

Department 201 - Department of Public Instruction
Senate Bill No. 2013

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$1,898,420,245	\$1,092,638,081	\$2,991,058,326
2023-25 Base Level	1,658,196,873	938,233,270	2,596,430,143
Increase (Decrease)	\$240,223,372	\$154,404,811	\$394,628,183

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

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 the Department of Public Instruction (DPI) for distribution to school districts.

Foundation aid stabilization fund - Section 4 identifies \$143,454,500 included in the estimated income line item of Section 1 is provided from the foundation aid stabilization fund for integrated formula payments.

Payments for 2021-23 biennium special education services - Section 5 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. Claims related to the 2021-23 biennium must be filed by June 30, 2024.

Gifted and talented program funding - Section 6 provides that DPI use \$800,000 of the 2023-25 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 funding - School approval - Withholding and distribution - Section 7 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, this section authorizes the department to withhold funds required to be paid by school districts for school approval.

Regional education association grants - Section 8 increases regional education association grants to provide a total of \$700,000 and to provide annual grants of \$50,000 to each regional education association.

Grants - Passthrough grants distribution - Section 9 requires no more than one-half of the passthrough grants included in the grants - passthrough grants line item may be expended during the fiscal year ending June 30, 2024, and provides for reporting requirements.

Use of new money - Nonadministrative personnel compensation increases - Section 10 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation 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 11 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, DPI may deposit indirect cost recoveries, any money collected by DPI for general educational development fees, and displaced homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Exemption - 2021-23 biennium funding exemption and transfer to the Department of Public Instruction operating fund - Section 12 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 \$16,009,764 or the remaining amount must be continued into the 2023-25 biennium and the Office of Management and Budget (OMB) must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Exemption - Unexpended appropriations - Section 13 provides COVID-19-related funds appropriated to DPI from the federal Emergency and Secondary School Emergency Relief (ESSER) Fund and other federal funds during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

Salary of the Superintendent of Public Instruction - Section 15 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 \$135,536, effective July 1, 2023, and to \$140,957, effective July 1, 2024, to reflect legislative salary increases of 4 percent each year of the biennium.

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.

Estimated Turnback

The Department of Public Instruction estimates 2021-23 biennium general fund turnback will total approximately \$70.6 million relating to excess appropriations for integrated formula payments (\$61.1 million), special education contract grants (\$8 million), and the teacher loan forgiveness program (\$1.5 million). In Senate Bill Nos. 2013 and 2284, the Senate authorized the department to continue up to \$17,009,764 remaining in the integrated formula payments line item at the close of the 2021-23 biennium to the 2023-25 biennium for various program and passthrough grants and to support professional learning related to the science of reading and implement literacy instruction. If approved, the department's anticipated turnback would be reduced to approximately \$53.6 million.

Significant Audit Findings

The operational audit of DPI for the biennium ended June 30, 2021, included a review of financial transactions to determine expenditures are correct. The State Auditor identified one audit finding related to spending authority approval. The department received approval from the Emergency Commission and the Budget Section for a total of \$16,918,463 to spend on the Comprehensive Literacy State Development Program, which is a program funded by the federal government to improve literacy for disadvantaged children. The department spent \$3,117,564 on the literacy program and \$13,800,899 on a summer foods program, which was not part of the Emergency Commission approval. The department spent funds on a program other than the program approved for additional spending authority by the Emergency Commission. The State Auditor recommended DPI develop procedures to track expenditures for Emergency Commission requests to ensure money is spent for the approved purpose or returned at the end of the biennium.

Major Related Legislation

Senate Bill No. 2028 - Requires the Superintendent of Public Instruction contract with an **interim assessment** vendor to create a state provided interim assessment and distribute the assessment to each school district at no charge. A fiscal note prepared by DPI indicates funding is included in the department's base budget for interim assessments.

Senate Bill No. 2032 - 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. 2033 - Establishes a student loan forgiveness program for teachers in shortage areas and provides an appropriation of \$3 million from the general fund to the department for **teacher shortage student loan forgiveness** payments.

Senate Bill No. 2066 - Reduces the **local property tax in the state school aid formula** from 60 mills to 40 mills for locally assessed property and uses the 2022 taxable valuation for the 2023-24 and 2024-25 payment years. The taxable valuation is increased by 5 percent each year thereafter for general fund levy and property tax contributions. The Senate included an additional \$203.1 million in the integrated formula payments line item of Senate Bill No. 2013 to provide for the decrease in the contribution from property taxes.

