

# North Dakota

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The North Dakota 2021-2023 biennial budget began on July 1st, 2021, and will end June 30th, 2023. North Dakota continues to prioritize education as part of their state budget, with the North Dakota University system receiving \$91 million more than the executive recommendation, and the continuation of many initiatives started in the 2019-2021 biennium.

With the passage of the 2021-2023 North Dakota state budget, \$2.69 billion was allocated to the North Dakota University system (15.9% of the total budget), and \$2.1 billion was allocated to the North Dakota Department of Public Instruction (18.3% of the total budget)<sup>1</sup>. The per-pupil expenditure is \$10,036 for FY 21, \$10,136 for FY 22, and \$10,237 for FY 23.

## FUNDING PRIORITIES

Funding priorities for the North Dakota University System includes \$11.2 million to continue the North Dakota Higher Education Challenge Grant program, an initiative to match \$1 of state money for every \$2 privately donated in an effort to foster private-public partnerships<sup>2</sup>. \$11.1 million was allocated for extraordinary repairs under Tier I of the higher education funding formula, which must be matched 2:1 by each institution. A total of \$64.9 million was allocated for capital projects across six higher education institutions.

Funding priorities for the North Dakota Department of Public Instruction include investments in early learning programs, which will use \$7 million from American Rescue Plan ESSR funds<sup>3</sup>. North Dakota also plans to use ESSR funds for community engagement initiatives (still under development during the first year of the biennium), and a safe operations plan for K-12 schools, including the development of a vaccine locator for staff, students and their families.

## FUNDING FORMULA

North Dakota transitioned to performance-based funding in 2013 (SB 2200). The funding formula provides a fixed rate per completed student credit hour to each institution for their operations. The per student credit hour rate is different based on the type of institution. One change for the 2021-2023 biennium is an

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1. State of North Dakota Executive Budget. <https://www.omb.nd.gov/financial-transparency/state-budget>

2. Ibid., 1.

3. North Dakota ARP ESSER State Plan Highlights <https://www2.ed.gov/documents/press-releases/arp-esser-nd-plan.pdf>

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increase of \$15.3 million in the general fund for institutions<sup>4</sup>.

The North Dakota Department of Public Instruction also modified their funding formula in 2013, shifting much of the funding source from local property taxes to state funding. Statewide taxes now fund 75% of North Dakota's K-12 education<sup>5</sup>. Base funding is determined by student population, then the local share is added (60 mills times taxable valuation), and state funding makes up the remainder.

#### STATE ISSUES AFFECTING P-12/HIGHER EDUCATION FUNDING

Workforce recruitment and retention continues to be a priority for North Dakota<sup>6</sup>. \$1.4 million has been allocated for the Nursing Education Consortium to continue increasing the healthcare workforce. Employee compensation in the North Dakota University System is also continuing to go up this biennium, with average salaries increasing by 1.5% (with a minimum of \$100 per month per employee during the biennium's first year), and a 2% increase the following year<sup>7</sup>

In North Dakota, K-12 schools resumed in-person education for the 2020-2021 academic year<sup>8</sup>. Because of the disruption caused by COVID-19, North Dakota is focusing on equity issues that have resulted from a loss of instructional time during the 2019-2020 academic year. Some strategies that the state plans to use to address these concerns are summer learning and afterschool programs where students will receive tutoring, ACT/SAT prep, and college application assistance<sup>9</sup>.

#### TRENDS IN STATE FUNDING FOR PUBLIC INSTITUTIONS

Due to the economic impact of the COVID-19 pandemic, there was a 7.5% reduction to the general fund for the North Dakota University System. It was determined that cuts would be made in state funding to the university system, as there are other "opportunities and alternative funding sources available for higher education."<sup>10</sup>

In August of 2021, the North Dakota Department of Public Instruction received \$305,338,029 in ESSER grants as part of the American Rescue Plan. Using these funds, the state is prioritizing "covid fatigue" among students, families, and staff, addressing equity gaps, and addressing educator shortages across the state.

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4. Ibid., 1.

5. North Dakota K-12 Schools Funding Formula <https://www.nd.gov/dpi/sites/www/files/documents/SFO/StateAidFormulav2.pdf>

6. Ibid., 1.

7. Ibid., 1.

8. Ibid., 3.

9. Ibid., 3.

10. Ibid., 1.

## CONCLUSION

Despite the ongoing COVID-19 pandemic, the budget for higher and K-12 education remained largely intact, as North Dakota continues to prioritize education to strengthen the state economy. Workforce development and employee compensation has remained a priority in the North Dakota University System, and early childhood education is becoming more important to overcome some of the learning gaps caused by the pandemic.