

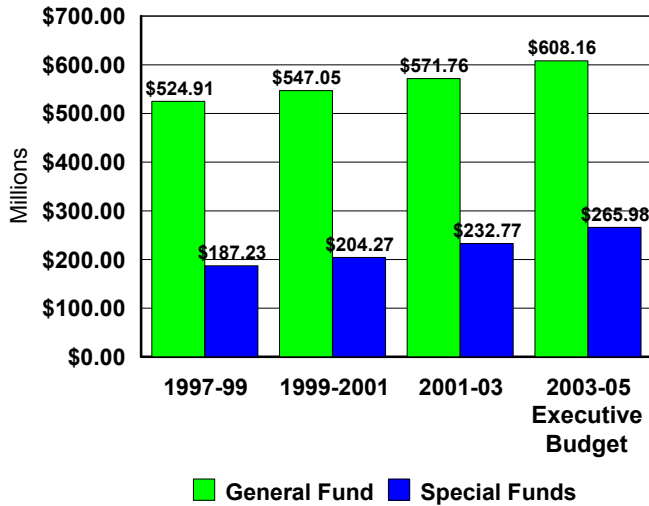
**Department 201 - Department of Public Instruction
 Senate Bill Nos. 2013 and 2154**

	FTE Positions	General Fund	Other Funds	Total
2003-05 Executive Budget	93.25	\$608,165,035	\$265,980,642	\$874,145,677
2001-03 Legislative Appropriations	95.25	571,763,654 ¹	232,773,559	804,537,213 ²
Increase (Decrease)	(2.00)	\$36,401,381	\$33,207,083	\$69,608,464

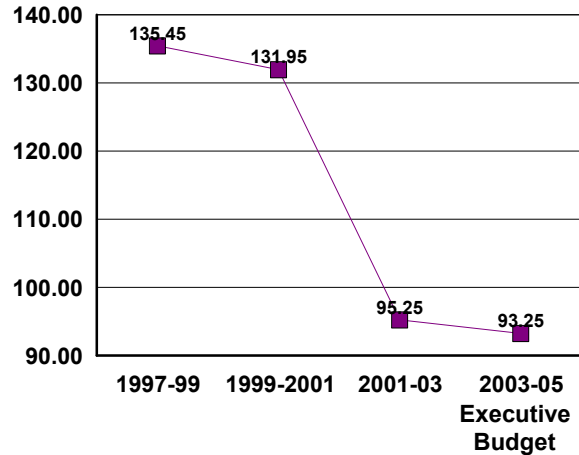
¹ The 2001-03 general fund appropriation is the amount appropriated by the 2001 Legislative Assembly and does not include a reduction of \$6,003,518 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. Of the \$6,003,518, \$5,500,639 was restored for state school aid and special education payments from the foundation aid stabilization fund.

² The 2001-03 appropriation amounts include \$125,714, \$43,860 of which is from the general fund, for the agency's share of the \$5 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees. The 2001-03 appropriation amounts do not include \$5,483,750 of additional special funds authority resulting from Emergency Commission action through March 2002.

Agency Funding



FTE Positions



First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
 (With First House Changes Noted)**

Grants	General Fund	Other Funds	Total
1. Increases funding for state school aid , including payments for limited English proficient students and transportation aid by \$4,085,342, from the 2001-03 legislative appropriation of \$473,971,648 to \$478,056,990. The Senate increased funding for state school aid by \$1,323,000 from the general fund from \$478,056,990 to \$479,379,990.	\$4,085,342		\$4,085,342
2. Increases funding for teacher compensation payments by \$31,241,000, from \$35,036,000 to \$66,277,000. The Senate decreased funding for teacher compensation payments by \$14,423,000 from the general fund from \$66,277,000 to \$51,854,000.	\$31,241,000		\$31,241,000

