

TESTIMONY ON SB 2013
HOUSE APPROPRIATIONS COMMITTEE
EDUCATION AND ENVIRONMENTAL DIVISION
March 10, 2023
By: Jamie Mertz, Director of Fiscal Management
701-328-2176
Department of Public Instruction

Mr. Chairman and Members of the Committee:

Good morning, my name is Jamie Mertz, Director of Fiscal Management for the Department of Public Instruction. I am here to provide you with additional information regarding the Department's 2023-25 appropriation request. This can be used in conjunction with the information presented to the full House Appropriation Committee on March 1st. I refer you to the handout of information that was distributed this morning.

The first two pages are a comparison of the DPI's request with the Senate-passed version of SB2013. For the most part, our current request is the same as the Senate version. The first difference is with compensation changes. The differences are that we included \$960,000 for an equity increase that is also a part of the OMB budget bill. The remaining \$461,818 is the difference between our proposed salary increases and what the Senate passed. The next difference is a \$500,000 increase to the Adult Education program. This request was added after the Senate passed our budget so they didn't have a chance to deliberate on it. As

was mentioned in our prior presentation, we believe this is an important piece to address North Dakota's workforce problem and think it will pay off in major dividends in the future.

The next difference is \$200,000 for the Leveraging the Senior Year program. We had requested \$500,000 for this program and the Senate graciously gave us \$300,000. We are requesting this committee approve our request at the full amount as we know that every dollar spent in this program saves parents just over \$6 in tuition. The next 3 items are new programs that we have asked for as one-time funding. As you can see the Senate cut \$1 million from each program. We are asking the committee to fund these at the full amounts. These are the amounts that we believe we will need to successfully carry out these programs next biennium.

The last item in this section is the Greater Math Program. I think this program was lost in the process as we did not include it in our request for the Governor's budget. All the worksheets used in discussions contained the Executive budget which was not our request. As was mentioned last week, based on the 2022 State Assessment, only 39% of students are proficient in math. I don't think there is anyone who is happy with that number. As an accountant, it makes me sad as I know the doors my math knowledge opened for me. We think \$500,000 is a small investment to address this issue.

On the next page, the only section I will touch on is the pass-through grants. You will see that the Senate cut funding for most of these programs. Our request has the funding at current levels except for ESPB's Teacher Support System which the Governor doubled and we support. I believe there are individuals who will testify on behalf of their program.

The next page shows the one-time funding in our current appropriation as well as our requested one-time items in our 2023-25 request. The first two items have been fully spent. The next two items will be spent by the end of the biennium, however, we have language in the bill to carry forward unused funds for the children's science center should it be needed. This project was funded with the Coronavirus State Recovery Funds. For the STARS/SLDS upgrade, we will need to have carry-forward language added to our bill which will allow us to retain \$5 million for STARS and transfer the remainder to NDIT for the Statewide Longitudinal Data System. The final four items are covid relief federal funding and will carry forward into the next biennium.

The four one-time items in our 2023-25 biennium request were presented on January 12th. We marked them as one-time items as they are new programs in their infancy stage and didn't feel completely comfortable adding them as a base budget request at this time.

The third and fourth pages show our audit findings from our last two audits. The first one was identified in our 2022 agency performance audit. We had some miscommunication with OMB and believed we could use the unused increase to our Grants-Other Grants line granted to us by the Emergency Commission for a reading program for other existing programs. The State Auditor's Office found an old Attorney General's opinion which said this was not allowed. I have added to my monthly review and reconciliation process steps to separately track Emergency Commission approvals to prevent this issue from recurring.

The next two findings pertain to audit reviews and sub-recipient monitoring of federal programs. We updated our procedures to strengthen our processes. The fourth item was a finding on the information that is disclosed on our grant award notices for federal grants. The majority of these are issued electronically through our grants management system, however, we still have a few programs that issue a paper award. One of these programs had used an outdated form which was identified by the auditors. We have added a step to our process where I approve any changes made to award templates before they can be used.

The final finding addressed some payments from the Child Food and Nutrition Program that were made outside the period of performance. We did make changes to our NDFOODS system to prevent this from recurring, however, our Child Food and Nutrition Program Director is not 100% convinced that we

violated the program rules. Sometimes it's easier to accept the finding than to disagree with the auditors.