Senate Bill No. 2200 - Appropriates \$1 million from the general fund to DPI for **North Dakota Governor's School grants** at North Dakota State University and the University of North Dakota.

Senate Bill No. 2269 - Transfers the administration of the **Center for Distance Education** from the State Board for Career and Technical Education to the Superintendent of Public Instruction.

Senate Bill No. 2279 - Provides a **property tax exemption for farm structures and improvements** 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.

Senate Bill No. 2284 - Increases the **integrated formula** payment rate by 3 percent each year of the 2023-25 biennium; accelerates the implementation of **on-time funding** and the phase-out of **transition maximum adjustments**; transfers \$75 million from the foundation aid stabilization fund to the **school construction assistance revolving loan fund**; and allows DPI to continue \$1 million 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**.

Senate Bill No. 2328 - Recalculates the **school district size weighing factor** for school districts that operate two plants at least 14 miles apart. The Senate included an additional \$8.88 million in the integrated formula payments line item of Senate Bill No. 2013 to provide funding for the increased weighting factors.

Senate Bill No. 2351 - Requires the Superintendent of Public Instruction and the Commissioner of the Department of Health and Human Services create and administer jointly a **data collection system for classroom and hallway clearings** and report to the Legislative Management and the Legislative Assembly.

Senate Bill No. 2354 - Appropriates \$25,000 from the general fund to DPI for a pilot program to provide stipends to **kindergarten through grade 3 teachers who teach students a foreign language**.

Senate Bill No. 2380 - Appropriates \$100,000 from the general fund to DPI to provide **administrative cost-sharing reimbursements** to eligible school districts and special education units.

House Bill No. 1125 - 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 moneys 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 - 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 - 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. 1185 - Provides **school construction loans** from the coal development trust fund for projects affected by unanticipated construction inflation at a lower interest rate than current loans.

House Bill No. 1186 - Increases the loan limits for the **school construction assistance revolving loan fund** and allows school districts to refinance callable loans.

House Bill No. 1231 - Requires the Superintendent of Public Instruction provide guidance and recommendations regarding proven **strategies and early screening and intervention services for children with risk factors for dyslexia** characteristics.

House Bill No. 1238 - 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. 1306 - Appropriates \$300,000 from the general fund to DPI for a **dyslexia voucher program** and allows the department to use up to 5 percent of the funding for administrative costs.

House Bill No. 1337 - Requires school districts 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 - Relates to **virtual instruction** of students and open enrollment.

House Bill No. 1398 - 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 \$900,000 from ESSER funds will be used to implement virtual computer science and cybersecurity courses and to provide grants for adult learning.

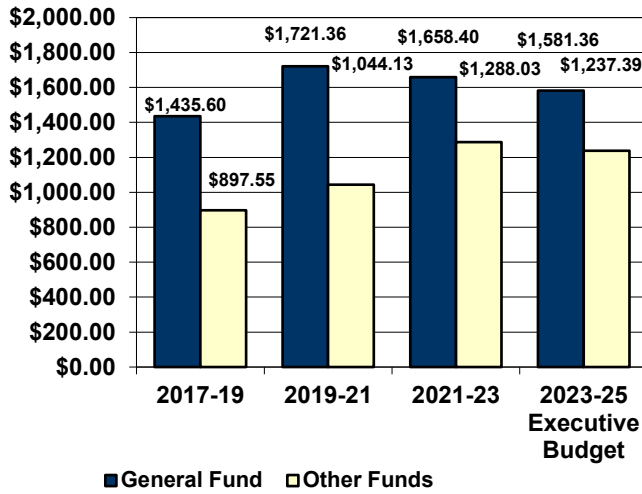
House Bill No. 1491 - Appropriates \$6 million from the general fund to the Superintendent of Public Instruction for grants to school districts to provide **free meals to students** below 200 percent of the federal poverty level.

House Bill No. 1532 - Appropriates \$24 million from the general fund to DPI to establish an **educational reimbursement program**.

