

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2013**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 public instruction, the state library, the school for the deaf, and North Dakota vision services -
3 school for the blind; to amend and reenact sections 15.1-02-02, 15.1-27-04.1, 15.1-32-01,
4 15.1-32-14, 15.1-32-18, and 54-24.3-01 of the North Dakota Century Code, relating to the
5 salary of the superintendent of public instruction, baseline funding, high-cost students, and
6 regional library cooperative definitions; to provide for a transfer; to provide a statement of
7 legislative intent; to provide for reports; to provide an exemption; to provide an effective date;
8 and to declare an emergency.

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

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys in the general fund in the state
12 treasury, not otherwise appropriated, and from special funds derived from federal funds and
13 other income, to the department of public instruction, the state library, the school for the deaf,
14 and North Dakota vision services - school for the blind for the purpose of defraying the
15 expenses of those agencies, for the biennium beginning July 1, 2023, and ending June 30,
16 2025, as follows:

17 Subdivision 1.

18 DEPARTMENT OF PUBLIC INSTRUCTION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21 Salaries and wages	\$17,854,747	\$702,569	\$18,557,316
22 Operating expenses	33,098,149	(304,829)	32,793,320
23 Integrated formula payments	2,131,825,000	339,743,255	2,471,568,255
24 Grants - special education	27,000,000	0	27,000,000

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1	Grants - transportation	58,100,000	0	58,100,000
2	Grants - other grants	312,738,893	70,000,000	382,738,893
3	Grants - program grants	0	15,550,000	15,550,000
4	Grants - passthrough grants	0	16,989,000	16,989,000
5	Grants - program and passthrough	10,387,064	(10,387,064)	0
6	PowerSchool	5,250,000	525,000	5,775,000
7	National board certification	<u>176,290</u>	<u>0</u>	<u>176,290</u>
8	Total all funds	\$2,596,430,143	\$432,817,931	\$3,029,248,074
9	Less estimated income	<u>938,233,270</u>	<u>180,436,476</u>	<u>1,118,669,746</u>
10	Total general fund	\$1,658,196,873	\$252,381,455	\$1,910,578,328
11	Full-time equivalent positions	86.25	0.00	86.25

Subdivision 2.

CENTER FOR DISTANCE EDUCATION

14			Adjustments or	
15		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
16				
17	Center for distance education	<u>\$0</u>	<u>\$11,183,325</u>	<u>\$11,183,325</u>
18	Total all funds	\$0	\$11,183,325	\$11,183,325
19	Less estimated income	<u>0</u>	<u>4,550,000</u>	<u>4,550,000</u>
20	Total general fund	\$0	\$6,633,325	\$6,633,325
21	Full-time equivalent positions	0.00	30.80	30.80

Subdivision 3.

STATE LIBRARY

24			Adjustments or	
25		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
26	Salaries and wages	\$4,139,907	\$295,408	\$4,435,315
27	Operating expenses	1,822,703	752,595	2,575,298
28	Grants	<u>2,233,528</u>	<u>50,000</u>	<u>2,283,528</u>
29	Total all funds	\$8,196,138	\$1,098,003	\$9,294,141
30	Less estimated income	<u>2,364,417</u>	<u>107,626</u>	<u>2,472,043</u>

