

**HOUSE BILL NO. 1388**

Introduced by

Representative Owens

Senator Schaible

1 A BILL for an Act to amend and reenact sections 15.1-01-04, 15.1-27-03.2, and 15.1-27-04.1 of  
2 the North Dakota Century Code, relating to membership of the kindergarten through grade  
3 twelve education coordination council, adjustments to school district size weighting factors, and  
4 the education foundation aid funding formula transition maximum and payment rates; and to  
5 provide an appropriation.

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

7 **SECTION 1. AMENDMENT.** Section 15.1-01-04 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **15.1-01-04. Kindergarten through grade twelve education coordination council.**

10 1. The state board of public school education shall oversee the creation and ongoing  
11 operation of the kindergarten through grade twelve education coordination council.

12 2. The council consists of:

13 a. Three members of the legislative assembly, one member of the majority party  
14 from each chamber of the legislative assembly, selected by the respective  
15 majority leader of the chamber, and one member of the minority party selected  
16 through collaboration between the respective minority leaders of each chamber;

17 b. The governor or the governor's designee;

18 c. The superintendent of public instruction or the superintendent's designee;

19 d. The president of the state board for career and technical education or the  
20 president's designee;

21 e. The president of the board of the North Dakota council of educational leaders or  
22 the president's designee;

23 f. The president of the board of North Dakota united or the president's designee;

1 g. The president of the board of the North Dakota school boards association or the  
2 president's designee;

3 h. The president of the board of the North Dakota small organized schools or the  
4 president's designee;

5 i. The president of the board of the North Dakota school counselor association or  
6 the president's designee; ~~and~~

7 j. The president of the North Dakota special education study council or the  
8 president's designee;

9 k. The president of the North Dakota regional education association or the  
10 president's designee; and

11 l. The following gubernatorial appointees:

12 (1) An individual representing the statewide longitudinal data system  
13 committee;

14 (2) An individual representing a tribal school; and

15 (3) ~~An individual employed as a public school administrator;~~

16 ~~(4) An individual employed as a public school principal;~~

17 ~~(5) An individual employed as a public school teacher;~~

18 ~~(6) A director of a special education unit; and~~

19 ~~(7) A director of a regional education association.~~

20 3. The term of office for a member appointed by the governor is four years. The governor  
21 may stagger the initial appointments to the council so no more than three members'  
22 terms expire in any year.

23 4. The council shall select a presiding officer annually from among its members.

24 5. A member of the council who is a member of the legislative assembly is entitled to  
25 receive per diem compensation at the rate provided under section 54-35-10 for each  
26 day performing official duties of the council and to reimbursement for travel and  
27 expenses as provided by law, to be paid by the legislative council. A member of the  
28 council who is not a state employee is entitled to receive as compensation sixty-two  
29 dollars and fifty cents per day and to reimbursement of expenses as provided by law  
30 for state officers while attending meetings of the council, to be paid by the state board  
31 of public school education. A state employee who is a member of the council is entitled

- 1 to receive that employee's regular salary and is entitled to reimbursement for mileage  
2 and expenses, to be paid by the employing agency.
- 3 6. The council may hire an executive director.
- 4 7. The council shall:
- 5 a. Assist in the implementation, dissemination, and communication of the statewide  
6 strategic vision and evaluate progress toward meeting the identified goals and  
7 strategies.
- 8 b. Perform a continuous review of the effectiveness and efficiency of access and  
9 delivery of education services and programs in the state.
- 10 c. Identify opportunities for increased collaboration among state education entities  
11 and stakeholders.
- 12 d. Identify gaps or duplications in education services and programs and provide  
13 recommendations for addressing those gaps or duplications.
- 14 e. Study and evaluate new and emerging educational initiatives and trends and  
15 provide recommendations for policy changes to state entities or the legislative  
16 assembly if necessary.
- 17 f. Support the implementation, dissemination, and communication of local or  
18 regional educational initiatives and practices, including innovative education  
19 programs, on a statewide level.
- 20 g. ~~Establish a one-stop communication and~~Coordinate and communicate  
21 information ~~hub~~available on state websites to provide the public and interested  
22 parties with seamless access to state entities that deliver education services and  
23 programs.
- 24 h. Develop and utilize subcommittees as needed.
- 25 i. Seek advice and input from interested parties not appointed to the council as  
26 needed.
- 27 8. The council shall meet at least four times per calendar year.
- 28 9. The council shall prepare and present an annual report of council activities to the state  
29 board of public school education and to the legislative management.

