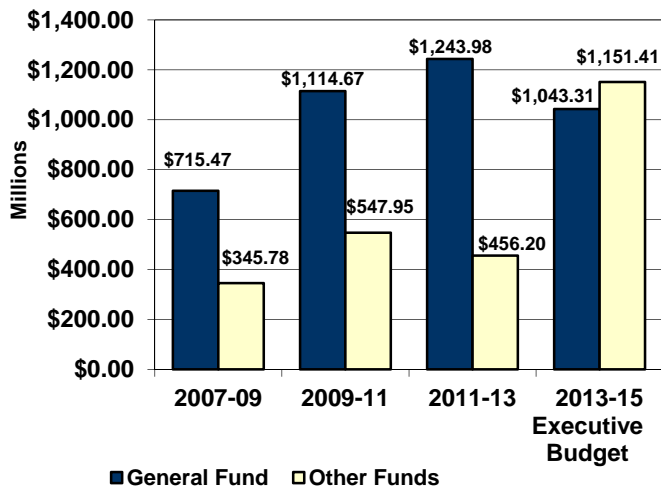


**Department 201 - Department of Public Instruction
 House Bill No. 1013**

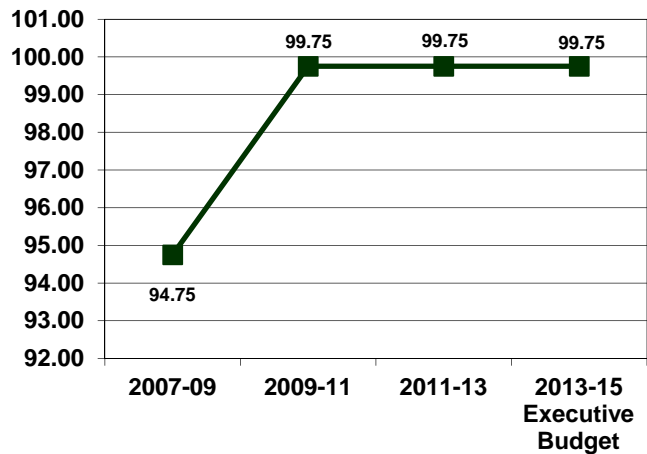
	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	99.75	\$1,043,309,862	\$1,151,411,433	\$2,194,721,295
2011-13 Legislative Appropriations	99.75	1,243,980,651	456,203,423	1,700,184,074 ¹
Increase (Decrease)	0.00	(\$200,670,789)	\$695,208,010	\$494,537,221

¹The 2011-13 appropriation amounts do not include \$9.5 million of estimated excess funding for state school aid and transportation aid payments continued from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments (\$9 million) and adult education learning center grants (\$500,000). In addition, the 2011-13 appropriation amounts do not include \$317,785 of special funds authority for additional federal education jobs fund payments authorized by the Emergency Commission during the 2011-13 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$1,043,309,862	\$0	\$1,043,309,862
2011-13 Legislative Appropriations	1,243,596,651	384,000	1,243,980,651
Increase (Decrease)	(\$200,286,789)	(\$384,000)	(\$200,670,789)

Executive Budget Highlights

	General Fund	Other Funds	Total
Salaries and wages			
1. Provides funding for state employee salary increases, of which \$762,682 relates to performance increases and \$536,195 is for market equity adjustments	\$402,652	\$896,225	\$1,298,877
2. Increases funding for temporary salaries	\$200,000		\$200,000
Operating expenses			
3. Removes 2011-13 one-time funding for programming changes to the department's state automated reporting system (STARS) used to gather school district information	(\$384,000)		(\$384,000)
4. Removes 2011-13 one-time funding provided from the national board certification fund for the Education Standards and Practices Board approval and accreditation mainframe rewrite		(\$200,000)	(\$200,000)
5. Removes 2011-13 funding provided from the national board certification fund for ACT and WorkKeys testing		(\$115,000)	(\$115,000)

6. Increases funding for ACT and WorkKeys testing to provide a total of \$867,300 from the general fund	\$188,900		\$188,900
7. Increases operating expenses related to federal grant funding		\$216,165	\$216,165
8. Provides funding for inflationary increases in operating expenses	\$41,550		\$41,550
9. Increases funding for information technology maintenance to update STARS (\$529,000) and the federal grants management system (\$190,000)	\$719,000		\$719,000

