

**Department of Public Instruction
Budget No. 201
Senate Bill Nos. 2013, 2015, 2032, 2200, 2284, and 2380**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	86.25	\$1,728,240,444	\$1,127,419,496	\$2,855,659,940
2023-25 base budget	86.25	1,658,196,873	938,233,270	2,596,430,143
Legislative increase (decrease) to base budget	0.00	\$70,043,571	\$189,186,226	\$259,229,797

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$1,728,170,444	\$70,000	\$1,728,240,444
2021-23 legislative appropriations	1,658,196,873	200,000	1,658,396,873
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$69,973,571	(\$130,000)	\$69,843,571
Percentage increase (decrease) to 2021-23 appropriations	4.2%	(65.0%)	4.2%

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		\$42,088	\$81,573	\$123,661
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		456,449	761,958	1,218,407
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		161,546	252,040	413,586
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(295,820)	(493,995)	(789,815)
Increased funding for Information Technology Department (ITD) rate increases		22,144	32,128	54,272
Decreased funding for information technology charges based on total funding and required charges assessed by ITD based on agency funding which may not include funding provided to the department for integrated formula payments, transportation grants, and special education contract grants		(175,000)	(325,000)	(500,000)

Added funding for operating expenses related to a new Capitol space rent model	140,899		140,899
Decreased funding for integrated formula payments for savings related to a reduction in the cost to continue	(46,367,895)		(46,367,895)
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 \$510,860,000 from the fund	(77,840,000)	77,840,000	0
Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the foundation aid stabilization fund to provide a total of \$157 million from the fund	(13,545,500)	13,545,500	0
Increased funding for integrated formula payments, of which \$13,993,086 is provided from the strategic investment and improvements fund (SIIF), for changes to the state school aid formula approved in Senate Bill Nos. 2013, 2015, and 2284, including \$3,000,000 appropriated in Senate Bill No. 2015. (See the section related to Integrated Formula Payments below for details related to the fiscal impact of formula changes.)	200,024,660	13,993,086	214,017,746
Increased funding in the integrated formula payments line item to increase grants to regional education associations to provide a total of \$700,000	200,000		200,000
Decreased funding for special education contract grants to provide a total of \$24 million from the general fund	(3,000,000)		(3,000,000)
Increased federal funding for other grants for anticipated increases in United States Department of Agriculture food program funding		50,000,000	50,000,000
Increased federal funding for other grants for anticipated increases in United States Department of Education programs		20,000,000	20,000,000
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for adult education matching grants to provide a total of \$5.5 million from carryover funds		500,000	500,000
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for the leveraging the senior year program in the Superintendent of Public Instruction's flexible funding pool, included in the grants - program grants line item, to provide a total of \$1.2 million from carryover funds for the funding pool for certain programs and initiatives administered by the Superintendent, including:		300,000	300,000
<ul style="list-style-type: none"> • Leveraging the senior year; • Leadership program; and • Family engagement initiatives. 			

Removed funding from special funds, derived from general fund carryover deposited in the department's operating fund, in the base budget for a program grant to provide free breakfast because qualifying students are included in funding for meals included in Senate Bill No. 2284	(200,000)	(200,000)
Increased funding from special funds, made available from general fund carryover deposited in the department's operating fund, for passthrough grants for the teacher mentoring program to provide a total of \$2.5 million from carryover funds	374,236	374,236
Decreased funding from special funds, derived from general fund carryover deposited in the department's operating fund, in the base budget for various passthrough grants. (See the section related to Program Grants and Passthrough Grants below.)	(212,300)	(212,300)
Increased funding for PowerSchool to provide a total of \$5,775,000 from the general fund	525,000	525,000
Added one-time funding for program grants for regional education association merger incentive grants	70,000	70,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for school board training. The department also anticipates obligating \$1.25 million from the federal Elementary and Secondary School Emergency Education Relief (ESSER) Fund to provide a total of \$2.75 million for school board training	1,500,000	1,500,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants to make a reading tool available statewide	1,600,000	1,600,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants to provide for a teacher retention program	2,300,000	2,300,000
Added one-time funding from SIIF for passthrough grants to the Grand Forks Science Center (\$5 million) and the Fargo Science Center (\$500,000)	5,500,000	5,500,000
Added funding for program grants for a paraprofessional-to-teacher program. The department also anticipates obligating \$1,141,000 from the ESSER Fund to provide a total of \$4,141,000 for the paraprofessional-to-teacher program. (Senate Bill No. 2032)	3,000,000	3,000,000
Added funding for a passthrough grant for the North Dakota Governor's school (Senate Bill No. 2200)	500,000	500,000
Added funding for program grants for a free meal program (Senate Bill No. 2284)	6,000,000	6,000,000

Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a science of reading and literacy instruction program. The department also anticipates obligating \$1,291,000 from the ESSER Fund to provide a total of \$2,291,000 for the science of reading and literacy instruction program (Senate Bill No. 2284)		1,000,000	1,000,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a dyslexia identification training program (Senate Bill No. 2284)		279,000	279,000
Added one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund, for program grants for a reading learning platform training program (Senate Bill No. 2284)		558,000	558,000
Added funding for program grants for an administrative cost-sharing reimbursement program. The department also anticipates obligating \$125,000 from the ESSER Fund to provide a total of \$250,000 for an administrative cost-sharing reimbursement program. (Senate Bill No. 2380)	125,000		125,000
Total	<u>0.00</u>	<u>\$70,043,571</u>	<u>\$189,186,226</u>

FTE Changes

The Legislative Assembly approved 86.25 FTE positions for the Department of Public Instruction (DPI) for the 2023-25 biennium, the same as the 2021-23 biennium.

One-Time Funding

The following is a summary of one-time funding items provided in Senate Bill Nos. 2013 and 2284 for DPI for the 2023-25 biennium:

	General Fund	Other Funds	Total
Senate Bill No. 2013:			
Regional education association grants	\$70,000		\$70,000
School board training grants ¹		\$1,500,000	1,500,000
Statewide reading tool ¹		1,600,000	1,600,000
Statewide teacher retention program ¹		2,300,000	2,300,000
Science center grants ²		5,500,000	5,500,000
Senate Bill No. 2284:			
Science of reading and literacy instruction program ¹		1,000,000	1,000,000
Dyslexia identification training program ¹		279,000	279,000
Reading learning platform training program ¹		558,000	558,000
Total	\$70,000	\$12,737,000	\$12,807,000

¹Special funds derived from general fund carryover deposited in the department's operating fund.

²Strategic investment and improvements fund.

2021-23 Biennium Appropriation Carryover - Including Federal COVID-19 Funding

The Department of Public Instruction estimates 2021-23 biennium excess general fund appropriation authority will total approximately \$74.3 million relating to excess appropriations for integrated formula payments (\$62.5 million), special education contract grants (\$10 million), and agency administration, including the teacher loan forgiveness program (\$1.8 million). In Section 13 of Senate Bill No. 2013, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the Office of Management and Budget must continue \$16,549,000 and transfer the funding to the public instruction fund for the purpose of providing program and passthrough grants during the 2023-25 biennium. In Section 21 of Senate Bill No. 2284, the Legislative Assembly provided if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, up to \$1,837,000 must be continued into the 2023-25 biennium and transferred to the public instruction fund for the purpose of funding professional learning related to the science of reading and implementing systematic direct literacy instruction, training in the identification of dyslexia characteristics, and training in a reading learning platform approved by the Superintendent of Public Instruction. After providing for these general fund exemptions totaling \$18.4 million, DPI anticipates \$55.9 million of the department's 2021-23 general fund appropriation will be unspent (turnback) at the end of the biennium.

In Section 14 of Senate Bill No. 2013, the Legislative Assembly provided COVID-19-related funds appropriated to DPI from the ESSER Fund, the federal State Fiscal Recovery Fund, and other federal funds during the 2021-23 biennium are not subject to the provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2023-25 biennium. The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to DPI for the 2021-23 biennium, adjusted for funding continued from the 2019-21 biennium, and estimated federal COVID-19 funding to be continued to the 2023-25 biennium:

	2021-23 Biennium Appropriation for Federal COVID-19 Funds, Including Funding Continued From the 2019-21 Biennium	Federal COVID-19 Funds Estimated to be Continued to the 2023-25 Biennium
ESSER Fund distribution - Grants allocated to school districts - House Bill No. 1395 (2021)	\$340,730,171	\$90,730,171
ESSER Fund distribution - DPI - State discretionary - House Bill No. 1395 (2021)	30,526,688	15,526,688 ¹
Individuals with Disabilities Education Act grant - House Bill No. 1395 (2021)	8,632,569	3,882,569
Emergency Assistance to Non-Public Schools program grant - House Bill No. 1395 (2021)	8,140,695	5,140,695
Education for Homeless Children and Youth program grant - House Bill No. 1395 (2021)	1,999,661	1,499,661
Federal coronavirus relief funds - Regional education association grants - House Bill No. 1013 (2021)	250,000	0
Federal State Fiscal Recovery Fund (previously Coronavirus Capital Projects Fund) - Grant to a children's science center in Minot - House Bill No. 1015 (2021), amended by House Bill No. 1505 (2021)	5,900,000	2,071,404
Total	\$396,179,784	\$118,851,188

¹The Department of Public Instruction has obligated \$15,526,000 of ESSER Fund state discretionary funding for the following programs during the 2023-25 biennium:

- \$4,151,000 for state literacy programs;
- \$1,906,000 for after school programs;
- \$825,000 for the greater math program;
- \$600,000 for cybersecurity training, pursuant to House Bill No. 1398 (2023);
- \$1,250,000 for school board training; in addition, the Legislative Assembly provided \$1,500,000 of one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund to provide a total of \$2,750,000 for school board training;
- \$1,141,000 for the paraprofessional-to-teacher program; in addition, the Legislative Assembly provided \$3,000,000 from the general fund in Senate Bill No. 2032 (2023) for the paraprofessional-to-teacher program to provide a total of \$4,141,000 for the paraprofessional-to-teacher program;
- \$1,291,000 for the science of reading and literacy instruction program; in addition, the Legislative Assembly provided \$1,000,000 of one-time funding from special funds, made available from general fund carryover deposited in the department's operating fund to provide a total of \$2,291,000 for the science of reading and literacy instruction program;
- \$125,000 for an administrative cost-sharing reimbursement program; in addition, the Legislative Assembly provided \$125,000 from the general fund in Senate Bill No. 2380 (2023) for an administrative cost-sharing reimbursement program to provide a total of \$250,000 for an administrative cost-sharing reimbursement program; and
- \$4,237,000 to be transferred to the Department of Health and Human Services for early learning programs.

In Section 15 of Senate Bill No. 2013, the Legislative Assembly provided up to \$10,000,000 of special funds, appropriated from the public instruction fund in Section 17 of Chapter 549 of the 2021 Special Session Session Laws, 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),

may be continued into the 2023-25 biennium for the purpose of continuing the upgrades. The Department of Public Instruction will retain \$5,000,000 for STARS upgrades and must transfer any funding continued over \$5,000,000 to ITD for SLDS upgrades. The department estimates \$9,869,360 will be continued into the 2023-25 biennium for the STARS and SLDS upgrades, of which \$4,869,360 will be transferred to ITD.

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

The Legislative Assembly appropriated \$2,381,774,851, of which \$1,699,921,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$510,860,000 is from the state tuition fund, and \$13,993,086 is from SIIF, for state school aid, including integrated formula payments, transportation aid, and special education contracts. This level of funding represents an increase of \$164,849,851, including increases in funding of \$13,545,500 from the foundation aid stabilization fund, \$77,840,000 from the state tuition fund, \$13,993,086 from SIIF, and \$59,471,265 from the general fund, from the 2021-23 legislative appropriation of \$2,216,925,000. (See the schedules following this section for a comparison of state school aid and other grants for the 2021-23 and 2023-25 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 2023-25 biennium, the integrated payment rates are increased 4 percent each year of the biennium to provide \$10,646 during the 1st year of the biennium and \$11,072 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.

For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$2,299,674,851, of which \$1,617,821,765 is from the general fund, \$157,000,000 is from the foundation aid stabilization fund, \$510,860,000 is from the state tuition fund, and \$13,993,086 is from SIIF, for state school aid for integrated formula payments. This level of funding represents an increase of \$167,849,851, including increases in funding of \$62,471,265 from the general fund, \$13,545,500 from the foundation aid stabilization fund, \$77,840,000 from the state tuition fund, and \$13,993,086 from SIIF, from the 2021-23 biennium appropriation for integrated formula payments of \$2,131,825,000.

