

2015 HOUSE APPROPRIATIONS

HB 1019

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1019
1/12/2015
21846

Subcommittee
 Conference Committee

Brian H. D. Lichow

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

Attachment 1,2,3,4, *4A, 4B, 4C*

Chairman Monson called the meeting to order.

Wayne Kutzer, Director of the Department of Career and Technical Education:
Attachment #1

Chairman Monson: Where are you at going forward with state funds with a step down procedure. How many more commitments do you have stuck out there that we need to.

Kutzer: The last remaining commitment would be for 1 year of operation for the Cass County Area Career and Technology Center. All the other centers have been built into our budget.

Chairman Monson: So there may be some ongoing costs with some of those with regular granting but not this bigger commitment to get them up and running then?

Kutzer: That is correct.

Kutzer: continued testimony

09:22

Chairman Monson: Looking at your map the shaded for north family is not included north border Walhalla. Do they pay a fee or a membership fee or are they just paying the services to get this virtually or how is that working?

Kutzer: This would be true of all area centers. If they can provide services to area schools in terms of one class and specifically this one class of welding they are working directly with that district for that one class. They are not a full member of the district. One of the prerequisites of being a full member of any of these area centers is that all the programming that that center offers has to be available to all member schools. In this case, they offering

just the one course and they are paying a fee to the area center mainly in paying for instructor salary.

Kutzer: (continued testimony)

Chairman Monson: You were appropriated a certain amount of general funds in 2013-15 biennium and you're on target to spend those. You have some extra funding that will not be turned back to schools. You're just going to enhance those payments to those schools instead of sending it back to the general fund, is that correct? There is no turn back here? You spend the whole amount that you were appropriated we authorized you to spend it. There's no turn back, correct?

Kutzer: That's right. There is no turn-back. The biggest reason for the no turn-back when a board sets a reimbursement rate to schools we anticipate we are going to need so many dollars to be able to hit that particular reimbursement rate. If it is 27% as we are no funding with schools. If for some reason schools don't spend all they have budgeted for us they send us in the budget, we set our overall agency budget according to that. If schools either underspend or don't operate a program all that funding goes back into the pool and at the end if we have \$100,000 left or \$300,000 left of funding we reallocate that back out to schools. In effect what we are doing is raising that reimbursement rate from 27% to possibly 28%.

Chairman Monson: That I think is the number. The percentage of reimbursement is pretty small. You're saying like 27% and they might get 28% if there is some extra funding. So for the committee so it's not like its 105% of what their expenses were this is a small percentage even with extra money kicked in.

Kutzer: That's right. I will be talking a little bit more about our reimbursement rates.

Kutzer: Continued testimony referred to pages 6, 7.

Chairman Monson: Who sets the target? The Feds?

Kutzer: Yes, then we negotiate with them again on a biennial basis every other year. We negotiate with them on what that should be. Typically it's a three year running average. That's what we have been using the last two years to do it. That's why there is so much difference especially on the top two. The academic the reading and language arts and mathematics. There is such a wide gap there because we have been using the three year average and we have really increased it in the last few years to make a big difference.

Chairman Monson: What is the consequences if you don't meet their target?

Kutzer: If you don't meet their target in 3 consecutive years, then you have to put together a performance plan to be able to bring that back up. Every school in the state that receives federal funding also creates those targets. They have to put together a performance plan in terms of how they are going to meet those if they don't meet them in the course of three years. We haven't had that situation in the terms of the state. There has been a few

schools that have it, but the number is dropping fast in the terms of the number of schools that have to put together something like that.

21:09

Rep. Schmidt: The negotiated target for example the academic mathematic is 53%. What does the 53% represent because I don't know what the target means? Does that mean that 53% of the students pass the mathematics test?

Kutzer: It is the concentrator level. If you look at the green sheet (pg. 7), it actually shows you a numerator and denominator of the number of concentrators that met that particular performance level so that's how many met the proficient level on the state assessment.

Chairman Monson: I am a little confused on what that negotiated target really means. It's based on the state wide assessments, the state's test.

Kutzer: That's right. The first two are, because that is something the state assessment does. We say that 52% of them are going to meet at the proficient level within the state assessment. There are 3 or 4 levels within the state assessment. Novice, partial deficient and so 52% is what we negotiate with the feds, would meet that proficient level. Actually, 86.16% of them met the proficient level on the state assessment in mathematics.

Chairman Monson: I'm happy to see that we actually went way beyond that but 52.89% is not very efficient. I guess that negotiated target doesn't mean quite as much to me as the actual. As long as our actual scores are up there in a decent level. This is really the percent of those that take the state wide test and score proficient or better. Is that correct.

23:36

Kutzer: Yes.

Rep. Sanford: The performance levels that are established here are personalized to a state versus national standards?

Kutzer: Yes

Rep. Sanford: When you negotiate with the feds I am assuming that their taking into consideration really what the national picture is. There not going to say well you have a bad record so you can get by with 25% for our negotiated rate. There's got to be some relationship beyond your borders, I would assume?

Kutzer: The quick answer is yes. We have been operating under this particular legislation I believe this is the 8th and 9th year. The original negotiation started 9 years ago. We were all given targets that we still had to negotiate, well they call it negotiating, but they gave us the targets to shoot at. One of the reasons why these are low is because we have been using a 3 year average and to be honest the performance of CTE concentrators was lower than what it is now. That is why there is such a large gap. I would expect the next time we

come in for negotiating those scores, especially the 65 and 52 will shoot up quite a bit because our 3 year average is increased significantly.

Kutzer: continued testimony referred to page 8 and 9.

Chairman Monson: Wayne do you have any reason why you think that is? Because my own thought would be that many of these students that are taking CTE courses are those that are not going to be taking Physics some of the higher level mass and going on to be your doctors and our engineers, but more students that are looking at being welders and so on and probably don't have a huge interest in math or English. May be not politically correct to say that but I guess that is kind of the thought that first comes to mind for me. So why would you think that this is different?

Kutzer: I think that is the general impression. There is a number of factors. No. 1, we have been working really hard on trying to improve math scores and reading language arts within career tech ed students. We had a program called math and CTE where we actually paired up career tech ed teachers and a math teacher had them work through problems. Career Ed students get it. They understand the math, so they can understand how to put that math together where if a student has been through math, whether it is algebra, and doesn't quite understand it, can't relate it. Career Ed students can relate what they are doing to that math problem back to real life. And that makes it stick. The 3rd piece is we are attracting a lot more students a broader selection of students to Career Tech Ed and in a lot of program areas.

29:30

Chairman Monson: So you are saying if they are in Career Tech Ed they actually see a reason why they need to know that math and can put it to use instead of just being said someday you will need to know this algebra?

Kutzer: Exactly

Monson: If it makes sense and using every day they are going to learn it and they are going to have a better motivation to do it.

Kutzer: Continued testimony

Rep. Schmidt: I may be interpreting this table differently than what everybody in this room is, but graduation rate on all students proficient is 87.2% and all students proficient in math at 58%, does that mean that we are graduating 31% of students or roughly 30% of the students that are not proficient in math?

Kutzer: Yes. Of the graduation rate the percentage that weren't proficient in math is that difference.

Chairman Monson: Actually 32% are not proficient, really.

Kutzer: Well, if you are looking at the graduation rate between the 58% and 87%, so about 30%.

Rep. Sanford: Then you got roughly 20% are not proficient at reading and writing.

Kutzer: According to the state assessment.

Chairman Monson: This is based on no child left behind state testing program, right?

Kutzer: Yes, until this year when they are moving to smarter balances this year. Up until this past year this is where we are measuring these students state assessment.

Chairman Monson: So for the benefit of our committee that have not had a lot of education committee work and understanding what is happening with no child left behind every year they keep raising that bar. So we knew those of us that worked with K12 or high school, knew that no child left behind eventually would show that every student was going to be not at the highly proficient level. That's why no child left behind is a fad going the other way and we are starting something else.

Rep. Sanford: In regard to the green sheet they placement level of the students is right about at the negotiated levels 70%. AS we tie that to the job openings that we have ND and then we see the proficient levels of the students in CTE across the board, look to be pretty excellent. When I put this all together, my question is it looks like we have highly qualified graduates in CTE. There a job openings, but we are not placing them. What happens to the other 30%?

Kutzer: We can't find them in the data systems we have in terms trying to find who are employed. That is the biggest issue. Even though it says 69 or 70% are placed in the military, in work or further education. We just can't find a lot of students. IF they moved to Minnesota or moved to Colorado they are not in our system.

Chairman Monson: The tracking system only works as good as the reporting that the colleges, students or high schools are able to keep track of those graduates. Is that correct?

Kutzer: When we track the graduates we actually use the state wide data system and we work with Job Service to be able to find information in the state on that. The one piece we have not been able to make the connection is if they move out of state. I know that Job Service is looking at going to Risk Too, which will allow them to share data with surrounding states and so hopefully that will be able to pick up more information on students that move out of state.

Chairman Monson: This reporting is optional to some extent. If some parents says I don't want my son or daughter to be tracked. Can they opt out of that? Schools don't send that information. Am I mistaken on that?

Kutzer: We have never been asked that question. If a parent refused to give information to the school than we wouldn't get it. We work with the schools directly.

37:45

Rep. Schmidt: In regards to placement of 70%. Did you say that includes those that go into the military?

Kutzer: Yes

Rep. Schmidt: Those individuals are not benefiting the workforce in ND obviously since they are going into the military. So this 70% I was assuming was those kids that went into the workforce basically in ND, but it's going to be less than 70%, is it not?

Kutzer: Yes.

Rep. Schmidt: What is the percent of the percent that go into the military?

Kutzer: Very small. Less than 1%.

Rep. Sanford: so further clarification on that. So 70% includes employment in other states as well, has military. Could it include employment in other states?

Kutzer: The hardest time we have is to try to find employment in other states. The Military has a database that we can go to to see if there are matches with the students we are asking for. But otherwise, the hardest part is just to try to find employment, if they are working across the river in East Grand Forks we have no way of knowing that.

Rep. Sanford: If it is 70% and 2% into military does that mean 68% are employed in ND or does it include some carry over into other states?

Kutzer: It would include those employed in ND and would also include those going to school in ND. So if they graduate from High School and go directly into college that's also a positive placement. So the three positives we have is going on to school, going into the workforce or the military.

Chairman Monson: Then if they go to college in East Grand Forks to a two year college over there, then you may or may not have them in your 70%, correct?

Kutzer: If they go into post-secondary we work with the national student clearinghouse then we can pick up wherever they go to school. Typically, as long as that school belongs to the national school clearinghouse. Post-secondary wise we can find if they are going to college in the country.

Kutzer: Continue testimony. Referred to page 8. Referred to page 3.

Chairman Monson: Why do you need to reimburse schools 27% over and above the regular DPI payments going out for education?

Kutzer: Two main reasons. Number 1 the cost of career tech programs, more equipment, and specialized shops typically they are smaller class sizes. If you have a welding program you only have as many students as you have welding booths or torch booths. It's not like an English class where you can sit 40 kids in there. Class size is typically smaller. The 2nd thing while we provide that incentive is that these are all elective courses. Schools whenever they run through a difficult time in terms of budgeting and trying to figure out what program they can offer their students the elective courses are the first ones that are gone or potentially gone in a schools budgeting process. We try to take that bite out of it a little bit.

46:55

Chairman Monson: As legislators over the years have come up with the idea that we need to as legislators to direct curriculum to more rigor, if you will, instead of requiring 3 maths we require 4 maths or whatever of those things we have done tweaking them over the years. By doing that, we're possibly cutting into your numbers. We probably have shot your programs in the foot trying to increase some of this rigger. Is that correct?

Kutzer: Yes, it is more difficult. The more requirements that are set on high school, whether it is graduation or scholarships impact our programing.

Rep. Sanford: Could you give a brief description of the centers and they are using the distance methodology what are the mechanics of that delivery, supervision, whatever goes into that because there are some costs associated with that as well.

Kutzer: Let me talk about this next piece of got ties right into it. I will talk a little more about how we try to accommodate some of those extra costs.

Kutzer: continued testimony Attachment #1

56:51

Chairman Monson: I have a question about Autism Spectrum Disorder grant we funded it two years ago and the Governor is saying not this time. Why are you doing anything with Autism Spectrum Disorder grants through your department?

Kutzer: Mr. Chairman, it was put into the funding bill by the Department of Public Construction. With the caveat that if there was money left that would be put into our budget. That came through the education funding bill.

Kutzer: Cont. Testimony Attachment #1

Chairman Monson: On that Stem network then we started the program gave you some money to get it going and now they are going to continue that with private funds from some other source or special funds and not coming from the state? Is that what I heard?

Kutzer: That's correct. When we had the funds last biennium they were one-time funds. It was actually a total of \$300,000; \$140,000 in HB1228 and \$160,000 in our funding. But it was all one-time funding.

Chairman Monson: I see a reduction of .5 FTE. Evidently you're ok with that your optional request didn't have it going back in.

Kutzer: Yes, that correct. It was a coop work position that we haven't utilized for many years. We are getting rid of the FTE but we would like to roll that into a position that we have vacant that we would like to raise the amount of dollars that we have available to hire someone.

Kutzer: Cont. Testimony Attachment #1 Referred to page 13, 14, 15 of the handout.

Chairman Monson: The trend '83 through the last biennium for area centers has gone from 50 to 40% reimbursement. What has the trend been for the number of area centers. Because if I am not mistaken you've got a lot more area centers now than you use to, back in the 1980 - 84. So obviously if you're funding a lot more of them without having to increase a lot dollars you had to drop that percentage from 50 to 40. Am I correct in that assumption?

Kutzer: We didn't drop the reimbursement rate for that reason. The legislature you provided over the last biennium \$3.7 million dollars for the addition of virtual area centers. So that's where the funding came from. We were able to maintain that 40% funding that's listed now. So it was all new money that started the virtual area centers.

Vice Chairman Streyle: In the grants on blue sheet Dec. 31st of 2014 still \$15.6 million. Do you anticipate for all that going out? Why is there such a large amount left with 6 months left in the biennium?

Kutzer: Approximately half of it would be less because at the end of the year is when we make the payments back out to schools. That will take up that amount of money.

Chairman Monson: So it's a cash flow thing where you reimburse after they proved that they actually spent?

Kutzer: Yes, you provide some in term reimbursement along the way, but the majority of it is coming yet.

Kutzer: Cont. Testimony Attachment #1

1:06

Vice Chairman Streyle: I have tough time giving a blanket across the board. Would there be a way to pick and choose some of these and fund them out that level or a little bit less and leave the rest or do you just want to blanket across the board? Everybody is equal.

Kutzer: Yes, I think all the programs are equal. Definitely, there are areas that have high need, but if your person involved in marketing or you're a person involved agriculture or person in family consumer sciences and that is the backbone of your industry that is very important to you also. So that is why we really have established that level as being equal in terms of Career and Technical education. All the programs have relevance for those particular students.

Vice Chairman Streyle: That might be true to them but that's not true to the state. We have some of these other areas are little more important to the State. As far as open jobs what the State needs as opposed to marketing or career development or what not. So shouldn't we be targeting are money to what we actually need to produce? Therefore we'll get the end result filling the jobs.

Kutzer: That is a discussion that we have had with our Board. The Board has talked about in terms of different levels fo funding within those programs. But if you look at the job openings that out there right now in the State, the vast majority of them are for marketing and business. They may not be the highest paid, but we still need the people that have the marketing experience. Knowing how to buy, sell, those types of things. It's a very difficult question to ask but I would be glad to sit down with you more about it in terms of what your thoughts would be in terms of how an approach would be like that if you would allow me the same thing as saying that here is why we have them all equal. We are putting together the top 15 jobs in all the areas and when you look at the top 15 jobs in terms of by education there is just a whole host of jobs that require training in all the career tech fields.

Chairman Monson: Rather the legislature imposing our winners and losers list. What if we were to pick those that had a higher cost program and say it costs a lot more money for some program than it does for another. Is that an option so we could meet you somewhere in between? Or is that not what you would have in mind at all?

Kutzer: I am ready for a discussion any time. Part of the reason for the \$1.5 million of one-time funds was to help buy some equipment. That is really what make the high cost programs. That is why we asked for actually \$3.5 million. The list I got back from schools in terms of the amount of equipment. It hit \$2.5 million incredibly fast and only about 10% of the schools responded. That's one thing that really drives up the cost.

Chairman Monson: Do you have any more people to present.

1:16

Kraig Steinhoff, Assistant Director of SE Region CTE - Testimony attachment 2

Christa Brodina, CTE Director of The Lake Area CTE - Testimony attachment 3

Chairman Monson: Is this Federal funding?

Brodina: The project Lead the Way, we were able to get that through the Health Corporation grant

Brodina: Continued Attachment 3.

Chairman Monson: So are you in the column that says optional request or are you in the column that says Executive Recommendation or are you in the column that is base funding?

Brodina: Our program was just approved this year to be funded.

Chairman Monson: so you are in the Executive Recommendation?

Brodina: In the Base.

Carla Hixson, Associate Vice President for Continuing Education, Training & Innovation for BSC - Attachment 4, 4A, 4B, 4C

Chairman Monson: So are you going to be before our committee when Commerce comes in?

Hixson: No. We are funded just through Career and Tech Ed.

Hixson: cont. testimony Attachment 4

Chairman Monson: So when you talk about a repeat are you talking about repeat customers, repeat companys, or are you talking....

Hixson: Companies. Or different employees within their company. Yes. So a lot of what we do is work specifically with a business or company and they contract us to do training for their employee.

Chairman Monson: So do you see the same person back time and time again.

Hixson: Sometimes. In welding we see them back about every 3 or 4 years because they have to sustain their recertification. OSHA certification may have to be reuped.

Hixson: Cont. Testimony Attachment 4

1:29

Chairman Monson: question

Kutzer: answered....

Hixson: cont. testimony Attachment 4

Chairman Monson: What column are you in in this yellow sheet are you in the Base budget or in?

Kutzer: It's in the Base budget. The Governor did have \$1 million dollars in his recommendation as an increase.

Hixson: Cont. Testimony Attachment 4

Chairman Monson: When I see on this yellow sheet that says workforce training I could just as well write in there TrainND. Because you get all of that?

Hixson: Correct

Rep. Dosch: For your TrainND for the \$3 million dollars is that your total budget?

Hixson: Correct that we get from the State. Yes.

Rep. Dosch: What is your total operating budget for TrainND?

Hixson: We basically get the State dollars and then our colleges assist us not necessarily with dollars but help us with having location and space. Then some ancillary support like payroll and maintenance and things like that. For every dollar the State gives us the businesses provide \$3 - \$4 additional when they pay directly for the cost of the training.

Rep. Dosch: So \$3 - \$4 is put in by the business sector the benefit from the training that you do?

Hixson: yes

Rep. Guggisberg: The \$3 - \$4 dollars you get from the private sector this \$5.953 million in revenue that's also a part of your budget?

Hixson: That \$5.953 million is what we get for direct training. That is what the business and industry gives us. I should say contracts with us to provide the training.

Hixson: That's on an annual basis. The \$5.953; the \$3 million is a biannual.

Rep. Guggisberg: How do you decide what programs to provide?

Hixson: Primarily in industry driven. One of the things that when this was set up in 1999 is that all four regions do have a workforce training advisory board. And all four of us meet on a quarterly basis and so we share a budget with them, we also share the training that we are doing and we also get ideas from them based on demand.

Chairman Monson: Could you provide us with your whole budget. That doesn't all flow through you I understand because they provide space for you, they provide the heat, lights for the building. But just in a general rough; I am interested in what is your total costs of the budget; what part the State is funding; what part industry is funding; what part the colleges are funding, in a rough number.

Hixson: We can get that.

Chairman Monson: Committee, is that something you think is useful?

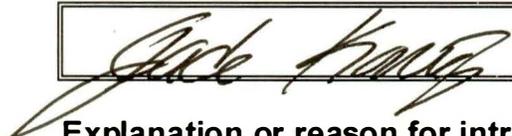
Chairman Monson: Closed hearing on HB 1019. 12:05

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1019
2/4/2015
23194

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

Attachment 1

Chairman Monson called meeting to order.

Chairman Monson: Rep. Dosch is in the building.

Chairman Monson: We've had the overview and looked it over a bit and we are going to do this the same as we have other budget bills and starting with the green sheet and then we will kind of go through the bill line by line. I guess if we have something we think want to go back to we will tell Sean to put it on the list and if there is something we need to discuss more we will go back and do that at another time. This is a relatively short bill. Attachment 1

Chairman Monson: Number 1 and 2 on the green sheet have to do with the salary package and we are going to bundle that up the same as all the other ones. Number 3, provides funding to increase reimbursement rates for secondary and post-secondary CTE programs. This is up 2 million in general funds. That would be under the grants line item on line 15 of the bill itself, is that correct?

Sean: Yes it could be under the grants line.

Chairman Monson: It could be under 16 a little bit, post-secondary because this is both secondary and post-secondary.

Tammy: It's all in one or the other

Chairman Monson: so this would be enhancement of 2 million dollars in general fund money. Reimbursement rates in secondary, high school are not equal. This would help to increase some of the programs. It's in the bottom of page two of Wayne Kutzer testimony. That doesn't include the 2 million here. Wayne, can you refresh our memory?

Wayne Kutzer Director of Department of Current Technical Education: I did provide a golden rod hand out that does explain it but, basically to increase reimbursement rates, to bring them up to where they were 1984. Since 1984 the reimbursement rates have come down. The schools were at 40 percent and now are 27percent. At area centers they were at 50 percent and they are at 40 percent. This 2 million dollars would move them back in that direction. Additionally it would level out family and consumer sciences right now is only funded at 17 percent. We want to bring that up to the 27 percent or equal to everybody else. That's the biggest share of that 2 million dollars.

Chairman Monson: Family and consumer Sciences has always been less than other programs, in my experience. 17 percent is not very much reimbursement, because of that reimbursement level being at 17 percent are they dropping those programs from schools?

Wayne: Yes, we've seen a decline in those programs in the state. We have also seen, on the other end, that we don't have enough teachers.

Chairman Monson: What percentage do you reimburse for the teacher, is that the 17 percent?

Wayne: Yes.

Chairman Monson: What do you do for reimbursement on equipment?

Wayne: We don't have any state funds on equipment that's all federal perkins dollars.

Chairman Monson: So we are only talking about reimbursement for the teacher?

Wayne: Yes

Chairman Monson: What's the length of the contract generally for CTE teachers?

Wayne: Most are 184 days, if you go into AG that's where you find the 10 or 11 month contracts.

Chairman Monson: So even if we were to give you the 2 million dollars, because there is a lack of teachers, you may not really be able to utilize all this?

Wayne: No this was based on the number of programs we have now. We have come up with alternative certifications so we are trying to increase the number of teachers or make sure schools don't lose programs because of loss of teachers.

Rep. Sanford: Wayne, you spoke about growth of programs, what does that mean in terms of the number of staff members in the program five years ago compared to today?

Wayne: Are you saying staff members at the schools?

Rep. Sanford: Yes

Wayne: Actually, it has grown minimally. We are sitting at about 800 teachers across the state that are CTE certified. That number hasn't grown substantially throughout the years. A lot of it is a reallocation of schools and there is a fair amount of part time teachers out there.

Chairman Monson: You reimburse nothing for middle school?

Wayne: Right only 9-12.

Chairman Monson: Ok, this says it's to increase reimbursement rates for secondary and post-secondary careers. So this money would go to colleges?

Wayne: No, it shouldn't say post-secondary. There is no money in that 2 million dollars that would go to post-secondary.

Chairman Monson: Ok, I was wondering, I didn't know of any colleges that had these programs.

Wayne: I'm trying to think of any exception to that. We don't provide any funding for the two year campuses out of this money here. There is a separate line item that small about 357,000 dollars that we provide but we don't fund any programs.

Chairman Monson: So this would be for grants to High Schools and all of it would be to increase reimbursement rate for family and consumer tech.

Wayne: It will level off the rates for consumer science but it will also add 1 percent. So we will move from 27 percent to 28 percent state wide on all those programs. Area centers will move from 40 percent to 41 percent.

Chairman Monson: I don't think we will fund the whole amount. How much would bring your home economics reimbursement rate up to the 27 percent and not worry about increasing any of the other ones. If we just brought the family and consumer science up to the same level, what part of that 2 million would it take to do that?

Wayne: 892,000 dollars. It is on the golden rod sheet on the back page breaks it down.

Chairman Monson: 892,000 would bring your home economics equal to the shop level.

Wayne: It would raise it to the level of all other programs. When we originally put this together we have always asked for dollars for what we call our cost to continue. So as salaries go up its usually been in that neighborhood of 500,000 to 700,000 dollars. That's been figured in originally when we asked the governor for an increase. We asked for 8.5 million which would have raised all the reimbursement rates back to where they were in 1984. He put in 2 million dollars so 892,000 dollars is what we calculated what would cost for family consumer sciences, but there would be at least another 500,000 dollars in order for us to maintain the current reimbursement rates that we have. If it was all approved that was built into the amount of funding, but if we are taking some of those dollars way then we need dollars to maintain the reimbursement rates that we have.

Chairman Monson: If we gave you that money, you have the flexibility in your budget to say we can bring the family and consumer science up to 25 percent reimbursement and leave the rest of it for cost to continue. Is that a fair statement?

Wayne: That's right. Our board has been working at trying to increase reimbursement rates on family consumer science for quite a few years.

Chairman Monson: I'm an advocate for career and technical education. That's where the jobs are at. This is where we are seeing students that maybe don't want to go into a four year degree. I've seen potential drop outs turn into 4.0 students and go to college. This is reaching out to the job force, and to the students who aren't 4 year degree. Now I made my case on why we should fund CTE. We obviously can't be funding everything.

Rep. Martinson: You are saying let it go as it is?

Chairman Monson: I'm ok if you think we can sell it to the rest of the committee. I would say at a minimum I would like to see the 892,000 dollars or somewhere in the 800,000 dollar range.

Rep. Dosch: CTE is a great program, but you have to take a look General Fund increase, what is being proposed is 6.4 million dollars. We substantially increase our funding every year for K-12. I think we can look at some increase but I certainly couldn't support this level of increase.

Chairman Monson: Let's put this on the list we can potentially cut down a little bit.

Chairman Monson: I will turn this over the Vice Chairman Streyle.

Vice Chairman Streyle: Number 4, work force training inflation adjustment, what was that again?

Wayne: That was for Train ND. The original ask was for 2 million dollars and the governor put 1 million dollars into that.

Chairman Monson: Train ND, is it the college level rather than 2 year colleges mostly?

Wayne: For the five two year campuses operate Train ND in the four regions in the state.

Vice Chairman Streyle: Number 5; provide funding for new and expanded programs increase course offerings. What were the courses that were proposed to add there.

Wayne: We don't actually have specific courses that come in. Every year we approve new programs that schools offer. They are cheaply in the areas of trade and industry but they can be all across the board. This last biennium we approved 710,000 dollars of new programs. So this is where this figure came from. We anticipate that we would approve new programs coming in.

Vice Chairman Streyle: And if there aren't any new programs it gets rolled into existing operations dollars?

Wayne: We actually used it all last time. We had are received 700,000 dollars and we approved 710,000 dollars. We actually used more than that. If there are any dollars left over then it does roll back into all the other programs. What we do at the end of the biennium is if we have dollars left over from reimbursement rates we pro rate that back out to schools based on what their funding was.

Chairman Monson: I think we need to put that on the list as well.

Vice Chairman Streyle: Number 6, cost to continue. That's just the payment that's made to help start these centers, correct?

Wayne: Yes that correct.

Vice Chairman Streyle: Then it goes away?

Wayne: Well it's permanent funding. That the targeted amount we use for that center is 500,000 to start, a year.

Vice Chairman Streyle: Number 7, one time funding equipment secondary, post-secondary, CTE programs is up to 5 million dollars.

Wayne: This is funding we never used state dollars for equipment. Schools have always relied on the federal funds. Our request was for 3.5 million dollars to try and up the equipment in schools. One time funding it was going to be split 65/35 with 65 percent being at the high school level and 35 percent at the post-secondary level. We had recommended that that be a 25 percent match on that from the local schools so they could use their own funds. It would help update equipment, everything other than computer labs.

Vice Chairman Streyle: Then on the 3.5 million dollars you requested, was it a needs based or was it ball park number of what you thought was out there?

Wayne: I had made a request to schools to send in what their lists were and that's what we came up with. 25 percent of the schools had responded to it. I know there is a lot of need out there, but that's how we base that 3.5 million dollars.

Vice Chairman Streyle: If the 1.5 million dollars is funded it would be based on some sort of priority, or would the intent be to spread it equally.

Wayne: If would be based on priorities.

Chairman Monson: What would happen if we were to say that they had to put a percent match in there? The 1.5 the Governor gave you would be equivalent to 3 million dollars and you requested 3.5 million dollars. Would we be chasing a lot of schools that can't afford that equipment out of the game?

Wayne: It would make it more difficult. If you look at the governor's budget, his recommendation came back with a 50/50 split. We had recommended 25. In our original proposal we said that they couldn't use federal funds as part of that match and they couldn't use our CTE funds. They would have to use local funds to be able to come up with those dollars. I know it would make it more difficult if they had to move to the 50 percent.

Chairman Monson: What reimbursement rate do they get? When they apply for the federal portion of that how does that match or is there no match?

Wayne: On the federal funds there is no match. They allocated that base virtually based on Title 1. There is a formula.

Chairman Monson: If it's a school with higher risk kids, or lower income kids, they get more federal money.

Wayne: Most of the schools in the state, the allocation that they get on federal funds is maybe 5,000 dollars. There's a lot below that. You take large districts like Bismarck and they get about 250,000 dollars in federal funds.

Vice Chairman Streyle: If we were to amend that desktop into this bill under line item and take from some of the other areas where that would be offset, are you supportive of centralizing it? The desktop services, your cost would be roughly 147,000 dollars for the first biennium but that assumes that you would have to replace every one of your computers which doesn't seem that would happen. Then the next biennium would be about 79,000 and it looks like you are spending on contractual services and it contractual services 70,000 which of course wouldn't go away completely and then your equipment under 5,000 is 20,000. It would almost be a wash but yet you'd cleanse yourself of that risk.

Wayne: As far as the centralized, I would be for that if we could get it. But the 70,000 if contracted services, that's virtually programming. The only dollars that we have when we are on rotation basis for computers so I budget 50,000 dollars a biennium for that and I think we spend I think you said about 20,000 dollars. Then the rest goes into furniture fixtures and those types of things for the office. The way you come up with the dollars would be a concern

Vice Chairman Streyle: Do you have any staff now?

Wayne: No.

Vice Chairman Streyle: So there is no one managing it now per say.

Rep. Schmidt: A moment of educating me, on our IBARS salaries and wages federal funds have dropped 20.3 million percent and since we are in the biennium I would assume that they would probably drop again the next fiscal federal year. When you lose 30 percent of the federal funds on salaries and wages how do you make those up?

Wayne: I'm not familiar with what that drop would be. I know our funding from the feds is locked in at 250,000 dollars. It has been since 1965 or whatever. So approximately 25 percent of our salary costs is funded with federal dollars, on the technical assistant side. As salaries go up the federal dollars don't change so that's what's causing that disparity between them. Those have to be made up of general fund dollars.

Rep. Schmidt: I'm reading from the IBARS chart on page number 2, federal funds on 2011-2013 for salaries and wages were 432,000 dollars. Present budget for 2013-2015 is 987,000 dollars. In 2015-2017 it looks like the federal funds are dropping almost 298,000 dollars for a budget request of 698,000 dollars. So the way I read this you are losing about 290,000 dollars of federal funds for salaries and wages and I was wondering how you were going to make that up?

Wayne: I have to look at that. We haven't lost any federal funds for salaries. It's just the percentage of federal funds that it covers is dropping because salaries go up. We have been limited at the 250,000 dollars for administration and approximately 190,000 dollars for leadership and we use those two funds together. That is the total of the federal funds that we use for salary.

Rep. Schmidt: I'm I reading that wrong?

Vice Chairman Streyle: No, I wonder if there wasn't some sort of temporary money loan or something because it more than double in the last two biennium's, and it's coming back to more of an inflation area adjustment.

Rep. Schmidt: That's not a concern of ours that we are losing that 30 percent?

Vice Chairman Streyle: If you look at top line its 30 percent up in general funds. Maybe they are not equal because they are a different base.

Rep. Schmidt: So the money we're losing on federal funds is made up with general fund?

Vice Chairman Streyle: That may be the case.

Wayne: We have not lost any positions that we paid with general funds.

Rep. Schmidt: We are dealing with other with FTE's and fulltime positions being related to federal grants and as a federal grant goes the position goes. So that's why I was headed with this question. If we are losing that on salaries and wages from the federal government and we are making it up to the 30 percent and adding it to the general fund, why aren't those positions being tied to the federal dollars so when the federal dollars go those positions go. That's where I was heading with my question.

Chairman Monson: Looking at the graph on the green sheet, they have lost a couple FTE's. The graph makes it look like there was a lot more than two I guess. It went from 28.5 percent to 26.5 since 2009-2011. I don't know if those were federally funded or not but I believe most of your federal funds are to go out as grants to buy equipment and things like that. What was the drop in your FTEs since 2009-2011

Wayne: One was an Administrative Assistant, and the other was Assistant Management position.

Chairman Monson: Were they federally funded?

Wayne: I don't believe either one was federally funded. There might have been 25 percent of their salary possibly. 85 percent of it has to go out to school. 15 percent of it retains with us so the 250,000 plus about 400,000 dollars that we use for leadership activities, professional development for teachers and those kinds of things. But for the agency its 250,000 dollars plus 190,000 dollars is all we use toward salary.

Rep. Schmidt: When I look at page 2 of IBARS (Internet Budget Analysis and Reporting System) request recommendation comparison detail the salary and wages are 2.9 million dollars and that's down 1.2 percent. Obviously fringe benefits are up 16 percent.

Wayne: (Doesn't respond, looks perplexed)

Vice Chairman Streyle: I will have to dig into the specific programs further down on program administration and then there is technical assistance program. It will break out into those divisions. Federal funds there is roughly a 200,000 dollar reduction in the administration piece and then a 600,000 dollar increase. If you go to the technical assistance under general fund it's a 34 percent increase in salary dollars and a 17 percent drop in federal funds so it seems like its split between administration and the technical assistance. The one page you are looking at would be the total of both of those so that would maybe explain.

Rep. Schmidt: It just makes it more complicated.

Wayne: I will take a look at it.

Vice Chairman Streyl: on the back page of IBARS there are a couple other items. It removes farming for profit program 50,000 dollars and reduces the grants to 10,000 dollars.

Wayne: Those are programs' farming for profit is something that it has been gone for at least eight years if not ten. We originally received 50,000 dollars from the department of AG, because they had it originally. Those moneys have been expended and so we just want to take those off our appropriation list. We don't want the special funds in there any long. It doesn't reduce programs at all.

Chairman Monson: Reduces grants by 10,436 dollars in the general fund what was that one?

Wayne: That was a budget adjustment. Those are dollars that in order for us to balance we remove that 10,000 dollars. Part of it maybe I have a new fiscal person and we work diligently on it.

Vice Chairman Streyle: In the recommendation your request was 126,000 dollar increase, what exactly was that for?

Wayne: Last session we received 250,000 dollars for IT/Autism grant.

Vice Chairman Streyle: Committee anything else on CTE?

Vice Chairman Streyle: I would like to see us amend the desktop into this and take some of the money on the equipment under 5,000 dollars out of this, but you are saying that 50,000 dollars is in the budget and is scattered between a couple different categories for IT purchases?

Wayne: That is correct. The 50,000 dollars that we use for our equipment line about half of that is used for updating computers, the other is used for copiers or a desk or something like that.

Vice Chairman Streyle: So the IT equipment under 5,000 dollars is actual hardware?

Wayne: Yes

Vice Chairman Streyle: Do you have expenses where you go out and hire a private individual to fix any problems related to hardware or software that would be wrapped in to the IT package?

Wayne: It would be extremely minimal, less than 1,000 dollars if even that.

Vice Chairman Streyle: Is it proprietary stuff or is it office?

Wayne: I believe most of that is contracted service for programing. We just made all our reimbursement process to schools so that's those programming costs.

