

Department of Public Instruction
Budget No. 201
House Bill No. 1013; Senate Bill Nos. 2213, 2262, and 2275

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriations	86.25	\$1,709,617,438	\$1,302,410,686	\$3,012,028,124
2025-27 base budget	86.25	1,728,750,445	1,115,246,674	2,843,997,119
Legislative increase (decrease) to base budget	0.00	(\$19,133,007)	\$187,164,012	\$168,031,005

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2025-27 legislative appropriations	\$1,709,267,938	\$349,500	\$1,709,617,438
2023-25 legislative appropriations	1,728,750,445	70,000	1,728,820,445
2025-27 legislative increase (decrease) to 2023-25 appropriations	(\$19,482,507)	\$279,500	(\$19,203,007)
Percentage increase (decrease) to 2023-25 appropriations	(1.1%)	399.3%	(1.1%)

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		\$21	\$25	\$46
Added funding to provide employee salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026		299,641	479,159	778,800
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,893 per month		192,665	353,841	546,506
Added funding to replace the 2023-25 biennium new and vacant FTE funding pool for vacant positions		295,820	493,995	789,815
Transferred \$993,564 for estimated savings from vacant FTE positions from the salaries and wages line item to the new and vacant FTE pool line item and reduced the amount to \$695,495 resulting in the savings as shown		(112,870)	(185,199)	(298,069)
Decreased base budget operating expenses, including federal funds (\$66) and special funds related to school food processing (\$452,060)			(452,126)	(452,126)

Adjusted base budget funding to reduce funding from federal funds and increase funding from special funds by \$51,251 for other grants			0
Increased funding for information technology rate increases	7,945		7,945
Increased funding for operating expenses due to an increase in the cost of the school approval and improvement contract and adjusted funding from special funds to the general fund to assume the full cost of the contract	6,619,656	(1,006,656)	5,613,000
Added funding for operating expenses related to ND FIRST interventions for chronically low-performing schools	1,000,000		1,000,000
Increased funding from special funds derived from food processing reimbursements for operating expenses related to increases in the food processing program		2,000,000	2,000,000
Added funding for operating expenses to administer a summer food program	150,000		150,000
Added federal funding for a United States Department of Agriculture local food program		2,705,709	2,705,709
Added funding from federal funds for operating expenses and other grants related to a federal comprehensive literacy state development grant		28,350,000	28,350,000
Adjusted the funding source for integrated formula payments to remove funding from the strategic investment and improvements fund (SIIF)	13,993,086	(13,993,086)	0
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund to provide a total of \$595,677,350 from the fund	(84,817,350)	84,817,350	0
Adjusted the funding source for integrated formula payments from the general fund to the foundation aid stabilization fund to provide a total of \$233 million from the foundation aid stabilization fund	(76,000,000)	76,000,000	0
Adjusted the funding source for integrated formula payments from the general fund to special funds made available from general fund carryover deposited in the department's operating fund to provide a total of \$11 million from carryover funds	(11,000,000)	11,000,000	0
Increased funding for integrated formula payments for changes to the state school aid formula approved in House Bill No. 1369, cost-to-continue savings, and costs related to anticipated increases in local revenue exempted from deduction in the state school aid formula to be used for bonded debt payments, and a \$100,000 reduction in grants to regional education associations. (See the section related to Integrated Formula Payments below for details related to the fiscal impact of formula changes)	114,602,852		114,602,852
Decreased funding for special education contracts	(2,000,000)		(2,000,000)

