

**SECOND ENGROSSMENT
with House Amendments
REENGROSSED SENATE BILL NO. 2284**

Introduced by

Senators Schaible, Elkin

Representatives Heinert, Nathe

1 A BILL for an Act to create and enact a new section to chapter 15.1-06 and a new section to
2 chapter 15.1-21 of the North Dakota Century Code, relating to school purchases of gifts or
3 gratuities and permitting private tutors on public school premises; to amend and reenact
4 sections 15.1-01-03, 15.1-07-25.4, and 15.1-07-26, subsection 8 of section 15.1-15-02,
5 subsections 2 and 6 of section 15.1-19-10, section 15.1-27-03.1, subsection 4 of section
6 15.1-27-03.2, section 15.1-27-04.1, and subsection 5 of section 15.1-36-08 of the North Dakota
7 Century Code, relating to a policy to revert a reorganized school district back to separate
8 districts, virtual learning, school district enrollment, the definition of "probationary teacher", a
9 school district's policy governing possession of a weapon, the definition of "dangerous weapon",
10 modification of weighting factors, transition maximums and an increase in per student
11 payments, and the school construction revolving loan fund; to provide for a legislative
12 management study; to provide a legislative management report; to provide for a teacher
13 shortage and military families task force; to provide an appropriation; to provide for an
14 exemption; to provide for a transfer; and to provide an effective date.

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

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

18 **15.1-01-03. State board of public school education - Powers and duties.**

19 1. The state board of public school education shall:

20 a. Assist county committees in carrying out their duties.

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

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

- 1 d. Provide oversight for regional education associations as required by chapter
2 15.1-09.1.
- 3 e. Establish and certify a North Dakota learning continuum to allow a
4 district-approved, mastery framework policy to award units required under
5 sections 15.1-21-01 and 15.1-21-02 and to waive unit instructional time
6 requirements under section 15.1-21-03, upon the recommendation of the
7 kindergarten through grade twelve education coordination council.
- 8 f. Develop a policy and procedures for a school district formed by the
9 reorganization process under chapter 15.1-12 to revert to individual school
10 districts. For a reorganized school district to be eligible for the reversion process,
11 the reorganized school district must have been formed by school districts located
12 in two or more communities, including a rural community, and may not have been
13 formed by school districts that were located in the same city. The board shall
14 develop the policy and procedures on or before January 1, 2024.
- 15 2. The state board of public school education may adopt rules in accordance with
16 chapter 28-32.

17 **SECTION 2.** A new section to chapter 15.1-06 of the North Dakota Century Code is created
18 and enacted as follows:

19 **Purchase of gifts or gratuities - Gift fund.**

- 20 1. A public school or school district may create a gift fund. The gift fund may not include
21 state funds.
- 22 2. A public school or school district may use funds from the gift fund to purchase an item
23 as a gift or gratuity for an individual, including a school district employee, an individual
24 who speaks or performs at a school function, or a guest on the school premises.
- 25 3. For purposes of this section, "gift" includes:
 - 26 a. A beverage, food item, or refreshment;
 - 27 b. For parent-teacher conferences, beverages, food items, or refreshments, costing
28 no more than twenty-five dollars per teacher;
 - 29 c. A catered meal costing no more than fifty dollars per meal;
 - 30 d. Pens, notepads, or other promotional materials;

- 1 e. An item of cultural significance, including a quilt, basket, beadwork, sage, or
- 2 quillwork;
- 3 f. An award or incentive, as approved by the superintendent of public instruction or
- 4 the superintendent's designee; and
- 5 g. Any other item of de minimis value.

6 **SECTION 3. AMENDMENT.** Section 15.1-07-25.4 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-07-25.4. Virtual learning - School district policy - Report to legislative**
9 **management and legislative assembly.**

10 The board of a school district or governing board of a nonpublic school that operates a
11 physical school plant may adopt a policy to allow students to engage in virtual instruction and in
12 the case of a school district, qualify for average daily membership in the district. The
13 superintendent of public instruction shall adopt rules governing policies under this section. A
14 policy adopted by a school district under this section must comply with the rules adopted by the
15 superintendent of public instruction. The superintendent of public instruction shall provide
16 ~~biennial reports~~an annual report to the legislative management ~~regarding~~in even-numbered
17 years and the legislative assembly in odd-numbered years comparing the academic
18 performance metrics of students participating in virtual instruction with students not participating
19 in virtual instruction under this section using state assessment data. If the superintendent of
20 public instruction does not have access to academic performance reports of a school district's
21 virtual instruction subgroup because of low group size, information must be reported in the
22 aggregate.

