

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1013**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 public instruction, the state library, the school for the deaf, and the North Dakota vision
3 services - school for the blind; to create and enact a new section to chapter 25-06 and a new
4 section to chapter 25-07 of the North Dakota Century Code, relating to the school for the blind
5 fund and the school for the deaf fund; to repeal section 6-09-45 of the North Dakota Century
6 Code and section 13 of chapter 49 of the 2015 Session Laws, relating to a required transfer
7 from the Bank of North Dakota and a contingent appropriation; to provide exemptions; to
8 provide for a transfer; to provide for a legislative management study; and to declare an
9 emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
12 as may be necessary, are appropriated out of any moneys in the general fund in the state
13 treasury, not otherwise appropriated, and from special funds derived from federal funds and
14 other income, to the department of public instruction, the school for the deaf, North Dakota
15 vision services - school for the blind, and the state library for the purpose of defraying the
16 expenses of those agencies, for the biennium beginning July 1, 2017, and ending June 30,
17 2019, as follows:

18 Subdivision 1.

19 DEPARTMENT OF PUBLIC INSTRUCTION

| | | Adjustments or | |
|--------------------------------|-------------------|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 22 Salaries and wages | \$18,280,006 | (\$840,830) | \$17,439,176 |
| 23 Operating expenses | 30,517,072 | (352,067) | 30,165,005 |
| 24 Integrated formula payments | 1,916,640,000 | 18,564,163 | 1,935,204,163 |

Sixty-fifth
Legislative Assembly

| | | | | |
|----|--------------------------------|--------------------|--------------------|--------------------|
| 1 | Grants - special education | 17,300,000 | 2,000,000 | 19,300,000 |
| 2 | Grants - transportation | 57,000,000 | (1,600,000) | 55,400,000 |
| 3 | Grants - other grants | 267,807,227 | (13,644,522) | 254,162,705 |
| 4 | Grants - program grants | 0 | 6,310,000 | 6,310,000 |
| 5 | Grants - passthrough grants | 0 | 3,018,000 | 3,018,000 |
| 6 | PowerSchool | 6,000,000 | (500,000) | 5,500,000 |
| 7 | Transportation efficiency | 30,000 | 0 | 30,000 |
| 8 | National board certification | <u>120,000</u> | <u>0</u> | <u>120,000</u> |
| 9 | Total all funds | \$2,313,694,305 | \$12,954,744 | \$2,326,649,049 |
| 10 | Less estimated income | <u>624,685,766</u> | <u>241,141,299</u> | <u>865,827,065</u> |
| 11 | Total general fund | \$1,689,008,539 | (\$228,186,555) | \$1,460,821,984 |
| 12 | Full-time equivalent positions | 99.75 | (8.00) | 91.75 |

13 Subdivision 2.

14 STATE LIBRARY

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 15 | | | Adjustments or | |
| 16 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 17 | Salaries and wages | \$4,019,839 | \$132,919 | \$4,152,758 |
| 18 | Operating expenses | 1,713,393 | (109,318) | 1,604,075 |
| 19 | Grants | <u>2,785,500</u> | <u>(676,472)</u> | <u>2,109,028</u> |
| 20 | Total all funds | \$8,518,732 | (\$652,871) | \$7,865,861 |
| 21 | Less estimated income | <u>2,438,751</u> | <u>(191,191)</u> | <u>2,247,560</u> |
| 22 | Total general fund | \$6,079,981 | (\$461,680) | \$5,618,301 |
| 23 | Full-time equivalent positions | 29.75 | (1.00) | 28.75 |

24 Subdivision 3.

25 SCHOOL FOR THE DEAF

| | | | | |
|----|--------------------|-------------------|---------------------|----------------------|
| 26 | | | Adjustments or | |
| 27 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 28 | Salaries and wages | \$7,291,854 | \$296,895 | \$7,588,749 |
| 29 | Operating expenses | 1,925,163 | 101,380 | 2,026,543 |
| 30 | Capital assets | 227,174 | 664,504 | 891,678 |
| 31 | Grants | <u>186,900</u> | <u>(6,900)</u> | <u>180,000</u> |

