Sixty-eighth Legislative Assembly of North Dakota In Regular Session Commencing Tuesday, January 3, 2023

HOUSE BILL NO. 1238 (Representatives Schreiber-Beck, Nathe) (Senators Elkin, Kreun)

AN ACT to amend and reenact section 15.1-27-35.3 of the North Dakota Century Code, relating to extending the moratorium on the unobligated general fund balance deductions from state aid formula payments; and to provide for a legislative management study regarding the impact of the ending fund balance on school credit and school efficacy.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

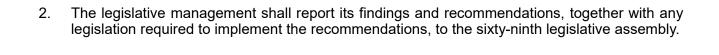
SECTION 1. AMENDMENT. Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35.3. Payments to school districts - Unobligated general fund balance.

- a. Except as provided in subdivision b, beginning July 1, 20232027, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus fifty thousand dollars.
 - b. The superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus one hundred thousand dollars if the school district is in a cooperative agreement with another school district to share academic resources, and the school districts are considering reorganization under chapter 15.1-12. An eligible school district may receive payments under this provision for a maximum of two years.
- 2. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2, but does not include federal impact aid funding.

SECTION 2. LEGISLATIVE MANAGEMENT STUDY - IMPLEMENTATION OF PARAMETERS FOR SCHOOL DISTRICT ENDING FUND BALANCES.

- During the 2023-24 interim, the legislative management shall study the implementation of
 effective parameters for the ending fund balance for a school district so a school district is able
 to achieve credit scores sufficient to bond at a reduced cost to taxpayers while ensuring
 equitable and adequate education. The study must include:
 - a. Identification of efficient ways to analyze information on district expenditures;
 - b. A review of the ending fund balance's impact on a district's short- and long-range planning, related facilities, staffing, and programming;
 - An evaluation of possible trends between state investment, district expenditures, and student performance; and
 - d. A review of the dramatic increase in behavioral and mental health issues of students, which are addressed by schools with school budgets, in addition to the traditional scope of academic preparation.



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| | Speaker of the House | | | President of the Senate | |
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| House Vote: | Yeas 84 | Nays 5 | Absent 5 | | |
| Senate Vote: | Yeas 46 | Nays 1 | Absent 0 | | |
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| Received by the Governor atM. on | | | | | , 2023. |
| Approved atM. on | | | | | , 2023. |
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| Filed in this offi | ice this | day of | | | , 2023, |
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