Chairman Monson: Vice Chairman Streyle, most of what you are dealing with is HB 1053? So you are talking trying to coordinate these two?

Vice Chairman Streyle: There are 10 agencies who built it in their budget and 19 who didn't but it in their budget and obviously I would like the bill to pass but some of this we should put in the budget.

Chairman Monson: Where is HB 1053, Sean?

Sean: I don't know.

Vice Chairman Streyle: I believe it's in government ops.

Chairman Monson: It wasn't originally assigned to them.

Vice Chairman Streyle: It got referred to government ops.

Chairman Monson: Why don't you check with Rep. Thoreson and make sure it's all coordinated.

Chairman Monson: I didn't talk much about Train ND, which is in other budgets I believe.

Wayne: It's totally our budget.

Chairman Monson: It's totally yours?

Wayne: There was 1 million dollars the last biennium that we are finishing up on that was put in our budget. That is going out from us to the Train ND programs.

Chairman Monson: That will be spent and gone by the end of this biennium so we don't need to worry about that.

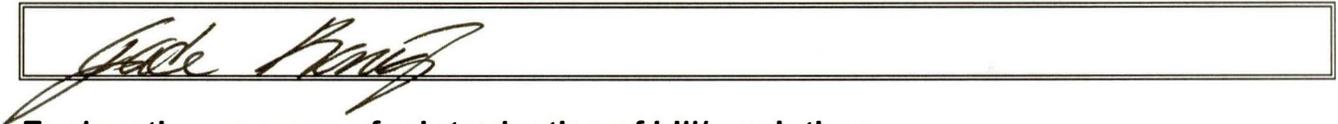
Vice Chairman Streyle: closed HB 1019.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division
Roughrider Room, State Capitol

HB 1019
2/10/2015
23610

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for Career and Technical Education.

Minutes:

Attachment #1

Chairman Monson: Called the meeting to order. Referred to attachment #1 handed out from Legislative Council.

Chairman Monson: Item number 3 on the green sheet, I believe there was an error on the green sheet the mentioned post-secondary so cross that off. This is only increases reimbursement rates for secondary and technical education programs. So that would be in high school. 2 million dollars added to the base in the governor's proposal. What do you want to do committee? They have been pretty tough on trying to make increase on other budgets. Seeing no one jumping up to add it I guess that on isn't added. The next one adds new and expanded programs 700,000 dollars, number 5. The million dollar one down below it is actually number 4 on the green sheet.

Rep. Guggisberg: Did we have issues with any of these?

Chairman Monson: Other than it is increasing the cost on the general fund and increasing programs. I'm not finding a whole lot of problems that we marked as we went through it. I guess as I have expressed before I'm very complimentary towards CTE. I have had good experience over the years with everything CTE has done in my schools. I think the only issue that we are looking at here is a year that we are just not adding anything at this time.

Rep. Sanford: The cost to continue Cass County area center, that's one of those where we made a full biennial commitment to every one of those centers and this one only got a half in so this would bring them up to the equity that goes with the others. I would move that inclusion.

Chairman Monson: Rather than a motion I would take that as a suggestion. Anybody not ok with doing that? Representative Sanford made that case clear that we did make the commitment last time and we would kind of hate to rename on a deal. Anyone have a

problem with that one or putting it at 500,000 dollars forward. The next one on the list year is 50,000 dollar decrease in other funds and that was just a funding source change. Then there was 10,436 dollars that was left over in the general funds on a grant. I'm assuming we have no problem putting those on our list. So we are down to some one time funding things. We used 300,000 dollars of general fund one times grants and 250,000 other funds. Where is that in our green sheet or was there no explanation on that in our green sheet?

Shawn Smith: There was no explanation on the green sheet, that's similar to what happened with commerce. That was not identified with onetime funding, but we need to remove it because it is in the base.

Chairman Monson: Is it being added anywhere else in this proposed budget? So it comes out of the base but goes back in somewhere else?

Smith: It is in the base level up top but it is being reduced on that line and it is not added anywhere else.

Chairman Monson: Then there 1.5 million added. Adds funding for equipment grants and if I remember right that was in Train ND? 1.5 million added that adds funding for equipment grants, tell us what that was?

Wayne Kutzer, CTE: It was 1.5 million dollars for one time grants to secondary programs and post-secondary programs. 65 percent of it would go to secondary and 35 percent of it would go to post-secondary on a match basis but it was just grants for equipment in Career Tech Ed programs in high schools and two year campuses.

Rep. Dosch: According to my notes this would be new funding. Typically this is money you have gotten from the feds before.

Kutzer: It is new funding but it was one time funding. We never had equipment dollars before. Our federal funds have never been reduced they have always been at 4.2 million dollars for the last 20 years. Some of those dollars are used for the equipment to that might be the connection there, but these were totally separate from that. As agencies we were told that there was a lot of onetime dollars available when the governor instructed us to do our budgets. This is just one of the pieces that we put in there.

Chairman Monson: What was the split?

Kutzer: 65/35.

Chairman Monson: 65 percent for high school and 35 percent for two year campuses. I think you are pretty aware that when the governor said there was going to be lots of onetime money and you put it in it was a whole different price tag oil

Rep. Guggisberg: I was wondering if we could ask Wayne quick what 1.7 million expanding programs are that we are cutting out. I mean I realize the revenue is what it is but I would just like to know what that is?

Kutzer: The 700,000 dollars is for new programs as schools want to start new Tech Ed programs, get them funded through us, that is what it covers. Last biennium we had 710,000 dollars' worth of new programs and so we are anticipating approximately the same number and that is how we came up with the 700,000 dollars for this next biennium. The 1 million dollars was the increase for Train ND. There is 3 million dollars in our budget right now for Train ND. This was the extra million dollars that the governor put in there.

Rep. Sanford: I didn't quite get that 700,000 dollars on the new programs, is that the level you had and this is an addition to that or that's what you had?

Kutzer: It would be in addition to. So the last time we received it, it went into our base and that is what we continue funding so when a new program starts somewhere we need to have continued funding so we can fund it the following year.

Chairman Monson: So you have 700,000 dollars in your base for this purpose? Or to continue ones that were started before?

Kutzer: The ones that have been started we have the dollars to keep them going but this would not allow funds for new projects.

Rep. Sanford: I know that you have been on a good roll with the enrollments and programs and so on but when you have a new program and it goes into your base and you continue it what happens when an existing program is retired?

Kutzer: Basically that money goes back in the pot to be redistributed out whether it is for a new program, whether it is to cover a cost of increased programs every year as the cost for programs goes up our costs go up also. So if we maintain our reimbursement rate, for example at 27 percent where it is right now. Next year as cost of those programs go up that 27 percent that dollar amount to fund that goes up. So whenever a program closes that's what we do.

Chairman Monson: Sometimes when I was in the school system we would apply for funding and we didn't get it every year. You choose and pick and base those funds and decide if this is a program that really needs to be funded and stuff. If you don't have the money it doesn't get funded that's pretty much it.

Kutzer: Our board makes the decision on programs.

Chairman Monson: I remember you saying you were trying to find some funds to increase the reimbursement rate on the family and consumer sciences to get it up at the same level as some other. Which line item was that one?

Kutzer: That was the 2 million dollars. For family and consumer sciences it was 982,000 dollars.

Chairman Monson: So far the only thing we have heard that we are going to fund is that 500,000 dollars and then of course the salary package. Committee what do you think about the 1.5 million onetime funding?

Rep Dosch: If you look at the bill itself for a minute, I guess I just had a question on the grants line that is increasing by 4.5 million.

Chairman Monson: That was the total recommended by the governor. We would only be, based on what we talked about at this point, adding 500,000 dollars of that. Train ND in my notes they have a base of 3 million. Governor had suggested an increase of 1 million that would make 4 million dollars. I guess leave it as it is, no one is making a motion to add it. The only think we need is a motion.

Rep. Sanford: I move to add cost to continue Cass County area center of \$500,000 from the General Fund; provide funding source change -\$50,000 other funds; reduce grants by -\$10,436 from General Fund; remove one-time grants -\$300,000 General Funds and -\$250,000 other funds.

Rep. Dosch: I second

Motion made by Representative Sanford to add cost to continue Cass County area center of \$500,000 from the General Fund; provide funding source change -\$50,000 other funds; reduce grants by -\$10,436 from General Fund; remove one-time grants -\$300,000 General Funds and -\$250,000 other funds.

Seconded by Representative Dosch.

Voice Vote.

Motion Carried.

Chairman Monson: We could kick it out if we want or we could wait to see what Sean has written up.

Rep. Guggisberg: Is there going to be any proposals coming forward dealing with these two year programs and work force training stuff that the majority leader was possibly proposing.

Chairman Monson: That is the only reason I can think of to not kick this out, because we have a lot of work force stuff and where we fit it in whether it is in CTE or whether it is in Higher Ed or whether it is in job service. There is lots of that stuff left and that is the only piece left that we might possibly fit in to here.

Rep Schmidt: I understand that point but I think that is a Higher Ed issue not a CTE issue. I make the motion to Move a Do Pass As Amended.

Rep Sanford: I second.

Motion made to Do Pass As Amended by Representative Schmidt.

Seconded by Representative Sanford.

Total Yes 6; No 0; absent 2

House Appropriations Committee - Education and Environment Division

HB 1019

February 10, 2015

Page 5

Motion carried.

Floor assignment Representative Guggisberg.

Meeting adjourned.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1019
2/19/2015
Job #24191

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kenneth M. Tubler

Explanation or reason for introduction of bill/resolution:

Provide an appropriation for defraying expenses of State Board for Career and Technical Education

Minutes:

Chairman Delzer called the committee to order on HB 1019.

Rep. Guggisberg: (Refers to Amendments 1-5) Amendment #1 is the salaries and benefits; #2 is the health insurance for \$116,580; #3 is the second half of the Cass County Area Career and Technology Center. There are 11 of them around the state, and Cass County is the last one. This \$500,000 is the second installment of the \$1-million total; #4 discontinues the Farm for Profit program; and #5 removes some one-time funding from the STEM program grants and the STEM network, Autism Spectrum Disorder grant, and then the other STEM program grant that we talked about earlier today.

Chairman Delzer: So we probably should have adjusted this with \$100,000 and killed the separate bill, eh?

Representative Guggisberg: I did email Wayne after our earlier discussion, and he said they are going to do it a little differently. Last time, the way they did it was they just gave the money to the STEM network, and the STEM network handled the money. This time, CT&E is actually going to handle the money, and have a closer hand on it.

Chairman Delzer: Did you tell them we'll probably want to see reports on that next time?

Rep. Guggisberg: I didn't, but I can.

Chairman Delzer: If you would. Questions by the committee? The \$500,000; is that for the building that's out?

Rep. Guggisberg: No, it's for operating expenses. When they started these new centers, each one of them was reimbursed up to 75 percent up to \$500,000 a year. And this is the last of the 11. But it's just for operations.

Rep. Kempenich: There's an increase in grants. Do they have a new initiative going? There is like a \$4.2-million increase in grants.

Rep. Guggisberg: There is an additional \$5-million requested, that we took out. It was for new programs. They wanted to start giving grants for equipment. There were three or four programs that we cut out of the budget.

Rep. Nelson: Being I'm in the business, and it's only \$50,000; it makes sense that we discontinue the Farming For Profit program.

Chairman Delzer: Any comments on that?

Rep. Monson: Well, the Governor never asked for it. We just didn't add it this time. I've gotten some emails on it. People have been going to this and using it for the last little while. They are a little concerned it's going away.

Rep. Guggisberg: I move the amendments.

Rep. Monson: Second.

Chairman Delzer: We have a motion to amend HB 1019 with 01001. Further discussion?

VOICE VOTE HELD

MOTION CARRIES

Rep. Guggisberg: I would move HB 1019 As Amended.

Rep. Monson: Second.

Chairman Delzer: We have a motion to move a Do Pass As Amended on HB 1019 made by Rep. Guggisberg and seconded by Rep. Monson. Further discussion? Seeing none, the clerk will call the roll.

ROLL CALL VOTE TAKEN

YES: 22 NO: 0 ABSENT: 1

MOTION CARRIES.

Rep. Guggisberg will carry.

Chairman Delzer: Closed the hearing on HB 1019.

Handwritten:
 2-20-15
 102

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1019

Page 1, replace lines 12 through 22 with:

"Salaries and wages	\$4,669,943	\$453,887	\$5,123,830
Accrued leave payments	96,477	(96,477)	0
Operating expenses	1,253,339	0	1,253,339
Grants	31,063,698	79,564	31,143,262
Grants - postsecondary	847,452	(140,000)	707,452
Adult farm management	749,802	(50,000)	699,802
Workforce training	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>
Total all funds	\$41,680,711	\$246,974	\$41,927,685
Less estimated income	<u>10,287,795</u>	<u>(589,908)</u>	<u>9,697,887</u>
Total general fund appropriation	\$31,392,916	\$836,882	\$32,229,798
Full-time equivalent positions	27.00	(0.50)	26.50"

Page 2, replace lines 4 through 7 with:

"Workforce training	<u>\$1,000,000</u>	<u>\$0</u>
Total general fund	\$1,000,000	\$0"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$4,669,943	\$453,887	\$5,123,830
Operating expenses	1,253,339		1,253,339
Grants	31,063,698	79,564	31,143,262
Grants - postsecondary	847,452	(140,000)	707,452
Adult farm management	749,802	(50,000)	699,802
Workforce training	3,000,000		3,000,000
Accrued leave payments	<u>96,477</u>	<u>(96,477)</u>	
Total all funds	\$41,680,711	\$246,974	\$41,927,685
Less estimated income	<u>10,287,795</u>	<u>(589,908)</u>	<u>9,697,887</u>
General fund	\$31,392,916	\$836,882	\$32,229,798
FTE	27.00	(0.50)	26.50

Department No. 270 - Dept. of Career and Technical Education - Detail of House Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding to Continue Cass County Area Career Technology Center ³	Discontinues Farming for Profit Program ⁴	Changes Grants Funding ⁵	Total House Changes
Salaries and wages	\$149,518	\$304,369				\$453,887
Operating expenses						
Grants			500,000		(420,436)	79,564
Grants - postsecondary					(140,000)	(140,000)
Adult farm management				(50,000)		(50,000)
Workforce training						

202

Accrued leave payments	(96,477)					(96,477)
	\$53,041	\$304,369	\$500,000	(\$50,000)	(\$560,436)	\$246,974
Total all funds						
Less estimated income	(289,908)	0	0	(50,000)	(250,000)	(589,908)
	\$342,949	\$304,369	\$500,000	\$0	(\$310,436)	\$836,882
General fund						
FTE	(0.50)	0.00	0.00	0.00	0.00	(0.50)

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$187,789		\$187,789
Health insurance increase	116,580		116,580
Total	\$304,369	\$0	\$304,369

³ Provides funding to continue the Cass County Area Career Technology Center.

⁴ Discontinues the farming for profit program.

⁵ Funding for grants is changed as follows:

	General Fund	Other Funds	Total
STEM program grants	(\$160,000)		(\$160,000)
STEM network	(140,000)		(140,000)
Autism spectrum disorder grant		(250,000)	(250,000)
Other grant adjustments	(10,436)		(10,436)
Total	(\$310,436)	(\$250,000)	(\$560,436)

Date: 2/10/15
 Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1019

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Sanford Seconded By Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson			Rep. Boe		
Vice Chairman Streyle			Rep. Guggisberg		
Rep. Dosch					
Rep. Martinson					
Rep. Sanford					
Rep. Schmidt					

*Voice Vote taken
 motion carried*

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: *Motion passed*

Based a

*Added cost to continue Cass County area center
 GF \$500,000; provided funding source change \$(50,000) other funds
 Reduce grants by \$(10,436) GF from the 13-15 Biennium budget
 Remove one-time grants GF \$(300,000) \$(250,000) other funds*

Date: 2/10/15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1019

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Schmidt Seconded By Sandford

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson	✓		Rep. Boe	A	
Vice Chairman Streyle	A		Rep. Guggisberg	✓	
Rep. Dosch	✓				
Rep. Martinson	✓				
Rep. Sanford	✓				
Rep. Schmidt	✓				

Total Yes 6 No 0

Absent 2

Floor Assignment Guggisberg

If the vote is on an amendment, briefly indicate intent: Motion Carried

No Pass as amended

Date: 2/19/15

Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1019

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.8127.01001

Recommendation: Adopt Amendment

Do Pass Do Not Pass Without Committee Recommendation

As Amended Rerefer to Appropriations

Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By: Guggisberg Seconded By: Monson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer				Representative Nelson				Representative Boe			
Vice Chairman Keith Kempenich				Representative Pollert				Representative Glassheim			
Representative Bellew				Representative Sanford				Representative Guggisberg			
Representative Brandenburg				Representative Schmidt				Representative Hogan			
Representative Boehning				Representative Silbernagel				Representative Holman			
Representative Dosch				Representative Skarphol							
Representative Kreidt				Representative Streyle							
Representative Martinson				Representative Thoreson							
Representative Monson				Representative Vigesaa							

Totals

(Yes)	
No	
Absent	
Grand Total	

*Voice Vote
Motion Carries*

Floor Assignment: _____

If the vote is on an amendment, briefly indicate intent: _____

Date: 2/19/15

Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1019**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 15. 8127. 01001

Recommendation:	<input type="checkbox"/> Adopt Amendment
	<input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> Without Committee Recommendation
	<input checked="" type="checkbox"/> As Amended <input type="checkbox"/> Rerefer to Appropriations
	<input type="checkbox"/> Place on Consent Calendar
Other Actions:	<input type="checkbox"/> Reconsider <input type="checkbox"/> _____

Motion Made By: Guggisberg Seconded By: Monson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓			Representative Nelson	✓			Representative Boe	✓		
Vice Chairman Keith Kempenich	✓			Representative Pollert	✓			Representative Glassheim	✓		
Representative Bellew	✓			Representative Sanford	✓			Representative Guggisberg	✓		
Representative Brandenburg	✓			Representative Schmidt	✓			Representative Hogan	✓		
Representative Boehning	✓			Representative Silbernagel	✓			Representative Holman	✓		
Representative Dosch	✓			Representative Skarphol	✓						
Representative Kreidt	✓			Representative Streyle	✓		A				
Representative Martinson	✓			Representative Thoreson	✓						
Representative Monson	✓			Representative Vigessaa	✓						

Totals	
(Yes)	<u>22</u>
No	<u>0</u>
Absent	<u>1</u>
Grand Total	<u>23</u>

Floor Assignment: Guggisberg

If the vote is on an amendment, briefly indicate intent: _____

REPORT OF STANDING COMMITTEE

HB 1019: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (22 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1019 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 22 with:

"Salaries and wages	\$4,669,943	\$453,887	\$5,123,830
Accrued leave payments	96,477	(96,477)	0
Operating expenses	1,253,339	0	1,253,339
Grants	31,063,698	79,564	31,143,262
Grants - postsecondary	847,452	(140,000)	707,452
Adult farm management	749,802	(50,000)	699,802
Workforce training	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>
Total all funds	\$41,680,711	\$246,974	\$41,927,685
Less estimated income	<u>10,287,795</u>	<u>(589,908)</u>	<u>9,697,887</u>
Total general fund appropriation	\$31,392,916	\$836,882	\$32,229,798
Full-time equivalent positions	27.00	(0.50)	26.50"

Page 2, replace lines 4 through 7 with:

"Workforce training	<u>\$1,000,000</u>	<u>\$0</u>
Total general fund	\$1,000,000	\$0"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$4,669,943	\$453,887	\$5,123,830
Operating expenses	1,253,339		1,253,339
Grants	31,063,698	79,564	31,143,262
Grants - postsecondary	847,452	(140,000)	707,452
Adult farm management	749,802	(50,000)	699,802
Workforce training	3,000,000		3,000,000
Accrued leave payments	96,477	(96,477)	
Total all funds	\$41,680,711	\$246,974	\$41,927,685
Less estimated income	<u>10,287,795</u>	<u>(589,908)</u>	<u>9,697,887</u>
General fund	\$31,392,916	\$836,882	\$32,229,798
FTE	27.00	(0.50)	26.50

Department No. 270 - Dept. of Career and Technical Education - Detail of House Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding to Continue Cass County Area Career Technology Center ³	Discontinues Farming for Profit Program ⁴	Changes Grants Funding ⁵	Total House Changes
Salaries and wages	\$149,518	\$304,369				\$453,887
Operating expenses						
Grants			500,000		(420,436)	79,564
Grants - postsecondary					(140,000)	(140,000)
Adult farm management				(50,000)		(50,000)
Workforce training						
Accrued leave payments	(96,477)					(96,477)
Total all funds	\$53,041	\$304,369	\$500,000	(\$50,000)	(\$560,436)	\$246,974
Less estimated income	<u>(289,908)</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>	<u>(250,000)</u>	<u>(589,908)</u>
General fund	\$342,949	\$304,369	\$500,000	\$0	(\$310,436)	\$836,882

FTE (0.50) 0.00 0.00 0.00 0.00 (0.50)

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$187,789		\$187,789
Health insurance increase	116,580		116,580
Total	\$304,369	\$0	\$304,369

³ Provides funding to continue the Cass County Area Career Technology Center.

⁴ Discontinues the farming for profit program.

⁵ Funding for grants is changed as follows:

	General Fund	Other Funds	Total
STEM program grants	(\$160,000)		(\$160,000)
STEM network	(140,000)		(140,000)
Autism spectrum disorder grant		(250,000)	(250,000)
Other grant adjustments	(10,436)		(10,436)
Total	(\$310,436)	(\$250,000)	(\$560,436)

2015 SENATE APPROPRIATIONS

HB 1019

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1019
3/6/2015
JOB # 24427

- Subcommittee
 Conference Committee

Committee Clerk Signature

Rose E. Perry for Alice R. Kuber

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education (CTE)

Minutes:

See attachments # 1 - 5

Chairman Holmberg called the committee to order on Friday, March 06, 2015, at 9:00 am in regards to HB 1019. All committee members were present. Sean Smith, Legislative Council and Tammy Dolan, OMB, were also present.

Wayne Kutzer, Director, Department of Career and Technical Education, in favor of HB 1019; provided written Testimony Attached # 1 which shares information regarding his department, graphs regarding employment and the needs of ND regarding the workforce. He referred to the graph entitled Average Annual ND Wages by Typical Education Level. He then shared about his department and its board members, which is included in his attachment. He commented they set the policy and the funding priorities for the department. We provide technical assistance to schools He provided a listing of program areas in his testimony that his department supports. The slide regarding CTE Funding by Function- budget (see chart on page 2 of Attachment # 1-A -pages 1- 3) a slide presentation. The blue sheet in the packet shows where we are in the funding - under grants, we anticipate all our general funds will be expended. Attachment #1-B - Appropriation Status Report (13.49)

Senator Erbele asked about the reallocation of funds back to the schools and if they are bound in any way to use those dollars.

Mr. Kutzer: They are not bound because the dollars go out on a reimbursement basis. They've already spent the funds on CTE. It's just a matter of providing them instead of getting your normal 27% they now get 28%. When they receive these funds we strongly urge them to use specifically for CTE; but from a fiscal standpoint they've already expended dollars so they can use them for whatever field they need.

Senator O'Connell asked about a course that kids used to take and just respond by mail; about the 26% increase in those who don't have a high school education he asked if that is getting worse.

Mr. Kutzer: The Center for Distance Education used to be correspondence. The 26% is the rate of jobs out there not how many students didn't have a high school diploma. It showed how many jobs by DOL standards someone without a high school diploma could do.

Senator Carlisle wanted to review the same information again. .

Mr. Kutzer: that is the education level that has been assigned to a particular job, not how many do not have a high school diploma.

V.Chairman Bowman: Do you have data of people that went out to skilled jobs and still remain in that skill set, or that have gone on to something better?

Mr. Kutzer: we don't, once they leave high school, college, and go to work force it is difficult to get data. Most people move on, advance through life, through entrepreneurship many even start they own companies.

Senator Robinson: years ago there was a study about vocational education, it found that the sons and daughters of the counselors were pursuing 4 year degrees, but yet they were encouraging the 2 year school. That study was interesting.

Mr. Kutzer: I hope we are getting better in aligning what students need and what their desires are in terms of going into occupations. Two years degree is great. The yellow sheet, Attachment # 1-C - 2015-10`7 Biennium Budget (21.13) the purple sheet Attachment # 1- D - Cooperative Arrangements - ITV or On-Line courses (23.21) He continued on regarding his budget and explained the gold sheet, Attachment # 1-E - 2015-2017 Biennium Optional Budget Considerations. He then explained his priorities. #1 Re-establish State's Share of CTE Funding; #2 - New and expanded programs; #3- Update CTE Equipment and # 4 - Workforce Training (TrainND) (29.26)

Senator Carlisle: when you brought up that \$3M for Workforce Training, we are going to have the commerce budget and the industrial commission budget we'll see what they have related to workforce training.

Chairman Holmberg: there is a memo already prepared.

Senator Heckaman: when you talk about family and consumer sciences, do you have any initiatives through the career and technical education department to encourage teachers to go into those areas, they are getting harder to find or are you using the ITD or on line to take care of these issues.

Mr. Kutzer: Family and consumer sciences are probably our biggest issue; we are going to be short about 18 teachers across the state. Ag is another big area we have trouble finding instructors. In family and ag we work with NDSU, put some dollars into their teacher

education programs. There is a new certification process, called the Praxis, if you pass that test in the specific program area you can become a teacher. We have 3 or 4 ag teachers that have come thru that route, they need a lot more help and support.

Senator Heckaman is that funding in your operating expense line item? Was told yes

Senator Robinson: The over 40 yrs. old planning effort for the Devils Lake Vocational-technical Center, is that model still in place? How many other technical/vocational centers do you have across the state of ND?

Mr. Kutzer showed slides with career and technical centers by area. Some are attendance centers, students go to take training. Others are virtual, either ITV or on line. (32:14-33:13)

Senator Robinson: of the 2 models, is one working better than the other?

Mr. Kutzer: the virtual centers are relatively new so we don't have a track record. The original centers are doing a better job. Problem is that with the higher ed requirements many students don' have time to take the needed classes. , I am partial to the earlier models, the area centers.

Senator Robinson: how many of the old programs, like FFA, are still operating in the same format as they were 50 years ago. Is the FFA component dying out there?

Mr. Kutzer: we don't have any programs like they were. We still have ag programs, it is one of our biggest areas, about 4, 600 students. Every one of our components has to be a student organization. The foresight the legislature had, in terms of providing money, has given us one of the best career tech systems in the country.

Senator O'Connell: what have you accomplished, the highlights of your career doing this? What would you add today?

Mr. Kutzer: The modernization of programs; more schools with more courses available, have cooperative arrangements, health careers has grown, the virtual programs which gives access to more programs and teachers. I would add money.
He went through the yellow sheet, the executive recommended increases, \$4,279,000
(38:29 - 39:56)

Senator Heckaman: is that equipment shared around through the different centers?

Mr. Kutzer: it is the equipment we provide funding for. We have emerging technology consortiums where schools share equipment for part of the year. This \$3.5M equipment would be specifically for career tech ed labs or classrooms, not for computer labs.

Senator Heckaman: could that be shared too?

Mr. Kutzer: the vast majority would be in house, if it is a piece of equipment that can be shared, we make sure we share that (large, costly pieces of equipment).

Senator Erbele: in the last session, some equipment for driving simulator.

Mr. Kutzer: no, some of that funding went through the TrainND or the workforce enhancement grants through the department of commerce. (Provided the breakdown of this equipment (42:43 - 42:57) pointed out a couple of negative numbers, were special funds, the program is no longer there. The final handout - Attachment # 1-F -, the "ask sheet" (46.49)

Senator Robinson: there is a challenge with our education officials in terms of the enhanced curriculum requirements; how serious is that, is there a resolution?

Mr. Kutzer: it is serious. Anytime you require more courses, the elective courses are the ones that will suffer, especially in class B schools. We are in conversations with the university system and DPI in terms of substituting courses, working through that process to see if we could elevate some of that.

Chairman Holmberg announced the subcommittee for HB 1019 - **Senator Erbele**, Chairman; **Senator Holmberg** and **Senator Heckaman**.

Dan Rood, Jr., Southeast Region CTC Director: our state is fiscally sound and we are in a good position to do things for our young people. Addressed the equipment needs, we share our equipment, in the southeast there are 7 ag programs. We share high tech equipment. We try to wear this stuff out. We need education equipment to teach and train our people on the latest equipment we need to build our workforce. The point was made about the core requirements increase, but not every student should go to a university, we need auto technicians, plumbers, etc... Without that experience in high school of a positive pathway for technical fields, for many of these kids, it just doesn't happen. We need to have a complete spectrum of education. I don't think our craft areas should be put on a different level than what our state really needs, we have thousands of jobs. We have a place in our state. I hope we continue to be compassionate for our craft people. It has to start when they are young.

V.Chairman Bowman: is the ag machinery being used today, is that part of what is taught to the young potential farmers? (And how to fix them)

Mr. Rood: we teach GPS technology in our ag programs. We just purchased 3 drones and are looking at new technology. Our kids need the new stuff. One last thing, several people in this room sit on the governor's workforce development council we discussed how we can enhance scholarships, somewhere along the way, it got derailed. If you are going to pursue one of the top careers (welding, auto technicians etc...) In South Dakota, they will pay for your education up to three hundred students, full ride, at a 2 year technical college. We need to take care of our own. Next session embrace the scholarship program. We want our young people to be happy and be able to go their area of passion. Hopefully we can continue to embrace our area centers, which have done a great job with rural schools and communities (59:40)

Carla Hixson, Associate VP, Continuing Education, Training and Innovation, BSC, in favor of HB 1019, provided written Testimony Attached # 2 and Testimony Attached # 3 -

colored brochure regarding TrainND, training orientated towards serving the training needs of the business industry, it is business and industry driven and involves that customized component. In contrast workforce development is training orientated to meeting the educational and training needs of the individuals. Slide presentation about TrainND, 1. Dept. of commerce workforce dollars and job service handout, the funding which industry and business can access the funding goes to development, employment and incentives. TrainND goes to the actual training. The funds are dedicated a little bit differently.
(1:01:20- 1.13.48)

Senator Heckaman: you talked about businesses being charged for your services, how is it done? Will charges be increased? Is it a set fee per attendee or for the training?

Carla: for training, we find the cost of the trainer, equipment and materials involved and some of the operational costs, which we charge and pass on to business and industry. Traditionally we contract directly with the business, not with the participants.

Senator Carlisle: the commerce has money, you access it?

Carla: commerce focuses more on development and recruiting dollars. We combined job services and commerce dollars. The workforce enhancement grants that commerce administers and colleges can access.

Dana Bohn, Economic Development of ND, in favor of HB 1019 in its original form which included \$4M for TrainND She presented two handouts for the committee.

- # 4. **Jon Godfreed,** Greater ND Chamber of Commerce in support of HB 1019
- # 5. **Deana Wiese,** Executive Director IT Council of ND in support of HB 1019.

Chairman Holmberg closed the hearing on HB 1019.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1019
3/26/2015
Job # 25483

- Subcommittee
 Conference Committee

Committee Clerk Signature

Emery Grothberg for Alice DeBruin

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing on Career & Tech Education

Minutes:

Attachments: #1 - 2

Chairman Erbele called the subcommittee meeting to order at 2:30 pm on Thursday, March 26, 2015 in the Harvest Room. All subcommittee members were present: Chairman Erbele, Senator Holmberg and Senator Heckaman. Sean Smith, Legislative Council and Tammy Dolan, OMB, were also present.

Chairman Erbele asked if there was any new information that is not in the testimony and if not to move right into the budget sheets.

Wayne Kutzer, ND Department of Career and Technical Education, Director: There was one piece on the budget sheet that I should have made clearer, on the first line of the budget, where the executive recommendation was \$2M, it was on the reestablished state share of CTE funding. If that budget line goes away or is reduced significantly, we'll need dollars for cost to continue. When we were anticipating our budget, that was built into our budget the cost to continue. Somewhere along the line, I want to talk about that piece. See Attachment #1 - 2015-17 Biennium Budget Request Comparison.

Senator Erbele: The House did not do the #2M? Your initial request for that 8.5 was to bring it back up to the 40% level?

Wayne Kutzer: Correct.

Senator Erbele: Now you are saying the \$2M remains out, you would at least need \$500,000 to continue in that area?

Wayne Kutzer: Correct.

Senator Erbele: Now if we drop down to the Cass County Area, did that remain?

Wayne Kutzer: That was the one piece the house put in.

Senator Erbele: Then for equipment you're seeking, that would be a match? What does it mean when you're talking secondary 65% and postsecondary 35%?

Wayne Kutzer: The secondary high schools would be eligible for 65% of whatever that equipment amount is. And then the college would give 35% of and we wanted to split it up between the two year campuses and the college when we originally put in the \$3.5M request.

Senator Erbele: The match would be a 75%, 25% for both?

Wayne Kutzer: Correct.

Senator Erbele: In your initial request of \$3.5, the executive budget was \$1.5 and you're asking for an additional \$500,000 above that?

Wayne Kutzer: Correct. These were intended as one-time funds. I want to get a better idea of what the House has done and look at the grants line, your request was \$12M, the Governor came in at \$4.2M and then the House pulled \$4.2M. So where is the \$79,564?

Wayne Kutzer: The \$4.2M: they took out \$2M, \$700,000, and the \$1.5M. Those three numbers there equal the \$4.2M they removed (see attachment # 2 testimony, yellow sheet).

Chairman Holmberg: How is that Cass County money being spent?

Wayne Kutzer: It has established a new area center so when a new center starts, we fund 75% of the startup costs for the first 2 years and 60% of the start up costs for the last three years. It traditionally has cost \$500,000 per year to establish one of these centers. It got established the last year of this current biennium, so we need to establish funding for both years of the biennium.

Chairman Holmberg: That's a different \$500,000 then in your bracketed item or is it the same \$500,000?

Wayne Kutzer: That is a different \$500,00 than in the cost to continue brackets, yes.

Senator Erbele asked Mr. Kutzer to talk more about the workforce training and talked about what had happened to the budget when it went through the governor's office and the House. He asked what the \$1M would do in the workforce training.

Wayne Kutzer: It would provide operating costs for the 4 regions, they haven't had an increase in support from the state since 2007.

Senator Erbele: Are you hoping to get \$250,000 each?

Wayne Kutzer: Yes.

Senator Erbele asked about some of the numbers on the budget line.

Wayne Kutzer: Part of that is the budget adjustment, that is why there is an odd dollar amount. As we working through our budget, we couldn't get it to balance out, so basically we returned that amount.

Senator Heckaman stated that the funds Senator Erbele was looking at is added onto the beginning base.

Senator Heckaman: I certainly think we need to move that House version up because we need to support this whether it is in the grants line item or work force training.

Senator Erbele: The increase in the state share would essentially go back up into that Grant's line? That would move us up a percentage or two.

Wayne Kutzer: Family consumer science programs are funded at a lower level and it has been that way forever. Our board has been trying to raise them up, right now they're funded at 17% instead of the full 27%. This would move all those family consumer science programs up to the same 27% and that is just about \$900,000 just to move all the family consumer science programs up. About ½ of the \$2M would move those family consumer science programs up to the same level as everybody else. The schools are funding at 73%.

Senator Erbele asked a question regarding the number 2 on the requests.

Wayne Kutzer: If the school wants to start a new program, we would fund that program. We spent \$710,000 on new program requests. Right now, I fully anticipate we will spend the \$700,000 in new program requests. If we don't get those dollars, we do not approve new programs. We look at that every year through our budgeting cycle.

Senator Heckaman: Are those both in 9 through 12 and the two year colleges?

Wayne Kutzer: Just 9 - 12, high school. The only funding we do the two year campuses is through the workforce training and then most of that is postsecondary grants.

Senator Erbele: On Item 3, the one-time equipment funding, you requested \$3.5M, the Governor recommends \$1.5M. What's your vision for those dollars?

Wayne Kutzer: Traditionally, we don't fund any equipment out there, they use a lot of their federal funds to do that but I know they are still falling behind. I put out a quick email to see what they had in terms of program requests. The first ten schools back, I had \$2.5M of equipment requests. We wouldn't be funding any computer labs with this.