30 **SECTION 2. AMENDMENT.** Section 15.1-27-03.2 of the North Dakota Century Code is  
31 amended and reenacted as follows:

1       **15.1-27-03.2. School district size weighting factor - Weighted student units.**

2       1. For each high school district in the state, the superintendent of public instruction shall  
3       assign a baseline school district size weighting factor of:

4       a. 1.36 if the students in average daily membership number fewer than 110;

5       b. 1.35 if the students in average daily membership number at least 110 but fewer  
6       than 125;

7       c. 1.34 if the students in average daily membership number at least 125 but fewer  
8       than 130;

9       d. 1.33 if the students in average daily membership number at least 130 but fewer  
10       than 135;

11       e. 1.32 if the students in average daily membership number at least 135 but fewer  
12       than 140;

13       f. 1.31 if the students in average daily membership number at least 140 but fewer  
14       than 145;

15       g. 1.30 if the students in average daily membership number at least 145 but fewer  
16       than 150;

17       h. 1.29 if the students in average daily membership number at least 150 but fewer  
18       than 155;

19       i. 1.28 if the students in average daily membership number at least 155 but fewer  
20       than 160;

21       j. 1.27 if the students in average daily membership number at least 160 but fewer  
22       than 165;

23       k. 1.26 if the students in average daily membership number at least 165 but fewer  
24       than 175;

25       l. 1.25 if the students in average daily membership number at least 175 but fewer  
26       than 185;

27       m. 1.24 if the students in average daily membership number at least 185 but fewer  
28       than 200;

29       n. 1.23 if the students in average daily membership number at least 200 but fewer  
30       than 215;

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- 1           o.   1.22 if the students in average daily membership number at least 215 but fewer  
2                    than 230;
- 3           p.   1.21 if the students in average daily membership number at least 230 but fewer  
4                    than 245;
- 5           q.   1.20 if the students in average daily membership number at least 245 but fewer  
6                    than 260;
- 7           r.   1.19 if the students in average daily membership number at least 260 but fewer  
8                    than 270;
- 9           s.   1.18 if the students in average daily membership number at least 270 but fewer  
10                   than 275;
- 11          t.   1.17 if the students in average daily membership number at least 275 but fewer  
12                   than 280;
- 13          u.   1.16 if the students in average daily membership number at least 280 but fewer  
14                   than 285;
- 15          v.   1.15 if the students in average daily membership number at least 285 but fewer  
16                   than 290;
- 17          w.   1.14 if the students in average daily membership number at least 290 but fewer  
18                   than 295;
- 19          x.   1.13 if the students in average daily membership number at least 295 but fewer  
20                   than 300;
- 21          y.   1.12 if the students in average daily membership number at least 300 but fewer  
22                   than 305;
- 23          z.   1.11 if the students in average daily membership number at least 305 but fewer  
24                   than 310;
- 25          aa.  1.10 if the students in average daily membership number at least 310 but fewer  
26                   than 320;
- 27          bb.  1.09 if the students in average daily membership number at least 320 but fewer  
28                   than 335;
- 29          cc.  1.08 if the students in average daily membership number at least 335 but fewer  
30                   than 350;

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- 1 dd. 1.07 if the students in average daily membership number at least 350 but fewer  
2 than 360;
- 3 ee. 1.06 if the students in average daily membership number at least 360 but fewer  
4 than 370;
- 5 ff. 1.05 if the students in average daily membership number at least 370 but fewer  
6 than 380;
- 7 gg. 1.04 if the students in average daily membership number at least 380 but fewer  
8 than 390;
- 9 hh. 1.03 if the students in average daily membership number at least 390 but fewer  
10 than 400;
- 11 ii. 1.02 if the students in average daily membership number at least 400 but fewer  
12 than 600;
- 13 jj. 1.01 if the students in average daily membership number at least 600 but fewer  
14 than 900; and
- 15 kk. 1.00 if the students in average daily membership number at least 900.
- 16 2. ~~For each elementary district in the state~~Beginning with the 2021-22 school year and  
17 each school year thereafter until the 2027-28 school year, the superintendent of public  
18 instruction shall assign a school district size weighting factor determined by increasing  
19 the baseline weighting factor under subsection 1 each year by fourteen and  
20 twenty-nine hundredths percent of the difference between the weighting factor under  
21 this subsection and the baseline weighting factor under subsection 1 for the same  
22 school district size. For the 2027-28 school year and each school year thereafter, the  
23 superintendent of public instruction shall assign a school district size weighting factor  
24 of:
- 25 a. ~~1.25~~1.72 if the students in average daily membership number fewer than ~~125~~110;
- 26 b. ~~1.17~~1.68 if the students in average daily membership number at least ~~125~~110 but  
27 fewer than ~~200~~125; and
- 28 c. ~~1.00~~1.64 if the students in average daily membership number at least ~~200~~125 but  
29 fewer than 130;
- 30 d. 1.60 if the students in average daily membership number at least 130 but fewer  
31 than 135;