Sixty-fifth
Legislative Assembly

| | | | | |
|---|--------------------------------|------------------|------------------|------------------|
| 1 | Total all funds | \$9,631,091 | \$1,055,879 | \$10,686,970 |
| 2 | Less estimated income | <u>1,089,210</u> | <u>2,109,234</u> | <u>3,198,444</u> |
| 3 | Total general fund | \$8,541,881 | (\$1,053,355) | \$7,488,526 |
| 4 | Full-time equivalent positions | 45.61 | (0.00) | 45.61 |
| 5 | Subdivision 4. | | | |

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

| | | | | |
|----|--------------------------------|-------------------|---------------------|----------------------|
| 7 | | | Adjustments or | |
| 8 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 9 | Salaries and wages | \$4,554,349 | \$106,646 | \$4,660,995 |
| 10 | Operating expenses | 739,169 | 34,037 | 773,206 |
| 11 | Capital assets | <u>24,454</u> | <u>150,238</u> | <u>174,692</u> |
| 12 | Total all funds | \$5,317,972 | \$290,921 | \$5,608,893 |
| 13 | Less estimated income | <u>569,325</u> | <u>645,422</u> | <u>1,214,747</u> |
| 14 | Total general fund | \$4,748,647 | (\$354,501) | \$4,394,146 |
| 15 | Full-time equivalent positions | 30.00 | (1.50) | 28.50 |
| 16 | Subdivision 5. | | | |

BILL TOTAL

| | | | | |
|----|---------------------------|--------------------|---------------------|----------------------|
| 18 | | | Adjustments or | |
| 19 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 20 | Grand total general fund | \$1,708,379,048 | (\$230,056,091) | \$1,478,322,957 |
| 21 | Grand total special funds | <u>628,783,052</u> | <u>243,704,764</u> | <u>872,487,816</u> |
| 22 | Grand total all funds | \$2,337,162,100 | \$13,648,673 | \$2,350,810,773 |

SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in subdivisions 1, 2, 3, and 4 of section 1 of this Act include funding from the general fund and special funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month. Total funding provided is as follows:

| | | | | |
|----|----------------------------------|---------------------|----------------------|--------------|
| 27 | | <u>General fund</u> | <u>Special funds</u> | <u>Total</u> |
| 28 | Department of public instruction | \$65,196 | \$181,686 | \$246,882 |
| 29 | State library | 66,885 | 10,100 | 76,985 |
| 30 | School for the deaf | 117,494 | 3,584 | 121,078 |
| 31 | North Dakota vision services - | | | |

Sixty-fifth
Legislative Assembly

| | | | | |
|---|----------------------|---------------|-----------|---------------|
| 1 | school for the blind | <u>82,223</u> | <u>70</u> | <u>82,293</u> |
| 2 | Total | \$331,798 | \$195,440 | \$527,238 |

3 **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-**

4 **SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items
5 approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium and the
6 2017-19 one-time funding items included in the appropriations in section 1 of this Act:

