HB 1013: North Dakota Center for Distance Education

Testimony Provided by: Dr. Alyssa Martin, State Director

03/10/2025

Senator Sorvaag and members of the Senate Appropriations Education and Environment Division:

For the record, my name is Dr. Alyssa Martin, and I am the State Director of the North Dakota Center for Distance Education. I appreciate the opportunity to speak with you today and to present an updated and comprehensive picture of NDCDE's impact, accomplishments, and budget priorities for the 2025-27 biennium.

Slide 2: More specifically, my presentation will cover:

1. An overview of NDCDE's mission and history.
2. Data and outcomes from the 2023-25 biennium.
3. Priorities for the 2025-27 biennium.
4. A breakdown of decision packages; and
5. A comprehensive budget request.

Slide 3: Since 1935, NDCDE has been a leader in personalized education, evolving from a correspondence school to a fully virtual education provider. As we celebrate a milestone anniversary this year—90 years of excellence in education—we continue to evolve to provide flexible, self-paced courses that meet the unique needs of North Dakota students.

As a 100% virtual, asynchronous education provider, we offer students the option of enrolling anytime and progressing at their own pace within a 20-week completion window—or a timeframe of a district's choosing. As a supplemental education provider, our mission is to complement—not replace—the work of local schools. Most students who enroll in NDCDE courses remain district-enrolled, typically taking one or two courses through us to help them with scheduling or to access courses not offered locally. Even our diploma-seeking students are classified as homeschooled.

The supplemental model changes how we measure student outcomes. Grades are the primary way that we have demonstrated student growth and learning for much of our history. This limitation was a key factor in our recent shift toward competency-based education, a significant initiative I will explain further, as it directly ties to one of our major accountability goals for the future.

Slide 4: The next slide features a short video designed to introduce stakeholders to the services offered by NDCDE.

Slide 5: I've provided you with a short glossary associated with my presentation today, and I'd like to point out a few key terms. The first is *learning coach*. As you saw in the video, a learning coach acts as a proctor and guide, providing students with accountability and support in ways we simply cannot as a fully virtual school. NDCDE has established policies on learning coaches, including recommendations for districts on selecting appropriate individuals for this role to help maintain academic integrity—generally advising against the use of parents. A brief video explaining the learning coach role can be accessed via the QR code provided.

Another important term on this slide is ***competency-based education***. This approach measures student progress based on their ability to demonstrate mastery of specific skills and concepts, rather than simply completing coursework or spending a set amount of time on tasks. It allows students to focus more time on areas where they need additional support while advancing once they've proven proficiency. NDCDE is transitioning to this model across all courses while continuing to report both percentage grades and student proficiency by standard, using pre- and post-assessments to show learning growth.

Another important distinction is the difference between enrollments and headcount:

- Headcount refers to the unique number of students served by NDCDE. For example, if a student takes multiple courses, they are counted as one individual in the headcount.
- Enrollment reflects the total number of courses in which students are registered. A student taking three courses generates three enrollments.

This distinction is vital for budgeting and staffing purposes. While headcount captures the breadth of students we serve, enrollments reflect the actual workload for teachers and the resources required to support our operations. Enrollments, therefore, are the more accurate measure for planning and resource allocation because depending on the course, we may need to activate an adjunct who would otherwise not be teaching or pay for a higher curricular vendor cost because of the unique nature of the course.

Slide 6: NDCDE currently offers 307 courses for grades K-12, covering all subjects required by NDCC Chapter 15.1-21: Curriculum and Testing. Our courses span the traditional categories of core academics, electives, and career and technical education (CTE). Each course we offer undergoes a careful vetting and evaluation process. This typically begins with a stakeholder request for a new course. NDCDE then researches online curriculum vendors offering content in that subject area and arranges demos for our content experts. A subject-matter expert (NDCDE teacher) then conducts a detailed review, aligning the course to North Dakota state standards and customizing the content as needed. One of the key ways we are currently enhancing courses is by replacing multiple-choice and fill-in-the-blank exams with project-based, authentic assignments to promote deeper learning and deter cheating.

