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

Executive Budget Comparison to Prior Biennium Appropriations

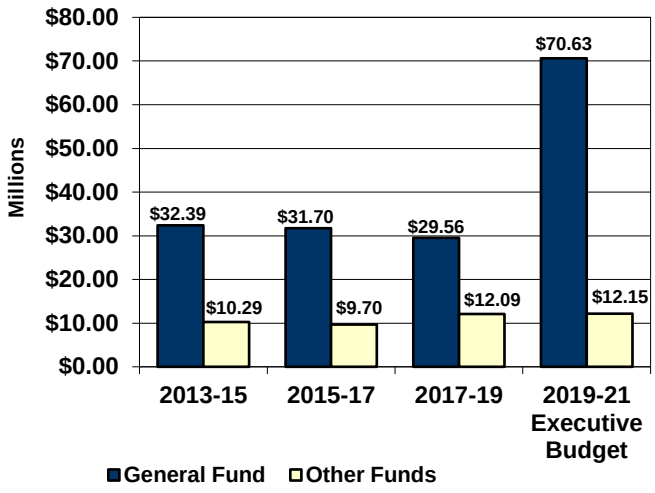
	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	53.80	$70,630,514	$12,145,373	$82,775,887
2017-19 Legislative Appropriations[1]	24.50	29,556,283	12,093,666	41,649,949
Increase (Decrease)	29.30	$41,074,231	$51,707	$41,125,938

[1]The 2017-19 biennium agency appropriation amounts have not been adjusted for additional federal funds authority of $478,156 resulting from Emergency Commission action during the 2017-19 biennium.

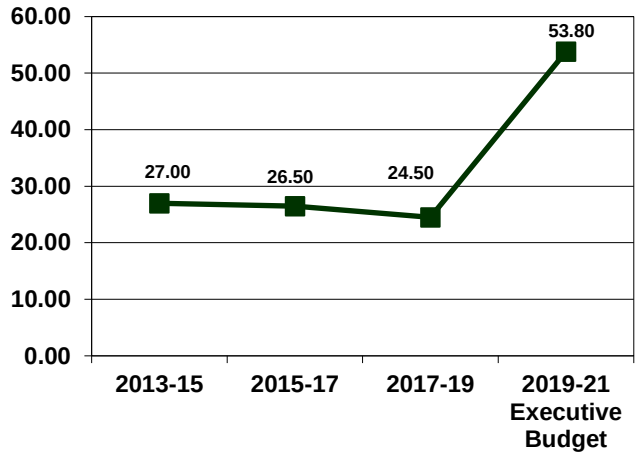
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	$40,630,514	$30,000,000	$70,630,514
2017-19 Legislative Appropriations	29,306,283	250,000	29,556,283
Increase (Decrease)	$11,324,231	$29,750,000	$41,074,231

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	$70,630,514	$12,145,373	$82,775,887
2019-21 Base Level	29,306,283	9,616,666	38,922,949
Increase (Decrease)	$41,324,231	$2,528,707	$43,852,938

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which $407,262 is for salary increases, $204,058 is for health insurance increases, and $33,502 is for retirement contribution increases	$644,821	$1	$644,822
2. Removes 1 FTE assistant program supervisor position	($159,737)	$0	($159,737)
3. Transfers 29.80 FTE Center for Distance Education positions from the Information Technology Department	$8,171,203	$0	$8,171,203
4. Transfers 0.50 FTE Educational Technology Council administrative assistant II position from the Information Technology Department	$76,556	$0	$76,556

5. Adds funding for the Educational Technology Council, including operating expenses ($103,566), capital assets ($500,000), and grants ($85,000)	$188,566	$500,000	$688,566
6. Reduces funding for department expenses, including operating expenses ($7,749), grants ($220,000), postsecondary grants ($25,818), and adult farm management grants ($350,007)	($595,825)	($7,749)	($603,574)
7. Adds funding for anticipated federal funds increases, including operating expenses ($400,000) and grants ($1.6 million)	$0	$2,000,000	$2,000,000
8. Adds funding for grants to school districts and area centers to provide a total of $28,950,988, of which $23,246,580 is from the general fund and $5,704,408 is from federal funds	$2,477,000	$0	$2,477,000
9. Increases funding for workforce training grants to provide a total of $2,525,429 from the general fund	$525,429	$0	$525,429
10. Adds **one-time funding** for competitive workforce development grants to build career academies	$30,000,000	$0	$30,000,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Workforce development grants for career academies - Section 3 would identify $30 million of one-time funding from the general fund to the Department of Career and Technical Education for the purpose of providing competitive workforce development grants to build career academies for the 2019-21 biennium. A committee consisting of the leaders or designees of the Department of Career and Technical Education, Department of Commerce, Job Service North Dakota, and Department of Public Instruction would develop a competitive process in consultation with the Workforce Development Council, Economic Development Foundation, and the Career and Technical Education Board, to distribute the funds with a required 1-to-1 match from private sector or political subdivision funds.