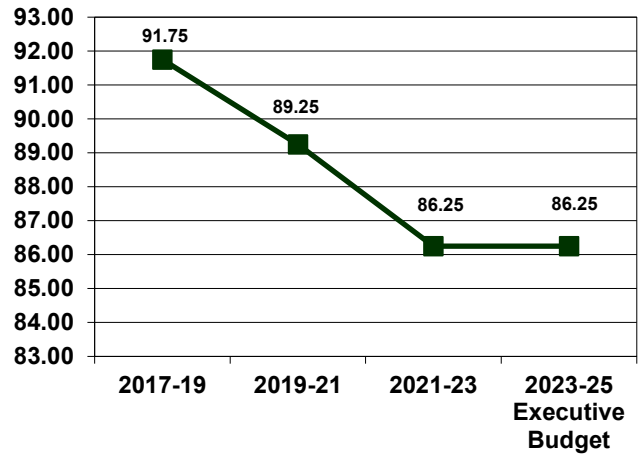
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,689,008,539	\$1,435,601,984	\$1,721,161,137	\$1,658,196,873	\$1,719,573,919
Increase (decrease) from previous biennium	N/A	(\$253,406,555)	\$285,559,153	(\$62,964,264)	\$61,377,046
Percentage increase (decrease) from previous biennium	N/A	(15.0%)	19.9%	(3.7%)	3.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(15.0%)	1.9%	(1.8%)	1.8%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed 8 FTE positions from the base budget, of which funding for 3 FTE information technology (IT) programmer and research positions were transferred from the salaries and wages line item to the operating expenses line item to contract for services. (\$652,038)
- Reduced funding for operating expenses. (\$1,301,254)
- Increased funding for cost-to-continue state school aid. \$18,864,163
- Adjusted the funding sources of integrated formula payments to provide for increased funding available from the state tuition fund. (\$86,412,905)
- 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
- Adjusted the funding sources of integrated formula payments to provide for one-time funding from the foundation aid stabilization fund. (\$185,000,000)
- Increased funding for special education contract grants to provide a total of \$19.3 million from the general fund. \$2,000,000
- Reduced funding for transportation grants to provide a total of \$55.4 million from the general fund. (\$1,600,000)
- Added funding for a flexible funding pool for certain programs administered by the Superintendent of Public Instruction. \$1,530,000
- Reduced funding for program grants. (\$1,179,022)
- Reduced funding for various passthrough grants. (\$2,887,500)
- Reduced funding for PowerSchool. (\$500,000)

2019-21 Biennium

1. Removed 4 FTE positions from the base budget.	(\$583,930)
2. Restored 1 FTE division manager position.	\$272,692
3. Added a .50 FTE position and related funding for salaries and wages (\$76,000) and operating expenses (\$189,000) for the administration of the Education Coordination Council established in Senate Bill No. 2215.	\$265,000
4. Transferred the teacher shortage loan forgiveness program from the North Dakota University System.	\$2,103,393
5. Added funding for operating expenses related to increases in the continuous improvement for schools contract with AdvancEd to provide a total of \$1,112,000.	\$312,000
6. Increased funding for operating expenses to correct an error in the department's budget request relating to its base budget adjustments.	\$1,000,000
7. Added funding for operating expenses related to a Pre K-12 Education Vision Steering Committee to support the facilitation of stakeholder groups to continue developing education initiatives as provided in Senate Bill No. 2025.	\$300,000
8. Increased funding for cost-to-continue state school aid.	\$53,625,374
9. Adjusted funding for integrated formula payments for changes to the state school aid formula approved in Senate Bill No. 2265.	\$109,372,892
10. Added funding for integrated formula payments to replace one-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium.	\$185,000,000
11. Adjusted the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund.	(\$72,217,095)
12. Increased funding for special education contract grants to provide a total of \$24 million from the general fund.	\$4,700,000
13. Increased funding for transportation grants to provide a total of \$56.5 million from the general fund.	\$1,100,000
14. Increased funding for adult education matching grants to provide a total of \$4.4 million from the general fund.	\$1,300,000
15. Added funding for leadership professional development program grants.	\$200,000
16. Removed funding for the transportation efficiency line item and included transportation efficiency in the flexible funding pool.	(\$30,000)
17. Reduced funding for the Superintendent of Public Instruction's flexible funding pool to provide a total of \$1.5 million from the general fund for certain programs and initiatives administered by the superintendent.	(\$30,000)
18. Reduced funding for passthrough grants.	(\$34,236)
19. Reduced funding for national board certification to provide a total of \$108,000 from the general fund.	(\$12,000)