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1	Total general fund	\$5,831,721	\$990,377	\$6,822,098
2	Full-time equivalent positions	26.75	0.00	26.75
3	Subdivision 4.			
4		SCHOOL FOR THE DEAF		
5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Salaries and wages	\$8,332,820	\$604,780	\$8,937,600
8	Operating expenses	1,705,586	120,171	1,825,757
9	Capital assets	<u>158,678</u>	<u>843,500</u>	<u>1,002,178</u>
10	Total all funds	\$10,197,084	\$1,568,451	\$11,765,535
11	Less estimated income	<u>2,790,528</u>	<u>875,163</u>	<u>3,665,691</u>
12	Total general fund	\$7,406,556	\$693,288	\$8,099,844
13	Full-time equivalent positions	44.61	0.75	45.36
14	Subdivision 5.			
15		NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND		
16			Adjustments or	
17		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18	Salaries and wages	\$4,992,194	\$354,219	\$5,346,413
19	Operating expenses	792,671	103,015	895,686
20	Capital assets	<u>39,192</u>	<u>439,000</u>	<u>478,192</u>
21	Total all funds	\$5,824,057	\$896,234	\$6,720,291
22	Less estimated income	<u>1,062,178</u>	<u>598,533</u>	<u>1,660,711</u>
23	Total general fund	\$4,761,879	\$297,701	\$5,059,580
24	Full-time equivalent positions	27.75	0.00	27.75
25	Subdivision 6.			
26		TOTAL - SECTION 1		
27			Adjustments or	
28		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
29	Grand total general fund	\$1,676,197,029	\$260,996,146	\$1,937,193,175
30	Grand total special funds	<u>944,450,393</u>	<u>186,567,798</u>	<u>1,131,018,191</u>
31	Grand total all funds	\$2,620,647,422	\$447,563,944	\$3,068,211,366

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

2 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
3 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
4 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

5	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
6	Department of public instruction		
7	Science experiments grants	\$13,500,000	\$9,900,000
8	Regional education association grants	250,000	70,000
9	State automated reporting system maintenance	200,000	0
10	Children's science center	5,900,000	0
11	Children's theatre and art park	0	2,500,000
12	State automated reporting system and	10,100,000	0
13	statewide longitudinal data system upgrades		
14	Elementary and secondary school emergency	305,266,879	0
15	education relief		
16	Emergency education relief homeless children	1,999,661	0
17	and youth program		
18	Assistance to nonpublic schools	4,151,371	0
19	Individuals with Disabilities Education Act grant	8,632,569	0
20	Grow-your-own teacher program	0	0
21	School board training grants	0	1,500,000
22	Cybersecurity training for teachers	0	0
23	Statewide reading tool	0	1,600,000
24	Statewide teacher retention program	<u>0</u>	<u>4,300,000</u>
25	Total department of public instruction -	\$350,000,480	\$19,870,000
26	all funds		
27	Total department of public instruction -	<u>349,800,480</u>	<u>16,300,000</u>
28	estimated income		
29	Total department of public instruction -	\$200,000	\$3,570,000
30	general fund		
31	State library		

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1	COVID-19 salaries and wages	\$86,669	\$0
2	COVID-19 operating expenses	1,580,057	0
3	COVID-19 grants	500,000	0
4	Retirement leave payouts	0	40,000
5	Maintenance of effort	0	100,000
6	IT equipment	0	43,000
7	Building renovations	<u>0</u>	<u>150,000</u>
8	Total state library - all funds	\$2,166,726	\$333,000
9	Total state library - estimated income	<u>2,166,726</u>	<u>0</u>
10	Total state library - general fund	\$0	\$333,000
11	School for the deaf		
12	Campus server upgrade	\$7,500	\$0
13	Operating expenses	21,500	0
14	Equipment	40,000	43,500
15	Boiler and resource center projects	650,000	0
16	Operating expense inflation	0	120,171
17	Boiler replacement	0	650,000
18	Fire alarm and controls	<u>0</u>	<u>150,000</u>
19	Total school for the deaf - all funds	\$719,000	\$963,671
20	Total school for the deaf - estimated income	<u>719,000</u>	<u>873,586</u>
21	Total school for the deaf - general fund	\$0	\$90,085
22	North Dakota vision services - school for the blind		
23	Vision screening devices	\$11,500	\$0
24	Replace flooring	10,000	0
25	Replace south wing air conditioning	40,000	0
26	Repair sidewalk, roof, and parking lot	24,000	0
27	Replace doors and key system	45,000	0
28	Heating, ventilation, and air conditioning upgrades	86,000	0
29	Install LED lighting	33,000	0
30	South wing electrical service	165,000	0
31	Equipment	0	26,000

