

**SECOND ENGROSSMENT
with Senate Amendments**

Fifty-seventh
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1344

Introduced by

Representatives R. Kelsch, Brusegaard, Monson

Senators Krebsbach, Wardner

1 A BILL for an Act to provide for teacher mentoring and evaluation programs, contingent
2 payments for declining enrollment, and bonus payments for teachers; to create and enact a
3 new section to chapter 15.1-02 and a new section to chapter 15.1-09 of the North Dakota
4 Century Code, relating to a school district employee compensation report and bonuses; to
5 amend and reenact section 15-40.1-06 of the North Dakota Century Code or in the alternative
6 to amend and reenact sections 15.1-27-04 and 15.1-27-05 of the North Dakota Century Code
7 and to amend and reenact section 57-15-27 of the North Dakota Century Code, relating to per
8 student payments and ending fund balances; to provide for a legislative council report; to
9 provide for a legislative council study; to provide a statement of legislative intent; to provide an
10 appropriation; and to provide an effective date.

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

12 **SECTION 1. AMENDMENT.** If House Bill No. 1045 does not become effective, section
13 15-40.1-06 of the 1999 Supplement to the North Dakota Century Code is amended and
14 reenacted as follows:

15 **15-40.1-06. Declaration of legislative intent - Educational support per student -**
16 **School district equalization factor - Limitations.**

17 1. It is the intent of the legislative assembly to support elementary and secondary
18 education in this state from state funds. For purposes of this section, state funds
19 include all appropriations for foundation aid, tuition apportionment, supplemental
20 per student payments, special education, vocational education, transportation aid,
21 school district technology, the governor's school, teacher centers, and the
22 leadership in educational administration development consortium. For purposes of
23 distributing state funds, the superintendent of public instruction shall determine the

educational cost per student. In determining the educational cost per student, the superintendent may not use:

- a. Expenditures for capital outlay for buildings and sites, or debt service.
- b. Expenditures from school activities and school lunch programs.
- c. Expenditures for the cost of transportation, including the cost of schoolbuses.

- 2. a. The educational support per student ~~during for~~ the first year of the ~~1999-2001~~ 2001-03 biennium ~~must be~~ is two thousand ~~one~~ three hundred ~~forty-five~~ forty-nine dollars ~~and~~. The educational support per student for the second year of the ~~1999-2001~~ 2001-03 biennium ~~the educational support per student must be~~ is two thousand ~~two~~ four hundred ~~thirty eleven~~ dollars ~~and~~. The educational support per student is the basis for calculating grants-in-aid on a per student basis as provided in sections 15-40.1-07 and 15-40.1-08.
- b. School districts operating high schools not meeting the minimum curriculum as provided in section 15-41-24 or the teacher qualifications in section 15-41-25 must be supported in the amount of two hundred twenty dollars, which is the basis for calculating grants-in-aid on a per student basis as provided in section 15-40.1-07.
- c. School districts operating high schools that are not accredited pursuant to the accreditation standards adopted by the superintendent of public instruction on July 1, 1991, or that become unaccredited in any succeeding school year must be supported for the first year that they become unaccredited in the amount of the educational support per student established in subdivision a, which is the basis for calculating grants-in-aid on a per student basis as provided in section 15-40.1-07, but those school districts are not entitled to the amounts resulting from applying the factors in that section. The amount of aid a school district is entitled to under this subsection for each high school that is not accredited must be reduced by two hundred dollars times the number of students in the school for the second school year that the high school is unaccredited, and an additional two hundred dollars per student in the unaccredited school for each additional year the school remains unaccredited. Any high school that becomes accredited is entitled to the per

student payments provided for in section 15-40.1-07 for the entire school year in which the school becomes accredited.

- d. School districts operating elementary schools that are not accredited pursuant to the accreditation standards adopted by the superintendent of public instruction on July 1, 1992, or that become unaccredited in any succeeding school year must be supported for the first year that they become unaccredited in the amount of the educational support per student established in subdivision a, which is the basis for calculating grants-in-aid on a per student basis as provided in section 15-40.1-08, except that the amount of aid that a school district is entitled to under this subsection for each elementary school that is unaccredited must be reduced by two hundred dollars times the number of students in the school each year that the elementary school is unaccredited. Any elementary school that becomes accredited is entitled to the per student payments provided for in section 15-40.1-08 for the entire school year in which the school becomes accredited.