| 7 | <u>One-Time Funding Description</u> | <u>2015-17</u> | <u>2017-19</u> |
|----|---|------------------|--------------------|
| 8 | Department of public instruction | | |
| 9 | Cardiopulmonary resuscitation training grants | \$165,500 | \$0 |
| 10 | Free or reduced meals information technology | 30,000 | 0 |
| 11 | Rapid enrollment grants | 12,504,530 | 0 |
| 12 | Regional education association merger grants | 0 | 100,000 |
| 13 | Integrated formula payments | <u>0</u> | <u>160,000,000</u> |
| 14 | Total department of public instruction - all funds | \$12,700,030 | \$160,100,000 |
| 15 | Total department of public instruction - estimated income | <u>0</u> | <u>160,100,000</u> |
| 16 | Total department of public instruction - general fund | \$12,700,030 | \$0 |
| 17 | State library | | |
| 18 | Library repair grants | <u>\$250,000</u> | <u>\$0</u> |
| 19 | Total state library - general fund | \$250,000 | \$0 |
| 20 | School for the deaf | | |
| 21 | Extraordinary repairs | \$600,000 | \$675,000 |
| 22 | Equipment | 0 | 28,000 |
| 23 | Video equipment and software | <u>0</u> | <u>30,000</u> |
| 24 | Total school for the deaf - estimated income | \$600,000 | \$733,000 |
| 25 | North Dakota vision services - school for the blind | | |
| 26 | Equipment | \$21,000 | \$0 |
| 27 | Special assessments payoff | 19,000 | 10,000 |
| 28 | Server and access points | 16,000 | 0 |
| 29 | Heating and cooling upgrade | 0 | 35,500 |
| 30 | Replace water line | 0 | 60,000 |
| 31 | Carpet and reception upgrade | <u>0</u> | <u>30,000</u> |

| | | | |
|---|---|----------------|--------------------|
| 1 | Total school for the blind - estimated income | \$56,000 | \$135,500 |
| 2 | Grand total - all funds | \$13,606,030 | \$160,968,500 |
| 3 | Grand total - estimated income | <u>656,000</u> | <u>160,968,500</u> |
| 4 | Grand total - general fund | \$12,950,030 | \$0 |

5 The 2017-19 one-time funding amounts are not a part of the entity's base budget for the
6 2019-21 biennium. The department of public instruction, school for the deaf, and North Dakota
7 vision services - school for the blind shall report to the appropriations committees of the
8 sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning
9 July 1, 2017, and ending June 30, 2019.

10 **SECTION 4. TRANSFER - PUBLIC INSTRUCTION FUND TO STATE TUITION FUND.**

11 During the biennium beginning July 1, 2017, and ending June 30, 2019, the office of
12 management and budget shall transfer \$4,282,905 from the public instruction fund to the state
13 tuition fund for the purpose of providing funding for integrated formula payments.

14 **SECTION 5. APPROPRIATION - TUITION APPORTIONMENT.** The sum of \$305,546,905,
15 included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is
16 from the state tuition fund in the state treasury. Any additional amount in the state tuition fund
17 that becomes available for distribution to public schools is appropriated to the department of
18 public instruction for that purpose for the biennium beginning July 1, 2017, and ending June 30,
19 2019.

20 **SECTION 6. ESTIMATED INCOME - FOUNDATION AID STABILIZATION FUND.** The
21 estimated income line item in subdivision 1 of section 1 of this Act includes \$270,100,000 from
22 the foundation aid stabilization fund. Of this amount, \$100,000 is for regional education
23 association merger grants and \$270,000,000 is for integrated formula payments. Of the total
24 provided, \$160,100,000 is considered to be one-time funding.

25 **SECTION 7. FUNDING TRANSFER - EXEMPTION - AUTHORIZATION.** Notwithstanding
26 section 54-16-04, the superintendent of public instruction may transfer up to \$1,200,000 from
27 the integrated formula payments line item to the grants - special education line item and up to
28 \$108,000 from the integrated formula payments line item to the grants - transportation line item,
29 for the biennium beginning July 1, 2015, and ending June 30, 2017. The superintendent of
30 public instruction shall notify the office of management and budget of any transfer made
31 pursuant to this section.