Line item transfers - Section 4 would authorize the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Department of Career and Technical Education during the 2019-21 biennium.

Educational Technology Council - Meetings - Compensation - Section 5 would create and enact North Dakota Century Code Section 15-20.1-26, related to the meetings and compensation of the Educational Technology Council, which is currently codified as Section 54-59-17.

Educational Technology Council - Powers and duties - Section 6 would create and enact Section 15-20.1-27, related to the powers and duties of the Educational Technology Council, which is currently codified as Section 54-59-18.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

The operational audit for the Department of Career and Technical Education conducted by the State Auditor's office for the period ending June 30, 2017 revealed the following significant audit findings:

- The department coded expenditures to incorrect appropriation lines and accounts in the state's accounting system.
- Of the $100,000 appropriated by the 2015 Legislative Assembly from the general fund to the department for a science, technology , engineering, and mathematics initiative, $51,408 was spent by the department during the 2015-17 biennium. The remaining $48,592 was awarded to school districts as additional grant payments instead of returning this funding to the general fund;
- The department made improper payments for salary, travel, and miscellaneous expenditures due to using incorrect reimbursement rates and from unsupported reimbursement requests from school districts;
- The department has not completed a review of access privileges to deactivate login IDs not being used within the budget and reimbursement process (BRP) system; and
- There have been no reconciliations of the state's accounting system to the budget and the BRP system since the BRP system was implemented during the 2014-15 school year.

Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

Career and Technical Education - Budget No. 270
House Bill No. 1019
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	24.50	$29,306,283	$9,616,666	$38,922,949
2019-21 Ongoing Funding Changes				
Base payroll changes		($3,782)	$36,455	$32,673
Salary increase		407,261	1	407,262
Health insurance increase		204,058		204,058
Retirement contribution increase		33,502		33,502
Removes 1 FTE assistant program supervisor position	(1.00)	(159,737)		(159,737)
Transfers 29.80 FTE CDE positions from ITD	29.80	8,171,203		8,171,203
Transfers 0.50 FTE ETC positions from ITD	0.50	76,556		76,556
Adds funding for the Educational Technology Council		188,566	500,000	688,566
Reduces funding for operating expenses			(7,749)	(7,749)
Adds funding for anticipated federal funds increases			2,000,000	2,000,000
Adds funding for grants to school districts and area centers		2,477,000		2,477,000
Reduces funding for other grants		(220,000)		(220,000)
Reduces funding for postsecondary grants		(25,818)		(25,818)
Reduces funding for adult farm management grants		(350,007)		(350,007)
Adds funding for workforce training grants		525,429		525,429
Total ongoing funding changes	29.30	$11,324,231	$2,528,707	$13,852,938
One-time funding items				
Adds funding for workforce development grants		$30,000,000		$30,000,000
Total one-time funding changes	0.00	$30,000,000	$0	$30,000,000
Total Changes to Base Level Funding	29.30	$41,324,231	$2,528,707	$43,852,938
2019-21 Total Funding	53.80	$70,630,514	$12,145,373	$82,775,887

Other Sections for Career and Technical Education - Budget No. 270

	Executive Budget Recommendation
Workforce development grants for career academies	Section 3 would identify $30 million of one-time funding from the general fund to the Department of Career and Technical Education for the purpose of providing competitive workforce development grants to build career academies for the 2019-21 biennium. A committee consisting of the leaders or designees of the Department of Career and Technical Education, Department of Commerce, Job Service North Dakota, and Department of Public Instruction would develop a competitive process in consultation with the Workforce Development Council, Economic Development Foundation, and the Career and Technical Education Board, to distribute the funds with a required 1-to-1 match from private sector or political subdivision funds.
Line item transfers	Section 4 would authorize the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Department of Career and Technical Education during the 2019-21 biennium.