Increased funding for transportation aid pursuant to House Bill No. 1214 related to the adoption of a new transportation aid formula	2,000,000		2,000,000
Adjusted funding for various base budget program grants	8,491,027	(8,080,000)	411,027
Added funding for science of reading (\$1,000,000) and Indians into STEM (\$300,000) program grants	1,300,000		1,300,000
Adjusted the funding source and increased funding for teacher mentoring to provide \$3.7 million from the general fund	3,700,000	(2,500,000)	1,200,000
Adjusted funding for various base budget passthrough grants	535,000	(569,000)	(34,000)
Transferred funding of \$5,775,000 from the general fund from the PowerSchool line item to a student information systems line item			0
Added funding for science of mathematics program grants, including \$200,000 for operating expenses related to grant administration (Senate Bill No. 2213)	1,200,000		1,200,000
Added funding for operating expenses related to Kindergarten Through Grade Twelve Education Coordination Council contract costs (Senate Bill No. 2262)	60,000		60,000
Added one-time funding from SIIF for operating expenses related to a textbook regarding the history and culture of indigenous people		650,000	650,000
Added one-time funding from SIIF for operating expenses related to North Dakota Native American Essential Understandings to integrate Native American perspectives in the classroom		300,000	300,000
Added one-time funding from SIIF for school board training program grants		1,500,000	1,500,000
Added one-time funding from SIIF for dyslexia identification training program grants		300,000	300,000
Added one-time funding from SIIF for teacher retention program grants		2,000,000	2,000,000
Added one-time funding from SIIF for Amira reading program grants		500,000	500,000
Added one-time funding from SIIF for centers of excellence program grants		1,000,000	1,000,000
Added one-time funding from a Department of Health and Human Services (DHHS) grant for the Waterford Upstart project early learning program pursuant to an appropriation to DHHS (House Bill No. 1012)		1,500,000	1,500,000
Added one-time funding for science of mathematics screening tool pilot program grants (Senate Bill No. 2213)	300,000		300,000

Added one-time funding for kindergarten through grade three foreign language program grants (Senate Bill No. 2275)		49,500		49,500
Total	0.00	(\$19,133,007)	\$187,164,012	\$168,031,005

FTE Changes

The Legislative Assembly approved 86.25 FTE positions for the Department of Public Instruction (DPI) for the 2025-27 biennium, the same as the 2023-25 biennium.

One-Time Funding

The following is a summary of one-time funding items provided in House Bill No. 1013 and Senate Bill Nos. 2213 and 2275 for DPI for the 2025-27 biennium:

	General Fund	Other Funds ¹	Total
House Bill No. 1013:			
Teacher retention program		\$2,000,000	\$2,000,000
School board training		1,500,000	1,500,000
Early learning program		1,500,000	1,500,000
Centers of excellence		1,000,000	1,000,000
Native American history and culture textbook		650,000	650,000
Native American Essential Understandings		300,000	300,000
Statewide reading tool		500,000	500,000
Dyslexia identification training		300,000	300,000
Senate Bill No. 2213:			
Mathematics screening tool pilot program	\$300,000		300,000
Senate Bill No. 2275:			
Kindergarten through grade three foreign language grant pilot project	49,500		49,500
Total	\$349,500	\$7,750,000	\$8,099,500

¹Except for the early learning program, which is funded by a grant from DHHS, funding for one-time items from other funds is provided from SIIF.

2023-25 Biennium Deficiency Appropriation and 2023-25 Biennium Appropriation Carryover to the 2025-27 Biennium

The Legislative Assembly, in House Bill No. 1024 (2025), provided a deficiency appropriation for the 2023-25 biennium of \$30 million from federal funds to DPI to increase federal funds authority in the grants - other grants line item which was reduced when the department transferred authority from the grants - other grants line item to the Elementary and Secondary School Emergency Education Relief (ESSER) - school grants line item. In addition, Section 4 of House Bill No. 1013 (2025) provided a 2023-25 biennium deficiency appropriation of up to \$500,000 to reimburse vendors for services related to ESSER contracts denied payment by the federal Department of Education. Reimbursement was allowed only for services through May 2, 2025. Section 4 required an emergency clause to provide payment before June 30, 2025; however, the emergency clause for House Bill No. 1013 did not carry; therefore, the appropriation will expire before the section becomes effective.