Senator Erbele: What is your relationship with industry?

Wayne Kutzer: We have industry, I know schools receive equipment from industry.

Senator Erbele: What about in career and tech, are there any other dollars you can access through commerce or the industrial commission?

Wayne Kutzer: The only dollars would go to post-secondary; they wouldn't get down into the high schools at all.

Senator Erbele: Were you satisfied with the governor's recommendation?

Wayne Kutzer: Yes.

Senator Heckaman: I would like to think about putting a dollar amount into some of those optional requests and have Mr. Kutzer and his staff prioritize where they would want it to go.

Senator Erbele: As we go along, that may be an option we would discuss.

Wayne Kutzer: We did prioritize where we thought the dollars would need to go.

Senator Heckaman: If we give you an amount, would you take some for one of the priorities but not fund the others?

Wayne Kutzer: We would still choose. As we look at our number 1 priority, the amount of dollars it takes to move a percentage point in reimbursement rates is a lot of dollars. It may be more effective to put it in to other areas.

Senator Erbele: There aren't any other areas you feel that we need to consider other than your priority list?

Wayne Kutzer: The ones we went over are the ones we requested dollars in.

Senator Erbele closed the hearing on HB 1019.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1019
4/7/2015
Job # 25866

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kate Oliver for Alice Delzel

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing regarding Career and Technical Education

Minutes:

No testimony submitted

Chairman Erbele called the subcommittee hearing to order on Tuesday, April 07, 2015 at 10:30 am in the Harvest Room in regards to HB 1019. All subcommittee members were present: Chairman Erbele, Senator Holmberg, and Senator Heckaman. Tammy Dolan, OMB and Sean Smith, Legislative Council was also present. We will take a look at the budget. There is one new number that came forward after the meeting last time.

Wayne Kutzer, Director, ND CTE. In our original request was \$8,500,000 for reimbursement rates, that \$500,000 was calculated into that so that we wouldn't not have that piece of cost to continue so when the governor put \$2,000,000 in and the House removed everything so that is why that \$500,000 was critical. We need to have that as a base.

Senator Erbele: \$1,000,000 would bring your family consumer science back up.

Wayne Kutzer: That is correct.

Chairman Holmberg: That \$500,000 does that compute as far as your understanding of the reduction of taking the money out and where they are just to keep even on their costs to continue on.

Tammy Dolan: OMB yes, a part of that was needed just to carry the current rates forward.

Senator Erbele: I would be looking for some opinions.

Chairman Holmberg: There was not a desire on the part of the Senate to have the agency go backward. I would encourage us to restore the \$500,000. I would have no problem supporting that here and in conference committee.

Senator Heckaman: I would like to see us add some funding into that. I would suggest we go to \$1,500,000 on that line item, it is below what the governor said, and what the agency said but I think that it will give us room to negotiate with the House but I think that it still needs to stay there.

Senator Erbele: The \$1,500,000 would include the \$500,000.

Senator Heckaman: I would like to see more, but we have to be realistic.

Chairman Holmberg: I find that a little rich, the \$1,500,000.

Senator Heckaman: I don't think we are going overboard on there. Considering what they need is \$8,500,000 and we would still be \$7,000,000 below that. We are way below the funding so I think that we are way below where we need to be funding those districts and area centers, they are such an important part of our economy. It would be money well spent to get them where they need to be.

Senator Erbele: We can continue down the list. Cass County Career and Technical Center was put in and that will stay. New and expanded programs that has been a continuing line item in your budget has it not?

Wayne Kutzer: That is correct, this biennium we spend over \$710,000 on new program and expanded program requests that has been a pretty consistent.

Senator Erbele: I would be inclined to reinstate the \$700,000.

Senator Heckaman: I would agree with that.

Chairman Holmberg: I am not sure?

Senator Erbele: We will go to conference anyway. The equipment line, the original recommendation was \$1,500,000 and with an additional request to the executive committee for \$500,000 the House did nothing in equipment,

Senator Heckaman: I think the \$1,500,000 would be reasonable.

Senator Erbele: I am inclined to support the \$1,500,000, too. These institutions need the tools and equipment if you are going to train them. And then we have the workforce training.

Wayne Kutzer: The \$1,000,000 here is extra dollars to help support the operations of the 4 regions. It is designed to help them meet salary obligations within their own operations; they have not seen an increase since 2007. Half of that \$1,000,000 would be divided up equally between the 4, and the other half would go into the formula basis that gets distributed out; the formula is based on the number of employees in a region but it would go directly into the management of those systems.

Senator Heckaman: How many staff does this involve?

Wayne Kutzer: I know, Bismarck has 18, Williston has a few more, Wahpeton, a few more, Devils Lake 3 or 4, 60 to 70 staff people. These are people they use in terms of operations.

Senator Erbele: This would be over their base line budget.

Wayne Kutzer: Yes, right now their budget is \$3,000,000 that they have received.

Chairman Holmberg: Just looking at the yellow sheet, the difference they got last time, the base budget, and the budget as it came from the House, is only a couple hundred thousand dollars, which is lower than many agencies have I don't have any aversion to putting money back into this but I don't know if we want to put too much back in the governor had increased it \$5,800,000 the House reduced it to \$5,600,000 pretty robust as far as reductions are concerned. Right now with the items the majority of committee has followed you are adding back at least \$2,700,000 without Train North Dakota, right?

Senator Erbele: The \$500,000 we have to do for sure.

Chairman Holmberg: I am counting that in our list. So if you add that is the only thing that you did you are really giving them a flat line budget from the time before.

Senator Erbele: How much into the TrainND. \$500,000?

Chairman Holmberg: Of these 5 items on the page, these are in order of priority set by the agency, is that correct.

Senator Heckaman: If those are priority, then I would think most to the top one and least to the bottom one.

Chairman Holmberg: Maybe if we took \$2,500,000 over what the House did, sprinkle them out over the 5 items, but focus on the top.

Senator Erbele: All five items would total \$2,500,000.

Chairman Holmberg: Over and above of what they sent us. Cass County shouldn't be here it is already fully funded.

Senator Erbele: The \$700,000 remains so we can start subtracting from there on the new and expanded programs.

Senator Heckaman: I think we need to keep something in the equipment part.

Chairman Holmberg: Take \$500,000 into the equipment, and then the \$1,200,000 up in reestablishing state share.

Wayne Kutzer: As we look at the equipment line, those would be one time dollars that would be available so I looked at them differently than putting them all together. I would say, don't put anything into equipment; \$500,000 statewide would be hard to do because

the demand is there and trying to distribute this amount of dollars to the schools so they can buy the equipment. If that was the target, if I had the \$2,500,000 to work with, I would come back another session and ask for those dollars for equipment.

Chairman Holmberg: So if we were utilizing \$2,500,000 we would put \$1,800,000 in the state share and \$700,000 in the new and expanded programs.

Senator Erbele: Would that be workable.

Wayne Kutzer: Yes.

Senator Heckaman: I understand the rationale on that but I think Train ND and equipment is important. I am really disappointed to Train ND, and new equipment. If you aren't able to get equipment for two years, where does that put your program?

Wayne Kutzer: We use federal funds to buy equipment with, most schools probably received a few thousand dollars, for the most part they have equipment list that rotate. What we were looking at this to do is get the schools up to day. When we put the budget together, from a funding I would much rather see the funds going into the programs rather than equipment.

Senator Erbele: Is Train ND a program. He was told yes. I would be willing to put \$500,000 into Train ND over above the \$2,500,000.

Senator Heckaman: I agree.

Chairman Holmberg: I also agree.

Senator Erbele: The other thing targeted equity coming back into the budget for \$209,000.

Senator Heckaman: I support that.

Chairman Holmberg: Definitely, our plan in the Senate is to restore all the targeted equity in 8 budgets and yours would be one of them.

Senator Erbele: Put \$1,800,000 top line, then the \$700,000 for new expanded programs and \$500,000 for Train ND and the targeted equity. Any other thoughts. If not we will close the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1019
4/8/2015
Job # 25935

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to defray the expenses of Career and Technical Education (Do Pass as Amended)

Minutes:

Amendment # 15.8127.02001

Chairman Holmberg called the committee to order on Wednesday, April 8, 2015 in regards to HB 1019. All committee members were present except V.Chairman Bowman. Alex Cronquist, Legislative Council and Tammy Dolan, OMB were also present.

Senator Erbele presented amendment 15.8127.02001. He moved the amendment and explained the amendment to the committee. **2nd by Senator Heckaman.**

Chairman Holmberg: All in favor say aye. It carried.

Senator Erbele moved **Do Pass as Amended. 2nd by Senator Heckaman.**

Chairman Holmberg: Call the roll on a Do Pass as Amended on HB 1019.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. V.Chairman Bowman came in and voted before the report was completed but his vote is not recorded.

Senator Erbele will carry the bill. The hearing was closed on HB 1019.

1 of 2
 TD
 4/8/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1019

Page 1, replace line 12 with:

"Salaries and wages \$4,669,943 \$642,763 \$5,312,706"

Page 1, replace line 15 with:

"Grants 31,063,698 2,579,564 33,643,262"

Page 1, replace lines 18 and 19 with:

"Workforce training 3,000,000 500,000 3,500,000
 Total all funds \$41,680,711 \$3,435,850 \$45,116,561"

Page 1, replace line 21 with:

"Total general fund appropriation \$31,392,916 \$4,025,758 \$35,418,674"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$4,669,943	\$5,123,830	\$188,876	\$5,312,706
Operating expenses	1,253,339	1,253,339		1,253,339
Grants	31,063,698	31,143,262	2,500,000	33,643,262
Grants - postsecondary	847,452	707,452		707,452
Adult farm management	749,802	699,802		699,802
Workforce training	3,000,000	3,000,000	500,000	3,500,000
Accrued leave payments	96,477			
Total all funds	\$41,680,711	\$41,927,685	\$3,188,876	\$45,116,561
Less estimated income	10,287,795	9,697,887	0	9,697,887
General fund	\$31,392,916	\$32,229,798	\$3,188,876	\$35,418,674
FTE	27.00	26.50	0.00	26.50

Department No. 270 - Dept. of Career and Technical Education - Detail of Senate Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Adds Funding for Targeted Market Equity ²	Adds Funding to Increase Reimbursement Rates ³	Adds Funding for New and Expanded Programs ⁴	Adds Funding for Workforce Training ⁵	Total Senate Changes
Salaries and wages	(\$20,326)	\$209,202				\$188,876
Operating expenses						
Grants			1,800,000	700,000		2,500,000
Grants - postsecondary						
Adult farm management						
Workforce training					500,000	500,000
Accrued leave payments						
Total all funds	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876
Less estimated income	0	0	0	0	0	0
	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876

General fund							
FTE	0.00	0.00	0.00	0.00	0.00		0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² Funding is provided for targeted equity salary funding.

³ Funding is added to increase reimbursement rates for secondary and postsecondary career and technical education programs.

⁴ Funding is added for new and expanded programs to increase course offerings.

⁵ Funding is added to workforce training for inflationary adjustments and new program development.

Date: 4-8-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1019

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.8127.02001

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Erbele Seconded By Heckaman

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

*voice vote
Carried*

Date: 4-8-15
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1019**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Erbele Seconded By Heckaman

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Erbele

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1019, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1019 was placed on the Sixth order on the calendar.

Page 1, replace line 12 with:

"Salaries and wages	\$4,669,943	\$642,763	\$5,312,706"
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Page 1, replace line 15 with:

"Grants	31,063,698	2,579,564	33,643,262"
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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - Senate Action

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Salaries and wages	\$4,669,943	\$5,123,830	\$188,876	\$5,312,706
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Adult farm management						
Workforce training					500,000	500,000
Accrued leave payments						
Total all funds	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876
Less estimated income	0	0	0	0	0	0
General fund	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² Funding is provided for targeted equity salary funding.

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⁵ Funding is added to workforce training for inflationary adjustments and new program development.

2015 CONFERENCE COMMITTEE

HB 1019

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1019

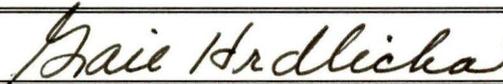
4/15/2015

"Click here to type recording job number"

Subcommittee

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

"Click to enter attachment information."

Chairman Monson: Called the meeting to order.

Which one of you wants to explain all the things you put back in that we took out?

Senator Erbele: The decrease in health insurance; and we did add back targeted equity of \$209,000 dollars; we added \$1.8 million dollars increase of the reimbursement rates that put back to the schools that are currently reimbursing at about 27% and they want to get closer to that 40% level. In our discussions in the committee we wanted to go with a million dollars there just to bring the consumer science people up to about that 30% level with everybody else. Then we were going to divide some out for equipment and they felt that it would be best to just take whatever total dollars we are willing to give and put it all in that one category. We put \$700,000 dollars into grants for new and expanding programs; \$500,000 dollars into the workforce training that the program called Train ND that goes to the 2 year campuses in four regions of the state based on the employees or employers in that region.

Sen. Holmberg: I did vote in support to take out of the budgets the targeted equity but not the market equity. There were 7 or 8 agencies.

Chairman Monson: We are under the impression that all equity was coming out and so I believe in all cases we took the targeted and the other equity out of all of them. That was kind of a shock to us when we started seeing some of these budgets coming back with targeted equity in them.

Senator Erbele: I believe in the first half we had followed the same procedure on the bill we sent to you taking the market and targeted out.

Chairman Monson: That is probably something above our pay grade that will get hammered out between our leaders.

Senator Heckaman: I think we did not put in on all of them we put on the budgets that OMB identified having the most significant need in that area. Maybe it was all the ones that started out with targeted and it is not every single budget.

Holmberg: The first budget we passed out after the forecast we had put in the market equity too then we realized that we knew that was something we had fully discussed so we called the bill back and that was the aeronautics commission. The first time it headed out the door it had the market equity in it.

Rep. Guggisberg: The \$2.5 million dollars for grants is the 40% where they were a few years back and then we have been sliding or is that less than?

Chairman Monson: The facts never got quite the same level as other ones as far as the pay goes. I believe this is to bring up the facts, home Ec we use to call it, to be equal to Ag and the other vocational Ed programs. There was always a harder time finding instructors for the mechanical that shop type classes and the facts wasn't quite as difficult to find and the other thing was that it was just a cheaper program to run. We are funding K-12 education at a much higher per pupil rate.

Heckaman: Looking at the testimony of Mr. Kutzer he said family and consumer sciences would cost \$987,000 dollars to bring the program up from its current funding of 17% to 40%.

Chairman Monson: So that doubled it for the biennium brings it to \$1.8 million dollars.

How high is the reimbursement rate at that level?

Erbele: I believe it would be 27%.

Hackaman: That \$1.8 million doesn't all go to facts we put it into a grouping.

Chairman Monson: It goes into a pool and they decide how they want to split it out.

Erbele: We had one time looked at just the facts and that would have been a much lesser amount just to bring them equal to other reimbursements going out there but as it is they chose to rather have it in the pool. The majority of the jobs are in career and technical areas over 80% of them are. There is only 3% that need a master's degree in North Dakota. These are areas that really target a lot of students and with our job market here in North Dakota gives them skills to be employed here at a pretty good salary.

Chairman Monson: You added \$500,000 dollars for the two year colleges for TrainND; so much per college?

Erbele: 4 regions.

Chairman Monson: They all get equal like \$125,000 dollars.

Holmberg: We are also upside down because of \$200 million dollars you all added to the transportation and still carrying \$152 million dollars of income tax relief on the books.

Rep. Sanford: I have a question relating to the equity piece. When you talk about the agencies identified by OMB what kind of criteria is OMB using; how many agencies are there; what does it amount to and what is the targeting?

Holmberg: DOCR was one of the larger ones; there were a couple small ones.

Tammy Dolan, OMB: We have a schedule in our book that I can print off and give to you that lists each one of those agencies that had been recommended for targeted market equity and there were a number of reasons for those agencies that dealt with targeted positions and some of their (inaudible) ratios compared to the rest of the state.

Erbele: Do you have any level of agreement with anything?

Chairman Monson: The first one looks good. That would be the health insurance premium. I believe the jobs nowadays are in these areas and you really don't need a four year degree.

Rep. Sanford: The TrainND has obviously been successful we look at the results that come from employer and employee and people have been pleased with it. How long term is this; when do the participants pick up the freight; my understanding is that this was intended to get it started, but I didn't think it was forever. What is the tenure of this particular kind of support?

Erbele: That is a fair question. If there are priorities throughout the budget that would probably not be the 1 or 2 spot.

Chairman Monson: What do you think about the fact that we have increased the K-12 funding to the level we have? CTE courses are obviously more expensive than most cases.

Heckaman: One more point on TrainND that I would like to focus on is that the four colleges that receive this funding are really doing a great job in identifying the workforce needs out there in the state. If we don't fund them with some kind of support we aren't going to see their ability to adopt new programs if we don't provide something in that area.

Chairman Monson: One of our frustrations in the house when we went through budgets, workforce training was in every budget.

Holmberg: We found that too in the higher Ed budget that you had put in two sections regarding workforce training and visited the fact that there were four agencies that had \$25 million dollars total. Then you put \$50,000 dollars in there for some kind of study. We did not do anything with that area but needs to be revisited along with some of these other budgets.

Erbele: You mentioned about adding more requirements onto our K12 and I agree with that frustration too.

Rep. Sanford: When I look at the issue of CTE certainly that is a high priority. What you are doing when you broaden the curriculum is you're having extra cost related to expenditures, you may have different qualifications for the staff members and that is a significant factor here plus you may create a greater shortage.

Chairman Monson: Thank you for coming in and explaining what differences we have and it amounts to a fair chunk of change.

Meeting was adjourned.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1019
4/16/2015
26171

- Subcommittee
 Conference Committee

Committee Clerk Signature

Gaii Hrdlicka

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

"Click to enter attachment information."

Chairman Monson: Called the meeting to order.

One of the things on our list was the equity business so we went and checked with our leadership in the house and they said there was no way they agreed to put that back in. They were under the impression that it was all equity.

Senator Holmberg: We had a like meeting in the senate office and they said absolutely they were told we were going to be targeted equity but not marketing equity.

Chairman Monson: They said one of them they agreed to and it was not the little ones it was corrections.

Holmberg: That was the topic of discussion at 11:00 today. They had said that DOCR they could see that they didn't promise that they would support the \$2.1 million dollars but they could see that one the rest they could not see. We meet again at 2:30 and one of the items on the agenda is closure as to what we are going to do because there are a lot of agencies include CTE but a lot of smaller agencies that the budget depends upon that particular issue. One of our goals is to have some sort of closure on that.

Chairman Monson: So the leadership will take care of that.

Holmberg: You might see more than one way to handle that. It is possible because we have done something like that in the past. There would be some support of a motion to go with DOCR at a certain dollar amount and take the other ones and do a pool lesser than \$13 million dollars to OMB to work on the most critical.

Chairman Monson: The big ticket item in our differences is the \$1.8 million dollars. That is in grants.

Senator Heckaman: Included in that is the \$500,000 dollars for the Cass county area career and technology center that I think we are committed to. That is included in that \$1.8 million dollars.

Chairman Monson: I think we agreed and left that in there the first half. So that should not be in there.

Senator Erbele: What is a part of the \$1.8 million dollars that was not brought out yesterday? There is \$500,000 dollars there just in the cost to continue.

Chairman Monson: The Cass county thing we had agreed to.

Rep. Sanford: Do you want to try and settle this today without the increase.

Meeting was adjourned.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1019
4/17/2015
Job #26226

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kenneth M. Tolson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

Chairman Monson: Called the meeting to order. Any other ideas from any of the committee members? I've been in a few discussions with our leaders, and what they understood, they had CTE is not on the list as being targeted equity. What did you guys find out?

Sen. Holmberg: One of the first items on the agenda at a 2:30 meeting we have with people who earn more than we do is the targeted equity. Perhaps you would want to consider taking care of the other items that are in this bill, and then, once recommendations have been made there, we could get back together rather quickly.

Chairman Monson: I talked to Rep. Delzer yesterday, and he said we are having a meeting on targeted equity, and I thought maybe they had had that. Let's skip over the targeted equity one then. Any ideas on some of the other ones? The health insurance is fine. Targeted equity we set aside for now. The big-ticket item is the \$1.8 million for reimbursement rates.

Heckaman: When I look back at the budget that came in and what they requested, we're giving them a pittance of what they requested. They requested \$14.7-million, and we're down to \$1.8-million. We've cut down drastically one of the more important things, which is the equipment. And also the programing costs. I just don't think 1.8 million in that total area is out of line at all.

Holmberg: CTE is receiving right now, the Senate version, a 13.1 % increase in general ongoing expenses. That is in the top half of agencies.

Chairman Monson: In other words, we have been a lot harder on some other budgets than this one.

Holmberg: (DID NOT TURN ON MICROPHONE)

Rep. Guggisberg: We don't fund things based on what they got last year. We fund things based on the needs of our state, and right now, the needs of our state are more workers. That is something that CTE is charged with.

Chairman Monson: So if we can't have everything we want, what is the highest priority? Is it more equipment? Is it higher reimbursement rates? Is it giving money to the two-year colleges for workforce training?

Sen. Erbele: Based on the testimony we received, and that's what you have to base your decisions on, there was a really strong case made for the increased reimbursement rates. Remembering that \$500,000 of that was already in there for the cost-to-continue. You're only looking at \$1.3-million going forward that actually adds to the increase. We'd be willing to discuss the TrainND, the Workforce part of it. If that can keep the reimbursement rates higher, we sure could throw that up on the table and see if we want to do some trading with that one.

Chairman Monson: That \$1.8-million cost to continue would have to be...it's \$500,000 I guess. My priorities, I would say, if you're not going to give them a bump, at least don't make them go backwards. That \$500,000 is a pretty high priority. The workforce training at the two-year institutions is \$500,000. I know one of the things I am seeing here is for the Lake Region career and tech center. That one is helping to train students sign language at School for the Deaf.

Rep. Sanford: My order of priority goes like this: \$500,000 cost to continue; \$900,000 for reimbursement; all of the new and expanding money \$700,000; and the Train ND at the same level as it is now. That would be a reduction of approximately \$900,000.

Chairman Monson: Compared to what the House sent out; from the Senate version, we would be dropping \$400,000 out of the reimbursement rate column of the \$1.8-million, so it would go down to \$1.4-million. And then workforce training would go down to zero. So that would be the \$500,000 taken off. And then Expanded Programs, you guys put in \$700,000.

Sen. Erbele: We would like to see that stay.

Chairman Monson: In some years, that would be a good thing. Well, it's a good thing anytime, I suppose. But I'm not so sure this is a year to put new and expanded things in place. We should keep going what we've got going, and if we are going to increase the reimbursement rates. I've been there in the trenches trying to keep my facts and my shop classes afloat in the high school, and I know that it doesn't cost as much to run a facts program as it does shop and vo-ag. It seems like there's a lot more consumable stuff, which you don't get reimbursement for, but it's got to be paid for in a shop class.

Rep. Sanford: I tend to agree that the \$700,000 dollars is a very high priority from the standpoint that I think that's good news. If we're trying to expand a trained workforce, this gives us the capacity to handle them. I can just reflect locally what's happened to our programs over the years. The fact that they have changed the approach a little bit in terms

of the importance of this, certainly the results, where these students are having grade point averages that are as high or higher than the student body says that there's some good learning going on. And the enrollment is growing in there. So when I look at that new and expanded, I'm looking at the expanding part where there are just more students that are going in, and there's some cost associated with that as well.

Sen. Holmberg: if we are looking at new and expanded programs, is there a number somewhat south of 700 that would save some more money, yet have a meaningful impact on what they do? What is that magic tipping point that actually will assist in making a difference and still holding down the amount?

Chairman Monson: We aren't going to finish this because of the targeted equity, so we'll have to meet one more time. Maybe that's an answer we can get. And get some clarification on what would be a meaningful amount, and yet a way to reduce that expanded programs. I'm looking at the workforce training, the \$500,000 there as expendable. It's different than higher ed.

Sen. Heckaman: In the workforce training, I would think that would be something that we could certainly be willing to bargain on. But I'm not willing to bargain out the new and expanded programming. I'd just think that's really important, considering our workforce in the state of North Dakota and the needs that we have out there. This is the program that serves those needs. When we start cutting back on what they're expected to need over the next biennium, we're hurting those opportunities for our students to get trained and to get excited about some careers that are out there that are really important in the state right now. I'm not willing to back off on that \$700,000 at all. \$1.8-million, like I said before, I think that is really cut down from, I look at what the agency requested, even the executive recommendation, it's about one-third of the executive recommendation. I think we should leave that alone. I think this is an important program for the schools across the state, and for our young people. This is how they get excited about something. If we take that opportunity away from them, I think that we're going to have a lot more issues later on in other areas. I would like to see the \$1.8 million and \$700,000 dollars stay there.

Chairman Monson: I look at the increased reimbursement rates, and I don't think there are very many programs that are in danger of quitting. I really don't think that \$1.8-million is key unless some schools really are not getting enough to keep going on all their other programs and class offerings they're giving. If you are a small school losing enrollment, we're not giving a lot of money K-12 to keep everything going without some other funding sources. Those are the ones that maybe would be in danger of saying, we have to drop this program. I know we've lost some vo-ag programs over the years, but not necessarily because of being able to not fund them; finding teachers is the problem.

Rep. Sanford: If this one program is being reimbursed at a lower level, somebody has made a decision over the years that this either isn't as expensive or it's not as important. They made some decisions on where to put their money, and this one is quite a ways behind, which tells me that, essentially, this isn't quite as costly as the other ones are. That's why I'm not totally excited about going all 9 yards on this particular area vs. the one with the new and expanded. Because when they're expanding, that tells me, this is a good place to put your money. It also is more cutting edge.

Sen. Erbele: Are you changing your position on what you said earlier, where you said 500 for the continuing and 900,000 to expand? The 900 you're still OK with. You're just saying, not 1.8. But if we add the 500,000, we're at \$1.4 million.

Rep. Sanford: I'm still on the zero for Train ND because I believe that's important. And then the capacity to charge the employer, or whoever is going there to get the training at that level. They can do that, and they should do that. The intent was to get this TrainND started. It's started, it's flourishing, and now the capacity to add another \$10 or \$20 to a fee will cover that very nicely.

Sen. Holmberg: I would not have a lot of trouble going on the funding increase at 900, and then the 700 that would reduce the budget by 1.4-something. I could live with that, without talking about the targeted market equity at this stage. That is still something that will be talked about. The discussion is, are some of them more critical than others? Or do we pick out the most critical? It appears to me in the discussions that we've had, that Corrections is considered the most critical, and then there is discussion about taking a certain amount of money and putting it in OMB as a pool for those others, for them to distribute. I don't know if that's a good idea or a bad idea. It's one of the ideas that's being floated around.

Chairman Monson: So your numbers were what?

Sen. Holmberg: I would say 900 under increasing reimbursement rates, which would include 500 for cost to continue, and then increase \$400,000 there. New and expanding programs, I agree with Rep. Sanford that if we want our programs to continue to evolve, we've got to do what we can to help. And then the workforce training, I agree with a number of folks that said, maybe that should be for another time, and not do that. I believe that would reduce what the Senate did by 1.4 million. And leave in 1.6 of the big numbers. That's without targeted equity. If we go to a pool, what would happen is the money would be removed from this budget.

Chairman Monson: We'll meet one more time. I think we're really getting closer, though. We'll let you have your meeting on the targeted equity. I think we almost could finish this one today, but we'll meet one more time, and I think we can solve this one on Monday.

Chairman Monson adjourned the meeting.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1019
4/20/2015
26286

- Subcommittee
 Conference Committee

Ellen Letang

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state board for career and technical education.

Minutes:

Chairman Monson: Called the meeting to order on HB 1019, the CTE budget.

Sen. Erbele: If we could begin by talking about what we do agree on and we have just a couple points of contention. We agree to the health insurance premium and discussed the targeted equity and that has now been put into a pool source. I think the number is still being negotiated on how large that pool would be but it's off the table for our discussion.

In the next column, the increase of the reimbursement rates, we need to do at a minimum of the \$500,000 for the cost to continue. I believe Representative Sanford offered a number there last week of \$900,000. I guess we would be willing to go down to \$700,000. If we could keep the \$700,000 for the new and expanded programs, they would walk away from the \$500,000 on the workforce training. We will put this out there for the initial discussion.

Chairman Monson: The new and expanded programs, last time they had \$710,000. We had a lot of money compared to this time. This time they are asking for \$700,000 and I don't know if this is the climate to be adding new expanded programs. I realize that it takes a certain amount of money to make it worthwhile to start a new program. We could cut it to \$300,000 and then you probably don't have enough to start a new program. If the \$700,000 is the magically number, we will have to work with the middle one, the 1.8 and that's how we are going to balance it.

Sen. Erbele: If you are willing to keep the \$700,000 on the table, than it is for the newly expanded. I think we are at a time where these programs are critical and where everyone wants to start walking, maybe we have to run. If we are in agreement with everything except the middle column, the reimbursement rates, I guess we can concentrate our discussion there.

Chairman Monson: My thought is the \$700,000 for the new expanded is an all or nothing. If you did nothing in that column, then we could maybe look at a little bigger number from the middle, where we increase reimbursement. Like you said, this is where jobs are and there aren't going to be quite as many jobs going forward if oil stays where it's at. It doesn't help if we are conservative on number of dollars we spend on these programs in the jr high and high schools. It takes 4 to 6 years for these kids to get out into the workforce. Hopefully by that time, they will have jobs waiting for them again and things will have turned around.

Rep. Guggisberg: Not only are these programs preparing our students to work right out of high school or a two years degree. If I remember right there was a significant increase in GPA's of the students that were in these programs. It's not necessary teaching them hands on but it's also preparing them to be successful in whichever higher education or workforce opportunity, they are going to take in the future. We should take that into consideration as well when we are talking about these negotiations.

Chairman Monson: You are trying to make case for the \$500,000 in the right hand column?

Rep. Guggisberg: No, it's for the reimbursement for the schools also so they can build their programs in high schools. The \$500,000 is nice but I also see where the committee is going. I don't think that's going to happen anymore.

Chairman Monson: The funding to increase reimbursement rates, the number 1.8 would bring the reimbursement all the way up to the 27%. The same as all the rest of them and no matter how you slice it, I know, the facts are not as expensive or hard to find teachers as the others. Is it important to get them to 27% or maybe they have been raising that from 1 or 2 percent a year without any real increases. So instead of going to the 27%, they have it at 17%, if we could get it to 20%, what would that take? Would that be \$100,000 to roughly bring it up a percent? So, to get it up to 20%, it would take \$300,000? If they were able to find 1 or 2 percent raise increase, anyway in their budgets, they probably get that up to 20% with a couple hundred thousand.

Sen. Holmberg: I like the idea of the new expanded programs and that is something that we do need to support. I know that the \$500,000 is there as the cost to continue in the first column. What would be the vote, if a motion was made to do 7 and 7? That would be \$700,000 in the first column which would add an additional \$200,000 above their cost to continue, plus the \$700,000 in the other column, don't do the \$500,000 work force and leave that for another time?

Chairman Monson: Before we go with that as a motion, the cost to continue, I didn't do a very good job telling why the \$500,000 is the cost to continue. I don't remember the testimony I heard, I just know that we've been told that it costs \$500,000 to continue. Is it just because of the extra increases in salaries?

Sen. Erbele: I don't think what we did last time, the 4 and 4, the 4 was figured in or carried forward because that's a number that came to us later.

Wayne Kutzer: The cost to continue in our program, we fund on a percentage bases, so an instructor salary goes \$20,000 to \$25,000, we are funding at 27% of the \$20,000, we also have to fund at the 27% of the \$25,000. It's that extra increase cost that keeps inflating as salaries goes up because that what we base our fund on. The money it takes to cover 27% keeps increasing.

Chairman Monson: That's the way I explained and figured it was. Somebody wants to make a motion.

Senator Holmberg: Motions Senate recede and further amends.

Chairman Monson: Senator Holmberg makes a motion to add funding to increase to make it \$700,000 instead of the \$1.8 and \$70,000 in the expanded programs column. The first column is in and the second and fifth column are out.

Representative Sanford: Second.

Roll call was taken on HB 1019 for the Senate recede and futher amend with yes 4, no 2, absent 0. Motion carried with Representative Monson, Representative Guggisberg, Representative Sanford, Senator Holmberg, Senator Erbele and Senator Hackaman on the conference committee.

Meeting was adjourned.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1019

That the Senate recede from its amendments as printed on pages 1302 and 1303 of the House Journal and pages 1502 and 1503 of the Senate Journal and that Engrossed House Bill No. 1019 be amended as follows:

Page 1, replace line 12 with:

"Salaries and wages	\$4,669,943	\$433,561	\$5,103,504"
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Page 1, replace line 15 with:

"Grants	31,063,698	1,479,564	32,543,262"
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Page 1, replace lines 18 and 19 with:

"Workforce Training	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>
Total all funds	\$41,680,711	\$1,626,648	\$43,307,359"

Page 1, replace line 21 with:

"Total general fund appropriation	\$31,392,916	\$2,216,556	\$33,609,472"
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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$4,669,943	\$5,123,830	(\$20,326)	\$5,103,504	\$5,312,706	(\$209,202)
Operating expenses	1,253,339	1,253,339		1,253,339	1,253,339	
Grants	31,063,698	31,143,262	1,400,000	32,543,262	33,643,262	(1,100,000)
Grants - postsecondary	847,452	707,452		707,452	707,452	
Adult farm management	749,802	699,802		699,802	699,802	
Workforce training	3,000,000	3,000,000		3,000,000	3,500,000	(500,000)
Accrued leave payments	96,477					
Total all funds	\$41,680,711	\$41,927,685	\$1,379,674	\$43,307,359	\$45,116,561	(\$1,809,202)
Less estimated income	10,287,795	9,697,887	0	9,697,887	9,697,887	0
General fund	\$31,392,916	\$32,229,798	\$1,379,674	\$33,609,472	\$35,418,674	(\$1,809,202)
FTE	27.00	26.50	0.00	26.50	26.50	0.00

Department No. 270 - Dept. of Career and Technical Education - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Adds Funding to Increase Reimbursement Rates ²	Adds Funding for New and Expanded Programs ³	Total Conference Committee Changes
Salaries and wages	(\$20,326)			(\$20,326)
Operating expenses				
Grants		700,000	700,000	1,400,000
Grants - postsecondary				

Adult farm management				
Workforce training				
Accrued leave payments				
	(\$20,326)	\$700,000	\$700,000	\$1,379,674
Total all funds				
Less estimated income	0	0	0	0
	(\$20,326)	\$700,000	\$700,000	\$1,379,674
General fund				
	0.00	0.00	0.00	0.00
FTE				

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² Funding is added to increase reimbursement rates and for secondary and postsecondary career and technical education programs, including \$500,000 for cost to continue. The Senate provided \$1.8 million for these purposes.

³ Funding is added for new and expanded programs to increase course offerings, the same as the Senate.

The conference committee did not provide funding for target market equity (\$209,202) or workforce training (\$500,000) as provided by the Senate.

Attendance Sheet

Date: 4/15/2015
Roll Call Vote #: _____

2015 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1019 as (re) engrossed

House Appropriation Education & Environment Committee

- Action Taken
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Representatives	Att 1	Att 2	Att 3	Yes	No	Senators	Att 1	Att 2	Att 3	Yes	No
Chairman Monson	X	x	x			Sen. Erbele	X	x	x		
Rep. Sanford	X	x	x			Sen. Holmberg	X	x	x		
Rep. Guggisberg	X	x	x			Sen. Heckaman	X	x	x		
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

**2015 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. 1019 as (re) engrossed

House Appropriation Education & Environment Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Holmberg Seconded by: Sanford

Representatives	Att 1	Att 2	Att 3	Yes	No	Senators	Att 1	Att 2	Att 3	Yes	No
Chairman Monson	X			X		Sen. Erbele	X			X	
Rep. Sanford	X			X		Sen. Holmberg	X			X	
Rep. Guggisberg	X				X	Sen. Heckaman	X				x
Total Rep. Vote				2	1	Total Senate Vote				2	1

Vote Count Yes: 4 No: 2 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number 15.8127 . 02002 of amendment

LC Number .04000 . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Provide health adjustment; \$700,000 dollars to increase reimbursement rate; provide \$700,000 dollars for new and expanded programs.

