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

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$63,507,771	$19,050,014	$82,557,785
2023-25 Base Level	41,735,063	15,019,817	56,754,880
Increase (Decrease)	$21,772,708	$4,030,197	$25,802,905

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for 2 FTE program supervisor positions	$394,874	$0	$394,874
2. Adds funding for cost to continue career and technical education reimbursement rates of 27 percent for schools and 40 percent for area career and technical centers	$4,000,000	$0	$4,000,000
3. Adds funding for new and expanding secondary career and technical education programs	$10,000,000	$0	$10,000,000
4. Adds funding for grants for school district career advisors to assist students with career exploration. This would fund approximately 90 career advisors across the state.	$3,000,000	$0	$3,000,000
5. Adds funding for grants to schools for work-based learning coordinators. This would fund approximately 16 coordinators across the state, primarily located at area career and technical centers.	$3,000,000	$0	$3,000,000
6. Adds funding for 1 FTE Center for Distance Education (CDE) teacher position	$176,554	$0	$176,554
7. Adds funding from the CDE operating fund for teacher salaries and operating expenses to provide total CDE funding of $11,700,231, of which $7,150,231 is from the general fund and $4,550,000 is from the CDE operating fund.	$0	$1,500,000	$1,500,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Bank of North Dakota line of credit - Section 2 would require the Bank of North Dakota to extend a $108,276,228 line of credit to the Department of Career and Technical Education to provide funding to local communities for the construction of career centers. The department would be required to repay the line of credit from funding appropriated from the federal Coronavirus Capital Projects Fund ($68,276,228) and funding made available by the 2025 Legislative Assembly through a deficiency appropriation ($40,000,000). Section 5 would declare Section 2 an emergency measure.

Transfers - Section 3 would allow the Director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the Director of the Department of Career and Technical Education.

Exemption - Coronavirus Capital Projects Fund and State Fiscal Recovery Fund - Section 4 would provide the Department of Career and Technical Education an exemption to continue $68,276,228 from the Coronavirus Capital Projects Fund and $20,000,000 from the federal State Fiscal Recovery Fund appropriated during the November 2021 special legislative session into the 2023-25 biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency 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, 2021, identified the following audit finding:

Noncompliance with appropriations laws - The report states CDE, which reports to the Department of Career and Technical Education, overspent its 2019-21 biennium appropriation authority by $121,255. Of this amount, $120,000 was for online learning curriculum purchased from a vendor. The Center for Distance Education pays for the curriculum materials on an annual basis and in an effort to receive a discounted price for the materials for the 1st year of the 2021-23 biennium, payment of $120,000 was issued prior to June 30, 2021, resulting in CDE overspending its 2019-21 biennium appropriation authority.

The department indicated their fiscal office will implement oversight of CDE's budget and appropriation spending to ensure compliance with appropriation limits and the Director of the CDE will discuss major decisions with the department director prior to implementation.

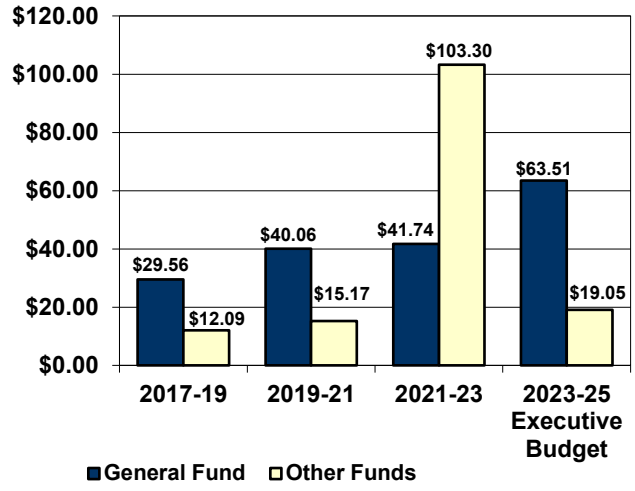
Major Related Legislation

House Bill No. 1156 - This bill 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.

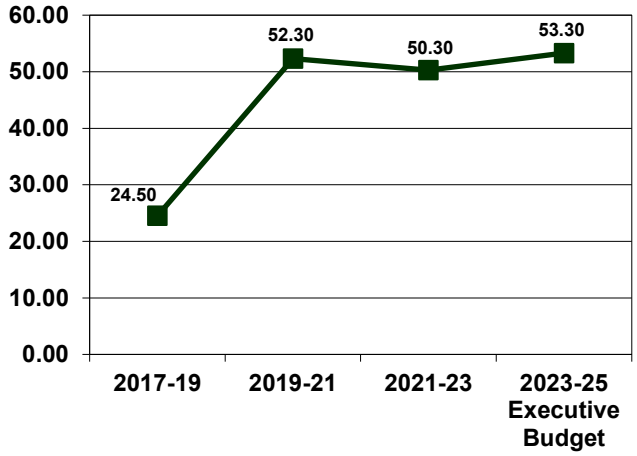
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	$31,698,298	$29,306,283	$40,064,988	$41,735,063	$63,507,771
Increase (decrease) from previous biennium	N/A	($2,392,015)	$10,758,705	$1,670,075	$21,772,708
Percentage increase (decrease) from previous biennium	N/A	(7.5%)	36.7%	4.2%	52.2%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(7.5%)	26.4%	31.7%	100.4%

Major Increases (Decreases) in Ongoing General Fund Appropriations

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 science, technology, engineering, and mathematics (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 positions and related operating expenses for CDE transferred from the Information Technology Department, including $102,759 from the general fund for new CDE 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