The Legislative Assembly approved increases in integrated formula payments totaling \$167.8 million from the base budget, including \$46.4 million of savings related to a reduction in the cost to continue, \$214 million for state school aid formula changes, and \$200,000 for increases 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
2021-23 biennium base budget integrated formula payments		\$2,131,825,000
Reduction in funding for projected 2023-25 biennium cost to continue, including formula changes approved in 2019 and student growth		(46,367,895)
Total cost to continue integrated formula payments during the 2023-25 biennium		\$2,085,457,105
Increased funding for regional education association grants to provide a total of \$700,000 (Senate Bill No. 2013)	\$200,000	
Increased funding to exempt tuition for high-cost students from deduction in the state aid formula (Senate Bill No. 2013)	5,020,000	
Increased funding for changes to the phase-out of transition minimum adjustments (Senate Bill No. 2015)	3,000,000	
Increased funding to fully implement on-time funding based on fall enrollment (Senate Bill No. 2284)	5,294,666	
Increased funding for changes to the weighting factors of reorganized school districts (Senate Bill No. 2284)	8,973,086	
Increased funding to eliminate transition maximum payment adjustments (Senate Bill No. 2284)	14,779,411	
Increased funding to increase the special education weighting factor from .082 to .088 (Senate Bill No. 2284)	15,660,200	
Increased funding to provide a 4 percent increase in the per student payment rate in each year of the biennium (Senate Bill No. 2284)	161,290,383	
Total adjustments to integrated formula payments related to state school aid formula changes and other adjustments		214,217,746
Total 2023-25 biennium integrated formula payments		\$2,299,674,851

Transportation Aid Grants

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

Special Education Contracts

The Legislative Assembly provided \$24 million from the general fund for special education contracts during the 2023-25 biennium. This level of funding is \$3 million less than 2021-23 biennium funding of \$27 million from the general fund. The Legislative Assembly, in Section 6 of Senate Bill No. 2013 (2023), provided the Superintendent of Public Instruction may expend funds provided for integrated formula payments and grants - special education contracts during the 2023-25 biennium for paying grants for educational services that were due in the 2021-23 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2023. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2024. In addition to special education contracts, the state school aid formula provides approximately \$255.7 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 10 of Senate Bill No. 2013 (2023) identifies \$700,000 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 2023-25 biennium, \$200,000 more than the 2021-23 biennium. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2023, and regional education associations that merge during the 2023-25 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 \$5.1 million through the integrated formula payments line item for regional education associations based on the average daily membership of member school districts.

The Legislative Assembly also provided a one-time appropriation of \$70,000 from the general fund for a \$35,000 grant to each regional education association that merges with another regional education association to form a single entity with a single governing board during the 2023-25 biennium. The Legislative Assembly provided for the distribution of regional education association merger grants in Section 9 of Senate Bill No. 2013.

Program and Passthrough Grants and the Program Grant Pool

The Legislative Assembly provided a total of \$33,581,000 from the general fund, SIF, and special funds, made available from general fund carryover deposited in the department's operating fund, for programs administered by DPI (\$24,512,000), including a program grant pool, and passthrough grants (\$9,069,000). This level of funding is \$9,693,936 more than the 2021-23 biennium appropriation for program and passthrough grants of \$23,887,064 provided from special funds made available from continuing unexpended 2019-21 biennium integrated formula payment funding and depositing the funding in the department's operating fund.

The 2023-25 biennium program grant pool provides a flexible funding pool of \$1.2 million for initiatives and various program grants. This level of funding for the program grant pool is \$300,000 more than the 2021-23 biennium appropriation of \$900,000 for the program grant pool. The Legislative Assembly provided the increased funding for the leveraging the senior year program. Funding is provided in the program grant pool for leveraging the senior year, a leadership program, and family engagement initiatives.

