

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED HOUSE BILL NO. 1013**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 public instruction, the state library, the school for the deaf, and the North Dakota vision
3 services - school for the blind; to create and enact a new section to chapter 25-06 and a new
4 section to chapter 25-07 of the North Dakota Century Code, relating to the school for the blind
5 fund and the school for the deaf fund; to repeal section 6-09-45 of the North Dakota Century
6 Code and section 13 of chapter 49 of the 2015 Session Laws, relating to a required transfer
7 from the Bank of North Dakota and a contingent appropriation; to provide exemptions; to
8 provide for a transfer; to provide a statement of legislative intent; to provide for a legislative
9 management study; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
12 as may be necessary, are appropriated out of any moneys in the general fund in the state
13 treasury, not otherwise appropriated, and from special funds derived from federal funds and
14 other income, to the department of public instruction, the school for the deaf, North Dakota
15 vision services - school for the blind, and the state library for the purpose of defraying the
16 expenses of those agencies, for the biennium beginning July 1, 2017, and ending June 30,
17 2019, as follows:

18 Subdivision 1.

19 DEPARTMENT OF PUBLIC INSTRUCTION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22 Salaries and wages	\$18,280,006	(\$840,830)	\$17,439,176
23 Operating expenses	30,517,072	(352,067)	30,165,005
24 Integrated formula payments	1,916,640,000	18,564,163	1,935,204,163

Sixty-fifth
Legislative Assembly

1	Grants - special education	17,300,000	2,000,000	19,300,000
2	Grants - transportation	57,000,000	(1,600,000)	55,400,000
3	Grants - other grants	267,807,227	(13,424,522)	254,382,705
4	Grants - program grants	0	6,210,000	6,210,000
5	Grants - passthrough grants	0	2,898,000	2,898,000
6	PowerSchool	6,000,000	(500,000)	5,500,000
7	Transportation efficiency	30,000	0	30,000
8	National board certification	<u>120,000</u>	<u>0</u>	<u>120,000</u>
9	Total all funds	\$2,313,694,305	\$12,954,744	\$2,326,649,049
10	Less estimated income	<u>624,685,766</u>	<u>266,361,299</u>	<u>891,047,065</u>
11	Total general fund	\$1,689,008,539	(\$253,406,555)	\$1,435,601,984
12	Full-time equivalent positions	99.75	(8.00)	91.75

13 Subdivision 2.

14 STATE LIBRARY

15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Salaries and wages	\$4,019,839	\$132,919	\$4,152,758
18	Operating expenses	1,713,393	(109,318)	1,604,075
19	Grants	<u>2,785,500</u>	<u>(676,472)</u>	<u>2,109,028</u>
20	Total all funds	\$8,518,732	(\$652,871)	\$7,865,861
21	Less estimated income	<u>2,438,751</u>	<u>(191,191)</u>	<u>2,247,560</u>
22	Total general fund	\$6,079,981	(\$461,680)	\$5,618,301
23	Full-time equivalent positions	29.75	(1.00)	28.75

24 Subdivision 3.

25 SCHOOL FOR THE DEAF

26			Adjustments or	
27		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
28	Salaries and wages	\$7,291,854	\$296,895	\$7,588,749
29	Operating expenses	1,925,163	101,380	2,026,543
30	Capital assets	227,174	664,504	891,678
31	Grants	<u>186,900</u>	<u>(6,900)</u>	<u>180,000</u>

