

Department of Public Instruction - Budget No. 201
Senate Bill No. 2013
Base Level Funding Changes

| | Executive Budget Recommendation | | | | Senate Version | | | | Senate Changes to Executive Budget Increase (Decrease) - Executive Budget | | | |
|---|---------------------------------|-----------------|----------------|-----------------|------------------|-----------------|----------------|-----------------|--|-----------------|----------------|--------------|
| | FTE Positions | General Fund | Other Funds | Total | FTE Positions | General Fund | Other Funds | Total | FTE Positions | General Fund | Other Funds | Total |
| 2023-25 Biennium Base Level | 86.25 | \$1,658,196,873 | \$938,233,270 | \$2,596,430,143 | 86.25 | \$1,658,196,873 | \$938,233,270 | \$2,596,430,143 | 0.00 | \$0 | \$0 | \$0 |
| 2023-25 Ongoing Funding Changes | | | | | | | | | | | | |
| Cost to continue salary increases | | \$42,088 | \$81,573 | \$123,661 | | \$42,088 | \$81,573 | \$123,661 | | | | \$0 |
| Salary increase | | 456,449 | 761,958 | 1,218,407 | | 341,779 | 570,572 | 912,351 | | (114,670) | (191,386) | (306,056) |
| Health insurance increase | | 161,546 | 252,040 | 413,586 | | 165,262 | 257,838 | 423,100 | | 3,716 | 5,798 | 9,514 |
| Adds funding, including funding from federal and special funds, for increased operating expenses related to Information Technology Department rate increases | | 22,144 | 32,128 | 54,272 | | 22,144 | 32,128 | 54,272 | | | | 0 |
| Adds funding for operating expenses related to a new Capitol space rent model | | 140,899 | | 140,899 | | 140,899 | | 140,899 | | | | 0 |
| Adjusts funding for the cost to continue integrated formula payments | | (35,329,144) | | (35,329,144) | | (35,329,144) | | (35,329,144) | | | | 0 |
| Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million (It is anticipated approximately \$511.9 million will be available.) | | (80,812,000) | 80,812,000 | 0 | | (77,840,000) | 77,840,000 | 0 | | 2,972,000 | (2,972,000) | 0 |
| Adjusts funding for integrated formula payments resulting from the accelerated implementation of on-time funding | | (2,400,000) | | (2,400,000) | | 5,300,000 | | 5,300,000 | | 7,700,000 | | 7,700,000 |
| Adds funding to increase the integrated formula payment rate by 3 percent each year of the biennium. The executive recommendation included 4 percent in the 1st year and 3 percent in the 2nd year of the biennium. | | 146,409,518 | | 146,409,518 | | 119,907,953 | | 119,907,953 | | (26,501,565) | | (26,501,565) |
| Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments | | 14,767,391 | | 14,767,391 | | 14,767,391 | | 14,767,391 | | | | 0 |
| Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget inadvertently included this funding twice in the executive recommendation.) | | 14,767,391 | | 14,767,391 | | | | 0 | | (14,767,391) | | (14,767,391) |
| Adds funding for property tax relief included in Senate Bill No. 2066, approved by the Senate | | | | 0 | | 203,100,000 | | 203,100,000 | | 203,100,000 | | 203,100,000 |