Slide 7: During the 2023-25 biennium, NDCDE has served 9,568 students with over 30,500 enrollments and counting, including over 9,100 North Dakota students. This reach reflects the agency's strong presence across the state, serving 305 unique public and private schools during this period. The demand for virtual education has continued to grow significantly. NDCDE saw a 56% increase in enrollments from the previous biennium, rising from 19,539 enrollments in 2021-23 to over 30,500 enrollments in 2023-25. This growth highlights both the expanding interest in virtual education and the agency's ability to meet evolving educational needs across

the state. It's important to emphasize, as we present budget requests, that we anticipate sustaining and potentially increasing this growth in the next biennium.

NDCDE is also proud to have awarded 51 diplomas to self-pay homeschooled students, providing a pathway for students seeking a flexible, high-quality education while meeting graduation requirements.

This success is supported by a dedicated team of 106 employees, including 30 full-time staff (13 permanent teachers), 11 full-time temporary teachers hired to assist with growth, and 65 part-time adjunct instructors who are essential in ensuring personalized instruction and support for all students. Together, these figures reflect NDCDE's continued commitment to expanding educational access, ensuring quality instruction, and meeting the needs of North Dakota's diverse student population. It's essential to pause here and emphasize that 11 FTTs and over 21 adjuncts have been hired by NDCDE in response to HB 1376—we received no general fund appropriation to hire these individuals; they are hired with tuition revenue.

Slide 8: This slide shows our current organizational structure. NDCDE has completely restructured departments and reporting structures from 2022 to the present for operational efficiency and increased collaboration. The majority of the leadership team are new to their roles—hired through internal promotions or externally, and they are world-class. You will get to hear about some of their work and accomplishments later in the presentation.

Slide 9: During the 2023-25 biennium, NDCDE successfully onboarded three new Full-Time Equivalent (FTE) positions approved by the Legislative Assembly. These included:

- **Dean of Students:** This role has been instrumental in monitoring academic progress, addressing student concerns, collaborating with school districts, and implementing academic integrity safeguards.
- **Elementary Teacher:** This addition expanded our capacity to serve younger students, ensuring personalized instruction for our growing elementary population.
- **IT Support Desk Position:** This role has provided crucial technical support to students and staff, ensuring smooth operation of our virtual learning systems.

For the 2025-27 biennium, NDCDE originally requested 2.2 additional FTE positions. This request reflected:

1. **Conversion of Two Full-Time Temporary Positions (FTTs) to FTEs, including:**
   a. **An Enrollment Support Position:** This role is essential for processing our ever-increasing rolling enrollments, responding to all registration needs (drops, adds, withdrawals, medical holds, and issuing completion certificates) and ensuring timely responses to student and school inquiries.
   b. **A Curriculum Support Position:** This position supports the ongoing alignment of our courses with state standards and competency-based education initiatives, which will be highlighted later in the presentation.
2. **Addition of 0.2 FTE to an Existing 0.8 FTE:** This increase will allow us to convert a part-time position into a full-time role, enabling us to retain a highly qualified employee for the long term. The expanded role will focus on IT supervision, ensuring robust oversight of our critical technology infrastructure.

These requested changes were designed to address current operational needs, improve efficiency, and ensure that NDCDE remains well-positioned to meet the increasing demand for its services. The requests for these positions were submitted with our overall budget in July 2024. At that time, we could not have anticipated the level of growth we would experience in the second year of the biennium.

As we entered the legislative session, it became clear that our growth was not leveling off. In fact, we saw an additional 60% increase in enrollments from year one to year two of the biennium. Given this continued acceleration, we decided to advocate for both what we originally requested—2.2 FTEs—and a new administrative equity package to recognize the significant additional workload and hours our administrative team is managing to support this growth. This was despite the governor's recommendation of 1.2 FTEs for NDCDE, which is what appears on the budget long sheet before the committee today.

Upon presenting both requests to the House, we were advised to find room for equity within our original budget request. In response, we scaled back our FTE request from 2.2 to 1.2 in hopes of making space for equity consideration. Despite these efforts, the equity portion was not approved in the House, though we continue to advocate for it given the more than 50% increase in our agency's responsibilities over the biennium—an increase that is even more dramatic when viewed year over year.

As part of this presentation, we were also asked to identify any cost savings from turnover. We have had little because we quickly fill any vacant positions. We have only one vacancy currently—the 0.8 FTE that needs to be converted to a 1.0 FTE to attract and retain a high-quality candidate.

