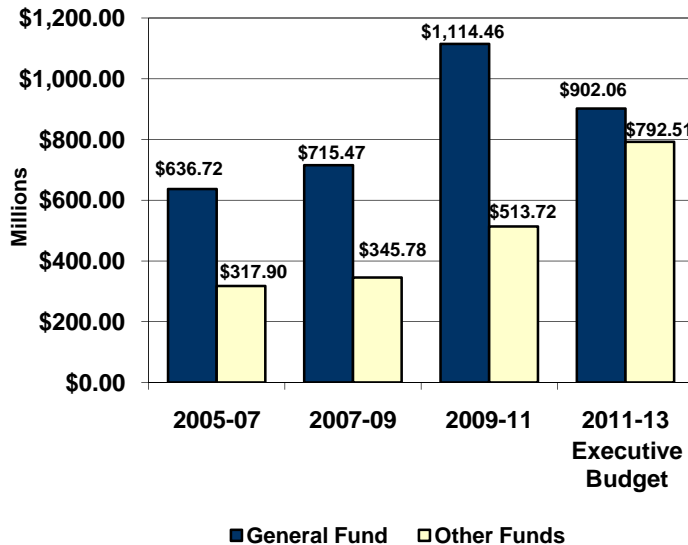


**Department 201- Department of Public Instruction
 Senate Bill No. 2013**

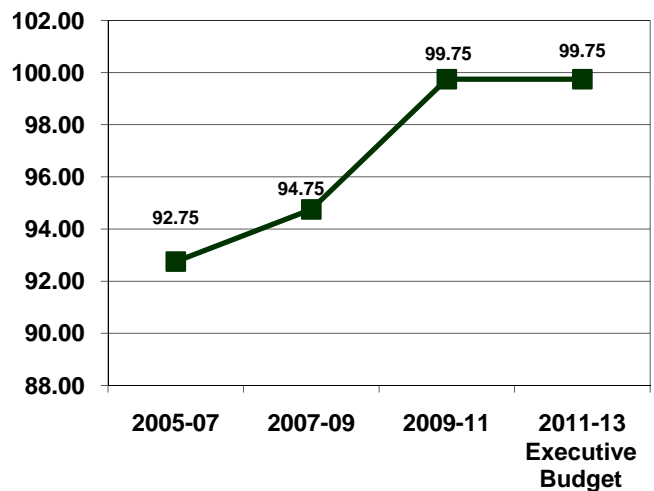
| | FTE Positions | General Fund | Other Funds | Total |
|------------------------------------|---------------|-----------------|---------------|----------------------------|
| 2011-13 Executive Budget | 99.75 | \$902,064,740 | \$792,508,423 | \$1,694,573,163 |
| 2009-11 Legislative Appropriations | 99.75 | 1,114,455,590 | 513,721,154 | 1,628,176,744 ¹ |
| Increase (Decrease) | 0.00 | (\$212,390,850) | \$278,787,269 | \$66,396,419 |

¹The 2009-11 appropriation amounts include \$150,000, \$50,000 of which is from the general fund, for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees and a \$5 million appropriation from the general fund for supplemental transportation aid payments contingent on the Office of Management and Budget projecting during the 2009-11 biennium that the June 30, 2011, ending balance of the state general fund will be \$30 million more than estimated by the 2009 Legislative Assembly. The 2009-11 appropriation amounts do not include \$167,958 of additional special funds authority resulting from Emergency Commission action during the 2009-11 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2011-13 Executive Budget | \$901,480,740 | \$584,000 | \$902,064,740 |
| 2009-11 Legislative Appropriations | 1,113,704,590 | 751,000 | 1,114,455,590 |
| Increase (Decrease) | (\$212,223,850) | (\$167,000) | (\$212,390,850) |

