



Department of Public Instruction
Department No. 201
2025 House Bill No. 1013

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	86.25	\$1,655,425,216	\$1,340,402,846	\$2,995,828,062
Base level	86.25	1,728,750,445	1,115,246,674	2,843,997,119
Increase (decrease)	0.00	(\$73,325,229)	\$225,156,172	\$151,830,943
Percentage increase (decrease)	0.0%	(4.2%)	20.2%	5.3%

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026.
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee.
- Adds funding to replace 2023-25 biennium vacant FTE pool amounts.
- Increases funding from the general fund by \$700,000 for operating expenses due to an increase in the cost of the accreditation contract.
- Adds \$1 million from the general fund for operating expenses related to ND FIRST interventions for chronically low-performing schools.
- Increases funding by \$2 million from special funds derived from food processing reimbursements for operating expenses related to increases in the food processing program.
- Adds \$28.4 million from federal funds for operating expenses and other grants related to a federal comprehensive literacy state development grant.
- Increases funding for integrated formula payments by \$60 million to provide a total of \$2.36 billion. Funding is provided to increase the per student payment rate by 2 percent each year of the 2025-27 biennium (\$91 million). The increase is offset by cost-to-continue savings related to slower enrollment growth (\$20 million) and by savings related to eliminating transition minimum adjustments (\$6.7 million) and weighted student unit provisions for multiplant school districts (\$4.3 million).
- Adjusts the funding source for integrated formula payments to decrease funding from the general fund by \$78,824,264 and from the strategic investment and improvements fund by \$13,993,086 and increase funding from special funds, including \$84,817,350 from the state tuition fund and \$68,000,000 from the foundation aid stabilization fund.
- Decreases funding from the general fund by \$1.5 million for free meal program grants to provide a total of \$4.5 million from the general fund.
- Adds funding from the general fund to increase total funding for passthrough grants for teacher mentoring to provide a total of \$4.5 million, of which \$2 million is from the general fund and \$2.5 million is from special funds made available from general fund carryover. The additional funds are proposed for ND RISE to expand the program to a 3-year mentorship.
- Adds one-time funding of \$1.25 million from the general fund for operating expenses related to North Dakota Native American Essential Understandings contracts and work group costs and the production of a book series regarding the history and culture of indigenous people and for program grants for Indians into STEM.
- Adds one-time funding of \$5 million from the foundation aid stabilization fund for program grants for school board training and a teacher retention program and for a passthrough grant for 2 Revolutions teacher training.

Legislative Council

Department of Public Instruction - Budget No. 201
Agency Worksheet - House Bill No. 1013

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	86.25	\$1,728,750,445	\$1,115,246,674	\$2,843,997,119
2025-27 Ongoing Funding Changes				
Base payroll changes		\$21	\$25	\$46
Salary increase		366,573	586,183	952,756
Health insurance increase		192,649	353,831	546,480
Adds funding to replace the 2023-25 biennium vacant FTE pool		295,820	493,995	789,815
Base budget operating expense reductions, including federal funds (\$66) and special funds related to school food processing (\$452,060)			(452,126)	(452,126)
Base budget funding source change from federal to special funds for other grants				0
Increases funding for information technology rate increases		7,945		7,945
Increases funding for operating expenses due to an increase in the cost of the accreditation contract		700,000		700,000
Adds funding for operating expenses related to ND FIRST interventions for chronically low-performing schools		1,000,000		1,000,000
Increases funding from special funds derived from food processing reimbursements for operating expenses related to increases in the food processing program			2,000,000	2,000,000
Adds funding for operating expenses to administer a summer food program		150,000		150,000
Adds funding from federal funds for operating expenses and other grants related to a federal comprehensive literacy state development grant			28,350,000	28,350,000
Decreases funding for integrated formula payments for savings related to a reduction in the cost to continue		(20,000,000)		(20,000,000)
Adjusts the funding source for integrated formula payments in the base budget from the strategic investment and improvements fund to the general fund		13,993,086	(13,993,086)	0
Adjusts the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund to provide a total of \$595,677,350 from the fund		(84,817,350)	84,817,350	0
Adjusts the funding source for integrated formula payments from the general fund to the foundation aid stabilization fund to provide a total of \$225 million from the foundation aid stabilization fund		(68,000,000)	68,000,000	0
Increases funding for integrated formula payments to provide increases in the per student payment rate of 2 percent each year of the 2025-27 biennium		91,000,000		91,000,000
Decreases funding for integrated formula payments for savings related to removing transition minimum adjustments from the formula		(6,700,000)		(6,700,000)