Slides 10: NDCDE is partially state-funded and partially tuition-funded, with NDCC Ch. 15-19 authorizing the agency to charge a fee for its courses. In 2023, we undertook a comprehensive review of tuition rates at the request of lawmakers and state-level stakeholders. Utilizing national benchmarking data from the Virtual Learning Leadership Alliance (VLLA), we adjusted our tuition rates, resulting in a 37% increase in our baseline course price.

Slide 11: NDCDE provides districts with far more than just access to curriculum despite virtual academies often referring to receiving their "curriculum" through NDCDE—our tuition covers a comprehensive, high-quality educational service designed to support student success and meet the needs of North Dakota schools. Every student enrolled at NDCDE is assigned a North Dakota-licensed teacher employed by NDCDE. These teachers provide personalized instruction, monitor progress, hold virtual meetings with students, offer timely feedback on all assignments, and manage both classroom engagement and ongoing curricular review. This live instructional component ensures students receive direct, qualified support—not just access to self-paced material.

Additionally, NDCDE maintains the technology infrastructure necessary to operate a fully online school. This includes a dedicated learning management system, a student information system, and an e-commerce platform for course registration—all maintained by a four-member IT team and help desk to assist students, families, and districts with technical issues. NDCDE also prioritizes student support services to ensure that all learners have access to the resources they need. A licensed school counselor works to connect students with academic support, manages IEPs and 504 plans, and ensures accommodations are properly communicated to

teachers. A dean of students actively monitors academic risk and student conduct, collaborating with local districts to implement interventions when needed.

It is worth emphasizing that at a cost per enrollment of $229-$259 to schools, districts receive a complete, student-centered educational service—not just curriculum, but certified instruction, technical support, and student services that reflect the full spectrum of what it takes to deliver quality virtual education. This comprehensive approach ensures that students have access to the tools and support necessary for meaningful academic progress, while districts benefit from a reliable, standards-aligned educational partner.

Slide 12: The next set of slides highlights NDCDE's significant accomplishments over the past two years, showcasing both our remarkable growth and the intentional steps we've taken to maintain and improve quality during this expansion. As enrollment surged, we made a concerted effort to measure educational quality carefully, ensuring that our standards remained high even as the number of students we served increased dramatically. This section also emphasizes the major initiatives we've implemented as part of our ongoing commitment to continuous improvement—guided by data analysis and direct feedback from stakeholders—to better serve North Dakota students and schools.

Slide 13: As this slide illustrates, NDCDE's enrollment has grown significantly in recent years. The data displayed reflects enrollment figures over the same set of dates across five years, along with the percentage increases or decreases from the previous year. Notably, in just the last few days alone, our enrollments for FY 25 have surged to **17,834**—over a 60% increase from the previous year with these numbers continuing to climb daily as students register to take courses this spring and summer.

Slide 14: The question is: *What is driving this growth?*

- A key factor is HB 1376, passed by the 68th Legislative Assembly, which expanded access to NDCDE by allowing parents to enroll their public school students in our courses, with the district covering the cost. This legislation removed financial barriers that had previously prevented some families from considering virtual education.
- However, our data suggests that free access alone is not the primary reason families are turning to NDCDE. To date, 825 parents, learning coaches, and students have responded to our online engagement survey, with the top reason for enrollment being that courses were not available locally. The second most common reason cited was scheduling conflicts, ranging from students wanting to take additional courses to those prioritizing core subjects in school while exploring electives in their free time.
- The third reason families choose NDCDE is due to local school challenges, including bullying and mismatches between a student's learning style and a teacher's instructional approach.
- Some school officials have suggested that families are choosing NDCDE because they believe the courses are easier. However, in our survey of 317 student respondents, only one student cited lower rigor as a reason for enrolling. While it's reasonable to consider that some students may not fully disclose this motivation, the perception of academic challenge is reinforced not only by our anonymous end-of-course student surveys but also by data from both our parent and teacher surveys.

Slides 15: NDCDE's financial impact under HB 1376 has been widely misunderstood. Contrary to some perceptions, the vast majority of districts are not paying hundreds of thousands of dollars to NDCDE.

