

CASE STUDY

North Dakota

North Dakota is the 19th-largest state by area in the United States and is ranked eighth in the United States for its economic outlook.¹ Career Technical Education (CTE) has played a large role in the state’s strategy to support its industry and economic base by strengthening its talent pipeline. This case study highlights efforts by North Dakota to support and expand secondary CTE through funding.

North Dakota is one of four states² that has a biennial legislative session.³ In its last biennial legislative session, FY 2021–23, North Dakota allocated approximately \$41.7 million to the Department of Career and Technical Education, of which \$26,837,780 was for secondary grants. This state CTE investment is the 16th largest in the United States. State funding for secondary CTE per full-time equivalent (FTE) was \$1,629 in FY 2021–23, which ranks ninth in the United States.⁴ North Dakota has a Department of Career and Technical Education at the state level, which is separate from the Department of Public Instruction. The North Dakota Department of Career and Technical Education⁵ is the eligible agency for the administration of the state’s \$5,614,066 federal allocation under the Carl D. Perkins Career and Technical Education Act, as amended by the Strengthening Career and Technical Education for the 21st Century Act (Perkins V).⁶ This allocation ranks 49th in the United States for federal CTE investment.

North Dakota



Secondary CTE Education Context

In North Dakota, CTE provides the state’s citizens with the technical skills, knowledge and attitudes necessary for successful performance in a globally competitive workplace. Secondary CTE is delivered through comprehensive high schools; area career and technology centers; and career academies, which are schools within a school that provide career training in smaller learning communities. Inter-district enrollment policies allow learners to transfer to schools outside their home districts or to online learning programs. North Dakota’s CTE delivery system is unique with its virtual area career and technology centers, which couple virtual instruction with some in-person hands-on and work-based learning experiences. Learners or instructors travel to local facilities such as secondary schools, area career and technology centers, employer sites or community colleges for instruction multiple times throughout a semester. In 2020–21, North Dakota had 162 public high schools enrolling 25,604 learners in secondary CTE, of which 8,648 were CTE concentrators.⁷

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North Dakota CTE Funding Overview

North Dakota dedicates categorical funding to secondary CTE, which is distributed using a cost-based funding formula. Categorical funding is dedicated state funding for CTE programs that is distributed to districts to support CTE.⁸ North Dakota also allocates funding toward equipment purchases through the Emerging Technology Consortium, which is described further in the following sections.



COST-BASED FUNDING APPROACH

The cost-based formula for funding CTE was enacted in the early 1980s. North Dakota funds are appropriated to the State Board for Career and Technical Education, which is responsible for the administration of federal and state legislation and the supervision of funding made available from Congress and the state. The Department of Career and Technical Education carries out the duties of the state board, with staff using cost-based formulas to reimburse districts that provide approved CTE instruction.⁹ Reimbursement rates are adjusted based on projected increases or decreases from the state Legislature; thus, the reimbursement rate has changed over the years. The rationale behind reimbursement rates is that CTE programs are typically more expensive to run than other secondary programs because of the equipment, materials, safety provisions and supplies needed to conduct hands-on activities.

EXAMPLES OF PARTIAL REIMBURSEMENTS TO DISTRICTS INCLUDE:

- instructional salaries
- extended educator contracts
- travel and other approved costs
- new and expanded program offerings

This categorical funding covers partial reimbursements to districts for CTE instructional salaries, extended educator contracts, travel and other approved costs, and new and expanded program offerings. North Dakota identified reimbursement rates at different percentages for CTE programs offered in grades 9–12. Currently, programs include secondary comprehensive occupational programs,¹⁰ exploratory programs (e.g., Family and Consumer Sciences, Technology and Engineering Education), career development, adult level (e.g., Farm Management Education), and co-ops (e.g., shared instructors, transportation for learners, interactive television programs, online programs).¹¹

Table 1 highlights some examples for reimbursement of state-funded programs. Districts will cover expenses not reimbursed by the state or use applicable federal or local funding sources.

PROGRAM	Instructional Salaries and Extended Contracts¹² Reimbursement Rate (%)	Approved Travel¹³ Reimbursement Rate (%)	Equipment Reimbursement Rate (%)
Secondary Comprehensive Occupational Programs	27	30	0
Family and Consumer Sciences	19	30	0
Technology and Engineering Education	27	30	40 on equipment in grades 7 and 8 only

The differing reimbursement rates help ensure that Local Education Agencies (LEAs) are putting expenditures toward different categories that help support a high-quality CTE program versus putting funds toward only salaries and extended contracts.

As a rural state with a vast geography, North Dakota leverages its 10 area career and technology centers to provide high-quality CTE to its learners.¹⁴ These centers, by design, host more equipment-intensive programs and are approved at a higher rate (i.e., 40 percent of all approved costs except equipment) for three reasons: (a) They do not receive the per-pupil payment given to districts through foundational funding from North Dakota; (b) they do not have the authority to tax property; and (c) it serves as an incentive to partner and scale programs across multiple member schools. The remaining 60 percent comes from school districts that are “members” of that center. The area career and technology centers can charge membership dues to member schools or work with non-member schools to deliver courses with an agreed-upon tuition rate per learner each semester. The higher reimbursement rate is set up to encourage LEA collaboration and shared programs as attracting teachers or acquiring equipment can be hard in rural North Dakota.

