

**STATE SCHOOL AID, OTHER GRANTS, AND DEPARTMENT OF PUBLIC INSTRUCTION ADMINISTRATION
COMPARISON OF 2003-05 EXECUTIVE BUDGET TO 2001-03 APPROPRIATION AND ESTIMATED EXPENDITURES**

| | 2001-03 Appropriation \1 | 2001-03 Estimated Expenditures \2 | 2003-05 Executive Budget | 2003-05 Executive Budget Increase (Decrease) Compared to 2001-03 Estimated Expenditures | 2003-05 Executive Budget Increase (Decrease) Compared to 2001-03 Appropriation |
|---|-----------------------------|---|--------------------------------|---|---|
| State school aid | | | | | |
| Statutory per student payments | \$522,264,541 | \$521,908,813 | \$534,667,340 | \$12,758,527 | \$12,402,799 |
| Less mill deduct (32 mills) and excess fund balance deduct | 84,942,893 | 84,775,142 | 92,460,350 | 7,685,208 | 7,517,457 |
| General fund per student payments | \$437,321,648 | \$437,133,671 | \$442,206,990 | \$5,073,319 | \$4,885,342 |
| Limited English proficient student payments | 650,000 | 586,765 | 650,000 | 63,235 | |
| Transportation payments | 36,000,000 | 34,972,560 | 35,200,000 | 227,440 | (800,000) |
| Total state school aid regular distributions - General fund | \$473,971,648 | \$472,692,996 | \$478,056,990 | \$5,363,994 | \$4,085,342 |
| State school aid contingent distributions | | 1,278,652 \3 | | (1,278,652) | |
| Total state school aid - General fund | \$473,971,648 | \$473,971,648 \4 | \$478,056,990 | \$4,085,342 | \$4,085,342 |
| Other grants - General fund | | | | | |
| Teacher compensation payments | \$35,036,000 | \$34,790,970 | \$66,277,000 \6 | \$31,486,030 | \$31,241,000 |
| Teacher compensation contingent distributions | | 245,030 \5 | | (245,030) | |
| Special education | 49,898,695 | 49,898,695 \4 | 49,898,695 | | |
| Revenue supplemental payments | 2,200,000 | 2,200,000 | 3,200,000 | 1,000,000 | 1,000,000 |
| Reorganization and joint powers incentives | 1,665,000 | 1,314,000 | 1,000,000 \7 | (314,000) | (665,000) |
| Hold harmless payments | | | 1,200,000 \8 | 1,200,000 | 1,200,000 |
| Teacher center network | 220,000 | 217,690 | 220,000 | 2,310 | |
| School food services | 1,080,000 | 1,080,000 | 1,080,000 | | |
| Adult education grants | 900,000 | 900,000 | 900,000 | | |
| LEAD Consortium | 215,000 | 212,742 | 215,000 | 2,258 | |
| Governor's school | 205,000 | 205,000 | 225,000 | 20,000 | 20,000 |
| Geographic education | 100,000 | 100,000 | \9 | (100,000) | (100,000) |
| National board certification | 41,500 | 23,000 | \9 | (23,000) | (41,500) |
| FINDET | 33,117 | 32,770 | 33,117 | 347 | |
| Total other grants - General fund | \$91,594,312 | \$91,219,897 | \$124,248,812 | \$33,028,915 | \$32,654,500 |
| Total state school aid and other grants - General fund | \$565,565,960 | \$565,191,545 | \$602,305,802 | \$37,114,257 | \$36,739,842 |
| Other grants - Other funds | | | | | |
| Federal grants | \$146,527,146 | \$151,956,058 | \$178,989,127 | \$27,033,069 | \$32,461,981 |
| State tuition fund | 67,239,025 | 67,239,025 | 69,495,371 | 2,256,346 | 2,256,346 |
| Displaced homemaker program | 240,000 | 240,000 | 240,000 | | |
| Total other grants - Other funds | \$214,006,171 | \$219,435,083 | \$248,724,498 | \$29,289,415 | \$34,718,327 |
| Total other grants - All funds | \$305,600,483 | \$310,654,980 | \$372,973,310 | \$62,318,330 | \$67,372,827 |
| Total state school aid and other grants - All funds | \$779,572,131 | \$784,626,628 | \$851,030,300 | \$66,403,672 | \$71,458,169 |