As shown in the data, the average total spending per district across FY 2024 and FY 2025 combined (a 20-month period) is just over $31,000—or approximately $1,550 per month. Smaller districts are spending as little as $7,700 over 20 months, which equates to just $385 per month. Even the largest districts—many of which operate their own virtual academies while receiving Foundation Aid for those enrollments—have spent an average of just over $490,000 during this same period, a small fraction of their nine-figure budgets.

For virtual academies, partnering with NDCDE can even result in a financial advantage. With course tuition set at $259, the annual cost per student for a full course load is approximately $2,590. That amount covers not only course content, but also instruction by a state-certified teacher, instructional support, technology infrastructure, and student services. Meanwhile, the virtual academy retains the remaining Foundation Aid—about $8,482—to cover ancillary costs.

Districts have an opportunity to collaborate strategically with NDCDE by monitoring enrollment trends and leveraging its services where it makes sense to phase out duplicative offerings. By working together, districts can take advantage of the affordable, high-quality educational support NDCDE provides, ensuring students have access to expanded learning opportunities while protecting local resources. This partnership approach allows schools to focus on core priorities while relying on NDCDE's established infrastructure and instructional expertise to meet diverse student needs.

Slide 16: The revenue generated through tuition has been reinvested directly into managing the increasing NDCDE enrollments, ensuring students receive the highest quality education possible. This reinvestment has included hiring additional staff, adjusting teacher workloads, and expanding student support services.

When HB 1376 expanded access, no additional state funding was provided. NDCDE responded with internal efficiency measures and tuition revenue, not general fund appropriations. This included strategic course reductions, workload adjustments, and a $2.5 million Emergency Commission request, funded primarily through $1.9 million in tuition revenue and $600,000 from a grant.

Slide 17: NDCDE closely monitors student performance to ensure both rigor and quality remain central to its educational model, even as enrollment has grown significantly. The data presented highlights how NDCDE balances academic challenges with appropriate support, using grade distribution trends, feedback surveys, and predictive tools for continuous improvement. Notably, only 38.6% of students earned an A, indicating that NDCDE's courses are designed with high standards, avoiding the trend of grade inflation often seen in less rigorous virtual models. To maintain this level of rigor while improving outcomes, NDCDE uses real-time dashboards within its learning management system (LMS) to monitor student progress closely. These tools help identify struggling students early, enabling intervention strategies that balance high expectations with necessary academic support.

NDCDE is committed to reducing failure rates through proactive strategies in the next biennium, including:

- Enhanced dashboards and predictive analytics to identify at-risk students earlier; and
- AI tutoring tools designed to offer immediate, personalized assistance when students struggle.

Slide 18: Another way that we are tracking student progress is through new competency-based education (CBE) dashboards. They offer a powerful tool for tracking and improving student learning. Already in use for elementary math, these dashboards provide real-time insights into student performance by standard, clearly showing where students are excelling and where additional support is needed.

The dashboards serve multiple purposes:

- Identify Learning Gaps: By displaying student proficiency by standard, the dashboards help pinpoint areas where curricular adjustments may be needed.
- Support Personalized Learning: Teachers can use the data to tailor instruction and provide targeted interventions based on individual student needs.
- Guide Data-Driven Decisions: School leaders can use aggregated proficiency data to monitor trends, ensuring continuous instructional improvement across grade levels and subjects.

Leading this transformative shift is NDCDE's Assistant Superintendent, an internationally recognized consultant on competency-based education, who has guided schools worldwide through the transition to CBE. She is at the forefront of this effort at NDCDE, working directly with teachers to help them understand and implement CBE principles while also advising the instructional technology team on how to integrate and report CBE data effectively within NDCDE's systems. To expand the impact of these tools, NDCDE's in-house developer is actively integrating the CBE dashboards with its student information system (SIS), Genius. This integration will allow proficiency data to be reported directly to parents, students, and schools, providing transparent insights into student progress. Notably, NDCDE is the first virtual school using Genius to achieve this type of CBE reporting. Once finalized, the development code will be available nationwide, giving other virtual schools the ability to adopt and report competency-based education for the first time. These efforts reinforce NDCDE's commitment to high standards, instructional excellence, and continuous improvement, ensuring all stakeholders have the tools and information necessary to support student success.