Total all funds	(\$20,326)	\$700,000	\$700,000	\$1,379,674
Less estimated income	0	0	0	0
General fund	(\$20,326)	\$700,000	\$700,000	\$1,379,674
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² Funding is added to increase reimbursement rates and for secondary and postsecondary career and technical education programs, including \$500,000 for cost to continue. The Senate provided \$1.8 million for these purposes.

³ Funding is added for new and expanded programs to increase course offerings, the same as the Senate.

The conference committee did not provide funding for target market equity (\$209,202) or workforce training (\$500,000) as provided by the Senate.

Engrossed HB 1019 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 1019

**House Appropriations
Education & Environment Division**

**Testimony on HB 1019
Department of Career and Technical Education
January 12, 2015**

Mr. Chairman and members of the committee, my name is Wayne Kutzer, Director of the Department of Career and Technical Education.

The demand for Career and Technical Education continues to grow and greater access to CTE is needed to help meet the educational and workforce infrastructure needs of our state. For new members to the committee, CTE operates with a nine member Board, six appointed by the Governor from six regions across the state and three legislated members, the list of members is in your materials. The Board operates much like a school board in that it sets our policies including funding to schools, programming that we support, teacher certification, and our funding priorities.

As you will see as we work through our budget our main focus is funding high school CTE programming, grades 9 – 12. We also work with middle school, some elementary programming in STEM and entrepreneurship, as well as all of the public and tribal two year campuses. We evaluate the campuses CTE programs and certify their CTE instructors. Our connection to the two year campuses is through the federal “Carl Perkins” funding we administer.

At the high school level we provide technical assistance and funding support for programs in Agriculture, Business, Career Development, Career Resource Network, Family and Consumer Sciences, IT, Marketing, Tech and Engineering, Health Sciences,

Special Populations/Educational Equity and Trade & Industry. T&I includes programs from Auto to Welding, Aviation to Electronics, and Graphic Arts to Culinary Arts. A complete list is on the back side of the Board member handout.

For my testimony I was asked to report on six items specifically:

Financial Audit

I was asked to report on our last audit – we had no findings and no formal recommendations.

Components Base Budget

The major components of our budget are listed in the first column of the yellow handout labeled 2015 - 2017 Biennium Budget. They are Salaries, Operating, Grants, Adult Farm Management, Workforce Training and Postsecondary Grants. The largest is the Grants which go to school districts, chiefly high schools, and Area Career and Technology Centers for CTE programming that they offer their students. I will go into more detail as I move through the testimony.

Major ongoing funding increases or decreases from the 2011 and 2013 sessions

In 2011 we received major funding of \$1,000,000 for the establishment of a virtual Area Career and Technology Center, the Western Star ACTC in Williston. \$500,000 per year was allocated. They didn't use all the funds and another Area Center, the Grand Forks ACTC, applied and was able to be established the last year of the biennium.

In the 2013 biennium we received \$2,000,000 in ongoing state funding to increase the number of CTE offerings across the state, we funded 85 new programs and 32 major program expansions, provided full biennium funding for the Grand Forks ACTC, and

funded the virtual Cass County Area Career and Technology Center in the last year of this biennium.

Let me explain a little bit about the expansion of Area Centers. A map of the current Area Centers is in your material and on the back is a listing of member schools. This slide shows them as well. The Area Centers are creating more access for more students. Over the last four biennia we have received \$3.7 million for new Area Center funding. This funding is not for bricks and mortar; it is for CTE programming, for instructional delivery equipment, and operating. We start every new Area Center on a five year startup plan. The funding is a maximum of \$500,000 per year and covers 75% of the cost for the first two years, 60% of the cost for the next three, and after year five it would go down to 40% which is the level of funding for all Area Centers. Area CTE Centers can provide to area schools, what they cannot provide themselves – a variety of CTE programming. They are a cooperative effort between schools and that cooperation is bringing more access to 93 member schools, that on their own would not be able to provide or fund the wide variety of CTE offerings.

The \$2 million in funding also included funds for a school or Area Center to develop a pilot hands-on distance delivered program in welding, construction, or auto technology. Through an RFP process North Valley Area Career and Technology Center in Grafton received the grant and has put together the first fully distance delivered, hands-on Welding program in the country. It services Walhalla, Fordville/Lankin and Park River as well as students at the Center. The one-time \$150,000 grant paid for equipment - cameras, monitors, and welding equipment at the remote and local labs; it did not pay for instructor salaries because we wanted to have an established infrastructure

for a sustainable program well into the future. The program is in its second year; it is successful in that the students at the remote sites take the same content and assessment as the face to face students and perform as well, and early indications are that they even perform better than the face to face students. The cost of the instructor is shared between all schools. The success of this pilot, along with the lessons learned, has opened the door to more hard to deliver CTE courses. We have an RFP out right now that is asking for a proposal to distance deliver either Auto Technology or Construction Technology in the same hands-on approach with remote schools.

2013 - 2015 spending compared to appropriations

The blue sheet shows the current amount spent in our budget as of December 31st. We are on track to expend all funds. If there are any general fund dollars unspent at the end of the biennium we send them out to schools on a prorated basis.

Potential changes to Federal Funding

We anticipate no changes to our federal funding. We are a minimum funded state so even if there are budget adjustments at the federal level we are already at the funding floor of \$8.5 million for the biennium.

2015-2017 Requested Budget

This brings us to our budget request for the new biennium. I want to preface our budget requests by providing you some information on what CTE is doing, how we have impacted education in general and students in particular, what our future directions are and how those directions tie into our budget request.

This editorial cartoon appeared in the Fargo Forum. The podium states “F-M Area Economic Outlook”, you could easily change that to “ND Economic Outlook”. We

not only have the elephant – the need for a trained workforce - in the room but we also have the 800 lb. gorilla - the shortage of trained workforce - on its back. As a state we need to address the workforce infrastructure and I believe that the best resource is through CTE.

Let's take a look at ND workforce and the most recent Job Service ND data. What are average wages, what is the makeup of jobs by level of education, and where is the projected demand for the next 10 years? This graph, you have a copy of the graphs in your packet, shows the average wages by education level. As a note, these wages reflect a 40 hour week, no overtime. If overtime would be included it would be a very different picture indeed. As a parent, an educator, or a counselor, you naturally look at the red and yellow bar ...that's where the higher wages are, that's where the jobs are and that is where you need to aspire to.

Now look at the pie graph, the red slice – 3.2% of the current jobs in ND are aligned with a Masters or above, the yellow slice - 14.1% are aligned with a bachelor's degree. All the rest, 82.6% are aligned with an associate's degree or less. While the wages point to bachelor degrees and above, that is not where the jobs are. They encompass a little less than 18% of the jobs in the state. This distribution is typical of the labor force across the country. We definitely want to build and empower students with the ability to learn, they will need to do that throughout their career, but we also want students who have the opportunity and are able to earn so they can become part of our economy in the state. The cost of higher education, the staggering student loan debt and the availability of jobs must all play into what we tell our young people as they make educational and career decisions.

This 80% of the labor force, the two year degrees or less, traditionally is where we find small business owners; people who have taken their craft and created a business, hired employees, and provide services to their community. These small businesses are the majority of businesses in this country and this is where CTE has a big impact. We should not discourage students from seeking further education but we also need to provide them the resources ...the career planning, the access to education and training that they need to be successful in our economy. I believe that CTE is that resource and students across the state should have even better access to CTE then they have now. Our budget request will help increase the access to and elevate the awareness of the opportunities that exist in the vast majority of occupations in our state.

This also brings up the opportunity for me to talk about RUPrepareND.com. It is a world class online career planning delivery system that is available to all students and parents in the state. Through RUPrepareND students can discover their strengths and interests, create an electronic plan of study that will not only help a student plan the courses they should take, it will also track their progress towards the ND Scholarship. They can research financial aid and postsecondary education options. It has a powerful ACT preparation software package called TestGear that will assist a student in getting ready for the ACT test. It has resume writing and job interview preparation tools. Through a partnership with the Bank of ND they provide the statewide funding and we provide the management and training through our Career Resource Network which has trainers in the four quadrants of the state that work directly with teachers and schools in implementing RUPrepareND in their school.

The Department of Career and Technical Education continues to perform and provide the needed resources to schools across the state. Our funding model helps to build quality into the programs by requiring all programs to have a local advisory committee with business involvement, all programs must follow industry or national standards, teach a sequence of courses in a pathway, have a student leadership component – a student organization, and the facilities must match up with the content and enrollment of the class.

So let me show you some numbers, starting with the performance of CTE students in ND, specifically students who are CTE Concentrators, those who take two or more credits in a single CTE program area.

We just submitted our annual federal accountability report on December 31st to the US Dept. of Education for this past school year and I am pleased to say that we met all of our 14 federal performance measures. There is a green handout showing both the secondary and postsecondary measures, which I will briefly review.

On the back side are the numbers of students. There were 20,019 students in grades 9 – 12 and 9,319 postsecondary students enrolled in CTE. At the bottom of the sheet is the listing of concentrators and the program cluster area that they enrolled in.

To put it into perspective, the next handout “Performance of CTE Concentrators” has three years of secondary performance data that compares secondary CTE concentrators to all students statewide. It shows that CTE concentrators consistently performed at a higher proficiency level than students statewide in the math and language arts State Assessment. It also shows that CTE concentrators graduate from high school at a higher rate, 94.8% compared to 87.2% of all students statewide.

CTE Concentrator Performance Measures			
Measure	CTE Actual	Statewide	Difference
Reading / LA	87.23%	66.3%	+20.9%
Math	86.16%	58.4%	+27.8%
Graduation Rate	94.8%	87.2%	+7.6%%
Graduation Rate Native American	83.3%	61.4%	+21.9%

That tells me that CTE is a powerful strategy that also keeps students in school and is linked to higher performance in key academic areas. CTE courses engage students in their learning, helping them see why they have to learn something that maybe in the past they couldn't make the connection to the real world. It helped to put it into context. Native American students show even higher gains and graduate at a higher rate over their peers if they are CTE concentrators.

On the back side of that handout are the past three years' numbers of secondary students. While the number of participants in CTE has declined slightly over the past three years, the number of concentrators in CTE, those students who have taken two or more credits in a single program area, has increased significantly. It is 14,049 up from 11,394 from three years ago. This increase is due to a combination of more and better career planning efforts and the ND CTE Scholarship that requires four credits in CTE, of which two must be in a concentration or "Coordinated Plan of Study". Students are planning and making choices that fit career goals which creates eligibility for the ND Career and Technical Education Scholarship of which there were 614 this past year, which is up from 518 two years ago. 40% of the ND Scholarships this past year were CTE Scholarships.

Current Biennium Funding (Yellow Handout)

If we look back to the yellow budget sheet, it shows our current budget and our requested budget as well as the Executive Recommendation.

As I pointed out earlier, our 2013-2015 base budget is the first column on the top half of the yellow handout. It lists our salaries, operating, and grants to schools along with specific line item grants for Adult Farm Management, Workforce Training, and Postsecondary Grants.

The Salaries and Operating lines are the first two; the Grants line is next at \$30,763,689, which represents both state and federal funding. Two separate one-time funds have been removed from that line and they are listed at the bottom of the page, \$250,000 for the IT/Autism grant and \$160,000 for the ND STEM Network

State "Grant" funds go to schools and Area Centers on a reimbursement basis, based on a portion of the local costs of the CTE programs that they offer, while federal "Grant" funding is allocated to schools, based on Title I census data, and two year colleges based on the number of Pell Grants. To give you a perspective in how secondary schools use their federal funding; 58% use their federal funds to purchase equipment and about 28% for salaries with the balance for professional development. The state funding is both an incentive for schools to offer quality CTE programming and helps to offset the higher cost of operating a CTE program.

As a school, if you have an approved CTE program we will reimburse your school based on the salary of your CTE instructor. For all schools that rate is 27% except for Family and Consumer Sciences which is at 17%. Part of our request, which I will get to later, is to raise the FACS rate to equal all other programs. At Area Centers the rate is

40% of all approved programs and costs. Area Centers are funded at a higher rate to incentivize cooperation between schools which means more access to more programs that a school is not able to provide on their own.

The Grant funds also provide incentives to schools who offer CTE programs, either through interactive video (ITV) or online, to their neighbor school down the road or across the state. We provide an additional 4% for each school that they send their CTE program to. Through these incentives the accessibility of CTE courses has increased. In the 2013-14 school year there were 78 schools participating in 31 different CTE courses delivered through interactive video (ITV) and 63 schools participating in 28 different online CTE courses, serving a total enrollment of 941 students. While these are good numbers there is still access and availability problems in many local schools to offer a variety of CTE programs. Students must take four CTE credits and two or more credits in a single area of interest to qualify for the ND CTE Scholarship. We want to expand the offerings a student has available. As a state we require students, before they leave the eighth grade to make a four year education plan based on their goals and interests but, if as a state, we cannot make those classes of interest available, we are missing a great opportunity for student learning and student engagement. To get an idea of the courses offered there is a purple handout in your materials that lists all the CTE courses.

The next line item is \$749,802 for Farm Management. We have 14 programs across the state that work with farmers and ranchers to provide them the education they need to better manage their operations. As a part of this program a statewide analysis of their records is completed that provides insight not only for the individual farmers and

ranchers in the program but also for statewide use on the profitability of farm and ranch operations.

The Workforce Training line contains \$3 million in funding for the Workforce Training regions, known as TrainND. It is allocated to the two-year campuses in each of the four regions based on the number of employees in the region. \$1 million of one time matching funds for equipment has been removed from the base and is listed at the bottom of the page. There is a representative from the Workforce Training Regions here to update you on their activities.

The final line item in that first column is Postsecondary Grants; these funds are equally split between each of the five community colleges for help in starting new CTE programs and providing instructor training and mentoring to new CTE instructors coming directly out of industry.

To complete that column, under "Funding Source" it shows our source of funding is about a 75% state and 25% federal funding split.

Executive Budget Recommendations

The second column reflects the Executive Budget Recommendations. I will bypass the general salary recommendation other than to say that state employees are your most valuable asset. I do want to discuss a part of the salary funding in the Executive Recommendation that is for our agency. Included in the Executive recommendation is \$209,202 in market equity adjustments to 15 of our program staff. We have a very difficult time filling our vacant position due to low salary. This year I had four offers for employment eventually refused because of salary, not to even mention the number that did not apply because of salary posted for the position. It is very hard for us to compete

for teachers or administrators with the amount of experience we are looking for, whether it is a teacher's nine month contract or a higher administrator's salary. This additional salary funding would bring their compa-ratio up to 98% - which is the state average. The ratio currently is at 86%, if the base salary package were approved it would move the ratio to 90%. This additional funding would bring it up to 98%.

Next is the Grants line reflecting a recommendation of \$4,579,564. The breakdown is in the bottom half of the sheet and it includes \$500,000 for cost to continue the Cass County ACTC which receives funding for one year of this current biennium; \$2,000,000 to increase reimbursement rates to schools including equalizing Family and Consumer Sciences to the same rate level as all other programs; \$700,000 for New and Expanding Programs, \$1,500,000 of one-time matching funds for equipment; the reduction of \$250,000 of one-time funds from last biennium for the Autism/IT grant; and, a budget adjustment reduction of \$10,436. To complete the \$4,579,564 figure we need to go to the Postsecondary line and add back in the \$140,000 reduction and reduce the base level in that line to \$707,452. It took longer to figure out what was done in the bill draft and how to come up with the correct numbers then it did to explain it to you now, but I will answer any questions you have about it.

Continuing down that column the Adult Farm Business Management shows a \$50,000 reduction. It actually is a reduction in Special Funds and we have not had those Special Funds for a number of years. This does not reduce any funding to the FBM, this simply is a request to get rid of excess appropriation in our Special Funds line.

The next line is Workforce Training; the Executive recommendation includes a \$1,000,000 increase, half to go towards cost to continue for operations and the other half

to be divided equally between the four Workforce Training sites for program development – equipment and software.

The last line is the \$140,000 of one-time funds that is being removed that provided startup funding for the ND STEM Network. The STEM Network has been established, they have a board representing all regions and education levels of the state, they put together a statewide teacher's conference last spring and have one scheduled for this spring, and they are in the process of raising funds from the private sector to continue the Network.

Agency Budget Increase Requests

The third column is our Optional Requests. The gold stapled handout outlines our Optional Budget requests. The front page is our priority listing and offers a brief explanation of each request. These requests total \$14,770,000. The attached pages provide backup information for our first priority. Let me work through them with you.

Traditionally CTE programs are higher cost and they are elective courses which suffer more when overall school funds are limited. Our number one priority is to increase reimbursement rates to schools, back to 1984 levels. Our current reimbursement rates are 27% for schools and 40% for Area Centers; in 1984 they were 40% and 50% respectively. The back side of the priority listing is a handout showing the downward progression of our reimbursement rates which in turn means that the local schools have had to pick up a greater share of the costs. You can see through the lean years of the late 1980's through to the early 2000's our rates to schools took a tumble. Starting in 2007 they have rebounded a little. This request of \$8.5 million would bring us back to those earlier levels. The next attached handout shows you exactly, by program area, the impact

of going back to the 40% and 50% funding that was in 1984. If you look at the fourth grouping from the top you will see FCS – Family and Consumer Sciences and looking to the far right hand column it would cost \$987,982 per year to bring that program up from 17% current funding to 40%. The back side of that sheet outlines a number of funding scenarios, essentially what a certain funding level would mean in terms of a rate increase. At the Governor's recommended \$2 million, it would provide a 1% increase to both rates and increase FACS to equal those rates as well as fund additional Business Education courses not currently funded. At \$3,000,000 the rates would increase to 3% at school districts and 2% at Area Centers and so on.

While increasing reimbursement rates to schools is a huge part of our request we also requested, and the Governor included in his budget, \$700,000 for new and expanding programs. This is our second funding priority and is listed on the bottom half of the yellow budget sheet. We are constantly receiving requests to start new programs; this past biennium we approved \$710,000 of new and expanding program requests.

Next on our priority list is a request for one-time funding for CTE equipment in schools and Area Centers. We asked for \$3.5 million and the Executive budget included \$1.5 million. We asked that these funds be matching funds 75% state and 25% local. The Executive budget recommended a 50% split. While it is important for schools to have skin in the game when it comes to equipment, they have to come up with the local match from funds that they do not receive from us, no state CTE or Federal Perkins dollars could be used as match. That's why we think that the 25% match is a good number. 35% of this funding would be made available to two year campuses. The funds could be used for classroom or shop equipment other than computer labs.

The next line item in the Optional Request column is \$2 million for Workforce Training. The Governor included \$1 million in his Executive Recommendation of the \$2 million original request. There is a representative from TrainND here that will discuss the program and explain their needs with you.

Lastly at the bottom of the column the Executive Recommendation removed a half FTE and rolled the funding into a vacant Administrative Assistant position with the hope of having enough funding to fill that position at a higher program level to provide additional staffing in the expanding STEM fields.

Mr. Chairman and members of the committee I would ask that you consider additional funding for our top priority, increasing our reimbursement rates, to help bring the state share of funding CTE programming back up to a level where it was in 1984, to fund the executive recommendation of \$500,000 for the second year of biennium for the Cass County ACTC and the \$700,000 for new and expanding programs. To approve and enhance the \$1.5 million in one-time equipment matching funds at a 25% matching level. And finally consider increasing the Executive recommendation for the Workforce Training regions to the original request of \$2 million.

I hope I have made the case on the need to enhance and provide greater access to CTE programming. CTE programs are traditionally high cost for schools to operate – more equipment, larger facilities, smaller teacher to student ratios, and they are elective which make them more vulnerable to being cut in tight budget times. The benefit of CTE programming is that it keeps students engaged in their learning, they perform better, for some it keeps them in school, and provides a foundation for their future career and educational goals.

The challenge our agency faces is how do we help schools provide these CTE opportunities to all students? The funding request in this budget will enable local schools and Area Centers to create more access to CTE programming. Because we fund only a percentage of the costs of a CTE program, local schools make a commitment with their limited resources also. This funding will make some of those difficult decisions that schools face in terms of programming, easier.

We believe by making more CTE programming available to more students all across the state, our students are building the academic and technical skills as well as the career skills to be successful in life and in their career, which I hope is in our state. I believe that the budget request before you will help us get there.

And finally I would be remiss if I didn't say that CTE is not just about technical skills like welding or marketing or nursing, it is a method of teaching that brings the real world experiences, relevance, and relationships into the classroom and labs. One of the most powerful elements of a CTE program is the relationships which are developed through student organizations. Career and Technical Student Organizations (CTSOs) focus on the Career Readiness Skills – the leadership, teamwork, communication, responsibility, and community involvement skills as well as technical skill development, which are all needed for a student to be successful in their career. Students learn better by doing and it is through CTSOs that students not only learn about the career skills, but they practice and develop them.

Mr. Chairman, thank you for the opportunity to talk about CTE and I would be glad to answer any questions that you may have.

Attachment #2
HB 1019
1/12/15

HB1019
Appropriations, Education & Environment Division
Monday, January 12th, 2015

Good morning, Chairman Monson and Members of the Committee. I'm Kraig Steinhoff Assistant Director of the Southeast Region Career & Technology Center. SRCTC is a regional Career/Tech. Ed. Center with campuses in Oakes & Wahpeton and this year we are serving over 1,200 students. The geographic area we cover is approximately 4,000 square miles and our North Dakota member school districts include Wahpeton, Fairmount, Hankinson, Lidgerwood, Colfax, Wyndmere, Sgt. Central in Forman, Lisbon, Oakes, and Ellendale. Additionally, I'm representing the North Dakota Association for Career and Technical Education where I serve as our Associations Executive Director. NDACTE is an association of nearly 500 Career/Tech. teachers, school counselors, and administrators. I also am here before you today, as a parent of four young children, an educator and citizen of North Dakota.

The budget requests as outlined by our State Director, Mr. Wayne Kutzer, are not extravagant or frivolous, but are truly reflective of the needs of our locals school districts, our CTE Centers, and most importantly our students. I think most would agree that in North Dakota Career and Technical Education at the State Agency level and at the local school level has been very true to our roots by being practical and pragmatic in what we do, the equipment we purchase for our classrooms, and in the delivery of our CTE Programs.

We believe that now is a critical time for our State to re-invest in Career and Technical Education to help provide the trained workforce we need to continue to move our state forward. The vast majority of our students are going on to further education continuing their CTE Education at our states colleges and universities in high demand fields. That being said there are also students who take programs like Construction Trades, Mechanics, Welding, and Culinary Arts and go directly into the workforce. In both instances, without a high quality CTE experience in High School, many of our students would drift through a variety of post high school experiences, racking up un-needed college debt in programs they fall out of favor with, or working in low wage, limited need

jobs. CTE truly helps students focus on both their long term career goals as well as providing direction for post high experiences at our state's colleges.

Specifically Mr. Kutzer highlighted two critical areas of need that will have an immediate impact on the students and communities of Southeast North Dakota as well as our entire state. Dollars for equipment purchases and an effort to return the grant aid to schools to a level that was appropriate in the 1980's is even more appropriate today. If we hope to be able to attract and retain quality teachers in fields that directly compete with the private sector such as welders, automotive technicians, construction supervisors, or health care professionals we need to bring the level of state support for CTE back to where it was nearly 30 years ago. The North Dakota Legislature has done a fantastic job of increasing the state aid to schools in the area of general education and special education and now is the time to help our schools, our students, our teachers, and the business and industries we serve by providing the resources we need to return to adequacy in funding for Career and Technical Education Programs. Mr. Kutzer has proposed equipment dollars on a funds matching basis from local schools and CTE Centers. I think this is a great idea as it helps stretch local dollars, helps insure real need, and increases overall accountability. At SRCTC we have some pretty nice welding labs in Oakes, Lisbon, Wahpeton, and Wyndmere where students learn a variety of welding skills. Many of our students use this education and training to secure summer employment such as vacation replacements at Bobcat, advance their skills before going to NDSCS, or going directly to work in manufacturing. However keeping up with equipment purchase in this area alone is very expensive. We really need your help. As an educator, one thing I am positive about, if we don't offer quality CTE experiences from both the equipment and training side as well as a quality teaching side for students in high school, the chance of them pursuing one of the many high skill, high demand, high wage CTE careers in the future is extremely limited. We need to help our state develop the workforce to fill the 20 to 30 thousand jobs we have open today and for the foreseeable future.

I'd be happy to answer any questions you have Mr. Chairman, or members of your committee might have.

Attachment #3
HB 1019
1/12/15

**House Appropriations
Education & Environment Division**

Testimony on HB1019

**Christa Brodina, CTE Director at The Lake Area Career and Technology Center
Monday, January 12, 2015**

Good morning, Chairman Monson and Members of the Committee. I am Christa Brodina CTE Director of the Lake Area Career and Technology Center in Devils Lake. LACTC is a regional career and technology center that serves students in Devils Lake, Minnewuakan, and The North Dakota School for the Deaf. Additionally, I'm representing the North Dakota Association of Career and Technical Administrators, where I am serving as the current President. Our association represents anybody whose responsibility is the administration and supervision of Career & Technical education in any public school system, comprehensive high school or career center, area Career & Technical school, community college and career department heads in a college or university, or non-profit private career school. I am also here before you, as a mother of four young children who will grow up and be educated in this great state.

At the Lake Area Career and Technology Center we offer over 12 different program areas that prepare our students for their future. Our newest program is Project Lead The Way or PLTW. This STEM program is preparing students to become engineers. Students are actively engaged in a rigorous curriculum of science, technology, engineering, and mathematics. At Central Middle School in Devils Lake, every 7th and 8th grade student is also taking at least a 9 week class of PLTW each year. At the Center we are the only national pilot school offering this course through distance education using the ITV system to 6 students in Maddock, ND. Last year the Vice President of PLTW flew into North Dakota to see how we deliver distance education. He was blown away at the systems we have in place in North Dakota. He had never before seen a classroom that had ITV equipment with cameras, microphones, TVs, and document cameras. He was amazed how the instructor is in one location and students are many miles away learning the exact same way as a child sitting in that instructor's physical classroom. After his visit he approved us to teach PLTW through distance education. Once again we are the envy of schools across the country for this wonderful opportunity. We would not have been able to provide the PLTW program without the help of the Succeed 2020 Grant from the Hess Oil Corporation that our REA, NESC received. This program requires a lot of equipment, computers, robotics kits, and 3-D printer to just name a few. This equipment and teacher training is very expensive. Without this grant we would not have been able to provide this opportunity for our students. We truly believe in this program as a way to enhance our students learning opportunities to prepare them to become the next generation of workers and contributors to industry. Devils Lake Public Schools has also purchased PLTW modules for our elementary schools. They will be starting this program in the coming weeks. We are now looking at ways to sustain these programs at LACTC and Central Middle School as the grant runs out in 2 years. Increased funding for Career and Technical Education would help make this possible to sustain this program and many others. Mr. Kutzer has already discussed the proposed funding increase for CTE. Here is one great example of how the funding increase will impact our students in North Dakota.

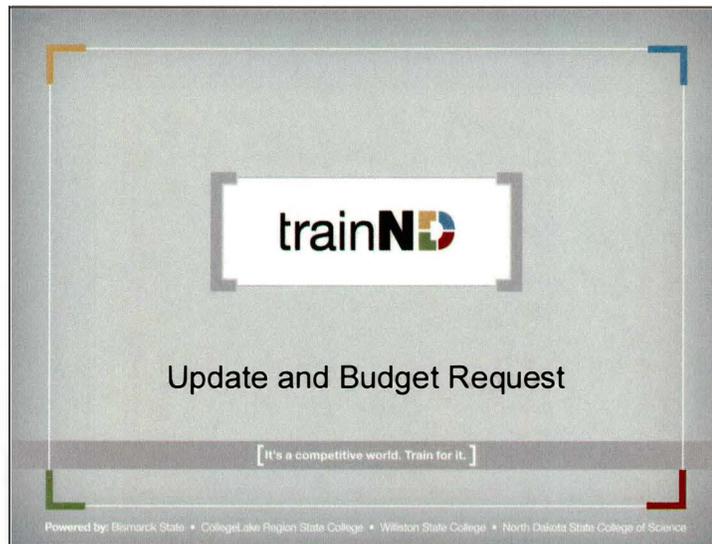
One of our greatest challenges at the Center is staying current with industry trends. We all know that technology is changing on a daily basis. Currently all of our program areas rely on Carl Perkins funding to help purchase equipment. Every year we have to prioritize what equipment we are going to purchase. Unfortunately we can't meet all of our teacher's requests. Mr. Kutzer has proposed equipment dollars on a funds matching basis from local schools and CTE Centers. This opportunity would help take the pressure off our Perkins funding and assist our Center stay current with industry standards.

Career and Technical Education is a vital part of a student's education in any North Dakota school. I ask you today to help support us financially so we can continue to educate and train the next generation of workforce.

Mr. Chairman I would like to Thank You and your committee for this opportunity to speak today. I would be happy answer any questions that you or your committee might have.

2015 Education and Environment Budget Committee
January 12, 2015 10:30 AM - Roughrider Room
Support of HB 1019 - Career & Technical Education

Attachment #4
HB 1019
1/12/15



Good Morning, Chairman Monson and members of the Education and Environment Budget committee. My name is Carla Hixson; I am the Associate Vice President for Continuing Education, Training and Innovation for Bismarck State College which spearheads TrainND for the Southwest region of the state. This year I am serving as the statewide TrainND Chair.

I also serve as a Board of Director on the National Council for Continuing Education and Training. In January 2014, the board had an independent firm survey the American Council of Community Colleges continuing education departments. The survey information reiterates that the state of ND with the TrainND system is in line with national trends.

55% of the community colleges responding indicated that they receive state funding or reimbursement for their contract training efforts

72% of the community colleges responding indicated that they are self-sustaining with businesses who use the training pay for the training

One additional observation is that the larger the department based on participants served, the more likely they were to receive state reimbursement

I want to thank you personally for the past support that the state has given for TrainND through the Career and Technical Education budget. It is with your vision and leadership that TrainND is in line with the statistics just mentioned and follows the states that are most successful in serving the training needs of business and industry.

Workforce Training “TrainND” Defined

- Training which is oriented toward serving the training needs of business and industry.
- Business and industry driven often involves customized and contracted training

trainND

For clarification purposes, Workforce Training – TrainND -is defined as training which is oriented toward serving the training needs of business and industry. It is business and industry driven and often involves customized or contract training

“Workforce Development” Defined

- Refers to education or training oriented toward meeting the education and training needs of individuals
- Includes K-12, higher education, continuing education and life-long learning
- Open enrollment vs contracted

trainND

In contrast, “workforce development” refers to education or training oriented toward meeting the education and training needs of individuals including K-12, higher education, continuing education and life-long learning.

TrainND has had some mission creep into not for credit open enrollment offerings for individuals. This is due to business and industry driven requests for the educational offerings. The main areas where this has happened include Certified Nursing Assistant (CNA) programs across the state, Commercial Driver’s License (CDL) and OSHA training.

History

Key Components:

1. Designated Regions & Primary Responsibility
 - Bismarck State College
 - Lake Region State College
 - North Dakota State College of Science
 - Williston State College
2. Establishment of local advisory boards
3. Financial support from state, colleges, and business
4. Development of collaborative relationships

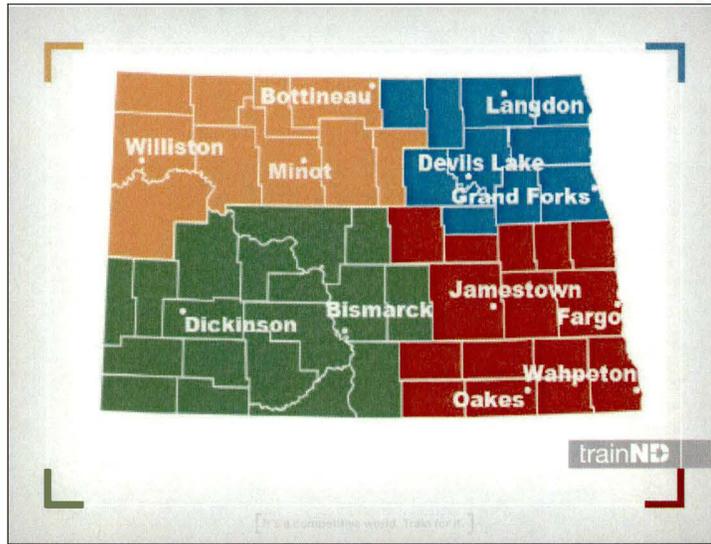
trainND

TrainND is the state's most comprehensive and inclusive training network. Our training services for business and industry help North Dakota businesses compete on a global level and are tailored to capitalize on growth potential.

TrainND resulted from a 31-member statewide task force on workforce development and training formed in 1998 to research best practices in other states and to design a more effective workforce training system in North Dakota. This initiative was coordinated by the Greater North Dakota Chamber of Commerce and resulted into legislation during the 1999 session. The primary purpose of the legislation was to develop a world class workforce training system in North Dakota.

The key components enacted include:

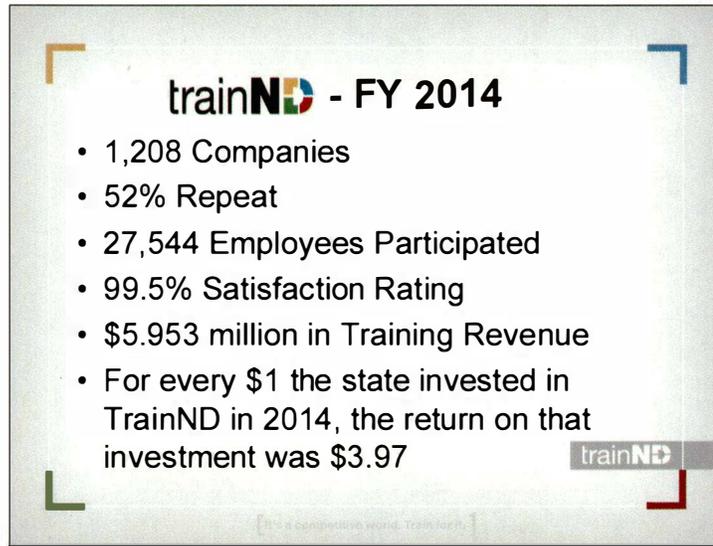
- 1) Establishment of four service regions within the state with designation of workforce training to four 2-year colleges in the North Dakota University System. The colleges are Lake Region State College, Williston State College, North Dakota State College of Science and Bismarck State College.
- 2) Establishment of local advisory boards.
- 3) Financial support from state funds, institution support, and training fees.
- 4) Development of collaborative relationships.



This Slide shows a visual of the 4 regions within the state. The TrainND regions follow state planning regions, each region is depicted in a different color



TrainND Statistics since inception have recognized the following results:
 22,200 Businesses Served
 202,300 Participants attended training
 2,784,000 Contact Hours
 98.9% Client Satisfaction Rating



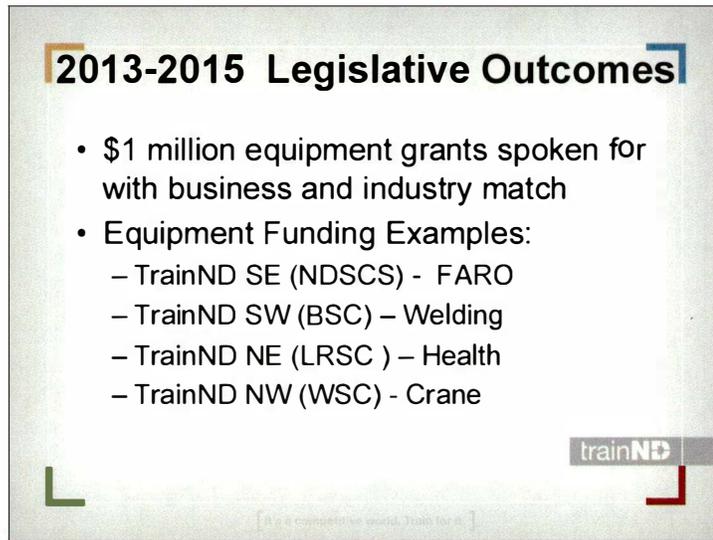
trainND - FY 2014

- 1,208 Companies
- 52% Repeat
- 27,544 Employees Participated
- 99.5% Satisfaction Rating
- \$5.953 million in Training Revenue
- For every \$1 the state invested in TrainND in 2014, the return on that investment was \$3.97

trainND

In a competitive world, Train for it.

