

**Department of Public Instruction
Budget 201
Senate Bill Nos. 2013, 2032, 2421**

	FTE Positions	General Fund	Other Funds	Total
2003-05 legislative appropriation	93.25	\$604,765,006 ¹	\$266,058,803	\$870,823,809 ¹
2001-03 legislative appropriation	<u>95.25</u>	<u>571,763,654</u>	<u>242,773,559</u>	<u>814,537,213</u>
2003-05 appropriation increase (decrease) to 2001-03 appropriation	(2.00)	\$33,001,352	\$23,285,244	\$56,286,596

¹The 2003-05 appropriation amounts include \$40,000 appropriated from the general fund to the Education Standards and Practices Board for the purpose of procuring federal matching grants to provide for the national board certification of teachers.

Item Description

State aid - Per student, transportation aid, and limited English proficiency payments - The 2003 Legislative Assembly provided a general fund appropriation of \$489,379,990 for per student, transportation aid, and limited English proficiency payments for the 2003-05 biennium, \$15,408,342 more than the amount appropriated for the 2001-03 biennium. The appropriation provides for per student payments to increase from \$2,347 in 2002-03 to \$2,509 in 2003-04 and \$2,623 in 2004-05.

Tuition apportionment - The 2003 Legislative Assembly appropriated \$69,495,371 from the state tuition fund for tuition apportionment payments to school districts during the 2003-05 biennium, \$2,256,346 more than the amount appropriated for the 2001-03 biennium. The appropriation will provide for payments of approximately \$335 per census unit, an increase of \$35 per census unit from the 2002-03 appropriated payment of \$300.

Teacher compensation payments - The 2003 Legislative Assembly appropriated \$51,854,000 from the general fund to continue the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for second-year returning teachers.

Section 38 of Senate Bill No. 2421 provides that each school district use an amount equal to at least 70 percent of all new money received for per student payments and tuition apportionment payments for the purpose of increasing the compensation paid to teachers. School districts may be exempted from the requirement if the board of the school district determines by an affirmative vote of two-thirds of its members that complying with the provisions would place the school district in the position of having insufficient fiscal resources to meet its other obligations.

School district reorganization bonuses - Senate Bill No. 2421 provides a general fund appropriation of \$500,000 for reorganization bonus payments to qualifying school districts, as defined in North Dakota Century Code (NDCC)

Status/Result

The total state aid payments for the 2003-05 biennium are estimated to be approximately \$1,132,000, or .2 percent **less than** the amount appropriated.

The number of weighted student units for the first year of the biennium is 108,157 or .2 percent less than the estimate of 108,381 used to establish the appropriation. The number of weighted student units for the second year of the biennium is 106,274, the same estimate used to establish the appropriation.

Tuition fund distributions through May 2004 are estimated to be \$34,659,129, \$88,557 **less than** the original estimate of \$34,747,686.

Based on reimbursement claims from school districts, the department estimates teacher compensation payments for the first year of the biennium to be \$25,422,000, \$505,000 less than the amount estimated. The total teacher compensation payments for the 2003-05 biennium are estimated to be \$51,349,000, \$505,000 less than the amount appropriated.

The department provided a \$500,000 school district reorganization bonus to the consolidated school district of North Shore, Berthold, and Plaza in January 2004.

Section 15.1-12-11.1. The bonus amount is based on the number of students, the number of square miles in the reorganized district, and the number of districts reorganizing.

In addition, NDCC Section 15.1-12-11.2 provides that school districts may receive an advance bonus payment of \$15,000 per district for the purpose of studying and planning for reorganization. If the districts eventually reorganize, the money advanced is deducted from their bonus. If the districts do not reorganize, the money advanced must be repaid.

Adult education program - The 2003 Legislative Assembly increased funding for the adult education program from \$900,000 to \$920,000. The additional funding of \$20,000 was to be distributed by the department to address salary concerns for those teachers who have not received teacher compensation payments.

Writing projects - The 2003 Legislative Assembly provided funding of \$48,000 from the general fund for the Northern Plains Writing Project (\$28,000) and the Red River Writing Project (\$20,000).

Data envelopment analysis project - Senate Bill No. 2032 provided funding of \$50,000 from the general fund to the Department of Public Instruction for completing the department's data envelopment analysis project. The project involves an analysis of comparable operating units for measuring and encouraging efficiency. An initial general fund appropriation of \$50,000 was provided for the project by the 1997 Legislative Assembly, but the project received no further funding.

North Central Council of School Television - Section 4 of Senate Bill No. 2013 authorizes the Department of Public Instruction to continue \$105,000 of the department's unspent 2001-03 biennium appropriation to be used in conjunction with special funds received by the department in the amount of \$150,000 for the purpose of providing a grant to fund the North Central Council of School Television's licensing of educational television programs for classroom use by North Dakota elementary and secondary schools.