Slide 19: NDCDE requires students to complete an end-of-course survey in each course. Student feedback continues to offer valuable insight into the quality and rigor of NDCDE courses. Based on 11,137 student responses from the end-of-course survey, results show that the challenge of NDCDE courses averaged 3.0 on a 4.0 scale, reflecting an appropriate challenge level to foster growth without causing frustration due to rigor. Core academic courses align with expectations for rigor, while Physical Education, Career & Technical Education (CTE), and elective courses scored lower, which is consistent with trends seen in both virtual and in-person settings where these courses often emphasize skill-building and creativity rather than academic complexity.

A key indicator of student and family confidence in NDCDE's services is its high rate of returning students, a major factor contributing to sustained growth, specifically over this biennium to date:

- 60% of students enrolled in at least two courses.
- 36% enrolled in three or more courses.
- 15% enrolled in five or more courses.

These return rates demonstrate positive student experiences and continued trust in NDCDE as a reliable, high-quality educational partner.

Slide 20: Feedback from both parents and NDCDE teachers closely aligns with what we're hearing from students, further reinforcing that our courses maintain high expectations while still identifying areas where we can continue to grow. From our parent survey, which had over 500 responses, parents agreed that NDCDE teachers uphold high expectations for learning, rating this 4.1 out of 5. They also gave high marks for instructional quality and overall satisfaction, both scoring 4.2 out of 5.

Our teachers—48 of whom participated in the survey—rated expectations for learning even higher, at 4.6 out of 5. They described their classrooms as places where students are actively engaged, solving problems, and completing meaningful work.

These teacher insights match what research tells us about best practices for online instruction: students benefit most when they're actively participating, tackling real problems, and receiving timely, individualized feedback—whether that's through a rubric, written comments, or one-on-one conversations.

Slide 21: NDCDE has made significant strides over the past two years across multiple areas of its operations. These accomplishments, detailed further in the NDCDE Major Accomplishments Report included in our budget packet, demonstrate a clear focus on quality, accountability, and student success. (Please note that the figures in the Major Accomplishments Report, written in July 2024, have since been surpassed as NDCDE continues to make progress.)

- o Competency-Based Education (CBE): NDCDE has shifted toward a mastery-based model, aligning more than 50% of courses with priority state standards, with a goal of reaching 70% by June 2025 and full implementation by Fall 2026. Expanded teacher training and enhanced technology infrastructure continue to support this transition.
- o Academic Integrity Safeguards: To reinforce academic integrity, NDCDE has implemented a Dean of Students-led monitoring system, TurnItIn plagiarism detection, locked-down exam passcodes, and structured violation reporting. New policies on AI use and academic integrity have also been introduced, along with a required virtual onboarding course to clarify expectations upfront.
- o Operational Improvements: NDCDE has undergone strategic restructuring, clarifying staff roles, expanding staffing for increased enrollments, and adjusting tuition rates while maintaining high teacher satisfaction. Teacher workload models were revised, and NDCDE now outperforms state averages in 9 of 13 Gallup Survey measures—an instrument used by the State of ND to benchmark employee satisfaction across agencies.
- o Curricular Changes: A detailed quality review led to the phasing out of 62 courses and aligning remaining content with state priority standards. Authentic assessments have been expanded, and the Curriculum Committee now reviews all new courses for content quality, industry relevance, and assessment rigor. The Military Preparation Program and cybersecurity and computer programming courses have also been added, emphasizing career readiness and state standard alignment.

- o New Partnerships: NDCDE has established key collaborations with the ND State Library, National Guard, EduTech, and Home on the Range, focusing on expanding educational access, professional development, and curriculum innovation.

These accomplishments reflect NDCDE's ongoing commitment to continuous improvement, data-driven decision-making, and providing high-quality virtual education to North Dakota students.

Slide 22: NDCDE's commitment to quality improvement has garnered both state and national recognition. The organization has been frequently invited to present on topics ranging from curricular reform to competency-based education by leading national virtual education organizations, including the Virtual Learning Leadership Alliance (VLLA) and the Digital Learning Collaborative (DLC). Notably, Assistant Superintendent Enderson received the DLC's top individual honor last year for her leadership in competency-based education. NDCDE's impact extends beyond its leadership team. NDCDE teachers have earned state-level awards and serve on committees and boards that influence North Dakota's educational policies and priorities. The organization is also establishing itself as a state leader in course design and program development, with its Military Preparation Program recently being added to the Choice Ready Framework for military readiness. This slide highlights the many ways NDCDE is making a statewide and national impact, advancing the field of virtual education through innovation, collaboration, and leadership.