Sixty-fifth
Legislative Assembly

1	Total all funds	\$9,631,091	\$1,055,879	\$10,686,970
2	Less estimated income	<u>1,089,210</u>	<u>2,109,234</u>	<u>3,198,444</u>
3	Total general fund	\$8,541,881	(\$1,053,355)	\$7,488,526
4	Full-time equivalent positions	45.61	(0.00)	45.61
5	Subdivision 4.			
6	NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND			
7			Adjustments or	
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Salaries and wages	\$4,554,349	\$106,646	\$4,660,995
10	Operating expenses	739,169	34,037	773,206
11	Capital assets	<u>24,454</u>	<u>150,238</u>	<u>174,692</u>
12	Total all funds	\$5,317,972	\$290,921	\$5,608,893
13	Less estimated income	<u>569,325</u>	<u>645,422</u>	<u>1,214,747</u>
14	Total general fund	\$4,748,647	(\$354,501)	\$4,394,146
15	Full-time equivalent positions	30.00	(1.50)	28.50
16	Subdivision 5.			
17	BILL TOTAL			
18			Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20	Grand total general fund	\$1,708,379,048	(\$255,276,091)	\$1,453,102,957
21	Grand total special funds	<u>628,783,052</u>	<u>268,924,764</u>	<u>897,707,816</u>
22	Grand total all funds	\$2,337,162,100	\$13,648,673	\$2,350,810,773
23	SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in			
24	subdivisions 1, 2, 3, and 4 of section 1 of this Act include funding from the general fund and			
25	special funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per			
26	month. Total funding provided is as follows:			
27		<u>General fund</u>	<u>Special funds</u>	<u>Total</u>
28	Department of public instruction	\$65,196	\$181,686	\$246,882
29	State library	66,885	10,100	76,985
30	School for the deaf	117,494	3,584	121,078
31	North Dakota vision services -	<u>82,223</u>	<u>70</u>	<u>82,293</u>

Sixty-fifth
Legislative Assembly

1 school for the blind

2 Total \$331,798 \$195,440 \$527,238

3 **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-**

4 **SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items

5 approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium and the

6 2017-19 one-time funding items included in the appropriations in section 1 of this Act:

7 One-Time Funding Description 2015-17 2017-19

8 Department of public instruction

9 Cardiopulmonary resuscitation training grants \$165,500 \$0

10 Free or reduced meals information technology 30,000 0

11 Rapid enrollment grants 12,504,530 0

12 Regional education association merger grants 0 100,000

13 North Dakota governor's school science, technology, 0 220,000

14 engineering, and mathematics programs

15 Integrated formula payments 0 185,000,000

16 Total department of public instruction - all funds \$12,700,030 \$185,320,000

17 Total department of public instruction - estimated income 0 185,320,000

18 Total department of public instruction - general fund \$12,700,030 \$0

19 State library

20 Library repair grants \$250,000 \$0

21 Total state library - general fund \$250,000 \$0

22 School for the deaf

23 Extraordinary repairs \$600,000 \$675,000

24 Equipment 0 28,000

25 Video equipment and software 0 30,000

26 Total school for the deaf - estimated income \$600,000 \$733,000

27 North Dakota vision services - school for the blind

28 Equipment \$21,000 \$0

29 Special assessments payoff 19,000 10,000

30 Server and access points 16,000 0

31 Heating and cooling upgrade 0 35,500

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1	Replace water line	0	60,000
2	Carpet and reception upgrade	<u>0</u>	<u>30,000</u>
3	Total school for the blind - estimated income	\$56,000	\$135,500
4	Grand total - all funds	\$13,606,030	\$186,188,500
5	Grand total - estimated income	<u>656,000</u>	<u>186,188,500</u>
6	Grand total - general fund	\$12,950,030	\$0

7 The 2017-19 one-time funding amounts are not a part of the entity's base budget for the
8 2019-21 biennium. The department of public instruction, school for the deaf, and North Dakota
9 vision services - school for the blind shall report to the appropriations committees of the
10 sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning
11 July 1, 2017, and ending June 30, 2019.

12 **SECTION 4. TRANSFER - PUBLIC INSTRUCTION FUND TO STATE TUITION FUND.**

13 During the biennium beginning July 1, 2017, and ending June 30, 2019, the office of
14 management and budget shall transfer \$4,282,905 from the public instruction fund to the state
15 tuition fund for the purpose of providing funding for integrated formula payments.

16 **SECTION 5. APPROPRIATION - TUITION APPORTIONMENT.** The sum of \$305,546,905,
17 included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is
18 from the state tuition fund in the state treasury. Any additional amount in the state tuition fund
19 that becomes available for distribution to public schools is appropriated to the department of
20 public instruction for that purpose for the biennium beginning July 1, 2017, and ending June 30,
21 2019.

22 **SECTION 6. ESTIMATED INCOME - FOUNDATION AID STABILIZATION FUND.** The
23 estimated income line item in subdivision 1 of section 1 of this Act includes \$295,100,000 from
24 the foundation aid stabilization fund. Of this amount, \$100,000 is for regional education
25 association merger grants and \$295,000,000 is for integrated formula payments. Of the total
26 provided, \$185,100,000 is considered to be one-time funding.