23 **SECTION 4. AMENDMENT.** Section 15.1-07-26 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15.1-07-26. School district demographics~~enrollment~~ - Long-term planning-**
26 **processReview - Report.**

- 27 1. Between January first and June thirtieth of every even-numbered year, the board of
- 28 each school district shall invite the public to participate in a ~~planning process~~review
- 29 addressing the effects ~~that demographics might~~decreasing or increasing enrollment
- 30 will have on the district in the ensuing three-year and five-year periods, and
- 31 specifically addressing potential effects on:

- 1 a. Academic and extracurricular programs achievement, as it relates to the local
2 strategic plan, including progress toward state academic goals adopted by the
3 statewide prekindergarten through grade twelve education strategic vision
4 steering committee;
- 5 b. Instructional and administrative, and ancillary staffing;
- 6 c. Co-curricular or extracurricular programs;
- 7 d. Facility needs and utilization; and
- 8 ~~d.e.~~ District property tax levies.
- 9 2. At the conclusion of the ~~planning process~~review, the board shall prepare a report,
10 publish a notice in the official newspaper of the district indicating that the report is
11 availablemake the report available on the district website, and make the report
12 available upon request.

13 **SECTION 5. AMENDMENT.** Subsection 8 of section 15.1-15-02 of the North Dakota
14 Century Code is amended and reenacted as follows:

- 15 8. For purposes of this section, "probationary teacher" means an individual teaching for
16 less than two years in the school district.

17 **SECTION 6. AMENDMENT.** Subsection 2 of section 15.1-19-10 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 2. The policy must ~~prohibit~~:
 - 20 a. Prohibit the possession of a dangerous weapon or a firearm by a student on
21 school property and at school functions and provide for the punishment of any
22 student found to be in violation. ~~Punishment must include immediate suspension~~
23 ~~from school and expulsion. A~~
 - 24 b. Require a student who possesses a firearm in violation of this section must be
25 expelled for at least one year. ~~The school district firearms policy must authorize~~
 - 26 c. Authorize the school district superintendent or the school principal, if the school
27 district does not have a superintendent, to modify an expulsion for firearms
28 possession under this section on a case-by-case basis in accordance with criteria
29 established by the board. Before expelling a student, a school board or its
30 designated hearing officer, within ten days of the student's suspension, shall
31 provide the student with a hearing at which time the school board or its

1 designated hearing officer shall take testimony and consider evidence, including
2 the existence of mitigating circumstances. If a designated hearing officer orders
3 that a student be expelled, the student may seek a review of the decision by the
4 school board, based on the record of the expulsion hearing.

5 d. Include a referral mechanism to the criminal justice or juvenile delinquency
6 system for a student who possesses a firearm in violation of this subsection.

7 **SECTION 7. AMENDMENT.** Subsection 6 of section 15.1-19-10 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 6. For purposes of this section:

10 a. "Dangerous weapon" has the meaning provided in 18 U.S.C. 930(g)(2).

11 b. "Firearm" has the meaning provided in Public Law No. 90-351 [82 Stat. 197;
12 18 U.S.C. 921].

13 ~~b.c.~~ "School property" includes all land within the perimeter of the school site and all
14 school buildings, structures, facilities, and school vehicles, whether owned or
15 leased by a school district, and the site of any school-sponsored event or activity.

16 **SECTION 8.** A new section to chapter 15.1-21 of the North Dakota Century Code is created
17 and enacted as follows:

18 **Private tutors.**

19 A board of a school district may adopt a policy to permit private tutors to provide tutoring
20 services on school premises.

21 **SECTION 9. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **15.1-27-03.1. Weighted average daily membership - Determination.**

24 1. For each school district, the superintendent of public instruction shall multiply by:

25 a. 1.00 the number of full-time equivalent students enrolled in an extended
26 educational program in accordance with section 15.1-32-17;

27 b. 0.60 the number of full-time equivalent students enrolled in a summer education
28 program, including a migrant summer education program;

29 c. 0.40 the number of full-time equivalent students who:

- 1 (1) On a test of English language proficiency approved by the superintendent of
2 public instruction are determined to be least proficient and placed in the first
3 of six categories of proficiency; and
- 4 (2) Are enrolled in a program of instruction for English language learners;
- 5 d. 0.28 the number of full-time equivalent students who:
- 6 (1) On a test of English language proficiency approved by the superintendent of
7 public instruction are determined to be more proficient than students placed
8 in the first of six categories of proficiency and therefore placed in the second
9 of six categories of proficiency; and
- 10 (2) Are enrolled in a program of instruction for English language learners;
- 11 e. 0.25 the number of full-time equivalent students under the age of twenty-one
12 enrolled in grades nine through twelve in an alternative high school;
- 13 f. 0.20 the number of full-time equivalent students enrolled in a home-based
14 education program and monitored by the school district under chapter 15.1-23;
- 15 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
16 special education program;
- 17 h. 0.15 the number of full-time equivalent students in grades six through eight
18 enrolled in an alternative education program for at least an average of fifteen
19 hours per week;
- 20 i. 0.10 the number of students enrolled in average daily membership, if the district
21 has fewer than one hundred students enrolled in average daily membership and
22 the district consists of an area greater than two hundred seventy-five square
23 miles [19424.9 hectares], provided that any school district consisting of an area
24 greater than six hundred square miles [155399 hectares] and enrolling fewer than
25 fifty students in average daily membership must be deemed to have an
26 enrollment equal to fifty students in average daily membership;
- 27 j. ~~0.08~~0.088 the number of students enrolled in average daily membership, in
28 order to support the provision of special education services;
- 29 k. 0.07 the number of full-time equivalent students who:
- 30 (1) On a test of English language proficiency approved by the superintendent of
31 public instruction are determined to be more proficient than students placed

- 1 in the second of six categories of proficiency and therefore placed in the
2 third of six categories of proficiency;
- 3 (2) Are enrolled in a program of instruction for English language learners; and
4 (3) Have not been in the third of six categories of proficiency for more than
5 three years;
- 6 l. 0.025 the number of students representing that percentage of the total number of
7 students in average daily membership which is equivalent to the three-year
8 average percentage of students in grades three through eight who are eligible for
9 free or reduced lunches under the Richard B. Russell National School Lunch Act
10 [42 U.S.C. 1751 et seq.];
- 11 m. 0.002 the number of students enrolled in average daily membership in a school
12 district that is a participating member of a regional education association meeting
13 the requirements of chapter 15.1-09.1;
- 14 n. ~~0.601.0~~ the number of students by which the district's September tenth
15 enrollment report, adjusted for students that will generate average daily
16 membership, exceeds the number of students in the prior year's average daily
17 membership ~~increasing the factor annually by 0.10, not to exceed 1.00~~; and
- 18 o. For districts paid based on September tenth enrollment in the prior year, ~~0.500.70~~
19 the number of students determined by deducting the number of students in the
20 prior year's September tenth enrollment, adjusted for students that will generate
21 average daily membership, from the prior year's average daily membership,
22 increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's
23 September tenth enrollment exceeds the prior year's average daily membership,
24 then a deduction of 0.50 the number of excess students, increasing the factor
25 annually by 0.10, not to exceed 1.00.
- 26 2. The superintendent of public instruction shall determine each school district's weighted
27 average daily membership by adding the products derived under subsection 1 to the
28 district's average daily membership.

29 **SECTION 10. AMENDMENT.** Subdivision o of subsection 1 of section 15.1-27-03.1 of the
30 North Dakota Century Code is amended and reenacted as follows:

- 1 o. For districts paid based on September tenth enrollment in the prior year, ~~0.70~~1.00
2 the number of students determined by deducting the number of students in the
3 prior year's September tenth enrollment, adjusted for students that will generate
4 average daily membership, from the prior year's average daily membership,
5 ~~increasing the factor annually by 0.10, not to exceed 1.00~~. If the prior year's
6 September tenth enrollment exceeds the prior year's average daily membership,
7 then a deduction of ~~0.50~~1.00 the number of excess students, ~~increasing the~~
8 ~~factor annually by 0.10, not to exceed 1.00~~.

9 **SECTION 11. AMENDMENT.** Subsection 4 of section 15.1-27-03.2 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 4. The school district size weighting factor determined under this section and multiplied
12 by a school district's weighted average daily membership equals the district's weighted
13 student units. For the ~~2022-23 school year~~, for school districts that operate multiple
14 kindergarten through grade twelve buildings at least ~~nineteen~~fourteen miles
15 ~~[30.5822.53 kilometers]~~ apart, or multiple buildings at least ~~nineteen~~fourteen miles
16 ~~[30.5822.53 kilometers]~~ apart with no replicated grades, the superintendent of public
17 instruction shall determine the school size weighting factor for each building
18 separately, with no adjustment for elementary schools. The superintendent of public
19 instruction shall multiply the school size weighting factor for each building by the
20 school district's weighted average daily membership to determine each building's
21 weighted student units. The superintendent of public instruction shall combine the
22 weighted student units of all buildings in the school district to determine the school
23 district's weighted student units.