1	Repairs and maintenance	<u>0</u>	<u>439,000</u>
2	Total school for the blind - estimated income	\$414,500	\$465,000
3	Grand total - all funds	\$353,300,706	\$21,631,671
4	Grand total - estimated income	<u>353,100,706</u>	<u>17,638,586</u>
5	Grand total - general fund	\$200,000	\$3,993,085

6 The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for
7 the 2025-27 biennium. The department of public instruction, state library, school for the deaf,
8 and North Dakota vision services - school for the blind shall report to the appropriations
9 committees of the sixty-ninth legislative assembly on the use of this one-time funding for the
10 biennium beginning July 1, 2023, and ending June 30, 2025.

11 **SECTION 3. APPROPRIATION - TUITION APPORTIONMENT.** The sum of \$510,860,000,
12 included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is
13 from the state tuition fund in the state treasury. Any additional amount in the state tuition fund
14 that becomes available for distribution to public schools is appropriated to the department of
15 public instruction for that purpose for the biennium beginning July 1, 2023, and ending June 30,
16 2025.

17 **SECTION 4. ESTIMATED INCOME - FOUNDATION AID STABILIZATION FUND.** The
18 estimated income line item in subdivision 1 of section 1 of this Act includes the sum of
19 \$157,000,000 from the foundation aid stabilization fund for integrated formula payments.

20 **SECTION 5. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**
21 **FUND.** The estimated income line item in subdivision 1 of section 1 of this Act includes the sum
22 of \$8,900,000 from the strategic investment and improvements fund for certain passthrough
23 grants.

24 **SECTION 6. INTEGRATED FORMULA PAYMENTS AND SPECIAL EDUCATION**
25 **CONTRACTS EXPENDITURE AUTHORITY.** The superintendent of public instruction may
26 expend funds included in the integrated formula payments and grants - special education
27 contracts line items in subdivision 1 of section 1 of this Act for paying grants for educational
28 services that were due in the 2021-23 biennium but which were not filed, claimed, or properly
29 supported by the education provider until after June 30, 2023. To be reimbursed under this
30 section, claims must be properly supported and filed with the superintendent of public
31 instruction by June 30, 2024.

1 **SECTION 7. GIFTED AND TALENTED PROGRAM.** The sum of \$800,000, included in the
2 integrated formula payments line item in subdivision 1 of section 1 of this Act, must be
3 distributed to reimburse school districts or special education units for gifted and talented
4 programs upon the submission of an application that is approved in accordance with guidelines
5 adopted by the superintendent of public instruction. The superintendent of public instruction
6 shall encourage cooperative efforts for gifted and talented programs among school districts and
7 special education units.

8 **SECTION 8. MEDICAID MATCHING FUNDING AND SCHOOL APPROVAL -**
9 **WITHHOLDING AND DISTRIBUTION.**

- 10 1. State school aid payments for special education must be reduced by the amount of
11 matching funds required to be paid by school districts or special education units for
12 students participating in the Medicaid program for the biennium beginning July 1,
13 2023, and ending June 30, 2025. Special education funds equal to the amount of the
14 matching funds required to be paid by the school district or special education unit must
15 be paid by the superintendent of public instruction to the department of health and
16 human services on behalf of the school district or unit.
- 17 2. State school aid payments for integrated formula payments must be reduced by the
18 amount of funds required to be paid by school districts for school approval for the
19 biennium beginning July 1, 2023, and ending June 30, 2025.

20 **SECTION 9. REGIONAL EDUCATION ASSOCIATION MERGER GRANTS - ONE-TIME**
21 **FUNDING - DISTRIBUTION.** The grants - program grants line item included in subdivision 1 of
22 section 1 of this Act includes \$70,000 from the general fund for the purpose of providing a
23 one-time \$35,000 grant to each regional education association that merges with another
24 regional education association to form a single entity with a single governing board during the
25 biennium beginning July 1, 2023, and ending June 30, 2025.