More recently, in FY 2014, TrainND served
 1,208 Companies
 52% of the companies served in FY 2013 came back for more training in FY 2014
 27,544 Employees Participated
 99.5% Satisfaction Rating
 \$5.953 million in Training Revenue
 For every \$1 the state invested in TrainND in 2014, the return on that investment was \$3.97



2013-2015 Legislative Outcomes

- \$1 million equipment grants spoken for with business and industry match
- Equipment Funding Examples:
 - TrainND SE (NDSCS) - FARO
 - TrainND SW (BSC) – Welding
 - TrainND NE (LRSC) – Health
 - TrainND NW (WSC) - Crane

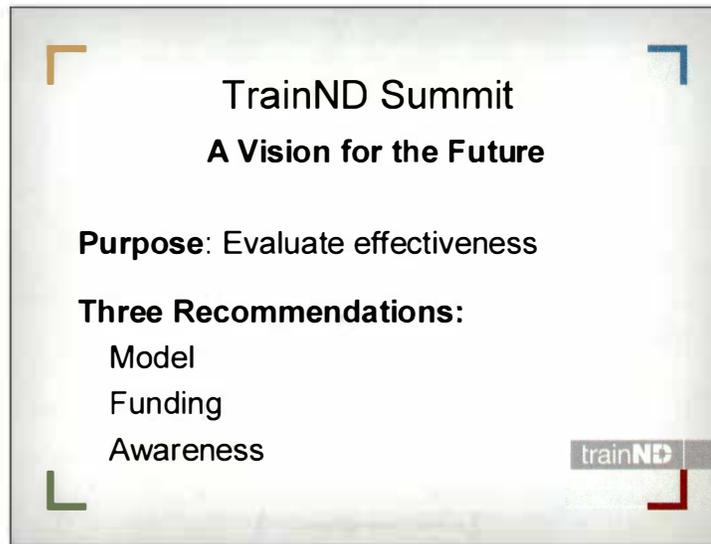
trainND

In a competitive world, Train for it.

In 2013, SB 2019 included a onetime funding allocation for workforce training in the sum of \$1 million from the general fund for workforce training grants to TrainND for the purchase of equipment specific to TrainND. As grant recipients, we were required to have matching funds from private industry equal to the state grant. Although TrainND has found it difficult to get the matching funds needed from private industry to be able to access grant money, I am happy to report that all \$1 million of the equipment grants have been spoken for. Listed is an example of some equipment funded:

- TrainND NE (LRSC) – Health Equipment
- TrainND NW (WSC) – Crane
- TrainND SE (NDSCS) - FARO

We have also provided you with a flyer highlighting the successes of TrainND.



NDUS Interim Chancellor Larry Skogen initiated a TrainND Summit on February 26, 2014 to provide a forum to evaluate the effectiveness of the current workforce training model in meeting the needs of ND businesses and industry. Chancellor Skogen indicated that the changes in North Dakota make it even more important that business and industry are confident in TrainND.

The following observations and conclusions resulted from the Summit:

- 1) The TrainND model is working.** While the TrainND model is working, it was suggested that a centralized leadership position is needed to ensure that TrainND directors get support and representation.
- 2) Additional funding is needed.** Extensive discussion took place regarding the TrainND funding model, the amount received and the need for an increase. Current funding does not allow TrainND to meet its mission of serving North Dakota businesses. Very little time is spent finding new clients due to the time needed to provide services for present clients.
- 3) Increased awareness needed.** Although TrainND is doing a good job, lack of awareness of TrainND exists outside of the businesses presently being served. Some TrainND promotion work is being done, but the regions need to work together to keep the message consistent and to reach more potential clients. Ways to increase awareness were discussed including videos on the TrainND website, face-to-face meetings instead of mailings, a better search engine, working with the Chamber of Commerce, encouraging referrals, attending trade shows and incorporating TrainND into the current Community College Awareness Initiative marketing campaign.

Summit Recommendations

TrainND model

- Continue current operational model

Funding

- Total biennium budget of \$5,000,000

Awareness

- Increase infrastructure to keep up with demand
- Add TrainND skilled personnel
- Leverage social media tools and technologies

trainND

In conclusion, the following recommendations were made:

1) Model - Continue with the current operational model

2) Funding - TrainND through Career and Technical Education budget will request an additional \$2,000,000 for a total biennium budget of \$5,000,000 to address TrainND's need to keep up with inflation and meet the growing number of businesses and industries within the state.

3) Awareness

The TrainND infrastructure has not been able to keep up with the demand in North Dakota. As current clients request deeper relationships, new businesses move into the state and are in need of TrainND services. Due to the overall lack of awareness of TrainND outside of the businesses presently being served, new businesses lack knowledge of TrainND services available to them.

Funding Request

- Current Funding Level
\$3 million biennium
- Requested Funding Level
\$5 million biennium
- Governor recommendation:
\$1 million increase biennium
 - \$500,000 inflationary adjustment
 - \$500,000 new program development divided equally

trainND

TrainND makes following Budget Request: increase the current funding level from \$3 million a biennium to \$5 million a biennium beginning FY 2016.

Justification for the request is based on increased costs to continue and statewide increased business and industry growth.

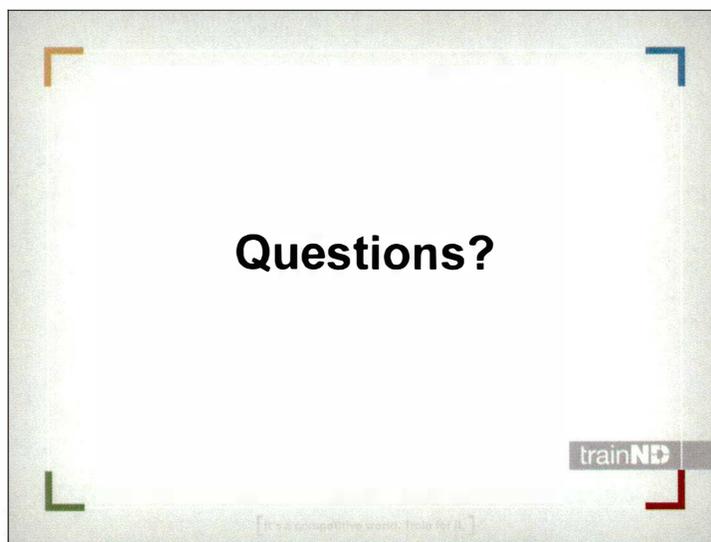
Cost to Continue: In 2007, HB 1019 increased TrainND funding to a total of \$3,000,000 of state funds for TrainND each biennium. TrainND has not received an increase in funding since; however, there has been an increase in “costs to continue” (salaries and operating expenses) expenditures. Salaries have increased by an average of 3% yearly since 2007 and benefits costs have gone up as well. This has amounted to over \$600,000 for the 2013-15 biennium in additional expenditures for TrainND to cover salaries and benefits.

There has been a 16% increase in the number of businesses in the state since 2007. To effectively create awareness to these new businesses in the state, TrainND is asking for a 16% increase which is an additional \$400,000. This brings the total “cost to continue” request to \$1 million.

Growth Issues: The boom in new businesses has also resulted in a boom for new programing needs. To keep up with new program offering requests, TrainND is requesting an additional \$1 million to be divided equally among the four regions (\$250,000 each region). This funding would be used to increase awareness of TrainND services in the state, create new programs, and purchase needed software and equipment.

This results in a request of an additional \$2 million; \$1 million to address cost to continue and \$1 million to address statewide growth issues for a total biennium budget of \$5 million.

In the Governor’s Budget, the Governor has recommended a \$1 million increase, including \$500,000 for inflationary adjustment and \$500,000 to be divided equally for new program development. For a total biennium budget of \$4 million.



In conclusion, the TrainND regions want to thank you for you continued commitment to providing this beneficial service to North Dakota businesses for the past 14 years.

Thank you for this opportunity to present information on behalf of TrainND. What, if any, questions do you have for me?

NDLA, H APP EE - Hrdlicka, Gail

From: Kutzer, Wayne L.
Sent: Monday, January 19, 2015 8:18 AM
To: NDLA, H APP EE - Hrdlicka, Gail; Monson, David C.
Subject: TrainND FY Funding Breakdown

Here is the follow-up from a question the committee had on TrainND revenues during CTE's hearing. The breakdown shows the direct training revenues, the state funds and in-kind contributions from business that support TrainND. Please let me know if you have any questions.

Wayne

Wayne Kutzer
State Director and Executive Officer
ND Department of Career and Technical Education
600 E Boulevard Ave
Bismarck ND, 58505
Ph 701-328-2259
wkutzer@nd.gov

TrainND FY Funding Breakdown

	FY 15 Funds - Est.	% FY 15 Est.	FY 14 Funds	% FY 14	FY 12 Funds	%FY 12
Direct Training Revenue	\$ 7,474,783	73%	\$ 5,975,139	68%	\$ 6,743,927	72%
State Funds	\$ 1,500,000	15%	\$ 1,500,000	17%	\$ 1,500,000	16%
In Kind Donations	\$ 1,330,419	13%	\$ 1,283,296	15%	\$ 1,114,317	12%
	\$ 10,305,202		\$ 8,758,435		\$ 9,358,244	

FY 15 is the projections that come out of TrainND business plan, TrainND will update once the year is closed out.

Please know if something else is requested.

Carla

Carla Hixson
AVP for CETI
224-5580

CETI - Developing yourself and your business beyond!

TrainND [It's a competitive world. Train for it.]

BSC Office of Innovation – *New Ideas Start Here!*



train**NE**

Attachment 4A
HB 1019
1/12/15

[It's a competitive world. Train for it.]

trainnd.com

TrainND is the state's most comprehensive and inclusive training network, strengthening and expanding business in North Dakota since 1999.

Powered by:



BACKGROUND

TrainND resulted from a statewide task force on workforce development and training coordinated by the Greater North Dakota Chamber in 1998. A recommendation was provided to the state Legislature in 1999. House Bill 1443 was passed, setting the stage for North Dakota to develop a world-class workforce training system.

WORLD CLASS TRAINING FOR A WORLD CLASS WORKFORCE

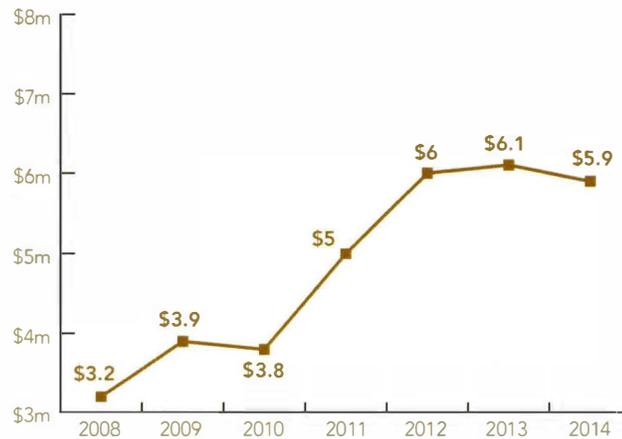
TrainND expands opportunities in North Dakota by training employees to achieve more for themselves and their employers. Four regions cooperate with four community colleges to ensure coverage for all of North Dakota's current workforce needs.

Managers, welders, IT professionals, lineworkers, drivers, frontline office staff – all types of workers benefit from TrainND's comprehensive, customized employee training. TrainND ensures North Dakota businesses maintain a well-trained workforce and stay viable and competitive locally and as part of a global economy.

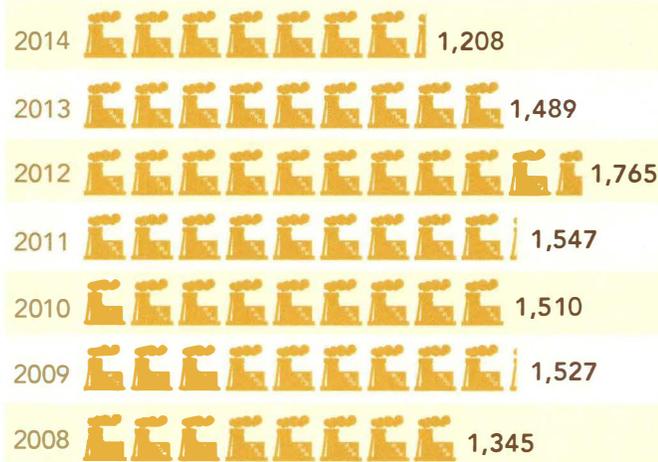
TRAINND DELIVERS

GROWING AND SUCCEEDING

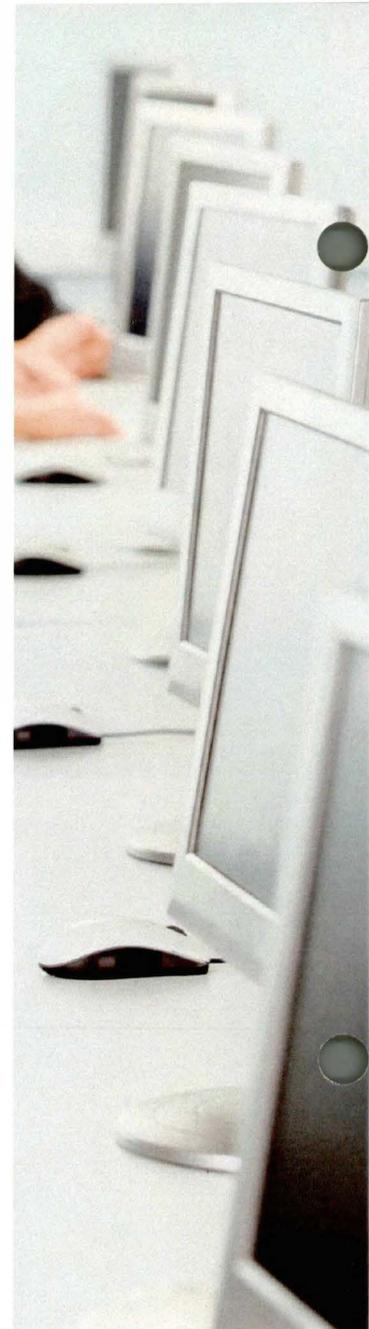
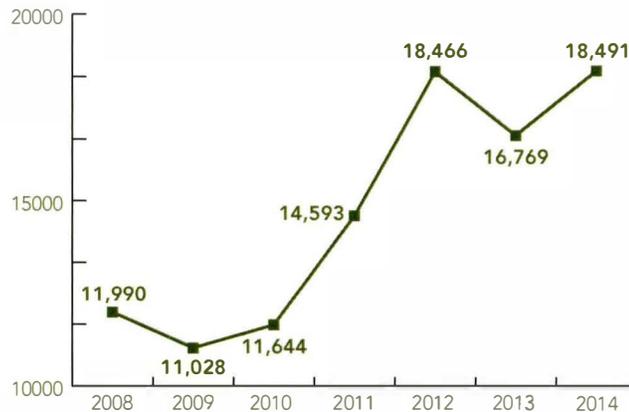
REVENUE GENERATED



COMPANIES SERVED



EMPLOYEES TRAINED



Delivered training increased steadily from 2008-2012. In 2013, energy development saw a focus on hiring rather than training. With hiring leveling off, the demand for training will increase again.

NORTH DAKOTA BUSINESS AND EMPLOYEE GROWTH

	FY 2005	FY 2013	INCREASE
ND BUSINESS	23,459	28,003	16%
ND EMPLOYEES	315,306	358,674	12%



Businesses and employees report **satisfaction** ratings of **99%**

52% of companies request **repeat or additional training** after experiencing TrainND offerings.

TESTIMONIALS

"The 360 Leader program. Was organized to teach all aspects of leadership. What a great way to reinforce leadership in all aspects of life."

Wesley Engbrecht, SW, Capital Electric Cooperative

Discovering Your Strengths. Wonderful insight and helpful information. I am hoping to use this to help coach and mentor people I work with in my job.

Sandi Wade, SW, N.D. National Guard

"We attended a two-day Effective Presentations class presented by TrainND Northeast. Due to the skills we developed in the session, I am pleased that my staff provided a conducive learning environment for over 200 customers. We received compliments on the training and our delivery. Thank you for helping take my team to the next level."

*Travis Kiesel, NE, Integrated Solutions Manager
True North Equipment*

"We worked with TrainND Northeast to set up a welding training for one of our county's employers earlier this year. The staff was wonderful to work with, answered any question, and responded quickly when we needed to make changes. They worked directly with the employer to customize the training to their exact needs, and as a result, those who attended the training were very pleased with their new knowledge. We plan to use TrainND again in the near future.

*Shannon Duerr, NE, Executive Director
Cavalier County JDA*

"We at SM Energy felt the service you provided to us was extremely easy and handled very professionally, and we plan on using TrainND – Northwest in the future."

Lester O. Rholdt, NW, SM Energy

"Very knowledgeable trainers, great support from the sales team."

Travis Tody, NW, Weatherford TRS

"An incredible teacher, he knows his stuff and covered a ton of information in an efficient way. I wired homes for a year and I have a four-year degree in electronics. In these two days, I expected to learn nothing about electricity and I am completely wrong. I found out that there is so much more that I should know."

John Howard, SE, Tecton Products LLC

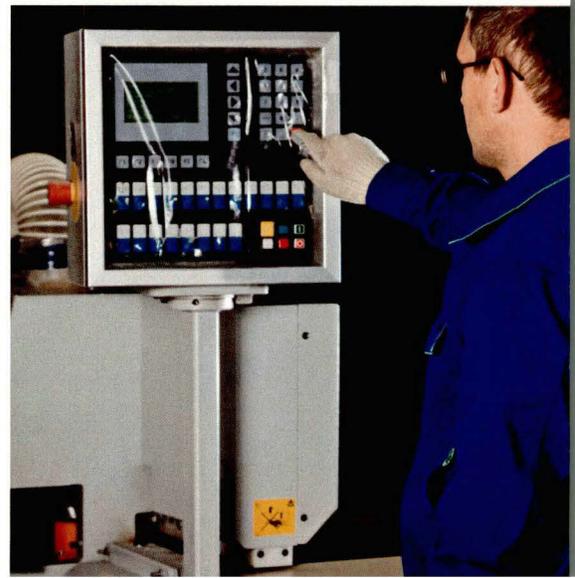
"I enjoyed the presentation. This will definitely help jump-start formalizing our drawing standards"

Anderson Industries, SE



PARTNERSHIPS

North Dakota business and industry has an edge on the rest of the world. Our work ethic is strong and so is the training provided to our workers. This success is due in large part to the interactive partnerships, advisory board guidance, legislative vision and community college support dedicated to TrainND.



TIME TO BUILD

In 1999, the North Dakota Legislature wisely established a training infrastructure to strengthen North Dakota's business climate. The comprehensive, customized employee training that resulted is vital to the health of North Dakota's economy.

Well-trained employees are more satisfied in their work and workplaces are more productive. We know that

the companies served by TrainND are highly satisfied. And yet, TrainND currently serves 3.85 percent of the business population in the state.

TrainND base funding has remained at \$3 million since 2007, even though salaries, benefits and operating costs have risen.

It's time to catch up with demand and opportunity.

It's time to make sure the hardest working place in the nation is the best trained as well.

TRAINND'S 2015-17 LEGISLATIVE REQUEST

TrainND has requested an additional \$2 million. These funds provide \$600,000 for salaries "cost to continue" and \$400,000 to raise awareness with the large number of new businesses in the state since 2007 (16% increase). The request also includes \$1 million, divided equally among the four regions, to develop new programming, purchase related software/equipment and increase awareness of TrainND services.

\$4 million + **\$1 million** = **\$5 million**
for operating for equipment total

[It's a competitive world. Train for it.]

The governor has recommended \$1 million, including \$500,000 inflationary adjustment and \$500,000 divided equally for new program development.



HELP WANTED

Additional TrainND skilled personnel needed to design training programs for individual business needs, extend training services to more communities and businesses statewide, leverage social media technology, and obtain equipment and software necessary to provide highly effective training.

Requirements: *Increased legislative funding*



**NORTH DAKOTA STATE BOARD FOR
CAREER AND TECHNICAL EDUCATION**

State Capitol, 15th Floor - 600 E Boulevard Ave, Dept 270
Bismarck ND 58505-0610
701-328-3180

EMAIL: cte@nd.gov

WEBSITE: www.nd.gov/cte

Attachment 4B
HB1019
1/12/15

Dr. Brian Duchscherer, Chair.....Carrington

Carrington Public School

PO Box 48

Carrington ND 58421

701-652-3136 email: brian.duchscherer@sendit.nodak.edu

Ms. Debby Marshall, Vice Chair.....Towner

PO Box 270

Towner, ND 58788

701-537-5414

701-537-3195 (cell) email: debby.marshall@sendit.nodak.edu

Ms. Kirsten Baesler, Member.....Bismarck

Superintendent, Department of Public Instruction

600 E Boulevard Ave., 11th Floor

Bismarck ND 58505

701-328-4572

email: kbaesler@nd.gov

Ms. Cheri Giesen Member.....Bismarck

Executive Director, Job Service North Dakota

1000 E Divide Ave, PO Box 5507

Bismarck ND 58506-5507

701-328-2836

email: cgiesen@nd.gov

Mr. Jeff Lind, Member.....Mandan

901 Division St NW

Mandan ND 58554

701-751-6500

email: jeff.lind@msd1.org

Ms. Sonia Meehl, Member.....Oakes

11103 85th St SE

Oakes ND 58474

701-753-7431

email: lsmeehl@drtel.net

Ms. Val Moritz, Member.....Valley City

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Valley City ND 58072

701-845-2769

email: moritzval@hotmail.com

Mr. David Richter, Member.....Williston

Director, GNWEC REA

PO Box 1964

Williston, ND 58802-1964

701-774-4263

email: david.w.richter@sendit.nodak.edu

Dr. Larry Skogen, Member.....Bismarck

Interim Chancellor, ND University System

600 E Boulevard Ave., 10th Floor

Bismarck ND 58505-0230

701-328-2974

email: larry.skogen@ndus.edu

CTE Program Areas

Agriculture Education
Business and Office Technology
Career Development
Career Resource Network
Family and Consumer Sciences
Information Technology
Marketing Education
Special Populations
Technology and Engineering Education
Trade, Technical and Health Sciences (T&I)

Auto Collision	Electronics
Auto Technology	Facilities Maintenance
Aviation	Graphic Arts
Commercial Art	Health Sciences
Construction Tech	Machine Tooling
Culinary Arts	Oil Production Technology
Diesel Technology	Recreational Engines
Drafting	Welding Technology

**State Board for Career and Technical Education
2015-2017 Biennium Budget**

	2013-2015 Base	Executive Recommendation	Optional Request**	2015-2017 Executive Recommended Budget
LINE ITEMS				
Salaries and Wages	4,766,420	722,699		5,489,119
Operating Expenses	1,253,339		-	1,253,339
Grants	30,763,698	4,579,564	12,770,000	35,343,262
Adult Farm Management	749,802	(50,000)	-	699,802
Workforce Training	3,000,000	1,000,000	2,000,000	4,000,000
Postsecondary Grants	847,452	(140,000)	-	707,452
Total Line Items	41,380,711	6,112,263	14,770,000	47,492,974
FUNDING SOURCE				
General Fund	31,092,916	6,702,170	14,770,000	37,795,086
Special Funds	454,974	(300,000)		154,974
Federal Funds	9,832,821	(289,907)		9,542,914
Total Funding Source	41,380,711	6,112,263	14,770,000	47,492,974
FTE	27.0	(0.5)		26.5

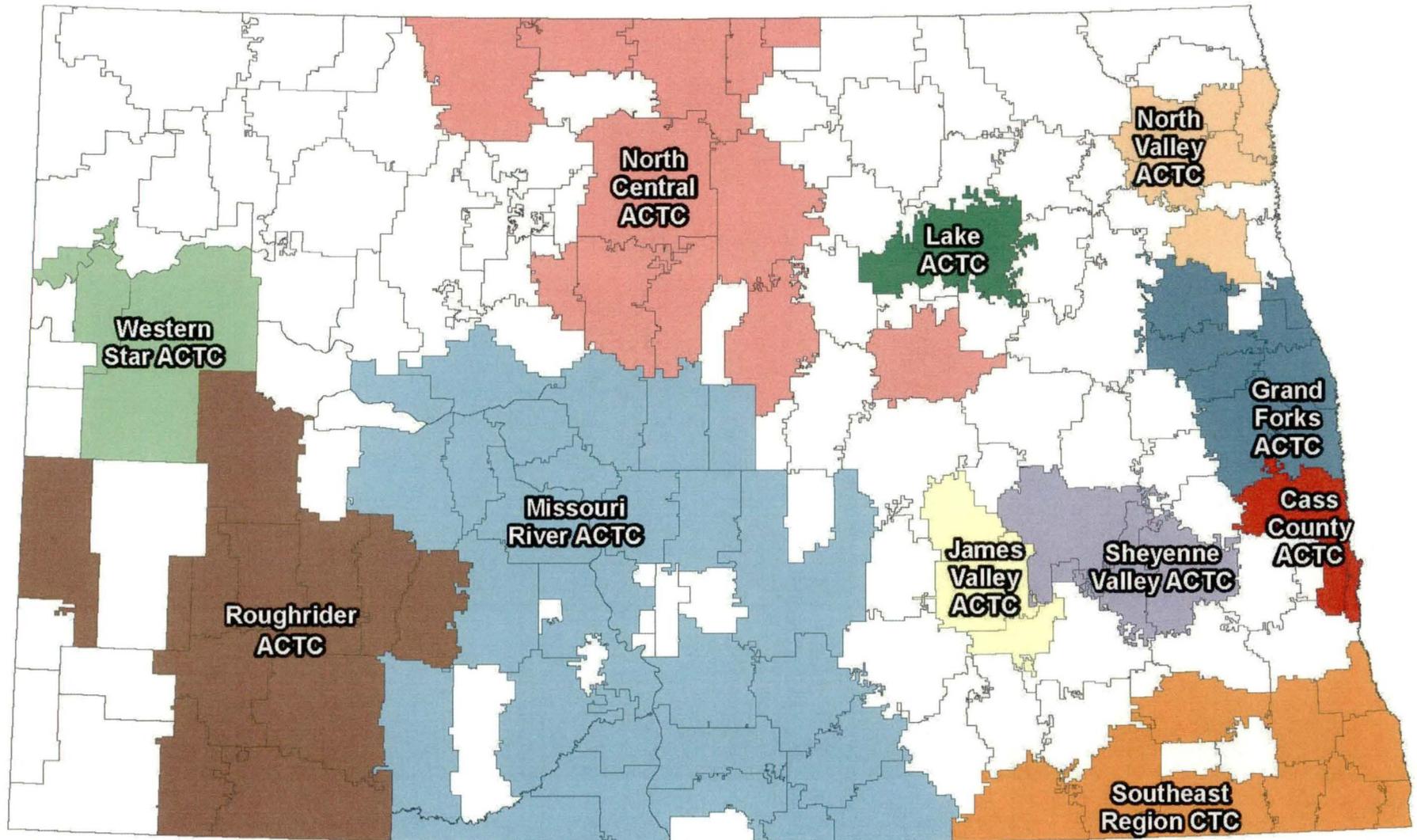
<u>Agency Optional Request Priorities</u>	Agency Request**	Executive Recommendation
(1) Increase state share of CTE programming costs	8,570,000	2,000,000
(2) New and expanding programs in schools	700,000	700,000
(3) One time equipment funding	3,500,000	1,500,000
(4) TrainND - operations	2,000,000	1,000,000
Total	\$ 14,770,000	\$ 5,200,000

Removed One-time funds

Grants -	Autism/Technology	(250,000)
	STEM Network	(160,000)
WorkForce Training -	Equipment	(1,000,000)
Postsecondary Grants -	STEM Network	(140,000)
Total		\$ (1,550,000)

Executive Recommendation - Grants	
Cost to Continue Cass County Area Center	500,000
Increase Share of State Funding	2,000,000
New & Expanded programs	700,000
CTE Equipment Grants	1,500,000
Autism Spec Disorder grant	(250,000)
Base budget adjustment	(10,436)
	4,439,564
Postsecondary Grant Line Adjustment	140,000
GRANTS LINE	4,579,564

Area Career and Technology Centers



**Area Career and Technology Centers
Member Schools (93)
2014-2015**

Cass County Area Career & Technology Center (Virtual)

Fargo, Northern Cass, West Fargo

Grand Forks Area Career & Technology Center (Virtual)

Central Valley, Grand Forks, Hatton, Hillsboro, Larimore, May-Port CG, Northwood, Thompson

James Valley Area Career & Technology Center - Jamestown

Jamestown, Montpelier, Pingree-Buchanan

Lake Area Career & Technology Center -Devils Lake

Devils Lake Central, Minnewaukan, School for the Deaf

Missouri River Area Career & Technology Center (Virtual)

Ashley, Beulah, Bismarck, Center-Stanton, Elgin-New Leipzig, Flasher, Garrison, Goodrich, Hazen, HMB (Hazelton, Moffit, Braddock), Kidder County, Linton, Mandan, McClusky, Napoleon, New Salem, Selfridge, Solen-Cannonball, Standing Rock, Strasburg, Turtle Lake-Mercer, Underwood, Washburn, White Shield, Wilton, Wing, Wishek, Zeeland

North Central Area Career & Technology Center (Virtual)

Bottineau, Drake, Dunseith, Harvey, MLS (Mohall, Lansford, Sherwood), New Rockford, Rugby, St John, Sawyer, TGU (Towner, Granville, Upham), Velva, Westhope

North Valley Area Career & Technology Center- Grafton

Drayton, Grafton, Inkster (Midway), Park River, St. Thomas, Valley-Edinburg

Roughrider Area Career and Technology Center (Virtual)

Beach, Belfield, Dickinson, Glen Ullin, Hebron, Hettinger, Killdeer, Mott-Regent, New England, Richardton-Taylor, Scranton, South Heart

Sheyenne Valley Area Career and Technology Center – Valley City

Barnes County North at Wimbledon, Maple Valley-Tower City, Valley City

Southeast Region Career & Technology Center - Wahpeton and Oakes

Campbell-Tintah, Ellendale, Fairmount, Hankinson, Lidgerwood, Lisbon, Oakes, Richland-Colfax, Sargent Central, Wahpeton, Wyndmere

Western Star Area CTC (Virtual)

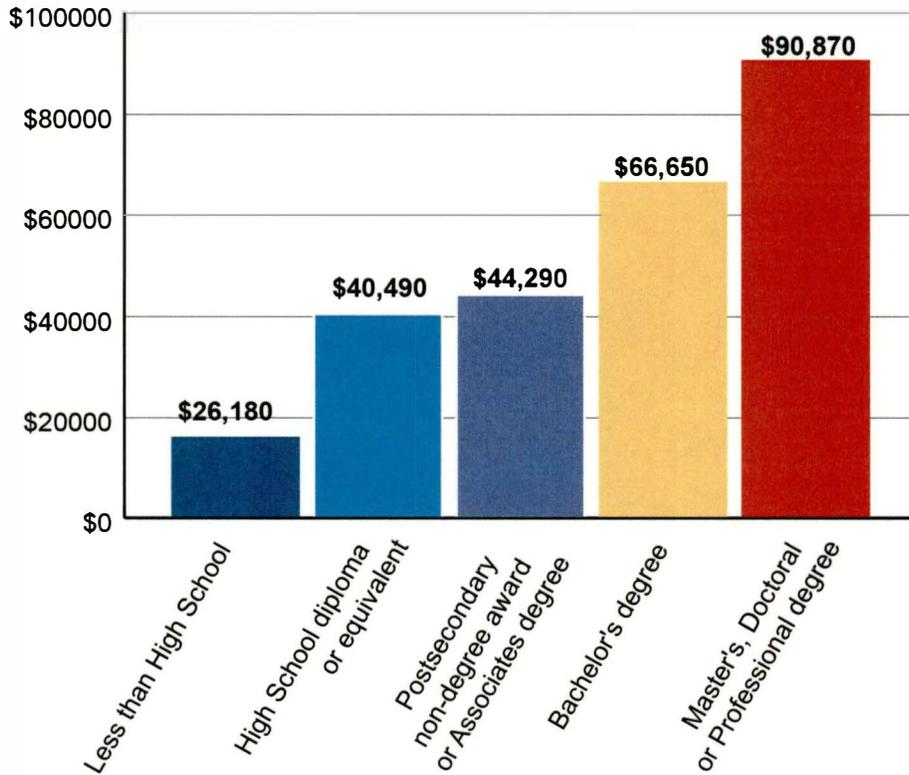
Alexander, Trenton, Watford City, Williston

**DEPARTMENT OF CAREER AND TECHNICAL EDUCATION
 APPROPRIATION STATUS REPORT
 FOR THE MONTH ENDED DECEMBER 31, 2014**

	APPROPRIATION	BIENNIUM TO DATE EXPENSE	%	BALANCE OF APPROPRIATION
EXPENDITURES BY LINE ITEM				
SALARIES AND WAGES	\$4,669,943.00	\$3,131,754.74	67%	\$1,538,188.26
ACCRUED LEAVE	\$96,477.00	\$31,322.40	32%	\$65,154.60
OPERATING EXPENSES	\$1,253,339.00	\$571,877.71	46%	\$681,461.29
GRANTS	\$31,063,698.00	\$15,396,770.64	50%	\$15,666,927.36
GRANTS POST SECONDARY	\$847,452.00	\$432,009.36	51%	\$415,442.64
ADULT FARM MANAGEMENT	\$749,802.00	\$368,908.00	49%	\$380,894.00
WORKFORCE TRAINING	\$4,000,000.00	\$1,701,145.00	43%	\$2,298,855.00
TOTAL EXPENDITURES	\$42,680,711.00	\$21,633,787.85	51%	\$21,046,923.15
EXPENDITURES BY SOURCE				
GENERAL FUND EXPENDITURES	\$32,392,916.00	\$16,942,186.62	52%	\$15,450,729.38
FEDERAL FUND EXPENDITURES	\$9,832,821.00	\$4,632,049.83	47%	\$5,200,771.17
SPECIAL FUND EXPENDITURES	\$454,974.00	\$59,551.40	13%	\$395,422.60
TOTAL EXPENDITURES	\$42,680,711.00	\$21,633,787.85	51%	\$21,046,923.15

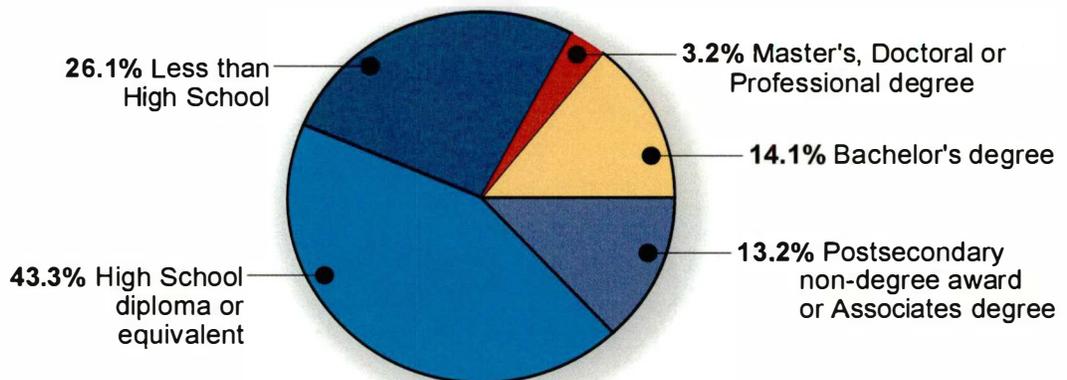
**AVERAGE ANNUAL NORTH DAKOTA WAGES
BY TYPICAL EDUCATION LEVEL**

including 2013 average (mean) wages



**PERCENTAGE OF NORTH DAKOTA JOBS
BY TYPICAL EDUCATION LEVEL**

including 2013 data



2014 PERFORMANCE OF CTE CONCENTRATORS

SECONDARY PERFORMANCE LEVEL INDICATOR	NEGOTIATED PERFORMANCE LEVEL	ACTUAL PERFORMANCE LEVEL	ACTUAL VS. ADJUSTED	MET 90% TARGET
1S1: Academic Attainment-/Reading/language Arts	65.95%	87.23% 3,082/3,533	+21.28%	Yes
1S2: Academic Attainment-Mathematics	52.89%	86.16% 3,044/3,533	+33.27%	Yes
2S1: Technical Skills Attainment	68.00%	83.35% 2,968/3,561	+15.35%	Yes
3S1: School Completion	95.00%	98.48% 3,507/3,561	+3.48%	Yes
4S1: Student Graduation Rates	90.00%	94.81% 3,473/3,663	+4.81%	Yes
5S1: Placement	70.13%	69.76% 2,240/3,211	-0.37%	Yes
6S1: Nontraditional Participation	21.36%	21.76% 550/2,527	+0.40%	Yes
6S2: Nontraditional Completion	15.30%	16.82% 358/2,129	+1.52%	Yes