3. Increases funding for revenue supplemental payments to schools pursuant to North Dakota Century Code Section 15-40.1-07.8 by \$1 million, from \$2.2 million to \$3.2 million. The Senate increased funding for revenue supplemental payments by \$1.8 million from the general fund from \$3.2 million to \$5 million. The funding for revenue supplemental payments is found in Senate Bill No. 2154.	\$1,000,000		\$1,000,000
4. Provides funding of \$49,898,695 from the general fund for special education grants , the same level of funding as provided in the 2001-03 biennium			
5. Provides funding of \$1 million from the general fund for reorganization bonuses (\$500,000) and joint powers incentives (\$500,000), a decrease in funding of \$665,000 from the 2001-03 biennium appropriation of \$1,665,000 for reorganization bonus payments. The Senate increased funding for reorganization bonuses and joint powers incentives by \$1 million from the general fund from \$1 million to \$2 million. The funding for these payments is found in Senate Bill No. 2154.	(\$665,000)		(\$665,000)
6. Provides funding of \$1.2 million from the general fund for hold harmless payments to school district. The Senate removed funding of \$1.2 million from the general fund for hold harmless payments.	\$1,200,000		\$1,200,000
7. Increases funding for the Governor's school program from \$205,000 to \$225,000	\$20,000		\$20,000
8. Removes funding from the general fund for the geographic education program (\$100,000) and the national board certification program (\$41,500) due to professional development funds being available to school districts under the No Child Left Behind Act	(\$141,500)		(\$141,500)
9. Increases funding for tuition fund payments to schools by \$2,256,346, from \$67,239,025 to \$69,495,371		\$2,256,346	\$2,256,346
10. Increases federal funding for other grants by \$27 million from \$152 million (adjusted appropriation amount) to \$179 million, including:			
Title II Part A teacher and principal quality grants		\$25,777,610	\$25,777,610
IDEA Part B special education grants		\$13,815,802	\$13,815,802
Title II Part D enhancing education through technology		\$5,842,794	\$5,842,794
Title V Part A innovative programs		\$3,249,592	\$3,249,592
Title I grants to schools for program improvement		\$2,446,910	\$2,446,910
Telecommunications grants to schools for technology projects		\$1,805,294	\$1,805,294
Title II Eisenhower grants to schools for improving math and science		(\$2,643,804)	(\$2,643,804)
Title VI grants to schools for improvement activities and special projects		(\$3,087,114)	(\$3,087,114)
Goals 2000 - Grants to schools for local systemic education improvement		(\$3,430,807)	(\$3,430,807)
School renovation, IDEA, and technology		(\$5,428,912)	(\$5,428,912)
Class size reduction grants		(\$12,188,086)	(\$12,188,086)
Other		\$873,790	\$873,790
Total		<u>\$27,033,069</u>	<u>\$27,033,069</u>
Operating Expenses			
11. Removes funding from the general fund relating to one-time funding provided in the 2001-03 biennium for expenses associated with the development of a school district compensation report	(\$200,000)		(\$200,000)
12. Provides funding for the continuation of the development of a student data base project relating to compiling data required by the No Child Left Behind Act		\$800,000	
13. Provides for a net decrease in funding for operating expenses by \$2.9 million, from \$15.6 million (adjusted appropriation amount) to \$12.7 million, including:	(\$212,127)	(\$2,704,907)	(\$2,917,034)
a. An increase in information technology data processing - \$129,813			
b. An increase in information technology contractual services - \$654,017			
c. A decrease in professional services - (\$3,360,298)			
d. A decrease in professional supplies - (\$137,500)			
e. A decrease in other operating items - (\$203,066)			

The Senate decreased funding for operating expenses by \$300,000 from the general fund.

Salaries and Wages

14. Deletes funding for the following 2 FTE positions:

1 FTE administrative staff officer I	(\$108,586)	(\$108,586)
1 FTE Native American education program director	(\$110,367)	(\$110,367)
Total	<u>(\$218,953)</u>	<u>(\$218,953)</u>

15. Includes the statutory changes necessary to increase the Superintendent's salary as follows:

Annual Salary Authorized by the 2001 Legislative Assembly

July 2001-December 2001 - \$69,648

January 2002-June 2002 - \$75,916

July 2002-June 2003 - \$77,434

Proposed Annual Salary Recommended in the 2003-05 Executive Budget

July 2003-December 2003 - \$77,434

January 2004-December 2004 - \$78,210

January 2005-June 2005 - \$79,775

The Senate removed funding for the Governor's recommended state employee salary increases, including the recommended salary increase for the Superintendent. The Superintendent's salary will remain at the current level of \$77,434 for the 2003-05 biennium.