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- 1 e. 1.56 if the students in average daily membership number at least 135 but fewer  
2 than 140;
- 3 f. 1.52 if the students in average daily membership number at least 140 but fewer  
4 than 145;
- 5 g. 1.49 if the students in average daily membership number at least 145 but fewer  
6 than 150;
- 7 h. 1.45 if the students in average daily membership number at least 150 but fewer  
8 than 155;
- 9 i. 1.42 if the students in average daily membership number at least 155 but fewer  
10 than 160;
- 11 j. 1.39 if the students in average daily membership number at least 160 but fewer  
12 than 165;
- 13 k. 1.36 if the students in average daily membership number at least 165 but fewer  
14 than 175;
- 15 l. 1.33 if the students in average daily membership number at least 175 but fewer  
16 than 185;
- 17 m. 1.30 if the students in average daily membership number at least 185 but fewer  
18 than 200;
- 19 n. 1.27 if the students in average daily membership number at least 200 but fewer  
20 than 215;
- 21 o. 1.25 if the students in average daily membership number at least 215 but fewer  
22 than 230;
- 23 p. 1.22 if the students in average daily membership number at least 230 but fewer  
24 than 245;
- 25 q. 1.20 if the students in average daily membership number at least 245 but fewer  
26 than 260;
- 27 r. 1.19 if the students in average daily membership number at least 260 but fewer  
28 than 270;
- 29 s. 1.18 if the students in average daily membership number at least 270 but fewer  
30 than 275;

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- 1           t. 1.17 if the students in average daily membership number at least 275 but fewer  
2           than 280;
- 3           u. 1.16 if the students in average daily membership number at least 280 but fewer  
4           than 285;
- 5           v. 1.15 if the students in average daily membership number at least 285 but fewer  
6           than 290;
- 7           w. 1.14 if the students in average daily membership number at least 290 but fewer  
8           than 295;
- 9           x. 1.13 if the students in average daily membership number at least 295 but fewer  
10          than 300;
- 11          y. 1.12 if the students in average daily membership number at least 300 but fewer  
12          than 305;
- 13          z. 1.11 if the students in average daily membership number at least 305 but fewer  
14          than 310;
- 15          aa. 1.10 if the students in average daily membership number at least 310 but fewer  
16          than 320;
- 17          bb. 1.09 if the students in average daily membership number at least 320 but fewer  
18          than 335;
- 19          cc. 1.08 if the students in average daily membership number at least 335 but fewer  
20          than 350;
- 21          dd. 1.07 if the students in average daily membership number at least 350 but fewer  
22          than 360;
- 23          ee. 1.06 if the students in average daily membership number at least 360 but fewer  
24          than 370;
- 25          ff. 1.05 if the students in average daily membership number at least 370 but fewer  
26          than 380;
- 27          gg. 1.04 if the students in average daily membership number at least 380 but fewer  
28          than 390;
- 29          hh. 1.03 if the students in average daily membership number at least 390 but fewer  
30          than 400;



- 1           ii. 1.02 if the students in average daily membership number at least 400 but fewer  
2           than 600;  
3           jj. 1.01 if the students in average daily membership number at least 600 but fewer  
4           than 900; and  
5           kk. 1.00 if the students in average daily membership number at least 900.  
6           3. The superintendent of public instruction shall impute an average daily membership for  
7           each school district that does not include a high school and use the imputed average  
8           daily membership to determine the school district size weighting factor under this  
9           section. To determine the imputed average daily membership, the superintendent of  
10           public instruction shall divide the school district's average daily membership by 0.60.  
11           The superintendent of public instruction shall adjust the school district size weighting  
12           factor for each school district that does not include a high school by multiplying the  
13           school district size weighting factor determined under subsection 2 by ninety-two  
14           percent.  
15           4. The school district size weighting factor determined under this section and multiplied  
16           by a school district's weighted average daily membership equals the district's weighted  
17           student units.  
18           4.5. Notwithstanding the provisions of this section, the school district size weighting factor  
19           assigned to a district may not be less than the factor arrived at when the highest  
20           number of students possible in average daily membership is multiplied by the school  
21           district size weighting factor for the subdivision immediately preceding the district's  
22           actual subdivision and then divided by the district's average daily membership.

