Department 270 - Department of Career and Technical Education
Senate Bill No. 2019

Executive Budget Comparison to Prior Biennium Appropriations

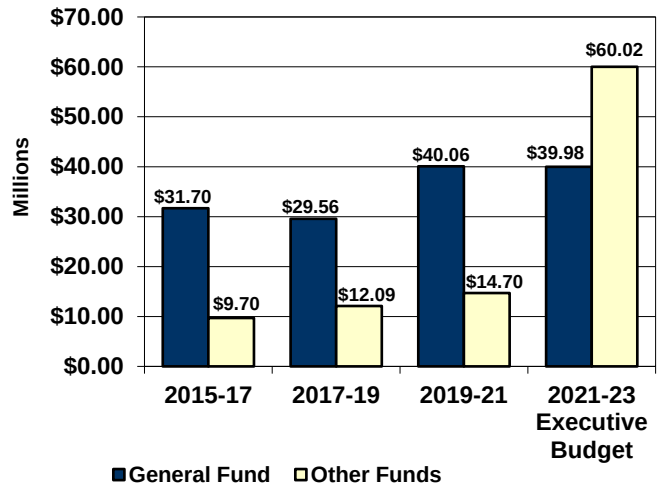
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	50.30	$39,978,448	$60,019,817	$99,998,265
2019-21 Legislative Appropriations[1]	52.30	40,064,988	14,703,121	54,768,109
Increase (Decrease)	(2.00)	($86,540)	$45,316,696	$45,230,156

[1]The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal funds authority of $593,675, of which $470,980 is related to Coronavirus (COVID-19) costs, resulting from Emergency Commission action during the 2019-21 biennium.

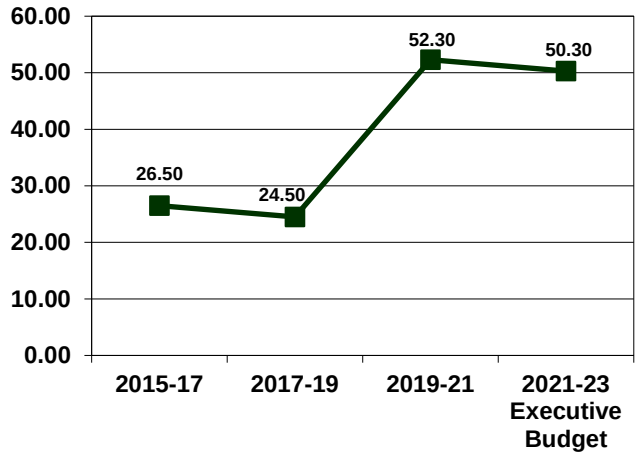
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	$39,978,448	$0	$39,978,448
2019-21 Legislative Appropriations	40,064,988	0	40,064,988
Increase (Decrease)	($86,540)	$0	($86,540)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	$39,978,448	$60,019,817	$99,998,265
2021-23 Base Level	40,064,988	14,703,121	54,768,109
Increase (Decrease)	($86,540)	$45,316,696	$45,230,156

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 $256,821 is for salary increases, $2,442 is for health insurance increases, and $32,132 is for retirement contribution increases	$291,395	$0	$291,395
2. Removes funding for 1 FTE assistant program supervisor position ($174,335) and 1 FTE administrative assistant II position ($118,279)	($292,614)	$0	($292,614)
3. Adds funding for the state agency Capitol grounds rent proposal	$169,313	$0	$169,313
4. Adds federal funding for an apprenticeship grant program. The funding will be transferred to Lake Region State College for the administration of the program. In August 2020, the Emergency	$0	$300,000	$300,000

	Commission and Budget Section approved a request to accept and spend $122,695 of federal funds for this program for the remainder of the 2019-21 biennium.			
5.	Adds 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). Secondary grants from the general fund totals $25,687,780.	$1,000,000	$0	$1,000,000
6.	Removes funding for postsecondary grants	($256,982)	$0	($256,982)
7.	Reduces funding for the adult farm management program, to provide a total of $1,756,138 from the general fund	($138,111)	$0	($138,111)
8.	Reduces funding for workforce training, to provide a total of $1,900,000 from the general fund	($100,000)	$0	($100,000)
9.	Reduces funding for temporary Center for Distance Education salaries. Center for Distance Education funding totals $8,842,998, of which $5,792,998 is from the general fund and $3,050,000 is from the independent studies operating fund.	($630,119)	$0	($630,119)
10.	Adds **one-time funding** from bond proceeds for a career academy grant program	$0	$45,000,000	$45,000,000

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

Career academy competitive matching grant program - Section 3 would identify $45 million of one-time funding from bonding proceeds to the Department of Career and Technical Education for the purpose of providing competitive workforce development grants to build career academies, with a maximum of $15 million being allowed per project, for the 2021-23 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 2021-23 biennium.