Executive Budget Highlights

| | General Fund | Other Funds | Total |
|--|--------------|---------------|---------------|
| Salaries and wages | | | |
| 1. Provides funding for temporary salaries to administer the North Dakota academic and technical education scholarships program | \$76,692 | | \$76,692 |
| Operating expenses | | | |
| 2. Removes one-time funding provided for the department's state automated reporting system (STARS) application in the 2009-11 biennium | (\$500,000) | | (\$500,000) |
| 3. Removes one-time funding provided for the development of a personal finance schoolbook in the 2009-11 biennium | (\$25,000) | | (\$25,000) |
| 4. Decreases federal funding for the North Dakota state longitudinal education data system project | | (\$3,645,665) | (\$3,645,665) |
| 5. Removes federal fiscal stimulus funding for administration | | (\$173,815) | (\$173,815) |
| 6. Provides one-time funding for the department's STARS application in the 2011-13 biennium | \$384,000 | | \$384,000 |

| | | | |
|---|-----------------|----------------|----------------|
| 7. Provides one-time funding for the Education Standards and Practices Board approval and accreditation mainframe rewrite | \$200,000 | | \$200,000 |
| 8. Provides funding for estimated costs of administering the American College Test (ACT) to all 11 th grade students | \$678,400 | | \$678,400 |
| 9. Provides funding for software to manage the North Dakota academic and technical education scholarships program | \$5,000 | | \$5,000 |
| 10. Provides funding for the costs associated with the Professional Development Advisory Committee established by the 2009 Legislative Assembly | \$122,000 | | \$122,000 |
| 11. Provides funding for contracted grant writing consultants | \$200,000 | | \$200,000 |
| 12. Provides funding to continue the North Dakota Indian Education Advisory Council | \$66,000 | | \$66,000 |
| 13. Provides funding for increased charges by the Information Technology Department | \$185,880 | | \$185,880 |
| 14. Provides funding for inflationary increases in other operating expenses | \$100,000 | | \$100,000 |
| 15. Increases funding for the state assessment program to provide a total of \$2.2 million | \$763,586 | | \$763,586 |
| 16. Provides funding for the Early Childhood Learning Council | \$20,000 | | \$20,000 |
| Grants | | | |
| 17. Increases funding for state school aid from \$808,370,295 to \$919,459,478 and replaces \$85,644,337 of federal fiscal stimulus funds provided during the 2009-11 biennium with funding from the general fund | \$181,395,520 | (\$70,306,337) | \$111,089,183 |
| 18. Provides one-time federal funding from the education jobs fund program to be distributed to school districts using the state school aid formula | | \$21,517,716 | \$21,517,716 |
| 19. Removes funding for supplemental operations grants provided in the 2009-11 biennium | (\$16,795,584) | | (\$16,795,584) |
| 20. Removes federal fiscal stimulus funds provided in the 2009-11 biennium | | (\$67,379,051) | (\$67,379,051) |
| 21. Removes funding for supplemental one-time grants provided in the 2009-11 biennium | (\$85,644,337) | | (\$85,644,337) |
| 22. Increases funding for special education from \$15.5 million to \$16 million | \$500,000 | | \$500,000 |
| 23. Provides funding for transportation grants of \$48.5 million from the general fund. The 2009 Legislative Assembly appropriated \$43.5 million from the general fund and provided contingent funding of \$5 million from the general fund for supplemental transportation aid payments for the 2009-11 biennium. | | | \$0 |
| 24. Removes funding from the general fund for mill levy reduction grants and provides funding for mill levy reduction grants from the property tax relief sustainability fund | (\$295,000,000) | \$341,790,000 | \$46,790,000 |
| 25. Removes one-time funding provided for a grant to the North Dakota Geographic Alliance in the 2009-11 biennium | (\$226,000) | | (\$226,000) |
| 26. Removes one-time funding provided to create a national board certification fund in the 2009-11 biennium | (\$500,000) | | (\$500,000) |
| 27. Increases federal funding for other grants | | \$44,040,643 | \$44,040,643 |
| 28. Increases funding from the general fund for other grants | \$29,000 | | \$29,000 |
| 29. Provides one-time funding for other grants from federal fiscal stimulus funds continuing in the 2011-13 biennium for the school improvement, Title I, preschool, and IDEA B programs | | \$12,615,433 | \$12,615,433 |
| 30. Provides funding for curriculum alignment grants | \$100,000 | | \$100,000 |
| 31. Provides funding for principal mentoring grants | \$461,500 | | \$461,500 |
| 32. Provides funding for prekindergarten space grants | \$125,000 | | \$125,000 |