| | 2001-03 Appropriation \1 | 2001-03 Estimated Expenditures \2 | 2003-05 Executive Budget | 2003-05 Executive Budget Increase (Decrease) Compared to 2001-03 Estimated Expenditures | 2003-05 Executive Budget Increase (Decrease) Compared to 2001-03 Appropriation |
|--|-----------------------------|---|--------------------------------|---|---|
| Agency administration (excluding Division of Independent Study) | | | | | |
| Administration (salaries, operating, equipment) - General fund | \$6,197,694 | \$6,069,230 | \$5,859,233 | (\$209,997) | (\$338,461) |
| Administration (salaries, operating, equipment) - Other funds | 18,767,388 | 18,822,226 | 17,256,144 | (1,566,082) | (1,511,244) |
| Total agency administration - All funds | <u>\$24,965,082</u> | <u>\$24,891,456</u> | <u>\$23,115,377</u> | <u>(\$1,776,079)</u> | <u>(\$1,849,705)</u> |
| Total Department of Public Instruction - All funds | \$804,537,213 | \$809,518,084 | \$874,145,677 | \$64,627,593 | \$69,608,464 |
| General fund | \$571,763,654 | \$571,260,775 | \$608,165,035 | \$36,904,260 | \$36,401,381 |
| Other funds | 232,773,559 | 238,257,309 | 265,980,642 | 27,723,333 | 33,207,083 |
| Total | <u><u>\$804,537,213</u></u> | <u><u>\$809,518,084</u></u> | <u><u>\$874,145,677</u></u> | <u><u>\$64,627,593</u></u> | <u><u>\$69,608,464</u></u> |
| FTE | 95.25 | 95.25 | 93.25 | (2.00) | (2.00) |

\1 2001-03 appropriation - The 2001-03 appropriation amounts include \$125,714, of which \$43,860 is from the general fund, for the agency's share of the \$5 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees.

The 2001-03 appropriation amounts do not include a reduction of \$6,003,518 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. Pursuant to Article X, Section 24, of the Constitution of North Dakota, the portion of the budget allotment relating to state school aid and special education payments, \$5,500,639, was restored from the foundation aid stabilization fund. In addition, the 2001-03 appropriation amounts do not include additional other funds spending authority of \$5,483,750 authorized by the Emergency Commission through March 2002.

\2 2001-03 estimated expenditures - The amounts shown have been adjusted to reflect:

A reduction of \$6,003,518 relating to the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002. Due to the budget allotment, the general fund support for state school aid and special education payments was reduced by \$5,500,639; however, the funding was replaced with money available in the foundation aid stabilization fund pursuant to Article X, Section 24, of the Constitution of North Dakota and is reflected as general fund expenditures on this schedule for comparative purposes. An additional \$5,483,750 of other funds spending authority for salaries and wages, operating expenses, and other grants authorized by the Emergency Commission through March 2002.

\3 Contingent state school aid distributions - House Bill No. 1344 (2001) provides that if any of the funds appropriated by the 2001 Legislative Assembly for per student state school aid and transportation aid remain unspent after all statutory obligations have been met, the remaining funds shall be distributed as follows:

1. The first \$2 million as payments for declining enrollment experienced during the period 1997-98 to 2000-01.
2. The second \$2 million as "hold harmless" payments to districts that receive less during the 2001-03 biennium in state aid and teacher compensation payments than they would have received if the amount appropriated for teacher compensation payments had been added to the state aid appropriation.
3. Any remaining amount as additional per student payments.

\4 State school aid and special education - The estimated total state school aid and special education payments for the 2001-03 biennium are \$523,870,343, of which approximately \$5,500,639 will be paid from the foundation aid stabilization fund. The general fund support for state school aid and special education payments was reduced by \$5,500,639 through the 1.05 percent budget allotment ordered by Governor Hoeven in July 2002; however, the funding was replaced with money available in the foundation aid stabilization fund pursuant to Article X, Section 24, of the Constitution of North Dakota.

- \5 Teacher compensation contingent distributions - House Bill No. 1344 (2001) provides that any end-of-biennium undistributed balance in the teacher compensation payments appropriation will be distributed as additional per student payments.
- \6 Teacher compensation payments - The executive budget recommendation includes \$66,277,000 from the general fund for teacher compensation payments to school districts. The funding continues funding for teacher compensation payments provided by the 2001 Legislative Assembly and provides funding for an additional \$500 per teacher in the first year of the 2003-05 biennium and an additional \$1,000 per teacher in the second year of the biennium.
- \7 Reorganization and joint incentives - The executive budget recommendation includes funding of \$1 million from the general fund for reorganization bonus payments (\$500,000) and state cost-sharing assistance for school districts entering into joint powers agreements (\$500,000).
- \8 Hold harmless payments - The executive budget recommendation includes \$1,200,000 from the general fund for hold harmless payments to school districts. The payments will be based on what school districts would have received if teacher payments for the 2003-05 biennium remained constant at \$3,000 per teacher, and funding recommended for teacher payment increases was used to increase state school aid per student payments.
- \9 Geographic education and national board certification - The executive budget recommendation does not include funding for the geographic education program or national board certification because professional development funds are available for school districts under the No Child Left Behind Act.