24 **SECTION 12. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
25 amended and reenacted as follows:

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

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

- 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, tuition
- 20 received for the provision of an adult farm management program, and
- 21 beginning in the 2021-22 school year, seventeen percent of tuition received
- 22 under an agreement to educate students from a school district on an
- 23 air force base with funding received through federal impact aid, and an
- 24 additional seventeen percent of tuition received under an agreement to
- 25 educate students from a school district on an air force base with funding
- 26 received through federal impact aid each school year thereafter, until the
- 27 2024-25 school year when sixty-eight percent of tuition received under an
- 28 agreement to educate students from a school district on an air force base
- 29 with funding received through federal impact aid must be excluded from the
- 30 tuition calculation under this paragraph;

- 1 (4) Revenue from payments in lieu of taxes on the distribution and transmission
2 of electric power;
- 3 (5) Revenue from payments in lieu of taxes on electricity generated from
4 sources other than coal; and
- 5 (6) Revenue from the leasing of land acquired by the United States for which
6 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 7 d. An amount equal to the total revenue received by the school district during the
8 2017-18 school year for the following revenue types:
- 9 (1) Mobile home tax revenue;
- 10 (2) Telecommunications tax revenue; and
- 11 (3) Revenue from payments in lieu of taxes and state reimbursement of the
12 homestead credit and disabled veterans credit; and
- 13 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
14 baseline funding for any school district that becomes an elementary district
15 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
16 be proportional to the number of weighted student units in the grades that are
17 offered through another school district relative to the total number of weighted
18 student units the school district offered in the year before the school district
19 became an elementary district. The reduced baseline funding applies to the
20 calculation of state aid for the first school year in which the school district
21 becomes an elementary district and for each year thereafter. For districts that
22 become an elementary district prior to the 2020-21 school year, the
23 superintendent shall use the reduced baseline funding to calculate state aid for
24 the 2020-21 school year and for each year thereafter.
- 25 2. a. The superintendent shall divide the district's baseline funding determined in
26 subsection 1 by the district's 2017-18 weighted student units to determine the
27 district's baseline funding per weighted student unit.
- 28 b. For any school district that becomes an elementary district pursuant to section
29 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
30 district's baseline funding per weighted student unit used to calculate state aid.
31 The superintendent shall divide the district's baseline funding determined in

1 subsection 1 by the district's weighted student units after the school district
2 becomes an elementary district to determine the district's adjusted baseline
3 funding per weighted student unit. The superintendent shall use the district's
4 adjusted baseline funding per weighted student unit in the calculation of state aid
5 for the first school year in which the school district becomes an elementary
6 district and for each year thereafter.

7 c. Beginning with the 2021-22 school year and for each school year thereafter, the
8 superintendent shall reduce the district's baseline funding per weighted student
9 unit. Each year the superintendent shall calculate the amount by which the
10 district's baseline funding per weighted student unit exceeds the payment per
11 weighted student unit provided in subsection 3. The superintendent shall reduce
12 the district's baseline funding per weighted student unit by fifteen percent of the
13 amount by which the district's baseline funding per weighted student unit exceeds
14 the payment per weighted student unit for the 2021-22 school year. For each
15 year thereafter, the reduction percentage is increased by an additional fifteen
16 percent. However, the district's baseline funding per weighted student unit, after
17 the reduction, may not be less than the payment per weighted student unit
18 provided in subsection 3.

19 3. a. For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid
20 as the greater of:

21 (1) The district's weighted student units multiplied by ten thousand ~~one hundred~~
22 ~~thirty-six~~five hundred ninety-five dollars;