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, 2019, identified no significant audit findings.

Major Related Legislation

House Bill No. 1083 - 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.

Department of Career and Technical Education - Budget No. 270
Senate Bill No. 2019
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	52.30	$40,064,988	$14,703,121	$54,768,109
2021-23 Ongoing Funding Changes				
Base payroll changes		($1)	$23,018	$23,017
Salary increase		256,821		256,821
Health insurance increase		2,442		2,442
Retirement contribution increase		32,132		32,132
Removes 1 FTE assistant program supervisor position	(1.00)	(174,335)		(174,335)
Removes 1 FTE administrative assistant II position	(1.00)	(118,279)		(118,279)
Reduces funding for temporary salaries		(17,688)	(8,712)	(26,400)
Reduces funding for operating expenses		(62,207)		(62,207)
Adds funding for state agency Capitol grounds rent proposal		169,313		169,313
Adds funding for Microsoft Office 365 license expenses		474	2,390	2,864
Transfers STEM funding from operating to secondary grants				0
Addds federal funding for an apprenticeship grant program			300,000	300,000
Adds funding for costs to continue school reimbursement rates		1,000,000		1,000,000
Reduces funding for Marketplace for Kids		(50,000)		(50,000)
Remove funding for postsecondary grants		(256,982)		(256,982)
Reduces funding for adult farm management		(138,111)		(138,111)
Reduces funding for workforce training		(100,000)		(100,000)
Reduces funding for Center for Distance Education rent			(152,500)	(152,500)
Adds funding for Center for Distance Education IT expenses			152,500	152,500
Removes temporary Center for Distance Education salaries		(630,119)		(630,119)
Total ongoing funding changes	(2.00)	($86,540)	$316,696	$230,156
One-time funding items				
Adds funding to bond for a career academy grant program			$45,000,000	$45,000,000
Total one-time funding changes	0.00	$0	$45,000,000	$45,000,000
Total Changes to Base Level Funding	(2.00)	($86,540)	$45,316,696	$45,230,156
2021-23 Total Funding	50.30	$39,978,448	$60,019,817	$99,998,265
Total ongoing changes as a percentage of base level	*(3.8%)*	*(0.2%)*	*2.2%*	*0.4%*
Total changes as a percentage of base level	*(3.8%)*	*(0.2%)*	*308.2%*	*82.6%*

Other Sections in Department of Career and Technical Education - Budget No. 270

	Executive Budget Recommendation
Career academy competittive matching grant program	Section 3 would identify $45 million of one-time funding from bonding proceeds to the Department of Career and Technical Education for the purpose of providing competitive workforce development grants to build career academies, with a maximum of $15 million being allowed per project, for the 2021-23 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.

Other Sections in Department of Career and Technical Education - Budget No. 270

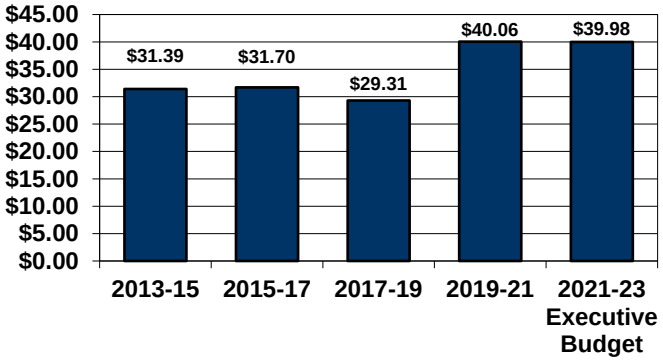
	Executive Budget Recommendation
Line item transfers	Section 4 would authorize the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Department of Career and Technical Education during the 2021-23 biennium.