| | | |
|---|-----------|-----------|
| 33. Provides funding for continuing education grants for preschool teachers | \$150,000 | \$150,000 |
| 34. Increases funding for the national board certification program to provide a total of \$185,000 | \$82,500 | \$82,500 |
| 35. Provides funding for an Alternative Teacher Compensation System Review Panel and contracted program adviser | \$300,000 | \$300,000 |

Other Sections in Bill

2009-11 deficiency appropriation - Section 3 appropriates \$30 million of additional federal funds to the Department of Public Instruction for providing grants to school districts during the 2009-11 biennium.

Tuition apportionment - Section 4 provides that any money available in the state tuition fund in excess of the \$101,638,000 appropriated in Section 1 of the bill is appropriated to the Department of Public Instruction for distribution to school districts.

Mill levy reduction grants - Section 5 identifies \$341,790,000 from the property tax relief sustainability fund for mill levy reduction grants.

Payments for 2009-11 biennium educational services - Section 6 provides that the Department of Public Instruction may use money appropriated for state school aid and special education contracts for the 2011-13 biennium to pay claims due during the 2009-11 biennium but not filed with the department until the 2011-13 biennium.

Special education gifted and talented programs - Section 7 provides that \$800,000 of the amount appropriated for state school aid must be used to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the Superintendent of Public Instruction.

Teacher of the year program - Section 8 requires the Department of Public Instruction to administer a teacher of the year program for the 2011-13 biennium. The department is to assign responsibility to its staff to coordinate the annual event, including preparation of application materials, distribution of materials to the selection committee, publicity, and planning of the event at which the recipient of the award is announced. The selection committee appointed by the Department of Public Instruction may not include more than one representative from any education-related organization or association.

Indirect cost allocation - Section 9 provides that, notwithstanding North Dakota Century Code (NDCC) Section 54-44.1-15, the Department of Public Instruction may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Amendment of 2009 Session Laws - Section 15 amends 2009 Session Laws to provide that the Department of Public Instruction continue \$9 million of estimated excess funding for state school aid and transportation aid payments from the 2009-11 biennium to the 2011-13 biennium for state school aid per student payments. Any additional excess funds remaining at the end of the 2009-11 biennium are to be distributed according to provisions of House Bill No. 1400 (2009). The Department of Public Instruction anticipates the 2009-11 biennium funding for state school aid will exceed the per student state school aid obligation by approximately \$8 million and the funding for transportation aid payments will exceed obligations by approximately \$1.9 million. The 2009 Legislative Assembly provided in House Bill No. 1400 that any funds appropriated for state school aid remaining after the department has provided for all statutory payment obligations be distributed as additional per student payments on a prorated basis according to the latest available average daily membership of each school district and that any funds remaining after the application of the transportation formula be distributed on a pro rata basis based on percentage of total transportation formula payments.

Elected officials' salary increase - Section 16 includes the statutory changes necessary to increase the Superintendent of Public Instruction's salary as follows:

Annual salary authorized by the 2009 Legislative Assembly:

| | |
|---------------------|----------|
| July 2009-June 2010 | \$95,116 |
| July 2010-June 2011 | \$99,872 |

Proposed annual salary recommended in the 2011-13 executive budget:

| | |
|---------------------|-----------|
| July 2011-June 2012 | \$102,868 |
| July 2012-June 2013 | \$105,954 |

Federal education jobs fund program - Section 17 provides an emergency clause to allow North Dakota's share of the federal education jobs fund program totaling \$21,517,716 to begin to be distributed prior to July 1, 2011. The funding is to be made available to school districts for use in hiring or rehiring school employees during the 2010-11 school year and will be distributed to school districts through the state's funding formula.