The Department of Public Instruction estimates 2023-25 biennium excess general fund appropriation authority will total approximately \$70.6 million relating to excess appropriations for integrated formula payments (\$56.8 million), transportation aid grants (\$5 million), special education contract grants (\$6 million), the free meal program (\$2.5 million), and other program and passthrough grants (\$325,000). In addition, in Senate Bill Nos. 2013 and 2284 (2023), the Legislative Assembly authorized the department to continue up to \$18.4 million remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various program and passthrough grants. The department estimates excess carryover authority of \$1.7 million related to the funding continued from the 2021-23 biennium, resulting in estimated total excess general fund authority of \$72.3 million. In Section 16 of House Bill No. 1013 (2025), the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2023-25 biennium, any money remains in the integrated formula payments line item, the Office of Management and Budget must continue \$11 million and transfer the funding to the public instruction fund for the purpose of providing integrated formula payments during the 2025-27 biennium. After providing for the general fund exemption, DPI anticipates \$61.3 million of unspent general fund appropriations at the end of the 2023-25 biennium.

In Section 17 of House Bill No. 1013 (2025), the Legislative Assembly provided:

- COVID-19-related funds appropriated to DPI from the ESSER Fund and any other federal funds during the 2021-23 biennium and continued to the 2023-25 biennium are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2025-27 biennium. The department anticipates \$950,000 of federal funding will be continued to the 2025-27 biennium for the Amira reading tool, after school tutoring, choice ready programs, and technology and workforce readiness programs. Federal funds must be spent by March 2026.
- Any funds remaining from special funds from the public instruction fund, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to the state automated reporting system (STARS) and the statewide longitudinal data system (SLDS), appropriated to DPI during the 2021-23 biennium and continued to the 2023-25 biennium are not subject to the provisions of Section 54-44.1-11 and may be continued into the 2025-27 biennium for the purpose of continuing the upgrades. The department continued \$9,780,703 for STARS and SLDS upgrades to the 2023-25 biennium, of which \$4,807,703 was transferred to the Information Technology Department. The department anticipates spending \$973,000 during the 2023-25 biennium and continuing \$4,000,000 for a multiyear project that will replace STARS.

State School Aid - Integrated Formula Payments, Transportation Aid, Special Education Contracts

The Legislative Assembly appropriated \$2,496,377,703, of which \$1,656,700,353 is from the general fund, \$233,000,000 is from the foundation aid stabilization fund, \$595,677,350 is from the state tuition fund, and \$11,000,000 is from special funds, derived from general fund carryover deposited in the department's operating fund, for state school aid, including integrated formula payments, transportation aid, and special education contracts. This level of funding represents an increase of \$114,602,852 from the 2023-25 legislative appropriation of \$2,381,774,851, including increases in funding of \$76,000,000 from the foundation aid stabilization fund, \$84,817,350 from the state tuition fund, and \$11,000,000 from special funds, derived from general fund carryover deposited in the department's operating fund, and decreases in funding of \$13,993,086 from SIIF and \$43,221,412 from the general fund. (See the schedules following this section for a comparison of state school aid and other grants for the 2023-25 and 2025-27 bienniums.)

Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of an integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2025-27 biennium, the integrated payment rates are increased 2.5 percent each year of the biennium to provide \$11,349 during the 1st year of the biennium and \$11,633 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund.

Property tax reform approved in House Bill No. 1176 (2025) limits school district budget increases to 3 percent each year and may impact school districts' ability to levy the total mills deducted in the formula. The Legislative Assembly, in Section 28 of the bill, provided for an integrated formula gap funding program to hold harmless certain school districts that may have more funding deducted in the state school aid formula than can be assessed under the new provisions. The bill allows DPI to use funding provided for integrated formula payments to provide the gap funding. If the department anticipates a shortfall in funding for integrated formula payments for the 2025-27 biennium, the Superintendent must request a deficiency appropriation from the 70th Legislative Assembly.

For the 2025-27 biennium, the Legislative Assembly provided an appropriation of \$2,414,277,703, of which \$1,574,600,353 is from the general fund, \$233,000,000 is from the foundation aid stabilization fund, \$595,677,350 is from the state tuition fund, and \$11,000,000 is from special funds, derived from general fund carryover deposited in the department's operating fund, for state school aid for integrated formula payments. This level of funding represents an increase of \$114,602,852 from the 2023-25 biennium appropriation for integrated formula payments of \$2,299,674,851, including increases in funding of \$76,000,000 from the foundation aid stabilization fund, \$84,817,350 from the state tuition fund, and \$11,000,000 from special funds, derived from general fund carryover deposited in the department's operating fund, and decreases in funding of \$13,993,086 from SIIF and \$43,221,412 from the general fund.

