



# Budget Basics

Prepared by the North Dakota Legislative Council  
Part 6 | November 2024

## DEPARTMENT OF PUBLIC INSTRUCTION

The Superintendent of Public Instruction, through the Department of Public Instruction (DPI), provides technical and professional support to school districts and is responsible for school accreditation and for the enforcement of all state statutes and federal regulations relating to public elementary and secondary education in the state. The department administers state and federal programs and the distribution of state school aid, including integrated formula payments, transportation payments, and special education contract payments.

### STATE SCHOOL AID 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 2023-25 biennium, the integrated payment rates are increased 4 percent each year of the biennium to provide \$10,646 during the 1<sup>st</sup> year of the biennium and \$11,072 during the 2<sup>nd</sup> 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. Funding also is provided in the integrated formula payments line item for gifted and talented programs, state child placement costs, South Dakota cross-border tuition, and regional education association grants.

For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$2,300 million for state school aid for integrated formula payments. Of this total, \$1,618 million is from the general fund, \$500 million is from common schools trust fund distributions, \$157 million is from the foundation aid stabilization fund, \$14 million is from the strategic investment and improvements fund, and \$11 million is from the state tuition fund from fines for violation of state laws.

### Transportation Payments

In addition to integrated formula payments, school districts are reimbursed for a portion of their transportation costs. The Legislative Assembly provided \$58.1 million from the general fund for transportation aid during the 2023-25 biennium, the same as the 2021-23 biennium. This level of funding will allow reimbursement rates to remain the same as the 2021-23 biennium rates set in statute. The Legislative Assembly, in House Bill No. 1027 (2021), codified student transportation aid payment sections as the provisions existed on June 30, 2001, updated provisions to reflect current practices and reimbursement rates, and prohibited school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements. North Dakota Century Code Section 15.1-27-26.1 provides reimbursement rates of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than 2 miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

**Special Education Contract Payments**

The Department of Public Instruction maintains a special education contract system to reimburse school districts for high-cost special education students. The Legislative Assembly provided \$24 million from the general fund for special education contracts during the 2023-25 biennium. There are two types of student placement contracts--agency placed and school placed. When the placement is voluntary by a legal guardian; made by a state or county social service agency; ordered by state court, tribal court, or juvenile services; or in a state-operated institution, the district is responsible for the state average cost per student. Charges over the state average cost per student are reimbursed by the state. The resident district is responsible for four times the state average cost per student when the district places the student out of district for education purposes. If the high-cost student remains in their resident district, the district will be reimbursed for any cost exceeding four times the state average cost per student.

**OTHER APPROPRIATIONS**

In addition to state school aid, the legislative appropriation for the 2023-25 biennium includes a total of \$33.6 million, of which \$9.7 million is from the general fund, \$5.5 million is from the strategic investment and improvements fund, and \$18.4 million is from special funds made available from general fund carryover deposited in the department's operating fund (carryover funds) for programs administered by DPI (\$24.5 million), including adult education grants, school food services matching grants, a free meal program, a paraprofessional-to-teacher program, an administrative cost-sharing program, science of reading and literacy instruction, dyslexia identification training, reading learning platform training, regional education association merger incentive grants, an Amira reading tool, a teacher retention program, school board training, and a program grant pool, and passthrough grants (\$9.1 million) for writing projects, art outreach, Governor's school, teacher mentoring, civics programs, cultural heritage grants, and one-time science center grants. The program grant pool provides a flexible funding pool of \$1.2 million for various initiatives, including leveraging the senior year, a leadership program, and family engagement.

The Legislative Assembly provided \$51.6 million for DPI administration during the 2023-25 biennium, of which \$12.7 million is from the general fund.

In separate line items of the DPI budget, the Legislative Assembly provided \$5,775,000 from the general fund for PowerSchool maintenance and upgrades and \$176,290 from the general fund for payments to teachers receiving national board certification.

The Legislative Assembly provided \$225,000 from the displaced homemaker's account to provide services to displaced homemakers.

Federal grants included in the DPI budget total \$382.5 million. Major federal programs include school nutrition, special education, Title I, and Individuals with Disabilities Education Act.

**DEPARTMENT OF PUBLIC INSTRUCTION - 2023-25 BIENNIUM BUDGET**

As approved by the 2023 Legislative Assembly, the 2023-25 biennium DPI budget totals \$2,855,659,940. Of this amount, \$1,728,240,444 is from the general fund and \$1,127,419,496 is from other funds, including federal funds.

A summary of the budget for the 2023-25 biennium is shown below.

Integrated formula payments	\$2,299,674,851
Transportation aid payments	58,100,000
Special education contract payments	24,000,000
<b>Total state school aid</b>	<b>\$2,381,774,851</b>
Program grants	24,512,000
Passthrough grants	9,069,000
PowerSchool	5,775,000
National board certification	176,290
Displaced homemaker program	225,000
Federal grants	382,513,893
<b>Total state school aid and other programs</b>	<b>\$2,804,046,034</b>
Department of Public Instruction administration	51,613,906
<b>Total 2023-25 biennium budget</b>	<b>\$2,855,659,940</b>

Sources of funding for the budget:	
General fund	\$1,728,240,444
Foundation aid stabilization fund	157,000,000
Distributions from the common schools trust fund	499,860,000
Fines for violation of state laws	11,000,000
Strategic investment and improvements fund	19,493,086
Other special funds	21,310,100
Federal funds	418,756,310
Total 2023-25 biennium original appropriation	\$2,855,659,940

The next topic in the *Budget Basics* series will review the North Dakota University System.