

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

**Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	99.75	\$1,806,117,367	\$508,463,306	\$2,314,580,673
2013-15 Legislative Appropriations <sup>1</sup>	99.75	1,728,613,325	436,996,759	2,165,610,084
Increase (Decrease)	0.00	\$77,504,042	\$71,466,547	\$148,970,589

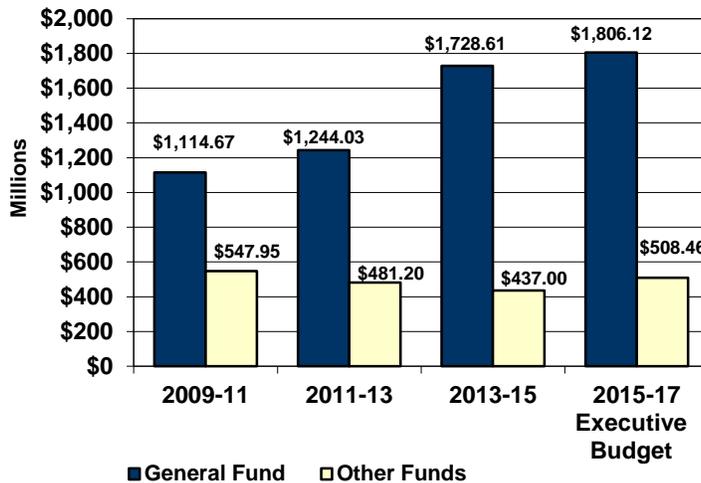
<sup>1</sup>The 2013-15 appropriation amounts include a contingent appropriation from the general fund to provide a grant of \$5 million for the construction of a children's science center in Bismarck since general fund revenues exceeded 3.5 percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by the Office of Management and Budget. However, the 2013-15 appropriation amounts do not include the following:

- General fund carryover authority totaling \$408,150 continued from the 2011-13 biennium to the 2013-15 biennium for a supplemental assistance payment to a qualifying school district (\$158,150) and a transfer to the Department of Career and Technical Education to provide a grant to an institution implementing a certificate program that prepares individuals with autism spectrum disorder for employment in the technology sector (\$250,000).
- A transfer from the Office of Management and Budget to provide \$2,446 from the general fund for internship stipends.

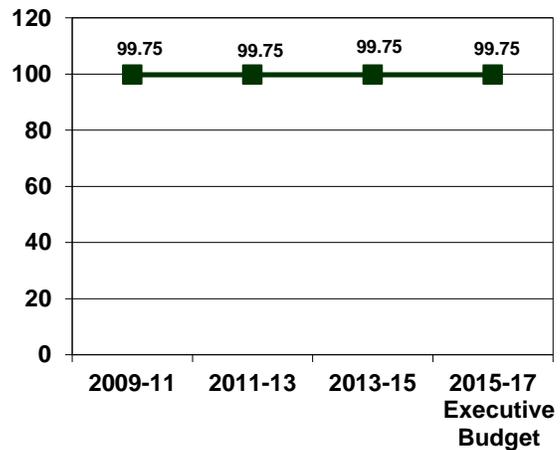
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$1,791,297,367	\$14,820,000	\$1,806,117,367
2013-15 Legislative Appropriations	1,717,543,325	11,070,000	1,728,613,325
Increase (Decrease)	\$73,754,042	\$3,750,000	\$77,504,042

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$1,806,117,367	\$508,463,306	\$2,314,580,673
2015-17 Base Level	1,717,543,325	436,996,759	2,154,540,084
Increase (Decrease)	\$88,574,042	\$71,466,547	\$160,040,589