The Legislative Assembly approved increases in integrated formula payments totaling \$114.6 million from the base budget, including \$11.2 million of savings related to a reduction in the cost to continue, \$125.9 million for state school aid formula changes, and a \$100,000 reduction in grants to regional education associations. Increases approved by the Legislative Assembly and other adjustments to integrated formula payments are summarized as follows:

	Integrated Formula Payment Adjustments Increase (Decrease)	Integrated Formula Payments
2023-25 biennium integrated formula payments		\$2,299,674,851
Reduction in funding for projected 2025-27 biennium cost to continue savings related to enrollment declines		(11,212,607)
Total cost to continue integrated formula payments during the 2025-27 biennium		\$2,288,462,244
Decreased funding for regional education association grants to provide a total of \$600,000 (House Bill No. 1013)	(\$100,000)	
Increased funding due to an estimated increase in local revenue exempted from deduction in the state school aid formula related to House Bill No. 1130. (House Bill No. 1130 was defeated after House Bill No. 1013 was finalized)	10,500,000	
Increased funding to provide a 2.5 percent increase in the per student payment rate in each year of the biennium (House Bill No. 1369)	115,415,459	
Total adjustments to integrated formula payments related to state school aid formula changes and other adjustments		125,815,459
Total 2025-27 biennium integrated formula payments		\$2,414,277,703

Transportation Aid Grants

The Legislative Assembly, in House Bill No. 1214 (2025), changed the way transportation aid grants to school districts are determined. Using factors, the new formula converts bus miles, number of bus runs, eligible family miles, and square miles and number of buildings in the district into transportation average daily membership equivalents. Total transportation average daily membership equivalents are multiplied by a 0.091 factor to determine the school district's weighted student unit equivalent. The weighted student unit equivalent is multiplied by the per pupil payment rate set in Section 15.1-27-04.1. Eligible miles and runs include transportation to and from school, special education, and career and technology centers and courses. A hold harmless clause provides, for school districts whose eligible bus miles and eligible bus runs remain the same or increase from the prior year, the transportation payment under the new formula may not be less than the transportation payment received by the school district for the preceding year. The hold harmless clause expires June 30, 2027. Under the new formula, transportation funding will increase as per pupil payment rates in Section 15.1-27-04.1 are increased. The estimated fiscal impact of the new formula is an increase in transportation aid funding of approximately \$6.35 million. The department anticipates excess transportation aid funding during the 2023-25 biennium and estimates the total funding needed for the 2025-27 biennium for the new formula will be \$60.1 million, or \$2 million more than the 2023-25 biennium appropriation of \$58.1 million.

Special Education Contracts

The Legislative Assembly provided \$22 million from the general fund for special education contracts during the 2025-27 biennium. This level of funding is \$2 million less than 2023-25 biennium funding of \$24 million from the general fund. The Legislative Assembly, in Section 8 of House Bill No. 1013 (2025), provided the Superintendent may expend funds provided for integrated formula payments and grants - special education contracts during the 2025-27 biennium for paying grants for educational services that were due in the 2023-25 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2025. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent by June 30, 2026. In addition to special education contracts, the state school aid formula provides approximately \$277.5 million through the integrated formula payments line item for special education and prekindergarten special education average daily membership and weighting factors.

Regional Education Associations

The Legislative Assembly provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 11 of House Bill No. 1013 (2025) identifies \$600,000 from the general fund included in the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2025-27 biennium, \$100,000 less than the 2023-25 biennium. The number of regional education associations in the state was reduced to 6 during the 2023-25 biennium. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2025, and regional education associations that merge during the 2025-27 biennium are entitled to the annual grants that would have been paid to each of the member associations. In addition to regional education association grants, the state school aid formula provides approximately \$5.5 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.