1 **SECTION 8. EXEMPTION - ADVANCED PLACEMENT PROGRAM FUNDING.** The
2 unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as
3 authorized in section 32 of chapter 137 of the 2015 Session Laws to enhance the delivery of
4 and the participation of students and teachers in advanced placement courses during the 2015-
5 17 biennium, is not subject to the provisions of section 54-44.1-11 at the end of the 2015-17
6 biennium and may be continued into the 2017-19 biennium for the purpose of program grants,
7 including leveraging the senior year, leadership program, continuing education grants,
8 preschool continuing education grants, curriculum alignment grants, and teacher and principal
9 evaluation system grants, and to assume the operation and management of the North Dakota
10 leadership and educational administration development center.

11 **SECTION 9. INTEGRATED FORMULA PAYMENTS AND SPECIAL EDUCATION**
12 **CONTRACTS EXPENDITURE AUTHORITY.** The superintendent of public instruction may
13 expend funds included in the integrated formula payments and grants - special education line
14 items in subdivision 1 of section 1 of this Act in payment of grants for educational services that
15 were due in the 2015-17 biennium but which were not filed, claimed, or properly supported by
16 the education provider until after June 30, 2017. To be reimbursed under this section, claims
17 must be properly supported and filed with the superintendent of public instruction by June 30,
18 2018.

19 **SECTION 10. GRANTS - SPECIAL EDUCATION DEFICIENCY AUTHORIZATION.** If funds
20 provided to the superintendent of public instruction in subdivision 1 of section 1 of this Act for
21 grants - special education, for the biennium beginning July 1, 2017, and ending June 30, 2019,
22 are not sufficient to meet special education contract obligations, the superintendent of public
23 instruction shall request supplemental funding from the sixty-sixth legislative assembly.

24 **SECTION 11. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING -**
25 **DISTRIBUTION.**

26 1. The sum of \$800,000, included in the integrated formula payments line item in
27 subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts
28 or special education units for gifted and talented programs upon the submission of an
29 application that is approved in accordance with guidelines adopted by the
30 superintendent of public instruction. The superintendent of public instruction shall

1 encourage cooperative efforts for gifted and talented programs among school districts
2 and special education units.

3 2. State school aid payments for special education must be reduced by the amount of
4 matching funds required to be paid by school districts or special education units for
5 students participating in the medicaid program. Special education funds equal to the
6 amount of the matching funds required to be paid by the school district or special
7 education unit must be paid by the superintendent of public instruction to the
8 department of human services on behalf of the school district or unit.

9 **SECTION 12. TRANSPORTATION GRANTS - DISTRIBUTION.**

- 10 1. During each year of the 2017-19 biennium, the superintendent of public instruction
11 shall calculate the payment to which each school district is entitled based on the state
12 transportation formula as it existed on June 30, 2001, except that the superintendent
13 shall provide reimbursement at the rate of:
- 14 a. One dollar and eleven cents per mile for school buses having a capacity of ten or
15 more passengers;
 - 16 b. Fifty-two cents per mile for vehicles having a capacity of nine or fewer
17 passengers;
 - 18 c. Fifty cents per mile, provided:
 - 19 (1) The student being transported is a student with a disability, as defined in
20 chapter 15.1-32;
 - 21 (2) The student's individualized education program plan requires that the
22 student attend a public or a nonpublic school located outside the student's
23 school district of residence;
 - 24 (3) The student is transported by an adult member of the student's family;
 - 25 (4) The student is transported in a vehicle furnished by the student's parents;
 - 26 (5) The student's transportation is paid for by the student's parents; and
 - 27 (6) The reimbursement does not exceed two round trips daily between the
28 student's home and school.
 - 29 d. Fifty cents per mile, one way, provided:
 - 30 (1) The student being transported resides more than two miles from the public
31 school that the student attends;

- 1 (2) The student is transported by an adult member of the student's family;
- 2 (3) The student is transported in a vehicle furnished by the student's parents;
- 3 and
- 4 (4) The student's transportation is paid for by the student's parents.
- 5 e. Thirty cents per student for each one-way trip.
- 6 2. The superintendent of public instruction shall use the latest available student
- 7 enrollment count in each school district in applying the provisions of subsection 1.
- 8 3. This section does not authorize the reimbursement of any costs incurred in providing
- 9 transportation for student attendance at extracurricular activities or events.