26 **SECTION 10. REGIONAL EDUCATION ASSOCIATIONS - GRANTS - DISTRIBUTION.**
27 The integrated formula payments line item in subdivision 1 of section 1 of this Act includes
28 \$500,000 from the general fund for the purpose of providing annual grants to regional education
29 associations for the biennium beginning July 1, 2023, and ending June 30, 2025. An annual
30 grant of \$35,714 is provided to each regional education association that exists as of July 1,

1 2023. Regional education associations that merge during the 2023-25 biennium are entitled to
2 the annual grants that would have been paid to each of the member associations.

3 **SECTION 11. USE OF NEW MONEY - NONADMINISTRATIVE PERSONNEL**
4 **COMPENSATION INCREASES.**

- 5 1. During the 2023-25 biennium, the board of each school district shall use an amount
6 equal to at least seventy percent of all new money received by the district, resulting
7 from increases in the base integrated formula payment rate, to increase the
8 compensation paid to nonadministrative personnel. Additional funding made available
9 to school districts by reducing the local property tax contribution to the integrated
10 formula is not considered new money.
- 11 2. For purposes of this section, the superintendent of public instruction shall provide
12 guidance to school districts regarding the calculation of the amount of new money
13 resulting from increases in the base integrated formula payment rate during the
14 2023-25 biennium.

15 **SECTION 12. EXEMPTION - INDIRECT COST RECOVERIES, GENERAL**
16 **EDUCATIONAL DEVELOPMENT FEES, AND DISPLACED HOMEMAKER DEPOSITS.**

17 Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect
18 cost recoveries in its operating account. In addition, any moneys collected by the department of
19 public instruction for general educational development fees and displaced homemakers
20 deposits must be deposited in the public instruction fund in the state treasury. Any funds
21 deposited in the public instruction fund may only be spent subject to appropriation by the
22 legislative assembly.

23 **SECTION 13. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND - TRANSFER -**
24 **GENERAL FUND.** Notwithstanding section 54-44.1-11, if, after the superintendent of public
25 instruction complies with all statutory payment obligations imposed for the 2021-23 biennium,
26 from any moneys remaining in the integrated formula payments line item in subdivision 1 of
27 section 1 of chapter 13 of the 2021 Session Laws, the lesser of \$20,069,000 or the remaining
28 amount must be continued into the 2023-25 biennium and the office of management and budget
29 shall transfer this amount into the public instruction fund for the purpose of providing program
30 and passthrough grants as appropriated in subdivision 1 of section 1 of this Act. The

1 superintendent of public instruction shall transfer any these funds remaining unspent at the end
2 of the 2023-25 biennium to the general fund.

3 **SECTION 14. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following
4 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into
5 the biennium beginning July 1, 2023, and ending June 30, 2025:

6 1. Any funds remaining from federal funds derived from the elementary and secondary
7 school emergency education relief fund and any other federal funds appropriated in
8 subdivision 2 of section 2 of chapter 28 of the 2021 Session Laws; and

9 2. Any funds remaining from federal funds appropriated in subsection 2 of section 6 of
10 chapter 15 of the 2021 Session Laws, as amended in section 1 of chapter 548 of the
11 2021 Special Session Session Laws.

12 **SECTION 15. EXEMPTION - UNEXPENDED STATE AUTOMATED REPORTING
13 SYSTEM AND STATEWIDE LONGITUDINAL DATA SYSTEM UPGRADE APPROPRIATION.**

14 The sum of \$10,000,000 of special funds from the public instruction fund in the state treasury,
15 derived from reimbursements withheld from school districts' integrated formula payments for the
16 purpose of information technology project upgrades to the state automated reporting system
17 and the statewide longitudinal data system, appropriated to the department of public instruction
18 in section 17 of chapter 549 of the 2021 Special Session Session Laws, is not subject to the
19 provisions of section 54-44.1-11 and any unexpended funds from this one-time appropriation
20 may be continued and are available for information technology project upgrades to the state
21 automated reporting system and the statewide longitudinal data system during the biennium
22 beginning July 1, 2023, and ending June 30, 2025. The department of public instruction shall
23 transfer any funds continued in excess of \$5,000,000 to the information technology department
24 for statewide longitudinal data system upgrades.