Program and Passthrough Grants and the Program Grant Pool

The Legislative Assembly provided a total of \$31,800,527 from the general fund, SIIF, and special funds from a DHHS grant for programs administered by DPI (\$27,065,527) and passthrough grants (\$4,735,000). This level of funding is \$1,780,473 less than the 2023-25 biennium appropriation for program and passthrough grants of \$33,581,000 provided from the general fund, SIIF, and special funds made available from continuing unexpended 2021-23 biennium integrated formula payment funding and depositing the funding in the department's operating fund.

In 2025, the program grant pool was removed and funding of \$1,736,027 was allocated to the various initiatives funded by the pool in previous bienniums, including leveraging the senior year, a leadership program, and family engagement initiatives. This level of funding is \$536,027 more than the 2023-25 biennium appropriation of \$1,200,000 from carryover funds for the program grant pool. The Legislative Assembly provided the increased funding for the leveraging the senior year program.

The following is a summary of program grants:

	Increase (Decrease) from 2023-25 Biennium Appropriation	2025-27 Biennium General Fund	2025-27 Biennium Other Funds ¹	2025-27 Biennium Total
Adult education matching grants		\$5,500,000		\$5,500,000
School food services matching grants		1,380,000		1,380,000
Free meal program		6,000,000		6,000,000
Leveraging the senior year	\$536,027	1,536,027		1,536,027
Building tomorrow's leaders		50,000		50,000
Family engagement		150,000		150,000
Paraprofessional-to-teacher program		3,000,000		3,000,000
Science of reading and literacy instruction	1,000,000	1,000,000		1,000,000
Science of mathematics instruction	1,000,000	1,000,000		1,000,000
Indians into STEM	300,000	300,000		300,000
Administrative cost-sharing reimbursement	(125,000)			0
One-time funding for a centers of excellence program	1,000,000		\$1,000,000	1,000,000
One-time funding for a mathematics screening tool pilot project	300,000	300,000		300,000
One-time funding for regional education association merger incentive grants	(70,000)			0
One-time funding to provide the Amira reading tool statewide ²	(1,100,000)		500,000	500,000
One-time funding for a statewide teacher retention program	(300,000)		2,000,000	2,000,000
One-time funding for school board training grants	0		1,500,000	1,500,000
One-time funding for science of reading and literacy instruction	(1,000,000)			0
One-time funding for dyslexia identification training	21,000		300,000	300,000
One-time funding for reading learning platform training	(558,000)			0
One-time funding for foreign language grants for grades kindergarten through grade three	49,500	49,500		49,500
One-time funding for Waterford Upstart early learning program	1,500,000		1,500,000	1,500,000
Total	\$2,553,527	\$20,265,527	\$6,800,000	\$27,065,527

¹Except for the Waterford Upstart early learning program, which is funded through a grant from DHHS, program grants provided from other funds are funded from SIIF.

²In addition to funding appropriated by the Legislative Assembly from SIIF, DPI has obligated ESSER funding of \$541,903, continued from the 2021-23 biennium and the 2023-25 biennium, to provide a total of \$1,041,903 for a statewide reading tool during the 2025-27 biennium. See the section regarding **2023-25 Biennium Deficiency Appropriation and 2023-25 Biennium Appropriation Carryover to the 2025-27 Biennium** for additional details regarding ESSER funding continued to the 2025-27 biennium.

The following is a summary of passthrough grants:

	Increase (Decrease) from 2023-25 Biennium Appropriation	2025-27 Biennium General Fund	2025-27 Biennium Other Funds	2025-27 Biennium Total
Mentoring program	\$1,200,000	\$3,700,000		\$3,700,000
National writing projects	0	40,000		40,000
Rural art outreach project	0	425,000		425,000
Governor's school grants	0	500,000		500,000
"We the People" program	0	70,000		70,000
Cultural heritage grants	(34,000)			0
One-time funding for a grant to the Grand Forks Science Center ¹	(5,000,000)			0
One-time funding for a grant to the Fargo Science Center ¹	(500,000)			0
Total	(\$4,334,000)	\$4,735,000	\$0	\$4,735,000

¹In Section 4 of Senate Bill No. 2018 (2025), the Legislative Assembly appropriated \$2 million of one-time funding from SIIF to the Department of Commerce for grants of up to \$1 million each to support the construction of children's education science centers in cities in the state with a population of at least 50,000 residents. The funding is available only if oil and gas tax revenue allocations to SIIF exceed \$402 million during the 2025-27 biennium.

