Department of Career and Technical Education
Budget No. 270
House Bill Nos. 1019, 1199, 1232, and 1519 and Senate Bill No. 2015

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	**23.50**	**$53,200,708**	**$110,744,848**	**$163,945,556**
2023-25 base budget	50.30	41,735,063	15,019,817	56,754,880
Legislative increase (decrease) to base budget	(26.80)	$11,465,645	$95,725,031	$107,190,676

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	**$51,200,708**	**$2,000,000**	**$53,200,708**
2021-23 legislative appropriations	41,735,063	0	41,735,063
2023-25 legislative increase (decrease) to 2021-23 appropriations	$9,465,645	$2,000,000	$11,465,645
Percentage increase (decrease) to 2021-23 appropriations	22.7%	N/A	27.5%

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		$66,032	$156	$66,188
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		300,086	43,631	343,717
Added funding for employee health insurance premiums to reflect a revised premium estimate of $1,643 per month		92,842	15,174	108,016
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(524,832)	(18,894)	(543,726)
Reduced federal funding for salaries and wages due to staff retirements			(28,764)	(28,764)
Added funding for FTE program supervisor positions	2.00	394,874		394,874
Added funding for a new Capitol space rent model		179,897		179,897
Added federal funding for the RUReady career resource network			500,000	500,000
Added funding for operating expenses		168,000		168,000

Added funding for the cost to continue career and technical education reimbursement rates for schools (27 percent) and area career and technical centers (40 percent)		3,500,000		3,500,000
Added funding for new and expanding secondary career and technical education programs		9,500,000		9,500,000
Added funding for grants to schools for work-based learning coordinators. This would fund approximately 8 coordinators across the state, primarily located at area career and technical centers.		1,500,000		1,500,000
Added funding for emerging technology grants to provide a total of $1,175,400 from the general fund		200,000		200,000
Removed funding for the Center for Distance Education (CDE) to authorize CDE to become a separate state agency under the supervision of the Superintendent of Public Instruction	(28.80)	(6,411,254)	(3,050,000)	(9,461,254)
Added funding for workforce training grants to provide a total of $2.5 million from the general fund		500,000		500,000
Added funding from federal funds ($2,000,000) and **one-time funding** from the strategic investment and improvements fund (SIIF) ($500,000) for new and expanding secondary career and technical education programs to provide a total of $53,545,129, including $41,537,780 from the general fund, $11,507,349 from federal funds, and $500,000 from SIIF			2,500,000	2,500,000
Added **one-time funding**, including funding from a Bank of North Dakota line of credit, for the statewide area and career center initiative grant program ($68,276,228) and accrued interest on the line of credit ($2,000,000) (House Bill No. 1199)		2,000,000	68,276,228	70,276,228
Added **one-time funding** from the federal State Fiscal Recovery Fund to purchase career exploration virtual reality software capable of integrating with the RUReady career resource network (House Bill No. 1232)			500,000	500,000
Added **one-time funding** for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants to a workforce training center serving the northwest area of the state. Of this amount, $475,000 is from the State Fiscal Recovery Fund for grants and $12,500 is from SIIF for administration of the program. (House Bill No. 1519)			487,500	487,500
Added **one-time funding** from SIIF for defraying inflationary costs of existing projects under the statewide area and career center initiative grant program (Senate Bill No. 2015)			26,500,000	26,500,000
Total	(26.80)	$11,465,645	$95,725,031	$107,190,676

FTE Changes

The Legislative Assembly approved 23.50 FTE positions for the Department of Career and Technical Education for the 2023-25 biennium, a decrease of 26.80 FTE positions from the 2021-23 biennium. The Legislative Assembly added 2 FTE program supervisor positions and transferred 28.80 FTE CDE positions to its own separate state agency under the supervision of the Superintendent of Public Instruction pursuant to Senate Bill No. 2269 (2023).