25 **SECTION 16. STATE AID TO PUBLIC LIBRARIES.** The grants line item in subdivision 3 of
26 section 1 of this Act includes \$1,737,582 for aid to public libraries, of which no more than
27 one-half may be expended during the fiscal year ending June 30, 2024.

28 **SECTION 17. AMENDMENT.** Section 15.1-02-02 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **15.1-02-02. Salary.**

2 The annual salary of the superintendent of public instruction is one hundred ~~twenty-seven~~
3 ~~thousand seven hundred sixty-eight~~thirty-eight thousand one hundred forty-two dollars through
4 June 30, ~~2022~~2024, and one hundred ~~thirty thousand three hundred twenty-three~~forty-three
5 thousand six hundred sixty-eight dollars thereafter.

6 **SECTION 18. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
9 **through June 30, 2025)**

- 10 1. To determine the amount of state aid payable to each district, the superintendent of
11 public instruction shall establish each district's baseline funding. A district's baseline
12 funding consists of:
- 13 a. All state aid received by the district in accordance with chapter 15.1-27 during the
14 2018-19 school year;
 - 15 b. An amount equal to the property tax deducted by the superintendent of public
16 instruction to determine the 2018-19 state aid payment;
 - 17 c. An amount equal to seventy-five percent of the revenue received by the school
18 district during the 2017-18 school year for the following revenue types:
 - 19 (1) Revenue reported under code 2000 of the North Dakota school district
20 financial accounting and reporting manual, as developed by the
21 superintendent of public instruction in accordance with section 15.1-02-08;
 - 22 (2) Mineral revenue received by the school district through direct allocation from
23 the state treasurer and not reported under code 2000 of the North Dakota
24 school district financial accounting and reporting manual, as developed by
25 the superintendent of public instruction in accordance with section
26 15.1-02-08;
 - 27 (3) Tuition reported under code 1300 of the North Dakota school district
28 financial accounting and reporting manual, as developed by the
29 superintendent of public instruction in accordance with section 15.1-02-08,
30 with the exception of revenue received specifically for the operation of an
31 educational program provided at a residential treatment facility, tuition

- 1 received for the provision of an adult farm management program, and
2 beginning in the 2021-22 school year, seventeen percent of tuition received
3 under an agreement to educate students from a school district on an
4 air force base with funding received through federal impact aid, and an
5 additional seventeen percent of tuition received under an agreement to
6 educate students from a school district on an air force base with funding
7 received through federal impact aid each school year thereafter, until the
8 2024-25 school year when sixty-eight percent of tuition received under an
9 agreement to educate students from a school district on an air force base
10 with funding received through federal impact aid must be excluded from the
11 tuition calculation under this paragraph;
- 12 (4) Revenue from payments in lieu of taxes on the distribution and transmission
13 of electric power;
- 14 (5) Revenue from payments in lieu of taxes on electricity generated from
15 sources other than coal; and
- 16 (6) Revenue from the leasing of land acquired by the United States for which
17 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 18 d. An amount equal to the total revenue received by the school district during the
19 2017-18 school year for the following revenue types:
- 20 (1) Mobile home tax revenue;
- 21 (2) Telecommunications tax revenue; and
- 22 (3) Revenue from payments in lieu of taxes and state reimbursement of the
23 homestead credit and disabled veterans credit; and
- 24 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
25 baseline funding for any school district that becomes an elementary district
26 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
27 be proportional to the number of weighted student units in the grades that are
28 offered through another school district relative to the total number of weighted
29 student units the school district offered in the year before the school district
30 became an elementary district. The reduced baseline funding applies to the
31 calculation of state aid for the first school year in which the school district

1 becomes an elementary district and for each year thereafter. For districts that
2 become an elementary district prior to the 2020-21 school year, the
3 superintendent shall use the reduced baseline funding to calculate state aid for
4 the 2020-21 school year and for each year thereafter.