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

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

- 1 b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the
2 superintendent shall calculate state aid as the greater of:
- 3 (1) The district's weighted student units multiplied by ten thousand ~~two hundred-~~
4 ~~thirty-seven~~nine hundred thirteen dollars;
- 5 (2) One hundred two percent of the district's baseline funding per weighted
6 student unit, as established in subsection 2, multiplied by the district's
7 weighted student units, not to exceed the district's 2017-18 baseline
8 weighted student units, plus any weighted student units in excess of the
9 2017-18 baseline weighted student units multiplied by ten thousand
10 ~~two hundred thirty-seven~~nine hundred thirteen dollars; or
- 11 (3) The district's baseline funding as established in subsection 1 less the
12 amount in paragraph 1, with the difference reduced by thirty percent for the
13 2022-23 school year and the reduction percentage increasing by fifteen
14 percent each school year thereafter until the difference is reduced to zero,
15 and then the difference added to the amount determined in paragraph 1.
- 16 e. ~~The superintendent also shall adjust state aid determined in this subsection to~~
17 ~~ensure the amount does not exceed the transition maximum as follows:~~
- 18 (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~
19 ~~ten percent of the district's baseline funding per weighted student unit, as~~
20 ~~established in subsection 2, multiplied by the district's weighted student~~
21 ~~units from the previous school year.~~
- 22 (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~
23 ~~ten percent of the district's baseline funding per weighted student unit, as~~
24 ~~established in subsection 2, multiplied by the district's weighted student~~
25 ~~units from the previous school year.~~
- 26 (3) ~~For the 2023-24 school year, the transition maximum rate is one hundred~~
27 ~~ten percent of the district's baseline funding per weighted student unit, as~~
28 ~~established in subsection 2, plus twenty percent of the difference between~~
29 ~~the rate under paragraph 1 of subdivision b of this subsection and~~
30 ~~one hundred ten percent of the district's baseline funding per weighted~~
31 ~~student unit. The transition maximum is determined by multiplying the~~

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

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

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

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

- 1 4. After determining the product in accordance with subsection 3, the superintendent of
2 public instruction shall:
- 3 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
4 school district, except the amount in dollars subtracted for purposes of this
5 subdivision may not exceed the previous year's amount in dollars subtracted for
6 purposes of this subdivision by more than twelve percent, adjusted pursuant to
7 section 15.1-27-04.3; and
- 8 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
9 subdivisions c and d of subsection 1. Before determining the deduction for
10 seventy-five percent of all revenue types, the superintendent of public instruction
11 shall adjust revenues as follows:
- 12 (1) Tuition revenue shall be adjusted as follows:
- 13 (a) In addition to deducting tuition revenue received specifically for the
14 operation of an educational program provided at a residential
15 treatment facility, tuition revenue received for the provision of an adult
16 farm management program, and tuition received under an agreement
17 to educate students from a school district on an air force base with
18 funding received through federal impact aid as directed each school
19 year in paragraph 3 of subdivision c of subsection 1, the
20 superintendent of public instruction also shall reduce the total tuition
21 reported by the school district by the amount of tuition revenue
22 received for the education of students not residing in the state and for
23 which the state has not entered a cross-border education contract;
24 and
- 25 (b) The superintendent of public instruction also shall reduce the total
26 tuition reported by admitting school districts meeting the requirements
27 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
28 of tuition revenue received for the education of students residing in an
29 adjacent school district.
- 30 (2) After adjusting tuition revenue as provided in paragraph 1, the
31 superintendent shall reduce all remaining revenues from all revenue types

1 by the percentage of mills levied in ~~2020~~2022 by the school district for
2 sinking and interest relative to the total mills levied in ~~2020~~2022 by the
3 school district for all purposes.

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

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

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

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

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

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

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

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

25 a. All state aid received by the district in accordance with chapter 15.1-27 during the
26 2018-19 school year;

27 b. An amount equal to the property tax deducted by the superintendent of public
28 instruction to determine the 2018-19 state aid payment;

29 c. An amount equal to seventy-five percent of the revenue received by the school
30 district during the 2017-18 school year for the following revenue types:

- 1 (1) Revenue reported under code 2000 of the North Dakota school district
- 2 financial accounting and reporting manual, as developed by the
- 3 superintendent of public instruction in accordance with section 15.1-02-08;
- 4 (2) Mineral revenue received by the school district through direct allocation from
- 5 the state treasurer and not reported under code 2000 of the North Dakota
- 6 school district financial accounting and reporting manual, as developed by
- 7 the superintendent of public instruction in accordance with section
- 8 15.1-02-08;
- 9 (3) Tuition reported under code 1300 of the North Dakota school district
- 10 financial accounting and reporting manual, as developed by the
- 11 superintendent of public instruction in accordance with section 15.1-02-08,
- 12 with the exception of revenue received specifically for the operation of an
- 13 educational program provided at a residential treatment facility, tuition
- 14 received for the provision of an adult farm management program, and
- 15 beginning in the 2025-26 school year, eighty-five percent of tuition received
- 16 under an agreement to educate students from a school district on an
- 17 air force base with funding received through federal impact aid, until the
- 18 2026-27 school year, and each school year thereafter, when all tuition
- 19 received under an agreement to educate students from a school district on
- 20 an air force base with funding received through federal impact aid must be
- 21 excluded from the tuition calculation under this paragraph;
- 22 (4) Revenue from payments in lieu of taxes on the distribution and transmission
- 23 of electric power;
- 24 (5) Revenue from payments in lieu of taxes on electricity generated from
- 25 sources other than coal; and
- 26 (6) Revenue from the leasing of land acquired by the United States for which
- 27 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 28 d. An amount equal to the total revenue received by the school district during the
- 29 2017-18 school year for the following revenue types:
- 30 (1) Mobile home tax revenue;
- 31 (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 ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid
10 as the greater of:

- 11 (1) The district's weighted student units multiplied by ten thousand ~~one hundred-~~
12 ~~thirty-six~~five hundred ninety-five dollars;
- 13 (2) One hundred 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 ten thousand
18 ~~one hundred thirty-six~~five hundred ninety-five 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 ~~2022-23~~2024-25 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 ~~two hundred-~~
25 ~~thirty-seven~~nine hundred thirteen 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 ~~two hundred thirty-seven~~nine hundred thirteen 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 thirty percent for the
3 2022-23 school year and the reduction percentage increasing by fifteen
4 percent each school year thereafter until the difference is reduced to zero,
5 and then the difference added to the amount determined in paragraph 1.

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

8 (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~
9 ~~ten percent of the district's baseline funding per weighted student unit, as~~
10 ~~established in subsection 2, multiplied by the district's weighted student~~
11 ~~units from the previous school year.~~

12 (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~
13 ~~ten percent of the district's baseline funding per weighted student unit, as~~
14 ~~established in subsection 2, multiplied by the district's weighted student~~
15 ~~units from the previous school year.~~

16 (3) ~~For the 2023-24 school year, the transition maximum rate is one hundred~~
17 ~~ten percent of the district's baseline funding per weighted student unit, as~~
18 ~~established in subsection 2, plus twenty percent of the difference between~~
19 ~~the rate under paragraph 1 of subdivision b of this subsection and~~
20 ~~one hundred ten 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 (4) ~~For the 2024-25 school year, the transition maximum rate is one hundred~~
26 ~~ten percent of the district's baseline funding per weighted student unit, as~~
27 ~~established in subsection 2, plus forty percent of the difference between the~~
28 ~~rate under paragraph 1 of subdivision b of this subsection and one hundred~~
29 ~~ten percent of the district's baseline funding per weighted student unit. The~~
30 ~~transition maximum is determined by multiplying the transition maximum~~
31 ~~rate, which may not exceed the rate under paragraph 1 of subdivision b of~~

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

3 (5) For the 2025-26 school year, the transition maximum rate is one hundred-
4 ten percent of the district's baseline funding per weighted student unit, as
5 established in subsection 2, plus sixty percent of the difference between the
6 rate under paragraph 1 of subdivision b of this subsection and one hundred
7 ten 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 (6) For the 2026-27 school year, the transition maximum rate is one hundred-
13 ten percent of the district's baseline funding per weighted student unit, as
14 established in subsection 2, plus eighty percent of the difference between-
15 the rate under paragraph 1 of subdivision b of this subsection and
16 one hundred ten percent of the district's baseline funding per weighted
17 student unit. The transition maximum is determined by multiplying the
18 transition maximum rate, which may not exceed the rate under paragraph 1-
19 of subdivision b of this subsection, by the district's weighted student units
20 from the previous school year.

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

23 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
24 school district; and

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

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

30 (a) In addition to deducting tuition revenue received specifically for the
31 operation of an educational program provided at a residential

1 treatment facility, tuition revenue received for the provision of an adult
2 farm management program, and tuition received under an agreement
3 to educate students from a school district on an air force base with
4 funding received through federal impact aid as directed each school
5 year in paragraph 3 of subdivision c of subsection 1, the
6 superintendent of public instruction also shall reduce the total tuition
7 reported by the school district by the amount of tuition revenue
8 received for the education of students not residing in the state and for
9 which the state has not entered a cross-border education contract;
10 and

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

16 (2) After adjusting tuition revenue as provided in paragraph 1, the
17 superintendent shall reduce all remaining revenues from all revenue types
18 by the percentage of mills levied in ~~2020~~2022 by the school district for
19 sinking and interest relative to the total mills levied in ~~2020~~2022 by the
20 school district for all purposes.

- 21 5. The amount remaining after the computation required under subsection 4 is the
22 amount of state aid to which a school district is entitled, subject to any other statutory
23 requirements or limitations.
- 24 6. On or before June thirtieth of each year, the school board shall certify to the
25 superintendent of public instruction the final average daily membership for the current
26 school year.
- 27 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
28 with the school districts, shall report the following to the superintendent of public
29 instruction on an annual basis:

- 1 a. The amount of revenue received by each school district in the county during the
2 previous school year for each type of revenue identified in subdivisions c and d of
3 subsection 1;
4 b. The total number of mills levied in the previous calendar year by each school
5 district for all purposes; and
6 c. The number of mills levied in the previous calendar year by each school district
7 for sinking and interest fund purposes.