23           **SECTION 3. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
24           amended and reenacted as follows:

25           **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**  
26           **through June 30, 2025)**

- 27           1. To determine the amount of state aid payable to each district, the superintendent of  
28           public instruction shall establish each district's baseline funding. A district's baseline  
29           funding consists of:  
30           a. All state aid received by the district in accordance with chapter 15.1-27 during the  
31           2018-19 school year;

- 1           b. An amount equal to the property tax deducted by the superintendent of public  
2           instruction to determine the 2018-19 state aid payment;
- 3           c. An amount equal to seventy-five percent of the revenue received by the school  
4           district during the 2017-18 school year for the following revenue types:
- 5           (1) Revenue reported under code 2000 of the North Dakota school district  
6           financial accounting and reporting manual, as developed by the  
7           superintendent of public instruction in accordance with section 15.1-02-08;
- 8           (2) Mineral revenue received by the school district through direct allocation from  
9           the state treasurer and not reported under code 2000 of the North Dakota  
10          school district financial accounting and reporting manual, as developed by  
11          the superintendent of public instruction in accordance with section  
12          15.1-02-08;
- 13          (3) Tuition reported under code 1300 of the North Dakota school district  
14          financial accounting and reporting manual, as developed by the  
15          superintendent of public instruction in accordance with section 15.1-02-08,  
16          with the exception of revenue received specifically for the operation of an  
17          educational program provided at a residential treatment facility and tuition  
18          received for the provision of an adult farm management program;
- 19          (4) Revenue from payments in lieu of taxes on the distribution and transmission  
20          of electric power;
- 21          (5) Revenue from payments in lieu of taxes on electricity generated from  
22          sources other than coal;
- 23          (6) Revenue from the leasing of land acquired by the United States for which  
24          compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 25          d. An amount equal to the total revenue received by the school district during the  
26          2017-18 school year for the following revenue types:
- 27          (1) Mobile home tax revenue;
- 28          (2) Telecommunications tax revenue; and
- 29          (3) Revenue from payments in lieu of taxes and state reimbursement of the  
30          homestead credit and disabled veterans credit; and

1 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
2 baseline funding for any school district that becomes an elementary district  
3 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
4 be proportional to the number of weighted student units in the grades that are  
5 offered through another school district relative to the total number of weighted  
6 student units the school district offered in the year before the school district  
7 became an elementary district. The reduced baseline funding applies to the  
8 calculation of state aid for the first school year in which the school district  
9 becomes an elementary district and for each year thereafter. For districts that  
10 become an elementary district prior to the 2020-21 school year, the  
11 superintendent shall use the reduced baseline funding to calculate state aid for  
12 the 2020-21 school year and for each year thereafter.

13 2. a. The superintendent shall divide the district's baseline funding determined in  
14 subsection 1 by the district's 2017-18 weighted student units to determine the  
15 district's baseline funding per weighted student unit.

16 b. For any school district that becomes an elementary district pursuant to section  
17 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
18 district's baseline funding per weighted student unit used to calculate state aid.  
19 The superintendent shall divide the district's baseline funding determined in  
20 subsection 1 by the district's weighted student units after the school district  
21 becomes an elementary district to determine the district's adjusted baseline  
22 funding per weighted student unit. The superintendent shall use the district's  
23 adjusted baseline funding per weighted student unit in the calculation of state aid  
24 for the first school year in which the school district becomes an elementary  
25 district and for each year thereafter.

26 c. Beginning with the 2021-22 school year and for each school year thereafter, the  
27 superintendent shall reduce the district's baseline funding per weighted student  
28 unit. Each year the superintendent shall calculate the amount by which the  
29 district's baseline funding per weighted student unit exceeds the payment per  
30 weighted student unit provided in subsection 3. The superintendent shall reduce  
31 the district's baseline funding per weighted student unit by fifteen percent of the

1 amount by which the district's baseline funding per weighted student unit exceeds  
2 the payment per weighted student unit for the 2021-22 school year. For each  
3 year thereafter, the reduction percentage is increased by an additional fifteen  
4 percent. However, the district's baseline funding per weighted student unit, after  
5 the reduction, may not be less than the payment per weighted student unit  
6 provided in subsection 3.

7 3. a. For the ~~2019-20~~2021-22 school year, the superintendent shall calculate state aid  
8 as the greater of:

9 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~  
10 ~~hundred thirty-nine~~ ten thousand one hundred thirty-six dollars;

11 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted  
12 student unit, as established in subsection 2, multiplied by the district's  
13 weighted student units, not to exceed the district's 2017-18 baseline  
14 weighted student units, plus any weighted student units in excess of the  
15 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~  
16 ~~hundred thirty-nine~~ ten thousand one hundred thirty-six dollars; or

17 (3) The district's baseline funding as established in subsection 1 less the  
18 amount in paragraph 1, with the difference reduced by fifteen percent and  
19 then the difference added to the amount determined in paragraph 1.

20 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the  
21 superintendent shall calculate state aid as the greater of:

22 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two  
23 hundred thirty-seven dollars;

24 (2) One hundred two percent of the district's baseline funding per weighted  
25 student unit, as established in subsection 2, multiplied by the district's  
26 weighted student units, not to exceed the district's 2017-18 baseline  
27 weighted student units, plus any weighted student units in excess of the  
28 2017-18 baseline weighted student units multiplied by ten thousand  
29 ~~thirty-six~~ two hundred thirty-seven dollars; or

30 (3) The district's baseline funding as established in subsection 1 less the  
31 amount in paragraph 1, with the difference reduced by ~~fifteen~~thirty percent

1                   for the ~~2021-22~~2022-23 school year and the reduction percentage  
2                   increasing by fifteen percent each school year thereafter until the difference  
3                   is reduced to zero, and then the difference added to the amount determined  
4                   in paragraph 1.