**First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights  
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
<b>Salaries and wages</b>			
1. Provides funding for state employee salary and benefit increases, of which \$842,287 relates to performance increases, \$261,655 is for market equity adjustments, \$436,121 is for health insurance increases, and \$86,628 is for retirement contribution increases. <b>The Senate provided funding for performance salary increases of 2 to 4 percent per year and funding for health insurance increases, but did not include funding for market equity increases or funding for retirement contribution increases. In addition, the Senate increased funding by \$100,000 from the general fund for market equity related to attrition in the director of school finance position.</b>	\$529,324	\$1,097,367	\$1,626,691
2. Provides targeted market equity salary funding for educational program and administrative positions that have experienced recruiting challenges and turnover. <b>The Senate did not add this funding.</b>	\$332,932	\$0	\$332,932
3. Adds funding to support content positions in math and science. The department anticipates converting current FTE positions.	\$277,351	\$0	\$277,351
4. Increases funding for safe and healthy schools unit salaries and wages. Administrative costs of the unit were paid from the funding pool for initiatives line item during the 2013-15 biennium.	\$500,034	\$0	\$500,034
<b>Operating expenses</b>			
5. Increases funding for safe and healthy schools unit operating expenses. Administrative costs of the unit were paid from the funding pool for initiatives line item during the 2013-15 biennium.	\$97,640	\$0	\$97,640
6. Adds funding for a college and career readiness program, including funding for the cost of advanced placement teacher professional development and related expenses	\$250,000	\$0	\$250,000
7. Adds funding for maintenance and upgrades to the department's state automated reporting system (STARS) and the department's website. STARS maintenance and development and website updates were paid from the funding pool for initiatives line item during the 2013-15 biennium. <b>The Senate added \$30,000 from the general fund for the one-time cost of computer updates related to providing free breakfast and lunch to students eligible for reduced meals.</b>	\$160,000	\$0	\$160,000
8. Adds funding for the statewide accreditation system paid from the funding pool for initiatives line item during the 2013-15 biennium	\$799,750	\$0	\$799,750
9. Adds funding for a principal and teacher evaluation system. Teacher and principal evaluation systems were paid from the funding pool for initiatives line item during the 2013-15 biennium.	\$60,000	\$0	\$60,000
<b>Grants</b>			
10. Increases funding for integrated formula payments to schools to provide a total of \$1.9 billion, of which \$219,134,000 is from the state tuition fund. <b>The Senate increased this funding by \$130.8 million from the general fund to provide a total of \$2,030,800,000, of which \$1,811,666,000 is from the general fund.</b>	\$69,092,000	\$78,808,000	\$147,900,000
11. Increases funding for special education from \$16.5 million to \$17.3 million	\$800,000	\$0	\$800,000
12. Increases funding for transportation grants from \$53.5 million to \$60 million	\$6,500,000	\$0	\$6,500,000
13. Adds funding for principal and teacher evaluation system grants. Teacher and principal evaluation systems were paid from the funding pool for initiatives line item during the 2013-15 biennium.	\$240,000	\$0	\$240,000
14. Increases funding for an expanded mentoring program to include teachers, principals, and instructional coaches to	\$700,000	\$0	\$700,000

provide \$3 million from the general fund

15. Increases funding for adult education grants to provide a total of \$3,734,411 from the general fund. <b>The Senate increased this funding by \$376,000 to provide a total of \$4,110,411 from the general fund.</b>	\$624,000	\$0	\$624,000
16. Removes funding for CPR grants provided during the 2013-15 biennium. <b>The Senate did not remove this funding.</b>	(\$450,000)	\$0	(\$450,000)
17. Adjusts funding for federal and special fund grants	\$0	(\$7,869,039)	(\$7,869,039)
18. Increases funding for other general fund grants as follows:	\$121,500	\$0	\$121,500

	General Fund Increase (Decrease)	Total General Fund
Teacher center network	\$54,000	\$414,000
LEAD Center	7,500	267,500
North Dakota Young Entrepreneur education program	20,000	140,000
"We the People" program	5,000	25,000
Pathfinders Parent project	15,000	146,106
National writing projects	20,000	193,000
Total general fund	\$121,500	\$1,185,606

In addition, the Senate increased funding by:

- \$20,000 for the North Dakota Museum of Art to provide a total of \$435,000 from the general fund;
- \$100,000 for the Global Bridges exchange program to provide a total of \$250,000 from the general fund;
- \$2,500,000 from the general fund to provide English language learner grants; and
- \$1,072,000 from the general fund to provide grants for free breakfast and lunch to students eligible for reduced meals.