One-Time Funding

The Legislative Assembly appropriated $98.3 million of one-time funding to the Department of Career and Technical Education for the 2023-25 biennium, as follows:

	General Fund	Other Funds	Total Funds
New and expanding secondary career and technical education programs[1]		$500,000	$500,000
Statewide area and career center initiative grant program (House Bill No. 1199)[2]	$2,000,000	68,276,228	70,276,228
RUReady career resource network career exploration virtual reality software (House Bill No. 1232)[3]		500,000	500,000
Uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants (House Bill No. 1519)[4]		487,500	487,500
Statewide area and career center initiative grant program inflationary costs (Senate Bill No. 2015)[1]		26,500,000	26,500,000
Total	$2,000,000	$96,263,728	$98,263,728

[1]Funding for these items is from SIIF.

[2]Other funds appropriated for the statewide area and career center initiative grant program in House Bill No. 1199 is from a Bank of North Dakota line of credit. The $2 million from the general fund is to pay accrued interest on the line of credit.

[3]The $500,000 appropriated in House Bill No. 1232 for the purchase of career exploration virtual reality software capable of integrating with the RUReady career resource network is from the State Fiscal Recovery Fund.

[4]Of the funding appropriated in House Bill No. 1519 for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants, $475,000 is from the State Fiscal Recovery Fund for grants and $12,500 is from SIIF for administration of the program.

Statewide Area Career Center Initiative Grant Program

2021-23 Biennium

During the 2021 regular legislative session, the Legislative Assembly in House Bill No. 1015 appropriated $70 million of one-time funding anticipated to be received through the 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.

During the November 2021 special legislative session, the Legislative Assembly in House Bill No. 1505 adjusted funding for the statewide area career center initiative grant program from $70,000,000 from the Coronavirus Capital Projects Fund to $88,276,228, of which $68,276,228 is from the Coronavirus Capital Projects Fund and $20,000,000 is from the State Fiscal Recovery Fund.

2023-25 Biennium

During the 2023 regular legislative session, the Legislative Assembly in **House Bill No. 1199** provided a one-time appropriation of **$68,276,228 from a Bank of North Dakota line of credit** to the Department of Career and Technical Education for providing grants to entities approved by the State Board for Career and Technical Education during the 2021-23 biennium to build career academies through the statewide area and career center initiative grant program through the 2023-25 biennium. The department is required to repay the line of credit from funds available from the Coronavirus Capital Projects Fund. Section 1 of the bill includes a one-time appropriation of **$2,000,000 from the general fund** to the department for **paying accrued interest on the line of credit**. The Bank is required to provide the line of credit at the prevailing interest rate charged to North Dakota governmental entities. House Bill No. 1199 was declared an emergency measure.

If funding from the Coronavirus Capital Projects Fund does not become available before June 30, 2025, the department is required to request a deficiency appropriation from the 69th Legislative Assembly to repay the line of credit. Through April 2023, the federal government has not released funding from the Coronavirus Capital Projects Fund for the statewide area career center initiative grant program.

Section 3 of House Bill No. 1199 provided the department an exemption to continue the $68,276,228 appropriated from the Coronavirus Capital Projects Fund during the November 2021 special legislative session into the 2023-25 biennium. The section authorizes the department to provide funding through the exemption to foundations that are working with school districts on career academy projects approved by the State Board for Career and Technical Education.

In Subsection 2 of Section 7 of **Senate Bill No. 2015**, the Legislative Assembly provided a one-time appropriation of **$26.5 million from SIIF** to the department for the purpose of defraying **inflationary costs of existing projects** approved under the statewide area career center initiative grant program during the 2021-23 biennium. The department is required to distribute the funding to existing career academy projects proportionally based on funding allocations provided to each project during the 2021-23 biennium. If funding approved in this subsection is provided for a career academy project and the funding becomes uncommitted during the 2023-25 biennium, the department may redistribute the funding for existing projects under the program during the 2023-25 biennium. The department is required to report to the Legislative Management during the 2023-24 interim and to the Appropriations Committees of the 69th Legislative Assembly regarding the amount of inflationary funding provided for each project and the construction status of each project.

Exemption - State Fiscal Recovery Fund - In Section 4 of House Bill No. 1019, the Legislative Assembly provided the department an exemption to continue the $20 million appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session for the statewide career center initiative grant program into the 2023-25 biennium.

