

**Department of Public Instruction
Budget No. 201
Senate Bill Nos. 2013 and 2150, House Bill No. 1047**

	FTE Positions	General Fund	Other Funds	Total
2011-13 executive budget (bills as introduced)	99.75	\$902,064,740	\$792,508,423	\$1,694,573,163
2011-13 legislative appropriations	99.75	1,243,980,651	456,203,423	1,700,184,074
Legislative increase (decrease) to executive budget	0.00	\$341,915,911	(\$336,305,000)	\$5,610,911
Legislative increase (decrease) to 2009-11 appropriations	0.00	\$129,313,797	(\$91,750,731) ¹	\$37,563,066

¹This amount reflects the following 2009-11 appropriations:

- \$30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts authorized in Section 6 of Senate Bill No. 2013.
- \$4,233,000 of funds from the property tax relief sustainability fund for property tax relief (mill levy reduction grants) for the 2009-11 biennium authorized in Senate Bill No. 2023.
- \$211,264 of funds from the general fund for property tax relief (mill levy reduction grants) for the 2009-11 biennium authorized in Section 19 of Senate Bill No. 2015.

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 legislative appropriations	\$1,113,915,854	\$751,000	\$1,114,666,854
2011-13 legislative appropriations	1,243,596,651	384,000	1,243,980,651
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$129,680,797	(\$367,000)	\$129,313,797
Percentage increase (decrease) to 2009-11 appropriations	11.6%	(48.9%)	11.6%
2011-13 legislative increase (decrease) to executive budget	\$342,115,911	(\$200,000)	\$341,915,911
Percentage increase (decrease) to executive budget	38.0%	(34.2%)	37.9%

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Department of Public Instruction is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	Major Items FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted the funding source of mill levy reduction grants from the property tax relief sustainability fund to the general fund.		\$341,790,000	(\$341,790,000)	\$0

Removed funding for state school aid added in the executive budget for the alternative teacher-effectiveness compensation system factor.	(7,500,000)		(7,500,000)
Increased state school aid to provide for changes to the per student payment rates.	4,200,000		4,200,000
Increased state school aid to provide an increase in the formula weighting factor for special education. The executive recommendation included an increase in the special education weighting factor from .07 to .073 for the 2011-13 biennium. The Legislative Assembly provided an increase from .073 to .079 during the second year of the 2011-13 biennium.	2,300,000		2,300,000
Added funding from the oil and gas impact fund for rapid enrollment grants.		5,000,000	5,000,000
Changed the funding source of one-time funding for an Education Standards and Practices Board approval and accreditation mainframe rewrite to provide funding from the national board certification fund.	(200,000)	200,000	0
Changed the funding source of the national board certification program to provide funding from the national board certification fund.	(185,000)	185,000	0
Added funding from the national board certification fund to provide for the increased costs of administering the ACT, including the writing test, and WorkKeys assessments, to all 11 th grade students to provide a total of \$778,400, of which \$678,400 is from the general fund.		100,000	100,000
Increased funding for other grants as follows:	1,415,411		1,415,411

	General Fund Increase	Total General Fund
North Central Council for School Television	\$40,000	\$485,000
Governor's School	50,000	460,000
Atlantik-Brucke/Atlantik Forum exchange program	30,000	105,000
Rural art outreach project	20,000	380,000
Red River Valley Writing Project	5,000	75,000
North Dakota young entrepreneur education program	10,000	120,000
Adult education grants	1,260,411	3,110,411 ¹
Total general fund	\$1,415,411	\$4,735,411

¹In addition to the funding provided from the general fund for adult education grants, the Legislative Assembly also provided the department reserve an additional \$500,000 of estimated unobligated excess state school aid funding from the 2009-11 biennium for adult education learning center grants during the 2011-13 biennium.

Removed funding added in the executive budget for principal mentoring grants.	(461,500)	(461,500)
Removed funding added in the executive budget for the Alternative Teacher Compensation System Review Panel and contracted program adviser.	(300,000)	(300,000)
Added funding for alternative education program grants.	300,000	300,000
Added funding for support of the Gearing Up for Kindergarten program.	625,000	625,000
Decreased funding for the Professional Development Advisory Committee.	(68,000)	(68,000)
Total	<u>0.00</u>	<u>\$341,915,911</u>
		<u>(\$336,305,000)</u>
		<u>\$5,610,911</u>

FTE Changes

The Legislative Assembly did not change the executive recommendation which included funding for 99.75 FTE positions, the same as the 2009-11 biennium.