POST SECONDARY PERFORMANCE LEVEL INDICATOR	NEGOTIATED PERFORMANCE LEVEL	ACTUAL PERFORMANCE LEVEL	ACTUAL VS. ADJUSTED	MET 90% TARGET
1P1: Technical Skill Attainment	83.88%	84.23% 4,140/4,915	+0.35%	Yes
2P1: Credential	45.26%	46.97% 1,684/3,585	+1.71%	Yes
3P1: Student Retention/Transfer	66.25%	74.94% 1,615/2,155	+8.69%	Yes
4P1: Student Placement	66.44%	69.35% 1,156/1,667	+2.91%	Yes
5P1: Nontraditional Participation	20.30%	19.53% 1,528/7,825	-0.77%	Yes
5P2: Nontraditional Completion	11.00%	12.67% 202/1,594	+1.67%	Yes

*To see the complete 2014 Consolidated Annual Report (CAR) go to www.nd.gov/cte/about/docs/ConsolidatedAnnualReport2014.pdf

Enrollment Totals:

a.) Total Enrollment:

POPULATION	NUMBER OF SECONDARY STUDENTS	NUMBER OF POSTSECONDARY STUDENTS
GRAND TOTAL	20,019	9,319
GENDER		
Female	9,562	4,231
Male	10,457	5,088
RACE/ETHNICITY		
American Indian or Alaska Native	1,496	1,249
Asian	284	76
Black or African American	589	363
Hispanic/Latino	505	242
Native Hawaiian/Pacific Islander	33	10
White	16,948	6,996
Two or More Races	149	208
Unknown/Other	0	171
SPECIAL POPULATION AND OTHER STUDENT CATEGORIES		
Individuals with Disabilities (ADA)	0	31
Disability Status (ESEA/IDEA)	2,872	0
Economically Disadvantaged	5,844	2,747
Single Parents	7	201
Displaced Homemakers	0	194
Limited English	446	218
Migrant	21	0
Nontraditional Enrollees	9,111	7,825

Enrollment for Career and Technical Education is identified by "Career Cluster":

- | | | |
|---------------------------------|----------------------------|--|
| 1 Agriculture/Natural Resources | 6 Finance | 11 Information Technology |
| 2 Architecture/Construction | 7 Government/Public Admin. | 12 Law/Public Safety & Security |
| 3 Arts/Audio Video Tech/Comm. | 8 Health Sciences | 13 Manufacturing |
| 4 Business/Administration | 9 Hospitality/Tourism | 14 Marketing/Sales & Service |
| 5 Education/Training | 10 Human Services | 15 STEM (Science, Technology, Engineering & Mathematics) |
| | | 16 Transportation, Distribution & Logistics |

Enrollment of CTE Concentrators:

POPULATION/ CLUSTER	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
SECONDARY																	
Female	676	68	114	648	88	33	0	819	47	2,939	129	0	56	421	188	74	6,300
Male	1,560	513	125	678	5	17	0	226	50	1,228	415	0	497	629	873	938	7,754
TOTAL	2,236	581	239	1,326	93	50	0	1,045	97	4,167	544	0	553	1,050	1,061	1,012	14,054
POSTSECONDARY																	
Female	94	9	43	442	108	0	0	1,231	60	116	68	140	144	26	2	17	2,500
Male	472	287	25	266	85	0	0	116	39	11	207	170	1,065	19	94	385	3,241
TOTAL	566	296	68	708	193	0	0	1,347	99	127	275	310	1,209	45	96	402	5,741
GRAND TOTAL	2,802	877	307	2,034	286	50	0	2,392	196	4,294	819	310	1,762	1,095	1,157	1,414	19,795



PERFORMANCE OF CTE CONCENTRATORS ND ASSESSMENT AND GRADUATION RATES 2012-2014

North Dakota 2013-14	Reading Achievement Rates			Math Achievement Rates			High School Student Graduation Rates		
	"Concentrators" met Proficient* level	All Students who met Proficient* level (2012-13)	Difference	"Concentrators" met Proficient* level	All Students who met Proficient* level (2012-13)	Difference	CTE Graduates	All Student Graduates	Difference
Total Enrolled	87.2%	66.3%	20.9%	86.2%	58.4%	27.8%	94.8%	87.2%	7.6%
Female	88.5%	68.3%	20.2%	85.1%	56.9%	28.2%	96.0%	88.8%	7.2%
Male	86.2%	64.4%	21.8%	87.1%	59.8%	27.3%	94.0%	85.7%	8.3%
American Indian or Alaska Native	72.0%	40.6%	31.4%	70.0%	30.5%	39.5%	83.3%	61.4%	21.9%
Asian	70.0%	56.4%	13.6%	73.0%	57.0%	16.0%	82.0%	88.1%	-6.1%
Black or African American	59.0%	42.4%	16.6%	48.2%	24.6%	23.6%	97.0%	79.8%	17.2%
Hispanic or Latino	78.0%	46.9%	31.1%	70.3%	37.8%	32.5%	89.0%	77.8%	11.2%
White	89.1%	70.0%	19.1%	88.4%	62.3%	26.1%	96.0%	90.3%	5.7%
Economically Disadvantaged/Low Income	79.2%	50.1%	29.1%	77.0%	38.3%	38.7%	89.1%	70.7%	18.4%
Limited English Proficient	25.6%	17.9%	7.7%	26.0%	14.7%	11.3%	67.4%	61.0%	6.4%
Individual with Disabilities	74.8%	37.1%	37.7%	73.4%	28.0%	45.4%	81.1%	69.6%	11.5%
2012-13	(2012-13)			(2012-13)					
Total Enrolled	84.3%	66.2%	18.1%	66.2%	57.3%	8.9%	96.0%	87.2%	8.8%
Female	87.8%	70.8%	17.0%	66.0%	55.5%	10.5%	96.0%	88.8%	7.2%
Male	81.5%	62.2%	19.3%	66.5%	59.1%	7.4%	96.0%	85.7%	10.3%
American Indian or Alaska Native	68.6%	36.9%	31.7%	48.4%	29.4%	19.0%	84.4%	62.7%	21.7%
Asian	81.8%	67.3%	14.5%	81.8%	61.1%	20.7%	84.6%	88.1%	-3.5%
Black or African American	51.3%	37.1%	14.2%	33.3%	25.9%	7.4%	91.1%	79.8%	11.3%
Hispanic or Latino	61.7%	50.0%	11.7%	58.0%	38.3%	19.7%	84.9%	77.8%	7.1%
White	85.9%	69.8%	16.1%	67.5%	60.7%	6.8%	97.0%	90.4%	6.6%
Economically Disadvantaged/Low Income	76.5%	50.1%	26.4%	59.6%	38.6%	21.0%	90.5%	69.9%	20.6%
Limited English Proficient	21.9%	15.0%	6.9%	20.5%	13.1%	7.4%	63.4%	61.0%	2.4%
Individual with Disabilities	66.8%	34.7%	32.1%	46.4%	27.5%	18.9%	82.5%	71.5%	11.0%
2011-12	(2010-11)			(2010-11)					
Total Enrolled	77.1%	64.9%	12.2%	63.7%	59.4%	4.3%	94.7%	87.0%	7.7%
Female	80.6%	69.7%	10.9%	61.7%	56.3%	5.4%	94.7%	88.7%	6.0%
Male	74.5%	60.3%	14.2%	65.0%	62.5%	2.5%	94.6%	85.5%	9.1%
American Indian or Alaska Native	57.8%	41.3%	16.5%	48.3%	30.4%	17.9%	85.2%	62.6%	22.6%
Asian	N/A	53.0%	N/A	N/A	52.2%	N/A	80.0%	86.0%	-6.0%
Black or African American	54.3%	35.2%	N/A	33.3%	21.2%	12.1%	82.9%	75.9%	7.0%
Hispanic or Latino	57.8%	53.1%	4.7%	45.0%	39.8%	5.2%	79.2%	72.7%	6.5%
White	79.2%	68.2%	11.0%	65.3%	63.5%	1.8%	95.9%	90.4%	5.5%
Economically Disadvantaged/Low Income	68.2%	50.0%	18.2%	54.6%	42.1%	12.5%	89.8%	73.3%	16.5%
Limited English Proficient	N/A	18.1%	N/A	N/A	13.6%	N/A	65.7%	66.7%	-1.0%
Individual with Disabilities	55.5%	35.5%	20.0%	44.0%	32.1%	16.5%	81.3%	67.9%	13.4%

N/A = small sample size: numerator ≤10

Concentrator = A CTE concentrator is a student who has earned two or more credits in a single CTE program area recognized by the state

*Students take Assessments in Grade 11 - Reported by CTE on Graduation

Source: 2012, 2013 & 2014 CTE CAR Report + 2011, 2012, 2013 & 2014 Statewide AYP Reports

State wide high school student graduation rates are pending upon final approval from Department of Public Instruction

Three Year Trend Data on CTE Enrollment

<u>Enrollment of CTE Participants*</u>	<u>2013 -2014</u>	<u>2012 - 2013</u>	<u>2011 - 2012</u>
GRAND TOTAL	20,019	20,791	20,936
GENDER			
Female	9,562	9,906	10,037
Male	10,457	10,885	10,899
RACE/ETHNICITY			
American Indian or Alaska Native	1,496	1,452	1,641
Asian	284	270	166
Black or African American	589	521	383
Hispanic/Latino	505	462	340
Native Hawaiian/Pacific Islander	33	46	16
White	16,948	17,898	18,155
Two or More Races	149	142	89
SPECIAL POPULATIONS			
Disability Status (ESEA/IDEA)	2,872	3,001	3,069
Economically Disadvantaged	5,844	6,216	6,619
Single Parents	7	9	0
Displaced Homemakers	0	0	0
Limited English	446	468	501
Migrant	21	16	0
Nontraditional Enrollees	9,111	8,788	8,197

Enrollment of CTE Concentrators* by Cluster

- | | | |
|---------------------------------|----------------------------|---|
| 1 Agriculture/Natural Resources | 6 Finance | 11 Information Technology |
| 2 Architecture/Construction | 7 Government/Public Admin. | 12 Law/Public Safety & Security |
| 3 Arts/Audio Video Tech/Comm. | 8 Health Sciences | 13 Manufacturing |
| 4 Business/Administration | 9 Hospitality/Tourism | 14 Marketing/Sales & Service |
| 5 Education/Training | 10 Human Services | 15 STEM (Science, Tech, Eng & Math) |
| | | 16 Transportation, Distribution & Logistics |

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
2014																	
Female	676	68	114	648	88	33	0	819	47	2,939	129	0	56	421	188	74	6,300
Male	1,560	513	125	678	5	17	0	226	50	1,228	415	0	497	629	873	938	7,749
Total	2,236	581	239	1,326	93	50	0	1,045	97	4,167	544	0	553	1,050	1,061	1,012	14,054
2013																	
Female	654	87	83	649	82	29	0	738	64	2,703	74	0	67	428	145	59	5,862
Male	1,515	508	97	665	1	27	0	232	39	1,085	261	0	497	581	802	852	7,162
Total	2,169	595	180	1,314	83	56	0	970	103	3,788	335	0	564	1,009	947	911	13,024
2012																	
Female	580	69	69	534	88	22	0	716	39	2,157	46	0	31	340	107	75	4,873
Male	1,669	544	85	524	4	28	0	201	35	816	251	0	397	435	624	908	6,521
Total	2,249	613	154	1,058	92	50	0	917	74	2,973	297	0	428	775	731	983	11,394

*Participant - A secondary student who has completed one (1) or more course(s) in any CTE program area.

*Concentrator - A secondary student who has earned two (2) or more credits in a single CTE program area recognized by the state.

Source: 2011, 2012, 2013, 2014 CTE Federal Consolidated Annual Report (CAR).

10

COOPERATIVE ARRANGEMENTS 2013-2014

ITV CTE Courses

Agriscience Technology I	4
Agriscience Technology IV	4
Ag Sales	2
Botany	2
Sign Language I	9
Sign Language II	9
Sign Language III	3
Sign Language IV	3
Cisco Discovery I	3
Computer Hardware & Operating Systems	6
Drafting	2
EMT	8
Entrepreneurship	5
Environmental Science	3
Farm Management	4
GIS/GPS	1
Health Careers	26
Health Careers II	4
Marketing I	5
Marketing II	2
Medical Careers I	4
Medical Terminology	11
Nurse Assistant	4
Parenting/Independent Living	3
Prevention & Care of Athletic Injury	10
Sports & Entertainment Marketing	9
Sports Medicine	3
TV Production	2
Vet Science	5
Web Design	4
Welding Technology	3

On-Line CTE Courses

Agriscience Technology I	3
Agriscience Technology II	3
Agriscience Technology III	3
Agriscience Tech IV/Vet Science	3
Ag Mechanics Tech I	1
Aviation I	6
Botany/Horticulture Science I	1
Cisco Discovery I	1
Cisco Discovery II	2
Commercial Arts	2
Design & Drafting	2
Electronics Technology I	12
Electronics Technology II	2
Entrepreneurship	2
GIS	2
Health Careers	3
Intro to IT	16
Intro to Programming Languages	5
Intro to Web Design	1
IT Essentials	15
Marketing	5
Medical Careers I	10
Medical Terminology	28
Nurse Assistant	6
Programming Essentials-Visual Basic	8
Programming Essentials II	3
Sports & Entertainment Marketing	3
Vet Science/Applied Bio/Chem	4

2015 – 2017 Biennium Optional Budget Considerations

Optional Budget Enhancement Package

Increase Access to CTE

Re-establish State's Share of CTE Funding

Increase the State's share of support for CTE to 1984 levels - 40% for comprehensive schools and 50% for Area Centers. Current state support is 27% and 40% respectively. Through budget reductions of the 1980's, 1990's and 2000's the rate of reimbursement to schools for approved CTE programs declined to a low of 24% in 2004, rebounding to the current level of 27%. This will provide schools additional funding to recover more of the costs associated with traditionally higher cost CTE programs. It will solidify demand in schools to offer CTE programs that match student interest and state workforce needs. Additionally it will level the funding between all programs and courses.

Total **\$8,570,000**

New and Expanded Programs

To meet the demand for new and expanding programs which build access to CTE programming in more schools and for more students.

Total **\$700,000**

Update CTE Equipment

Make available one time funding to update CTE equipment in approved CTE programs across the state. We would propose a 25% match of funds from sources other than Perkins or CTE State Funds. A portion of the funds will be used to provide "CTE Access Grants" for the delivery of traditionally hard to deliver Auto Tech, Construction or Welding, modeled after a successful pilot of distance delivered Welding. Funding would not be used for computer labs. I received equipment "wish lists" from both secondary and two year campuses that are reflected in this amount.

Total **\$3,500,000**

Workforce Training (TrainND)

To provide TrainND an increase to meet the inflationary "cost to continue". The current \$3,000,000 level of funding was provided in 2007 with no increases since that time. It also would provide \$250,000 to each of the regions to increase awareness of services, create new training programs and purchase needed software and equipment. Costs cover the infrastructure/administration of TrainND. The cost of actual training is covered through training fees.

Total **\$2,000,000**

[Handwritten signature]
12

**Career and Technical Education
K - 12 Reimbursement Rate History
General Fund**

Biennium	FY	Single District	Area Center	Annual Funding	Biennium Total
1983-85	1984	40	50	4,140,765	8,390,418
	1985	40	50	4,249,653	
1985-87	1986	40	50	4,307,532	8,240,802
	1987	37	48	3,933,270	
1987-89	1988	35	45	4,015,552	7,894,116
	1989	35	45	3,878,564	
1989-91	1990	35	45	3,432,619	6,918,187
	1991	35	45	3,485,568	
1991-93	1992	35	45	3,863,640	7,553,960
	1993	35	45	3,690,320	
1993-95	1994	32	43	3,478,845	7,490,845
	1995	32	43	4,012,000	
1995-97	1996	28	41	3,481,417	7,155,620
	1997	28	41	3,674,203	
1997-99	1998	26	39	3,719,692	7,700,506
	1999	26	39	3,980,814	
1999-2001	2000	26	39	4,076,321	8,570,234
	2001	25	38	4,493,913	
2001-03	2002	25	38	4,566,883	9,355,328
	2003	25	38	4,788,445	
2003-05	2004	24	37	4,623,157	9,588,917
	2005	24	37	4,965,760	
2005-07	2006	25	38	5,227,791	11,473,533
	2007	25	38	6,245,742	
2007-09	2008	25	38	6,325,749	14,065,901
	2009	25	38	7,740,152	
2009-11	2010	27	40	7,998,789	17,239,611
	2011	27	40	9,240,822	
2011-13	2012	27	40	8,922,016	18,594,633
	2013	27	40	9,672,617	
	2014	27	40	9,482,388	

PROGRAM AREA	2015 BASE	CURRENT RATE	CURRENT OBLIGATION	PROPOSED RATE	PROPOSED OBLIGATION	PROPOSED DIFFERENCE
AGRICULTURE						
Salaries	3,959,243	27%	1,068,996	40%	1,583,697	514,702
Travel	323,120	30%	96,936	40%	129,248	32,312
BUSINESS & OFFICE						
Salaries	2,408,357	27%	650,256	40%	963,343	313,086
Travel	155,694	30%	46,708	40%	62,278	15,569
Expanded (New)	1,022,908	27%	276,185	40%	409,163	132,978
Career Development						
Salaries	1,855,742	35%	649,510	40%	742,297	92,787
Travel	74,309	30%	22,293	40%	29,724	7,431
FCS - ED						
Salaries	4,295,574	17%	730,248	40%	1,718,230	987,982
Travel	165,112	30%	49,534	40%	66,045	16,511
FCS - OCC						
Salaries	328,721	27%	88,755	40%	131,488	42,734
Travel	6,800	30%	2,040	40%	2,720	680
Health						
Salaries	875,930	27%	236,501	40%	350,372	113,871
Travel	24,541	30%	7,362	40%	9,816	2,454
Information Tech						
Salaries	322,322	27%	87,027	40%	128,929	41,902
Travel	10,900	30%	3,270	40%	4,360	1,090
Marketing						
Salaries	760,131	27%	205,235	40%	304,052	98,817
Travel	94,500	30%	28,350	40%	37,800	9,450
Tech & Engineering						
Salaries	1,038,427	27%	280,375	40%	415,371	134,996
Travel	80,825	30%	24,248	40%	32,330	8,083
Trade & Industry						
Salaries	2,347,405	27%	633,799	40%	938,962	305,163
Travel	58,290	30%	17,487	40%	23,316	5,829
Centers						
All	9,240,888	40%	3,696,355	50%	4,620,444	924,089
1st Year Totals (+3%)	29,449,739		9,168,514		13,085,104	4,201,061
2nd Year Totals (+4%)			9,535,254		13,608,508	4,369,103
Biennium Total			18,703,768		26,693,612	8,570,164

CTE Funding Scenarios

Increase all reimbursement rates:

40% for Comprehensive Schools		
50% for Area Centers		
Total	-	\$8,570,000

Discussion and Information Points:

Approximately \$600,000 would make a 1% increase

Increase FACS rates from 17% to 27%		\$892,000
Increase FACS rates from 17% to 40%		\$2,009,000
Business and Office new courses @27%		\$552,370
	@40%	\$818,326

Not funding new B&O courses would add approximately 1% to rates

\$2,000,000
Increase Comp Schools by 1% to 28%
Increase Area Centers by 1% to 41%
\$3,000,000
Increase Comp Schools by 3% to 30%
Increase Area Centers by 2% to 42%
\$4,000,000
Increase Comp Schools by 5% to 32%
Increase Area Centers by 4% to 44%
\$5,000,000
Increase Comp Schools by 7% to 34%
Increase Area Centers by 5% to 45%
\$6,000,000
Increase Comp Schools by 9% to 36%
Increase Area Centers by 7% to 47%

Attachment 4C
HB 1019

Biennium Budget Presentation

House Appropriations
Education & Environment Division

January 12, 2015

North Dakota Department of
Career and Technical Education

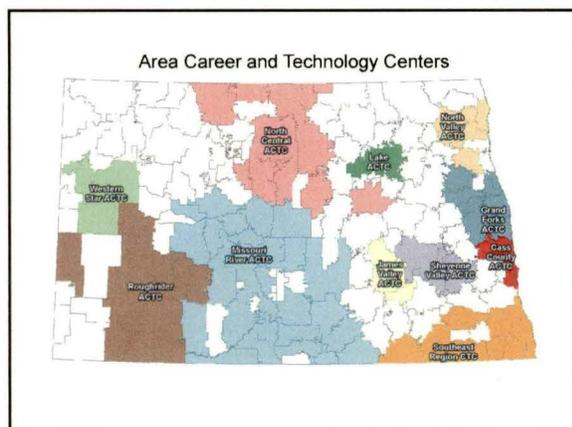


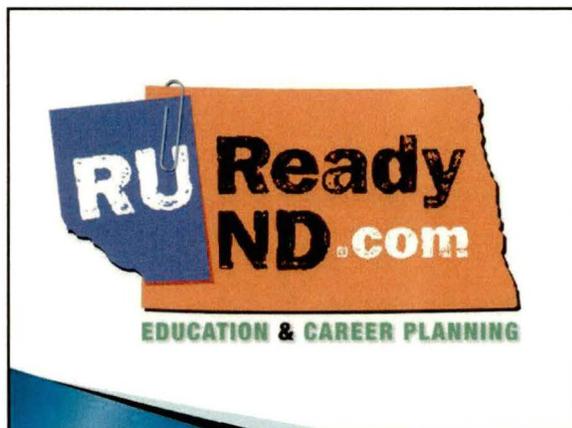
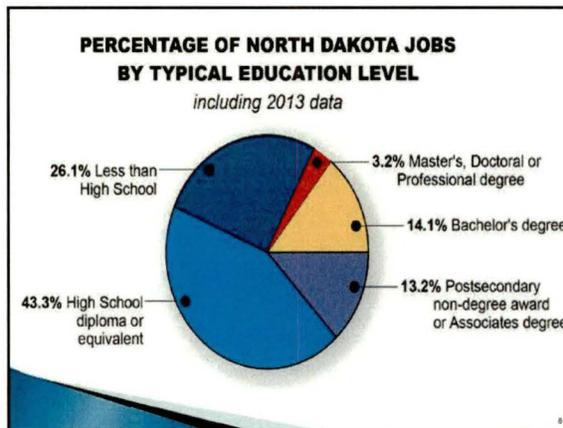
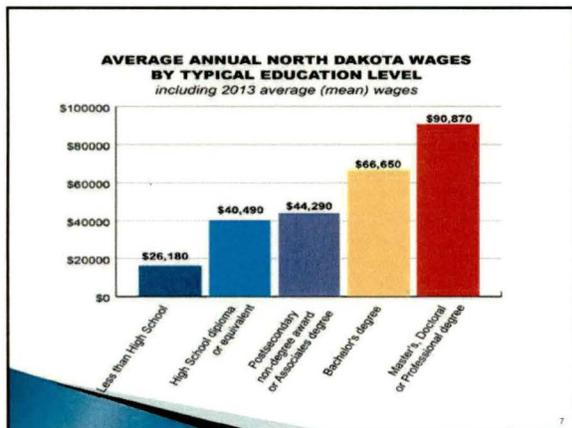
Program Areas

- Agriculture Education
- Business and Office Technology
- Career Development
- Career Resource Network
- Family and Consumer Sciences
- Information Technology
- Marketing Education
- Special Populations/Educational Equity
- Technology and Engineering Education
- Trade, Technical and Health Sciences (T&I)

Secondary Trade, Technical & Health (T&I)

- › Auto Collision
- › Auto Technology
- › Aviation
- › Commercial Art
- › Construction Tech
- › Culinary Arts
- › Diesel Technology
- › Drafting
- › Electronics Tech
- › Facilities Maintenance
- › Graphic Arts
- › Health Sciences
- › Machine Tooling
- › Oil & Gas Tech
- › Recreational Engines
- › Welding Technology



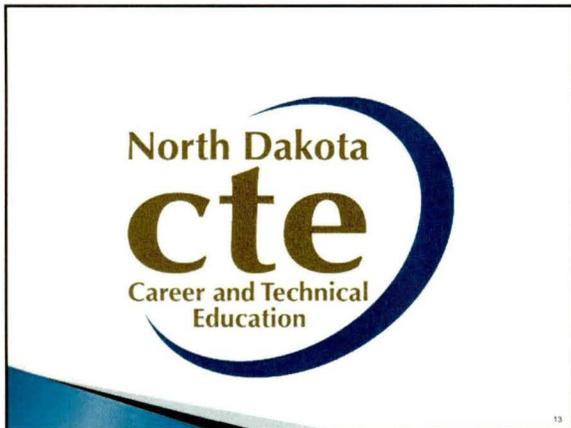
Performance Indicators	Negotiated Target	Actual	Difference	Met 90%
1S1: Academic – Reading/ LA	65.95%	87.23%	+21.28%	Y
1S2: Academic – Mathematics	52.89%	86.16%	+33.16%	Y
2S1: Technical Skill Attainment	68.0%	83.35%	+15.35%	Y
3S1: School Completion	95.0%	98.48%	+3.48%	Y
4S1: Student Graduation Rates	90.0%	94.81%	+4.81%	Y
5S1: Placement	70.13%	69.76%	-0.37%	Y
6S1: Nontraditional Participation	21.36%	21.76%	+0.40%	Y
6S2: Nontraditional Completion	15.30%	16.85%	+1.52%	Y
1P1: Technical Skill Attainment	83.88%	84.23%	+0.35%	Y
2P1: Credential	45.26%	46.97%	+1.71%	Y
3P1: Student Retention/ Transfer	66.25%	74.94%	+8.69%	Y
4P1: Student Placement	66.44%	69.35%	+2.91%	Y
5P1: Nontraditional Participation	20.30%	19.53%	-0.77%	Y
6P1: Nontraditional Completion	11.00%	12.67%	+1.67%	Y

- ### CTE Enrollment
- ▶ Secondary (9-12)
 - 20,019 Enrolled
 - 14,049 Concentrators
 - ▶ Postsecondary
 - 9,319 Enrolled
 - 5,741 Concentrators

Performance of CTE Concentrators

Measure	CTE "Proficient"	All Students "Proficient"	Difference
Reading/ Language Arts	87.23%	66.3%	+20.9%
Math	86.16%	58.4%	+27.8%
Graduation Rate	94.8%	87.2%	+7.6%
Native American Graduation Rate	83.3%	61.4%	+21.9%

*Concentrators take 2 or more sequential credits in a CTE program area



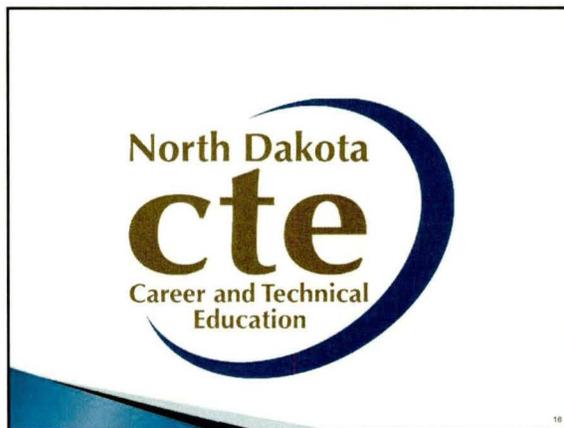
Funding to Schools

- ▶ CTE Reimburses
 - 27% on CTE teacher salary
 - FACS is at 17%
 - 40% at Area Centers
 - 4% Incentive for Online and ITV

CTE Cooperative Arrangements

Courses offered between schools either ITV or online

- ▶ 78 schools participating in ITV
 - 31 CTE course offerings
- ▶ 63 schools participating in online
 - 28 CTE course offerings
- ▶ 941 students taking online and ITV CTE courses



Career and Technical Student Organizations

 A collection of logos for career and technical student organizations: FFA (Future Farmers of America), FCCLA (Family, Career, and Community Leaders of America), TSA (Technology Student Association), FBIA (Future Business Leaders of America), DECA (Distributive Education Clubs of America), and SkillsUSA (North Dakota).

Questions?

Wayne Kutzer
wkutzer@nd.gov
 701-328-2259

Website www.nd.gov/cte

Attachment 1
Feb 2, 2015
HB 1019

2015 – 2017 Biennium Optional Budget Considerations

Optional Budget Enhancement Package

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	2000	26	39	4,076,321	
1999-2001	2001	25	38	4,493,913	8,570,234
	2002	25	38	4,566,883	
2001-03	2003	25	38	4,788,445	9,355,328
	2004	24	37	4,623,157	
2003-05	2005	24	37	4,965,760	9,588,917
	2006	25	38	5,227,791	
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Travel	10,900	30%	3,270	40%	4,360	1,090
Marketing						
Salaries	760,131	27%	205,235	40%	304,052	98,817
Travel	94,500	30%	28,350	40%	37,800	9,450
Tech & Engineering						
Salaries	1,038,427	27%	280,375	40%	415,371	134,996
Travel	80,825	30%	24,248	40%	32,330	8,083
Trade & Industry						
Salaries	2,347,405	27%	633,799	40%	938,962	305,163
Travel	58,290	30%	17,487	40%	23,316	5,829
Centers						
All	9,240,888	40%	3,696,355	50%	4,620,444	924,089
1st Year Totals (+3%)	29,449,739		9,168,514		13,085,104	4,201,061
2nd Year Totals (+4%)			9,535,254		13,608,508	4,369,103
Biennium Total			18,703,768		26,693,612	8,570,164

CTE Funding Scenarios

Increase all reimbursement rates:

40% for Comprehensive Schools	
50% for Area Centers	
Total	- \$8,570,000

Discussion and Information Points:

Approximately \$600,000 would make a 1% increase

Increase FACS rates from 17% to 27% \$892,000

Increase FACS rates from 17% to 40% \$2,009,000

Business and Office new courses	@27%	\$552,370
	@40%	\$818,326

Not funding new B&O courses would add approximately 1% to rates

\$2,000,000
Increase Comp Schools by 1% to 28%
Increase Area Centers by 1% to 41%
\$3,000,000
Increase Comp Schools by 3% to 30%
Increase Area Centers by 2% to 42%
\$4,000,000
Increase Comp Schools by 5% to 32%
Increase Area Centers by 4% to 44%
\$5,000,000
Increase Comp Schools by 7% to 34%
Increase Area Centers by 5% to 45%
\$6,000,000
Increase Comp Schools by 9% to 36%
Increase Area Centers by 7% to 47%

Attachment #1
 HB 1019
 2/10/15

Department of Career and Technical Education - Budget No. 270
 House Bill No. 1019
 Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	27.00	\$31,392,916	\$10,287,795	\$41,680,711	27.00	\$31,392,916	\$10,287,795	\$41,680,711
2015-17 Ongoing Funding Changes								
Base payroll changes	(0.50)	\$342,949	(\$289,908)	\$53,041				\$0
Salary increase - Performance		251,071	1	251,072				0
Salary increase - Market		67,123		67,123				0
Salary Increase - Targeted equity		209,202		209,202				0
Retirement contribution increase		25,681		25,681				0
Health insurance increase		116,580		116,580				0
Adds funding to increase reimbursement rates		2,000,000		2,000,000				0
Adds new and expanded programs		700,000		700,000				0
Increases workforce training		1,000,000		1,000,000				0
Cost to continue Cass County area center		500,000		500,000				0
Funding source change			(50,000)	(50,000)				0
Reduces grants		(10,436)		(10,436)				0
Total ongoing funding changes	(0.50)	\$5,202,170	(\$339,907)	\$4,862,263	0.00	\$0	\$0	\$0
One-time funding items								
Removes one-time grants		(\$300,000)	(\$250,000)	(\$550,000)				\$0
Adds funding for equipment grants		1,500,000		1,500,000				0
Total one-time funding changes	0.00	\$1,200,000	(\$250,000)	\$950,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(0.50)	\$6,402,170	(\$589,907)	\$5,812,263	0.00	\$0	\$0	\$0
2015-17 Total Funding	26.50	\$37,795,086	\$9,697,888	\$47,492,974	27.00	\$31,392,916	\$10,287,795	\$41,680,711

Other Sections in House Bill No. 1019

	Executive Budget Recommendation				House Version			
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#1

**Testimony on HB 1019
Senate Appropriations
Department of Career and Technical Education
March 6, 2015**

Mr. Chairman and members of the committee, my name is Wayne Kutzer,
Director of the Department of Career and Technical Education.

The demand for Career and Technical Education in our state is as high as it ever
has been and greater access to CTE is needed to help meet the educational and workforce
infrastructure needs of our state.

This editorial cartoon appeared in the Fargo Forum. The podium states "F-M
Area Economic Outlook", you could easily change that to "ND Economic Outlook".
When we talk about the ND Economy - the elephant in the room - is the need for more
training in our workforce - the 800 lb. gorilla, on its back - the shortage of trained
workforce. As a state we need to address the workforce infrastructure and I believe that
your best resource is CTE.

To build CTE's case, let's take a look at the ND workforce and the most recent
Job Service ND data. What are average wages, what is the makeup of jobs by level of
education, and where is the projected demand for the next 10 years? This graph, you
have a copy of the graph in your packet, shows the average wages by education level. As
a note, these wages reflect a 40 hour week, no overtime. If overtime would be included it
would be a very different picture. As a parent, an educator, or a counselor, you naturally
look at the red and yellow bar ...that's where the higher wages are, that's where the jobs
are and that is where you need to aspire to.

1-1

Now look at the pie graph, the red slice – 3.2% of the current jobs in ND are aligned with a Masters or above, the yellow slice - 14.1% are aligned with a bachelor's degree. All the rest, 82.6% are aligned with an associate's degree or less. While the wages point to bachelor degrees and above, that is not where the jobs are. They encompass a little less than 18% of the jobs in the state. This distribution is typical of the labor force across the country. We definitely want to build and empower students with the ability to learn, they will need to do that throughout their career, but we also want students who have the opportunity and are able to earn so they can become part of our economy in the state. The cost of higher education, the staggering student loan debt and the availability of jobs must all play into what we tell our young people as they make educational and career decisions.

This 80% of the labor force, the two year degrees or less, traditionally is where we find small business owners; people who have taken their craft and created a business, hired employees, and provide services to their community. These small businesses are the majority of businesses in this country and this is where CTE has a big impact. We should not discourage students from seeking further education but we also need to provide them the resources ...the career planning, the access to education and training that they need to be successful in our economy. I believe that CTE is that resource and students across the state should have better access to CTE then they have now. Our requested budget will help increase the access to and elevate the awareness of the opportunities that exist in the vast majority of occupations in our state.

One way we inform students of career opportunities is RUPrepareND.com. It is a world class online career planning delivery system that is available to all students and

parents in the state. Through RUPrepareND students can log on; as part of a class, working with a counselor, or individually, and discover their strengths and interests, create an electronic plan of study that will not only help a student plan the courses they should take, it will also track their progress towards the ND Scholarship. They can research financial aid and postsecondary education options. It has a powerful ACT preparation software package called TestGear that will assist a student in getting ready for the ACT test. It has resume writing and job interview preparation tools. Through a partnership with the Bank of ND, they provide the statewide funding and we provide the management and training through our Career Resource Network which has trainers in the four quadrants of the state that work directly with teachers and schools in implementing RUPrepareND in their school, thereby giving students a tool to use in investigating careers.

