

**Department of Public Instruction
Budget No. 201
House Bill No. 1013 and Senate Bill No. 2272**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	91.75	\$1,435,601,984	\$897,547,065	\$2,333,149,049
2017-19 base budget	99.75	1,689,008,539	624,685,766	2,313,694,305
Legislative increase (decrease) to base budget	(8.00)	(\$253,406,555)	\$272,861,299	\$19,454,744

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$1,435,601,984	\$0	\$1,435,601,984
2015-17 adjusted legislative appropriations	1,689,008,539	12,700,030	1,701,708,569
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$253,406,555)	(\$12,700,030)	(\$266,106,585)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(15.0%)	(100.0%)	(15.6%)

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$2,064		\$2,064
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		76,644	\$181,686	258,330
Removed 2 FTE positions and related funding from the base budget.	(2.00)	(251,576)	1	(251,575)
Removed 3 additional FTE positions and related funding.	(3.00)	(400,462)		(400,462)
Removed 3 FTE information technology programmer and research positions. Total funding of \$449,187, of which \$157,215 is from the general fund and \$291,972 is from federal funds, was transferred from the salaries and wages line item to the operating expenses line item to contract for services.	(3.00)			
Reduced funding for operating expenses.		(1,301,254)		(1,301,254)

Increased funding from special funds for operating expenses related to school food contracts.		500,000	500,000
Increased funding for cost-to-continue integrated formula payments.	18,864,163		18,864,163
Adjusted the funding sources of integrated formula payments to provide for increases in funds available from the state tuition fund.	(86,412,905)	86,412,905	0
Adjusted the funding sources of integrated formula payments to provide for a decrease in ongoing funding provided from the foundation aid stabilization fund to \$110 million.	6,053,293	(6,053,293)	0
Adjusted the funding sources of integrated formula payments to provide for one-time funding from the foundation aid stabilization fund.	(185,000,000)	185,000,000	0
Removed funding for regional education association coordinator grants (\$800,000) and added funding for annual state aid grants (\$500,000) to be distributed equally to all regional education associations that exist as of July 1, 2017.	(300,000)		(300,000)
Increased funding for special education contract grants to provide a total of \$19.3 million from the general fund.	2,000,000		2,000,000
Reduced funding for transportation grants to provide a total of \$55.4 million from the general fund.	(1,600,000)		(1,600,000)
Removed funding from the general fund for the Governor's School program and provided one-time funding from the student loan trust fund for the program. Funding provided by the state for the Governor's School must be used for science, technology, engineering, and mathematics programs.	(460,000)	220,000	(240,000)
Transferred funding from the grants - other grants line item to a grants - program grants line item and adjusted the funding for program grants from the general fund as follows:	(1,179,022)		(1,179,022)

	General Fund Increase (Decrease)	Total General Fund
Adult education matching grants	(\$1,010,411)	\$3,100,000
Free breakfast program	(5,000)	200,000
Medicaid matching grants	(163,611)	0
Total general fund	(\$1,179,022)	\$3,300,000

Added funding for a flexible funding pool for certain programs administered by the Superintendent of Public Instruction during the 2015-17 biennium and for new initiatives, including:		1,530,000	1,530,000
<ul style="list-style-type: none"> • Continuing education grants; • Preschool continuing education grants; 			

- Curriculum alignment grants;
- Teacher and principal evaluation system grants;
- Leveraging the senior year; and
- Leadership program.

(See the section related to program grants and the program grant pool below.)

Removed funding for continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants to provide funding for these programs and leveraging the senior year and leadership program initiatives in a program grant pool. (640,000) (640,000)

(See the section related to program grants and the program grant pool below.)