27 **SECTION 7. ESTIMATED INCOME - ONE-TIME FUNDING - STUDENT LOAN TRUST**

28 **FUND.** The estimated income line item in subdivision 1 of section 1 of this Act includes
29 \$220,000 from the student loan trust fund for the purpose of providing a one-time grant for
30 North Dakota governor's school science, technology, engineering, and mathematics programs.

1 **SECTION 8. FUNDING TRANSFER - EXEMPTION - AUTHORIZATION.** Notwithstanding
2 section 54-16-04, the superintendent of public instruction may transfer up to \$1,200,000 from
3 the integrated formula payments line item to the grants - special education line item and up to
4 \$108,000 from the integrated formula payments line item to the grants - transportation line item,
5 for the biennium beginning July 1, 2015, and ending June 30, 2017. The superintendent of
6 public instruction shall notify the office of management and budget of any transfer made
7 pursuant to this section.

8 **SECTION 9. EXEMPTION - ADVANCED PLACEMENT PROGRAM FUNDING.** The
9 unexpended amount remaining from the transfer of \$1,252,627 from the 2013-15 biennium, as
10 authorized in section 32 of chapter 137 of the 2015 Session Laws to enhance the delivery of
11 and the participation of students and teachers in advanced placement courses during the
12 2015-17 biennium, is not subject to the provisions of section 54-44.1-11 at the end of the
13 2015-17 biennium and may be continued into the 2017-19 biennium for the purpose of program
14 grants, including leveraging the senior year, leadership program, continuing education grants,
15 preschool continuing education grants, curriculum alignment grants, and teacher and principal
16 evaluation system grants.

17 **SECTION 10. INTEGRATED FORMULA PAYMENTS AND SPECIAL EDUCATION**
18 **CONTRACTS EXPENDITURE AUTHORITY.** The superintendent of public instruction may
19 expend funds included in the integrated formula payments and grants - special education line
20 items in subdivision 1 of section 1 of this Act in payment of grants for educational services that
21 were due in the 2015-17 biennium but which were not filed, claimed, or properly supported by
22 the education provider until after June 30, 2017. To be reimbursed under this section, claims
23 must be properly supported and filed with the superintendent of public instruction by June 30,
24 2018.

25 **SECTION 11. GRANTS - SPECIAL EDUCATION DEFICIENCY AUTHORIZATION.** If funds
26 provided to the superintendent of public instruction in subdivision 1 of section 1 of this Act for
27 grants - special education, for the biennium beginning July 1, 2017, and ending June 30, 2019,
28 are not sufficient to meet special education contract obligations, the superintendent of public
29 instruction shall request supplemental funding from the sixty-sixth legislative assembly.

30 **SECTION 12. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING -**
31 **DISTRIBUTION.**

- 1 1. The sum of \$800,000, included in the integrated formula payments line item in
2 subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts
3 or special education units for gifted and talented programs upon the submission of an
4 application that is approved in accordance with guidelines adopted by the
5 superintendent of public instruction. The superintendent of public instruction shall
6 encourage cooperative efforts for gifted and talented programs among school districts
7 and special education units.
- 8 2. State school aid payments for special education must be reduced by the amount of
9 matching funds required to be paid by school districts or special education units for
10 students participating in the medicaid program. Special education funds equal to the
11 amount of the matching funds required to be paid by the school district or special
12 education unit must be paid by the superintendent of public instruction to the
13 department of human services on behalf of the school district or unit.

14 **SECTION 13. TRANSPORTATION GRANTS - DISTRIBUTION.**

- 15 1. During each year of the 2017-19 biennium, the superintendent of public instruction
16 shall calculate the payment to which each school district is entitled based on the state
17 transportation formula as it existed on June 30, 2001, except that the superintendent
18 shall provide reimbursement at the rate of:
 - 19 a. One dollar and eleven cents per mile for school buses having a capacity of ten or
20 more passengers;
 - 21 b. Fifty-two cents per mile for vehicles having a capacity of nine or fewer
22 passengers;
 - 23 c. Fifty cents per mile, provided;
 - 24 (1) The student being transported is a student with a disability, as defined in
25 chapter 15.1-32;
 - 26 (2) The student's individualized education program plan requires that the
27 student attend a public or a nonpublic school located outside the student's
28 school district of residence;
 - 29 (3) The student is transported by an adult member of the student's family;
 - 30 (4) The student is transported in a vehicle furnished by the student's parents;
 - 31 (5) The student's transportation is paid for by the student's parents; and

