

**SECOND ENGROSSMENT
with Conference Committee Amendments
REENGROSSED HOUSE BILL NO. 1324**

Introduced by

Representatives Owens, Monson, Nathe, Sanford, Schreiber-Beck

Senators Rust, Schaible

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

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

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

10 **15.1-01-03. State board of public school education - Powers and duties.**

- 11 1. The state board of public school education shall:
- 12 a. Assist county committees in carrying out their duties.
- 13 b. Provide county committees with clerical assistance, plans of procedure,
14 standards, data, maps, forms, and other materials, information, and services.
- 15 c. Appoint members to the county committee, if the county superintendent does not
16 fulfill this duty, as provided for in section 15.1-10-01.
- 17 d. Provide oversight for regional education associations as required by chapter
18 15.1-09.1.
- 19 2. The state board of public school education may adopt rules ~~regarding school district~~
20 ~~reorganizations, annexations, and dissolutions~~ in accordance with chapter 28-32.

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

1 **Regional education association - Audit.**

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

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

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

12 4. The superintendent of public instruction shall forward the portion of a school district's
13 state aid which is payable by the superintendent under subdivision I of subsection 1 of
14 section 15.1-27-03.1 as a result of the district's participation in a regional education
15 association directly to the association in which the district participates. The
16 superintendent shall forward the amount payable under this ~~subsection~~section at the
17 same time and in the same manner as provided for other state aid payments under
18 section 15.1-27-01, unless otherwise directed in accordance with section 2 of this Act.

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

24 **SECTION 4. 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.**

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

30 a. All state aid received by the district in accordance with chapter 15.1-27 during the
31 2012-13 school year;

- 1 b. The district's 2012-13 mill levy reduction grant, as determined in accordance with
2 chapter 57-64, as it existed on June 30, 2013;
- 3 c. An amount equal to that raised by the district's 2012 general fund levy or that
4 raised by one hundred ten mills of the district's 2012 general fund levy, whichever
5 is less;
- 6 d. An amount equal to that raised by the district's 2012 long-distance learning and
7 educational technology levy;
- 8 e. An amount equal to that raised by the district's 2012 alternative education
9 program levy; and
- 10 f. An amount equal to:
- 11 (1) Seventy-five percent of all revenue received by the school district and
12 reported under code 2000 of the North Dakota school district financial
13 accounting and reporting manual, as developed by the superintendent of
14 public instruction in accordance with section 15.1-02-08;
- 15 (2) Seventy-five percent of all mineral revenue received by the school district
16 through direct allocation from the state treasurer and not reported under
17 code 2000 of the North Dakota school district financial accounting and
18 reporting manual, as developed by the superintendent of public instruction
19 in accordance with section 15.1-02-08;
- 20 (3) Seventy-five percent of all tuition received by the school district and
21 reported under code 1300 of the North Dakota school district financial
22 accounting and reporting manual, as developed by the superintendent of
23 public instruction in accordance with section 15.1-02-08, with the exception
24 of revenue received specifically for the operation of an educational program
25 provided at a residential treatment facility and tuition received for the
26 provision of an adult farm management program;
- 27 (4) Seventy-five percent of all revenue received by the school district from
28 payments in lieu of taxes on the distribution and transmission of electric
29 power;

- 1 (5) Seventy-five percent of all revenue received by the school district from
2 payments in lieu of taxes on electricity generated from sources other than
3 coal;
- 4 (6) All revenue received by the school district from mobile home taxes;
- 5 (7) Seventy-five percent of all revenue received by the school district from the
6 leasing of land acquired by the United States for which compensation is
7 allocated to the state under 33 U.S.C. 701(c)(3);
- 8 (8) All telecommunications tax revenue received by the school district; and
- 9 (9) All revenue received by the school district from payments in lieu of taxes
10 and state reimbursement of the homestead credit and disabled veterans
11 credit.
- 12 2. The superintendent shall divide the district's total baseline funding by the district's
13 2012-13 weighted student units ~~in order~~ to determine the district's baseline funding per
14 weighted student unit.
- 15 3. a. In ~~2015-16~~2017-18, the superintendent shall multiply the district's weighted
16 student units by nine thousand ~~three~~six hundred ~~sixty-five~~forty-six dollars.
- 17 (1) The superintendent shall adjust the product to ensure ~~that~~ the product is at
18 least equal to the greater of:
- 19 (a) One hundred ~~six~~eight percent of the district's baseline funding per
20 weighted student unit, as established in subsection 2, multiplied by
21 the district's ~~2013-14~~ weighted student units from the previous school
22 year; or
- 23 (b) One hundred percent of the district's baseline funding as established
24 in subsection 1.
- 25 (2) The superintendent also shall ~~also~~ adjust the product to ensure ~~that~~ the
26 product does not exceed one hundred ~~thirty~~forty percent of the district's
27 baseline funding per weighted student unit multiplied by the district's
28 ~~2013-14~~ weighted student units from the previous school year, as
29 established in subsection 2.
- 30 b. In ~~2016-17~~2018-19, the superintendent shall multiply the district's weighted
31 student units by nine thousand six hundred forty-six dollars.

- 1 (1) The superintendent shall adjust the product to ensure that the product is at
2 least equal to the greater of:
- 3 (a) One hundred eight percent of the district's baseline funding per
4 weighted student unit, as established in subsection 2, multiplied by
5 the district's ~~2014-15~~ weighted student units from the previous school
6 year; or
- 7 (b) One hundred percent of the district's baseline funding as established
8 in subsection 1.
- 9 (2) The superintendent also shall ~~also~~ adjust the product to ensure that the
10 product does not exceed one hundred forty percent of the district's baseline
11 funding per weighted student unit, as established in subsection 2, multiplied
12 by the district's ~~2014-15~~ weighted student units from the previous school
13 year.
- 14 4. After determining the product in accordance with subsection 3, the superintendent of
15 public instruction shall:
- 16 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
17 school district, ~~provided that after 2013, except~~ the amount in dollars subtracted
18 for purposes of this subdivision may not exceed the previous year's amount in
19 dollars subtracted for purposes of this subdivision by more than twelve percent;
20 and
- 21 b. Subtract an amount equal to seventy-five percent of all revenues listed in
22 paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred
23 percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of
24 subsection 1.
- 25 5. The amount remaining after the computation required under subsection 4 is the
26 amount of state aid to which a school district is entitled, subject to any other statutory
27 requirements or limitations.

28 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO**
29 **SCHOOLS.** During the 2017-18 interim, the legislative management shall consider studying
30 entities that deliver kindergarten through grade twelve professional development services,
31 distance curriculum, support for schools in achieving school improvement goals, assistance with

1 analysis and interpretation of student achievement data, and technology support services. The
2 study must focus on the funding, governance, nature, scope, and quality of services provided to
3 schools. The study also must focus on the duplication of services across entities and the
4 accountability for expenditures. The study must identify efficiencies and the desirability and
5 feasibility of consolidating services. The legislative management shall report its findings and
6 recommendations, together with any legislation required to implement the recommendations, to
7 the sixty-sixth legislative assembly.

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

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