2021-23 Biennium

1. Transferred 3 FTE positions and related salaries of \$600,000 and operating expenses of \$100,000 to the Department of Human Services pursuant to House Bill No. 1416 relating to the administration of an early childhood education program for 4-year olds.	(\$300,000)
2. Adjusted the funding source for professional fees related to accreditation support to provide funding from school district reimbursements for services.	(\$1,012,000)
3. Removed funding for ACT and WorkKeys testing fees pursuant to Senate Bill No. 2141.	(\$780,000)
4. Decreased funding for integrated formula payments for savings related to a reduction in the cost to continue.	(\$16,868,441)
5. Adjusted the funding source for integrated formula payments to provide for an increase in funds available from the state tuition fund.	(\$55,256,000)
6. Increased funding for integrated formula payments for changes to the state school aid formula approved in House Bill No. 1388.	\$12,036,512
7. Added funding for the fiscal impact of increased participation in summer school related to House Bill No. 1436.	\$1,300,000
8. Added funding for the fiscal impact of House Bill No. 1246 related to eliminating the deduction of tuition paid with federal impact aid.	\$3,700,000
9. Increased funding for special education contract grants to provide a total of \$27 million from the general fund.	\$3,000,000
10. Increased funding for transportation grants, pursuant to reimbursement changes approved in House Bill No. 1027, to provide a total of \$58.1 million from the general fund.	\$1,600,000

- 11. Reduced funding for the Superintendent of Public Instruction's flexible funding pool, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$1,500,000)
- 12. Increased funding for program grants, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$6,180,000)
- 13. Increased funding for passthrough grants, included in the grants - program and passthrough line item, and adjusted the funding source to carryover. (\$2,863,764)

2023-25 Biennium (Executive Budget Recommendation)

- 1. Adjusts funding for the cost to continue integrated formula payments. (\$35,329,144)
- 2. Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million. (It is anticipated approximately \$511.9 million will be available.) (\$80,812,000)
- 3. Decreases funding for integrated formula payments resulting from the accelerated implementation of on-time funding. (\$2,400,000)
- 4. Adds funding to increase the integrated formula payment rate by 4 percent in the 1st year of the biennium and 3 percent in the 2nd year of the biennium. \$146,409,518
- 5. Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments. \$14,767,391
- 6. Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget inadvertently included this funding twice in the executive recommendation.) \$14,767,391

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$0	\$0	\$200,000	\$200,000	(\$138,215,156)

Major One-Time General Fund Appropriations

2017-19 Biennium

None

2019-21 Biennium

Added one-time funding for operating expenses to rewrite the state school aid formula \$200,000

2021-23 Biennium

Added one-time funding for state automated reporting system (STARS) application maintenance \$200,000

2023-25 Biennium (Executive Budget Recommendation)

Reduces funding from the general fund for integrated formula payments for one-time funding provided from the foundation aid stabilization fund (\$138,215,156)

Department of Public Instruction - Budget No. 201
Senate Bill No. 2013
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	86.25	\$1,658,196,873	\$938,233,270	\$2,596,430,143	86.25	\$1,658,196,873	\$938,233,270	\$2,596,430,143
2023-25 Ongoing Funding Changes								
Cost to continue salary increases		\$42,088	\$81,573	\$123,661		\$42,088	\$81,573	\$123,661
Salary increase		456,449	761,958	1,218,407		341,779	570,572	912,351
Health insurance increase		161,546	252,040	413,586		165,262	257,838	423,100
Adds funding, including funding from federal and special funds, for increased operating expenses related to Information Technology Department rate increases		22,144	32,128	54,272		22,144	32,128	54,272
Adds funding for operating expenses related to a new Capitol space rent model		140,899		140,899		140,899		140,899
Adjusts funding for the cost to continue integrated formula payments		(35,329,144)		(35,329,144)		(35,329,144)		(35,329,144)
Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$513.8 million (It is anticipated approximately \$511.9 million will be available.)		(80,812,000)	80,812,000	0		(77,840,000)	77,840,000	0
Adjusts funding for integrated formula payments resulting from the accelerated implementation of on-time funding		(2,400,000)		(2,400,000)		5,300,000		5,300,000
Adds funding to increase the integrated formula payment rate by 3 percent each year of the biennium. The executive recommendation included 4 percent in the 1st year and 3 percent in the 2nd year of the biennium.		146,409,518		146,409,518		119,907,953		119,907,953
Increases funding for integrated formula payments to accelerate the phase-out of transition maximum adjustments		14,767,391		14,767,391		14,767,391		14,767,391
Adds funding for integrated formula payments in excess of estimated cost (The Office of Management and Budget inadvertently included this funding twice in the executive recommendation.)		14,767,391		14,767,391				0
Adds funding for property tax relief included in Senate Bill No. 2066, approved by the Senate				0		203,100,000		203,100,000

