

TESTIMONY ON SB 2013
SENATE APPROPRIATIONS COMMITTEE
EDUCATION AND ENVIRONMENTAL DIVISION
January 24, 2023
By: Jamie Mertz, Director Fiscal Management
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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 Senate Appropriation Committee on January 12th. I refer you to the handout of information that was distributed this morning.

The first page is a comparison of the DPI's additional requests with the Executive Budget. For the most part our current request is the same as the Executive version. The first difference is with compensation changes and that is because our request was just a straight ten percent increase to our salary and benefits line versus the calculated amount that OMB put together. The other item is the Greater Math Program which was not included in our request to the Governor. We decided to request this item after the Executive Budget had been created.

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. For the STARS/SLDS upgrade item, we will be requesting authorization language to carry forward the unused funds to the 2023-25 biennium. The final four items are covid relief federal funding and we will be requesting carry forward language for these as well.

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 subrecipient 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 as well as a couple that would affect the State Library's current location. 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 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.

Senate Bill 2250 has an appropriation of \$300,000 for the expansion of ESPB's teacher support program. House Bill 1491 appropriates \$89.5 million to provide free lunch for all students attending public schools. There is a \$24 million appropriation in House Bill 1532 for the establishment of an educational reimbursement program. The final two bills are Senate Bill 2307 and House Bill 1397 which provide \$55 million for the renovation and constructing an addition to the Liberty Memorial Building to serve as the new supreme court building. If this means the State Library will need to find a new location then the costs of that will need to be considered.

The final two pages are requested language to be considered to be added to Senate Bill 2013. The first one addresses the funding of program and pass through grants. This is the same language that was used to fund these items in our current appropriation but could change depending on the final funding. The next two items would be carry over for the unused STARS/SLDS project funds and the unused COVID relief federal funds. The fourth item would use the Foundation Aid Stabilization Fund to fund the Grow Your Own Teacher program, Be

Legendary School Board Training, and Cyber Security Credential Incentives. Of course, this language would change if the funding source changes. The final item places some performance criteria on pass-through grants. Prior to being removed last session, this language had been in our appropriation bill for as long as I have been with DPI.

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. Thank you.

Department of Public Instruction (201)
2023-2025 Agency Requests vs. Executive Budget

	<u>Agency</u>	<u>Executive</u>	<u>Difference</u>
Compensation Changes	\$ 1,920,930	\$ 1,755,654	\$ 165,276
Equity Increase	960,000	960,000	-
Operating Increase	195,171	195,171	-
Leveraging the Senior Year Increase	500,000	500,000	-
Grow Your Own Teacher Program	4,000,000	4,000,000	-
Be Legendary School Board Training	3,000,000	3,000,000	-
Cyber Security Credential Incentive	2,000,000	2,000,000	-
Greater Math Program	500,000	-	500,000
Teacher Support System (ESPB)	2,125,764	2,125,764	-
Increased Federal Grants	70,000,000	70,000,000	-
Power School Increase	525,000	525,000	-
	<u>\$ 85,726,865</u>	<u>\$ 85,061,589</u>	<u>\$ 665,276</u>

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

Senate Bill 2250

Expansion of Education Standards and Practices Board's teacher support program - \$300,000

House Bill 1491

Grants for free lunch - \$89,500,000

House Bill 1532

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

Senate Bill 2307 and House Bill 1397

Provides \$55 million for the renovation and constructing an addition to the Liberty Memorial Building to serve as the new supreme court meeting. If this means the State Library will need to find a new location then the costs of that will need to be considered.

SB2013 REQUESTED ADDITIONAL LANGUAGE

EXEMPTION – TRANSFER – PUBLIC INSTRUCTION FUND. Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in the integrated formula payments line item in subdivision 1 of section 1 of chapter 13 of the 2021 Session Laws, the lesser of \$13,512,828 or the remaining amount must be continued into the 2023-25 biennium and the office of management and budget shall transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants as appropriated in subdivision 1 of section 1 of this Act.

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.

EXEMPTION – COVID RELATED FEDERAL FUNDING. The unexpended amount remaining from the one-time appropriation of covid related federal funding as authorized in section 1 of chapter 27 and section 2 of chapter 28 of the 2021 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 programs during the 2023-25 biennium.

ESTIMATED INCOME – FOUNDATION AID STABILIZATION FUND. The estimated income line item in subdivision 1 of section 1 of this Act includes \$9,000,000 from the foundation aid stabilization fund in the state treasury for providing grants under the grow your own teacher program, be legendary school board training, and cyber security credential incentives.

PASSTHROUGH GRANTS – APPLICATION – DISTRIBUTION – REPORTING. The grants – passthrough grants line in subdivision 1 of section 1 of this Act includes \$5,032,828 for passthrough grants. The superintendent of public instruction shall determine the manner in which each passthrough grant is distributed but no more than one-half of the funding may be provided each year of the biennium. Annually grantees, as a condition of receiving the grant, must establish performance measures to be reviewed by the superintendent of public instruction. Grantees shall report annually to the superintendent of public instruction regarding performance based on the measures. The superintendent may not distribute the grant payment for the second year of the biennium until the grantee submits the annual report for the first year of the biennium. The superintendent of public

instruction shall report to the appropriation committees of the sixty-ninth legislative assembly regarding funds granted, performance measures established by each grantee, and whether grantees met performance expectations.