Major Related Legislation

Senate Bill No. 2013 - Distribution of Special Education Aid - Section 4 of Senate Bill No. 2013 provides legislative intent that the special education appropriation be distributed as follows:

1. \$13,000,000 to reimburse school districts for special education contract costs (\$335,000 more than the amount appropriated for the 2001-03 biennium).
2. \$400,000 to reimburse school districts for gifted and talented programs (no change from the amount appropriated for the 2001-03 biennium).
3. \$36,498,695 distributed on a per student basis pursuant to North Dakota Century Code (NDCC) Section 15.1-27-10 (\$335,000 less than the amount appropriated for the 2001-03 biennium).

Senate Bill No. 2013 - Payment for Limited English Proficiency - Section 5 of Senate Bill No. 2013 provides that \$650,000 of the amount appropriated for state school aid is for payments to school districts educating limited English proficient students as provided in NDCC Section 15.1-27-12.

Senate Bill No. 2013 - Contingent State School Aid Distributions - Section 10 of Senate Bill No. 2013 provides that any state school aid funds remaining unspent at the end of the 2003-05 biennium will be distributed as follows:

1. The first \$1 million as reorganization bonus payments to school districts pursuant to NDCC Section 15.1-12-11.1.
2. The second \$1 million as declining enrollment payments based upon actual declines in enrollment from 1999-2000 to 2002-03.

Senate Bill No. 2013 - Contingent State School Aid Distributions - Section 11 of Senate Bill No. 2013 provides that any state school aid funds remaining after fulfilling Section 10 of the bill are to be distributed as additional per student payments.

Senate Bill No. 2013 - Contingent Teacher Compensation Payments - Section 12 of Senate Bill No. 2013 provides that any teacher compensation funds remaining unspent at the end of the 2003-05 biennium are to be distributed as additional per student payments.

Senate Bill No. 2032 - Data Envelopment Analysis Project - This bill provides a \$50,000 general fund appropriation 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 has received no further funding.

Senate Bill No. 2066 - Revolving School District Equipment and Software Fund - This bill repeals NDCC Section 15.1-03-02 establishing the revolving school district equipment and software fund for the cooperative purchase by school districts of equipment and software.

Senate Bill No. 2135 - Education Standards and Practices Board - This bill provides a general fund appropriation of \$69,000 to the Department of Public Instruction for providing a grant to the Education Standards and Practices Board for making grants to assist teachers in obtaining certification. The bill also provides a general fund appropriation of \$16,000 to the department for providing a grant to the Education Standards and Practices Board for paying a one-time stipend of \$2,000 to each of the eight educators in North Dakota who has previously received certification.

Senate Bill No. 2154 - Per Student Payments, Weighting Factors, and Teacher Compensation - This bill increases per student state school aid payments from \$2,347 in 2002-03 to \$2,497 in 2003-04 and \$2,619 in 2004-05. The bill adjusts the weighting factors used to distribute state school aid payments. The intent of the bill is to adjust weighting factors for weighting factors for the first year of the 2003-05 biennium by 85 percent of the difference between the statutory factor and the factor representing the five-year average cost

of education, as determined by the Department of Public Instruction. Weighting factors for the second year of the biennium are intended to be the factor 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. The bill continues the current level of teacher compensation payments of \$1,000 for first-year teachers and \$3,000 for second-year teachers and increases the minimum annual teacher salary from \$20,500 in 2002-03 to \$21,000 in 2003-04 and \$22,500 in 2004-05. The bill also provides a \$5 million general fund appropriation to the Department of Public Instruction for revenue supplement payments and a \$2 million general fund appropriation to the department for reorganization bonuses and joint powers incentives.

Senate Bill No. 2182 - Mill Deduct Factor - This bill increases the mill deduct factor used in the calculation of state school aid payments from 32 mills for 2002-03 to 34 mills for 2003-04 and 36 mills for 2004-05.

Senate Bill No. 2305 - Joint Powers Incentives - This bill provides support for joint powers agreements among school districts and proposes a payment of \$75,000 to qualifying units.

Senate Bill No. 2389 - School District Transportation Payments - This bill increases the in-city large bus transportation reimbursement rate from 35 to 50 cents per mile.

House Bill No. 1383 - Payments for English Language Learners - This bill revises the funding formula for the limited English proficient payment program.