Page five shows bills that I am aware of that have appropriations that could be added to our appropriation. The first is Senate Bill 2032 which appropriates \$3 million to assist paraprofessionals to become qualified teachers. This is the same program that we have \$4 million in our agency request so we would need to make sure there was no doubling up of funding. Senate Bill 2033 appropriates \$3 million for a teacher student loan forgiveness program. There is an appropriation of \$1 million in Senate Bill 2200 for the Governor's School scholarships. This program was previously the recipient of a pass-through grant in our appropriation but was removed in a previous legislative session.

House Bill 1491 appropriates \$6 million to provide free lunch for those students currently receiving reduced lunch. There is a \$24 million appropriation in House Bill 1532 for the establishment of an educational reimbursement program. There needs to be consideration given as we currently do not have the staff or systems in place to adequately carry out this program.

The final page is the requested language that would need to be added for the STARS/SLDS funds that I mentioned before.

Mr. Chairman, this concludes my remarks and I thank you for the opportunity to further discuss the budget of the Department of Public Instruction. I would be happy

to take any questions from the committee as well as Adam Tescher is in attendance should you have any questions on what he presented last week. Thank you.

Department of Public Instruction (201)
2023-2025 Biennial Budget Request / Funding Analysis

	1 Senate Version	2 Agency Request	3 Difference
1 Administration:			
2 Salaries & Wages	\$ 19,313,859.00	\$ 20,735,677.00	\$ 1,421,818.00
3 Operating Expense	33,293,320.00	33,293,320.00	-
4 Total	\$ 52,607,179.00	\$ 54,028,997.00	\$ 1,421,818.00
5 Integrated Formula Payment			
6 Funding : General	\$ 1,794,336,700.00	\$ 1,794,336,700.00	\$ -
7 Special	654,314,500.00	654,314,500.00	-
8 Total	\$ 2,448,651,200.00	\$ 2,448,651,200.00	\$ -
9 Grants - Special Education	\$ 27,000,000.00	\$ 27,000,000.00	\$ -
10 Grants - Transportation	\$ 58,100,000.00	\$ 58,100,000.00	\$ -
11 Grants - Program Grants			
12 Adult Education Matching Funds	\$ 5,000,000.00	\$ 5,500,000.00	\$ 500,000.00
13 Reduced Breakfast Program Funds	200,000.00	200,000.00	-
14 School Lunch Matching Funds	1,380,000.00	1,380,000.00	-
15 Dyslexia Program	-	-	-
16 Grant Pool	1,200,000.00	1,400,000.00	200,000.00
17 Grow Your Own Teacher Program	3,000,000.00	4,000,000.00	1,000,000.00
18 Be Legendary School Board Training	2,000,000.00	3,000,000.00	1,000,000.00
19 Cyber Security Credential Incentive	1,000,000.00	2,000,000.00	1,000,000.00
20 Greater Math Program	-	500,000.00	500,000.00
21 Total	\$ 13,780,000.00	\$ 17,980,000.00	\$ 4,200,000.00

22 Grants - Pass Thru Grants

23 Heritage Grants	\$ 34,000.00	\$ 34,000.00	\$ -
24 ND Museum of Art	-	425,000.00	425,000.00
25 North Central Council for School Television	-	202,300.00	202,300.00
26 Northern Plains Writing Project	-	25,000.00	25,000.00
27 Red River Writing Project	-	25,000.00	25,000.00
28 Teacher Support System (ESPB)	2,125,764.00	4,251,528.00	2,125,764.00
29 We the People	70,000.00	70,000.00	-
30 Total	\$ 2,229,764.00	\$ 5,032,828.00	\$ 2,803,064.00

31 Grants - Other Grants

32 Federal Program Grants	\$ 382,513,893.00	\$ 382,513,893.00	\$ -
33 Displaced Homemaker	225,000.00	225,000.00	-
34 Total	\$ 382,738,893.00	\$ 382,738,893.00	\$ -

35 Special Line Items

36 Power School	\$ 5,775,000.00	\$ 5,775,000.00	\$ -
37 National Board Certification	176,290.00	176,290.00	-
38 Total Appropriation	\$ 2,991,058,326.00	\$ 2,999,483,208.00	\$ 8,424,882.00

39 Department Wide Funding Sources:

40 General Funds	\$ 1,898,420,245.00	\$ 1,903,165,888.00	\$ 4,745,643.00
41 Federal Funds	419,388,041.00	419,689,980.00	301,939.00
42 Special Funds	673,250,040.00	676,627,340.00	3,377,300.00
43 Total	\$ 2,991,058,326.00	\$ 2,999,483,208.00	\$ 8,424,882.00