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

Section Description	Executive Budget
Salary of the Superintendent of Public Instruction	Section 4 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 \$143,668 to \$149,415, effective July 1, 2025, and to \$153,897, effective July 1, 2026, to reflect recommended salary increases of 4 percent in the 1st year of the biennium and 3 percent in the 2nd year of the biennium.
Tuition apportionment	Section 5 would provide that any money available in the state tuition fund in excess of the \$595,677,350 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.
Foundation aid stabilization fund	Section 6 would provide \$225,000,000, included in the estimated income line item of Section 1, is provided from the foundation aid stabilization fund for integrated formula payments.
Payments for 2023-25 biennium special education services	Section 7 would provide that DPI may use money appropriated for integrated formula payments and special education contracts for the 2025-27 biennium to pay claims due during the 2023-25 biennium, but not filed with the department until the 2025-27 biennium. Claims related to the 2023-25 biennium must be filed by June 30, 2026.
Gifted and talented program and Medicaid matching funding distributions	Section 5 would provide that DPI use \$800,000 of the 2025-27 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.
Indirect cost allocation	Section 9 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.
Grants - Other grants	Section 11 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, 2026. (However, it appears that passthrough grants are provided in a separate line item in Subdivision 1 of Section 1 of the bill.)
Transfer - Foundation aid stabilization fund to Department of Public Instruction - One-time funding	Section 12 would require OMB transfer a total of \$5 million from the foundation aid stabilization fund to DPI for school board training (\$1.5 million), teacher retention (\$2 million), and a 2 Revolutions teacher training program (\$1.5 million).

HOUSE BILL NO. 1013
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the department of public instruction, center for distance education, the state library, the school for the deaf, and the North Dakota vision services - school for the blind; to amend and reenact section 15.1-02-02 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction; to provide for a transfer; to provide an exemption; to amend and reenact sections 15.1-27-03.2 and 15.1-27-04.1 of the North Dakota Century Code.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the center for distance education, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2025 and ending June 30, 2027, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$19,964,765	\$2,289,097	\$22,253,862
Operating Expenses	32,793,320	5,705,819	38,499,139
Integrated Formula Payments	2,299,674,851	60,000,000	2,359,674,851
Grants-Special Education	24,000,000	0	24,000,000
Grants-Transportation	58,100,000	0	58,100,000
Grants-Other Grants	382,738,893	27,000,000	409,738,893
Grants-Program Grants	17,205,000	3,336,027	20,541,027
Grants-Passthrough Grants	3,568,000	53,500,000	57,069,000
PowerSchool	5,775,000	0	5,775,000
National Board Certification	176,290	0	176,290
Total All Funds	\$2,843,997,119	\$151,830,943	\$2,995,828,062
Less Estimated Income	<u>1,115,246,674</u>	<u>225,156,172</u>	<u>1,340,402,846</u>
Total General Fund	\$1,728,750,445	(\$73,325,229)	\$1,655,425,216
Full-Time Equivalent Positions	86.25	0.00	86.25

Subdivision 2.

CENTER FOR DISTANCE EDUCATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Center for Distance Education	\$11,613,483	\$3,815,560	\$15,429,043
Total All Funds	\$11,613,483	\$3,815,560	\$15,429,043
Less Estimated Income	<u>4,550,000</u>	<u>2,298,138</u>	<u>6,848,138</u>
Total General Fund	\$7,063,483	\$1,517,422	\$8,580,905
Full-Time Equivalent Positions	30.80	2.20	33.00

Subdivision 3.

