

**Center for Distance Education
Budget No. 204
House Bill No. 1013**

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriation	31.00	\$8,259,116 ¹	\$6,624,000	\$14,883,116
2023-25 legislative appropriation	<u>30.80</u>	<u>7,063,483</u>	<u>4,550,000</u>	<u>11,613,483</u>
2025-27 appropriation increase (decrease) to 2023-25 appropriation	0.20	\$1,195,633	\$2,074,000	\$3,269,633

¹This amount includes \$75,250 of one-time funding. Excluding this amount, the agency's ongoing General Fund appropriation is \$8,183,866.

Item Description

Full-time equivalent changes - The Legislative Assembly approved 31 FTE positions for the Center for Distance Education (CDE) for the 2025-27 biennium, an increase of a 0.20 FTE position from the 2023-25 biennium authorized level of 30.80 FTE positions. The Legislative Assembly added a 0.20 FTE information technology (IT) position to increase a current 0.80 FTE position to full-time.

New and vacant FTE pool - The Legislative Assembly transferred \$203,156 for the new and vacant FTE pool line item for CDE for the 0.20 FTE IT position increase (\$45,369) and estimated savings from vacant positions (\$157,787).

Market equity salary increases - The Legislative Assembly provided \$100,000 from special funds derived from tuition for market equity salary increases.

One-time funding - The Legislative Assembly, in Section 2 of House Bill No. 1013, identified \$100,250 of one-time funding from the General Fund and special funds derived from tuition as follows:

	General Fund	Other Funds	Total
IT equipment		\$25,000	\$25,000
Student information system upgrade	\$75,250		75,250
Total	\$75,250	\$25,000	\$100,250

Military Pathway and Homeschool Tuition Programs - The Legislative Assembly appropriated \$192,000 from the General Fund to establish the Military Pathway Program and the Homeschool Tuition Program.

Status/Result

The Center for Distance Education increased the 0.80 FTE IT position to full-time effective July 1, 2025.

Through January 2026, CDE reported no vacant FTE position savings. Through March 2026, Center for Distance Education has requested a transfer of \$50,410 from the new and vacant FTE pool line item to the CDE line item for the increased IT position.

The Center for Distance Education used the \$100,000 of special fund authority to provide performance-based and market equity increases to certain General Fund full-time employees (\$74,920), special fund full-time temporary staff (\$14,323), and special fund adjunct instructors (\$10,757).

The following is a summary of the status of CDE's one-time funding items:

IT equipment	Through March 31, 2026, CDE has spent \$5,346 on laptops and cameras. Remaining funds are anticipated to be used for additional IT equipment during the 2025-27 biennium.
Student information system upgrade	As of March 31, 2026, CDE has fully expended \$75,250 from the General Fund for system development and consulting services related to the student information system upgrade.

The Center for Distance Education indicated funding did not allow for implementation of both programs. The center reduced the scope to prioritize the Military Pathway Program and is in the process of implementation, including course development and delivery. Through March 31, 2026, 3 of 5 planned courses have been fully implemented and the remaining 2 courses are anticipated in summer 2026. Through March 31, 2026, the Military Pathway Program enrolled 84 students. The center anticipates 50 percent of the appropriation will be spent in the 1st year of the biennium and the remainder will

Virtual instruction - The Legislative Assembly, in House Bill No. 1376 (2023) and Senate Bill No. 2269 (2023), amended North Dakota Century Code Sections 15-19-01 and 15.1-07-25.4 to require a CDE student's school district of residence to pay fees as may be prescribed by the Superintendent of Public Instruction and to preclude a resident school district from denying open enrollment to an approved virtual school. Section 15-19-01 currently provides a CDE student's school district of residence must pay fees as may be prescribed by the Superintendent of Public Instruction.

The virtual school choice legislation enacted in 2023 resulted in a significant increase in CDE enrollments during the 2023-25 biennium and the 1st year of the 2025-27 biennium.

be spent in the 2nd year of the biennium. Expenditures include course development, instructor salary, licensing, and marketing.

In May 2026, the Superintendent of Public Instruction released updated virtual education guidance for the 2026-27 school year. The guidance provides school districts will be required to pay for a CDE course only when a student's request meets one of the following conditions:

- The course is not offered by the school district;
- A scheduling conflict prevents enrollment in the school district's version of the course;
- The student failed the local course previously and no alternate teacher is available; or
- The course is needed for graduation and/or are choice ready requirements for the student to graduate on time.

Guidance states school districts are not required to pay for CDE courses outside the scenarios listed above, though they may choose to do so at their discretion, including in special circumstances.

The change in guidance regarding school district authority over course payment for distance education courses has introduced uncertainty regarding enrollment and CDE revenue. In response, CDE is reducing and reprioritizing its budget to reflect anticipated enrollment declines, adjusting staff and course portfolio offerings, and engaging in marketing efforts. The center will monitor enrollment trends and school district participation closely and make additional adjustments as needed to remain within available special fund resources.