Adds funding for the fiscal impact of Senate Bill No. 2328 related to the school district size weighting factor for school districts with multiple plants				0	8,880,000		8,880,000	
Increases funding in the integrated formula payments line item to increase grants to regional education associations to provide a total of \$700,000				0	200,000		200,000	
Increases funding for other grants for anticipated increases in United States Department of Agriculture food program funding		50,000,000		50,000,000		50,000,000	50,000,000	
Increases funding for other grants for anticipated increases in United States Department of Education programs		20,000,000		20,000,000		20,000,000	20,000,000	
Increases funding for the leveraging the senior year program to provide a total of \$1.2 million for the program grant pool	500,000			500,000		300,000	300,000	
Allocates \$10,387,064 of special funds included in the base budget in the grants - program and passthrough line to the grants - passthrough grants line and the grants - programs grants line and reduces funding from carryover for certain passthrough grants				0		(677,300)	(677,300)	
Increases funding from the general fund for passthrough grants for the teacher mentoring program to provide a total of \$4,251,528, of which \$2,125,764 is from the general fund and \$2,125,764 is from special funds resulting from carryover	2,125,764			2,125,764			0	
Increases funding for PowerSchool to provide a total of \$5,775,000	525,000			525,000	525,000		525,000	
Total ongoing funding changes	0.00	\$61,377,046	\$151,939,699	\$213,316,745	0.00	\$240,223,372	\$148,404,811	\$388,628,183
One-Time Funding Items								
Adjusts funding for integrated formula payments to provide one-time funding from the foundation aid stabilization fund to provide a total of \$281.7 million from the fund for integrated formula payments		(\$138,215,156)	\$138,215,156	\$0			\$0	
Adds one-time funding from carryover for program grants for school board training. The executive budget provided funding from the foundation aid stabilization fund.			3,000,000	3,000,000		\$2,000,000	2,000,000	

Adds one-time funding from carryover for program grants for cybersecurity training for teachers. The executive budget provided funding from the foundation aid stabilization fund.			2,000,000	2,000,000			1,000,000	1,000,000
Adds one-time funding from carryover for program grants for a grow-your-own teacher program. The executive budget provided funding from the foundation aid stabilization fund.			4,000,000	4,000,000			3,000,000	3,000,000
Total one-time funding changes	0.00	(\$138,215,156)	\$147,215,156	\$9,000,000	0.00	\$0	\$6,000,000	\$6,000,000
Total Changes to Base Level Funding	0.00	(\$76,838,110)	\$299,154,855	\$222,316,745	0.00	\$240,223,372	\$154,404,811	\$394,628,183
2023-25 Total Funding	86.25	\$1,581,358,763	\$1,237,388,125	\$2,818,746,888	86.25	\$1,898,420,245	\$1,092,638,081	\$2,991,058,326
<i>Federal funds included in other funds</i>			\$419,573,819				\$419,388,783	
<i>Total ongoing changes as a percentage of base level</i>	0.0%	3.7%	16.2%	8.2%	0.0%	14.5%	15.8%	15.0%
<i>Total changes as a percentage of base level</i>	0.0%	(4.6%)	31.9%	8.6%	0.0%	14.5%	16.5%	15.2%

Other Sections in Department of Public Instruction - Budget No. 201

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Tuition apportionment	Section 4 would provide that any money available in the state tuition fund in excess of the \$513,832,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.	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 9 would require OMB transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of DPI for the purpose of providing integrated formula payments. The executive budget appropriates \$281,669,656 from the foundation aid stabilization fund for integrated formula payments.	Section 4 provides \$143,454,500 included in the estimated income line item of Section 1 is provided from the foundation aid stabilization fund for integrated formula payments.
Payments for 2021-23 biennium special education services		Section 5 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. Claims related to the 2021-23 biennium must be filed by June 30, 2024.
Gifted and talented program funding	Section 5 would provide that DPI use \$800,000 of the 2023-25 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. 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 DPI to the Department of Health and Human Services on behalf of the school district or unit.	Section 6 provides that DPI use \$800,000 of the 2023-25 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.