LEAs must submit a proposed budget of expenditures each spring for the upcoming year and then report their expenses for approved programs to the state each June. There is an online portal system to upload documents and receipts. The state reimburses quarterly, based on the proposed budget for the upcoming year for area career and technology centers. The first three payments are flat payments, and the final payment is the amount of remaining expenses at the end of the fiscal year (i.e., June 30). Comprehensive school districts have a mid-year payment and a final payment.

Before a new CTE program can be approved for funding, or an existing CTE program is expanded (e.g., going from half time to full time), LEAs must submit a request by June to determine the budget for the upcoming year. The state may approve the program with funding, approve it without funding or deny it. Approving it without funding means the LEA may offer the program using applicable local or federal funds to support it but it will not receive state financial support. The State Board for Career and Technical Education takes the stance that it does not reimburse new programs at the expense of existing programs when funds might be insufficient.

EMERGING TECHNOLOGY CONSORTIUM



North Dakota allocated \$1.3 million in FY 2021–23 from state funds for the Emerging Technology Consortium,¹⁵ which allows local schools to join or create a consortium focusing on emerging technologies (e.g., robotics, 3D printers). Funding is used to purchase equipment, which rotates among the member schools in the consortium, and support the professional development of educators on how to use the equipment. The consortium enables schools to share the cost of equipment and keep equipment in use as it is rotated through the state. General education and CTE teachers find ways to integrate the equipment into classroom instruction. Smaller schools tend to participate in this initiative as it gives them access to expensive and specialized equipment. A consortium has to apply to operate; the state has not had a new consortium for several years. The allocation amount has remained the same for a number of years based on the number of consortia and schools included, but it was recently increased by \$200,00 for the upcoming biennium.

CTE FUNDING AND A BIENNIAL LEGISLATURE



LEAs receive funding for a two-year timeframe. The state board may prorate funds if the total amount of funds is insufficient to reimburse LEAs at the rate established by the board. Having insufficient funds does not happen often, but it has happened a few times over the past 15 years, with the percentage decreasing by 1 percent to 2 percent. The North Dakota Department of Career and Technical Education tries to let districts know at the beginning of the school year if that decrease is a possibility. North Dakota typically reviews the reimbursement policy on a yearly basis around June, which helps determine the next fiscal request of the Legislature.

The North Dakota State CTE Director, Wayde Sick, went bold with his legislative ask for the upcoming FY 2024–26 biennium, seeking a \$30 million increase in ongoing spending. Local recipients engaged their chambers of commerce and business community to advocate the importance of investing in CTE. This increased local advocacy resulted in more interest from the Legislature, ultimately leading to a \$15.2 million increase in CTE funding.