8 **SECTION 13. AMENDMENT.** Subsection 5 of section 15.1-36-08 of the North Dakota
9 Century Code is amended and reenacted as follows:

- 10 5. If the superintendent of public instruction approves the loan, the Bank of North Dakota
11 shall issue a loan from the school construction assistance revolving loan fund. For a
12 loan made under this section:
- 13 a. ~~The~~ if the school construction project totals less than seventy-five million dollars,
14 the maximum loan amount for which a school district may qualify is
15 ~~ten~~fifteen million dollars. However, if a school district's unobligated general fund
16 balance on the preceding June thirtieth exceeds the limitation under section
17 15.1-27-35.3, the loan amount under this section may not exceed eighty percent
18 of the project's cost up to a maximum loan amount of ~~eight~~twelve million dollars;
- 19 b. If the school construction project totals seventy-five million dollars or more, the
20 maximum loan amount for which a school district may qualify is twenty-five
21 million dollars. However, if a school district's unobligated general fund balance on
22 the preceding June thirtieth exceeds the limitation under section 15.1-27-35.3,
23 the loan amount under this section may not exceed eighty percent of the project's
24 cost up to a maximum loan amount of twenty million dollars;
- 25 c. The term of the loan is twenty years, unless the board of the school district
26 requests a shorter term in the written loan application; and
- 27 e.d. The interest rate of the loan may not exceed two percent per year.
- 28 e. A district with a school construction loan secured on the open bond market may
29 apply to refinance the loan when callable with the school construction assistance
30 revolving loan fund under this subsection.

- 1 f. A district that qualifies for a loan under subdivision a, which was approved for a
2 loan of up to ten million dollars for a construction project bid after January 1,
3 2021, and before June 30, 2024, may apply for a loan in an amount equal to the
4 difference between fifteen million dollars and the amount of the approved loan.
5 g. A district that qualifies for a loan under subdivision b, which was approved for a
6 loan of up to ten million dollars for a construction project bid after January 1,
7 2021, and before June 30, 2024, may apply for a loan in an amount equal to the
8 difference between twenty-five million dollars and the amount of the approved
9 loan.

10 **SECTION 14. LEGISLATIVE MANAGEMENT STUDY - COMPOSITION OF THE STATE**
11 **BOARD OF PUBLIC SCHOOL EDUCATION.**

- 12 1. During the 2023-24 interim, the legislative management shall consider studying the
13 composition of the state board of public school education. The study must include:
14 a. An analysis of the state board of public school education boundaries, including a
15 comparison of methodologies for creating the boundaries;
16 b. An analysis of the inclusion of representatives from small, large, urban, and rural
17 schools on the board;
18 c. An evaluation of term limits for board members, including staggering terms to
19 ensure continuity of knowledge;
20 d. An evaluation of the benefits and consequences of requiring the composition of
21 the board to include two school district superintendents, two members of a board
22 of a school district, and two citizens at large;
23 e. An evaluation of the benefits and consequences of requiring a minimum or
24 maximum number of candidates to be submitted to the governor and permitting
25 the governor to request a new list of potential candidates once; and
26 f. An analysis of the role and practices of the county superintendent of schools.
27 2. The legislative management shall report its findings and recommendations, together
28 with any legislation required to implement the recommendations, to the sixty-ninth
29 legislative assembly.

30 **SECTION 15. LEGISLATIVE MANAGEMENT STUDY - SCHOOL CHOICE MODELS.**

- 1 1. During the 2023-24 interim, the legislative management shall study school choice
2 models implemented nationally for kindergarten through grade twelve schools,
3 including charter schools, magnet schools, private schools, voucher systems, and
4 home schools. The study must include input from stakeholders, including public and
5 nonpublic teachers and administrators, parents of students, representatives from the
6 department of public instruction, a representative from the governor's office, and
7 representatives from regional education associations. The study also must include the
8 following, supported by quantitative data:
 - 9 a. A review of regulations and methods for accountability by state regulatory
10 agencies for various school choice models;
 - 11 b. A comparison of nontraditional school choice models implemented by rural
12 states;
 - 13 c. An analysis of the impact of enrollment fluctuation, including the impact on state
14 aid;
 - 15 d. A review of the state's student population, enrollment capacity and tuition costs of
16 nonpublic schools, and the capacity of nonpublic schools to provide services to
17 students with special needs; and
 - 18 e. A comparison of achievement data between public schools and nontraditional
19 schools in other states.
- 20 2. The legislative management shall report its findings and recommendations, together
21 with any legislation required to implement the recommendations, to the sixty-ninth
22 legislative assembly.

