Department of Career and Technical Education
Budget No. 270
House Bill No. 1019

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	**52.30**	**$40,064,988**	**$14,703,121**	**$54,768,109**
2019-21 base budget	24.50	29,306,283	9,616,666	38,922,949
Legislative increase (decrease) to base budget	27.80	$10,758,705	$5,086,455	$15,845,160

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	**$40,064,988**	**$0**	**$40,064,988**
2017-19 legislative appropriations	29,306,283	250,000	29,556,283
2019-21 legislative increase (decrease) to 2017-19 appropriations	$10,758,705	($250,000)	$10,508,705
Percentage increase (decrease) to 2017-19 appropriations	36.7%	(100.0%)	35.6%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		($3,782)	$36,455	$32,673
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of $120 and a maximum monthly increase of $200, and 2.5 percent on July 1, 2020.		290,199		290,199
Added funding for employee health insurance premiums to reflect a revised premium estimate of $1,426.74 per month.		232,027		232,027
Removed 1 FTE assistant program supervisor position.	(1.00)	(159,737)		(159,737)
Added 28.80 FTE and related operating expenses for the Center for Distance Education (CDE) transferred from the Information Technology Department (ITD), including $102,759 from the general fund for new CDE enrollments.	28.80	6,018,816	3,050,000	9,068,816
Added funding for anticipated federal funds increases.			2,000,000	2,000,000
Added funding for grants to school districts and area centers.		2,427,000		2,427,000

Reduced funding for part-time adult postsecondary grants ($40,000) and science, technology, engineering, and mathematics infusion grants ($180,000).		(220,000)		(220,000)
Reduced funding for postsecondary grants to provide a total of $256,982.		(25,818)		(25,818)
Reduced funding for adult farm management grants to provide a total of $1,894,249.		(250,000)		(250,000)
Added funding for the Marketplace for Kids program.		300,000		300,000
Added funding for new and expanding secondary programs.		1,150,000		1,150,000
Added funding for cost to continue to maintain current reimbursement rates for the department's center expenditures, including instructor salaries and supplies.		1,000,000		1,000,000
Total	27.80	$10,758,705	$5,086,455	$15,845,160

FTE Changes

The Legislative Assembly approved 52.30 FTE positions for the Department of Career and Technical Education for the 2019-21 biennium, an increase of 27.80 FTE positions from the 2017-19 biennium. The Legislative Assembly removed 1 FTE assistant program supervisor position and added 28.80 FTE CDE positions as a result of the transfer of CDE from ITD.

Center for Distance Education

The Legislative Assembly approved the transfer of CDE from ITD to the Department of Career and Technical Education as follows:

Center for Distance Education	FTE	General Fund	Independent Study Operating Fund	Total
2019-21 Biennium - Department of Career and Technical Education				
Salaries and wages	28.80	$5,978,429	$0	$5,978,429
Operating expenses		322,759	3,050,000	3,372,759
Subtotal	28.80	$6,301,188	$3,050,000	$9,351,188
2017-19 Biennium - ITD				
Salaries and wages	29.80	$5,808,366	$0	$5,808,366
Operating expenses		220,750	3,050,000	3,270,750
Subtotal	29.80	$6,029,116	$3,050,000	$9,079,116
Change from 2017-19 Biennium to 2019-21 Biennium				
Salaries and wages increase (decrease)	(1.00)	$170,063	$0	$170,063
Operating expenses increase (decrease)		102,009	0	102,009
Total increase (decrease)	(1.00)	$272,072	$0	$272,072

Statutory changes to transfer CDE from the Educational Technology Council in ITD to the Department of Career and Technical Education are provided in Senate Bill No. 2216.

CDE new enrollments and fee structure - Section 3 of House Bill No. 1019 identifies $6,301,188 of the $9,351,188 appropriated to the Department of Career and Technical Education for CDE is from the general fund and of this general fund appropriation, $102,759 may only be used for new enrollments during the 2019-21 biennium. The section provides legislative intent that CDE develop a fee structure during the 2019-20 interim to become self-sustaining beginning in the 2021-23 biennium. The department is required to report to the Appropriations Committees of the 67th Legislative Assembly regarding the development of the new CDE fee structure.

Line Item Transfers

The Legislative Assembly approved several transfers between line items in the Department of Career and Technical Education budget for the 2019-21 biennium, including establishing a new grants - secondary line item for grants related to secondary education. The following is a summary of the transfers approved by the Legislative Assembly:

Line Item Before Transfer	Line Item After Transfer	General Fund	Federal Funds	Total
Grants - postsecondary	Operating expenses	$42,207		$42,207
Grants	Operating expenses	100,000	$575,000	675,000
Grants	Grants - secondary	20,010,780		20,010,780
Grants	Grants - postsecondary	28,800		28,800
Grants	Adult farm management	1,564,427		1,564,427
Total transfers between line items		$21,746,214	$575,000	$22,321,214

Foundation Aid Stabilization Fund

During the November 2016 general election, Constitutional Measure No. 2 was approved by North Dakota voters, amending Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to use any excess principal balance of the foundation aid stabilization fund for education-related purposes whenever the balance exceeds 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium.

The 2017 Legislative Assembly, in Senate Bill No. 2272 and House Bill No. 1155, amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriations to the Department of Career and Technical Education for grants to school districts due to an allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

As a result of the line item transfers authorized by the 2019 Legislative Assembly, the general fund appropriation for career and technical education grants to school districts and area centers in the Department of Career and Technical Education is included in two line items: the grants - secondary line item and the Marketplace for Kids line item. The total of these line items for the 2019-21 biennium is $24,887,780. Of this amount, $3,733,167, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2021-23 biennium.

The total 2017-19 biennium general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers was $20,380,020, resulting in $3,057,003, or 15 percent, to be included in the foundation aid stabilization fund required reserve for the 2019-21 biennium.

Marketplace for Kids

The 2019 Legislative Assembly provided a $300,000 ongoing general fund appropriation to the Department of Career and Technical Education for the Marketplace for Kids program in a separate Marketplace for Kids line item for the 2019-21 biennium. The 2017 Legislative Assembly provided a one-time appropriation of $300,000 for the program for the 2017-19 biennium, of which $250,000 was from the general fund and $50,000 was from the foundation aid stabilization fund. Prior to the 2017-19 biennium, the department was provided a $300,000 ongoing general fund appropriation for the program.

Related Legislation

Senate Bill No. 2215 - Kindergarten Through Grade Twelve Education Coordination Council - The bill repeals Sections 54-59-17 and 54-59-18 related to the Educational Technology Council and creates a Kindergarten Through Grade Twelve Education Coordination Council, which will be supervised by the State Board of Public School Education. A representative appointed by the State Board for Career and Technical Education previously served as a member of the Educational Technology Council. The President of the board is now a member of the Kindergarten Through Grade Twelve Education Coordination Council.

Senate Bill No. 2216 - Center for Distance Education - This bill changes the supervision of CDE from the Educational Technology Council to the Department of Career and Technical Education and allows the Department of Career and Technical Education to establish a scholarship fund for distance education rather than the Educational Technology Council. The bill also removes the authority of the Educational Technology Council to establish an administrative operating fund.