19. Removes funding for rapid enrollment grants	(\$13,600,000)	\$0	(\$13,600,000)
20. Provides <b>one-time funding</b> for rapid enrollment grants	\$14,800,000	\$0	\$14,800,000
21. Adds <b>one-time funding</b> for a grant to provide a rural outreach van to the Museum of Art. <b>The Senate did not add this funding.</b>	\$20,000	\$0	\$20,000

**Other**

22. Adds funding for PowerSchool costs. The PowerSchool factor in the state school aid formula is eliminated. The requirement that the department forward state school aid related to PowerSchool directly to the Information Technology Department is removed in Section 18 of Senate Bill No. 2013.	\$6,000,000	\$0	\$6,000,000
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**NOTE:** Based on the executive budget supporting documents, the funding source allocation included in Senate Bill No. 2013 should be adjusted to decrease funding from the general fund and increase funding from estimated income by \$597,475. **The Senate adjusted the funding source of other grants to reflect the funding included in the executive recommendation supporting documents.**

**Other Sections in Bill**

**School construction loan fund** - Section 3 provides for a transfer of \$300 million from the strategic investment and improvements fund to the school construction loan fund for the purpose of providing additional school construction loans. **The Senate removed this section.**

**Tuition apportionment** - Section 4 provides that any money available in the state tuition fund in excess of the \$219,134,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

**Payments for 2013-15 biennium educational services** - Section 5 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2015-17 biennium to pay claims due during the 2013-15 biennium but not filed with the department until the 2015-17 biennium.

**Special education gifted and talented programs** - Section 6 provides that the Department of Public Instruction use \$800,000 of the 2015-17 legislative appropriation for integrated formula payments for reimbursing school districts or special

education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

**Regional education association grants** - Section 7 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2015-17 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000 or 70 percent of the total compensation of the coordinator.

**Transportation grants** - Section 8 requires the Department of Public Instruction to distribute transportation aid for the 2015-17 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:

- One dollar and 27 cents per mile for schoolbuses having a capacity of 10 or more passengers.
- Sixty cents per mile for vehicles having a capacity of nine or fewer passengers.
- Sixty cents 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.
- Sixty cents per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- Thirty-two cents per student for each one-way trip.

Section 8 also provides if any funds appropriated for transportation aid for the 2015-17 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate and distribute the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.

**Rapid enrollment grants** - Section 9 provides for the distribution of up to \$14.8 million in one-time funding for rapid enrollment grants. Grants are distributed based on two funding tiers, districts experiencing an increase of at least 4 percent or 150 students and no less than 20 students (Tier 1) and districts experiencing an increase of at least 2 percent or 75 students and no less than 10 students (Tier 2). Section 9 also provides that no more than \$7.4 million may be provided in the first year of the 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.

**Continuing education grants** - Section 10 provides for the distribution of up to \$150,000 from the Grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per student payments based on latest average daily membership.

**Indirect cost allocation** - Section 11 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

**Other grant reporting** - Section 13 requires the Department of Public Instruction report to the 2017 Legislative Assembly regarding the cost per participant and outcomes of other grants provided by the department.