3. In determining the amount of payments due ~~a school districts for tuition apportionment provided in section 15-44-03, and per student aid under this section, the amount of~~ district, the superintendent of public instruction shall add the tuition apportionment, ~~foundation aid payments, per student payments,~~ special education aid, and transportation aid for which a school district is eligible ~~must be added together,~~ and from that total; subtract the following ~~amounts must be subtracted:~~

- a. The product of thirty-two mills times the latest available net assessed and equalized valuation of property of the school district.
- b. The amount that the unobligated general fund balance of a school district on the preceding June thirtieth is in excess of ~~three-fourths~~ fifty percent of the ~~its~~ actual expenditures, plus ~~an additional~~ twenty thousand dollars.

4. No school district may receive foundation payments beyond the October payment unless the following reports have been filed with the superintendent of public instruction:

- a. Annual average daily membership report.

- b. Annual school district financial report.
 - c. The September tenth fall enrollment report.
 - d. The personnel report forms for certified and noncertified employees.
5. No school district may receive the January foundation payment unless the taxable valuation and mill levy certifications are on file with the department of public instruction by December fifteenth.

SECTION 2. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

School district employee compensation report.

1. On or before September tenth of each year, beginning in 2002, each school district shall provide the following information to the superintendent of public instruction, with respect to teachers and with respect to administrators:
 - a. The total amount of base salary.
 - b. The total amount of compensation reportable as gross income under the Internal Revenue Code.
 - c. Any other compensation paid or provided to or on behalf of individuals employed as teachers and as administrators.
 - d. Health insurance benefits paid to or on behalf of individuals employed as teachers and as administrators.
 - e. Retirement benefits paid on behalf of individuals employed as teachers and as administrators, and including individual shares if paid by the district.
 - f. Any other benefits paid or provided to or on behalf of individuals employed as teachers and as administrators.
2. The superintendent of public instruction shall:
 - a. Compile the information required by subsection 1 in a manner that allows for accurate comparisons based on:
 - (1) Full-time versus part-time personnel;
 - (2) A normal schoolday versus an extended schoolday; and
 - (3) A regular school calendar of approximately one hundred eighty days versus an extended school year.

b. Forward a copy of the compiled information to the governor and the chairman of the legislative council.

3. If a district expends less than seventy percent of all moneys received as per student payments under section 1 or 4 of this Act for the compensation of teachers and administrators, the district shall provide a detailed explanation at the time it submits the information required by subsection 1. The superintendent of public instruction shall forward copies of any explanation received under this subsection to the governor and the chairman of the legislative council.

4. If any school district fails without good cause to provide the information required by this section on or before September tenth and in the manner directed by the superintendent of public instruction, the superintendent shall withhold all state aid until the information is received.

5. For purposes of this section:

a. "Administrator" means an individual employed by a school district in an administrative position and includes a school district superintendent, an assistant or associate superintendent, a principal, an assistant principal, a special education director, a vocational education director, and any other individual whose position requires an administrator's credential.

b. "Teacher" means an individual, other than an administrator, who:

(1) Is licensed to teach by the education standards and practices board;

(2) Is employed by a school district as a class 70 teacher, according to classifications of the superintendent of public instruction; and

(3) Performs assigned professional activities that involve the selection, organization, presentation, and evaluation of students' learning experiences in the school environment.

SECTION 3. A new section to chapter 15.1-09 of the North Dakota Century Code is created and enacted as follows:

School board authority - Signing bonuses - Retention bonuses.

1. The board of a school district may offer to pay a signing bonus to an individual who:

- a. Is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;
 - b. Has signed a contract of employment to serve as a full-time classroom teacher in the district; and
 - c. Has not previously been employed by the board of the district as a classroom teacher or as an administrator.
2. The board of a school district may offer to pay a retention bonus to an individual who has been employed by the district as a full-time classroom teacher for at least one full school year and who agrees to continued employment by the district as a full-time classroom teacher.
 3. The board may pay a bonus under this section in one lump sum at the time the contract is signed or in multiple installments over the period of time agreed to by the board and the individual.
 4. A bonus paid under this section does not affect the provisions of any negotiated salary schedule agreed to by the teachers and the board of a school district.

SECTION 4. AMENDMENT. Section 15.1-27-04 of the North Dakota Century Code as created by House Bill No. 1045, as approved by the fifty-seventh legislative assembly, is amended and reenacted as follows:

15.1-27-04. Per student payment. The per student payment to which each school district is entitled for the first year of the biennium is two thousand ~~one three~~ hundred ~~forty-five~~ forty-nine dollars. The per student payment to which each school district is entitled for the second year of the biennium is two thousand ~~two four~~ hundred ~~thirty eleven~~ thirty eleven dollars. The per student amount is the basis for calculating state payments to school districts, as provided in sections 15.1-27-06 and 15.1-27-07.