The following is a summary of program grants, including the program grant pool:

	Increase (Decrease) from 2021-23 Biennium Appropriation	2023-25 Biennium General Fund	2023-25 Biennium Other Funds	2023-25 Biennium Total
Adult education matching grants	\$500,000		\$5,500,000	\$5,500,000
Program grant pool	300,000		1,200,000	1,200,000
School food services matching grants			1,380,000	1,380,000
Free breakfast program	(200,000)			0
Free meal program	6,000,000	\$6,000,000		6,000,000
Paraprofessional-to-teacher program	3,000,000	3,000,000		3,000,000 ²
Administrative cost-sharing reimbursement	125,000	125,000		125,000 ²
One-time funding for regional education association merger incentive grants	70,000	70,000		70,000
One-time funding to provide the Amira reading tool statewide	1,600,000		1,600,000	1,600,000
One-time funding for a statewide teacher retention program	2,300,000		2,300,000	2,300,000
One-time funding for school board training grants	1,500,000		1,500,000	1,500,000 ²
One-time funding for science of reading and literacy instruction	1,000,000		1,000,000	1,000,000 ²
One-time funding for dyslexia identification training	279,000		279,000	279,000
One-time funding for reading learning platform training	558,000		558,000	558,000
Total	\$17,032,000	\$9,195,000	\$15,317,000¹	\$24,512,000

¹Special funds derived from general fund carryover deposited in the department's operating fund.

²In addition to funding appropriated by the Legislative Assembly from the general fund and from carryover general funds, DPI has obligated ESSER funding continued from the 2021-23 biennium to provide additional funding for the paraprofessional-to-teacher program, administrative cost-sharing reimbursement, school board training, and science of reading and literacy instruction. See the section regarding **2021-23 Biennium Appropriation Carryover - Including Federal COVID-19 Funding** for additional details regarding additional funding obligated for these programs.

The following is a summary of passthrough grants:

	Increase (Decrease) from 2021-23 Biennium Appropriation	2023-25 Biennium General Fund	2023-25 Biennium Other Funds	2023-25 Biennium Total
Mentoring program	\$374,236		\$2,500,000	\$2,500,000
National writing projects	(10,000)		40,000	40,000
Rural art outreach project	0		425,000	425,000
Governor's school grants	500,000	\$500,000		500,000
North Central Council for Educational Media Services	(202,300)			0
"We the People" program	0		70,000	70,000
Cultural heritage grants	0		34,000	34,000
One-time funding for a grant to the Bismarck Gateway to Science Center	(13,500,000)			0
One-time funding for a grant to the Grand Forks Science Center	5,000,000		5,000,000	5,000,000
One-time funding for a grant to the Fargo Science Center	500,000		500,000	500,000
Total	(\$7,338,064)	\$500,000	\$8,569,000¹	\$9,069,000

¹Except for one-time funding of \$5,500,000 for grants to the Grand Forks Science Center and the Fargo Science Center provided from SIIF, the remaining passthrough grants totaling \$3,069,000 are provided from special funds derived from general fund carryover deposited in the department's operating fund.

Other Sections in Senate Bill No. 2013

Tuition apportionment - Section 3 provides that any money available in the state tuition fund in excess of the \$510,860,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

Foundation aid stabilization fund - Section 4 identifies \$157 million from the foundation aid stabilization fund is appropriated for integrated formula payments.

Strategic investment and improvements fund - Section 5 identifies \$19,493,086 from SIF for integrated formula payments and certain passthrough grants.

Payments for 2021-23 biennium educational services - Section 6 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2023-25 biennium to pay claims due during the 2021-23 biennium, but not filed with the department until the 2023-25 biennium. To be reimbursed, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2024.

Gifted and talented program funding - Section 7 provides that DPI use \$800,000 of the 2023-25 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 8 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 the Department of Health and Human Services on behalf of the school district or unit. In addition, Section 8 authorizes the department to withhold funds required to be paid by school districts for school approval from state school aid payments.

Regional education association merger grants - Section 9 provides for the distribution of \$70,000 of one-time funding from the general fund for regional education association merger incentive grants.

Regional education association grants - Section 10 identifies \$700,000 from the general fund, \$200,000 more than the 2021-23 biennium, included in the integrated formula payments line item for providing annual grants to regional education associations during the 2023-25 biennium. An annual grant of \$50,000 is provided to each regional education association that exists as of July 1, 2023, and regional education associations that merge during the 2023-25 biennium are entitled to the annual grants that would have been paid to each of the member associations.

Use of new money - Nonadministrative personnel compensation increases - Section 11 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation and benefit increases for nonadministrative personnel and the Superintendent of Public Instruction to provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

Exemption - Deposits into the department's operating account - Section 12 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.