Transferred funding from the grants - other grants line item to a grants - passthrough grants line item and reduced or removed funding for passthrough grants from the general fund as follows: (2,887,500) (2,887,500)

	General Fund Increase (Decrease)	Total General Fund
Mentoring program	(\$650,000)	\$2,050,000
National writing projects	(173,000)	20,000
Rural art outreach project	(85,000)	350,000
North Central Council for Educational Media Services	(297,000)	238,000
Global Bridges (Atlantik-Brucke) exchange	(50,000)	200,000
Young entrepreneur education program	(70,000)	30,000
"We the People" program	(15,000)	10,000
Teacher center network	(360,000)	0
North Dakota LEAD Center	(267,500)	0
Prekindergarten space grants	(125,000)	0
Gearing Up for Kindergarten	(675,000)	0
Pathfinders Parent Project	(120,000)	0
Total general fund	(\$2,887,500)	\$2,898,000

Reduced funding for PowerSchool to provide a total of \$5.5 million from the general fund. (500,000) (500,000)

Added one-time funding from the foundation aid stabilization fund for regional education association merger grants. 100,000 100,000

Removed funding from the general fund for English language learner grants and, in Senate Bill No. 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants. (1,000,000) 500,000 (500,000)

Added one-time funding from the foundation aid stabilization fund for rapid enrollment grants (Senate Bill No. 2272).			6,000,000	6,000,000
Total	<u>(8.00)</u>	<u>(\$253,406,555)</u>	<u>\$272,861,299</u>	<u>\$19,454,744</u>

FTE Changes

The Legislative Assembly approved 91.75 FTE positions for the Department of Public Instruction for the 2017-19 biennium, a decrease of 8 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE multimedia developer position, 2 FTE administrative assistant III positions, 1 FTE senior programmer analyst position, 1 FTE programmer analyst II position, 1 FTE research technician position, 1 FTE education information process analyst position, and 1 FTE unidentified position.

One-Time Funding

In Section 3 of House Bill No. 1013, the Legislative Assembly identified \$185.32 million of one-time funding from special funds for integrated formula payments and other grants. One-time funding is provided from the student loan trust fund for support of the Governor's School program (\$220,000) and from the foundation aid stabilization fund for integrated formula payments (\$185 million) and regional education association merger grants (\$100,000). In addition, the Legislative Assembly, in Senate Bill No., 2272, provided one-time funding from the foundation aid stabilization fund for English language learner grants (\$500,000) and rapid enrollment grants (\$6 million). These items are not to be considered part of the Department of Public Instruction's 2019-21 biennium base budget, and the department is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

State School Aid - Integrated Formula Payments, Transportation Aid, Special Education Contracts, and Rapid Enrollment Grants

The Legislative Assembly appropriated \$2,015,904,163, of which \$1,409,357,258 is from the general fund, \$301,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund, for state school aid, including integrated formula payments, transportation aid, special education, and grants for rapid enrollment growth. Of the \$301,000,000 provided from the foundation aid stabilization fund, \$191,000,000 is considered one-time funding. This level of funding represents an increase of \$12,500,000, including a decrease in funding of \$258,900,000 from the general fund and increases in funding of \$185,000,000 from the foundation aid stabilization fund and \$86,400,000 from the state tuition fund, from the 2015-17 adjusted legislative appropriation of \$2,003,444,530. (See the schedules following this section for a comparison of state school aid and other grants for the 2015-17 and 2017-19 bienniums.)

Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of a new 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 change 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 2017-19 biennium, the integrated payment rate will remain at \$9,646 for each year of the biennium, the same as the 2nd year of the 2015-17 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.

The Legislative Assembly provided an appropriation of \$1,935,204,163, of which \$1,334,657,258 is from the general fund, \$295,000,000 is from the foundation aid stabilization fund, and \$305,546,905 is from the state tuition fund, for state school aid for integrated formula payments. Of the \$295,000,000 provided from the foundation aid stabilization fund, \$185,000,000 is considered one-time funding. This level of funding represents an increase of \$18,600,000, including a decrease in funding of \$246,800,000 from the general fund and increases in funding of \$179,000,000 from the foundation aid stabilization fund and \$86,400,000 million from the state tuition fund, from the 2015-17 biennium adjusted appropriation for integrated formula payments of \$1,917,000,000.

