Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017

HOUSE BILL NO. 1324
(Representatives Owens, Monson, Nathe, Sanford, Schreiber-Beck)
(Senators Rust, Schaible)

AN ACT to create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to amend and reenact sections 15.1-01-03, 15.1-09.1-10, and 15.1-27-04.1 of the North Dakota Century Code, relating to the powers and duties of the state board of public school education and the determination of state aid payable to school districts and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-01-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-01-03. State board of public school education - Powers and duties.

1. The state board of public school education shall:

   a. Assist county committees in carrying out their duties.

   b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.

   c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.

   d. Provide oversight for regional education associations as required by chapter 15.1-09.1.

2. The state board of public school education may adopt rules ~~regarding school district reorganizations, annexations, and dissolutions~~in accordance with chapter 28-32.

SECTION 2. A new section to chapter 15.1-09.1 of the North Dakota Century Code is created and enacted as follows:

Regional education association - Audit.

To be eligible for state funding, a regional education association must be audited, at least once every two years, by a certified public accountant or a licensed public accountant. The audit must be presented to the state board of public school education. If any irregularities are noted, the state board of public school education may direct the superintendent of public instruction to withhold all payments to a regional education association until the board determines the irregularities have been addressed.

SECTION 3. AMENDMENT. Section 15.1-09.1-10 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09.1-10. State aid - Payable to a regional education association - Obligation of district.

~~1.~~ The superintendent of public instruction shall forward the portion of a school district's state aid which is payable by the superintendent under subdivision l of subsection 1 of section 15.1-27-03.1 as a result of the district's participation in a regional education association directly to the association in which the district participates. The superintendent shall forward the amount payable under this ~~subsection~~section at the same time and in the same manner as

provided for other state aid payments under section 15.1-27-01, unless otherwise directed in accordance with section 2 of this Act.

~~2. If the superintendent of public instruction determines that a school district failed to meet any contractual or statutory obligation imposed upon it as a result of the district's participation in a regional education association, the superintendent shall subtract the amount for which the district was not eligible from any future distribution of state aid to the district under section 15.1-27-01.~~

SECTION 4. AMENDMENT. Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.

1. ~~In order to~~To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:

   a. All state aid received by the district in accordance with chapter 15.1-27 during the 2012-13 school year;

   b. The district's 2012-13 mill levy reduction grant, as determined in accordance with chapter 57-64, as it existed on June 30, 2013;

   c. An amount equal to that raised by the district's 2012 general fund levy or that raised by one hundred ten mills of the district's 2012 general fund levy, whichever is less;

   d. An amount equal to that raised by the district's 2012 long-distance learning and educational technology levy;

   e. An amount equal to that raised by the district's 2012 alternative education program levy; and

   f. An amount equal to:

      (1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;

      (2) Seventy-five percent of all mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;

      (3) Seventy-five percent of all tuition received by the school district and reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition received for the provision of an adult farm management program;

      (4) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on the distribution and transmission of electric power;

      (5) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on electricity generated from sources other than coal;

(6) All revenue received by the school district from mobile home taxes;

(7) Seventy-five percent of all revenue received by the school district from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);

(8) All telecommunications tax revenue received by the school district; and

(9) All revenue received by the school district from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.

2. The superintendent shall divide the district's total baseline funding by the district's 2012-13 weighted student units ~~in order~~ to determine the district's baseline funding per weighted student unit.

3. a. In ~~2015-16~~2017-18, the superintendent shall multiply the district's weighted student units by nine thousand ~~three~~six hundred ~~sixty-five~~forty-six dollars.

(1) The superintendent shall adjust the product to ensure ~~that~~ the product is at least equal to the greater of:

(a) One hundred ~~six~~eight percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2013-14~~ weighted student units from the previous school year; or

(b) One hundred percent of the district's baseline funding as established in subsection 1.

(2) The superintendent also shall ~~also~~ adjust the product to ensure ~~that~~ the product does not exceed one hundred ~~thirty~~forty percent of the district's baseline funding per weighted student unit multiplied by the district's ~~2013-14~~ weighted student units from the previous school year, as established in subsection 2.

b. In ~~2016-17~~2018-19, the superintendent shall multiply the district's weighted student units by nine thousand six hundred forty-six dollars.

(1) The superintendent shall adjust the product to ensure ~~that~~ the product is at least equal to the greater of:

(a) One hundred eight percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~ weighted student units from the previous school year; or

(b) One hundred percent of the district's baseline funding as established in subsection 1.

(2) The superintendent also shall ~~also~~ adjust the product to ensure ~~that~~ the product does not exceed one hundred forty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~ weighted student units from the previous school year.

4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:

a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~provided that after 2013,~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent; and

b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of subsection 1.

5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.

SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO SCHOOLS. During the 2017-18 interim, the legislative management shall consider studying entities that deliver kindergarten through grade twelve professional development services, distance curriculum, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services. The study must focus on the funding, governance, nature, scope, and quality of services provided to schools. The study also must focus on the duplication of services across entities and the accountability for expenditures. The study must identify efficiencies and the desirability and feasibility of consolidating services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 6. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS. It is the intent of the sixty-fifth legislative assembly that during the 2017-19 biennium regional education associations merge or partner with other regional education associations and other educational service providers, other regional education associations or other educational service providers, or both, to form the most most efficient and effective system of support for the schools in this state.

SECTION 7. LEGISLATIVE INTENT - TRANSPORTATION GRANTS. It is the intent of the sixty-fifth legislative assembly that $55,400,000 be included in the transportation grants line item in House Bill No. 1013, as approved by the sixty-fifth legislative assembly.

_____	_____
Speaker of the House	President of the Senate
_____	_____
Chief Clerk of the House	Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1324.

House Vote:	Yeas 80	Nays 10	Absent 4
Senate Vote:	Yeas 45	Nays 0	Absent 2

_____
Chief Clerk of the House

Received by the Governor at _____M. on _____, 2017.

Approved at _____M. on _____, 2017.

_____
Governor

Filed in this office this _____day of _____, 2017,

at _____ o'clock _____M.

_____
Secretary of State