Contingent distributions - Per student and transportation aid payments - Section 37 of Senate Bill No. 2421 provides that if any funds appropriated for per student and transportation aid payments remain unspent after all statutory obligations are met, the Department of Public Instruction is to distribute the funds as follows:

- The first \$250,000 for providing reimbursements to the chief administrators of joint powers agreements.

The consolidated school district of Mohall, Sherwood, and Lansford will be eligible for a \$500,000 school district reorganization bonus in January 2005; however, at the present time there is no funding available for reorganization bonus payments. If any funds appropriated for 2003-05 per student and transportation aid payments remain unspent after all statutory obligations are met, the department may have funding to distribute as reorganization bonus payments, pursuant to Section 37 of Senate Bill No. 2421, depending on the amount of unspent funds.

As of May 2004, no school districts have requested advance bonus payments.

The department has used \$10,000 of the additional \$20,000 of funding to provide salary increases to the lowest paid teachers for the adult education program during the first year of the biennium. The department anticipates using the remaining funding for providing similar increases in the second year of the biennium.

The department has awarded a grant to Minot State University in the amount of \$28,000 for the Northern Plains Writing Project and a grant to the University of North Dakota in the amount of \$20,000 for the Red River Writing Project. Payments to the projects are made based on claims for reimbursement submitted to the department.

The department is in the process of completing the data envelopment analysis project. The project is to result in development of a proposed new school transportation payment system that will analyze costs and reward efficiency in school transportation. The department anticipates spending the entire \$50,000 appropriation on the project and anticipates providing project recommendations to the interim Education Committee during summer 2004.

The department has awarded a grant in the amount of \$105,000 to the North Central Council of School Television for licensing of educational television programs. The department is also in the process of applying for federal grants that may be used by the North Central Council of School Television for the licensing of educational television programs.

As of May 2004, the department anticipates approximately \$1,132,000 of per student and transportation aid may be available for distribution as contingent payments. If the current projection is realized, the \$250,000 would be available for providing reimbursements for joint powers agreements and any remaining funds would be available for providing reorganization bonuses and additional per student payments.

- The next \$1 million for providing reorganization bonuses, pursuant to NDCC Section 15.1-12-11.1, to school districts having reorganizations effective after July 1, 2003, and before July 1, 2005.
- Any remaining amounts as additional per student payments on a prorated basis according to the average daily membership of school districts during the 2004-05 school year.

Contingent distributions - Teacher compensation - Section 36 of Senate Bill No. 2421 provides that if any funds appropriated for teacher compensation payments remain unspent after all statutory obligations are met, the Department of Public Instruction shall distribute “hold harmless” payments to school districts.

Transfer of state agency information technology full-time equivalent (FTE) position - Section 10 of House Bill No. 1505 authorized the reduction and transfer of one FTE position relating to information technology services to the Information Technology Department by November 1, 2003. The department is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified position and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The department is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The department is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employee in the transferred position at a cost not exceeding the amounts transferred to the agency’s information services account.

Duplicative payments - North Dakota Century Code Section 15.1-02-14 provides that if the Department of Public Instruction receives any federal or other funds for administrative expenses for which a general fund appropriation was received, the department must transfer the money to the state tuition fund, to the extent allowed by law. The department must report annually to the Budget Section regarding any transfers to the state tuition fund pursuant to this section.

Full-time equivalent positions.

As of May 2004, the department anticipates approximately \$505,000 of teacher compensation funds may be available for distribution as contingent payments. If the current projection is realized, the \$505,000 would be distributed to school districts as “hold harmless” payments.

The Information Technology Department established a project executive committee for implementing the transfer of state agency information technology FTE positions and the required use of information technology services authorized in House Bill No. 1505. The project executive committee recommended the transfer of .5 of the targeted FTE position from the Department of Public Instruction to the Information Technology Department. The remaining .5 of the targeted position was exempted because that portion of the position was primarily performing duties not related to the consolidation of services. The Department of Public Instruction completed the transfer of the partial FTE position as recommended by the committee. The Department of Public Instruction has migrated 9 of its 10 servers to the Information Technology Department and is purchasing information technology services from the Information Technology Department.

In January 2004 the department reported to the Budget Section that the department has not received any federal or other funds for administrative expenses that could be transferred to the state tuition fund. The department does not anticipate any transfers pursuant to this section to be made during the 2003-05 biennium.

Due to a reduction in the department’s salaries and wages funding for the 2003-05 biennium of approximately \$184,000, the department implemented a reduction in force of two FTE positions--an administrative assistant I and a federal technology program coordinator--effective July 1, 2003. In March 2004 the federal technology program coordinator position was restored by the department due to a retirement of an assistant superintendent and reorganization of responsibilities.