Slide 23: With all this momentum, the NDCDE leadership team has devised a comprehensive strategic plan to help the organization continue to evolve. This short video outlines this plan, with our additional priorities for the biennium, the resources needed to support them, and the possible barriers to our success and hence the ability to extend more quality virtual education opportunities to students outlined in the slides that follow.

Slides 24: NDCDE's 2025-27 biennium priorities and budget are strategically aligned to ensure continued quality, growth, and equitable access to virtual education across North Dakota. Our major priorities for next biennium are as follows, and you'll see in a later slide that our budget priorities align:

- o **Equitable Access:** NDCDE is committed to ensuring that every student, regardless of socioeconomic status or geographic location, has access to high-quality education. Our strategic plan focuses on expanding partnerships like the one with Home on the Range, which provides portable education solutions for children in foster care or residential placements. These students often require flexibility and personalized support to maintain academic continuity during periods of transition. We are also exploring opportunities to serve students who have been barred from attending traditional schools due to disciplinary issues. By providing them with a structured yet flexible virtual learning environment, we can help them continue their education and work toward successful reintegration into the traditional school system or alternative pathways like graduation through NDCDE. These initiatives are critical to ensuring that all students, including those in the most challenging circumstances, have access to the educational resources they need to succeed.
- o **Accountability:** NDCDE is advancing CBE by focusing on student mastery of standards rather than seat time. This approach emphasizes accountability and ensures that learning outcomes are clearly defined and measurable. To support this transition, we continue to strengthen instructional design, teacher training, and student data reporting systems. These enhancements ensure assessment

accuracy, continuous quality improvement, and the delivery of actionable insights to educators and families. As part of accountability efforts, NDCDE also aims to bridge a connection to the state student reporting system, enabling us to draw correlations between learning at NDCDE and state assessment results. This integration will provide valuable data to evaluate the effectiveness of our programs and demonstrate their alignment with statewide educational goals. Additionally, we are working to improve our e-commerce platform to streamline enrollment processes for families and schools, making access to education more seamless. All these improvements require significant investments of time by our administrative team, which is a key reason why we seek an equity package to retain this dynamic team.

- **Curriculum Expansion:** NDCDE has expanded its curriculum to align with state priorities and better meet the needs of students and schools. This includes the successful launch of the first course in the Military Preparation Program and cybersecurity courses, both of which address critical workforce needs and provide students with valuable skills. Approximately 17% of underperforming courses have been phased out, allowing us to focus on developing and customizing new content that aligns with state standards and incorporates authentic assessments. Additional instructional staffing paid through our special spending authority will enable ongoing curriculum development while targeted funding for the Military Preparation Program will allow us to fully develop and deploy it while waiving tuition for students interested in enrolling. We are also advancing courses in areas such as technology, restorative justice, and innovative approaches to teaching core subjects. These efforts are complemented by enhanced student support systems, including automated tutoring and predictive analytics, ensuring that students receive the personalized assistance they need to succeed in an effort to improve pass rates.

Slide 25: Shown on the screen are several bills that, if passed, will directly impact NDCDE.

We worked closely with members of the House Education Committee and school stakeholders to shape reasonable amendments to HB 1105. This bill allows schools to adopt local policies on virtual education—helping them manage virtual enrollments more efficiently while ensuring that public funds are used responsibly. It includes provisions such as requiring students to complete any necessary prerequisites before enrolling in an online course and allows schools to set policies for when families are responsible for the cost of retaking a virtual course. NDCDE testified in support of these amendments earlier today.

HB 1269 is another important bill. It allows NDCDE to purchase curriculum and educational technology that integrates with our unique learning environment without the delay of submitting an alternative procurement request each time. It also waives the state forms requirement, as our learning management system cannot conform to NDIT's current state forms rules. This bill has the support of both NDIT and the state procurement office and will help streamline our operations and improve efficiency.