Grants

10. Removes 2011-13 funding provided from the general fund and the state tuition fund for state school aid formula payments	(\$816,821,478)	(\$101,638,000)	(\$918,459,478)
11. Adds funding from the general fund, the property tax relief sustainability fund (\$714.2 million), and the state tuition fund (\$140.3 million) for integrated formula payments to schools	\$932,900,162	\$854,499,838	\$1,787,400,000
12. Removes 2011-13 funding provided for mill levy reduction grants	(\$341,790,000)		(\$341,790,000)
13. Increases funding for special education from \$16 million to \$16.5 million	\$500,000		\$500,000
14. Increases funding for transportation grants from \$48.5 million to \$53.5 million	\$5,000,000		\$5,000,000
15. Decreases federal funding for other grants		(\$32,112,238)	(\$32,112,238)
16. Decreases funding from the displaced homemaker fund for other grants		(\$25,000)	(\$25,000)
17. Removes 2011-13 funding provided from the oil and gas impact fund for rapid enrollment grants and provides funding from the general fund	\$17,000,000	(\$5,000,000)	\$12,000,000
18. Removes 2011-13 funding provided for alternative middle school education program grants	(\$300,000)		(\$300,000)
19. Adds funding for grants to implement common core state standards	\$500,000		\$500,000
20. Adds funding to provide statewide training and implementation support of a new teacher and principal evaluation program for all school districts	\$400,000		\$400,000
21. Increased funding for other grants as follows:	\$338,000		\$338,000

	General Fund Increase (Decrease)	Total General Fund
North Central Council for School Television	\$50,000	\$535,000
Continuing education grants	50,000	150,000
"We the People" program	(2,000)	20,000
Rural art outreach project	35,000	415,000
National writing projects	15,000	173,000
Gearing Up for Kindergarten	190,000	815,000
Total general fund	\$338,000	\$2,108,000

22. Removes 2011-13 one-time federal funding from the education jobs fund program to be distributed to school districts using the state school aid formula		(\$21,517,716)	(\$21,517,716)
23. Removes 2011-13 funding provided from the national board certification fund for the national board certification program and provides funding from the general fund	\$120,000	(\$185,000)	(\$65,000)

Other Sections in Bill

2011-13 deficiency appropriation - Section 3 appropriates \$25 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2011-13 biennium.

Tuition apportionment - Section 4 provides that any money available in the state tuition fund in excess of the \$140,326,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Integrated formula payments - Section 5 identifies \$714,173,838 from the property tax sustainability fund for the integrated formula payments provided in Section 1 of the bill; however, the appropriation language should be removed from this section because the funds are also appropriated in Section 1.

Payments for 2011-13 biennium educational services - Section 6 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2013-15 biennium to pay claims due during the 2011-13 biennium but not filed with the department until the 2013-15 biennium.

Special education gifted and talented programs - Section 7 provides that the Department of Public Instruction use \$800,000 of the 2013-15 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. 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 the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

Regional education association grants - Section 8 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2013-15 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000 or 70 percent of the total compensation of the coordinator.

Continuing education grants - Section 9 provides for the distribution of up to \$150,000 from the Grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per student payments based on latest average daily membership.

Indirect cost allocation - Section 10 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Superintendent of Public Instruction salary - Section 15 provides the statutory changes increasing the Superintendent of Public Instruction's salary. The Superintendent of Public Instruction's annual salary is increased from the current level of \$105,954 to \$110,192, effective July 1, 2013, and to \$114,600, effective July 1, 2014, to reflect the 4 percent and 4 percent recommended salary increase.

National board certification program - Section 16 amends Section 15.1-18.1-02 relating to the national board certification program. Section 17 of the bill makes these changes effective July 1, 2015.

Continuing Appropriations

Instructional materials revolving printing fund - Section 15.1-03-03 - The fund is used for revenues and expenses associated with distributing instructional materials developed and printed by the department.

Displaced homemaker program - Chapter 14-06.1 - The fund is used to provide counseling, guidance, job readiness training, and services for displaced homemakers.

Significant Audit Findings

The operational audit of the Department of Public Instruction conducted by the State Auditor's office during the 2011-12 interim included the following significant audit findings:

- Controls are not in place to properly ensure procurement procedures are performed in accordance with North Dakota State Procurement Office guidelines.
- The list of Title I districts and schools identified for improvement, corrective action, or restructuring under Section 1116 for the school year 2009-10 submitted by the Department of Public Instruction in the Consolidated State Performance Report for reporting on school year 2008-09 did not properly list all the districts and schools identified.
- The Department of Public Instruction was unable to provide documentation of its monitoring of sub-recipient's use of federal awards during the audit period.

Major Related Legislation

House Bill No. 1023 - Provides a deficiency appropriation of \$3,145,000 to the Department of Public Instruction for the 2011-13 biennium for rapid enrollment grants (\$3,100,000) and continuing education grants (\$45,000).

House Bill No. 1038 - Section 3 provides an appropriation of \$198,000 from the general fund for the purpose of providing training and support to general education classroom teachers and other school staff regarding the most effective methods of educating and providing services and support to individuals with autism spectrum disorder.

House Bill No. 1050 - Section 2 provides an appropriation of \$500,000 from the general fund to fund a competitive pilot grant program to aid integrated community services that support identified at-risk American Indian students and their families and support collaboration among community-based services.

Senate Bill No. 2102 - Amends Section 15.1-21-08 relating to the annual administration of state academic achievement tests

Senate Bill No. 2036 - Provides a general fund appropriation to the Department of Public Instruction for mill levy reduction grants to school districts for the 2013-15 biennium

Senate Bill No. 2037 - Provides a general fund appropriation to the Department of Public Instruction for mill levy reduction grants to school districts for the 2013-15 biennium