10 **SECTION 13. PROGRAM GRANT POOL - CONTINUING EDUCATION GRANTS -**

11 **FUNDING - DISTRIBUTION.** The line item entitled grants - program grants included in
12 subdivision 1 of section 1 of this Act includes \$1,630,000 for a program grant pool. The
13 superintendent of public instruction shall use the funding provided for various grant programs,
14 including up to \$75,000, or so much of the sum as may be necessary, for continuing education
15 grants, for the biennium beginning July 1, 2017, and ending June 30, 2019.

- 16 1. The superintendent of public instruction shall award continuing education grants in
17 amounts up to \$1,200 to eligible recipients in chronological order, based on the date of
18 an individual's application. An eligible recipient must:
 - 19 a. (1) Be licensed to teach by the education standards and practices board;
 - 20 (2) Have taught in this state during each of the last three school years; and
 - 21 (3) Be enrolled at an institution of higher education in this state in either a
22 master of education program in educational leadership or a program leading
23 to a specialist diploma in educational leadership;
 - 24 b. Be pursuing the requirements for a certificate in career development facilitation;
 - 25 or
 - 26 c. Be pursuing a school counselor credential.
- 27 2. If any of the amount appropriated for this purpose remains after the superintendent of
28 public instruction has awarded grants to all eligible recipients, the superintendent shall
29 distribute that amount as an additional per student payment on a prorated basis,
30 according to the latest available average daily membership of each school district.

1 **SECTION 14. REGIONAL EDUCATION ASSOCIATION MERGER GRANTS - ONE-TIME**
2 **FUNDING - DISTRIBUTION.** The line item entitled grants - other grants included in
3 subdivision 1 of section 1 of this Act includes \$100,000 from the foundation aid stabilization fund
4 for the purpose of providing a one-time \$25,000 grant to each regional education association
5 that merges with another regional education association to form a single entity with a single
6 governing board during the biennium beginning July 1, 2017, and ending June 30, 2019.

7 **SECTION 15. REGIONAL EDUCATION ASSOCIATION GRANTS - DISTRIBUTION.** The
8 line item entitled integrated formula payments included in subdivision 1 of section 1 of this Act
9 includes \$500,000 from the general fund for the purpose of providing annual grants to regional
10 education associations for the biennium beginning July 1, 2017, and ending June 30, 2019. An
11 annual grant of \$31,250 is provided to each regional education association that exists as of
12 July 1, 2017. Regional education associations that merge during the 2017-19 biennium are
13 entitled to the annual grants that would have been paid to each of the member associations.

14 **SECTION 16. EXEMPTION - INDIRECT COST ALLOCATION.** Notwithstanding section
15 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its
16 operating account.

17 **SECTION 17. STATE AID TO PUBLIC LIBRARIES.** The line item entitled grants in
18 subdivision 2 of section 1 of this Act includes \$1,737,528 for aid to public libraries, of which no
19 more than one-half may be expended during the fiscal year ending June 30, 2018.

20 **SECTION 18. FEES DEPOSITED IN NORTH DAKOTA VISION SERVICES - SCHOOL**
21 **FOR THE BLIND OPERATING FUND.** Any moneys included in the estimated income line item
22 in subdivision 4 of section 1 of this Act, collected for subscription fees or braille fees, must be
23 deposited in the North Dakota vision services - school for the blind operating fund in the state
24 treasury and may be spent subject to appropriation by the legislative assembly.