Department 270 - Department of Career and Technical Education

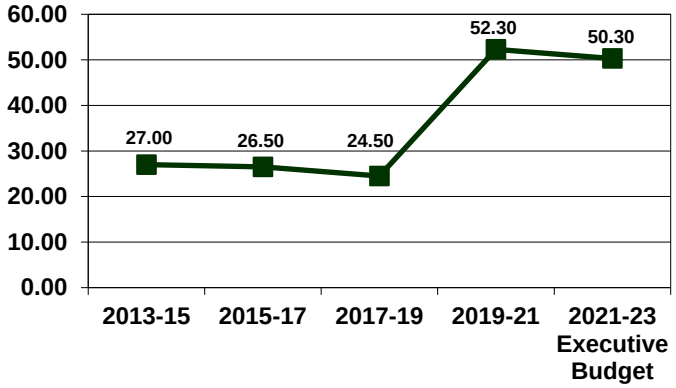
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	$31,392,916	$31,698,298	$29,306,283	$40,064,988	$39,978,448
Increase (decrease) from previous biennium	N/A	$305,382	($2,392,015)	$10,758,705	($86,540)
Percentage increase (decrease) from previous biennium	N/A	1.0%	(7.5%)	36.7%	(0.2%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	1.0%	(6.6%)	27.6%	27.3%

Major Increases (Decreases) in Ongoing General Fund Appropriations

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 education 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

1. Removed 1 FTE assistant program supervisor position	($159,737)
2. Added 28.80 FTE and related operating expenses for the Center for Distance Education transferred from the Information Technology Department, including $102,759 from the general fund for new Center for Distance Education enrollments. The total amount added was $9,068,816, of which $3,050,000 was from the independent study operating fund.	$6,018,816
3. Added funding for grants to school districts and area centers to provide total ongoing funding from the general fund of $23,246,580	$2,427,000
4. Reduced funding for part-time adult postsecondary grants ($40,000) and STEM infusion grants ($180,000)	($220,000)
5. Reduced funding for postsecondary grants to provide a total of $256,982	($25,818)
6. Reduced funding for adult farm management grants to provide a total of $1,894,249	($250,000)
7. Added funding for the Marketplace for Kids program	$300,000
8. Added funding for new and expanding secondary programs	$1,150,000
9. 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

2021-23 Biennium (Executive Budget Recommendation)

1. Removes funding for 1 FTE assistant program supervisor position ($174,335) and 1 FTE administrative assistant II position ($118,279)	($292,614)
2. Adds funding for the state agency Capitol grounds rent proposal	$169,313
3. Adds 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). Secondary grants from the general fund totals $25,687,780.	$1,000,000
4. Removes funding for postsecondary grants	($256,982)
5. Reduces funding for the adult farm management program, to provide a total of $1,756,138 from the general fund	($138,111)
6. Reduces funding for workforce training, to provide a total of $1,900,000 from the general fund	($100,000)
7. Reduces funding for temporary Center for Distance Education salaries. Center for Distance Education funding totals $8,842,998, of which $5,792,998 is from the general fund.	($630,119)

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, 2021 and ending June 30, 2023, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$ 4,812,765	($126,531)	$ 4,686,234
Operating Expenses	2,357,796	9,970	2,367,766
Grants	9,207,349	45,300,000	54,507,349
Grants-Secondary	24,587,780	1,100,000	25,687,780
Grants-Postsecondary	256,982	(256,982)	0
Adult Farm Management	1,894,249	(138,111)	1,756,138
Workforce Training	2,000,000	(100,000)	1,900,000
Marketplace for Kids	300,000	(50,000)	250,000
Center for Distance Ed	9,351,188	(508,190)	8,842,998
Total All Funds	$54,768,109	$45,230,156	$99,998,265
Less Estimated Income	14,703,121	45,316,696	60,019,817
Total General Fund	$40,064,988	($86,540)	$39,978,448
Full-Time Equivalent Positions	52.30	(2.00)	50.30

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2019-21	2021-23
Career Academies	$ 0	$45,000,000
Total All Funds	$ 0	$45,000,000
Total Special Funds	0	45,000,000
Total General Fund	$ 0	$ 0

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of career and technical education shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. CAREER ACADEMY COMPETITIVE MATCHING GRANT PROGRAM. The appropriation contained in section 1 of this Act includes the sum of $45,000,000 for the purpose of providing competitive grants, with a maximum of $15,000,000 per project, to build career academies throughout the state, for the biennium beginning July 1, 2021 and ending June 30, 2023. 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, 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.