**State school aid program** - Section 16 provides assumptions included in the executive recommendation for integrated formula payments and other grants, including per student payment rates of \$9,482 for the 2015-16 academic year and \$9,767 for the 2016-17 academic year. However, the recommendation of the of interim Education Funding Committee included per student payment rates of \$9,482 for the 2015-16 academic year and \$9,766 for the 2016-17 academic year. The different rate for the 2016-17 academic year should be reconciled. In addition, the section may be eliminated when the recommendation for integrated formula payments is developed by the Legislative Assembly. **The Senate removed this section.**

**Superintendent of Public Instruction salary** - Section 17 provides the statutory changes increasing the Superintendent of Public Instruction's salary. The Superintendent of Public Instruction's annual salary is increased from the current level of \$113,498 to \$118,038, effective July 1, 2015, and to \$122,759, effective July 1, 2016, to reflect the 4 percent and 4 percent recommended salary increase. **The Senate changed this section of the bill to provide a salary increase of 3 percent (annual salary of \$116,903) effective July 1, 2015, and 3 percent (annual salary of \$120,410) effective July 1, 2016.**

**PowerSchool financial support** - Section 18 removes the requirement that the Superintendent of Public Instruction forward the portion of a school district's state aid related to the PowerSchool factor to the Information Technology Department.

**School construction loans - Revolving fund** - Section 19 amends Section 15.1-36-02 to increase funding deposited in the school construction loan fund. In addition to \$50 million made available from the coal development trust fund beginning in 1979 and \$150 million made available from the strategic investment and improvements fund in 2013, the amendment provides \$300 million is transferred from the strategic investment and improvements fund for a total of \$500 million available for school construction loans. Section 3 provides for the transfer of \$300 million from the strategic investment and improvements fund to the school construction loan fund. In addition, Section 19 provides the additional funding is available only to those school districts that demonstrate an increase in their average daily membership during each of the preceding three school years. **The Senate removed this section.**

**Cardiopulmonary resuscitation training grants** - The Senate added a section related to the distribution of CPR grants for training at both the high school and middle school levels.

**North Dakota motor pool** - The Senate added two sections to amend Sections 24-02-03.3 and 39-01-03 relating to the management of state-owned licensed motor vehicles and the use of motor vehicles owned by the state to allow the North Dakota Museum of Art to use motor pool vehicles.

### **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 general fund turnback totaling \$41,461,046 as follows:

- \$36,900,000 - Integrated formula payments.
- \$3,661,046 - Rapid enrollment grants.
- \$500,000 - School district safety grants.
- \$400,000 - CPR training grants.

In Senate Bill No. 2031, the Senate provided that if any of the funds provided for state school aid remain after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the Superintendent is to continue a portion of the funding into the 2015-17 biennium to enhance the delivery and the participation of students and teachers in advanced placement courses (\$1,252,627) and to contract with a research institution in this state to study the impact of early childhood education provider grants (\$200,000).

In addition, Senate Bill No. 2087 provides that if any of the funds provided for state school aid remain after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the Superintendent must use \$1,661,207 of the funds remaining to offset the reduction in federal funding for Title I, Part A, of the Elementary and Secondary Education Act of 1965, that resulted from the federal sequestration order for fiscal year 2013.

### **Significant Audit Findings**

There were no significant audit findings for the Department of Public Instruction.

### **Major Related Legislation**

**Senate Bill No. 2031 - State School Aid** - Provides the K-12 integrated formula plan for state school aid and property tax relief. In addition, the bill provides for:

- A separate line item in the Department of Public Instruction budget for PowerSchool funding previously provided through the integrated formula payments line item;
- A school district reporting review committee;
- Supplemental grants to school districts serving high numbers of English language learners;
- Contingent funding, from excess integrated formula payments authority provided during the 2013-15 biennium, for enhancing advanced placement course delivery and an early childhood education impact study; and
- The continuation of funding for autism spectrum technology grants provided during the 2013-15 biennium.

A fiscal note prepared by the Department of Public Instruction indicates a fiscal impact of \$2,030,800,000 for integrated formula payments, of which \$1,811,666,000 is from the general fund and \$219,134,000 is from the state tuition fund.