2021-23 biennium funding exemption and transfer - Section 13 provides that if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any money remains in the integrated formula payments line item, the lesser of \$16,549,000 or the remaining amount must be continued into the 2023-25 biennium and the Office of Management and Budget must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants. In Senate Bill No. 2284, the Legislative Assembly provided for an additional \$1,837,000 to be continued and deposited in the public instruction fund for various programs.

2021-23 biennium funding exemption and authorization - Section 14 provides the following COVID-19-related funds appropriated to DPI from the ESSER Fund and other federal funds during the 2021-23 biennium are not subject to the provisions of Section 54-44.1-11 and may be continued into the 2023-25 biennium as follows:

1. Any funds remaining from the \$320,050,480 of federal funds, derived from the ESSER Fund and other federal funds, appropriated in subdivision 2 of Section 2 of Chapter 28 of the 2021 Session Laws; and

2. Any funds remaining from the \$5.9 million of federal funds appropriated from the Coronavirus Capital Projects Fund in subsection 2 of Section 6 of Chapter 15 of the 2021 Session Laws, as amended to the State Fiscal Recovery Fund in Section 1 of Chapter 548 of the 2021 Special Session Session Laws, for a children's science center in Minot.

2021-23 biennium funding exemption and authorization - Section 15 provides up to \$10 million of special funds, appropriated from the public instruction fund in Section 17 of Chapter 549 of the 2021 Special Session Session Laws, derived from reimbursements withheld from school districts' integrated formula payments for the purpose of information technology project upgrades to STARS and SLDS, may be continued into the 2023-25 biennium for the purpose of continuing the upgrades. The department will retain \$5 million for STARS upgrades and must transfer any funding continued over \$5 million to ITD for SLDS upgrades.

Salary of the Superintendent of Public Instruction - Section 17 provides the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$130,323 to \$138,142, effective July 1, 2023, and to \$143,668, effective July 1, 2024, to reflect legislative salary increases of 6 percent in the 1st year and 4 percent in the 2nd year of the biennium.

Integrated formula payments - High-cost student tuition - Section 18 amends the state school aid funding formula to exempt tuition received for the education of high-cost and special education students from deduction in the formula.

High-cost students - Definitions, services, and school district liability - Sections 19, 20, and 21 relate to various definitions relating to high-cost students, services to high-cost students, and school district liability related to special education and other high-cost services.

Effective date - Senate Bill Nos. 2050 and 2269 (2023) - Section 23 provides for effective dates for Sections 3, 4, and 7 of Senate Bill No. 2050 related to library state aid and Senate Bill No. 2269 related to the transfer of the Center for Distance Education to DPI.

Emergency clause - Senate Bill Nos. 2050 and 2269 - Section 24 declares Sections 3, 4, and 7 of Senate Bill No. 2050 related to library state aid and Senate Bill No. 2269 related to the transfer of the Center for Distance Education to DPI to be emergency measures.

Related Legislation

House Bill No. 1125 (2023) - Local revenue and debt payments - Relates to withholding of local revenue, including oil and gas gross production tax; electric generation, distribution, and transmission tax; telecommunications tax; mobile home tax; and money received through leasing of lands acquired by the United States for flood control, when a school district has failed to make debt payments.

House Bill No. 1132 (2023) - Virtual instruction of out-of-state students - Relates to virtual instruction of military-connected students, students with a medical condition, or students moving out of state. A fiscal note prepared by DPI indicates the department is unable to estimate the cost; however, it is anticipated the cost would be minimal.

House Bill No. 1170 (2023) - Property tax exemption - Provides a property tax exemption for certain natural gas pipeline properties, reducing the local contribution in the K-12 funding formula, and increasing the state's share. A fiscal note prepared by DPI indicates the fiscal impact cannot be determined.

House Bill No. 1231 (2023) - Dyslexia characteristics - Requires the Superintendent of Public Instruction to appoint a task force, in collaboration with the Kindergarten through Grade Twelve Education Coordination Council, to review all statutes in Century Code relating to literacy, dyslexia, and related teacher training and report the findings and recommendations of the task force, together with any legislation necessary to implement the recommendations, to the 69th Legislative Assembly.