- 1 (6) The reimbursement does not exceed two round trips daily between the
2 student's home and school.
- 3 d. Fifty cents per mile, one way, provided:
- 4 (1) The student being transported resides more than two miles from the public
5 school that the student attends;
- 6 (2) The student is transported by an adult member of the student's family;
- 7 (3) The student is transported in a vehicle furnished by the student's parents;
- 8 and
- 9 (4) The student's transportation is paid for by the student's parents.
- 10 e. Thirty cents per student for each one-way trip.
- 11 2. The superintendent of public instruction shall use the latest available student
12 enrollment count in each school district in applying the provisions of subsection 1.
- 13 3. This section does not authorize the reimbursement of any costs incurred in providing
14 transportation for student attendance at extracurricular activities or events.

15 **SECTION 14. PROGRAM GRANT POOL - CONTINUING EDUCATION GRANTS -**

16 **FUNDING - DISTRIBUTION.** The line item entitled grants - program grants included in
17 subdivision 1 of section 1 of this Act includes \$1,530,000 for a program grant pool. The
18 superintendent of public instruction shall use the funding provided for various grant programs,
19 including up to \$75,000, or so much of the sum as may be necessary, for continuing education
20 grants, for the biennium beginning July 1, 2017, and ending June 30, 2019.

- 21 1. The superintendent of public instruction shall award continuing education grants in
22 amounts up to \$1,200 to eligible recipients in chronological order, based on the date of
23 an individual's application. An eligible recipient must:
- 24 a. (1) Be licensed to teach by the education standards and practices board;
- 25 (2) Have taught in this state during each of the last three school years; and
- 26 (3) Be enrolled at an institution of higher education in this state in either a
27 master of education program in educational leadership or a program leading
28 to a specialist diploma in educational leadership;
- 29 b. Be pursuing the requirements for a certificate in career development facilitation;
- 30 or
- 31 c. Be pursuing a school counselor credential.

1 2. If any of the amount appropriated for this purpose remains after the superintendent of
2 public instruction has awarded grants to all eligible recipients, the superintendent shall
3 distribute that amount as an additional per student payment on a prorated basis,
4 according to the latest available average daily membership of each school district.

5 **SECTION 15. REGIONAL EDUCATION ASSOCIATION MERGER GRANTS - ONE-TIME**
6 **FUNDING - DISTRIBUTION.** The grants - other grants line item included in subdivision 1 of
7 section 1 of this Act includes \$100,000 from the foundation aid stabilization fund for the purpose
8 of providing a one-time \$25,000 grant to each regional education association that merges with
9 another regional education association to form a single entity with a single governing board
10 during the biennium beginning July 1, 2017, and ending June 30, 2019.

11 **SECTION 16. REGIONAL EDUCATION ASSOCIATION GRANTS - DISTRIBUTION.** The
12 integrated formula payments line item included in subdivision 1 of section 1 of this Act includes
13 \$500,000 from the general fund for the purpose of providing annual grants to regional education
14 associations for the biennium beginning July 1, 2017, and ending June 30, 2019. An annual
15 grant of \$31,250 is provided to each regional education association that exists as of July 1,
16 2017. Regional education associations that merge during the 2017-19 biennium are entitled to
17 the annual grants that would have been paid to each of the member associations.

18 **SECTION 17. EXEMPTION - INDIRECT COST ALLOCATION.** Notwithstanding section
19 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its
20 operating account.

21 **SECTION 18. STATE AID TO PUBLIC LIBRARIES.** The line item entitled grants in
22 subdivision 2 of section 1 of this Act includes \$1,737,528 for aid to public libraries, of which no
23 more than one-half may be expended during the fiscal year ending June 30, 2018.

24 **SECTION 19. FEES DEPOSITED IN NORTH DAKOTA VISION SERVICES - SCHOOL**
25 **FOR THE BLIND OPERATING FUND.** Any moneys included in the estimated income line item
26 in subdivision 4 of section 1 of this Act, collected for subscription fees or braille fees, must be
27 deposited in the North Dakota vision services - school for the blind operating fund in the state
28 treasury and may be spent subject to appropriation by the legislative assembly.