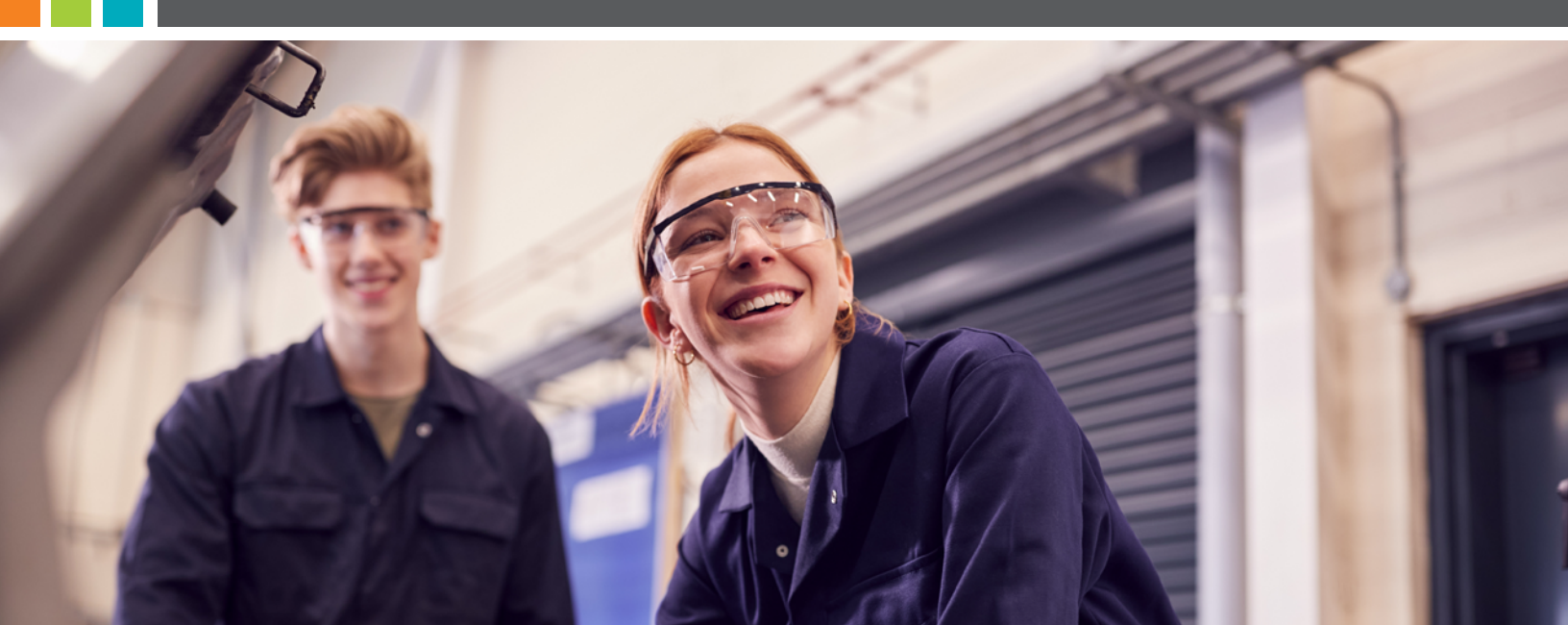


Considerations for Creating Opportunities for All Learners

State program approval, even without funding attached, can encourage innovation and promote equitable access. LEAs may choose to seek state program approval to start new programs knowing that state funding is not available at the time; however, this state program approval offers validation of the program quality and confidence to stakeholders, while also establishing the possibility of future state funding.

However, the lack of state funding to incubate new programs may also present barriers for communities with limited resources. For example, CTE enjoys a lot of interest on Native American reservations in North Dakota. However, the current funding structure does not provide a financial incentive for a high school on a reservation to start a new program, where it might truly be needed. The high school would have to provide the start-up funds and then wait to receive the 27 percent reimbursement at the middle and end of the fiscal year. North Dakota is exploring ways to help incentivize the start of new programs.





Looking Ahead

Although the cost-based funding model recognizes program differentiation, the process of managing reimbursements is often cumbersome and bureaucratic. State CTE program supervisors spend considerable time serving as accountants and auditors rather than being able to support the maintenance of high-quality CTE programs. North Dakota is contemplating ways to simplify the process, including exploring a flat rate, lump sum or block grant system for districts. The district would decide where to put those dollars toward CTE; however, no changes have been decided upon as of June 2023.

Visit ctek12funding.careertech.org for additional details and resource of the different models states use to provide funding for secondary CTE.

ACKNOWLEDGMENTS

This case study was developed with the generous support of the Walton Family Foundation. Advance CTE recognizes and thanks the following individuals for their support in the development of this state case study: Kimberly Green, former executive director, Kate Kreamer, executive director, Jodi Langellotti, communications associate, Laura Maldonado, senior research associate, Stacy Whitehouse, associate director of communications, and Candace Williams, former data and research manager, Advance CTE; Dale Hoerauf, director of career and technical education, Bismarck Public Schools; Eric Ripley, executive director of CTE & technology, Grand Forks Public Schools; and Wayde Sick, director and executive officer, North Dakota Department of Career and Technical Education.

End Notes

- 1 Rich States, Poor States. (2023). *North Dakota economic outlook rank*. <https://www.richstatespoorstates.org/states/ND/>
- 2 Montana, Nevada, North Dakota and Texas have biennial legislative sessions.
- 3 National Conference of State Legislatures. (2021, July). *Legislative session length*. <https://www.ncsl.org/resources/details/legislative-session-length>
- 4 An FTE learner is enrolled in an education program. Full-time status is typically determined by number of courses or instructional hours.
- 5 State of North Dakota. (n.d.). *North Dakota Department of Career and Technical Education*. <https://www.cte.nd.gov/>
- 6 Advance CTE. (n.d.). *North Dakota*. <https://careertech.org/north-dakota>
- 7 *Ibid.*
- 8 North U.S. Department of Education, Office of Career, Technical, and Adult Education. (2014). *State strategies for financing career and technical education*. <https://files.eric.ed.gov/fulltext/ED555236.pdf>
- 9 North Dakota Century Code, §15-20.1-06. (n.d.). *Career and technical education*. <https://www.ndlegis.gov/cencode/t15c20-1.pdf>
- 10 Secondary comprehensive occupational programs include Agriculture Education, Business Education, Health Sciences, Information Technology, Marketing Education, Trade and Industry and Technical Education.
- 11 State Board for Career and Technical Education. (n.d.). *Policy for reimbursement of state funded programs*. https://www.cte.nd.gov/sites/www/files/documents/Budget%20%26%20Finance/State-Carl%20Perkins/Reimbursement_State_Policy.pdf
- 12 Extended contracts include salaried activities such as advising Career Technical Student Organizations, driving buses and coaching.
- 13 Travel includes transportation, registration, meals and lodging.
- 14 North Dakota Department of Career and Technical Education. *Area career and technology centers*. https://www.cte.nd.gov/sites/www/files/documents/AreaCTCs/Area_Center_Members.pdf
- 15 North Dakota Department of Career and Technical Education. (n.d.). *Emerging technology-technology education*. <https://www.cte.nd.gov/sites/www/files/documents/Standards/EmergingTechnology.pdf>