23 **SECTION 16. TEACHER SHORTAGE AND MILITARY FAMILIES TASK FORCE -**
24 **REPORT TO LEGISLATIVE MANAGEMENT.** During the 2023-24 interim, the superintendent of
25 public instruction shall establish a teacher shortage and military families task force to examine
26 employer recruitment needs, applicable state regulations, and benefit options for kindergarten
27 through grade twelve educators within the state, including potential barriers to military personnel
28 and spouses teaching in the classroom. The task force shall identify immediate and long-term
29 public policy strategies to address teacher shortages and support for military families and
30 spouses. The task force shall report its findings and recommendations, together with any
31 legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

1 **SECTION 17. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - GRANTS**
2 **FOR FREE MEALS.** There is appropriated out of any moneys in the general fund in the state
3 treasury, not otherwise appropriated, the sum of \$6,000,000, or so much of the sum as may be
4 necessary, to the department of public instruction for the purpose of providing grants to school
5 districts to defray the expenses of providing meals, free of charge, for all students enrolled in
6 public school at or below two hundred percent of the federal poverty guideline, for the biennium
7 beginning July 1, 2023, and ending June 30, 2025. The superintendent of public instruction shall
8 develop guidelines and reporting requirements for the grants.

9 **SECTION 18. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF**
10 **PUBLIC INSTRUCTION - SCIENCE OF READING - REPORT.** There is appropriated out of any
11 moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum
12 of \$1,000,000, or so much of the sum as may be necessary, to the department of public
13 instruction for the purpose of supporting professional learning related to the science of reading
14 and implementing systematic direct literacy instruction, for the biennium beginning July 1, 2023,
15 and ending June 30, 2025. The superintendent of public instruction shall collaborate with the
16 regional education associations to ensure continuity of access to science of reading training
17 opportunities and develop support processes to deepen science of reading implementation. The
18 superintendent of public instruction shall provide quarterly reports to the legislative
19 management on the implementation and effectiveness of this appropriation on improving
20 educational outcomes, including the number of teachers trained, an anticipated timeline of
21 results trends, and any results trends available.

22 **SECTION 19. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF**
23 **PUBLIC INSTRUCTION - DYSLEXIA IDENTIFICATION TRAINING.** There is appropriated out
24 of any moneys in the public instruction fund in the state treasury, not otherwise appropriated,
25 the sum of \$279,000, or so much of the sum as may be necessary, to the department of public
26 instruction for the purpose of providing training in identification of dyslexia characteristics to one
27 educator in every school that instructs students in kindergarten through third grade for one year,
28 for the biennium beginning July 1, 2023, and ending June 30, 2025.

29 **SECTION 20. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF**
30 **PUBLIC INSTRUCTION - READING LEARNING PLATFORM TRAINING.** There is
31 appropriated out of any moneys in the public instruction fund in the state treasury, not otherwise

1 appropriated, the sum of \$558,000, or so much of the sum as may be necessary, to the
2 department of public instruction for the purpose of providing training in a reading learning
3 platform approved by the superintendent of public instruction to one educator in every school
4 that instructs students in kindergarten through third grade for two years, for the biennium
5 beginning July 1, 2023, and ending June 30, 2025.

6 **SECTION 21. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND.**

7 Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies
8 with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in
9 the integrated formula payments line item in subdivision 1 of section 1 of chapter 13 of the 2021
10 Session Laws, the lesser of \$1,837,000 or the remaining amount must be continued into the
11 2023-25 biennium and the office of management and budget shall transfer this amount into the
12 public instruction fund for the purpose of funding professional learning related to the science of
13 reading and implementing systematic direct literacy instruction, training in identification of
14 dyslexia characteristics, and reading training for kindergarten through grade three teachers as
15 appropriated in this Act.

16 **SECTION 22. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL**

17 **CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND.** The office of management and
18 budget shall transfer the sum of \$40,000,000 from the foundation aid stabilization fund to the
19 school construction assistance revolving loan fund during the biennium beginning July 1, 2023,
20 and ending June 30, 2025.

21 **SECTION 23. EFFECTIVE DATE.** Section 10 of this Act becomes effective on July 1, 2024.