29 **SECTION 20. SCHOOL FOR THE DEAF - HIGHER EDUCATION INTERPRETER GRANT**
30 **PROGRAM.** The grants line item contained in subdivision 3 of section 1 of this Act is for the
31 purpose of providing grants to assist institutions under the control of the state board of higher

1 education with the cost of interpreters and real-time captioning for students who are deaf or
2 hard of hearing, for the biennium beginning July 1, 2017, and ending June 30, 2019. Moneys
3 appropriated for this program are not subject to section 54-44.1-11. Funds must be distributed
4 pursuant to the provisions of this section:

- 5 1. The school for the deaf shall develop a formula to determine the grant amount for
6 which an institution is eligible. The formula must be based on an uniform hourly
7 reimbursement.
- 8 2. To obtain a grant under this section, an institution shall submit to the school for the
9 deaf, at the time and in the manner directed by the school, invoices showing the
10 amount expended for interpreters and real-time captioning for students who are deaf
11 or hard of hearing.
- 12 3. The school for the deaf may not distribute more than fifty percent of the amount
13 appropriated during the first year of the biennium.
- 14 4. If any grant moneys remain undistributed at the end of the biennium, the school for the
15 deaf shall provide additional prorated grants to institutions that incurred, during the
16 biennium, hourly expenses in excess of the formula reimbursement level.
- 17 5. At the request of an institution under the control of the state board of higher education,
18 the school for the deaf shall consult with the institution and provide advice regarding
19 the provision of services most appropriate to meet a student's needs.

20 **SECTION 21. PASSTHROUGH GRANTS - APPLICATION - DISTRIBUTION -**

21 **REPORTING.** The line item entitled grants - passthrough grants included in subdivision 1 of
22 section 1 of this Act includes \$2,100,000 for passthrough grants for writing projects, an
23 entrepreneur program, and a mentoring program. The superintendent of public instruction shall
24 determine the manner in which each passthrough grant is distributed. Grantees, as a condition
25 of receiving the grant, must establish performance measures to be reviewed by the
26 superintendent of public instruction. Grantees shall report to the superintendent of public
27 instruction regarding performance based on the measures before October 1, 2018. The
28 superintendent of public instruction shall report to the appropriations committees of the
29 sixty-sixth legislative assembly regarding funds granted, performance measures established for
30 each grantee, and whether grantees met performance expectations.

1 **SECTION 22. LEGISLATIVE INTENT - TEACHER AND ADMINISTRATOR MENTORING.**

2 It is the intent of the sixty-fifth legislative assembly that school districts, in addition to mentoring
3 services provided by the state, use federal title II funding for teacher and administrator
4 mentoring.

5 **SECTION 23. LEGISLATIVE MANAGEMENT STUDY - EDUCATIONAL PROGRAMS.**

6 During the 2017-18 interim, the legislative management shall consider studying the feasibility
7 and desirability of combining services for any or all English language learner programs,
8 distance learning programs, regional education agencies, teacher center networks, adult
9 learning centers, career and technical education programs, education technology services,
10 continuing education for counselors, educational leadership, and the teacher mentoring
11 program. The legislative management shall report its findings and recommendations, together
12 with any legislation necessary to implement the recommendations, to the sixty-sixth legislative
13 assembly.

14 **SECTION 24.** A new section to chapter 25-06 of the North Dakota Century Code is created
15 and enacted as follows:

16 **School for the blind fund.**

17 The school for the blind fund is a special fund in the state treasury. All moneys received
18 pursuant to section 2 of article IX of the Constitution of North Dakota, revenues received from
19 services and leases, and contributions must be deposited in the fund. Moneys in the fund are to
20 be used pursuant to legislative appropriation for the provision of services under this chapter.

21 **SECTION 25.** A new section to chapter 25-07 of the North Dakota Century Code is created
22 and enacted as follows:

23 **School for the deaf fund.**

24 The school for the deaf fund is a special fund in the state treasury. All moneys received
25 pursuant to section 2 of article IX of the Constitution of North Dakota and all revenues received
26 from the lease of buildings and the provision of meals and services, including interpreter
27 services, must be deposited in the fund. Moneys in the fund are to be used pursuant to
28 legislative appropriation for provision of services under this chapter.

29 **SECTION 26. REPEAL.** Section 6-09-45 of the North Dakota Century Code is repealed.

30 **SECTION 27. REPEAL.** Section 13 of chapter 49 of the 2015 Session Laws is repealed.

1 **SECTION 28. EMERGENCY.** Sections 8 and 27 of this Act are declared to be emergency
2 measures.