The Legislative Assembly approved an increase in the state school aid formula totaling \$18.6 million, including cost-to-continue the 2015-17 biennium 2nd year integrated formula payment increase (\$54 million), cost of projected student growth (\$57.7 million), and cost associated with an increase in the English language learner weighting factors approved by the 2015 Legislative Assembly and effective July 1, 2017 (\$900,000). Increases approved by the Legislative Assembly and other adjustments to the state school aid formula are summarized as follows:

	Increase (Decrease)	Integrated Formula Payments
Base budget integrated formula payments:		\$1,916,640,000
Base adjustment for unobligated 2015-17 biennium appropriation	(\$22,048,863)	
Cost-to-continue 2 nd year integrated formula payment increase	54,023,780	
Projected 2017-19 biennium student growth	57,693,368	
Increase in local cost-share, including local property tax and income relating to estimated oil tax production and distribution	(71,705,637)	
Increase English language learner weighting factors ¹	901,515	
Removed funding for regional education association coordinator grants (\$800,000) and provided funding for annual state aid grants to regional education associations totaling \$500,000	(300,000)	
Total adjustments to base budget integrated formula payments		18,564,163
Total 2017-19 biennium integrated formula payments		\$1,935,204,163

¹The 2015 Legislative Assembly, in Section 9 of Senate Bill No. 2031, provided for increases to certain English language learner weighting factors effective July 1, 2017.

Transportation Aid Grants and Contingent Transportation Grants

Transportation aid grants

The Legislative Assembly provided \$55.4 million from the general fund for transportation aid during the 2017-19 biennium. This level of funding is \$1.6 million less than 2015-17 biennium funding of \$57 million from the general fund. Section 13 of House Bill No. 1013 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1 and \$0.11 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 two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

2015-17 Biennium Contingent Transportation Grants

In addition to the \$57 million provided from the general fund for transportation aid during the 2015-17 biennium in Senate Bill No. 2013, the 2015 Legislative Assembly provided, in Section 13 of Senate Bill No. 2015, that if any funding appropriated to the Superintendent of Public Instruction for integrated formula payments to school districts remains after the Superintendent complies with all statutory payment obligations imposed for the 2015-17 biennium, the Superintendent must provide up to \$3 million of the funds remaining for additional transportation grants. The Superintendent must prorate the available funding according to the percentage of the total transportation formula amount to which each school district is entitled. The 2017 Legislative Assembly, in Section 27 of House Bill No. 1013, repealed Section 13 of Chapter 49 of the 2015 Session Laws which provided for the contingent transportation payments.

Special Education Contracts

The Legislative Assembly provided \$19.3 million from the general fund for special education contracts during the 2017-19 biennium. This level of funding is \$2 million more than 2015-17 biennium funding of \$17.3 million from the general fund. In addition, the Legislative Assembly, in Section 26 of House Bill No. 1013, repealed North Dakota Century Code Section 6-09-45, relating to a required transfer from Bank of North Dakota undivided profits to provide funding for special education contract costs in excess of funds appropriated, and provided if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent of Public Instruction shall request a deficiency appropriation from the 66th Legislative Assembly.

Rapid Enrollment Grants

The Legislative Assembly, in Senate Bill No. 2272, provided one-time funding of \$6,000,000 from the foundation aid stabilization fund to the Superintendent of Public Instruction for rapid enrollment grants during the 2017-19 biennium. This level of funding is \$6,504,530 less than the adjusted one-time 2015-17 legislative appropriation of \$12,504,530 from the general fund. Grants are distributed to districts experiencing an increase of at least 4 percent, or 150 students, and no less than 20 students. The district's grant is determined by reducing the actual percentage increase in the number of students by 2 percent and multiplying the number of students represented by the reduced percentage by \$4,000. The Superintendent may not award more than \$3,000,000 in grants during the 1st year of the 2017-19 biennium and if funding is not sufficient to provide all of the eligible grants, the department must prorate the payment based on the percentage of the total amount to which the school district is entitled. A district is precluded from receiving a rapid enrollment grant if the district is not eligible to receive state aid because its general fund ending balance exceeds the unobligated general fund balance limits provided in Section 15.1-27-35.3.