SECTION 5. AMENDMENT. Section 15.1-27-05 of the North Dakota Century Code as created by House Bill No. 1045, as approved by the fifty-seventh legislative assembly, is amended and reenacted as follows:

15.1-27-05. School district equalization factor. To determine the amount of payments due a school district, the superintendent of public instruction shall add the tuition apportionment payments, per student payments, special education aid, and transportation aid for which a school district is eligible and from that total subtract the following:

- 1 1. The product of thirty-two mills times the latest available net assessed and
- 2 equalized valuation of property in the district.
- 3 2. The amount by which the unobligated general fund balance of the district on the
- 4 preceding June thirtieth is in excess of ~~seventy-five~~ fifty percent of its actual
- 5 expenditures, plus twenty thousand dollars.

6 **SECTION 6. AMENDMENT.** Section 57-15-27 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **57-15-27. Interim fund.** The governing body of any county, city, ~~school district~~, park
9 district, or ~~other~~ municipality, other than a school district, which is authorized to levy taxes may
10 include in its budget an item to be known as the "interim fund" which must be carried over to
11 the next ensuing fiscal year to meet the cash requirements of all funds or purposes to which the
12 credit of the municipality may be legally extended, for that portion of such fiscal year prior to the
13 receipt of taxes therein. In no case may ~~such~~ the interim fund be in excess of the amount
14 reasonably required to finance the municipality for the first nine months of the next ensuing
15 fiscal year. ~~Such~~ The interim fund may not be in excess of three-fourths of the current annual
16 appropriation for all purposes other than debt retirement purposes and appropriations financed
17 from bond sources ~~and, for school districts, an additional twenty thousand dollars.~~

18 **SECTION 7. TEACHER MENTORING AND EVALUATION PROGRAMS -**
19 **APPROVAL - REPORT TO LEGISLATIVE COUNCIL.**

- 20 1. The education standards and practices board, with the advice and consent of the
- 21 superintendent of public instruction, shall develop a proposal for:
 - 22 a. The development and implementation of teacher mentoring programs and
 - 23 teacher evaluation programs by school districts; and
 - 24 b. The approval of teacher mentoring and evaluation programs by the board.
- 25 2. The education standards and practices board shall present the proposal to a
- 26 committee designated by the Legislative Council before July 1, 2002.

27 **SECTION 8. APPROPRIATION - TEACHER BONUSES.**

- 28 1. There is appropriated out of any moneys in the general fund in the state treasury,
- 29 not otherwise appropriated, the sum of \$20,800,000, or so much of the sum as
- 30 may be necessary, to the superintendent of public instruction for the purpose of

providing a bonus payment to teachers, for the biennium beginning July 1, 2001, and ending June 30, 2003.

2. a. During the first year of the biennium, the superintendent of public instruction shall forward to each school district, special education unit, and area vocational and technology center an amount equal to \$1,300 times the number of full-time equivalent teachers employed by the entity on September 15, 2001.
- b. During the second year of the biennium, the superintendent of public instruction shall forward to each school district, special education unit, and area vocational and technology center an amount equal to \$1,300 times the number of full-time equivalent teachers employed by the entity on September 15, 2002.
- c. The superintendent of public instruction shall distribute the moneys payable under this section at the time and in the manner other state aid payments are distributed to school districts.
3. a. During the first year of the biennium, each school district, special education unit, and area vocational technology center shall provide a bonus of \$1,300 to each full-time teacher employed by the entity on September 15, 2001, subject to the provisions of this section.
- b. During the second year of the biennium, each school district, special education unit, and area vocational and technology center shall provide a bonus of \$1,300 to each full-time teacher employed by the entity on September 15, 2002, subject to the provisions of this section.
- c. Teachers employed less than full time are entitled to a proportionate share of the bonus amount.
4. Each school district, special education unit, and area vocational and technology center shall determine the time and manner by which the bonus payments are to be distributed.
5. A school district, special education unit, and area vocational and technology center shall treat bonus payments under this section as wages or salary for all purposes,

including state and federal tax purposes and retirement purposes under chapter 15-39.1.

6. The bonus to which each teacher is entitled under this section:

- a. Does not affect the provisions of any negotiated salary schedule agreed to by the teachers and the board of a school district, a special education unit, or an area vocational and technology center.
- b. Is not subject to negotiation by the teachers and the board of a school district, a special education unit, or the board of an area vocational and technology center.

