Department of Career and Technical Education
Budget No. 270
Senate Bill No. 2019; House Bill No. 1015

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	**50.30**	**$41,735,063**	**$85,019,817**	**$126,754,880**
2021-23 base budget	52.30	40,064,988	14,703,121	54,768,109
Legislative increase (decrease) to base budget	(2.00)	$1,670,075	$70,316,696	$71,986,771

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	**$41,735,063**	**$0**	**$41,735,063**
2019-21 legislative appropriations	40,064,988	0	40,064,988
2021-23 legislative increase (decrease) to 2019-21 appropriations	$1,670,075	$0	$1,670,075
Percentage increase (decrease) to 2019-21 appropriations	4.20%	N/A	4.20%

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		($1)	$23,018	$23,017
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2.0 percent on July 1, 2022		234,762		234,762
Added funding for employee health insurance premiums to reflect a revised premium estimate of $1,428.77 per month		2,442		2,442
Removed 1 FTE assistant program supervisor position	(1.00)	(174,335)		(174,335)
Removed 1 FTE administrative assistant II position	(1.00)	(118,279)		(118,279)
Reduced funding for temporary salaries		(17,688)	(8,712)	(26,400)
Reduced funding for operating expenses related to travel ($20,000) and professional development ($42,207)		(62,207)		(62,207)
Added funding for Microsoft Office 365 license expenses		474	2,390	2,864

Transferred $100,000 from the general fund for science, technology, engineering, and mathematics funding from the operating expenses line item to the newly created science, technology, engineering, and mathematics initiative line item				
Added federal funding for an apprenticeship grant program. The funding will be transferred to Lake Region State College for the administration of the program.			300,000	300,000
Added funding for the cost to continue career and technical education course cost reimbursement rates at schools (27 percent) and area career and technical centers (40 percent)		1,250,000		1,250,000
Added funding for new and expanding secondary programs		1,000,000		1,000,000
Removed funding for postsecondary grants to eliminate the program		(256,982)		(256,982)
Reduced funding for adult farm management grants to provide a total of $1,706,138		(188,111)		(188,111)
Reduced funding for Center for Distance Education rent			(152,500)	(152,500)
Added funding for Center for Distance Education information technology expenses			152,500	152,500
Added **one-time funding** from the federal Coronavirus Capital Projects Fund for a statewide area career center initiative grant program (House Bill No. 1015)			70,000,000	70,000,000
Total	(2.00)	$1,670,075	$70,316,696	$71,986,771

FTE Changes

The Legislative Assembly approved 50.30 FTE positions for the Department of Career and Technical Education for the 2021-23 biennium, a decrease of 2 FTE positions from the 2019-21 biennium. The Legislative Assembly removed 1 FTE assistant program supervisor position and 1 FTE administrative assistant II position.

Federal COVID-19 Funding - 2019-21 Biennium

In House Bill No. 1395, the Legislative Assembly appropriated $470,980 of federal coronavirus relief funds to the Department of Career and Technical Education for the 2019-21 biennium to pay for part-time instructor costs to provide instruction to a higher than budgeted number of Center for Distance Education students ($270,980) and funding to reimburse 10 area career and technical centers for the purchase of personal protective equipment and cleaning supplies ($200,000).

Federal COVID-19 Funding - 2021-23 Biennium

In House Bill No. 1015, the Legislative Assembly appropriated $70 million of one-time funding anticipated to be received through the federal American Rescue Plan Act from the federal Coronavirus Capital Projects Fund to the Department of Career and Technical Education for a statewide area career center initiative grant program. The department is required to establish the application process and develop eligibility requirements for the grant program that must include:

- Funding may be used only for career and technical education projects involving construction, addition, maintenance, and equipment for new and existing area career centers;
- Grants awarded to each recipient must be at least $500,000, but may not exceed $10 million;

- Grants may be awarded only to the extent a school district has secured matching funds from nonstate sources on a dollar-for-dollar basis;
- An applicant must identify sufficient future nonstate sources of funding for ongoing operating and maintenance costs associated with a new or expanded area career center;
- The application period for the grant program begins with the effective date of House Bill No. 1015 and ends on June 30, 2022. Any funding not committed by December 31, 2022, may not be spent and must be canceled at the end of the 2021-23 biennium in accordance with North Dakota Century Code Section 54-44.1-11;
- Preference must be given to school districts that collaborate with other school districts for a regional area career center facility or to school districts to create a new area career center or use an existing area career center to positively affect that region of the state; and
- Preference must be given to school districts that will promote postsecondary education and workforce training education in conjunction with secondary education.

Secondary Funding

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 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.

The 2019-21 biennium general fund appropriation to the Department of Career and Technical Education for career and technical education grants to school districts and area centers was $24,887,780, resulting in $3,733,167, or 15 percent, being included in the foundation aid stabilization fund required reserve for the 2021-23 biennium.

The 2021 Legislative Assembly provided a $26,837,780 general fund appropriation for career and technical education grants to school districts and area centers for the 2021-23 biennium. Of this amount, $4,025,667, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2023-25 biennium.

Marketplace for Kids

The 2021 Legislative Assembly provided a $300,000 general fund appropriation to the Department of Career and Technical Education for the Marketplace for Kids program for the 2021-23 biennium, the same as provided for the 2019-21 biennium.

Center for Distance Education

The 2021 Legislative Assembly appropriated $9,461,254 for the Center for Distance Education, of which $6,411,254 is from the general fund and $3,050,000 is from the independent study operating fund, including 28.80 FTE positions for the 2021-23 biennium. Of the total, $6,088,495 is for salaries and wages from the general fund and $3,372,759 is for operating expenses, of which $322,759 is from the general fund. The 2019 Legislative Assembly appropriated $9,351,188 for the Center for Distance Education, of which $6,301,188 is from the general fund and $3,050,000 is from the independent study operating fund, including 28.80 FTE positions for the 2019-21 biennium.

Other Sections in Senate Bill No. 2019

Secondary grants legislative intent - Section 2 provides legislative intent that school districts:

- Use funds available from the federal Elementary and Secondary School Emergency Relief Fund to effectively benefit students;

- Prepare to provide for any future operating and maintenance costs relating to new or expanded programs resulting from the expenditure of these federal funds because state funds will not be provided to replace these federal funds; and
- Prepare to provide increased local support for area career and technical centers since state secondary grant funding is limited and the share of state assistance for these programs may decrease if new or expanded programs are established.

Related Legislation

House Bill No. 1083 - Career and technical education scholarships - This bill provides an exemption to the requirement that high school students obtain a grade of at least a "C" for credit units earned during a semester, quarter, or term that includes March, April, or May 2020 for consideration of career and technical education scholarships.

House Bill No. 1395 - COVID-19 funds - This bill provides a 2019-21 biennium appropriation of $470,980 from the federal Coronavirus Relief Fund to the Department of Career and Technical Education.

Senate Bill No. 2196 - North Dakota learning continuum - This bill requires the Superintendent of Public Instruction to collaborate with the Department of Career and Technical Education to develop and implement a North Dakota learning continuum upon the recommendation of the Kindergarten Through Grade Twelve Education Coordination Council.

House Concurrent Resolution No. 3035 - Career and technical education study - This resolution requires the Legislative Management to consider studying statutes governing career and technical education, including the power and duties of the State Board of Career and Technical Education, reciprocity with other states, cooperation with federal agencies, funding, reimbursement to institutions, gifts, reporting requirements, grants for innovation, elementary school entrepreneurship programs, career development certifications, career advisers, accessibility, impacts on students, and programs of study.