STATE LIBRARY

Total Department of Public Instruction - All Fund	\$10,970,000	\$56,250,000
Total Department of Public Instruction - Special Funds	<u>10,900,000</u>	<u>55,000,000</u>
Total Department of Public Instruction - General Fund	\$70,000	\$1,250,000

CENTER FOR DISTANCE EDUCATION

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Professional fees and IT equipment	\$0	\$100,250
Total Center for Distance Education - Special Funds	\$0	\$100,250

STATE LIBRARY

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Funding for maintenance of effort	\$100,000	\$0
Retirement leave payout	40,000	0
IT equipment	43,000	0
Office renovation	<u>150,000</u>	<u>0</u>
Total State Library – General Fund	\$333,000	\$461,635

SCHOOL FOR THE DEAF

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Extraordinary repairs	\$800,000	\$0
Inflationary expenses	120,171	0
Campus security system	0	238,800
Equipment	<u>43,500</u>	<u>45,000</u>
Total School for The Deaf – All Funds	\$963,671	\$283,800
Total School for The Deaf - Special Funds	<u>873,586</u>	<u>\$283,800</u>
Total School for The Deaf – General Fund	\$90,085	\$0

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Miscellaneous Repairs	\$439,000	\$65,000
Equipment	0	28,000
New parking lot	0	150,000
Cabinets and furniture for student rooms	<u>26,000</u>	<u>55,000</u>
Total School for the Blind - Special Funds	\$465,000	\$298,000

Grand Total - All Funds	\$12,731,671	\$56,932,050
Grand Total - Estimated Income	\$12,238,586	\$55,682,050
Grand Total - General Fund	\$493,085	\$1,250,000

The 2025-27 one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The department of public instruction, center for distance education, state library, school for the deaf, and North Dakota vision services - school for the blind shall report to the appropriations committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025 and ending June 30, 2027.

SECTION 3. EXEMPTION – FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the department of public instruction, center for distance education, state library, school for the deaf, and north dakota vision services may increase or decrease authorized full-time equivalent positions as needed, subject to the availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The department of public instruction, center for distance education, state library, school for the deaf, and north dakota vision services shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.

SECTION 4. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary.

2. For purposes of this section, the superintendent of public instruction shall 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 2025-27 biennium.

SECTION 14. 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 2023-25 biennium, any moneys remain in the integrated formula payments line item in subdivision 1 of section 1 of chapter 45 of the 2023 Session Laws, the lesser of \$11,149,000 or the remaining amount must be continued into the 2025-27 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.

SECTION 15. EXEMPTION – GENERAL EDUCATIONAL DEVELOPMENT FEES AND DISPLACED HOMEMAKER DEPOSITS. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account. In addition, any moneys collected by the department of public instruction for general educational development fees and displaced homemakers deposits must be deposited in the public instruction fund in the state treasury. Any funds deposited in the public instruction fund may only be spent subject to appropriation by the legislative assembly.

SECTION 16. EXEMPTION – ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUNDS. The amount appropriated to the department of public instruction from federal funds in section 2 subdivision 2 of chapter 28 of the 2021 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the department of public instruction during the biennium beginning July 1, 2025 and ending June 30, 2027.

SECTION 17. AMENDMENT. Subsection 4 of Section 15.1-27-03.2 of the North Dakota Century Code is amended and reenacted as follows:

School district size weighting factor - Weighted student units. (Effective through June 30, 2028)

4. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units. ~~For school districts that operate multiple kindergarten through grade twelve buildings at least fourteen miles [22.53 kilometers] apart, or multiple buildings at least fourteen miles [22.53 kilometers] apart with no replicated grades, the superintendent of public instruction shall determine the school size weighting factor for each building separately, with no adjustment for elementary schools. The superintendent of public instruction shall multiply the school size weighting factor for each building by the school district's weighted average daily membership to determine each building's weighted student units. The superintendent of public instruction shall combine the weighted student units of all buildings in the school district to determine the school district's weighted student units.~~

School district size weighting factor - Weighted student units. (Effective after June 30, 2028)

4. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units. ~~For school districts that operate multiple kindergarten through grade twelve buildings at least fourteen miles [22.53 kilometers] apart, or multiple buildings at least fourteen miles [22.53 kilometers] apart with no replicated grades, the superintendent of public instruction shall determine the school size weighting factor for each building separately. The superintendent of public instruction shall multiply the school size weighting factor for each building by the school district's weighted average daily membership to determine each building's weighted student units. The superintendent of public instruction shall combine the weighted student units of all buildings in the school district to determine the school district's weighted student units.~~

SECTION 18. AMENDMENT. Subsection 3 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

3. a. For the ~~2023-24~~ 2025-26 school year, the superintendent shall calculate state aid as the greater of: ~~by multiplying (4) the district's weighted student units multiplied by ten~~ eleven thousand-six