HB 1404 adds our new Military Preparation Program to the list of qualifying options under the state scholarship criteria, aligning it with the Choice Ready Framework where the program is already recognized.

Perhaps the biggest variable remaining is the outcome of the voucher legislation. Amendments are currently being considered that would allow families to apply vouchers toward NDCDE courses. This is especially critical for our diploma program students—self-pay homeschool families who may spend up to $2,500 per year to complete their coursework. Last year alone, 40 students dropped out of the program due to cost.

Originally, we included a $200,000 request in our budget to waive tuition for these students. However, once it became clear that multiple voucher bills would be introduced, we withdrew that request in hopes that support for these families could instead be provided through this legislation. We continue to seek avenues to help our diploma program students with tuition costs.

Slide 26: Our 2025–27 budget request is centered around four carefully designed decision packages. Each one targets a critical area to help NDCDE continue growing responsibly while enhancing quality and access. These aren't just budget items—they're strategic investments that reflect where we are today and where we're going as a statewide provider of virtual education.

Decision Package 1: Increased Spending Authority ($2.27 million, Special Funds): This package recognizes our dramatic enrollment growth and the rising demand for high-quality virtual learning. It allows us to sustain and expand our operations using tuition-generated revenue. Here's what it includes:

- **Adjunct Staffing and Temporary Salaries:** With over 30,000 enrollments anticipated, adjunct instructors are key to maintaining personalized instruction and manageable workloads for our full-time staff. We also plan to retain and grow the full-time temporary support staff brought on during the 2023–25 biennium to keep pace with demand.
- **Technology Upgrades:** We're investing in adaptive technologies and software tools—including AI-supported systems—to strengthen academic integrity and support customized, student-centered learning.
- **Curricular Licensing and Credit Card Fees:** We use tuition revenue to cover per-student licensing fees for digital curriculum and to pay operational costs such as merchant fees on credit card transactions.
- **Department Head Stipends:** We plan to issue stipends to experienced teachers serving as department heads. These leaders mentor adjuncts, review courses for quality, and lead professional learning communities that keep instruction strong.
- **CTE Grant Spending Authority:** We recently received a grant from DPI to strengthen our career and technical education pathways. This includes new, industry-recognized certifications in areas ranging from technology to agriculture. We're asking to add that grant to our spending authority as it will take effect during the next biennium.

Decision Package 2: Additional Full-Time Equivalents (1.2 FTEs, $225,000 General Funds): This package addresses the staffing needs driven by our growth. We're proposing the conversion of one full-time temporary role into a permanent position and the expansion of a current 0.8 FTE to a full 1.0 FTE. Specifically:

- **Curriculum Support Specialist:** This role supports alignment with North Dakota standards and helps advance our shift toward competency-based education.
- **IT Oversight Role:** Expanding this part-time position will provide stronger supervision over our growing IT infrastructure—critical to our ability to scale without compromising performance.

These staffing changes are necessary to maintain quality as we grow. As I mentioned earlier, we originally requested 2.2 FTEs to reflect more than 50% growth in services during the biennium. This revised request reflects our need to also incorporate an equity package in our budget.

Decision Package 3: Tuition Waivers and Program Expansion ($192,000 General Funds)

This package supports the expansion of our *Military Preparation Program*—a comprehensive, in-house initiative. The funding will help cover both the internal cost of developing the five-course program and tuition waivers for up to 100 students, totaling around 500 enrollments. This ensures that the program remains accessible to students who are considering military careers but may not have the resources to pay out of pocket.

Decision Package 4: Equity Package ($375,000 plus benefits)

As we've shown throughout this presentation, NDCDE's growth has been nothing short of transformational: a 51% enrollment increase from FY 2023 to FY 2024, and another 60% increase from FY 2024 to FY 2025—figures that are still climbing.

Managing this growth has required significant administrative oversight, yet we haven't expanded our administrative team. Instead, we've made the conscious decision to prioritize students by directing tuition revenue toward instruction. In the meantime, our administrators have taken on dramatically increased responsibilities and hours to keep the organization running smoothly—and to lead the many new initiatives that have benefited students statewide.

For that reason, we are requesting one major addition to our budget: an equity package for the administrative team totaling $375,000 plus benefits. We believe this is a necessary and well-justified investment in the people who are making this growth and success possible.