One-Time Funding

In Section 2 of Senate Bill No. 2013, the Legislative Assembly identified \$384,000 of one-time funding from the general fund for a rewrite and maintenance of the department's state automated reporting system application used to gather school district information. The executive recommendation also included \$200,000 of one-time funding from the general fund for an Education Standards and Practices Board approval and accreditation mainframe rewrite. The Legislative Assembly changed the funding source to provide funding from the national board certification fund for the project.

State School Aid - Per Student Payments, Transportation Aid, Special Education Contracts, Supplemental Operations Grants, Supplemental One-Time Grants, and Mill Levy Reduction Grants

The Legislative Assembly appropriated \$1,350,992,316, of which \$1,223,111,478 is from the general fund, \$21,242,838 is from federal funds, \$5 million is from the oil and gas impact grant fund, and \$101,638,000 is from the state tuition fund, for state school aid, including per student payments, federal education jobs fund program payments, transportation aid, special education, rapid enrollment grants, and mill levy reduction grants. This level of funding represents an increase of \$76.7 million from the 2009-11 legislative appropriation of \$1,274,254,480. Funding is increased \$125 million from the general fund, \$15.3 million from the state tuition fund, and \$5 million from the oil and gas impact grant fund and funding from federal funds and the property tax relief sustainability fund are reduced \$64.4 million and \$4.2 million, respectively. (See the schedules following this section for a comparison of state school aid and other grants for the 2009-11 and 2011-13 bienniums.)

Per Student Formula Payments

The Legislative Assembly provided an appropriation of \$918,459,478, of which \$816,821,478 is from the general fund and \$101,638,000 is from the state tuition fund, for state school aid for per student formula payments. This level of funding represents an increase of \$110.1 million, of which \$94.8 million is from the general fund and \$15.3 million is from the state tuition fund, from the 2009-11 biennium appropriation of \$808,370,295. The executive budget recommendation for the 2011-13 biennium included funding to implement one additional school calendar day (\$7.36 million) and an "at-risk" factor for state school aid per student formula payments (\$6.2 million) approved by the 2009 Legislative Assembly. In addition, the executive budget recommendation for the 2011-13 biennium included \$3 million to change the .002 technology factor to a .006 data collection factor, \$2.5 million to increase the factor for special education from .07 to .073, \$7.5 million for a .06 factor for students under an approved alternative teacher compensation plan, and \$32 million for increased per student payment rates. The Legislative Assembly did not change the executive budget recommendation relating to the additional school calendar day, the "at-risk" factor, or the data collection factor. The Legislative Assembly removed the alternative teacher compensation plan factor and increased per student payment rates and the factor for special education from .073 to .079 in the second year of the 2011-13 biennium.

The Legislative Assembly provided for a weighting factor of .15 for students who are enrolled in an alternative middle school program. The alternative middle school program factor will be effective July 1, 2013, through June 30, 2015. The Legislative Assembly also provided \$300,000 from the general fund for grants to school districts that offer alternative education programs for middle school students during the 2011-13 biennium.

Transportation Aid

The executive budget recommendation for the 2011-13 biennium included funding of \$48.5 million from the general fund for transportation aid. This level of funding is the same as the 2009-11 biennium, which included a \$5 million appropriation from the general fund for supplemental transportation aid payments contingent on the Office of Management and Budget projecting during the 2009-11 biennium that the June 30, 2011, ending balance of the state general fund will be at least \$30 million more than estimated by the 2009 Legislative Assembly. The February 2011 executive revenue forecast estimates the conditions will be met and the contingent supplemental transportation aid payments will be made. The Legislative Assembly did not change the executive budget recommendation for transportation aid.

Section 36 of Senate Bill No. 2150 requires the Department of Public Instruction to distribute transportation aid for the 2011-13 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:

- One dollar and three cents per mile for schoolbuses having a capacity of 10 or more passengers.
- Forty-six cents per mile for vehicles having a capacity of nine or fewer passengers.
- Forty-six cents 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.
- Forty-six cents per mile one-way for family transportation if the student lives more than two miles from the public school the student attends.
- Twenty-six cents per student for each one-way trip.