Other Sections for Career and Technical Education - Budget No. 270

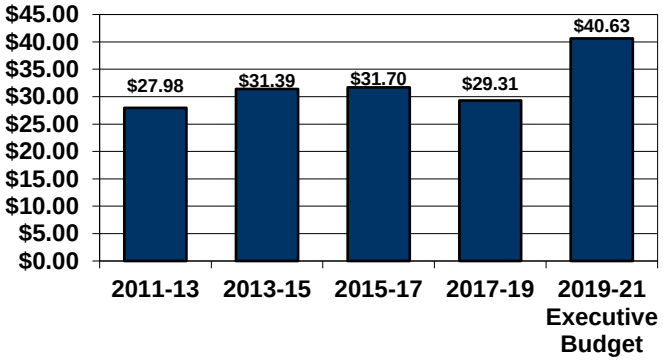
	Executive Budget Recommendation
Educational Technology Council - Meetings - Compensation	Section 5 would create and enact North Dakota Century Code Section 15-20.1-26, related to the meetings and compensation of the Educational Technology Council, which is currently codified as Section 54-59-17.
Educational Technology Council - Powers and duties	Section 6 would create and enact Section 15-20.1-27, related to the powers and duties of the Educational Technology Council, which is currently codified as Section 54-59-18.

Department 270 - Department of Career and Technical Education

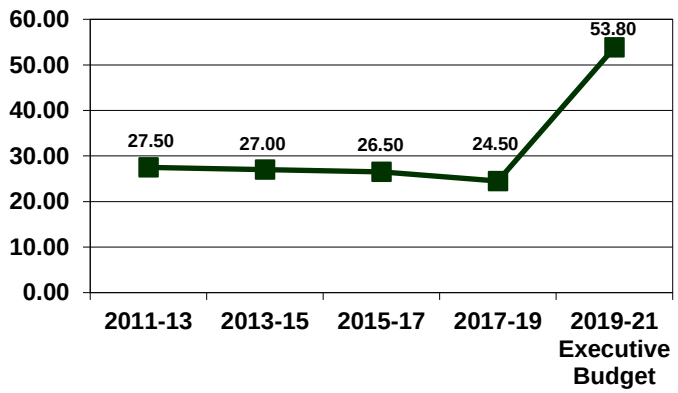
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	$27,981,679	$31,392,916	$31,698,298	$29,306,283	$40,630,514
Increase (decrease) from previous biennium	N/A	$3,411,237	$305,382	($2,392,015)	$11,324,231
Percentage increase (decrease) from previous biennium	N/A	12.2%	1.0%	(7.5%)	38.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	12.2%	13.3%	4.7%	45.2%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

1. Provided funding to continue current reimbursement rates	$500,000
2. Provided funding for new and expanded programs, to expand online and interactive video delivery of programs, to develop a pilot program to interactively deliver a career and technical education program, and to develop a 14-school emerging technology consortium to reduce costs	$1,205,000
3. Provided funding for science, technology, engineering, and mathematics (STEM) programs	$150,000
4. Provided funding for the STEM network	$300,000

2015-17 Biennium

1. Added funding to continue Cass County Area Technology Center	$500,000
2. Added funding to increase reimbursement rates and for secondary and postsecondary career and technical eduation programs	$700,000
3. Added funding for new and expanding programs to increase course offerings	$700,000
4. Reduced funding for grants, including STEM program grants ($160,000), STEM network ($140,000), and other grant adjustments ($10,436)	($310,436)
5. Added funding for a STEM advancement initiative	$93,450

2017-19 Biennium

1. Removed 1 FTE assistant program supervisor position and related funding of $157,200 and 1 FTE program coordinator position (funding of $171,382 from the general fund for this position was removed as part of the August 2016 budget reductions)	($157,200)
2. Restored salaries and wages funding from the general fund removed as part of the August 2016 budget reductions	168,618
3. Adjusted funding for postsecondary grants, including a $290,500 transfer from the postsecondary grants line item to the grants line item for STEM grants related to K-12 education	($364,906)
4. Adjusted funding for adult farm management grants	($80,616)

5. Adjusted funding for workforce training grants to provide total funding of $2 million from the general fund	($803,500)
6. Adjusted funding for state-funded grants, including a $290,500 transfer from the postsecondary grants line item to the grants line item for STEM grants related to K-12 education	($883,934)
7. Removed ongoing funding for the Marketplace for Kids program. (Funding of $300,000 was added as a one-time appropriation, of which $250,000 was from the general fund and $50,000 was from the foundation aid stabilization fund.)	($250,000)

2019-21 Biennium (Executive Budget Recommendation)