Slides 27-28: To further support our request for an administrative equity increase, I've included comparative data on the next few slides. First, consider the scale of NDCDE's operations: with 30,500 course enrollments this biennium, we are serving the equivalent of approximately 4,553 North Dakota students per year—and that number continues to grow. This makes NDCDE the seventh largest public school in the state, just behind Williston. On the screen, you'll see the budgets of comparable school districts alongside NDCDE's spending. While we don't maintain physical infrastructure like traditional schools, we are educating more students than Mandan—and doing so on just 11% of their budget, based on our expenditures to date, with four months still remaining in the biennium. This level of efficiency is only possible because of the extraordinary efforts of our administrative team. They have absorbed the demands of a rapidly growing virtual school without expanding staff, taking on increased workloads, extended hours, and additional responsibilities to ensure smooth operations and high-quality student experiences. The return on this investment speaks for itself—but continued success at this scale requires that we recognize and retain the people who are making it happen.

Retention is a growing concern when we compare the compensation of NDCDE's administrative team to that of administrators in North Dakota's seven largest school districts. Our team's salaries trail those of their peers by at least $40,000, despite the fact that their responsibilities are wide-ranging and demanding.

This team is not only supporting a large and growing student body—they're also managing teacher onboarding and supervision, working directly with families and schools, responding to increasing stakeholder demands, running a state agency, maintaining compliance with state approval and accreditation requirements, and leading major initiatives like CBE implementation and the Military Preparation Program.

These responsibilities require significant time and dedication. Most of the administrative team consistently works 50-hour weeks or more, not because they're asked to, but because they're committed to doing what it takes to keep NDCDE running at the highest level.

Without some form of recognition—particularly as growth accelerates—retaining this talent will become more difficult. The reality is that district positions with significantly higher pay will become increasingly attractive, and we risk losing the very team that has driven our success.

It's worth noting that while our teacher salaries are above the state average—thanks to our decision to prioritize them in our last equity increase—we have not yet had the opportunity to make similar adjustments for administration. This request is an important step toward addressing that imbalance.

Slide 29: This brings us to the budget long sheet, which is included in your packets. I've circled the key items that relate directly to our equity request. As noted earlier, our FTE request remains aligned with the Governor's recommendation of 1.2, despite NDCDE experiencing more than 50% growth in just one biennium. This demonstrates our continued commitment to measured and responsible staffing, even as demand for our services accelerates. Second, the general fund allocation originally recommended by the Governor was $280,000, but at the request of the House, we scaled that back to $192,000 to identify internal cost savings in support of equity. To achieve this, we removed nearly $100,000 that had been intended to support administrative work on our Military Preparation Program, hoping those dollars could instead be redirected toward an equity package. Despite this concession, the House did not approve the equity request. We are still advocating for it here today because the need has only grown—alongside our enrollments, responsibilities, and the demands on our administrative team. Finally, you'll also see a request to increase our special funds spending authority by $250,000 to accommodate a new DPI grant awarded for CTE course expansion, which begins next biennium.

Each of these adjustments reflects NDCDE's commitment to working collaboratively through the budget process while continuing to advocate for the resources required to sustain growth and uphold the quality North Dakota families and schools expect from us.

Closing

Thank you for the opportunity to present today. As shown, NDCDE is requesting $15.67 million for the 2025–27 biennium, with $6.77 million—over 40%—generated from tuition revenue. Our requested increase of $1.83 million in state general funds reflects targeted, essential investments: a small but important FTE adjustment to convert part-time and temporary roles to permanent, full-time positions; and dedicated funding to build and offer tuition waivers for our in-house Military Preparation Program—a critical initiative supporting student readiness and workforce development. We are also seeking a $375,000 equity package (plus benefits) for our

administrative team, who have managed over 50% enrollment growth, led statewide initiatives, and maintained high-quality service to over 305 schools and more than 30,000 enrollments.

These strategic investments will allow NDCDE to remain responsive, efficient, and student-focused—ensuring that North Dakota students have access to high-quality virtual education wherever they live. A further affirmation of this quality is demonstrated through the parent and student testimonials included in the NDCDE budget packet.

Thank you for your time and continued support. We are proud to serve the state and look forward to working with you in the biennium ahead.