Section 36 of Senate Bill No. 2150 also provides that if any funds appropriated for transportation aid for the 2011-13 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.

Special Education Contracts

The Legislative Assembly did not change the executive budget recommendation to provide a general fund appropriation of \$16 million for special education contracts. The 2011-13 biennium appropriation is \$500,000 more than the 2009-11 biennium appropriation of \$15.5 million.

Mill Levy Reduction Grants

The 2011 Legislative Assembly, in Senate Bill No. 2023, provided for a transfer of \$4,233,000 from the permanent oil tax trust fund to the property tax relief sustainability fund by June 30, 2011, and a deficiency appropriation for additional mill levy reduction grants during the 2009-11 biennium. In addition, the Legislative Assembly provided, in Senate Bill No. 2015, \$211,264 from the general fund for mill levy reduction grants to provide a total of \$299,444,264 for mill levy reduction grants during the 2009-11 biennium.

In addition to the \$295 million from the general fund appropriated by the 2009 Legislative Assembly for mill levy reduction grants, the executive budget recommendation for the 2011-13 biennium provided \$341.8 million from the property tax relief sustainability fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes for the 2011-13 biennium. The Legislative Assembly, in House Bill No. 1047, transfers \$295 million from the property tax relief sustainability fund to the general fund in July 2011 and provides \$341.8 million from the general fund to the Department of Public Instruction for mill levy reduction grants during the 2011-13 biennium.

In Section 9 of House Bill No. 1451 the Legislative Assembly also provided for the deposit of \$341.8 million from the state's share of oil and gas tax collections in the property tax relief sustainability fund for continuing property tax relief in the 2013-15 biennium.

Rapid Enrollment Grants

The Legislative Assembly, in Senate Bill No. 2150, provided \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for rapid enrollment grants. If the number of students enrolled in a district increases by at least 7 percent annually, and if that increase is equal to at least 25 students, the district's grant equals the per student payment multiplied by the actual increase in its student enrollment. The Superintendent of Public Instruction may not award more than \$2.5 million in grants during the first year of the 2011-13 biennium. If the appropriated amount is insufficient, the Superintendent of Public Instruction is authorized to prorate the grants. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because of its general fund ending balance.

Regional Education Association Incentives

The executive budget recommendation increased funding for base payments to regional education associations by \$400,000 to provide a total of \$800,000 for the 2011-13 biennium and required:

- A regional education association to offer coordination and facilitation of professional development activities for teachers and administrators employed by its member districts;
- Supplementation of technology support services;
- Assistance with achieving school improvement goals identified by the Superintendent of Public Instruction;
- Assistance with the collection, analysis, and interpretation of student achievement data; and
- Assistance with the expansion and enrichment of curricular offerings.

The Legislative Assembly did not change the executive budget recommendation relating to the funding of regional education associations.

Teacher Compensation Increases

Section 39 of Senate Bill No. 2150 provides that during the 2011-13 biennium the board of each school district use at least 70 percent of all new money received as per student payments to increase the compensation paid to teachers and provide compensation to teachers who begin employment with the district on or after July 1, 2011. New money does not include equity payments; regional education association money and grants; PowerSchool acquisition, implementation, and utilization money; and contingent distributions.

Contingent Distributions - State School Aid

Section 29 of Senate Bill No. 2150 places into the North Dakota Century Code the provision that if any money remains in the grants - state aid line item after all statutory payment obligations have been met, the Superintendent shall distribute the remaining amount as additional per student payments on a prorated basis.

Contingent Transfer for Special Education

Section 1 of Senate Bill No. 2150 places into the North Dakota Century Code the provision that if the Superintendent of Public Instruction determines there are insufficient funds to fully reimburse school districts for the excess costs of serving the 1 percent of special education students statewide who require the greatest school district expenditures, the Industrial Commission shall transfer the amount necessary from the Bank of North Dakota. The Superintendent is to introduce legislation requesting the following Legislative Assembly return any amount transferred under these provisions to the Bank of North Dakota.

Other Sections in Senate Bill No. 2013

Education jobs funds - Section 3 provides the federal education jobs funding of \$21,517,716 included in the department's appropriation for the 2011-13 biennium is one-time funding and the Superintendent of Public Instruction may not request funding from the general fund to replace this one-time funding in the department's base budget request for the 2013-15 biennium.