Continuing Appropriations

Instructional materials revolving printing fund - NDCC Section 15.1-03-03 - The fund is used for revenues and expenses associated with distributing instructional materials developed and printed by the department.

Displaced homemaker program - NDCC Chapter 14-06.1 - The fund is used to provide counseling, guidance, job readiness training, and services for displaced homemakers.

Significant Audit Findings

The operational audit of the Department of Public Instruction conducted by the State Auditor's office during the 2009-10 interim included the following significant audit findings:

- Controls are not in place to properly ensure procurement procedures are performed in accordance with North Dakota Administrative Code (NDAC) Article 4-12 and North Dakota State Procurement Office guidelines.
- Regarding a review of school employee background checks, the State Auditor's office determined:
Schoolteachers in the state receive a background check during their initial license application by the Education Standards and Practices Board. No further background checks are required once the teachers are initially licensed. Since background checks are not periodically required after the initial check, it is possible that a school would be unaware of a current teacher committing a crime which would normally be cause for school disciplinary action or dismissal against the teacher.
There is no state law requiring background checks for other school employees, including busdrivers, cooks, coaches, etc. School districts, however, do have the authority to request background checks through the Bureau of Criminal Investigation for other school employees in their district. As these requests are based on various school district policies, the State Auditor's office was unable to determine if there is any consistency in how this law is being implemented. This could result in school districts having different policies to cover background checks for nonteacher employees. Also, some school districts may have chosen to not perform background checks on other school employees which could result in hiring individuals with criminal backgrounds to work in close proximity to children.
- Regarding emergency and disaster drills in schools, state law does not specify how many of each type of school emergency or disaster drill that needs to be completed by schools in the state. In addition, the law does not list any penalties for not completing the necessary school drills. As a result, it appears no one is tracking or reviewing the results of any non-fire emergency drills performed by schools.
- Monitoring procedures should be strengthened surrounding the Title II-D grant program, including ensuring support for the desk reviews is maintained, ensuring all desk reviews are reviewed by the applicable program managers, and establishing procedures to include site visits and financial reviews of the competitive grants.

Major Related Legislation

House Bill No. 1029 - This bill relates to school approval and payment reductions for unaccredited schools.

House Bill No. 1030 - This bill increases the number of minimum full days of instruction under severe weather or other emergency conditions and provides for portions of days missed to be added together when requesting a gubernatorial waiver of required class rescheduling.

House Bill No. 1047 - This bill provides for a continuation of property tax relief and mill levy reduction grants to school districts.

House Bill No. 1049 - This bill provides a \$100,000 general fund appropriation to the Superintendent of Public Instruction to conduct a study of Indian education issues.

House Bill No. 1070 - This bill relates to county infrastructure fund grants to school districts to offset oil and gas development impact.

House Bill No. 1074 - This bill relates to school district reimbursement for boarding care costs of a student with disabilities.

House Bill No. 1094 - This bill provides funds in the national board certification fund are to be invested by the State Treasurer rather than the State Investment Board.

Senate Bill No. 2058 - This bill provides legislative intent that interest and other income transferred from the foundation aid stabilization fund into the state general fund be dedicated to certain scholarship programs.

Senate Bill No. 2130 - This bill provides a \$265,413 general fund appropriation to the Superintendent of Public Instruction for a director of Indian education.

Senate Concurrent Resolution No. 4004 - This resolution, if approved by voters in the state, would amend Article X, Section 24, of the Constitution of North Dakota to provide that the interest and other income from the foundation aid stabilization fund be used to provide funding for certain scholarships.

ATTACH: 1