Regional Education Association Incentives

The Legislative Assembly removed funding for regional education association coordinator grants (\$800,000) and instead provided funding for annual state aid grants to be distributed equally to all regional education associations. Section 16 of House Bill No. 1013 identifies \$500,000 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 2017-19 biennium. An annual grant of \$31,250 is provided to each regional education association that exists as of July 1, 2017, and regional education associations that merge during the 2017-19 biennium are entitled to the annual grants that would have been paid to each of the member associations.

English Language Learner Funding and Grants

The Legislative Assembly provided, through integrated formula payments, an estimated \$5.72 million for English language learner services during the 2017-19 biennium. Funding included in the formula is provided through weighting factors for the first, second, and third level of six categories of proficiency of English language learners. In addition to funding provided through the integrated payment formula, the Legislative Assembly also provided, in Senate Bill No. 2272, one-time funding of \$500,000 from the foundation aid stabilization fund for grants to the four school districts that serve the largest number of first, second, and third level English language learners in K-12. This level of funding is \$500,000 less than the \$1 million provided from the general fund for supplemental English language learner grants to school districts during the 2015-17 biennium. The distribution of these grants is provided for in Section 15 of Senate Bill No. 2272 and provides the Superintendent of Public Instruction must distribute a pro rata share of the available grant dollars to each eligible district based upon the total number of first, second, and third level English language learners enrolled in the four districts. Districts may use grant funds only for the purpose of enhancing services to first, second, and third level English language learners, including hiring additional teachers, interpreters, and social workers for first and second level English language learners and other ancillary support services and programs approved by the Superintendent. The Superintendent may not award more than 50 percent of the funds during the 1st year of the 2017-19 biennium.

Program Grants, Program Grant Pool, and Authorized Carryover of 2015-17 Biennium Funds

The Legislative Assembly provided a total of \$6,210,000 from the general fund for programs administered by the Department of Public Instruction, including a program grant pool, during the 2017-19 biennium. This funding includes a flexible funding pool of \$1,530,000 for new initiatives and various program grants that had been included in the department's budget separately. Funding for programs the department administered during the 2015-17 biennium, that will be funded through the pool during the 2017-19 biennium, include a total of \$640,000 for continuing education grants (\$150,000), preschool continuing education grants (\$150,000), curriculum alignment grants (\$100,000), and teacher and principal evaluation system grants (\$240,000). Funding is provided in the pool to continue these grant programs and for the Superintendent of Public Instruction's leveraging the senior year and leadership initiatives. In addition to the \$1,530,000 provided in the program grant pool, the Legislative Assembly provided, in Section 9 of House Bill No. 1013, the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the program grant pool. The department used these carryover funds to implement leveraging the senior year program during the 2015-17 biennium and anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool. The following is a summary of program grants, including the program grant pool:

	Total General Fund
Adult education matching grants	\$3,100,000
Program grant pool	1,530,000
School food services matching grants	1,380,000
Free breakfast program	200,000
Total 2017-19 program grants	\$6,210,000

Other Sections in Bill

Health insurance increase - Section 2 identifies the amount included in the agency appropriation relating to increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

Transfer from public instruction fund to state tuition fund - Section 4 provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund. Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition Section 4 of 2013 House Bill No. 1013 provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund was \$130,326,000 and transfers from the state tuition fund to the department's operating fund was \$14,282,905 and totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. This funding was not included in the department's appropriation for the 2015-17 biennium nor the 2017-19 biennium executive recommendation; therefore, the Legislative Assembly provided for the transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund.