**Senate Bill No. 2039 - Foundation Aid Stabilization Fund** - Contingent on the approval of the provisions of Senate Concurrent Resolution No. 4003 by the voters, this bill transfers funding from the foundation aid stabilization fund to a school construction assistance loan fund and a scholarship fund.

**Senate Bill No. 2087 - Federal Sequestration Offset** - Provides if any moneys remain in the grants - state school aid line item after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2013-15 biennium, the Superintendent shall reserve the first \$1,661,207 to offset the reduction in federal funding for Title I, Part A, of the Elementary and Secondary Education Act of 1965, that resulted from the federal sequestration order for fiscal year 2013.

**Senate Bill No. 2088 - Education Foundation** - Allows the State Superintendent of Public Instruction to form an education foundation to pursue and distribute private sector funds for use in education-related activities and provide advice and guidance to the Superintendent of Public Instruction regarding the administration and delivery of education in this state, including academic standards, accountability, budgetary and financial matters, managerial and operational matters, and regulatory and legislative matters. A fiscal note prepared by the Department of Public Instruction indicates a fiscal impact of \$24,902 from the general fund related to the compensation and expenses of seven foundation members.

**Senate Bill No. 2089 - North Dakota Academic Scholarship** - Allows students to use postsecondary courses offered for credit at an accredited institution of higher education to meet certain eligibility requirements of the North Dakota academic scholarship. A fiscal note prepared by the Department of Public Instruction indicates there is no fiscal impact related to this bill.

**Senate Bill No. 2092 - School District Reorganization** - Relates to school board authority following approval of a reorganization plan.

**Senate Bill No. 2151 - Early Childhood Education** - Provides \$6 million from the general fund to the Department of Commerce for early childhood education grants and requires the Superintendent of Public Instruction implement a uniform system for the accounting, budgeting, and reporting of data by any early childhood education providers receiving the Department of Commerce early childhood grants.

**Senate Bill No. 2178 - School Construction Loan Interest Rate Buydown** - Provides \$19,697,572 from the general fund to the Bank of North Dakota to establish a \$250 million school construction loan interest rate buydown program at the bank.

**Senate Bill No. 2272 - Medical Assistance Payment Rates for Therapy Services** - Directs the Department of Human Services to adjust its medical assistance payment rates for physical therapy services, occupational therapy services, and speech therapy services. A fiscal note prepared by the Department of Human Services indicates a fiscal impact to the Department of Public Instruction of \$1,410,832, from the general fund.

**Senate Bill No. 2355 - Education Standards and Practices Board Survey** - Requires the Department of Public Instruction to develop an electronic satisfaction survey for use by the Education Standards and Practices Board to survey interactions with persons seeking information and services. The Education Standards and Practices Board is responsible for expenses incurred by the department to develop the electronic survey. A fiscal note prepared by the Department of Public Instruction indicates a minimal fiscal impact.

**House Bill No. 1053 - Centralized Desktop Support Services** - Requires all state agencies to obtain centralized desktop support services from the Information Technology Department, except the legislative and judicial branches and other large state agencies, based on the results of a hardware relocation and consolidation study.

**House Bill No. 1087 - Civics Test** - Requires students to correctly answer at least 60 percent of the questions on a civics test to graduate. A fiscal note prepared by the Department of Public Instruction indicates there is no fiscal impact related to this bill. **This bill has been approved by both the House and the Senate and has been signed by the Governor.**

**House Bill No. 1171 - State Tuition Trust Fund Revenue** - Changes the deposit of fees collected for noncriminal disposition of traffic offenses from the state tuition trust fund to the highway tax distribution fund. A fiscal note prepared by the judicial branch indicates the fiscal impact for the 2015-17 biennium would be a reduction of \$6.3 million to the state tuition fund and an increase of \$6.3 million to the state highway tax distribution fund.

**House Bill No. 1176 - Oil and Gas Gross Production Tax Distribution Formula** - Changes the distribution funding formula for political subdivisions, including school districts and provides oil and gas impact grants.