Let me talk about our Department, how it operates, and what we do. We operate with a nine member Board, six appointed by the Governor from six regions across the state and three legislated members, the list of members is in your materials. The CTE Board operates much like a school board in that it sets our policies including funding to schools, programming that we support, teacher certification, and our funding priorities.

We have just over 20,000 high school students enrolled in CTE courses and 6,714 classified as Concentrators – those students that have taken two or more credits in a single program pathway. This is where the bulk of our grant funding to schools is targeted. There are also 9,319 students enrolled in CTE programs at the campuses and 5,741 are concentrators.

The Department of Career and Technical Education provides technical assistance and financial support to CTE programs and teachers across the state. We require industry standards where they are available, assist programs in selecting curriculum that matches those industry standards and we evaluate programs every five years with either an onsite visit or through a desk audit. We also provide technical assistance to middle schools, some elementary programming in STEM and entrepreneurship, as well as all of the public and tribal two year campuses. We evaluate the campuses' CTE programs also on a five year cycle and certify their CTE instructors. Our connection to the two year campuses is through the federal "Carl Perkins" funding we administer.

At the high school level we provide technical assistance and funding support for programs in Agriculture, Business Education, Career Development, Career Resource Network, Family and Consumer Sciences, IT, Marketing, Tech and Engineering, Health Sciences, Special Populations/Educational Equity and Trade & Industry. T&I includes programs from Auto to Welding, Aviation to Electronics, and Graphic Arts to Culinary Arts. A complete list is on the back side of the Board member handout.

If we align our spending to what we do it looks like this:

Total Biennium Budget	\$ 41.3 million
Secondary – grades 9 - 12	21.5 million
Federal	5.0 million
Elementary / middle school	.3 million
2 Year campuses	4.3 million
Federal	2.3 million
Adult / Farm Management	2.0 million
Agency salary and operating	4.3 million
Federal	1.6 million

On a percentage basis the funding looks like this: Secondary - 64%, Elementary/middle school - .7%, 2 yr. campuses - 16%, Adult / Farm Management - 5%, Agency salary and operating - 14%. The Agency Salary and Operating line is how we provide the technical assistance, program development, and professional development to teachers and schools.

Potential Changes to Federal Funding

We anticipate no changes to our federal funding. We are a minimum funded state so even if there are budget adjustments at the federal level we are already at the funding floor of \$8.9 million for the biennium.

2013 - 2015 Estimated Spending

The blue sheet shows the current amount spent in our budget as of January 31. We are on track to expend all funds, except two one-time funds which I will explain in a bit. If there are any general fund dollars unspent at the end of the biennium we send them out to schools on a prorated basis.

Status of One-time Funds

We received \$1 million of one-time funding for TrainND, the workforce training program based at the two year campuses. They were one for one matching funds with private industry and all the funds have been obligated. We received \$300,000 to assist the NDSTEM Network. At this time we are anticipating about \$40,000 will not be spent. Also there was \$250,000 for an IT training/Autism grant. It looks like there will be about half of the funding remaining, but I understand there is legislation in SB2031, the education funding bill, to allow those dollars to be rolled over so that the program can continue until those funds are expended.

Current Biennium Funding (Yellow Handout)

The yellow handout lays out our base budget, our agency request, the Governor's recommendations, and the changes made by the House. The bottom half of the sheet goes into more detail on the line items.

As I pointed out earlier, our 2013-2015 base budget is the first column on the top half of the yellow handout. It lists our salaries, operating, and grants to schools along with specific line item grants for Adult Farm Management, Workforce Training, and Postsecondary Grants.

The Salaries and Operating lines are the first two, the Grants line is next at \$31,063,689, which represents both state and federal funding. State "Grant" funds go to schools and Area Centers on a reimbursement basis, based on a portion of the local costs of the CTE programs that they offer, while federal "Grant" funding is allocated to schools, based on Title I census data, and two year colleges based on the number of Pell Grants. The state funding is both an incentive for schools to offer quality CTE programming and helps to offset the higher cost of operating a CTE program.

As a school, if you have an approved CTE program we will reimburse your school based on the salary of your CTE instructor. For all schools, that rate is 27% except for Family and Consumer Sciences which is at 17%. Part of our request is to raise the FACS rate to equal all other programs. At Area Centers the rate is 40% of all approved programs and costs. Area Centers are funded at a higher rate to incentivize cooperation between schools which means more access to more programs that a school is not able to provide on their own.

The Grant funds also provide incentives to schools who offer CTE programs, either through interactive video (ITV) or online, to their neighbor school down the road or across the state. We provide an additional 4% for each school that they send their CTE program to.

Through these incentives the accessibility of CTE courses has increased. In the 2013-14 school year there were 78 schools participating in 31 different CTE courses delivered through interactive video (ITV) and 63 schools participating in 28 different online CTE courses, serving a total enrollment of 941 students. While these are good numbers there is still access and availability problems in many local schools to offer a variety of CTE programs. Students must take four CTE credits and two or more credits in a single area of interest to qualify for the ND CTE Scholarship. We want to expand the offerings a student has available. As a state we require students, before they leave the eighth grade to make a four year education plan based on their goals and interests but, if as a state, we cannot make those classes of interest available, we are missing a great opportunity for student learning and student engagement. To get an idea of the courses offered there is a purple handout in your materials that lists all the distance delivered CTE courses.

The next line item is \$749,802 for Farm Management. We have 14 programs across the state that work with farmers and ranchers to provide them the education they need to better manage their operations. As a part of this program, a statewide analysis of their records is completed that provides insight not only for the individual farmers and ranchers in the program but also for statewide use on the profitability of farm and ranch operations.

The Workforce Training line contains \$3 million in funding for the Workforce Training regions, known as TrainND. It is allocated to the two-year campuses in each of the four regions based on the number of employees in the region. \$1 million of one time matching funds for equipment has been removed from the base and is listed at the bottom of the page. There is a representative from the Workforce Training Regions here to update you on their activities.

The final line item in that first column is Postsecondary Grants; these funds are equally split between each of the five community colleges for help in starting new CTE programs and providing instructor training and mentoring to new CTE instructors coming directly out of industry.

To complete that column, under "Funding Source" it shows our source of funding is about a 75% state and 25% federal funding split.

Agency Budget Increase Requests

The second column is our Optional Requests which we presented last August to the Governor's Office. The gold stapled handout outlines our Optional Budget requests. The front page is our priority listing and offers a brief explanation of each request. These requests total \$14,770,000. The attached pages provide backup information for our first priority. Let me work through them with you.

Traditionally CTE programs are higher cost and they are elective courses which suffer more when overall school funds are limited. Our number one priority is to increase reimbursement rates to schools, back to 1984 levels. Our current reimbursement rates are 27% for schools and 40% for Area Centers; in 1984 they were 40% and 50% respectively. The back side of the priority listing is a handout showing the downward

progression of our reimbursement rates which in turn means that the local schools have had to pick up a greater share of the costs. You can see through the lean years of the late 1980's through to the early 2000's our rates to schools took a tumble. Starting in 2007 they have rebounded a little. This request of \$8.5 million would bring us back to those earlier levels. The next attached handout shows you exactly, by program area, the impact of going back to the 40% and 50% funding that was in 1984. If you look at the fourth grouping from the top you will see FCS – Family and Consumer Sciences and looking to the far right hand column it would cost \$987,982 per year to bring that program up from 17% current funding to 40%. The back side of that sheet outlines a number of funding scenarios, essentially what a certain funding level would mean in terms of a rate increase. The Governor recommended \$2 million which would provide a 1% increase to both rates and increase FACS to equal those rates as well as fund additional Business Education courses not currently funded. At \$3 million the rates would increase to 3% at school districts and 2% at Area Centers and so on.

While increasing reimbursement rates to schools is a huge part of our request we also requested, and the Governor included in his budget, \$700,000 for new and expanding programs. This is our second funding priority and is listed on the bottom half of the yellow budget sheet. We are constantly receiving requests to fund new programs and this past biennium we approved \$710,000 of new and expanding program requests. In 2009 we funded 519 programs, now in 2015 we are funding 575 programs in addition to the distance delivered programs I mentioned earlier.

Next on our priority list is a request for one-time funding for CTE equipment in schools and Area Centers. We asked for \$3.5 million and the Executive budget included

\$1.5 million. We asked that these funds be matching funds 75% state and 25% local. The Executive budget recommended a 50% split. While it is important for schools to have skin in the game when it comes to equipment, they have to come up with the local match from funds that they do not receive from us, no state CTE or Federal Perkins dollars could be used as match. That's why we think that the 25% match is a good number. 35% of this funding would be made available to two year campuses. The funds could be used for classroom or shop equipment other than computer labs.

The next line item in the Optional Request column is \$2 million for Workforce Training. The Governor included \$1 million in his Executive Recommendation of the \$2 million original request. There is a representative from TrainND here that will discuss the program and explain their needs with you.

Lastly at the bottom of the column the Executive Recommendation removed a half FTE and rolled the funding into a vacant Administrative Assistant position with the hope of having enough funding to fill that position at a higher program level to provide additional staffing in the expanding STEM fields.

Executive Budget Recommendations

The third and fourth columns reflect the Executive Budget Recommendations. I will bypass the general salary recommendation other than to say that state employees are your most valuable asset.

Next is the Grants line reflecting an increase of \$4,279,564. The breakdown is in the bottom half of the sheet and it includes: \$500,000 for cost to continue the Cass County ACTC which receives funding for one year of this current biennium; \$2 million to increase reimbursement rates to schools including equalizing Family and Consumer

Sciences to the same rate level as all other programs; \$700,000 for New and Expanding Programs; \$1.5 million of one-time matching funds for equipment; the reduction of \$250,000 of one-time funds from last biennium for the Autism/IT grant; a budget adjustment reduction of \$10,436; and a \$160,000 reduction, also one-time funds, brings the total to \$4,279,564.

Continuing down that column Adult Farm Management shows a \$50,000 reduction. It actually is a reduction in Special Funds and we have not had those Special Funds for a number of years. This does not reduce any funding to the FBM, this simply is a request to get rid of excess appropriation in our Special Funds line.

The next line is Workforce Training; the Executive recommendation includes a \$1 million increase, half to go towards cost to continue for operations and the other half to be divided equally between the four Workforce Training sites for program development – equipment and software.

The last line is \$140,000 of one-time funds that is being removed which provided startup funding for the ND STEM Network. The STEM Network has been established, they have a board representing all regions and education levels of the state, they put together a statewide teachers conference last spring and have one scheduled for this spring, and they are in the process of raising funds from the private sector to continue the Network.

Mr. Chairman and members of the committee the final handout is our “2015 – 2017 Budget Comparison and Request” – our ask sheet. I would ask that you consider an additional \$1.5 million above the Executive recommendation for our top priority of increasing our reimbursement rates, to help move the states’ share of funding for CTE

programming closer to a level where it was in 1984. That would add 3% and put the reimbursement rates at 30% and 43% for districts and Area Centers respectively. I also ask you to fund the executive recommendation of \$500,000 for the second year of the biennium for the Cass County ACTC and \$700,000 for new and expanding programs. Additionally I would ask to fund and enhance the Executive recommendation of \$1.5 million in one-time equipment matching funds at a 25% matching level with an additional \$500,000 and increase the Executive recommendation for the Workforce Training regions to the original request of \$2 million.

The workforce data shows the need to enhance and provide greater access to CTE programming. CTE programs are traditionally high cost for schools to operate – more equipment, larger facilities, smaller teacher to student ratios, and they are elective which makes them more vulnerable to being cut in tight budget times. The benefit of CTE programming is that it keeps students engaged in their learning, for some it keeps them in school, they graduate at a higher level, and provides a foundation for their future career and educational goals.

The challenge our agency faces is how we help schools provide these CTE opportunities to all students. The funding request in this budget will enable local schools and Area Centers to create more access to CTE programming. Because we fund only a percentage of the costs of a CTE program, local schools make a commitment with their limited resources also. This funding will make some of those difficult decisions that schools face in terms of programming, easier.

We believe by making more CTE programming available to more students all across the state, our students are building the academic and technical skills as well as the

career skills to be successful in life and in their career. I believe that the budget request before you will help us get there.

Mr. Chairman and members of the committee, thank you for the opportunity to talk about CTE and I would be glad to answer any questions that you may have.

**NORTH DAKOTA STATE BOARD FOR
CAREER AND TECHNICAL EDUCATION**

State Capitol, 15th Floor - 600 E Boulevard Ave, Dept 270

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1- 104

CTE Program Areas

Agriculture Education

Business Education

Career Development

Career Resource Network

Family and Consumer Sciences

Information Technology

Marketing Education

Special Populations

Technology and Engineering Education

Trade, Technical and Health Sciences (T&I)

Auto Collision

Auto Technology

Aviation

Commercial Art

Construction Tech

Culinary Arts

Diesel Technology

Drafting

Electronics

Facilities Maintenance

Graphic Arts

Health Sciences

Machine Tooling

Oil Production Technology

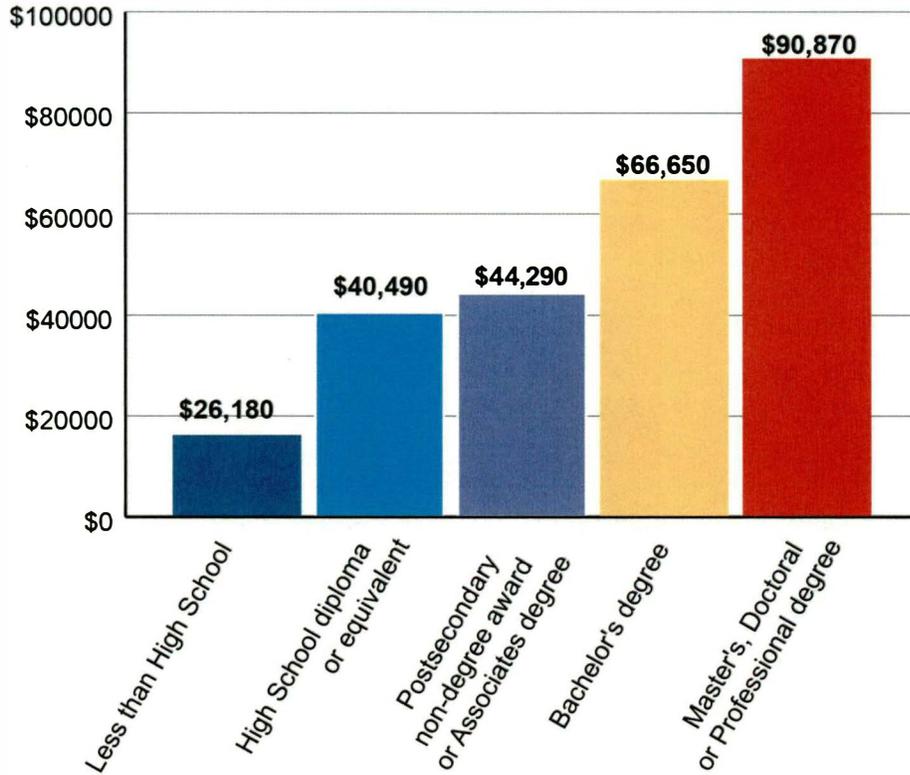
Recreational Engines

Welding Technology

#1

AVERAGE ANNUAL NORTH DAKOTA WAGES BY TYPICAL EDUCATION LEVEL

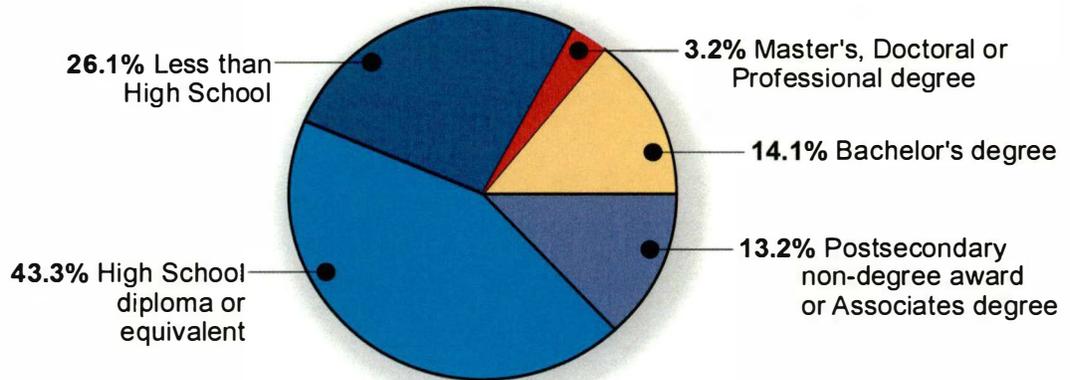
including 2013 average (mean) wages



ND Job Service data

PERCENTAGE OF NORTH DAKOTA JOBS BY TYPICAL EDUCATION LEVEL

including 2013 data



ND Job Service Data

1-16

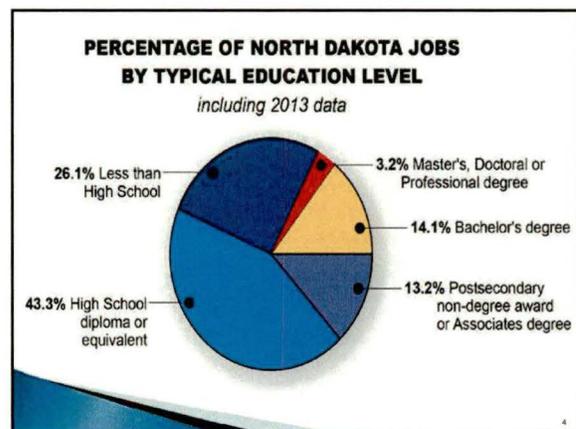
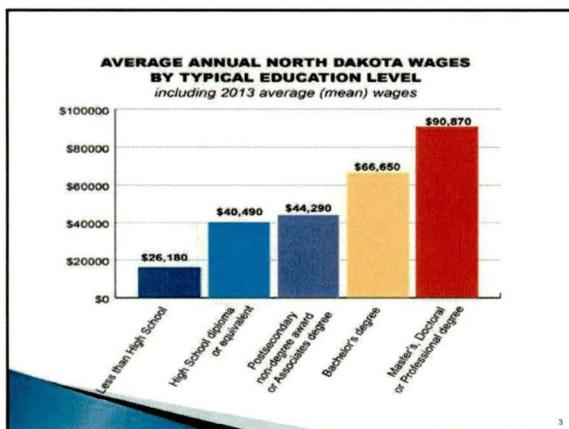
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**Biennium Budget Presentation
Senate Appropriations**

March 6, 2015

North Dakota Department of
Career and Technical Education



CTE Enrollment

- ▶ Secondary (9-12)
 - 20,018 Enrolled
 - 6,714 Concentrators
- ▶ Postsecondary
 - 9,319 Enrolled
 - 5,741 Concentrators

7

Department of Career and Technical Education

- ▶ Technical Assistance
 - Programs
 - Industry Standards
 - Curriculum suggestions
 - Funding
 - Program Evaluations (5 year cycle)
 - Teachers
 - Certification – traditional and alternative
 - Professional Development
 - Career and Technical Student Organizations
 - Leadership and coordination

8

Program Areas

- Agriculture Education
- Business Education
- Career Development
- Career Resource Network
- Family and Consumer Sciences
- Information Technology
- Marketing Education
- Special Populations/Educational Equity
- Technology and Engineering Education
- Trade, Technical and Health Sciences (T&I)

9

Secondary Trade, Technical & Health (T&I)

- ▶ Auto Collision
- ▶ Auto Technology
- ▶ Aviation
- ▶ Commercial Art
- ▶ Construction Tech
- ▶ Culinary Arts
- ▶ Diesel Technology
- ▶ Drafting
- ▶ Electronics Tech
- ▶ Facilities Maintenance
- ▶ Graphic Arts
- ▶ Health Sciences
- ▶ Machine Tooling
- ▶ Oil & Gas Tech
- ▶ Recreational Engines
- ▶ Welding Technology

10

CTE Funding by Function

Total Biennium Budget	\$41.3 million
Secondary - grades 9 - 12	21.5 million
Federal	5.0 million
Elementary / middle school	.3 million
2-yr Campuses	4.3 million
Federal	2.3 million
Adult / Farm Management	2.0 million
Agency salary, operating and professional development	4.3 million
Federal	1.6 million

11

Department of Career and Technical Education

- ▶ Technical Assistance
 - Programs
 - Industry Standards
 - Curriculum suggestions
 - Funding
 - Program Evaluations (5 year cycle)
 - Teachers
 - Certification – traditional and alternative
 - Professional Development
 - Career and Technical Student Organizations
 - Leadership and coordination

12

1 - A

- ▶ **Federal Funding** - expect no changes to federal funding.
- ▶ **2013-15 Spending** - All general funds, except the one-time funds below, will be expended.
- ▶ **Status of One-Time Funds**
 - TrainND - workforce \$1 million
 - All obligated
 - NDSTEM Network \$300,000
 - Anticipate \$40,000 will be unspent
 - IT training/Autism Grant \$250,000
 - Carryover provision in SB2031



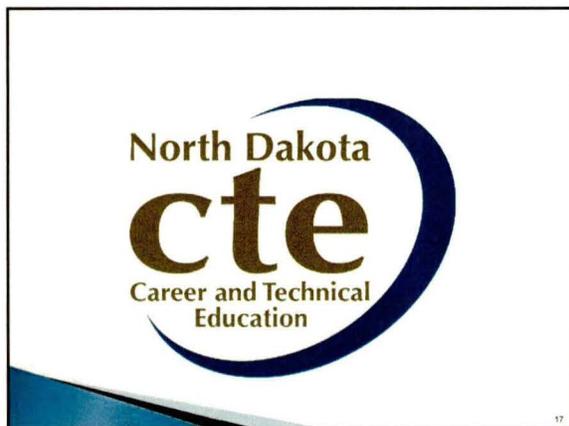
Funding to Schools

- ▶ **CTE Reimburses**
 - 27% on CTE teacher salary
 - 17% for Family and Consumer Sciences
 - 40% at Area Centers
 - 4% Incentive for Online and ITV

CTE Cooperative Arrangements

Courses offered between schools either ITV or online

- ▶ 78 schools participating in ITV
 - 31 CTE course offerings
- ▶ 63 schools participating in online
 - 28 CTE course offerings
- ▶ 941 students taking online and ITV CTE courses



2015-2017 Budget Comparison & Request

	Agency Request	Executive Recommend	Additional Request
Re-establish States' Share of Funding	\$8,570,000	\$2,000,000	\$1,500,000
Cass County Area CTC		500,000	
New and Expanding Programs	700,000	700,000	
Update CTE Equipment	3,500,000	1,500,000	500,000
TrainND - (Workforce Training)	2,000,000	1,000,000	1,000,000

**DEPARTMENT OF CAREER AND TECHNICAL EDUCATION
 APPROPRIATION STATUS REPORT
 FOR THE MONTH ENDED JANUARY 31, 2015**

	APPROPRIATION	BIENNIUM TO DATE EXPENSE	%	BALANCE OF APPROPRIATION
EXPENDITURES BY LINE ITEM				
SALARIES AND WAGES	\$4,669,943.00	\$3,309,503.88	71%	\$1,360,439.12
ACCRUED LEAVE	\$96,477.00	\$31,322.40	32%	\$65,154.60
OPERATING EXPENSES	\$1,253,339.00	\$594,094.88	47%	\$659,244.12
GRANTS	\$31,063,698.00	\$18,702,043.10	60%	\$12,361,654.90
GRANTS POST SECONDARY	\$847,452.00	\$454,988.92	54%	\$392,463.08
ADULT FARM MANAGEMENT	\$749,802.00	\$484,969.30	65%	\$264,832.70
WORKFORCE TRAINING	\$4,000,000.00	\$2,576,450.00	64%	\$1,423,550.00
TOTAL EXPENDITURES	\$42,680,711.00	\$26,153,372.48	61%	\$16,527,338.52
EXPENDITURES BY SOURCE				
GENERAL FUND EXPENDITURES	\$32,392,916.00	\$21,197,750.82	65%	\$11,195,165.18
FEDERAL FUND EXPENDITURES	\$9,832,821.00	\$4,896,064.51	50%	\$4,936,756.49
SPECIAL FUND EXPENDITURES	\$454,974.00	\$59,557.15	13%	\$395,416.85
TOTAL EXPENDITURES	\$42,680,711.00	\$26,153,372.48	61%	\$16,527,338.52

1-B

3-6-15

HB 1019

#1B

**State Board for Career and Technical Education
2015-2017 Biennium Budget**

	2013-2015 Base	Agency Request	Executive Recommended Increases	Executive Recommendation	House Changes	House Version Budget
LINE ITEMS						
Salaries and Wages	4,669,943		819,176	5,489,119	(365,289)	5,123,830
Accrued Leave Payments	96,477		(96,477)	-	-	-
Operating Expenses	1,253,339		-	1,253,339	-	1,253,339
Grants	31,063,698	12,770,000	4,279,564	35,343,262	(4,200,000)	31,143,262
Adult Farm Management	749,802	(50,000)	(50,000)	699,802	-	699,802
Workforce Training	3,000,000	2,000,000	1,000,000	4,000,000	(1,000,000)	3,000,000
Postsecondary Grants	847,452	(140,000)	(140,000)	707,452	-	707,452
Total Line Items	41,680,711	14,580,000	5,812,263	47,492,974	(5,565,289)	41,927,685
FUNDING SOURCE						
General Fund	31,392,916	14,630,000	6,402,171	37,795,087	(5,565,289)	32,229,798
Special Funds	454,974	(50,000)	(300,000)	154,974	-	154,974
Federal Funds	9,832,821		(289,908)	9,542,913	-	9,542,913
Total Funding Source	41,680,711	14,580,000	5,812,263	47,492,974	(5,565,289)	41,927,685
FTE	27.0	(0.5)	(0.5)	26.5	(0.5)	26.5

<u>Agency Optional Request Priorities</u>	Agency Request**	Executive Recommendation	House Action
(1) Increase state share of CTE programming costs	8,570,000	2,000,000	0
(2) New and expanding programs in schools	700,000	700,000	0
(3) One time equipment funding	3,500,000	1,500,000	0
(4) TrainND - operations	2,000,000	1,000,000	0
Cass County Area Career and Technology Center		500,000	500,000
Total	\$ 14,770,000	\$ 5,700,000	\$ 500,000

Removed One-time funds

Grants -	Autism/Technology	(250,000)
	STEM Network	(160,000)
WorkForce Training -	Equipment	(1,000,000)
Postsecondary Grants -	STEM Network	(140,000)
Total		\$ (1,550,000)

Executive Recommendation - Grants	
Cost to Continue Cass County ACTC	500,000
Increase Share of State Funding	2,000,000
New & Expanded programs	700,000
CTE Equipment Grants	1,500,000
Autism Spec Disorder grant	(250,000)
Base budget adjustment	(10,436)
STEM Network	(160,000)
GRANTS LINE	4,279,564

4B 1019
#1-C
3-6-15

COOPERATIVE ARRANGEMENTS 2013-2014

#1-D

ITV CTE Courses

Agriscience Technology I	4
Agriscience Technology IV	4
Ag Sales	2
Botany	2
Sign Language I	9
Sign Language II	9
Sign Language III	3
Sign Language IV	3
Cisco Discovery I	3
Computer Hardware & Operating Systems	6
Drafting	2
EMT	8
Entrepreneurship	5
Environmental Science	3
Farm Management	4
GIS/GPS	1
Health Careers	26
Health Careers II	4
Marketing I	5
Marketing II	2
Medical Careers I	4
Medical Terminology	11
Nurse Assistant	4
Parenting/Independent Living	3
Prevention & Care of Athletic Injury	10
Sports & Entertainment Marketing	9
Sports Medicine	3
TV Production	2
Vet Science	5
Web Design	4
Welding Technology	3

On-Line CTE Courses

Agriscience Technology I	3
Agriscience Technology II	3
Agriscience Technology III	3
Agriscience Tech IV/Vet Science	3
Ag Mechanics Tech I	1
Aviation I	6
Botany/Horticulture Science I	1
Cisco Discovery I	1
Cisco Discovery II	2
Commercial Arts	2
Design & Drafting	2
Electronics Technology I	12
Electronics Technology II	2
Entrepreneurship	2
GIS	2
Health Careers	3
Intro to IT	16
Intro to Programming Languages	5
Intro to Web Design	1
IT Essentials	15
Marketing	5
Medical Careers I	10
Medical Terminology	28
Nurse Assistant	6
Programming Essentials-Visual Basic	8
Programming Essentials II	3
Sports & Entertainment Marketing	3
Vet Science/Applied Bio/Chem	4

#1-D

2015 – 2017 Biennium Optional Budget Considerations

#1-E
HB1019
3-6-15

Optional Budget Enhancement Package

Increase Access to CTE

Re-establish State's Share of CTE Funding

Increase the State's share of support for CTE to 1984 levels - 40% for comprehensive schools and 50% for Area Centers. Current state support is 27% and 40% respectively. Through budget reductions of the 1980's, 1990's and 2000's the rate of reimbursement to schools for approved CTE programs declined to a low of 24% in 2004, rebounding to the current level of 27%. This will provide schools additional funding to recover more of the costs associated with traditionally higher cost CTE programs. It will solidify demand in schools to offer CTE programs that match student interest and state workforce needs. Additionally it will level the funding between all programs and courses.

Total **\$8,570,000**

New and Expanded Programs

To meet the demand for new and expanding programs which build access to CTE programming in more schools and for more students.

Total **\$700,000**

Update CTE Equipment

Make available one time funding to update CTE equipment in approved CTE programs across the state. We would propose a 25% match of funds from sources other than Perkins or CTE State Funds. A portion of the funds will be used to provide "CTE Access Grants" for the delivery of traditionally hard to deliver Auto Tech, Construction or Welding, modeled after a successful pilot of distance delivered Welding. Funding would not be used for computer labs. I received equipment "wish lists" from both secondary and two year campuses that are reflected in this amount.

Total **\$3,500,000**

Workforce Training (TrainND)

To provide TrainND an increase to meet the inflationary "cost to continue". The current \$3,000,000 level of funding was provided in 2007 with no increases since that time. It also would provide \$250,000 to each of the regions to increase awareness of services, create new training programs and purchase needed software and equipment. Costs cover the infrastructure/administration of TrainND. The cost of actual training is covered through training fees.

Total **\$2,000,000**

/ #1-E

1-E

Career and Technical Education
K - 12 Reimbursement Rate History
General Fund

Biennium	FY	Single District	Area Center	Annual Funding	Biennium Total
1983-85	1984	40	50	4,140,765	8,390,418
	1985	40	50	4,249,653	
1985-87	1986	40	50	4,307,532	8,240,802
	1987	37	48	3,933,270	
1987-89	1988	35	45	4,015,552	7,894,116
	1989	35	45	3,878,564	
1989-91	1990	35	45	3,432,619	6,918,187
	1991	35	45	3,485,568	
1991-93	1992	35	45	3,863,640	7,553,960
	1993	35	45	3,690,320	
1993-95	1994	32	43	3,478,845	7,490,845
	1995	32	43	4,012,000	
1995-97	1996	28	41	3,481,417	7,155,620
	1997	28	41	3,674,203	
1997-99	1998	26	39	3,719,692	7,700,506
	1999	26	39	3,980,814	
1999-2001	2000	26	39	4,076,321	8,570,234
	2001	25	38	4,493,913	
2001-03	2002	25	38	4,566,883	9,355,328
	2003	25	38	4,788,445	
2003-05	2004	24	37	4,623,157	9,588,917
	2005	24	37	4,965,760	
2005-07	2006	25	38	5,227,791	11,473,533
	2007	25	38	6,245,742	
2007-09	2008	25	38	6,325,749	14,065,901
	2009	25	38	7,740,152	
2009-11	2010	27	40	7,998,789	17,239,611
	2011	27	40	9,240,822	
2011-13	2012	27	40	8,922,016	18,594,633
	2013	27	40	9,672,617	
	2014	27	40	9,482,388	

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#1-E

PROGRAM AREA	2015 BASE	CURRENT RATE	CURRENT OBLIGATION	PROPOSED RATE	PROPOSED OBLIGATION	PROPOSED DIFFERENCE
AGRICULTURE						
Salaries	3,959,243	27%	1,068,996	40%	1,583,697	514,702
Travel	323,120	30%	96,936	40%	129,248	32,312
BUSINESS & OFFICE						
Salaries	2,408,357	27%	650,256	40%	963,343	313,086
Travel	155,694	30%	46,708	40%	62,278	15,569
Expanded (New)	1,022,908	27%	276,185	40%	409,163	132,978
Career Development						
Salaries	1,855,742	35%	649,510	40%	742,297	92,787
Travel	74,309	30%	22,293	40%	29,724	7,431
FCS - ED						
Salaries	4,295,574	17%	730,248	40%	1,718,230	987,982
Travel	165,112	30%	49,534	40%	66,045	16,511
FCS - OCC						
Salaries	328,721	27%	88,755	40%	131,488	42,734
Travel	6,800	30%	2,040	40%	2,720	680
Health						
Salaries	875,930	27%	236,501	40%	350,372	113,871
Travel	24,541	30%	7,362	40%	9,816	2,454
Information Tech						
Salaries	322,322	27%	87,027	40%	128,929	41,902
Travel	10,900	30%	3,270	40%	4,360	1,090
Marketing						
Salaries	760,131	27%	205,235	40%	304,052	98,817
Travel	94,500	30%	28,350	40%	37,800	9,450
Tech & Engineering						
Salaries	1,038,427	27%	280,375	40%	415,371	134,996
Travel	80,825	30%	24,248	40%	32,330	8,083
Trade & Industry						
Salaries	2,347,405	27%	633,799	40%	938,962	305,163
Travel	58,290	30%	17,487	40%	23,316	5,829
Centers						
All	9,240,888	40%	3,696,355	50%	4,620,444	924,089
1st Year Totals (+3%)	29,449,739		9,168,514		13,085,104	4,201,061
2nd Year Totals (+4%)			9,535,254		13,608,508	4,369,103
Biennium Total			18,703,768		26,693,612	8,570,164

3

#1-E

CTE Funding Scenarios

Increase all reimbursement rates:

40% for Comprehensive Schools	
50% for Area Centers	
Total	- \$8,570,000

Discussion and Information Points:

Approximately \$600,000 would make a 1% increase

Increase FACS rates from 17% to 27%	\$892,000
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Increase FACS rates from 17% to 40%	\$2,009,000
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Business and Office new courses @27%	\$552,370
@40%	\$818,326

Not funding new B&O courses would add approximately 1% to rates

\$2,000,000
Increase Comp Schools by 1% to 28%
Increase Area Centers by 1% to 41%
\$3,000,000
Increase Comp Schools by 3% to 30%
Increase Area Centers by 2% to 42%
\$4,000,000
Increase Comp Schools by 5% to 32%
Increase Area Centers by 4% to 44%
\$5,000,000
Increase Comp Schools by 7% to 34%
Increase Area Centers by 5% to 45%
\$6,000,000
Increase Comp Schools by 9% to 36%
Increase Area Centers by 7% to 47%

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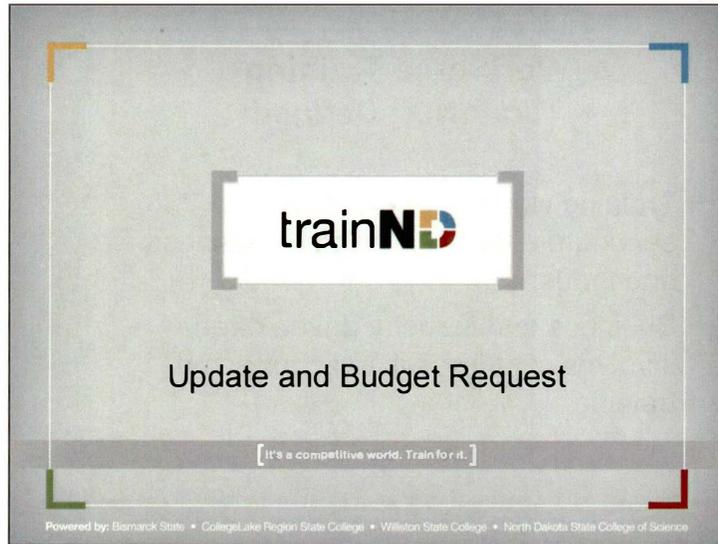
2015–2017 Biennium Budget Request Comparison Department of Career and Technical Education

“Increasing Access to CTE”

	Agency Request	Executive Recommendation	Additional Request
Re-establish State’s Share of CTE Funding Increase the State’s share of support for CTE back to 1984 levels, 40% for districts and 50% Area Centers, and level funding between programs	\$8,570,000	\$2,000,000	\$1,500,000
Cass County Area Career and Technology Center Second year of biennium funding – Full funding		\$500,000	
New and Expanded Programs To meet the demand for new and expanding programs	\$700,000	\$700,000	
Update CTE Equipment – 25% match – one-time funding To update CTE equipment in approved CTE programs Secondary (65%) and Postsecondary (35%)	\$3,500,000	\$1,500,000	\$500,000
TrainND – (Workforce Training) To provide a cost to continue and \$250,000 to each region	\$2,000,000	\$1,000,000	\$1,000,000

#1-1

#2



Slide 1

**2015 Senate Appropriations Committee
Friday, March 6th 9:00 am Harvest Room
HB 1019 Career & Technical Education**

Good Morning, Chairman Holmberg and members of the Senate Appropriations Committee. My name is Carla Hixson; I am the Associate Vice President for Continuing Education, Training and Innovation for Bismarck State College which spearheads TrainND for the Southwest region of the state. This year I am serving as the statewide TrainND Chair. I also serve as a Board of Director on the National Council for Continuing Education and Training – an AACC Affiliate Council. In January 2014, an independent firm surveyed American Council of Community Colleges (AACC) continuing education departments. The survey information reiterates that the state of ND with the TrainND system is in line with national trends.

