

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 ITD 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 SB 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

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
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.

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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 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 is amended to increase 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 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.

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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 the 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 reduce local revenues deducted in the state school aid formula.	

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