Tuition apportionment - Section 5 provides that any money available in the state tuition fund in excess of the \$305,546,905 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Foundation aid stabilization fund - Section 6 provides \$295.1 million of the estimated income appropriated in Section 1 of the bill is from the foundation aid stabilization fund and is provided for regional education association merger grants (\$100,000) and integrated formula payments (\$295 million), of which \$185 million provided for integrated formula payments and \$100,000 provided for regional association merger grants is considered to be one-time funding.

Student loan trust fund - Section 7 provides \$220,000 of the estimated income appropriated in Section 1 of the bill is from the student loan trust fund and is provided for a one-time grant for North Dakota Governor's School science, technology, engineering, and mathematics programs.

2015-17 biennium funding transfer exemption and authorization - Section 8 allows the Superintendent of Public Instruction to transfer \$1,308,000 in general fund authority from the integrated formula payments line item to the grants - special education line item (\$1,200,000) and the transportation grants line item (\$108,000) during the 2015-17 biennium for anticipated obligations based on the special education and transportation formulas.

Advanced placement program funding - Section 9 provides the unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as permitted in Section 32 of Chapter 137 of the 2015 Session Laws to enhance the delivery and the participation of students and teachers in advanced placement courses during the 2015-17 biennium, is not subject to the provisions of Section 54-44.1-11 at the end of the 2015-17 biennium and may be continued into the 2017-19 biennium, for the purpose of increasing the grant pool for programs, including leveraging the senior year, leadership program, continuing education grants, preschool continuing education grants, curriculum alignment grants, and teacher and principal evaluation system grants. The department used these carryover funds to implement leveraging the senior year program during the 2015-17 biennium and anticipates \$600,000 will be continued in the 2017-19 biennium to increase the program grant pool.

Payments for 2015-17 biennium educational services - Section 10 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2017-19 biennium to pay claims due during the 2015-17 biennium, but not filed with the department until the 2017-19 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2018.

Special education grants deficiency authorization - Section 11 provides, if special education contract obligations exceed funds provided for the 2017-19 biennium, the Superintendent of Public Instruction shall request a deficiency appropriation from the 66th Legislative Assembly.

Gifted and talented program funding and Medicaid matching grants - Section 12 provides that the Department of Public Instruction use \$800,000 of the 2017-19 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The Department of Public Instruction is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also 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 the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

Transportation grants - Section 13 requires the Department of Public Instruction to distribute transportation aid for the 2017-19 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate 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 two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

Continuing education grants - Section 14 identifies \$1,530,000 included in the grants - program grants line item is for a program grant pool. Of this amount, \$75,000 is provided 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.

Regional education association merger grants - Section 15 provides for the distribution of \$100,000 from the foundation aid stabilization fund for the purpose of providing one-time regional education association merger grants. Each regional education association that merges with another regional education association to form a single entity with a single governing board during the 2017-19 biennium is entitled to a one-time \$25,000 grant.

Regional education association grants - Section 16 identifies \$500,000 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 2017-19 biennium. An annual grant of \$31,250 is provided to each regional education association that exists as of July 1, 2017, and regional education associations that merge during the 2017-19 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Indirect cost allocation - Section 17 provides that, notwithstanding 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.

Passthrough grants - Section 21 requires the Superintendent of Public Instruction determine the manner in which \$2,100,000 provided in the grants - passthrough grants line item in Section 1 of the bill for writing projects, an entrepreneur program, and a mentoring program is distributed. Grantees, as a condition of receiving the grant, are required to establish performance measures to be reviewed by the Superintendent and report to the Superintendent regarding performance based on the measures before October 1, 2018. The Superintendent must provide a report to the 2019 Legislative Assembly regarding the performance measures established for each grantee and whether the grantee met performance expectations.

Legislative intent - Teacher and administrator mentoring - Section 22 provides legislative intent that school districts, in addition to mentoring services provided by the state, use Federal Title II funding for teacher and administrator mentoring.

Legislative Management study - Educational programs - Section 23 provides for a Legislative Management study of the feasibility and desirability of combining services for any or all English language learner programs, distance learning programs, regional education agencies, teacher center networks, adult learning centers, career and technical education programs, Education Technology Services, continuing education for counselors, educational leadership, and the teacher mentoring program.

