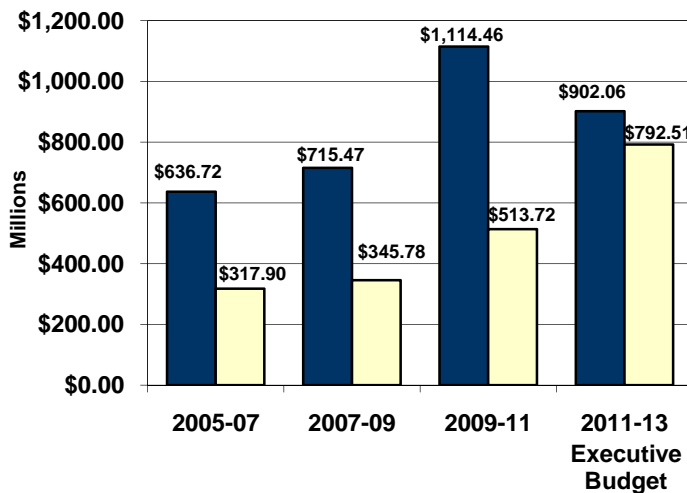


Department 201 - Department of Public Instruction
Senate Bill No. 2013

	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



■ General Fund □ Other Funds

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)

First House Action

Attached is a summary of first house changes.

Executive Budget Highlights
(With First House Changes in Bold)

	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. The Senate changed the funding source to provide \$200,000 from the national board certification fund.	\$200,000		\$200,000
8. Provides funding for estimated costs of administering the American College Test (ACT) to all 11 th grade students. The Senate provided an additional \$100,000 from the national board certification fund for the cost of administering the ACT and WorkKeys assessments, including the writing test, to provide a total of \$778,400.	\$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. The Senate increased funding from the general fund for various other grants by a total of \$235,000.	\$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. The Senate removed this funding.	\$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. The Senate changed the funding source to provide \$185,000 from the national board certification fund.	\$82,500	\$82,500
35. Provides funding for an Alternative Teacher Compensation System Review Panel and contracted program adviser. The Senate removed this funding.	\$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 9 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 10 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 11 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 - Sections 17 and 18 amend 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 20 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 22 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. In addition, the sections relating to the amendment of the 2009 Session Laws are also an emergency measure.

The Senate added the following sections:

National board certification fund - Sections were added to repeal the national board certification fund and provide that any funds remaining in the fund at the end of the 2011-13 biennium be transferred to the general fund.

Regional education association grants - A section was added to authorize the Superintendent of Public Instruction to expend up to \$800,000 from the state school aid line item for the purpose of providing grants to eligible regional education associations to assist with the cost of compensating coordinators.

Alternative education programs - A section was added to authorize the Superintendent of Public Instruction to expend up to \$460,000 from the grants - other education line item for the purpose of providing payments to eligible school districts that offer alternative education programs to students in grades six through eight, for the 2011-13 biennium.

Deferred maintenance and physical plant improvement grants - A section was added to provide a contingent \$7 million appropriation from the general fund for deferred maintenance and physical plant improvement grants to school districts. The appropriation is contingent on either the June 30, 2012, or June 30, 2013, estimated general fund balance exceeding the forecast balance at the conclusion of the 2011 legislative session by more than \$30 million.

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 - Relates to **school approval** and payment reductions for unaccredited schools.

House Bill No. 1030 - 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 - Includes transfers from the permanent oil tax trust fund and an appropriation to provide for a continuation of property tax relief and **mill levy reduction grants** to school districts.

House Bill No. 1049 - Directs the Superintendent of Public Instruction to conduct a **study of Indian education issues** and report to the Legislative Management.

House Bill No. 1074 - Expands eligibility for **state reimbursement for education** and related costs for students voluntarily placed in residential child care homes or facilities and in boarding care programs within their school district of residence.

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

House Bill No. 1106 - Relates to eligibility for North Dakota **academic and career and technical education scholarships**.

House Bill No. 1373 - Provides \$1 million from the general fund to the Department of Human Services for grants to federally designated **Head Start programs**.

House Bill No. 1465 - Relates to the **prevention of bullying** in public schools.

House Concurrent Resolution No. 3004 - Directs the Legislative Management to **study Indian education issues**, including a fair and equitable allocation of all state and federal educational funding.

House Concurrent Resolution No. 3018 - Amends the state constitution to provide that if the deposits of oil extraction tax revenues into the **foundation aid stabilization fund** would cause the fund to increase by more than 2 percent each year, the excess amount must be deposited in the common schools trust fund.

House Concurrent Resolution No. 3046 - Amends the state constitution to remove the Superintendent of Public Instruction and the State Board of Higher Education and create a **Department of Education** beginning on January 1, 2015, to oversee and administer the provision of all public education in the state.

Senate Bill No. 2150 - Incorporates the **recommendations of the North Dakota Commission on Education Improvement** relating to the coordination of student information systems, early childhood education, regional education associations, the professional development advisory committee, teacher mentoring, compulsory attendance, course requirements, scholarships, educational and career planning, summative assessments, kindergarten, state aid payments, early childhood education programs, transportation grants, teacher compensation, contingency payments, a contingent transfer from the Bank of North Dakota for special education, an all-day kindergarten impact report, and a Legislative Management study of teacher compensation.

Senate Bill No. 2167 - Relates to **bullying policy**, professional development, and prevention programs.

Senate Bill No. 2281 - Relates to a **concussion management** program.

Senate Bill No. 2311 - Relates to the **North Dakota Teacher of the Year** award.

Senate Bill No. 2314 - Provides \$200,000 from the general fund to the Superintendent of Public Instruction for grants to the **Prevention Advisory Task Force**.

ATTACH:1