**House Bill No. 1426 - School Construction Approval** - Increases the threshold for the approval of school construction projects by the Superintendent of Public Instruction from \$100,000 to \$150,000.

**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
<b>2015-17 Biennium Base Level</b>	99.75	\$1,717,543,325	\$436,996,759	\$2,154,540,084	99.75	\$1,717,543,325	\$436,996,759	\$2,154,540,084
<b>2015-17 Ongoing Funding Changes</b>								
Base payroll changes		\$714,473	(\$569,781)	\$144,692		\$814,473	(\$569,781)	\$244,692
Salary increase - Performance		273,337	568,950	842,287		206,948	422,861	629,809
Salary increase - Market equity		86,346	175,309	261,655				0
Retirement contribution increase		28,112	58,516	86,628				0
Health insurance increase		141,529	294,592	436,121		141,529	294,592	436,121
Salary increase - Targeted equity		332,932		332,932				0
Internship stipend		5,038		5,038		5,038		5,038
Adjust federal and special fund grants			(7,869,039)	(7,869,039)			(7,869,039)	(7,869,039)
Increase funding for integrated formula payments		69,092,000	78,808,000	147,900,000		199,892,000	78,808,000	278,700,000
Increase funding for transportation grants		6,500,000		6,500,000		6,500,000		6,500,000
Increase funding for special education grants		800,000		800,000		800,000		800,000
Add funding for a college and career readiness program		250,000		250,000		250,000		250,000
Add funding for PowerSchool grants		6,000,000		6,000,000		6,000,000		6,000,000
Increase funding for expanded mentoring program		700,000		700,000		700,000		700,000
Add funding to support content positions in math and science		277,351		277,351		277,351		277,351
Increase funding for safe and healthy schools unit		597,674		597,674		597,674		597,674
Add funding for maintenance and upgrades to STARS and website		160,000		160,000		160,000		160,000
Add funding for the statewide accreditation system		799,750		799,750		799,750		799,750
Add funding for a principal and teacher evaluation system		300,000		300,000		300,000		300,000
Increase funding for adult education grants		624,000		624,000		1,000,000		1,000,000
Increase funding for other grants		121,500		121,500		121,500		121,500
Remove CPR grants		(450,000)		(450,000)				0
Remove rapid enrollment grants		(13,600,000)		(13,600,000)		(13,600,000)		(13,600,000)
Add funding to provide free breakfast and lunch to students eligible for reduced meals				0		1,072,000		1,072,000
Correct funding source of grants provided in the executive recommendation				0		(597,475)	597,475	0
Increase funding for the North Dakota Museum of Art to provide a total of \$435,000				0		20,000		20,000
Increase funding for the Global Bridges exchange program to provide a total of \$250,000				0		100,000		100,000
Add funding for English language learner grants provided in Senate Bill No. 2031				0		2,500,000		2,500,000
<b>Total ongoing funding changes</b>	<b>0.00</b>	<b>\$73,754,042</b>	<b>\$71,466,547</b>	<b>\$145,220,589</b>	<b>0.00</b>	<b>\$208,060,788</b>	<b>\$71,684,108</b>	<b>\$279,744,896</b>

**One-time funding items**

Add funding for rapid enrollment grants	\$14,800,000	\$14,800,000	\$14,800,000	\$14,800,000
Add funding for North Dakota Museum of Art rural outreach van	20,000	20,000	0	0
Add funding for the one-time cost of computer updates related to providing free breakfast and lunch to students eligible for reduced meals		0	30,000	30,000
<b>Total one-time funding changes</b>	<b>0.00</b>	<b>\$14,820,000</b>	<b>\$0</b>	<b>\$14,820,000</b>
<b>Total Changes to Base Level Funding</b>	<b>0.00</b>	<b>\$88,574,042</b>	<b>\$71,466,547</b>	<b>\$160,040,589</b>
<b>2015-17 Total Funding</b>	<b>99.75</b>	<b>\$1,806,117,367</b>	<b>\$508,463,306</b>	<b>\$2,314,580,673</b>