As of January 2014,

- 55% of the community colleges responding indicated that they receive state funding or reimbursement for their contract training efforts
- 72% of the community colleges responding indicated that they are self-sustaining with businesses who use the training pay for the training
- One additional observation is that the larger the department based on participants served, the more likely they were to receive state reimbursement

I want to thank you personally for the past support that the state has given for TrainND through the Career and Technical Education budget.

2-1

**Workforce Training
“TrainND” Defined**

- Training which is oriented toward serving the training needs of business and industry.
- Business and industry driven often involves customized and contracted training

trainND

Slide 2

For clarification purposes, Workforce Training – TrainND -is defined as training which is oriented toward serving the training needs of business and industry. It is business and industry driven and often involves customized or contract training.

“Workforce Development” Defined

- Refers to education or training oriented toward meeting the education and training needs of individuals
- Includes K-12, higher education, continuing education and life-long learning
- Open enrollment vs contracted

trainND

Slide 3

In contrast, “workforce development” refers to education or training oriented toward meeting the education and training needs of individuals including K-12, higher education, continuing education and life-long learning.

TrainND has had some mission creep into not for credit open enrollment offerings for individuals. This is due to business and industry driven requests for the educational offerings. The main areas where this has happened include Certified Nursing Assistant (CNA) programs across the state, Commercial Driver’s License (CDL) and OSHA training

22

History

Key Components:

1. Designated Regions & Primary Responsibility
 - Bismarck State College
 - Lake Region State College
 - North Dakota State College of Science
 - Williston State College
2. Establishment of local advisory boards
3. Financial support from state, colleges, and business
4. Development of collaborative relationships



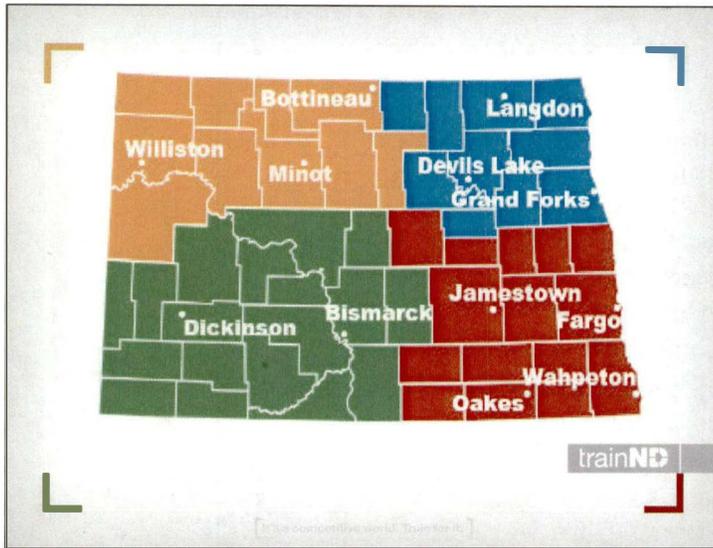
Slide 4

TrainND is the state’s most comprehensive and inclusive training network. Our training services for business and industry help North Dakota businesses compete on a global level and are tailored to capitalize on growth potential.

TrainND resulted from a 31-member statewide task force on workforce development and training formed in 1998 to research best practices in other states and to design a more effective workforce training system in North Dakota. This initiative was coordinated by the Greater North Dakota Chamber of Commerce and resulted into legislation during the 1999 session. The primary purpose of the legislation was to develop a world class workforce training system in North Dakota.

The key components enacted include:

- 1) Establishment of four service regions within the state with designation of workforce training to four 2-year colleges in the North Dakota University System. The colleges are Lake Region State College, Williston State College, North Dakota State College of Science and Bismarck State College.
- 2) Establishment of local advisory boards.
- 3) Financial support from state funds, institution support, and training fees.
- 4) Development of collaborative relationships.



Slide 5

This Slide shows a visual of the 4 regions within the state. The TrainND regions follow state planning regions, each region is depicted in a different color.

Slide 6



TrainND Statistics since inception have recognized the following results:

- 23,700 Businesses Served
- 226,300 Participants attended training
- 3,127,000 Contact Hours
- 98.9% Client Satisfaction Rating

trainND - FY 2014

- 1,208 Companies
- 52% Repeat
- 27,544 Employees Participated
- 99.5% Satisfaction Rating
- \$5.953 Million in Training Revenue
- 1.5 Million State Funding
- \$7.851 Million in Training Expenses
- **(\$82,016) Funds for Future Development**

Slide 7

More recently, in FY 2014, TrainND served

1,208 Companies

52% of the companies served in FY 2013 came back for more training in FY 2014

27,544 Employees Participated

99.5% Satisfaction Rating

\$5.953 million in Training Revenue

\$7.851 million in Training Expenses which resulted in a FY 14 shortfall of \$(82,016). To cover the shortfall, TrainND accessed carryover dollars that had been set aside for future development.

Carry over dollars that are set aside for future development have been used for such things as upgrading equipment, training materials, support to CDL Training, investment in new curriculum and training room technology.

TrainND FY Funding Breakdown

	FY 15 Funds - Est.	% FY 15 Est.	FY 14 Funds	% FY 14	FY 12 Funds	% FY 12
Direct Training Revenue	\$ 7,474,783	73%	\$ 5,975,139	68%	\$ 6,743,927	72%
State Funds	\$ 1,500,000	15%	\$ 1,500,000	17%	\$ 1,500,000	16%
College In Kind	\$ 1,330,419	13%	\$ 1,283,296	15%	\$ 1,114,317	12%
	\$ 10,305,202		\$ 8,758,435		\$ 9,358,244	

For every \$1 the state invested in TrainND in 2014, the return on that investment was \$3.97

Slide 8

Funding for TrainND is based on three funding sources, from the chart highlighted in yellow, you can see that in FY 2014, 68% of the funding came directly from those companies accessing the training for their employees, 17% came from the state. The colleges contribute in-kind for items such as space, custodial, business and human resources services. For every \$1 the state invested in TrainND in 2014, the return on that investment was \$3.97 (excluding the colleges' in-kind contributions).

2013-2015 Legislative Outcomes

- \$1 million equipment grants spoken for with business and industry match
- Equipment Funding Examples:
 - TrainND SE (NDSCS) - FARO
 - TrainND SW (BSC) – Welding
 - TrainND NE (LRSC) – Health
 - TrainND NW (WSC) - Crane

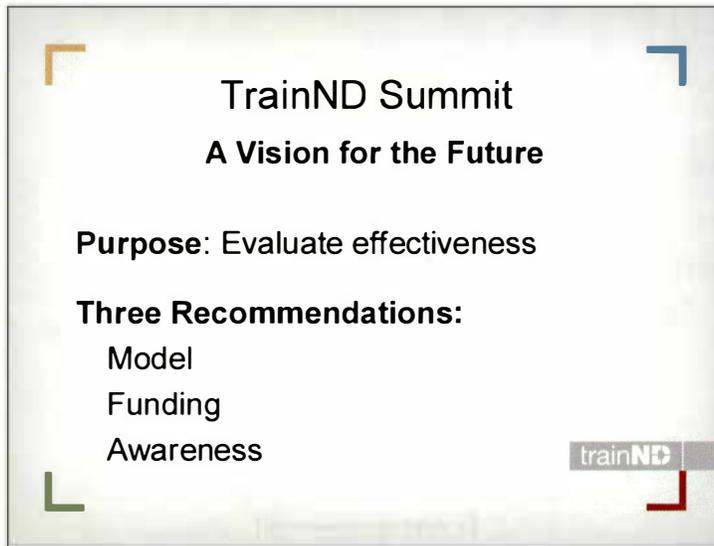
trainND

Slide 9

In 2013, SB 2019 included a onetime funding allocation for workforce training in the sum of \$1 million from the general fund for workforce training grants to TrainND for the purchase of equipment specific to TrainND. As grant recipients, we were required to have matching funds from private industry equal to the state grant. Although TrainND has found it difficult to get the matching funds needed from private industry to be able to access grant money. I am happy to report that all \$1 million of the equipment grants have been spoken for. Listed is an example of some equipment funded:

TrainND NE (LRSC) – Health Equipment
TrainND NW (WSC) – Crane
TrainND SE (NDSCS) - FARO
TrainND SW (BSC) – Welding Equipment

We have also provided you with a flyer highlighting the successes of TrainND.



Slide 10

NDUS Interim Chancellor Larry Skogen initiated a TrainND Summit on February 26, 2014 to provide a forum to evaluate the effectiveness of the current workforce training model in meeting the needs of ND businesses and industry. Chancellor Skogen indicated that the changes in North Dakota make it even more important that business and industry are confident in TrainND.

The following observations and conclusions resulted from the Summit:

- 1) The TrainND model is working.** While the TrainND model is working, it was suggested that a centralized leadership position is needed to ensure that TrainND directors get support and representation.
- 2) Additional funding is needed.** Extensive discussion took place regarding the TrainND funding model, the amount received and the need for an increase. Current funding does not allow TrainND to meet its mission of serving North Dakota businesses. Very little time is spent finding new clients due to the time needed to provide services for present clients.
- 3) Increased awareness needed.** Although TrainND is doing a good job, lack of awareness of TrainND exists outside of the businesses presently being served. Some TrainND promotion work is being done, but the regions need to work together to keep the message consistent and to reach more potential clients. Ways to increase awareness were discussed including videos on the TrainND website, face-to-face meetings instead of mailings, a better search engine, working with the Chamber of Commerce, encouraging referrals, attending trade shows and incorporating TrainND into the current Community College Awareness Initiative marketing campaign.

Summit Recommendations

TrainND model

- Continue the operational model
- Create a new NDUS position to serve as the TrainND Statewide Coordinator

trainND

Slide 11

In conclusion, the following recommendations were made:

- 1) Model** - Continue with the current operational model
- 2) Funding** - TrainND through Career and Technical Education budget will request an additional \$2,000,000 for a total biennium budget of \$5,000,000 to address TrainND's need to keep up with inflation and meet the growing number of businesses and industries within the state.
- 3) Awareness** - The TrainND infrastructure has not been able to keep up with the demand in North Dakota. As current clients request deeper relationships, new businesses move into the state and are in need of TrainND services. Due to the overall lack of awareness of TrainND outside of the businesses presently being served, new businesses lack knowledge of TrainND services available to them.

Funding Request

- Current Funding Level
\$3 million biennium
- Requested Funding Level
\$5 million biennium
- Governor recommendation:
\$1 million increase biennium
 - \$500,000 inflationary adjustment
 - \$500,000 new program development divided equally



Slide 12

TrainND which is funded exclusively through the Career and Technical Education budget makes following Budget Request: increase the current funding level from \$3 million a biennium to \$5 million a biennium beginning FY 2016.

Justification for the request is based on increased costs to continue and statewide increased business and industry growth.

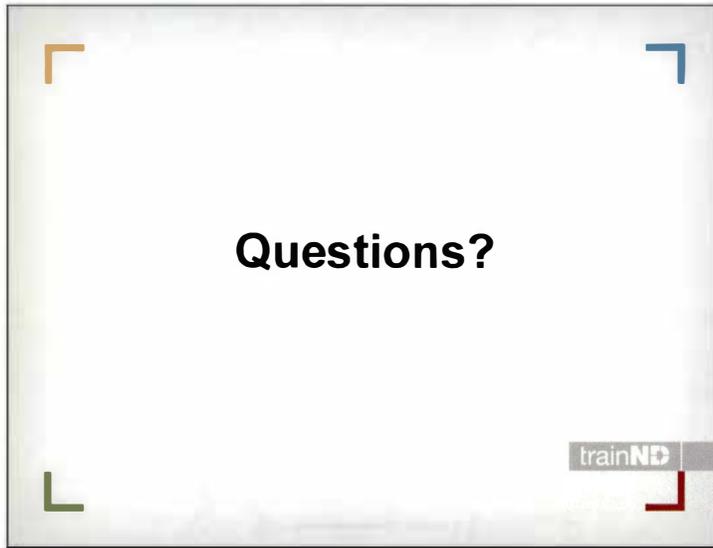
Cost to Continue: In 2007, HB 1019 increased TrainND funding to a total of \$3,000,000 of state funds for TrainND each biennium. TrainND has not received an increase in funding since; however, there has been an increase in “costs to continue” (salaries and operating expenses) expenditures. Salaries have increased by an average of 3% yearly since 2007 and benefits costs have gone up as well. This has amounted to over \$600,000 for the 2013-15 biennium in additional expenditures for TrainND to cover salaries and benefits.

There has been a 16% increase in the number of businesses in the state since 2007. To effectively create awareness to these new businesses in the state, TrainND is asking for a 16% increase which is an additional \$400,000. This brings the total “cost to continue” request to \$1 million.

Growth Issues: The boom in new businesses has also resulted in a boom for new programing needs. To keep up with new program offering requests, TrainND is requesting an additional \$1 million to be divided equally among the four regions (\$250,000 each region). This funding would be used to increase awareness of TrainND services in the state, create new programs, and purchase needed software and equipment.

This results in a request of an additional \$2 million; \$1 million to address cost to continue and \$1 million to address statewide growth issues for a total biennium budget of \$5 million.

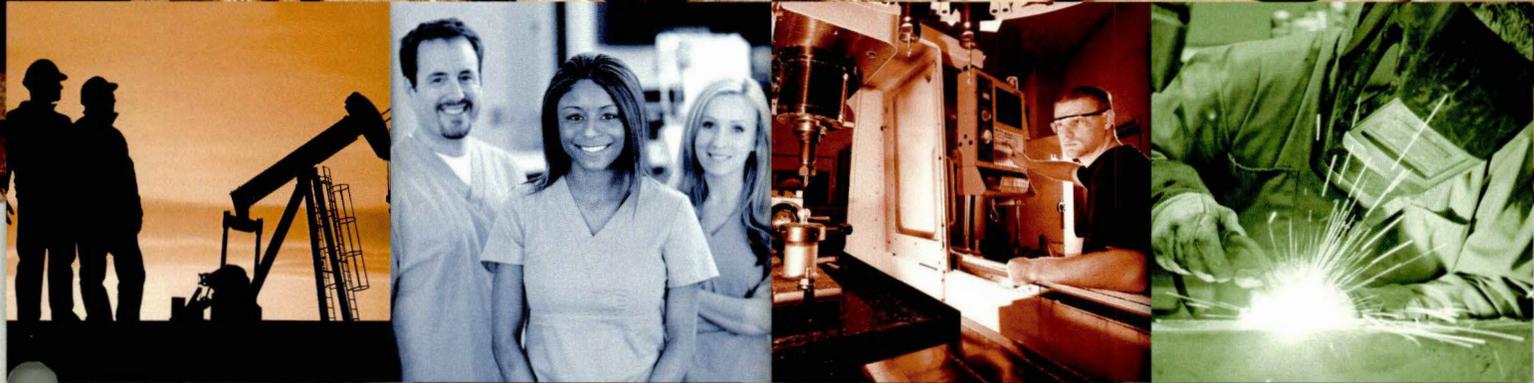
In the Governor’s Budget, the Governor has recommended a \$1 million increase, including \$500,000 for inflationary adjustment and \$500,000 to be divided equally for new program development. For a total biennium budget of \$4 million.



Slide 13

In conclusion, the TrainND regions want to thank you for your continued commitment to providing this beneficial service to North Dakota businesses for the past 14 years.

Thank you for this opportunity to present information on behalf of TrainND.



trainNE

[It's a competitive world. Train for it.]

trainnd.com

TrainND is the state's most comprehensive and inclusive training network, strengthening and expanding business in North Dakota since 1999.

Powered by:



3-1

BACKGROUND

TrainND resulted from a statewide task force on workforce development and training coordinated by the Greater North Dakota Chamber in 1998. A recommendation was provided to the state Legislature in 1999. House Bill 1443 was passed, setting the stage for North Dakota to develop a world-class workforce training system.

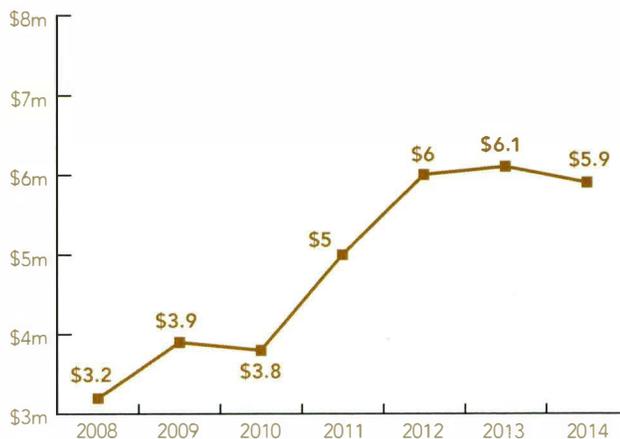
WORLD CLASS TRAINING FOR A WORLD CLASS WORKFORCE

TrainND expands opportunities in North Dakota by training employees to achieve more for themselves and their employers. Four regions cooperate with four community colleges to ensure coverage for all of North Dakota's current workforce needs.

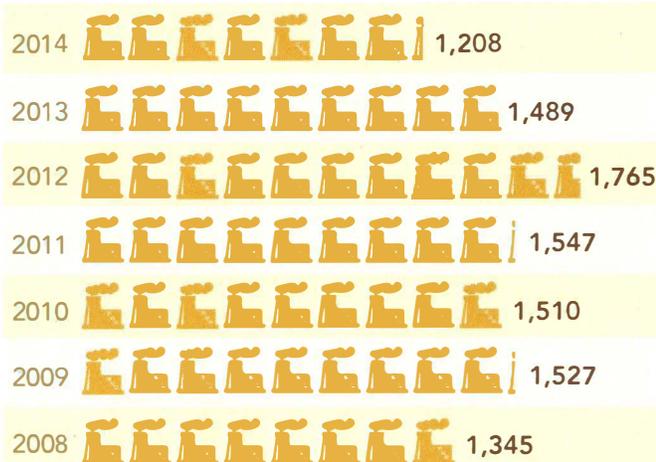
Managers, welders, IT professionals, lineworkers, drivers, frontline office staff – all types of workers benefit from TrainND's comprehensive, customized employee training. TrainND ensures North Dakota businesses maintain a well-trained workforce and stay viable and competitive locally and as part of a global economy.

TRAINND DELIVERS GROWING AND SUCCEEDING

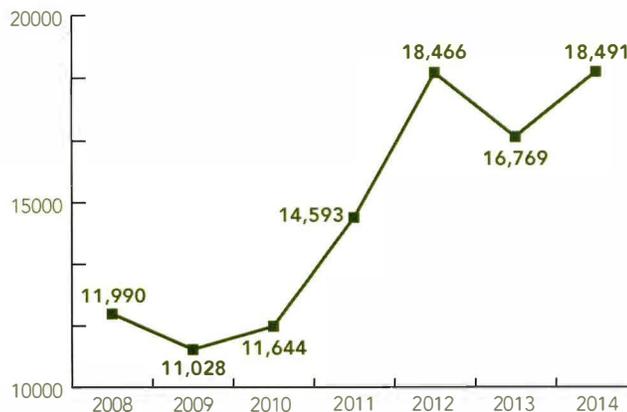
REVENUE GENERATED



COMPANIES SERVED

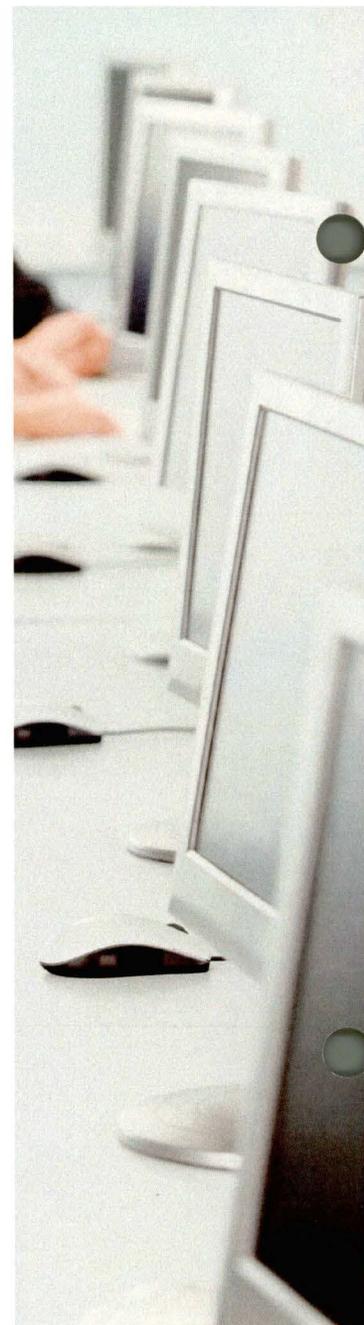


EMPLOYEES TRAINED



NORTH DAKOTA BUSINESS AND EMPLOYEE GROWTH

	FY 2005	FY 2013	INCREASE
ND BUSINESS	23,459	28,003	16%
ND EMPLOYEES	315,306	358,674	12%



Delivered training increased steadily from 2008-2012. In 2013, energy development saw a focus on hiring rather than training. With hiring leveling off, the demand for training will increase again.



Businesses and employees report **satisfaction** ratings of **99%**

52% of companies request **repeat or additional training** after experiencing TrainND offerings.

TESTIMONIALS

"The 360 Leader program. Was organized to teach all aspects of leadership. What a great way to reinforce leadership in all aspects of life."

Wesley Engbrecht, SW, Capital Electric Cooperative

Discovering Your Strengths. Wonderful insight and helpful information. I am hoping to use this to help coach and mentor people I work with in my job.

Sandi Wade, SW, N.D. National Guard

"We attended a two-day Effective Presentations class presented by TrainND Northeast. Due to the skills we developed in the session, I am pleased that my staff provided a conducive learning environment for over 200 customers. We received compliments on the training and our delivery. Thank you for helping take my team to the next level."

*Travis Kiesel, NE, Integrated Solutions Manager
True North Equipment*

"We worked with TrainND Northeast to set up a welding training for one of our county's employers earlier this year. The staff was wonderful to work with, answered any question, and responded quickly when we needed to make changes. They worked directly with the employer to customize the training to their exact needs, and as a result, those who attended the training were very pleased with their new knowledge. We plan to use TrainND again in the near future.

*Shannon Duerr, NE, Executive Director
Cavalier County JDA*

"We at SM Energy felt the service you provided to us was extremely easy and handled very professionally, and we plan on using TrainND – Northwest in the future."

Lester O. Rholdt, NW, SM Energy

"Very knowledgeable trainers, great support from the sales team."

Travis Tody, NW, Weatherford TRS

"An incredible teacher, he knows his stuff and covered a ton of information in an efficient way. I wired homes for a year and I have a four-year degree in electronics. In these two days, I expected to learn nothing about electricity and I am completely wrong. I found out that there is so much more that I should know."

John Howard, SE, Tecton Products LLC

"I enjoyed the presentation. This will definitely help jump-start formalizing our drawing standards"

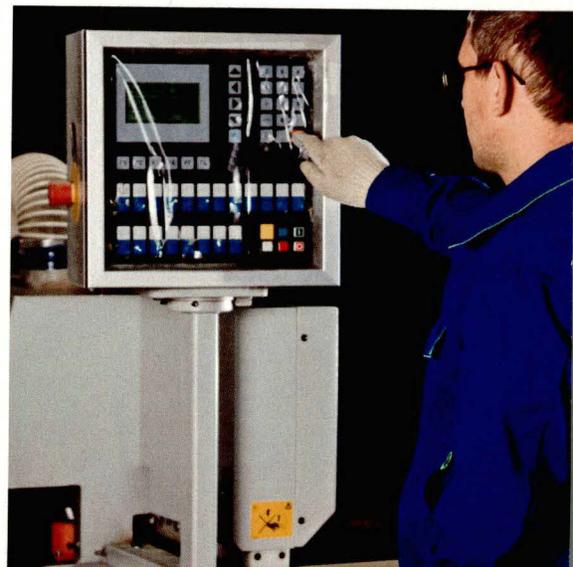
Anderson Industries, SE

3-3



PARTNERSHIPS

North Dakota business and industry has an edge on the rest of the world. Our work ethic is strong and so is the training provided to our workers. This success is due in large part to the interactive partnerships, advisory board guidance, legislative vision and community college support dedicated to TrainND.



TIME TO BUILD

In 1999, the North Dakota Legislature wisely established a training infrastructure to strengthen North Dakota's business climate. The comprehensive, customized employee training that resulted is vital to the health of North Dakota's economy.

Well-trained employees are more satisfied in their work and workplaces are more productive. We know that

the companies served by TrainND are highly satisfied. And yet, TrainND currently serves 3.85 percent of the business population in the state.

TrainND base funding has remained at \$3 million since 2007, even though salaries, benefits and operating costs have risen.

It's time to catch up with demand and opportunity.

It's time to make sure the hardest working place in the nation is the best trained as well.

TRAINND'S 2015-17 LEGISLATIVE REQUEST

TrainND has requested an additional \$2 million. These funds provide \$600,000 for salaries "cost to continue" and \$400,000 to raise awareness with the large number of new businesses in the state since 2007 (16% increase). The request also includes \$1 million, divided equally among the four regions, to develop new programming, purchase related software/equipment and increase awareness of TrainND services.

\$4 million + **\$1 million** = **\$5 million**
for operating for equipment total

[It's a competitive world. Train for it.]

The governor has recommended \$1 million, including \$500,000 inflationary adjustment and \$500,000 divided equally for new program development.



HELP WANTED

Additional TrainND skilled personnel needed to design training programs for individual business needs, extend training services to more communities and businesses statewide, leverage social media technology, and obtain equipment and software necessary to provide highly effective training.

Requirements: *Increased legislative funding*



Testimony of Jon Godfread
Greater North Dakota Chamber of Commerce
HB 1019
March 6, 2015

Mr. Chairman and members of the committee, my name is Jon Godfread; I am the Vice President of Government Affairs for the Greater North Dakota Chamber (GNDC). GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of HB 1019.

We believe that having a skilled and educated workforce is a distinguishing asset that helps our state attract, retain and expand businesses. Therefore, we support HB 1019 in its original form, which included \$4 million for TrainND (North Dakota workforce training program).

GNDC was a driving force in the creation of the Workforce Training System as we recognize the importance of a trained workforce for business growth. Our support has continued to the present with our 2015 legislative policy supporting continued improvement to the Workforce Training System due to the system's significance in providing skilled workers that are essential for the growth, maintenance and success of every North Dakota business.

The funds would provide the following to individual businesses:

- greater access to additional outreach personnel leading to increased responsiveness;
- additional training opportunities to rural communities and small businesses; and
- additional partnerships with the private sector relating to training.

While the program maintains excellent results, we believe North Dakota needs to continue to invest in its strong human capital. By strengthening our state's workforce, we are investing in the future of North Dakota businesses.

GNDC appreciates your investment in workforce training in the past and encourages you to reinstate the \$4 million for TrainND.

Thank you and I would be happy to answer any questions.



#5-1

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office@itcnd.org • www.itcnd.org

Testimony of Deana Wiese
Executive Director
In Support of HB 1019
March 6, 2015

Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Deana Wiese, and I am the executive director of the Information Technology Council of North Dakota (ITCND). I am here today to voice support of HB 1019.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 100 member organizations, with representatives from both the public and private sector.

North Dakota's IT industry is expanding rapidly. Recent Job Service North Dakota data shows that North Dakota has seen an increase of more than 20 percent in IT occupations over the past decade and is projecting a 45 percent increase for the next decade. Job growth in North Dakota's IT industry has more than tripled that of the nation. A shortage of skilled workforce is a limiting factor for technology-based industry growth.

Therefore, the development of a high-quality workforce is vital to the future growth of North Dakota's IT industry. The Department of Career and Technical Education (CTE) has been a strong partner in assisting the IT industry in meeting these needs.

We support this bill as many of its components will strengthen secondary IT education opportunities for North Dakota students and provide training for IT instructors, thus helping our members secure a workforce in the future. CTE has also been a strong partner in promoting IT careers to students, parents and educators through the IT Career Awareness Program. CTE data shows that over the past three years, the number of concentrators in IT has increased 83 percent overall and the number of female concentrators has nearly tripled. This is good news for the IT industry and an indicator that public and private sector efforts are working.

ITCND would ask for your consideration in reinstating funding for new and expanding programs and TrainND as these are two areas that are vitally important to the development and training of the state's IT workforce into the future.

We thank you for your support of IT education and workforce training opportunities in the past and urge your support of HB 1019.

#5-1

**2015–2017 Biennium Budget Request Comparison
Department of Career and Technical Education**

#1
Sub
HB1019
3-26-15

“Increasing Access to CTE”

	Agency Request	Executive Recommendation	Additional Request
Re-establish State’s Share of CTE Funding Increase the State’s share of support for CTE back to 1984 levels, 40% for districts and 50% Area Centers, and level funding between programs	\$8,570,000	\$2,000,000	\$1,500,000 (\$500,000 needed for cost to continue)
Cass County Area Career and Technology Center Second year of biennium funding – Full funding		\$500,000	
New and Expanded Programs To meet the demand for new and expanding programs	\$700,000	\$700,000	
Update CTE Equipment – 25% match – one-time funding To update CTE equipment in approved CTE programs Secondary (65%) and Postsecondary (35%)	\$3,500,000	\$1,500,000	\$500,000
TrainND – (Workforce Training) To provide a cost to continue and \$250,000 to each region	\$2,000,000	\$1,000,000	\$1,000,000

State Board for Career and Technical Education 2015-2017 Biennium Budget

LINE ITEMS	2013-2015 Base	Agency Request	Executive Recommended Increases	Executive Recommendation	House Changes	House Version Budget
Salaries and Wages	4,669,943		819,176	5,489,119	(365,289)	5,123,830
Accrued Leave Payments	96,477		(96,477)	-	-	-
Operating Expenses	1,253,339		-	1,253,339	-	1,253,339
Grants	31,063,698	12,770,000	4,279,564	35,343,262	(4,200,000)	31,143,262
Adult Farm Management	749,802	(50,000)	(50,000)	699,802	-	699,802
Workforce Training	3,000,000	2,000,000	1,000,000	4,000,000	(1,000,000)	3,000,000
Postsecondary Grants	847,452	(140,000)	(140,000)	707,452	-	707,452
Total Line Items	41,680,711	14,580,000	5,812,263	47,492,974	(5,565,289)	41,927,685
FUNDING SOURCE						
General Fund	31,392,916	14,630,000	6,402,171	37,795,087	(5,565,289)	32,229,798
Special Funds	454,974	(50,000)	(300,000)	154,974	-	154,974
Federal Funds	9,832,821		(289,908)	9,542,913	-	9,542,913
Total Funding Source	41,680,711	14,580,000	5,812,263	47,492,974	(5,565,289)	41,927,685
FTE	27.0	(0.5)	(0.5)	26.5	(0.5)	26.5

<u>Agency Optional Request Priorities</u>	Agency Request**	Executive Recommendation	House Action
(1) Increase state share of CTE programming costs	8,570,000	2,000,000	0
(2) New and expanding programs in schools	700,000	700,000	0
(3) One time equipment funding	3,500,000	1,500,000	0
(4) TrainND - operations	2,000,000	1,000,000	0
Cass County Area Career and Technology Center		500,000	500,000
Total	\$ 14,770,000	\$ 5,700,000	\$ 500,000

Removed One-time funds

Grants -	Autism/Technology	(250,000)
	STEM Network	(160,000)
WorkForce Training -	Equipment	(1,000,000)
Postsecondary Grants -	STEM Network	(140,000)
Total		\$ (1,550,000)

Executive Recommendation - Grants	
Cost to Continue Cass County ACTC	500,000
Increase Share of State Funding	2,000,000
New & Expanded programs	700,000
CTE Equipment Grants	1,500,000
Autism Spec Disorder grant	(250,000)
Base budget adjustment	(10,436)
STEM Network	(160,000)
GRANTS LINE	4,279,564

HB 1019
9-26-15
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21

#1
 4-8-15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1019

Page 1, replace line 12 with:

"Salaries and wages \$4,669,943 \$642,763 \$5,312,706"

Page 1, replace line 15 with:

"Grants 31,063,698 2,579,564 33,643,262"

Page 1, replace lines 18 and 19 with:

"Workforce training 3,000,000 500,000 3,500,000
 Total all funds \$41,680,711 \$3,435,850 \$45,116,561"

Page 1, replace line 21 with:

"Total general fund appropriation \$31,392,916 \$4,025,758 \$35,418,674"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Dept. of Career and Technical Education - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$4,669,943	\$5,123,830	\$188,876	\$5,312,706
Operating expenses	1,253,339	1,253,339		1,253,339
Grants	31,063,698	31,143,262	2,500,000	33,643,262
Grants - postsecondary	847,452	707,452		707,452
Adult farm management	749,802	699,802		699,802
Workforce training	3,000,000	3,000,000	500,000	3,500,000
Accrued leave payments	96,477			
Total all funds	\$41,680,711	\$41,927,685	\$3,188,876	\$45,116,561
Less estimated income	10,287,795	9,697,887	0	9,697,887
General fund	\$31,392,916	\$32,229,798	\$3,188,876	\$35,418,674
FTE	27.00	26.50	0.00	26.50

Department No. 270 - Dept. of Career and Technical Education - Detail of Senate Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Adds Funding for Targeted Market Equity ²	Adds Funding to Increase Reimbursement Rates ³	Adds Funding for New and Expanded Programs ⁴	Adds Funding for Workforce Training ⁵	Total Senate Changes
Salaries and wages	(\$20,326)	\$209,202				\$188,876
Operating expenses						
Grants			1,800,000	700,000		2,500,000
Grants - postsecondary						
Adult farm management						
Workforce training					500,000	500,000
Accrued leave payments						
Total all funds	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876
Less estimated income	0	0	0	0	0	0
	(\$20,326)	\$209,202	\$1,800,000	\$700,000	\$500,000	\$3,188,876

1.1

General fund								
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² Funding is provided for targeted equity salary funding.

³ Funding is added to increase reimbursement rates for secondary and postsecondary career and technical education programs.

⁴ Funding is added for new and expanded programs to increase course offerings.

⁵ Funding is added to workforce training for inflationary adjustments and new program development.