44 Full-time Equivalent Positions

86.25

86.25

86.25

DEPARTMENT OF PUBLIC INSTRUCTION (201)
ONE-TIME FUNDING

2021-2023

PROJECT	APPROPRIATION	SPENT
Science center experiments	\$ 13,500,000	\$ 13,500,000
Regional education association grants	250,000	250,000
STARS maintenance	200,000	135,000
Children's science center	5,900,000	2,683,449
STARS/SLDS Upgrade	10,100,000	211,242
Elementary and secondary school emergency education relief	305,266,879	173,009,716
Emergency education relief homeless children and youth program	1,999,661	319,036
Assistance to nonpublic schools	4,151,371	99,028
Individuals with disabilities education act grant	8,632,569	3,250,764

2023-2025

PROJECT	OPERATING	GRANTS
Grow Your Own Teacher Program	\$ -	\$ 4,000,000
Be Legendary School Board Training	-	3,000,000
Cyber Security Credential Incentive	-	2,000,000
Greater Math Program	-	500,000

DEPARTMENT OF PUBLIC INSTRUCTION AUDIT FINDINGS

2022 NDDPI Agency Performance Audit – Expenditures Not Approved by Emergency Commission

Recommendation: The DPI spent funds on a program other than the program approved for additional spending authority by the Emergency Commission.

Action taken: As part of our monthly review of budget reports and reconciliations, we have incorporated separate tracking of Emergency Commission approvals to prevent this issue from recurring.

Finding 2020-020 – Non-Performance of Monitoring of Special Education Subrecipients

Recommendation: Recommend the Department of Public Instruction strengthen fiscal subrecipient monitoring procedures for the Special Education Cluster to ensure timely and appropriate action is taken on deficiencies noted during the fiscal review.

Action taken: We reviewed and updated procedures for monitoring the Special Education Cluster.

Finding 2020-021 – Incomplete Subrecipient Audit Review

Recommendation: Recommend the Department of Public Instruction:

- Ensure all subrecipients obtain audits in accordance with 2 CFR 200 Part F if they meet the requirements;
- Issue management decisions within a timely manner;
- Ensure subrecipients took timely corrective action on deficiencies identified in the audits.

Action taken: We reviewed Part F of 2 CFR 200 and implemented changes to ensure our audit review program is in compliance with these federal regulations

Finding 2020-022 – Incomplete Federal Grant Awards to Subrecipients

Recommendation: Recommend the Department of Public Instruction ensure that subrecipients are made aware of all required grant award information.

Action taken: All changes to the grants management system template and any paper templates for Grant Award Notifications must be approved by the Fiscal Management Director.

Finding 2020-023 – Payment of Child Nutrition Payments Outside of Performance Period

Recommendation: Recommend the Department of Public Instruction ensure that payments of the Child Food and Nutrition Cluster are not made after the period of performance.

Action taken: We have implemented changes to improve our reconciliation processes as well as made changes in NDFOODS to prevent this from reoccurring.

DEPARTMENT OF PUBLIC INSTRUCTION RELATED LEGISLATION

Senate Bill 2032

Assist paraprofessionals to become qualified teachers - \$3,000,000

Senate Bill 2033

Teacher shortage student loan forgiveness - \$3,000,000

Senate Bill 2200

Governor's school scholarships - \$1,000,000

House Bill 1491

Grants for free lunch - \$6,000,000

House Bill 1532

Establishment of an educational reimbursement program - \$24,000,000

SB2013 REQUESTED ADDITIONAL LANGUAGE

EXEMPTION – STATE AUTOMATED REPORTING SYSTEM/STATEWIDE LONGITUDINAL DATA SYSTEM.

Up to \$9,888,757 of the unexpended amount remaining from the one-time appropriation for the purpose of information technology project upgrades to the state automated reporting system and the statewide longitudinal data system, as authorized in section 17 of chapter 549 of the 2021 Special Session Laws, is not subject to the provisions of section 54-44.1-11 at the end of the 2021-23 biennium for the purpose of continuing the state automated reporting system upgrade. Any amount above \$5,000,000 shall be transferred to North Dakota Information Technology for statewide longitudinal data system upgrades.