Other Sections in House Bill No. 1013

New and vacant FTE pool line item - Section 3 provides guidelines regarding the use of funding in the new and vacant FTE pool line item.

Contract reimbursements - Deficiency appropriation - Section 4 provides a deficiency appropriation of up to \$500,000 to reimburse vendors for services related to ESSER contracts denied payment by the federal Department of Education. Reimbursement was allowed only for services through May 2, 2025. **This section required an emergency clause to provide payment before June 30, 2025; however, the emergency clause for House Bill No. 1013 did not carry; therefore, the appropriation will expire before the bill becomes effective.**

Tuition apportionment - Section 5 provides that any money available in the state tuition fund in excess of the \$595,677,350 appropriated in Section 1 is appropriated to DPI for distribution to school districts.

Foundation aid stabilization fund - Section 6 identifies \$233 million from the foundation aid stabilization fund is appropriated for integrated formula payments.

Strategic investment and improvements fund - Section 7 identifies \$6,250,000 from SIIF for one-time program grants relating to dyslexia training, a statewide reading tool, a teacher retention program, a centers of excellence program, school board training, a Native American history and culture textbook, and a Native American Essential Understandings program.

Payments for 2023-25 biennium educational services - Section 8 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2025-27 biennium to pay claims due during the 2023-25 biennium, but not filed with the department until the 2025-27 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent by June 30, 2026.

Gifted and talented program funding - Section 9 provides that DPI use \$800,000 of the 2025-27 biennium legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units.

Medicaid matching and school approval withholding and distribution - Section 10 provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to DHHS on behalf of the school district or unit.

Regional education association grants - Section 11 identifies \$600,000 from the general fund, \$100,000 less than the 2023-25 biennium, included in the integrated formula payments line item for providing annual grants to regional education associations during the 2025-27 biennium. An annual grant of \$50,000 is

provided to each regional education association that exists as of July 1, 2025, and regional education associations that merge during the 2025-27 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Student meal grants - Section 12 identifies \$6 million from the general fund, included in the grants - program grants line item, is to provide free meals to students in public or nonpublic schools at or below 225 percent of the federal poverty guideline, an increase in eligibility from 200 percent of the federal poverty guideline used during the 2023-25 biennium.

Paraprofessional-to-teacher program - Section 13 identifies \$3 million from the general fund, included in the grants - program grants line item, is to provide grants to institutions of higher education to assist paraprofessionals to become teachers. The Superintendent may award up to \$20,000 to each qualifying institution for program startup and other administrative costs and the remainder of the appropriation may be used only for tuition and scholarships for students enrolled in the program.

North Dakota governor's schools grants - Section 14 identifies \$500,000 from the general fund, included in the grants - passthrough grants line item, is to provide for North Dakota governor's schools at NDSU and UND.

Exemption - Deposits into the department's operating account - Section 15 provides that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemaker deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

2023-25 biennium funding exemption and transfer - Section 16 provides that if, after the Superintendent complies with all statutory payment obligations imposed for the 2023-25 biennium, any money remains in the integrated formula payments line item, the lesser of \$11 million or the remaining amount must be continued into the 2025-27 biennium and the Office of Management and Budget must transfer this amount into the public instruction fund for the purpose of providing integrated formula payments.

2023-25 biennium funding exemption and authorization - Section 17 provides the following funds appropriated to DPI from federal funds and other funds during the 2021-23 biennium, and continued to the 2023-25 biennium, are not subject to the provisions of Section 54-44.1-11 and may be continued into the 2025-27 biennium as follows:

1. Any funds remaining from federal funds derived from the ESSER Fund and any other federal funds appropriated in subdivision 2 of Section 2 of Chapter 28 of the 2021 Session Laws; and
2. Any funds remaining from special funds from the public instruction fund in the state treasury, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to the state automated reporting system and the statewide longitudinal data system, appropriated in Section 17 of Chapter 549 of the 2021 Special Session Session Laws.