**Other Sections in Senate Bill No. 2013**

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
One-time funding	Section 2 provides the North Dakota Museum of Art vehicle and rapid enrollment grants are one-time funding.	Removes funding provided to the North Dakota Museum of Art from the one-time schedule and provides for an ongoing funding increase of \$20,000 for a total of \$435,000 from the general fund. Adds \$30,000 from the general fund for computer updates related to the provision of free meals to those qualifying for reduced meals to the one-time schedule.
School construction loan fund	Section 3 provides for a transfer of \$300 million from the strategic investment and improvements fund to the school construction loan fund for the purpose of providing additional school construction loans.	This section is removed.
Tuition apportionment	Section 4 provides that any money available in the state tuition fund in excess of the \$219,134,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.	Section 3 provides that any money available in the state tuition fund in excess of the \$219,134,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.
Payments for 2013-15 biennium educational services	Section 5 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2015-17 biennium to pay claims due during the 2013-15 biennium but not filed with the department until the 2015-17 biennium.	Section 4 provides that the Department of Public Instruction may use money appropriated for integrated formula payments and special education contracts for the 2015-17 biennium to pay claims due during the 2013-15 biennium but not filed with the department until the 2015-17 biennium.
Special education gifted and talented programs	Section 6 provides that the Department of Public Instruction use \$800,000 of the 2015-17 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.	Section 5 provides that the Department of Public Instruction use \$800,000 of the 2015-17 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the Department of Public Instruction to the Department of Human Services on behalf of the school district or unit.

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Regional education association grants	Section 7 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2015-17 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000, or 70 percent of the total compensation of the coordinator.	Section 6 provides for the distribution of up to \$800,000 from the integrated formula payments line item for regional education association grants to assist with the cost of compensating coordinators during the 2015-17 biennium. The maximum annual grant to a regional education association is the lesser of \$50,000, or 70 percent of the total compensation of the coordinator.
Transportation grants	<p>Section 8 requires the Department of Public Instruction to distribute transportation aid for the 2015-17 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:</p> <ul style="list-style-type: none"> <li>• One dollar and 27 cents per mile for schoolbuses having a capacity of 10 or more passengers.</li> <li>• Sixty cents per mile for vehicles having a capacity of nine or fewer passengers.</li> <li>• Sixty cents 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.</li> <li>• Sixty cents per mile one way for family transportation if the student lives more than two miles from the public school the student attends.</li> <li>• Thirty-two cents per student for each one-way trip.</li> </ul> <p>Section 8 also provides if any funds appropriated for transportation aid for the 2015-17 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate and distribute the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.</p>	<p>Section 7 requires the Department of Public Instruction to distribute transportation aid for the 2015-17 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:</p> <ul style="list-style-type: none"> <li>• One dollar and 27 cents per mile for schoolbuses having a capacity of 10 or more passengers.</li> <li>• Sixty cents per mile for vehicles having a capacity of nine or fewer passengers.</li> <li>• Sixty cents 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.</li> <li>• Sixty cents per mile one way for family transportation if the student lives more than two miles from the public school the student attends.</li> <li>• Thirty-two cents per student for each one-way trip.</li> </ul> <p>Section 8 also provides if any funds appropriated for transportation aid for the 2015-17 biennium remain unspent after all statutory obligations are met, the Department of Public Instruction is to prorate and distribute the remaining amounts according to the percentage of the total transportation formula amount to which each school district is entitled.</p>
Rapid enrollment grants	Section 9 provides for the distribution of up to \$14.8 million in one-time funding for rapid enrollment grants. Grants are distributed based on two funding tiers, districts experiencing an increase of at least 4 percent or 150 students and no less than 20 students (Tier 1) and districts experiencing an increase of at least 2 percent or 75 students and no less than 10 students (Tier 2). Section 9 also provides that no more than \$7.4 million may be provided in the first year of the 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.	Section 8 provides for the distribution of up to \$14.8 million in one-time funding for rapid enrollment grants. Grants are distributed based on two funding tiers, districts experiencing an increase of at least 4 percent or 150 students and no less than 20 students (Tier 1) and districts experiencing an increase of at least 2 percent or 75 students and no less than 10 students (Tier 2). The section also provides that no more than \$7.4 million may be provided in the first year of the 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.
Continuing education grants	Section 10 provides for the distribution of up to \$150,000 from the grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per student payments based on latest average daily membership.	Section 9 provides for the distribution of up to \$150,000 from the grants - other grants line item for continuing education grants. Grant awards are in amounts up to \$1,200 per eligible recipient and any funding remaining after grants have been awarded to all eligible recipients must be distributed to school districts as additional per student payments based on latest average daily membership.
Indirect cost allocation	Section 11 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.	Section 11 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.