STAGEnet connectivity appropriation - Section 4 appropriates \$131,000 from the general fund to the Information Technology Department to complete school district connectivity to STAGEnet during the 2011-13 biennium.

North Dakota academic and career and technical education scholarship program appropriation - Section 5 appropriates \$10 million from the general fund to the State Board of Higher Education for North Dakota academic and career and technical education scholarships for the 2011-13 biennium.

2009-11 appropriation - Section 6 appropriates \$30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2009-11 biennium.

Tuition apportionment - Section 7 provides that any money available in the state tuition fund in excess of the \$101,638,000 appropriated in Section 1 is appropriated to the Department of Public Instruction for distribution to school districts.

Payments for 2009-11 biennium educational services - Section 8 provides that the Department of Public Instruction may use money appropriated for state school aid and special education contracts for the 2011-13 biennium to pay claims due during the 2009-11 biennium but not filed with the department until the 2011-13 biennium.

Regional education association grants - Section 9 provides for the distribution of up to \$800,000 from the grants - state school aid line item for regional education association grants to assist with the cost of compensating coordinators during the 2011-13 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.

Contingent adult education learning center grants - Section 10 provides for the distribution of \$500,000 made available in Section 19 by reserving estimated unobligated excess state school aid funding from the 2009-11 biennium.

Continuing education grants - Section 11 provides for the distribution of up to \$100,000 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.

Gifted and talented program and Medicaid matching distribution - Section 12 provides that the Department of Public Instruction use \$800,000 of the 2011-13 legislative appropriation for state school aid 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. 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.

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.

Amendment of 2009 Session Laws - Sections 18 and 19 amend 2009 Session Laws to provide that the Department of Public Instruction continue up to \$9.5 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments (\$9 million) and adult education learning center grants (\$500,000). Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to provisions of House Bill No. 1400 (2009). The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments.

National board certification fund - Section 23 repeals the national board certification fund and Section 20 provides that any funds remaining in the national board certification fund at the end of the 2011-13 biennium be transferred to the general fund.

Superintendent's annual salary - Section 22 provides statutory changes relating to the Superintendent of Public Instruction's annual salary. The Superintendent's salary is increased from \$99,872 to \$102,868 on July 1, 2011, and \$105,954 on July 1, 2012.

Related Legislation

Mill levy reduction grants - Section 13 of House Bill No. 1047 appropriates \$341,790,000 from the general fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes. Section 14 transfers \$295 million from the property tax relief sustainability fund to the general fund on July 1, 2011. The bill provides for a reduction of up to 75 mills in school district property tax levies and replacement of the revenue to school districts through mill levy reduction grants. The bill limits the grant to a school district from exceeding the grant in the preceding school year by more than the percentage increase in statewide taxable valuation. The bill also reduces financial institutions taxes and corporate and individual income taxes.

Indian education issues study - House Bill No. 1049 requires the Superintendent of Public Instruction study Indian education issues to develop criteria for grants to low-performing schools.

State reimbursement for education - House Bill No. 1074 requires school districts to receive state reimbursement for 80 percent of the room and board costs paid by the district for a student with disabilities who is placed in a facility regardless of whether that facility is located within or outside the student's school district of residence.

National board certification fund - House Bill No. 1094 provides that the national board certification fund must be invested by the State Treasurer in accordance with the prudent investor rule. In addition, Senate Bill No. 2013 repeals the national board certification fund (Section 23) and provides that any funds remaining in the national board certification fund at the end of the 2011-13 biennium be transferred to the general fund (Section 20).

State school aid payments, rapid enrollment grants, Gearing Up for Kindergarten, special education contingent transfer, contingent additional per student payments, PowerSchool, regional education associations, Professional Development Advisory Committee, teacher mentoring program, high school graduation requirements, scholarships, career interest inventory, assessments, kindergarten, weighting factors, imputed taxable valuation, gubernatorial waivers, federal "education jobs fund" money, school construction loans, early childhood education, transportation grants, isolated schools, alternative education programs, teacher compensation, Education Funding and Taxation Committee, adult education, and alternative education services report - Senate Bill No. 2150:

- Appropriates \$5 million from the oil and gas impact grant fund to the Superintendent of Public Instruction for **rapid enrollment grants**.
- Appropriates \$625,000 from the general fund to the Superintendent of Public Instruction for the purpose of supporting the **Gearing Up for Kindergarten** program provided by the North Dakota State University Extension Service.
- Places into the North Dakota Century Code the provision that if the Superintendent of Public Instruction determines there are insufficient funds to fully reimburse school districts for the excess costs of serving the 1 percent of **special education** students statewide who require the greatest school district expenditures, the Industrial Commission shall transfer the amount necessary from the Bank of North Dakota.
- Places into the North Dakota Century Code the provision that if any money remains in the grants - state aid line item after all statutory payment obligations have been met, the Superintendent is to distribute the remaining amount as **additional per student payments** on a prorated basis.
- Places the **teacher mentoring program** operated by the Education Standards and Practices Board into the North Dakota Century Code, authorizes the Education Standards and Practices Board to use any money it receives for the teacher support program to provide staff compensation, training, evaluation, and stipends for mentors and experienced teachers who assist first-year and non-first-year teachers participating in the program and to pay for any other administrative expenses resulting from the program, and makes the teacher support program available to teachers employed by school districts, special education units, area career and technology centers, regional education associations, and schools funded by the Bureau of Indian Education.
- Directs the Superintendent of Public Instruction to forward that portion of a school district's state aid which is attributable to the acquisition and use of **PowerSchool** and any related technology support services directly to the Information Technology Department. If the amount forwarded exceeds the cost incurred by the Information Technology Department, it must be returned to the school district as per student payments.
- Removes the list of administrative functions and student services that were statutorily required of a regional education association and requires **regional education associations** to offer coordination and facilitation of professional development activities for teachers and administrators employed by its member districts; supplementation of technology support services; assistance with achieving school improvement goals identified by the Superintendent of Public Instruction; assistance with the collection, analysis, and interpretation of student achievement data; and assistance with the expansion and enrichment of curricular offering.

- Provides expense reimbursement for each member of the **Professional Development Advisory Committee** and limits that reimbursement to three committee meetings during each year of the biennium. In addition, the bill provides for the repeal of the Professional Development Advisory Committee effective July 1, 2013.
- Identifies the 22 units of high school coursework that constitute the **minimum requirement for high school graduation** and provides that in order to obtain a high school diploma, a student must have successfully completed the statutorily required 22 units of high school coursework and any additional units required by the entity issuing the diploma.
- Identifies the requirements for **North Dakota academic and career and technical education scholarships**; establishes that the scholarships may be awarded in the amount of \$750 per semester or \$500 per quarter; provides that if a student's cumulative GPA at the conclusion of a semester is below 2.75, the State Board of Higher Education must grant a one-time exception and provide the North Dakota scholarship to which the student would otherwise be entitled for the next semester in which the student is enrolled full time; and defines full-time enrollment. This provision is paralleled with respect to students attending institutions on a quarter system.
- Requires each school district to provide students in grade 7 or 8 with an individual consultative process or a nine-week course for the purpose of discussing the results of their **career interest inventory**, selecting high school courses appropriate to their educational pursuits and career interests, and developing individual high school education plans. Each school district is required to notify students that they are entitled to a consultative review at least once during each high school grade and to provide the consultative review when requested to do so.
- Requires students take the ACT, including the writing test, or the WorkKeys **assessments**. The associated cost is to be paid by the state.
- Requires the board of a school district either provide at least a **half-day kindergarten program** or pay the tuition for a student to attend a kindergarten program in another school district.
- Provides that the instructional **calendar for kindergarten** must equal at least 50 percent of the instructional calendar for elementary schools and high schools.
- Identifies the English language learner proficiency categories and provides that the **English language learner weighting factor** is not applicable to students who have been in the third of six proficiency categories for more than three years.
- Provides for the revision of the **isolated schools factor** and repeals certain North Dakota Century Code sections relating to isolated schools.
- Establishes a .006 **data collection factor** for students enrolled in school districts that have or are in the process of acquiring PowerSchool.
- Increases the **special education weighting factor** from .07 to .073 in the first year of the biennium and from .073 to .079 in the second year of the biennium.
- Adds a weighting factor of .15 for students who are enrolled in an **alternative middle school program** for at least 15 hours per week effective July 1, 2013, through June 30, 2015.
- Provides a **per student payment rate** of \$3,910 for the 2011-12 school year and \$3,980 for the 2012-13 school year.
- Includes a **maximum payment provision** that, excluding equity payments, caps a school district's state aid payment for the 2011-12 school year at 142 percent of the baseline funding per weighted student unit. No maximum is established for any year thereafter. The **minimum payment provision** of 112.5 percent of the baseline funding per weighted student unit was not changed.
- Provides that in determining the **statewide average imputed taxable valuation per student** for purposes of equity payments, the Superintendent of Public Instruction may not include any school district, which if included in the calculation would have an imputed taxable valuation per student that is three times greater than the statewide average imputed taxable valuation per student and any school district, which if included in the calculation would have an imputed taxable valuation per student that is less than one-fifth of the statewide average imputed taxable valuation per student. In the determination of imputed taxable valuation, the divisor is set at the district's general fund mill levy for the taxable year 2008.
- Identifies the number of required instructional days for purposes of **gubernatorial waivers** in the event schools must close due to severe weather or other emergency conditions.
- Provides that **federal "education jobs fund" money** received by a school district may not be included in a district's unobligated general fund balance for purposes of determining state aid.
- Increases the amount of **school construction loans** that a school district is entitled to receive, based on its imputed taxable valuation and alters its interest rate buydown. If an eligible school district's imputed taxable valuation per student is less than 80 percent of the state average imputed taxable valuation per student, the district is entitled to receive a loan equal to the lesser of \$12 million or 80 percent of the actual project cost. A district having an imputed taxable valuation of at least 80 percent but less than 90 percent of the state average imputed taxable valuation per student is entitled to