| | | | | | | | | | |
|--|------------|-----------------|---------------|---------------|------------|---------------|---------------|---------------------|--|
| Adds funding for the fiscal impact of Senate Bill No. 2328 related to the school district size weighting factor for school districts with multiple plants | 0 | | | | 8,880,000 | 8,880,000 | 8,880,000 | 8,880,000 | |
| Increases funding in the integrated formula payments line item to increase grants to regional education associations to provide a total of \$700,000 | 0 | | | | 200,000 | 200,000 | 200,000 | 200,000 | |
| Increases funding for other grants for anticipated increases in United States Department of Agriculture food program funding | 50,000,000 | 50,000,000 | | | 50,000,000 | 50,000,000 | | 0 | |
| Increases funding for other grants for anticipated increases in United States Department of Education programs | 20,000,000 | 20,000,000 | | | 20,000,000 | 20,000,000 | | 0 | |
| Increases funding for the leveraging the senior year program to provide a total of \$1.2 million for the program grant pool | 500,000 | 500,000 | | | 300,000 | 300,000 | (500,000) | 300,000 (200,000) | |
| Allocates \$10,387,064 of special funds included in the base budget in the grants - program and passthrough line to the grants - passthrough grants line and the grants - programs grants line and reduces funding from carryover for certain passthrough grants | 0 | | | | (677,300) | (677,300) | | (677,300) (677,300) | |
| Increases funding from the general fund for passthrough grants for the teacher mentoring program to provide a total of \$4,251,528, of which \$2,125,764 is from the general fund and \$2,125,764 is from special funds resulting from carryover | 2,125,764 | 2,125,764 | | | | 0 | (2,125,764) | (2,125,764) | |
| Increases funding for PowerSchool to provide a total of \$5,775,000 | 525,000 | 525,000 | | | 525,000 | 525,000 | | 0 | |
| Total ongoing funding changes | 0.00 | \$61,377,046 | \$151,939,699 | \$213,316,745 | 0.00 | \$240,223,372 | \$148,404,811 | \$388,628,183 | 0.00 \$178,846,326 (\$3,534,888) \$175,311,438 |
| One-Time Funding Items | | | | | | | | | |
| Adjusts funding for integrated formula payments to provide one-time funding from the foundation aid stabilization fund to provide a total of \$281.7 million from the fund for integrated formula payments | | (\$138,215,156) | \$138,215,156 | \$0 | | \$0 | 138,215,156 | (138,215,156) | 0 |
| Adds one-time funding from carryover for program grants for school board training. The executive budget provided funding from the foundation aid stabilization fund. | | | 3,000,000 | 3,000,000 | | \$2,000,000 | 2,000,000 | (1,000,000) | (1,000,000) |
| Adds one-time funding from carryover for program grants for cybersecurity training for teachers. The executive budget provided funding from the foundation aid stabilization fund. | | | 2,000,000 | 2,000,000 | | 1,000,000 | 1,000,000 | (1,000,000) | (1,000,000) |

| | | | | | | | | | | | | |
|--|-------|-----------------|-----------------|-----------------|-------|-----------------|-----------------|-----------------|------|---------------|-----------------|---------------|
| Adds one-time funding from carryover for program grants for a grow-your-own teacher program. The executive budget provided funding from the foundation aid stabilization fund. | | | 4,000,000 | 4,000,000 | | | 3,000,000 | 3,000,000 | | | (1,000,000) | (1,000,000) |
| Total one-time funding changes | 0.00 | (\$138,215,156) | \$147,215,156 | \$9,000,000 | 0.00 | \$0 | \$6,000,000 | \$6,000,000 | 0.00 | \$138,215,156 | (\$141,215,156) | (\$3,000,000) |
| Total Changes to Base Level Funding | 0.00 | (\$76,838,110) | \$299,154,855 | \$222,316,745 | 0.00 | \$240,223,372 | \$154,404,811 | \$394,628,183 | 0.00 | \$317,061,482 | (\$144,750,044) | \$172,311,438 |
| 2023-25 Total Funding | 86.25 | \$1,581,358,763 | \$1,237,388,125 | \$2,818,746,888 | 86.25 | \$1,898,420,245 | \$1,092,638,081 | \$2,991,058,326 | 0.00 | \$317,061,482 | (\$144,750,044) | \$172,311,438 |
| <i>Federal funds included in other funds</i> | | | \$419,573,819 | | | | \$419,388,783 | | | | (\$185,036) | |
| <i>Total ongoing changes as a percentage of base level</i> | 0.0% | 3.7% | 16.2% | 8.2% | 0.0% | 14.5% | 15.8% | 15.0% | | | | |
| <i>Total changes as a percentage of base level</i> | 0.0% | (4.6%) | 31.9% | 8.6% | 0.0% | 14.5% | 16.5% | 15.2% | | | | |