House Bill No. 1238 (2023) - Unobligated general fund balance - Extends the moratorium on the unobligated general fund balance deductions from state aid formula payments until July 1, 2027. A fiscal note prepared by DPI indicates the department does not budget for ending fund balance offsets as districts control their ending fund balance to remain within the limit.

House Bill No. 1337 (2023) - School safety and security - Requires school districts to report annually to the Superintendent of Public Instruction regarding school safety and security measures and for the Superintendent of Public Instruction to report to the Legislative Management.

House Bill No. 1376 (2023) - Virtual instruction - Requires a Center for Distance Education student's school district of residence to pay fees as may be prescribed by the State Board for Career and Technical Education and provides a resident school district may not deny open enrollment to an approved virtual school.

House Bill No. 1398 - Cybersecurity instruction - Requires DPI to provide grants to school districts, nonpublic schools, area career and technology centers, Job Service North Dakota workforce centers, public libraries, and adult education centers for computer operations and cybersecurity courses for adults. A fiscal note prepared by DPI indicates funding from the ESSER Fund will be used to implement virtual computer science and cybersecurity courses and to provide grants for adult learning.

Senate Bill No. 2015 - Transition minimum adjustments - Adjusts the phase-out of transition minimum adjustments (Section 25) and provides an appropriation of \$3 million from the general fund to DPI for the related increase in integrated formula payments (Section 6).

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$84,988, of which \$31,605 is from the general fund and \$53,383 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2032 - Paraprofessionals-to-teacher program - Provides an appropriation of \$3 million from the general fund to DPI for grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers, for the biennium beginning July 1, 2023, and ending June 30, 2025. The department 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. The department may establish policies and procedures to administer this program.

Senate Bill No. 2200 - North Dakota Governor's School - Appropriates \$500,000 from the general fund to DPI for North Dakota Governor's School grants at North Dakota State University and the University of North Dakota. North Dakota governor's schools would be held once a summer alternating annually between North Dakota State University and University of North Dakota. Funding was last provided for the Governor's school during the 2017-19 biennium when the Legislative Assembly provided \$220,000 from the student loan trust fund.

Senate Bill No. 2269 - Center for Distance Education - Transfers the administration of the Center for Distance Education from the State Board for Career and Technical Education to the Superintendent of Public Instruction. The Director of the Center for Distance Education is appointed by and reports to the Superintendent of Public Instruction; however, the center must have a separate budget and a separate staff from DPI. The Legislative Assembly transferred the 2023-25 biennium appropriation for the Center for Distance Education to Senate Bill No. 2013.

Senate Bill No. 2284 - State school aid formula changes - Provides for policy changes related to enrollment reporting, probationary teachers, dangerous weapons, private tutors, and the school construction assistance revolving loan fund; requires the Legislative Management to study school choice models; proposes Legislative Management studies related to the State Board of Public School Education, teacher shortage and military family workforce, and virtual instruction in lieu of storm days; increases the **integrated formula** payment rate by 4 percent each year of the 2023-25 biennium, the **special education weighting factor** from .082 to .088, and the **school size weighting factor** for school districts operating two plants at least 14 miles apart; accelerates the implementation of **on-time funding** and the phase-out of **transition maximum adjustments**; transfers \$75,000,000 from the foundation aid stabilization fund to the **school construction assistance revolving loan fund**; appropriates \$5,000 from the general fund to the University of North Dakota for a school transportation study and \$6,000,000 from the general fund to DPI for grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below 200 percent of the federal poverty guideline; and allows DPI to continue \$1,837,000 of unexpended funding provided for integrated formula payments during the 2021-23 biennium to the 2023-25 biennium, requires the funding to be deposited in the department's operating fund, and appropriates the funding from the department's operating fund to DPI to support professional learning related to the **science of reading** (\$1,000,000), training in identification of **dyslexia** characteristics (\$279,000), and training in a **reading learning platform** approved by the Superintendent of Public Instruction (\$558,000).

Senate Bill No. 2328 (2023) - School Funding Task Force - Requires Legislative Management to establish and provide staffing and administrative services to a School Funding Task Force and provides for task force membership and duties.

Senate Bill No. 2380 - Administrative cost-sharing reimbursement program - Extends the administrative cost-sharing reimbursement program through June 30, 2026, and appropriates \$125,000 from the general fund to DPI to provide administrative cost-sharing reimbursements to eligible school districts and special education units.