvement	600,000	600,000
Title I	5,137,671	5,137,671
Drug-free schools	(653,244)	(653,244)
Other	267,633	267,633
Total federal grants changes	<u>\$11,236,510</u>	<u>\$11,236,510</u>
Operating expenses		
13. Removes funding for dues to the Education Commission of the States.	(\$40,000)	(\$40,000)
14. Increases federal funds spending authority to reflect a federal grant anticipated to be available to fund information technology improvements relating to school nutrition programs.	\$150,000	\$150,000
15. Provides funding for the development of a student data base. (The House removed this funding.)	\$412,500	\$412,500
16. Provides funding to reflect an anticipated increase, from \$403,643 to \$453,643, in costs relating to the standardized achievement testing program.	\$50,000	\$50,000
17. Increases, from \$1.3 million to \$6.8 million, federal funds spending authority for operating expenses for the school improvement division to reflect federal grants anticipated to be available to contract with teachers for the development of curriculum and instructional strategies, to provide professional development for teachers, and for other school improvement activities.	\$5,498,776	\$5,498,776
18. Provides funding for the design and implementation of a standards-based assessment program for reading and mathematics for students in grades 4, 8, and 12, as required to allow the state to continue receiving federal Title I funding.	\$836,000	\$836,000
19. Decreases by 4.4 percent, from \$1,773,201 to \$1,695,713, funding for operating expenses of the Division of Independent Study. (The House increased funding for operating expenses of the Division of Independent Study by \$27,500 from other funds.)	(\$77,488)	(\$77,488)

Salaries and wages

20. Provides funding for an equity salary increase of \$522 per month for the Superintendent of Public Instruction effective January 1, 2002 (the amount included in the executive budget is \$3,549 more than the required amount of \$10,979). (The House reduced this amount by \$3,549.)	\$14,528		\$14,528
21. Provides funding for salary equity adjustments, in addition to the executive budget compensation package, to increase salaries to new pay range minimums established by Central Personnel.	\$405	\$31,382	\$31,787

Other

22. Increases by 7.7 percent, from \$496,036 to \$534,140, funding for equipment (\$59,228 increase for the Division of Independent Study; \$21,124 decrease for all other divisions).	(\$11,274)	\$49,378	\$38,104
23. Provides funding to resurface the roof of the Division of Independent Study building.	\$27,500	\$27,500	\$55,000

Major Hoeven Recommendations Affecting Department of Public Instruction 2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)

	General Fund	Other Funds	Total
1. Decreases foundation aid to provide funding for the proposed FTE payment program. (Compared to the Schafer executive budget, per student payments are decreased the first year of the biennium from \$2,323 to \$2,240 and the second year from \$2,420 to \$2,250.) (The House reduced foundation aid by \$24,507,093 to provide per student payments of \$2,255 and \$2,278.)	(\$27,876,613)		(\$27,876,613)
2. Decreases special education aid to provide funding for the proposed FTE payment program. (The House reduced special education funding by this amount.)	(\$1,361,305)		(\$1,361,305)
3. Removes funding for the Quality Schools Commission. (The appropriation is reduced to \$505,192 and is transferred to the Governor's office. The Office of Management and Budget has indicated that the \$70,000 reduction is for data gathering services and is included in the recommended appropriation for the Information Technology Department.) (The House removed this funding.)	(\$575,192)		(\$575,192)
4. Removes funding for the development of a student data base. (The Office of Management and Budget has indicated that the recommended appropriation for the Information Technology Department now includes funding for this project.) (The House removed this funding.)	(\$412,500)		(\$412,500)
5. Adds funding to restore operating expenses to the amount included in the agency's base budget request. (The funding was transferred from operating expenses to capital improvements in the Schafer recommendation.) (The House added this funding.)		\$27,500	\$27,500
6. Adds funding for a proposed teacher compensation payment program, whereby school districts will receive payments of \$2,000 and \$3,500 the first and second years of the 2001-03 biennium, respectively, for each teacher and administrator in the school district. (The House added \$46,640,055 for teacher compensation payments to provide for payments of \$1,750 the first year and \$3,500 the second year based on the number of qualifying teachers in each district.)	\$50,009,575		\$50,009,575

Major Legislation Affecting the Department of Public Instruction

House Bill No. 1141 - Reorganization bonuses - This bill provides that school districts may receive an advance of \$15,000 per district for the purpose of studying and planning for reorganization. If the districts reorganize, the money advanced will be deducted from their reorganization bonus. If the districts do not reorganize, the money advanced must be repaid. The fiscal note indicates a 2001-03 biennium general fund cost of \$30,000.

House Bill No. 1145 - Weighting factors - This bill adjusts the weighting factors used to distribute foundation aid payments. Weighting factors are adjusted for the first year of the 2001-03 biennium by 85 percent of the difference between the statutory factor and the factor representing the five-year average cost of education. Weighting factors for the second year of the biennium are the factors representing the five-year average cost of education. Current law provides that weighting factors are adjusted by 75 percent of the difference between the statutory factor and the five-year average cost of education.

House Bill No. 1293 - Standards-based assessments - This bill directs the Department of Public Instruction to administer standards-based student achievement tests, report the compiled results to the Legislative Council, and offer technical assistance to school districts to interpret the test results. The fiscal note indicates an anticipated 2001-03 biennium general fund cost of \$1,457,010, which is \$167,367 more than the amount provided in House Bill No. 1013.

House Bill No. 1301 - Reorganization bonuses - This bill excludes \$2 million from the amount to be distributed from unspent foundation aid at the end of the 1999-2001 biennium and provides a general fund appropriation of \$3 million for the 2001-03 biennium for reorganization bonus payments to qualifying school districts (see Senate Bill No. 2200).

House Bill No. 1321 - Limited English proficiency payments - This bill changes the formula for the distribution of limited English proficiency payments. The fiscal note indicates a 2001-03 biennium general fund cost of \$800,000, which is \$350,000 more than the amount appropriated in House Bill No. 1013.

House Bill No. 1344 - Foundation aid and teacher compensation payments - This bill increases per student foundation aid payments to \$2,255 the first year of the 2001-03 biennium and \$2,278 the second year and provides a formula for the distribution of teacher compensation payments. The appropriations for foundation aid and teacher compensation are included in House Bill No. 1013.

Senate Bill No. 2200 - Reorganization bonuses - This bill excludes \$3 million from the amount to be distributed from unspent foundation aid at the end of the 1999-2001 biennium and provides a general fund appropriation of \$3 million for the 2001-03 biennium for reorganization bonus payments to qualifying school districts (see House Bill No. 1301).

Senate Bill No. 2268 - Data envelopment analysis - This bill provides a \$100,000 general fund appropriation to the Department of Public Instruction for continuing the data envelopment analysis project.

Summary of Legislative Changes to Bill as Introduced

See attached Statement of Purpose of Amendment.