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**Executive Budget Recommendation**

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**Senate Version**

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Other grant reporting	Section 13 requires the Department of Public Instruction report to the 2017 Legislative Assembly regarding the cost per participant and outcomes of other grants provided by the department.	Section 13 requires the Department of Public Instruction report to the 2017 Legislative Assembly regarding the cost per participant and outcomes of other grants provided by the department.
State school aid program	Section 16 provides assumptions included in the executive recommendation for integrated formula payments and other grants, including per student payment rates of \$9,482 for the 2015-16 academic year and \$9,767 for the 2016-17 academic year. However, the recommendation of the of interim Education Funding Committee included per student payment rates of \$9,482 for the 2015-16 academic year and \$9,766 for the 2016-17 academic year. The different rate for the 2016-17 academic year should be reconciled. In addition, the section may be eliminated when the recommendation for integrated formula payments is developed by the Legislative Assembly.	This section is removed.
Superintendent of Public Instruction salary	Section 17 provides the statutory changes increasing the Superintendent of Public Instruction's salary. The Superintendent of Public Instruction's annual salary is increased from the current level of \$113,498 to \$118,038, effective July 1, 2015, and to \$122,759, effective July 1, 2016, to reflect the recommended 4 percent salary increase each year of the biennium.	Section 16 provides the statutory changes increasing the Superintendent of Public Instruction's salary. The Superintendent of Public Instruction's annual salary is increased from the current level of \$113,498 to \$116,903, effective July 1, 2015, and to \$120,410, effective July 1, 2016, to reflect a 3 percent salary increase each year of the biennium.
PowerSchool financial support	Section 18 removes the requirement that the Superintendent of Public Instruction forward the portion of a school district's state aid related to the PowerSchool factor to the Information Technology Department.	Section 17 removes the requirement that the Superintendent of Public Instruction forward the portion of a school district's state aid related to the PowerSchool factor to the Information Technology Department.
School construction loans - Revolving fund	Section 19 amends Section 15.1-36-02 to increase funding deposited in the school construction loan fund. In addition to \$50 million made available from the coal development trust fund beginning in 1979 and \$150 million made available from the strategic investment and improvements fund in 2013, the amendment provides \$300 million is transferred from the strategic investment and improvements fund for a total of \$500 million available for school construction loans. Section 3 provides for the transfer of \$300 million from the strategic investment and improvements fund to the school construction loan fund. In addition, Section 19 provides the additional funding is available only to those school districts that demonstrate an increase in their average daily membership during each of the preceding three school years.	This section is removed.
CPR grants		Adds Section 10 to provide for the distribution of CPR grants for training in middle schools.
North Dakota motor pool		Adds Sections 18 and 19 to amend Century Code to allow the North Dakota Museum of Art to use motor pool vehicles.