receive a loan equal to the lesser of \$10 million or 70 percent of the actual project cost. A district having an imputed taxable valuation equal to at least 90 percent of the state average imputed taxable valuation per student is entitled to receive a loan equal to the lesser of \$4.5 million or 30 percent of the actual project costs. The interest rate buydowns are equal to at least 100 basis points but not more than 250 basis points below the prevailing tax-free bond rates.

- Provides that in determining the cost of education per student, the Superintendent of Public Instruction may not use expenditures for **early childhood education**.
- Limits enrollment in approved **early childhood education programs** to students who have reached age 4 before August 1 in the year of enrollment and provides that in determining state aid, the Superintendent of Public Instruction may not count any student enrolled in a regular early childhood education program.
- Replaces the principal and elementary schoolteacher on the **North Dakota Early Childhood Education Council** with the Commissioner of Commerce and an individual representing children with disabilities and revises the duties of the council.
- Increases the state **transportation formula rates** and provides for the reimbursement of family transportation of a student under certain circumstances.
- Provides **transition payments to isolated school districts** that had been receiving additional payments because they contained an isolated school but which no longer qualify for the isolated payment factor. School districts are to receive 100 percent of the current payments for the 2011-12 and 2012-13 school years, and then 75 percent, 50 percent, and 25 percent, respectively, during the three school years thereafter.
- Authorizes the Superintendent of Public Instruction to expend \$300,000 from the grants - other grants line item of the department's appropriation bill to provide grants to school districts that offer **alternative education programs** for students in grades 6 through 8 and provides for the distribution of the grants.
- Requires the board of each school district to use at least 70 percent of all new money received as per student payments to increase the **compensation paid to teachers** and to provide compensation to teachers who begin employment with the district on or after July 1, 2011. New money does not include equity payments; regional education association money and grants; PowerSchool acquisition, implementation, and utilization money; and contingent distributions.
- Creates the **Education Funding and Taxation Committee** to examine short-term and longer-term state and local involvement in funding elementary and secondary education. This study was prioritized by the Legislative Management.
- Provides for an interim Legislative Management study of the provision and funding of **adult education**. This study was not prioritized by the Legislative Management.
- Requires the Superintendent of Public Instruction report before October 1, 2012, to the Legislative Management regarding the provision of **alternative education services** to students in grades 6 through 8.

North Dakota Teacher of the Year - Senate Bill No. 2311 creates an eight-member committee to review nominations for and select the North Dakota Teacher of the Year. The bill also provides that the award must be announced jointly by the Governor and the Superintendent of Public Instruction and that there be a ceremony and reception honoring the teacher of the year in the Memorial Hall of the State Capitol or, if requested by the award recipient, at a location in the municipality within which the recipient resides or works. The Department of Public Instruction appropriation bill--Senate Bill No. 2013-- includes \$14,000 from the general fund for this program.