25 **SECTION 19. SCHOOL FOR THE DEAF - HIGHER EDUCATION INTERPRETER GRANT**
26 **PROGRAM.** The grants line item contained in subdivision 3 of section 1 of this Act is for the
27 purpose of providing grants to assist institutions under the control of the state board of higher
28 education with the cost of interpreters and real-time captioning for students who are deaf or
29 hard of hearing, for the biennium beginning July 1, 2017, and ending June 30, 2019. Moneys
30 appropriated for this program are not subject to section 54-44.1-11. Funds must be distributed
31 pursuant to the provisions of this section:

- 1 1. The school for the deaf shall develop a formula to determine the grant amount for
2 which an institution is eligible. The formula must be based on an uniform hourly
3 reimbursement.
- 4 2. To obtain a grant under this section, an institution shall submit to the school for the
5 deaf, at the time and in the manner directed by the school, invoices showing the
6 amount expended for interpreters and real-time captioning for students who are deaf
7 or hard of hearing.
- 8 3. The school for the deaf may not distribute more than fifty percent of the amount
9 appropriated during the first year of the biennium.
- 10 4. If any grant moneys remain undistributed at the end of the biennium, the school for the
11 deaf shall provide additional prorated grants to institutions that incurred, during the
12 biennium, hourly expenses in excess of the formula reimbursement level.
- 13 5. At the request of an institution under the control of the state board of higher education,
14 the school for the deaf shall consult with the institution and provide advice regarding
15 the provision of services most appropriate to meet a student's needs.

16 **SECTION 20. PASSTHROUGH GRANTS - APPLICATION - DISTRIBUTION -**

17 **REPORTING.** The line item entitled grants - passthrough grants included in subdivision 1 of
18 section 1 of this Act includes \$3,018,000 for passthrough grants. The superintendent of public
19 instruction shall determine the manner in which each passthrough grant is distributed.

20 Grantees, as a condition of receiving the grant, must establish performance measures to be
21 reviewed by the superintendent of public instruction. Grantees shall report to the superintendent
22 of public instruction regarding performance based on the measures before October 1, 2018.

23 The superintendent of public instruction shall report to the appropriations committees of the
24 sixty-sixth legislative assembly regarding funds granted, performance measures established for
25 each grantee, and whether grantees met performance expectations.

26 **SECTION 21. LEGISLATIVE MANAGEMENT STUDY - EDUCATIONAL PROGRAMS.**

27 During the 2017-18 interim, the legislative management shall consider studying the feasibility
28 and desirability of combining services for any or all English language learner programs,

29 distance learning programs, regional education agencies, teacher center networks, adult
30 learning centers, career and technical education programs, education technology services,

31 continuing education for counselors, the North Dakota leadership in educational administration

1 development center, and the teacher mentoring program. The legislative management shall
2 report its findings and recommendations, together with any legislation necessary to implement
3 the recommendations, to the sixty-sixth legislative assembly.

4 **SECTION 22.** A new section to chapter 25-06 of the North Dakota Century Code is created
5 and enacted as follows:

6 **School for the blind fund.**

7 The school for the blind fund is a special fund in the state treasury. All moneys received
8 pursuant to section 2 of article IX of the Constitution of North Dakota, revenues received from
9 services and leases, and contributions must be deposited in the fund. Moneys in the fund are to
10 be used pursuant to legislative appropriation for the provision of services under this chapter.

11 **SECTION 23.** A new section to chapter 25-07 of the North Dakota Century Code is created
12 and enacted as follows:

13 **School for the deaf fund.**

14 The school for the deaf fund is a special fund in the state treasury. All moneys received
15 pursuant to section 2 of article IX of the Constitution of North Dakota and all revenues received
16 from the lease of buildings and the provision of meals and services, including interpreter
17 services, must be deposited in the fund. Moneys in the fund are to be used pursuant to
18 legislative appropriation for provision of services under this chapter.

19 **SECTION 24. REPEAL.** Section 6-09-45 of the North Dakota Century Code is repealed.

20 **SECTION 25. REPEAL.** Section 13 of chapter 49 of the 2015 Session Laws is repealed.

21 **SECTION 26. EMERGENCY.** Sections 7 and 25 of this Act are declared to be emergency
22 measures.