Special education contract costs - Bank of North Dakota profits - Section 26 repeals Section 6-09-45 relating to a required transfer from Bank of North Dakota undivided profits to provide funding for special education contract costs in excess of funds appropriated.

Contingent transportation payments - 2015-17 biennium - Section 27 repeals Section 13 of Chapter 49 of the 2015 Session Laws which provides \$3 million for contingent transportation payments provided from excess state school aid funding during the 2015-17 biennium.

Emergency - Section 28 declares Section 8, relating to transfer authority between various line items during the 2015-17 biennium, and Section 27, relating to the repeal of 2015 Session Laws, are declared an emergency.

Related Legislation

Electronic course delivery - House Bill No. 1051 repeals Section 15.1-21-15 requiring those providing elementary or high school courses electronically to a student, school, or school district in this state to obtain annual approval from the Superintendent of Public Instruction.

Notice to withhold school district state aid - House Bill No. 1192 provides for notification relating to authority to withhold school district state aid in the case of default on school district debt.

Study of the state aid funding formula for elementary and secondary - House Bill No. 1318 provides for a Legislative Management study of all entities receiving appropriations for the delivery of education to preschool through grade 12 students.

State school aid and regional education associations - House Bill No. 1324:

- Provides the State Board of Public Instruction provide oversight for **regional education associations** and requires, to be eligible for state funding, regional education associations to be audited at least once every 2 years;
- Provides the per-student **integrated formula payment rates** remain at \$9,646 during both years of the 2017-19 biennium;
- Increases formula **minimum and maximum payments**;
- Provides for a **Legislative Management study of entities that deliver kindergarten through grade 12 professional development services**, distance curriculum, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services;
- Provides **legislative intent that during the 2017-19 biennium regional education associations merge** or partner with other regional education associations and other educational service providers, other regional education associations or other educational service providers, or both, to form the most efficient and effective system of support for the schools in this state;
- Provides legislative intent that \$55.4 million be provided for **transportation aid grants** during the 2017-19 biennium.

Study of the use of open educational resources - House Bill No. 1358 provides for a Legislative Management study of the use of open educational resources in the elementary and secondary school system.

Study of the elementary and secondary education funding formula - House Bill No. 1423 provides for a Legislative Management study of the in lieu of property tax portion of elementary and secondary education funding formula for the purpose of identifying and addressing any inequities in the application of the formula.

Innovative education program - Senate Bill No. 2186 requires the Superintendent of Public Instruction to adopt rules and administer an innovative education program.

School construction loan program, rapid enrollment grants, and English language learner grants - Senate Bill No. 2272 consolidates school construction loans in the school construction assistance revolving loan fund, which is to be administered by the Bank of North Dakota. The bill provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund, of which up to \$50 million must be used to repay the Bank of North Dakota for certain outstanding loans. The bill provides that, in addition to state school aid, transportation aid and special education aid, the general fund appropriations to the Department of Career and Technical Education for grants to school districts may be allotted only to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund. The bill also provides one-time appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$6 million) and English language learner grants (\$500,000).

Students placed for noneducational purposes - Senate Bill No. 2307 relates to eligibility criteria for students placed for noneducational purposes. The bill will allow unlicensed relative placements to become eligible as agency placements in the student contract system. A fiscal note prepared by the Department of Public Instruction indicates additional special education grant expenditures of approximately \$500,000 from the general fund for the 2017-19 biennium.

School district excess ending fund balance - Senate Bill No. 2321 increases the amount that a school district can have in their ending fund balance from 35 percent of expenditures plus \$20,000 to 35 percent of expenditures plus \$50,000 and to 35 percent of expenditures plus \$100,000 for districts that enter into a cooperative agreement. A school district's state aid is reduced the following year for any money in the ending fund balance that is over this amount. A fiscal note prepared by the Department of Public Instruction indicates additional state school aid expenditures of approximately \$600,000 from the general fund for the 2017-19 biennium.