5           c. The superintendent also shall adjust state aid determined in this subsection to to  
6           ensure the amount does not exceed the transition maximum as follows:

7           (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~  
8           ~~exceed~~the transition maximum rate is one hundred fivefifteen percent of the  
9           district's baseline funding per weighted student unit, as established in  
10           subsection 2, ~~multiplied~~plus fifteen percent of the difference between the  
11           rate under paragraph 1 of subdivision a of this subsection and one hundred  
12           fifteen percent of the district's baseline funding per weighted student unit.

13           The transition maximum is determined by multiplying the transition  
14           maximum rate, which may not exceed the rate under paragraph 1 of  
15           subdivision a of this subsection, by the district's weighted student units from  
16           the previous school year.

17           (2) For the ~~2020-21~~2022-23 school year and ~~each school year thereafter,~~ ~~to~~  
18           ~~ensure the amount does not exceed~~the transition maximum rate is one  
19           hundred tentwenty percent of the district's baseline funding per weighted  
20           student unit, as established in subsection 2, ~~multiplied~~plus thirty percent of  
21           the difference between the rate under paragraph 1 of subdivision b of this  
22           subsection and one hundred twenty percent of the district's baseline funding  
23           per weighted student unit. The transition maximum is determined by  
24           multiplying the transition maximum rate, which may not exceed the rate  
25           under paragraph 1 of subdivision b of this subsection, by the district's  
26           weighted student units from the previous school year.

27           (3) For the 2023-24 school year, the transition maximum rate is one hundred  
28           twenty percent of the district's baseline funding per weighted student unit,  
29           as established in subsection 2, plus forty-five percent of the difference  
30           between the rate under paragraph 1 of subdivision b of this subsection and  
31           one hundred twenty percent of the district's baseline funding per weighted

1 student unit. The transition maximum is determined by multiplying the  
2 transition maximum rate, which may not exceed the rate under paragraph 1  
3 of subdivision b of this subsection, by the district's weighted student units  
4 from the previous school year.

5 (4) For the 2024-25 school year, the transition maximum rate is one hundred  
6 twenty percent of the district's baseline funding per weighted student unit,  
7 as established in subsection 2, plus sixty percent of the difference between  
8 the rate under paragraph 1 of subdivision b of this subsection and one  
9 hundred twenty percent of the district's baseline funding per weighted  
10 student unit. The transition maximum is determined by multiplying the  
11 transition maximum rate, which may not exceed the rate under paragraph 1  
12 of subdivision b of this subsection, by the district's weighted student units  
13 from the previous school year.

14 (5) For the 2025-26 school year, the transition maximum rate is one hundred  
15 twenty percent of the district's baseline funding per weighted student unit,  
16 as established in subsection 2, plus seventy-five percent of the difference  
17 between the rate under paragraph 1 of subdivision b of this subsection and  
18 one hundred twenty percent of the district's baseline funding per weighted  
19 student unit. The transition maximum is determined by multiplying the  
20 transition maximum rate, which may not exceed the rate under paragraph 1  
21 of subdivision b of this subsection, by the district's weighted student units  
22 from the previous school year.

23 (6) For the 2026-27 school year, the transition maximum rate is one hundred  
24 twenty percent of the district's baseline funding per weighted student unit,  
25 as established in subsection 2, plus ninety percent of the difference  
26 between the rate under paragraph 1 of subdivision b of this subsection and  
27 one hundred twenty percent of the district's baseline funding per weighted  
28 student unit. The transition maximum is determined by multiplying the  
29 transition maximum rate, which may not exceed the rate under paragraph 1  
30 of subdivision b of this subsection, by the district's weighted student units  
31 from the previous school year.

1           (7) For the 2027-28 school year, the transition maximum rate is one hundred  
2           twenty percent of the district's baseline funding per weighted student unit,  
3           as established in subsection 2, plus the difference between the rate under  
4           paragraph 1 of subdivision b of this subsection and one hundred twenty  
5           percent of the district's baseline funding per weighted student unit. The  
6           transition maximum is determined by multiplying the transition maximum  
7           rate, which may not exceed the rate under paragraph 1 of subdivision b of  
8           this subsection, by the district's weighted student units from the previous  
9           school year.