Salary of the Superintendent of Public Instruction - Section 21 provides the statutory changes to increase the Superintendent's salary. The Superintendent's annual salary is increased from the current level of \$143,668 to \$147,978, effective July 1, 2025, and to \$152,417, effective July 1, 2026, to reflect salary increases of 3 percent each year of the biennium.

Electronic collection of free or reduced-price meal eligibility information - Section 22 creates a new section to Chapter 15.1-07, effective July 1, 2026, to require school districts to establish electronic collection of free or reduced-price meal eligibility information.

Administrative cost-sharing reimbursement - Section 23 amends Section 15.1-27-16 to provide the administrative cost-sharing program expires June 30, 2025 rather than June 30, 2026. Funding for the program of \$125,000 from the general fund was removed from the department's base budget.

Effective date - Electronic collection of free or reduced-price meal eligibility information - Section 24 provides the requirement for electronic collection of free or reduced-price meal eligibility, in Section 22, is effective July 1, 2026.

Related Legislation

House Bill No. 1012 - Waterford Upstart project - This bill provides \$1.5 million of **one-time funding** from the general fund to DHHS, which DHHS will grant to DPI for the Waterford Upstart early learning project. The funding is included in the special funds appropriation to DPI in House Bill No. 1013.

House Bill No. 1105 - Virtual learning school district policy - This bill amends sections related to virtual instruction school district policies, including when school districts are required to pay for a virtual instruction course.

House Bill No. 1176 - Property tax reform - School district gap funding - This bill increases the primary residence property tax credit and the renter's refund amount; adjusts the maximum taxable value reduction for the disabled veteran's program; and limits local political subdivision budget increases. The Legislative Assembly, in Section 28 of the bill, provided for an integrated formula gap funding program to hold harmless certain school districts that may have more funding deducted in the state school aid formula than can be assessed under the new provisions. The bill allows DPI to use funding provided for integrated formula payments to provide the gap funding. If the department anticipates a shortfall in funding for integrated formula payments for the 2025-27 biennium, the Superintendent must request a deficiency appropriation from the 70th Legislative Assembly.

House Bill No. 1214 - Transportation aid - This bill establishes a new school transportation funding model moving from a block grant to a formula by determining each school district's transportation average daily membership equivalent based on the quantity of small and large bus miles, small and large bus runs, square miles in the school district, school buildings in the districts, and miles that have been reimbursed by the school to families for transportation of students. Transportation average daily membership equivalents are converted weighted student unit equivalents, which are multiplied by the per student payment rate and distributed to the school district. A fiscal note prepared by DPI indicates additional expenditures of \$6,350,000. Funding for this change is included in House Bill No. 1013.

House Bill No. 1357 - Data-sharing agreement - This bill requires each public school district to enter a data-sharing agreement with DPI, subject to federal and state privacy laws, including the Family Educational Rights and Privacy Act.

House Bill No. 1369 - State school aid formula - This bill:

- Increases per student payment rates by 2.5 percent each year of the biennium to provide \$11,349 during the 1st year of the biennium and \$11,633 during the 2nd year of the biennium;
- Eliminates the veterans' and homestead credit from the in lieu of property tax deduction and allows the department to calculate taxable value without adjustment for veteran and homestead properties;
- Requires the placement of a student with disabilities in a public or private facility paid for by the state to be approved by the Superintendent, and authorizes the Superintendent to consult with the Commissioner of DHHS regarding congregate care facilities;
- Authorizes the Board of University and School Lands to issue a loan for the lesser of 20 percent of the project cost or \$20 million dollars from the coal development trust fund for a school construction project on an Air Force base during the 2025-27 biennium;
- Removes the Superintendent's duty to designate funds in the school construction assistance revolving loan fund for construction of facilities on an Air Force base, included in Senate Bill No. 2149 (2025);
- Decreases the maximum loan amounts available from the school construction assistance revolving loan fund in each loan tier;
- Increases the threshold for bidding and contractor bonding on public improvement construction from \$200,000 to \$250,000; and
- Removes the 12 percent cap on school district tax levying authority.

A fiscal note prepared by DPI indicates additional general fund expenditures of \$115.3 million related to the foundation aid formula changes. Funding for the formula changes is included in House Bill No. 1013.