7. For purposes of this section, a "teacher" means an individual, other than an administrator, who:

- a. Is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;
- b. Is employed by a school district, a special education unit, or an area vocational and technology center as a class 70 teacher, according to classifications of the superintendent of public instruction; and
- c. Performs assigned professional activities that involve the selection, organization, presentation, and evaluation of students' learning experiences in the school environment.

8. If the superintendent of public instruction fulfills the requirements of this section without expending the entire amount appropriated for the bonuses provided in this section, the difference between the amount expended and the amount appropriated must be added to that portion of the grants - foundation aid and transportation line item designated for per student payments during the 2001-03 biennium in House Bill No. 1013, as approved by the fifty-seventh legislative assembly.

SECTION 9. CONTINGENT PAYMENT - DECLINING ENROLLMENT.

- 1. If the superintendent of public instruction determines that the portion of the grants-foundation aid and transportation line item designated for per student payments during the first year of the 2001-03 biennium in House Bill No. 1013, as approved by the fifty-seventh legislative assembly, exceeds the estimated

expenditure for per student payments during the first year of the biennium by an amount sufficient to provide for a distribution of \$150 per student to school districts whose 2000-01 fall enrollment is less than their 1997-98 fall enrollment, the superintendent shall distribute \$150 per student to those school districts.

2. If the superintendent of public instruction determines that the portion of the grants-foundation aid and transportation line item designated for per student payments during the first year of the biennium in House Bill No. 1013, as approved by the fifty-seventh legislative assembly, does not exceed the estimated expenditure for per student payments during the first year of the biennium by the amount required for a payment under subsection 1, the superintendent may not distribute any amounts under subsection 1.

3. If the superintendent of public instruction determines that the portion of the grants-foundation aid and transportation line item designated for per student payments during the second year of the 2001-03 biennium in House Bill No. 1013, as approved by the fifty-seventh legislative assembly, exceeds the estimated expenditure for per student payments during the second year of the biennium, the superintendent shall distribute \$250 per student to each school district in which the district's 2000-01 fall enrollment was less than the district's 1997-98 fall enrollment, or a lesser proportionate amount if the amount available is insufficient to provide for a distribution of \$250 per student to those school districts.

4. No school district may receive payments for declining enrollments in excess of four hundred students under this section.

5. No school district may receive more than \$250 per student during the biennium under this section.

SECTION 10. APPROPRIATION - GRANTS FOR NATIONAL TEACHER

CERTIFICATION.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$83,000, or so much of the sum as may be necessary, to the education standards and practices board for the purpose of making grants to assist teachers in obtaining national certification, for the biennium beginning July 1, 2001, and ending June 30, 2003.

2. An individual who is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board may file an application with the board for a grant to assist with the cost of obtaining national teacher certification after July 1, 2001.
3. The education standards and practices board shall review each application chronologically.
4. A successful applicant is eligible to receive a grant in the amount of \$1,150 to assist with the assessment costs of national teacher certification.
5. At the conclusion of each of the first four full school years after the individual obtains the national teacher certification, the individual is entitled to receive an additional \$1,500, if:
 - a. The individual served during the school year as a full-time classroom teacher in a public school in this state; and
 - b. The individual participated in any efforts of the employing school district to develop and implement teacher mentoring programs and teacher evaluation programs.

SECTION 11. TEACHER COMPENSATION PACKAGE - LEGISLATIVE COUNCIL

STUDY. The legislative council shall consider studying the feasibility and desirability of implementing a teacher compensation package that recognizes four levels of teachers from beginning to advanced and which bases the compensation level for each category on the individual teacher's ability to meet or exceed district standards for content knowledge, planning and preparation for instruction, instructional delivery, student assessment, classroom management, and professional responsibility. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 12. APPROPRIATION - SCHOOL DISTRICT COMPENSATION REPORT.

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of developing and implementing a school district employee compensation report as provided in section 2 of this Act, for the biennium beginning July 1, 2001, and ending June 30, 2003.

1 **SECTION 13. LEGISLATIVE INTENT.** It is the intent of the fifty-seventh legislative
2 assembly that each school district expend at least seventy percent of all moneys received as
3 per student payments under section 1 or 4 of this Act for the compensation of teachers and
4 administrators. For purposes of this section, "compensation" includes all salaries, benefits,
5 commissions, memberships, the provision of housing, the provision of vehicles, and any other
6 payments in lieu of compensation, reportable as gross income under the Internal Revenue
7 Code.

8 **SECTION 14. EFFECTIVE DATE.** Subdivision b of subsection 3 of section 15-40.1-06
9 of the North Dakota Century Code as amended by section 1 of this Act and sections 5 and 6 of
10 this Act become effective on July 1, 2004.