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

12          a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
13          school district, except the amount in dollars subtracted for purposes of this  
14          subdivision may not exceed the previous year's amount in dollars subtracted for  
15          purposes of this subdivision by more than twelve percent, adjusted pursuant to  
16          section 15.1-27-04.3; and

17          b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
18          subdivisions c and d of subsection 1. Before determining the deduction for  
19          seventy-five percent of all revenue types, the superintendent of public instruction  
20          shall adjust revenues as follows:

21          (1) Tuition revenue shall be adjusted as follows:

22                  (a) In addition to deducting tuition revenue received specifically for the  
23                  operation of an educational program provided at a residential  
24                  treatment facility and tuition revenue received for the provision of an  
25                  adult farm management program as directed in paragraph 3 of  
26                  subdivision c of subsection 1, the superintendent of public instruction  
27                  also shall reduce the total tuition reported by the school district by the  
28                  amount of tuition revenue received for the education of students not  
29                  residing in the state and for which the state has not entered a cross-  
30                  border education contract; and

1 (b) The superintendent of public instruction also shall reduce the total  
2 tuition reported by admitting school districts meeting the requirements  
3 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
4 of tuition revenue received for the education of students residing in an  
5 adjacent school district.

6 (2) After adjusting tuition revenue as provided in paragraph 1, the  
7 superintendent shall reduce all remaining revenues from all revenue types  
8 by the percentage of mills levied in ~~2018~~2020 by the school district for  
9 sinking and interest relative to the total mills levied in ~~2018~~2020 by the  
10 school district for all purposes.

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

14 6. On or before June thirtieth of each year, the school board shall certify to the  
15 superintendent of public instruction the final average daily membership for the current  
16 school year.

17 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
18 with the school districts, shall report the following to the superintendent of public  
19 instruction on an annual basis:

20 a. The amount of revenue received by each school district in the county during the  
21 previous school year for each type of revenue identified in subdivisions c and d of  
22 subsection 1;

23 b. The total number of mills levied in the previous calendar year by each school  
24 district for all purposes; and

25 c. The number of mills levied in the previous calendar year by each school district  
26 for sinking and interest fund purposes.

27 **Baseline funding - Establishment - Determination of state aid. (Effective after**  
28 **June 30, 2025)**

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



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- 1           a. All state aid received by the district in accordance with chapter 15.1-27 during the
- 2                 2018-19 school year;
- 3           b. An amount equal to the property tax deducted by the superintendent of public
- 4                 instruction to determine the 2018-19 state aid payment;
- 5           c. An amount equal to seventy-five percent of the revenue received by the school
- 6                 district during the 2017-18 school year for the following revenue types:
- 7                 (1) Revenue reported under code 2000 of the North Dakota school district
- 8                         financial accounting and reporting manual, as developed by the
- 9                         superintendent of public instruction in accordance with section 15.1-02-08;
- 10                 (2) Mineral revenue received by the school district through direct allocation from
- 11                         the state treasurer and not reported under code 2000 of the North Dakota
- 12                         school district financial accounting and reporting manual, as developed by
- 13                         the superintendent of public instruction in accordance with section
- 14                         15.1-02-08;
- 15                 (3) Tuition reported under code 1300 of the North Dakota school district
- 16                         financial accounting and reporting manual, as developed by the
- 17                         superintendent of public instruction in accordance with section 15.1-02-08,
- 18                         with the exception of revenue received specifically for the operation of an
- 19                         educational program provided at a residential treatment facility and tuition
- 20                         received for the provision of an adult farm management program;
- 21                 (4) Revenue from payments in lieu of taxes on the distribution and transmission
- 22                         of electric power;
- 23                 (5) Revenue from payments in lieu of taxes on electricity generated from
- 24                         sources other than coal;
- 25                 (6) Revenue from the leasing of land acquired by the United States for which
- 26                         compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 27           d. An amount equal to the total revenue received by the school district during the
- 28                 2017-18 school year for the following revenue types:
- 29                 (1) Mobile home tax revenue;
- 30                 (2) Telecommunications tax revenue; and

1 (3) Revenue from payments in lieu of taxes and state reimbursement of the  
2 homestead credit and disabled veterans credit.

3 e. Beginning with the 2020-21 school year, the superintendent shall reduce the  
4 baseline funding for any school district that becomes an elementary district  
5 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must  
6 be proportional to the number of weighted student units in the grades that are  
7 offered through another school district relative to the total number of weighted  
8 student units the school district offered in the year before the school district  
9 became an elementary district. The reduced baseline funding applies to the  
10 calculation of state aid for the first school year in which the school district  
11 becomes an elementary district and for each year thereafter. For districts that  
12 become an elementary district prior to the 2020-21 school year, the  
13 superintendent shall use the reduced baseline funding to calculate state aid for  
14 the 2020-21 school year and for each year thereafter.

