

FISCAL NOTE
HOUSE BILL NO. 1156
LC# 23.0435.01000
01/10/2023

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		\$8,600		\$11,300		\$12,500
Expenditures	\$21,000	\$13,500	\$27,000	\$17,500	\$29,500	\$18,800
Appropriations	\$23,300	\$15,000	\$30,000	\$19,500	\$32,600	\$21,000

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts	\$6,400	\$8,000	\$8,000
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

The law allows the CDE to provide dual credit to out-of-state students in partnership with a college and allows CDE to serve as the kindergarten provider for districts currently not offering it. CDE will have costs associated with providing both services but will also charge tuition.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Both NDCC 15-19-01 (03) and 15.1-22-01 (2) have fiscal impacts for CDE. In both cases, NDCDE will be providing instructional services to students, requiring the cost of an instructor, curriculum, the learning management system, student information system, technology support, and overhead. Under NDCC 15-19-03, CDE's costs are offset by the student paying tuition. Under NDCC 15.1-22-01 (2), CDE's costs are offset by the sending school district paying tuition.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

- Dual credit students pay \$461.68 for a three-credit course (NDUS approved rate). Of this, CDE receives \$225.00. Based on our out-of-state enrollment trends, we assume that we will have 10 out-of-state dual credit students in the first biennium (each taking one, three credit course, 10 X \$225), and this will increase by 5 students each biennia thereafter (15 x \$225 in 25-27, 20 x \$225 in 27-29).
- CDE charges \$159 per course to Small Organized Schools for tuition. We assume that we would be providing five courses to kindergarteners enrolled in CDE through this legislation. There are seven school districts that currently have no kindergarten enrollments, and we assume these districts, therefore, do not offer kindergarten. These same seven districts had a total of eight students enrolled in first grade. Based on this number, we project a kindergarten headcount of eight students, equating to 40 enrollments at \$159. We project a headcount of ten students thereafter (50 x \$159 for 25-27 and 27-29).
- The amount that school districts would pay in tuition to CDE for kindergarten based on our enrollment projections is included under local fiscal effect (item 2).

All revenues are deposited into our special spending authority line. Projected revenues are rounded to the nearest hundred.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

CDE is projected to spend 90% of its budget in 21-23. Based on this trend, CDE will spend \$10,350,000 of the \$11,500,000 it has requested for 23-25. Based on current enrollment trends, we project 15,000 enrollments during the 23-25 biennium, equating to an expenditure of \$690 per enrollment. Of this, 61% (\$421) of this spending is derived from the general fund and 39% (\$269) from CDE's special spending authority. We assume a total of 50 enrollments (10 dual credit and 40 kindergarten) enrollments in the 23-25 biennium, an increase to 65 in 25-27, and 70 thereafter. Projected expenditures are rounded to the nearest hundred.

We recognize that revenue ideally would equate to our expenditures, but we see the need to offer a virtual option for districts without kindergarten to allow our youngest students an option not to travel an extended distance to receive this essential service—CDE is willing to subsidize kindergarten through other revenue sources and is asking to use our general funds to subsidize this need. For dual credit, CDE aims to request that NDUS approve an out-of-state fee schedule for dual credit students once legislative authority exists to offer dual credit to out-of-state students.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

While the executive budget recommends that CDE receive \$11.7 m in 23-25, we calculated our appropriation based on our original ask of \$11.5m million, assuming we will have 15,000 enrollments, equating to \$766 per student. Of this, 61% comes from the general fund and 39% is raised by CDE through tuition and other services. We assume a total of 50 enrollments (10 dual credit and 40 kindergarten) enrollments in the 23-25 biennium, an increase to 65 in 25-27, and 70 thereafter. We took \$766 times these projected enrollments and then took the total by 61% to determine the general fund appropriation and by 39% to determine how much CDE needs to raise in special funds. Projected appropriations are rounded to the nearest hundred.

Contact Information

Name: Wayde Sick

Agency: Dept. of Career and Technical Education

Telephone: 7013282259

Date Prepared: 01/06/2023