1. Removed 1 FTE assistant program supervisor position and 1 FTE administrative assistant II position	($292,614)
2. 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
3. Added funding for new and expanding secondary programs	$1,000,000
4. Removed funding for postsecondary grants to eliminate the program	($256,982)
5. Reduced funding for adult farm management grants to provide a total of $1,706,138	($188,111)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding for 2 FTE program supervisor positions	$394,874
2. Adds funding for cost to continue career and technical education reimbursement rates of 27 percent for schools and 40 percent for area career and technical centers	$4,000,000
3. Adds funding for new and expanding secondary career and technical education programs	$10,000,000
4. Adds funding for grants for school district career advisors to assist students with career exploration. This would fund approximately 90 career advisors across the state.	$3,000,000
5. Adds funding for grants to schools for work-based learning coordinators. This would fund approximately 16 coordinators across the state, primarily located at area career and technical centers.	$3,000,000
6. Adds funding for 1 FTE CDE teacher position	$176,554

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$0	$250,000	$0	$0	$0

Major One-Time General Fund Appropriations

2017-19 Biennium

1. Marketplace for Kids program	$250,000

2019-21 Biennium

None	$0

2021-23 Biennium

None	$0

2023-25 Biennium (Executive Budget Recommendation)

None	$0

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

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	50.30	$41,735,063	$15,019,817	$56,754,880
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases		$79,132	$156	$79,288
Salary increase		689,963	43,631	733,594
Health insurance increase		252,288	15,174	267,462
Reduces federal funding for salaries due to staff retirements			(28,764)	(28,764)
Adds funding for FTE program supervisor positions	2.00	394,874		394,874
Adds federal funding for the RUReady career resource network			500,000	500,000
Adds federal funding for secondary school grants			2,000,000	2,000,000
Adds funding for cost to continue career and technical education reimbursement rates		4,000,000		4,000,000
Adds funding for new and expanding secondary career and technical education programs		10,000,000		10,000,000
Adds funding for grants for school district career advisors		3,000,000		3,000,000
Adds funding for grants to schools for work-based learning coordinators		3,000,000		3,000,000
Adds funding for an FTE CDE teacher position	1.00	176,554		176,554
Adds funding for CDE teacher salaries and operating expenses			1,500,000	1,500,000
Adds funding for a new Capitol space rent model		179,897		179,897
Total ongoing funding changes	3.00	$21,772,708	$4,030,197	$25,802,905
One-time funding items				
No one-time funding items				$0
Total one-time funding changes	0.00	$0	$0	$0
Total Changes to Base Level Funding	3.00	$21,772,708	$4,030,197	$25,802,905
2023-25 Total Funding	53.30	$63,507,771	$19,050,014	$82,557,785
Federal funds included in other funds			*$14,345,040*	
Total ongoing changes as a percentage of base level	*6.0%*	*52.2%*	*26.8%*	*45.5%*
Total changes as a percentage of base level	*6.0%*	*52.2%*	*26.8%*	*45.5%*

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

	Executive Budget Recommendation
Bank of North Dakota line of credit	Section 2 would require the Bank of North Dakota to extend a $108,276,228 line of credit to the Department of Career and Technical Education to provide funding to local communities for the construction of career centers. The department would be required to repay the line of credit from funding appropriated from the federal Coronavirus Capital Projects Fund ($68,276,228) and funding made available by the 2025 Legislative Assembly through a deficiency appropriation ($40,000,000). Section 5 would declare Section 2 an emergency measure.
Transfers	Section 3 would allow the director of the Office of Management and Budget to transfer funds between line items in Section 1 as requested by the director of the Department of Career and Technical Education.
Exemption - Coronavirus Capital Projects Fund and State Fiscal Recovery Fund	Section 4 would provide the Department of Career and Technical Education an exemption to continue $68,276,228 from the Coronavirus Capital Projects Fund and $20,000,000 from the federal State Fiscal Recovery Fund appropriated during the November 2021 special legislative session into the 2023-25 biennium.

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1019
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of the state board for career and technical education; to provide an exemption; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2023 and ending June 30, 2025, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$ 4,643,906	$884,031	$ 5,527,937
Operating Expenses	2,198,453	679,897	2,878,350
Grants	9,507,349	2,000,000	11,507,349
Grants-Secondary	26,837,780	20,000,000	46,837,780
Grants-Stem	100,000	0	100,000
Adult Farm Management	1,706,138	0	1,706,138
Workforce Training	2,000,000	0	2,000,000
Marketplace for Kids	300,000	0	300,000
Center for Distance Ed	9,461,254	2,238,977	11,700,231
Total All Funds	$56,754,880	$25,802,905	$82,557,785
Less Estimated Income	15,019,817	4,030,197	19,050,014
Total General Fund	$41,735,063	$21,772,708	$63,507,771
Full-Time Equivalent Positions	50.30	3.00	53.30

SECTION 2. BANK OF NORTH DAKOTA – LINE OF CREDIT. The Bank of North Dakota shall extend a line of credit to the department of career and technical education to provide funding to entities approved by the state board for career and technical education to receive grants for the purposes of constructing career academies. The line of credit may not exceed $108,276,228, and the interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. The department of career and technical education shall repay the line of credit from federal coronavirus capital projects funding. If moneys available on June 30, 2025, are not sufficient to repay the line of credit, the department of career and technical education shall request from the sixty-ninth legislative assembly a deficiency appropriation to repay the line of credit.

SECTION 3. 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 4. EXEMPTION – CORONAVIRUS CAPITAL PROJECTS FUND – FEDERAL STATE FISCAL RECOVERY FUND. The amount appropriated to career and technical education from federal funds for the purpose of a statewide area career center initiative grant program in section 1 of chapter 548 of the 2021

Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to career and technical education during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. EMERGENCY. Section 2 of this Act is declared to be an emergency measure.