15 2. a. The superintendent shall divide the district's baseline funding determined in  
16 subsection 1 by the district's 2017-18 weighted student units to determine the  
17 district's baseline funding per weighted student unit.

18 b. For any school district that becomes an elementary district pursuant to section  
19 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
20 district's baseline funding per weighted student unit used to calculate state aid.  
21 The superintendent shall divide the district's baseline funding determined in  
22 subsection 1 by the district's weighted student units after the school district  
23 becomes an elementary district to determine the district's adjusted baseline  
24 funding per weighted student unit. The superintendent shall use the district's  
25 adjusted baseline funding per weighted student unit in the calculation of state aid  
26 for the first school year in which the school district becomes an elementary  
27 district and for each year thereafter.

28 c. Beginning with the 2021-22 school year and for each school year thereafter, the  
29 superintendent shall reduce the district's baseline funding per weighted student  
30 unit. Each year the superintendent shall calculate the amount by which the  
31 district's baseline funding per weighted student unit exceeds the payment per

1 weighted student unit provided in subsection 3. The superintendent shall reduce  
2 the district's baseline funding per weighted student unit by fifteen percent of the  
3 amount by which the district's baseline funding per weighted student unit exceeds  
4 the payment per weighted student unit for the 2021-22 school year. For each  
5 year thereafter, the reduction percentage is increased by an additional fifteen  
6 percent. However, the district's baseline funding per weighted student unit, after  
7 the reduction, may not be less than the payment per weighted student unit  
8 provided in subsection 3.

9 3. a. For the ~~2019-20~~2021-22 school year, the superintendent shall calculate state aid  
10 as the greater of:

11 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~  
12 ~~hundred thirty-nineteen~~ thousand one hundred thirty-six dollars;

13 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted  
14 student unit, as established in subsection 2, multiplied by the district's  
15 weighted student units, not to exceed the district's 2017-18 baseline  
16 weighted student units, plus any weighted student units in excess of the  
17 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~  
18 ~~hundred thirty-nineteen~~ thousand one hundred thirty-six dollars; or

19 (3) The district's baseline funding as established in subsection 1 less the  
20 amount in paragraph 1, with the difference reduced by fifteen percent and  
21 then the difference added to the amount determined in paragraph 1.

22 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the  
23 superintendent shall calculate state aid as the greater of:

24 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two  
25 hundred thirty-seven dollars;

26 (2) One hundred two percent of the district's baseline funding per weighted  
27 student unit, as established in subsection 2, multiplied by the district's  
28 weighted student units, not to exceed the district's 2017-18 baseline  
29 weighted student units, plus any weighted student units in excess of the  
30 2017-18 baseline weighted student units multiplied by ten thousand  
31 ~~thirty-six~~ two hundred thirty-seven dollars; or

1           (3) The district's baseline funding as established in subsection 1 less the  
2           amount in paragraph 1, with the difference reduced by ~~fifteen~~thirty percent  
3           for the ~~2021-22~~2022-23 school year and the reduction percentage  
4           increasing by fifteen percent each school year thereafter until the difference  
5           is reduced to zero, and then the difference added to the amount determined  
6           in paragraph 1.

7           c. The superintendent also shall adjust state aid determined in this subsection to  
8           ensure the amount does not exceed the transition maximum as follows:

9           (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~  
10           ~~exceed~~the transition maximum rate is one hundred fivefifteen percent of the  
11           district's baseline funding per weighted student unit, as established in  
12           subsection 2, ~~multiplied~~plus fifteen percent of the difference between the  
13           rate under paragraph 1 of subdivision a of this subsection and one hundred  
14           fifteen percent of the district's baseline funding per weighted student unit.  
15           The transition maximum is determined by multiplying the transition  
16           maximum rate, which may not exceed the rate under paragraph 1 of  
17           subdivision a of this subsection, by the district's weighted student units from  
18           the previous school year.

19           (2) For the ~~2020-21~~2022-23 school year ~~and each school year thereafter, to~~  
20           ~~ensure the amount does not exceed~~the transition maximum rate is one  
21           hundred ~~ten~~twenty percent of the district's baseline funding per weighted  
22           student unit, as established in subsection 2, ~~multiplied~~plus thirty percent of  
23           the difference between the rate under paragraph 1 of subdivision b of this  
24           subsection and one hundred twenty percent of the district's baseline funding  
25           per weighted student unit. The transition maximum is determined by  
26           multiplying the transition maximum rate, which may not exceed the rate  
27           under paragraph 1 of subdivision b of this subsection, by the district's  
28           weighted student units from the previous school year.

29           (3) For the 2023-24 school year, the transition maximum rate is one hundred  
30           twenty percent of the district's baseline funding per weighted student unit,  
31           as established in subsection 2, plus forty-five percent of the difference

1                   between the rate under paragraph 1 of subdivision b of this subsection and  
2                   one hundred twenty percent of the district's baseline funding per weighted  
3                   student unit. The transition maximum is determined by multiplying the  
4                   transition maximum rate, which may not exceed the rate under paragraph 1  
5                   of subdivision b of this subsection, by the district's weighted student units  
6                   from the previous school year.