House Bill No. 1476 - School district building assessments and maintenance - This bill authorizes the Superintendent in North Dakota to oversee the assessment of all public school buildings in the state, by collecting assessments conducted by school districts, documenting and tracking building inventory and repairs, and contracting for professional services to study appropriate criteria for establishing public school facility standards. A fiscal note prepared by DPI indicates a system can be set up and maintained by DPI staff.

Senate Bill No. 2149 - Construction loan funding for air base schools - This bill provides a school construction or remodeling project on an Air Force base is eligible to be financed by a loan from the school construction assistance revolving loan fund through the Bank of North Dakota, if the cost of the project is at least \$1 million and will be utilized for 30 years, the school district has obtained approval from the Superintendent, the school district has obtained all necessary federal authorizations and funding commitments, and the school district has completed an submitted an application to the Bank. The bill required the Superintendent to designate funding in the school construction assistance revolving loan fund for the construction of facilities on an Air Force base, however this provision was removed in House Bill No. 1369 (2025).

Senate Bill No. 2213 - Kindergarten through grade eight mathematics curriculum - This bill provides a comprehensive update to mathematics education for K-12 teachers and students. The bill requires the Education Standards and Practices Board to ensure mathematics teachers demonstrate competencies in direct and explicit mathematics instruction and pedagogy prior to obtaining a teaching license. The licensure requirements do not become effective for elementary teachers until July 1, 2027. The bill also requires nonpublic and public schools to provide mathematics curricula aligned with DPI newly revised standards, provide professional development for mathematics teachers, including special education teachers, implement formative assessments and adjust instruction accordingly, and implement intervention programming when appropriate. Beginning July 1, 2027, public and nonpublic schools will be required to screen students in kindergarten through grade three for mathematics deficiencies and dyscalculia, and provide resources and accommodations as needed. The bill also appropriates \$1.5 million from the general fund to DPI to support schools and regional education associations to improve kindergarten through grade eight mathematics curriculum, instruction, and student achievement. The bill provides up to \$200,000 of the appropriation may be allocated for state-level staffing or DPI administrative expenses and up to \$300,000 of the appropriation must be allocated to **one-time funding** for a mathematics screening tool pilot program.

Senate Bill No. 2241 - Public charter schools - This bill establishes a framework for the creation, governance, and oversight of public charter schools, which are independently governed public schools formed through a charter performance agreement. The bill provides public charter schools will receive per-student state aid payments like other public schools, but no funding from the local contribution in the state aid formula. A fiscal note prepared by DPI indicates the fiscal impact cannot be determined.

Senate Bill No. 2262 - Kindergarten Through Grade Twelve Education Coordination Council - This bill authorizes the Kindergarten Through Grade Twelve Coordination Council to enter a contract to conduct studies to carry out the objectives of the council. The bill also appropriates \$60,000 from the general fund to the Superintendent for Kindergarten Through Grade Twelve Education Coordination Council contracts.

Senate Bill No. 2275 - Kindergarten through grade three foreign language - This bill creates a pilot program for the Superintendent to provide annual grants to schools that provide instruction in a foreign language to students in kindergarten through grade three. The grants may be up to \$2,500 and may be used for program costs, materials, and stipends. The bill also provides \$49,500 of **one-time funding** from the general fund to DPI for the pilot program.

Senate Bill No. 2353 - Regional education association contracts - This bill permits a regional education association to offer services to a school district that is not a member of the regional education association and to contract with the Superintendent to offer services. The bill clarifies any perceived ambiguity regarding whether a regional education association may offer services to a school district that is not a member of the regional education association and streamlines the process by which DPI contracts with a regional education association without prior approval of the Office of Management and Budget.

Senate Bill No. 2362 - Accreditation of schools - This bill authorizes the Superintendent to provide school districts with a choice of accreditation options including a state-defined accreditation created by DPI. The bill ensures school districts have access to a state-funded accreditation process and also permits school districts to select an alternative accreditation agency from a state-approved list. This bill requires the Superintendent to contract with an accreditation organization or vendor to create state-provided accreditation to offer to each public school district at no charge.