Exemption - Career academy redistribution of funding - In Section 5 of House Bill No. 1019, the Legislative Assembly provided an exemption to allow the department to redistribute the $68,276,228 appropriated from the Coronavirus Capital Projects Fund and the $20,000,000 appropriated from the State Fiscal Recovery Fund during the November 2021 special legislative session for existing projects under the program if any of the funding becomes uncommitted after December 31, 2022.

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 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 was included when calculating the required reserve in the foundation aid stabilization fund for the 2023-25 biennium.

The 2023 Legislative Assembly provided a $41,537,780 general fund appropriation for career and technical education grants to school districts and area centers for the 2023-25 biennium. Of this amount, $6,230,667, or 15 percent must be included when calculating the required reserve in the foundation aid stabilization fund during the 2025-27 biennium.

Marketplace for Kids

The 2023 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 2023-25 biennium, the same as provided for the 2021-23 biennium.

Center for Distance Education

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

In Senate Bill No. 2269, the 2023 Legislative Assembly amended Chapters 15-19 and 15-20.1 to transfer supervisory authority of CDE from the Department of Career and Technical Education to the Department of Public Instruction beginning during the 2023-25 biennium. Section 3 of the bill provides CDE must have a separate budget and a separate staff from the Department of Public Instruction, resulting in CDE becoming a separate state agency. In House Bill No. 1019, the Legislative Assembly removed 28.80 FTE positions and all $9,461,254 of funding for CDE, including $6,411,254 from the general fund and $3,050,000 from the independent study operating fund. In Senate Bill No. 2013, the Legislative Assembly appropriated $11,347,980 for CDE for the 2023-25 biennium, including $6,797,980 from the general fund and $4,550,000 from the independent study operating fund. The Legislative Assembly approved 30.80 FTE CDE positions for the 2023-25 biennium. **See the Budget No. 204 - Center for Distance Education section.**

Other Sections in House Bill No. 1019

Strategic investment and improvements fund - Secondary career and technical education programs - Section 3 identifies $500,000 appropriated from SIIF in Section 1 is for new and expanding secondary career and technical education programs.

Legislative intent - Workforce training grants - Section 6 provides legislative intent that of the $2.5 million from the general fund in the workforce training line item, the Department of Career and Technical Education provide $500,000 to eligible workforce training organizations for the purpose of defraying salaries and wages expenses of the organization's employees, as follows:

- An organization in the northwest region of the state - $230,000
- An organization in the northeast region of the state - $40,000
- An organization in the southwest region of the state - $120,000
- An organization in the southeast region of the state - $110,000

Related Legislation

House Bill No. 1156 (2023) - CDE courses - Authorizes CDE to enter an agreement with a regionally accredited postsecondary institution to provide high school and postsecondary credit for the completion of an academic course.

House Bill No. 1199 - Career academy line of credit - Provides a $68,276,228 Bank of North Dakota line of credit and $2,000,000 general fund appropriation for accrued interest on the line of credit to the Department of Career and Technical Education for career academies under the statewide area and career center initiative grant program.

House Bill No. 1232 - RUReady career resource network - Provides a one-time $500,000 appropriation from the State Fiscal Recovery Fund to the Department of Career and Technical Education for the purpose of purchasing career exploration virtual reality software capable of integrating with the RUReady career resource network. This bill was declared an emergency measure.

House Bill No. 1519 - Uncrewed aircraft system grants - Provides a one-time appropriation of $487,500 to the Department of Career and Technical Education for uncrewed aircraft system, autonomous vehicle, and other autonomous technology grants to a workforce training center serving the northwest area of the state. Of this amount, $475,000 is from the State Fiscal Recovery Fund for grants and $12,500 is from SIIF for administration of the program. The department may require $1 of matching funds from the applicant for every $4 provided by the department.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the department is to receive $25,022, including $21,878 from the general fund and $3,144 from other funds, in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2122 (2023) - Workforce training center funding study - Provides for a Legislative Management study of the workforce training center funding distribution model. The study must include the funding distribution model, statewide integration and alignment across workforce training centers, and awarding college credit for workforce training center-offered training.

Senate Bill No. 2269 (2023) - Transfer of CDE - Provides the statutory changes necessary to transfer supervisory authority of CDE from the Department of Career and Technical Education to the Department of Public Instruction.