Other Sections in Department of Public Instruction - Budget No. 201

| | Executive Budget Recommendation | | | | Senate Version | | | |
|--|--|--|--|--|--|--|--|--|
| Tuition apportionment | Section 4 would provide that any money available in the state tuition fund in excess of the \$513,832,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts. | | | | Section 3 provides that any money available in the state tuition fund in excess of the \$510,860,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts. | | | |
| Foundation aid stabilization fund | Section 9 would require OMB transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of DPI for the purpose of providing integrated formula payments. The executive budget appropriates \$281,669,656 from the foundation aid stabilization fund for integrated formula payments. | | | | Section 4 provides \$143,454,500 included in the estimated income line item of Section 1 is provided from the foundation aid stabilization fund for integrated formula payments. | | | |
| Payments for 2021-23 biennium special education services | | | | | Section 5 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2023-25 biennium to pay claims due during the 2021-23 biennium, but not filed with the department until the 2023-25 biennium. Claims related to the 2021-23 biennium must be filed by June 30, 2024. | | | |
| Gifted and talented program funding | Section 5 would provide that DPI use \$800,000 of the 2023-25 legislative appropriation for integrated formula payments 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. The section also provides 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 DPI to the Department of Health and Human Services on behalf of the school district or unit. | | | | Section 6 provides that DPI use \$800,000 of the 2023-25 legislative appropriation for integrated formula payments 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. | | | |

Other Sections in Department of Public Instruction - Budget No. 201

Executive Budget Recommendation

Senate Version

Medicaid matching funding - School approval -
Withholding and distribution

Section 7 provides 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 DPI to the Department of Health and Human Services on behalf of the school district or unit. In addition, this section authorizes the department to withhold funds required to be paid by school districts for school approval.

Regional education association grants

Section 8 increases regional education association grants to provide a total of \$700,000 and to provide annual grants of \$50,000 to each regional education association.

Grants - Passthrough grants distribution

Section 8 would require no more than one-half of the passthrough grants included in the grants - other grants line item is to be expended during the fiscal year ending June 30, 2024.

Section 9 requires no more than one-half of the passthrough grants included in the grants - passthrough grants line item may be expended during the fiscal year ending June 30, 2024, and provides for reporting requirements.

Use of new money - Nonadministrative
personnel compensation increases

Section 11 would require school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

Section 10 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

Exemption - Deposits into the
department's operating account

Section 13 would provide that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Section 11 provides that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Exemption - 2021-23 biennium funding
exemption and transfer to the Department
of Public Instruction operating fund

Section 12 would provide that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Section 12 provides that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$16,009,764 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Exemption - Unexpended appropriations

Section 14 would provide funds appropriated to DPI from the ESSER Fund during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

Section 13 provides COVID-19-related funds appropriated to DPI from the ESSER Fund and other federal funds during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

Other Sections in Department of Public Instruction - Budget No. 201

| | <u>Executive Budget Recommendation</u> | <u>Senate Version</u> |
|---|--|--|
| Salary of the Superintendent of Public Instruction | Section 3 would provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$130,323 to \$138,142, effective July 1, 2023, and to \$143,668, effective July 1, 2024, to reflect recommended salary increases of 6 percent in the 1st year of the biennium and 4 percent in the 2nd year of the biennium. | Section 15 provides the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$130,323 to \$135,536, effective July 1, 2023, and to \$140,957, effective July 1, 2024, to reflect legislative salary increases of 4 percent each year of the biennium. |
| Indirect cost allocation | Section 6 would provide that, notwithstanding Section 54-44.1-15, DPI 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. | |
| Transfer - Foundation aid stabilization fund to Department of Public Instruction - One-time funding | Section 10 would require OMB transfer, on a quarterly basis, a total of \$9 million from the foundation aid stabilization fund to DPI for school board training (\$3 million), a cybersecurity credential incentive (\$2 million), and a grow-your-own teacher program (\$4 million). | |
| State school aid formula changes | <p>Sections 15, 16, and 17 would provide the statutory changes to the state school aid formula included in the executive budget recommendation. Statutory changes would:</p> <ul style="list-style-type: none">• Add or subtract 1.00 weighted student unit per student for increases or decreases, respectively, in fall enrollment as compared to the prior year spring average daily membership and provide for a 0.70 weighting factor deduction per student for school districts, paid based on fall enrollment during the 2022-23 school year, whose spring average daily membership for the 2022-23 school year is lower than the fall enrollment and for a 1.00 weighting factor deduction for school districts, paid based on fall enrollment, whose spring average daily membership is lower than the prior fall enrollment for school years after June 30, 2023;• Increase the integrated per student payment rate from the current level of \$10,237 to \$10,646, effective for the 2023-24 school year, and to \$10,965, effective for the 2024-25 school year, to reflect integrated per student payment rate increases of 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium;• Remove transition maximum limits on state school aid payments; and• Update the year, from 2020 to 2022, used to determine the percentage of mills levied for sinking and interest relative to the total mills levied by the school district for all purposes. The percent is used to | |