1. Removes 1 FTE assistant program supervisor position	($159,737)
2. Transfers 29.80 FTE Center for Distance Education positions from the Information Technology Department	$8,171,203
3. Transfers 0.50 FTE Educational Technology Council administrative assistant II position from the Information Technology Department	$76,556
4. Adds funding for grants to school districts and area centers to provide total ongoing funding from the general fund of $23,246,580	$2,477,000
5. Adds funding for workforce training grants	$525,429

GOVERNOR'S RECOMMENDATION FOR THE DEPARTMENT OF CAREER AND TECHNICAL EDUCATION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

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 state board for career and technical education for the purpose of defraying the expenses of the state board for career and technical education, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$4,699,975	$6,291,927	$10,991,902
Operating Expenses	1,240,589	2,969,407	4,209,996
Capital Assets	-	500,000	500,000
Grants	30,106,356	34,642,000	64,748,356
Grants-Postsecondary	296,207	(25,818)	270,389
Adult Farm Management	579,822	(350,007)	229,815
Workforce Training	2,000,000	(174,571)	1,825,429
Total all funds	$38,922,949	$43,852,938	$82,775,887
Less estimated income	9,616,666	2,528,707	12,145,373
Total general fund	$29,306,283	$41,324,231	$70,630,514
Full-time equivalent positions	24.50	29.30	53.80

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2017-19	2019-21
School district and area center grants	2,427,000	-
Marketplace for kids	300,000	-
Career academies	-	30,000,000
Total all funds	2,727,000	30,000,000
Total special funds	2,477,000	30,000,000

Total general fund	250,000	-

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000,000 in section 1, or so much of the sum as may be necessary, to career and technical education for the purpose of providing competitive grants to build career academies throughout the state, for the biennium beginning July 1, 2019, and ending June 30, 2021. A committee comprised of the leaders or their designees of career and technical education, the department of commerce, job service north Dakota and the department of public instruction will develop a competitive process in consultation with the workforce development council, economic development foundation and the career and technical education board, to distribute the funds with a required one to one match from the private sector or political subdivision.

SECTION 4. TRANSFERS. Notwithstanding section 54-16-04, the director of the office of management and budget shall make transfers of funds between line items in section 1 of this act for the department of career and technical education as may be requested by the state director as determined necessary for activities that are proper and consistent with the provisions of this act.

SECTION 5. Sections 15-20.1-26 and 15-20.1-27 of the North Dakota Century Code are created and enacted as follows:

15-20.1-26. Educational technology council - Meetings - Compensation.

1. The educational technology council is responsible for coordinating educational technology initiatives for elementary and secondary education.
2. The educational technology council consists of:
    a. The chief information officer.
    b. The superintendent of public instruction or the superintendent's designee.
    c. The commissioner of higher education or the commissioner's designee.
    d. A representative appointed by the state board for career and technical education.
    e. A representative appointed by the governor from a list of three nominees submitted by the North Dakota association of technology leaders.
    f. A representative appointed by the governor from a list of three nominees submitted by the North Dakota council of educational leaders.
    g. A representative appointed by the governor from a list of three nominees submitted by the North Dakota school boards association.
    h. A representative appointed by the governor from a list of three nominees submitted by the North Dakota association of special education directors.
    i. A school district representative who is appointed by the governor and who represents a school district that has an enrollment in kindergarten through grade twelve of fewer than four hundred.
    j. A school district representative who is appointed by the governor, who is licensed to teach by the educational standards and practices board, and who is employed by a public school district in this state as a classroom teacher.
    k. The director of technology for the department of public instruction.
    l. A representative appointed by the governor from a list of three nominees submitted by the state association of non public schools.
3. The council shall select a chairman from among its members.
4. The term of office for the members appointed by the governor is four years.
5. The members of the educational technology council appointed by the governor are entitled to receive as compensation sixty-two dollars and fifty cents per day and to reimbursement of expenses as provided by law for state officers while attending meetings of the council.

15-20.1-27. North Dakota educational technology council - Powers and duties.

The educational technology council shall:

1. Coordinate the use of technology and the development of technology systems to enhance educational opportunities for elementary and secondary education.
2. Cooperate with state agencies and other organizations to develop statewide educational technology systems.
3. Adopt bylaws for the conduct of its affairs.
4. Publish the informational material it deems necessary.
5. Conduct a continuing study to assess the needs, resources, and facilities that are available or which may be required to establish educational technology systems throughout the state.
6. Solicit and receive moneys from public and private sources and expend the moneys for educational technology.
7. Appoint a technology director who shall serve at the will of the council.
8. Hire the director of the center for distance education.