Other Sections in Department of Public Instruction - Budget No. 201

Executive Budget Recommendation

Senate Version

Medicaid matching funding - School approval -
Withholding and distribution

Section 7 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, this section authorizes the department to withhold funds required to be paid by school districts for school approval.

Regional education association grants

Section 8 increases regional education association grants to provide a total of \$700,000 and to provide annual grants of \$50,000 to each regional education association.

Grants - Passthrough grants distribution

Section 8 would require no more than one-half of the passthrough grants included in the grants - other grants line item is to be expended during the fiscal year ending June 30, 2024.

Section 9 requires no more than one-half of the passthrough grants included in the grants - passthrough grants line item may be expended during the fiscal year ending June 30, 2024, and provides for reporting requirements.

Use of new money - Nonadministrative
personnel compensation increases

Section 11 would require school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation 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.

Section 10 requires school districts to use 70 percent of increased funding related to any increases in the integrated formula payment rate for compensation 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 13 would provide 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 homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Section 11 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 homemakers deposits in its operating account. Section 54-44.1-15 otherwise provides that these funds be deposited in the general fund.

Exemption - 2021-23 biennium funding
exemption and transfer to the Department
of Public Instruction operating fund

Section 12 would provide 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 \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Section 12 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 \$16,009,764 or the remaining amount must be continued into the 2023-25 biennium and OMB must transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants.

Exemption - Unexpended appropriations

Section 14 would provide funds appropriated to DPI from the ESSER Fund during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

Section 13 provides COVID-19-related funds appropriated to DPI from the ESSER Fund and other federal funds during the 2021-23 biennium are not subject to Section 54-44.1-11 and any unexpended funds may be continued into the 2023-25 biennium.

Other Sections in Department of Public Instruction - Budget No. 201

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Salary of the Superintendent of Public Instruction	Section 3 would provide 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 recommended salary increases of 6 percent in the 1st year of the biennium and 4 percent in the 2nd year of the biennium.	Section 15 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 \$135,536, effective July 1, 2023, and to \$140,957, effective July 1, 2024, to reflect legislative salary increases of 4 percent each year of the biennium.
Indirect cost allocation	Section 6 would provide that, notwithstanding Section 54-44.1-15, DPI 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.	
Transfer - Foundation aid stabilization fund to Department of Public Instruction - One-time funding	Section 10 would require OMB transfer, on a quarterly basis, a total of \$9 million from the foundation aid stabilization fund to DPI for school board training (\$3 million), a cybersecurity credential incentive (\$2 million), and a grow-your-own teacher program (\$4 million).	
State school aid formula changes	<p>Sections 15, 16, and 17 would provide the statutory changes to the state school aid formula included in the executive budget recommendation. Statutory changes would:</p> <ul style="list-style-type: none">• Add or subtract 1.00 weighted student unit per student for increases or decreases, respectively, in fall enrollment as compared to the prior year spring average daily membership and provide for a 0.70 weighting factor deduction per student for school districts, paid based on fall enrollment during the 2022-23 school year, whose spring average daily membership for the 2022-23 school year is lower than the fall enrollment and for a 1.00 weighting factor deduction for school districts, paid based on fall enrollment, whose spring average daily membership is lower than the prior fall enrollment for school years after June 30, 2023;• Increase the integrated per student payment rate from the current level of \$10,237 to \$10,646, effective for the 2023-24 school year, and to \$10,965, effective for the 2024-25 school year, to reflect integrated per student payment rate increases of 4 percent in the 1st year and 3 percent in the 2nd year of the 2023-25 biennium;• Remove transition maximum limits on state school aid payments; and• Update the year, from 2020 to 2022, used to determine the percentage of mills levied for sinking and interest relative to the total mills levied by the school district for all purposes. The percent is used to reduce local revenues deducted in the state school aid formula.	