7                   (4) For the 2024-25 school year, the transition maximum rate is one hundred  
8                   twenty percent of the district's baseline funding per weighted student unit,  
9                   as established in subsection 2, plus sixty percent of the difference between  
10                  the rate under paragraph 1 of subdivision b of this subsection and one  
11                  hundred twenty percent of the district's baseline funding per weighted  
12                  student unit. The transition maximum is determined by multiplying the  
13                  transition maximum rate, which may not exceed the rate under paragraph 1  
14                  of subdivision b of this subsection, by the district's weighted student units  
15                  from the previous school year.

16                  (5) For the 2025-26 school year, the transition maximum rate is one hundred  
17                  twenty percent of the district's baseline funding per weighted student unit,  
18                  as established in subsection 2, plus seventy-five percent of the difference  
19                  between the rate under paragraph 1 of subdivision b of this subsection and  
20                  one hundred twenty percent of the district's baseline funding per weighted  
21                  student unit. The transition maximum is determined by multiplying the  
22                  transition maximum rate, which may not exceed the rate under paragraph 1  
23                  of subdivision b of this subsection, by the district's weighted student units  
24                  from the previous school year.

25                  (6) For the 2026-27 school year, the transition maximum rate is one hundred  
26                  twenty percent of the district's baseline funding per weighted student unit,  
27                  as established in subsection 2, plus ninety percent of the difference  
28                  between the rate under paragraph 1 of subdivision b of this subsection and  
29                  one hundred twenty percent of the district's baseline funding per weighted  
30                  student unit. The transition maximum is determined by multiplying the  
31                  transition maximum rate, which may not exceed the rate under paragraph 1

1 of subdivision b of this subsection, by the district's weighted student units  
2 from the previous school year.

3 (7) For the 2027-28 school year, the transition maximum rate is one hundred  
4 twenty percent of the district's baseline funding per weighted student unit,  
5 as established in subsection 2, plus the difference between the rate under  
6 paragraph 1 of subdivision b of this subsection and one hundred twenty  
7 percent of the district's baseline funding per weighted student unit. The  
8 transition maximum is determined by multiplying the transition maximum  
9 rate, which may not exceed the rate under paragraph 1 of subdivision b of  
10 this subsection, by the district's weighted student units from the previous  
11 school year.

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

- 14 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
15 school district; and  
16 b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
17 subdivisions c and d of subsection 1. Before determining the deduction for  
18 seventy-five percent of all revenue types, the superintendent of public instruction  
19 shall adjust revenues as follows:

20 (1) Tuition revenue shall be adjusted as follows:

- 21 (a) In addition to deducting tuition revenue received specifically for the  
22 operation of an educational program provided at a residential  
23 treatment facility and tuition revenue received for the provision of an  
24 adult farm management program as directed in paragraph 3 of  
25 subdivision c of subsection 1, the superintendent of public instruction  
26 also shall reduce the total tuition reported by the school district by the  
27 amount of tuition revenue received for the education of students not  
28 residing in the state and for which the state has not entered a cross-  
29 border education contract; and

- 30 (b) The superintendent of public instruction also shall reduce the total  
31 tuition reported by admitting school districts meeting the requirements

1 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
2 of tuition revenue received for the education of students residing in an  
3 adjacent school district.

4 (2) After adjusting tuition revenue as provided in paragraph 1, the  
5 superintendent shall reduce all remaining revenues from all revenue types  
6 by the percentage of mills levied in ~~2018~~2020 by the school district for  
7 sinking and interest relative to the total mills levied in ~~2018~~2020 by the  
8 school district for all purposes.

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

12 6. On or before June thirtieth of each year, the school board shall certify to the  
13 superintendent of public instruction the final average daily membership for the current  
14 school year.

15 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
16 with the school districts, shall report the following to the superintendent of public  
17 instruction on an annual basis:

18 a. The amount of revenue received by each school district in the county during the  
19 previous school year for each type of revenue identified in subdivisions c and d of  
20 subsection 1;

21 b. The total number of mills levied in the previous calendar year by each school  
22 district for all purposes; and

23 c. The number of mills levied in the previous calendar year by each school district  
24 for sinking and interest fund purposes.

25 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general  
26 fund in the state treasury, not otherwise appropriated, the sum of \$260,000, or so much of the  
27 sum as may be necessary, to the department of public instruction for the purpose of providing  
28 funding for the operations of the kindergarten through grade twelve education coordination  
29 council, for the biennium beginning July 1, 2021, and ending June 30, 2023.