- 5 2. a. The superintendent shall divide the district's baseline funding determined in
6 subsection 1 by the district's 2017-18 weighted student units to determine the
7 district's baseline funding per weighted student unit.
- 8 b. For any school district that becomes an elementary district pursuant to section
9 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
10 district's baseline funding per weighted student unit used to calculate state aid.
11 The superintendent shall divide the district's baseline funding determined in
12 subsection 1 by the district's weighted student units after the school district
13 becomes an elementary district to determine the district's adjusted baseline
14 funding per weighted student unit. The superintendent shall use the district's
15 adjusted baseline funding per weighted student unit in the calculation of state aid
16 for the first school year in which the school district becomes an elementary
17 district and for each year thereafter.
- 18 c. Beginning with the 2021-22 school year and for each school year thereafter, the
19 superintendent shall reduce the district's baseline funding per weighted student
20 unit. Each year the superintendent shall calculate the amount by which the
21 district's baseline funding per weighted student unit exceeds the payment per
22 weighted student unit provided in subsection 3. The superintendent shall reduce
23 the district's baseline funding per weighted student unit by fifteen percent of the
24 amount by which the district's baseline funding per weighted student unit exceeds
25 the payment per weighted student unit for the 2021-22 school year. For each
26 year thereafter, the reduction percentage is increased by an additional fifteen
27 percent. However, the district's baseline funding per weighted student unit, after
28 the reduction, may not be less than the payment per weighted student unit
29 provided in subsection 3.
- 30 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
31 greater of:

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

1 established in subsection 2, multiplied by the district's weighted student
2 units from the previous school year.

3 (2) For the 2022-23 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, multiplied by the district's weighted student
6 units from the previous school year.

7 (3) For the 2023-24 school year, the transition maximum rate is one hundred
8 ten percent of the district's baseline funding per weighted student unit, as
9 established in subsection 2, plus twenty percent of the difference between
10 the rate under paragraph 1 of subdivision b of this subsection and
11 one hundred ten 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 (4) For the 2024-25 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 forty percent of the difference between the
19 rate under paragraph 1 of subdivision b of this subsection and one hundred
20 ten percent of the district's baseline funding per weighted student unit. The
21 transition maximum is determined by multiplying the transition maximum
22 rate, which may not exceed the rate under paragraph 1 of subdivision b of
23 this subsection, by the district's weighted student units from the previous
24 school year.

25 (5) For the 2025-26 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 sixty 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 (6) For the 2026-27 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 eighty percent of the difference between
6 the rate under paragraph 1 of subdivision b of this subsection and
7 one hundred ten percent of the district's baseline funding per weighted
8 student unit. The transition maximum is determined by multiplying the
9 transition maximum rate, which may not exceed the rate under paragraph 1
10 of subdivision b of this subsection, by the district's weighted student units
11 from the previous 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, except the amount in dollars subtracted for purposes of this
16 subdivision may not exceed the previous year's amount in dollars subtracted for
17 purposes of this subdivision by more than twelve percent, adjusted pursuant to
18 section 15.1-27-04.3; and

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

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

24 (a) In addition to deducting tuition revenue received specifically for the
25 operation of an educational program provided at a residential
26 treatment facility, tuition revenue received for the provision of an adult
27 farm management program, tuition received for the education of
28 high-cost and special education students, and tuition received under
29 an agreement to educate students from a school district on an air
30 force base with funding received through federal impact aid as
31 directed each school year in paragraph 3 of subdivision c of

1 subsection 1, the superintendent of public instruction also shall reduce
2 the total tuition reported by the school district by the amount of tuition
3 revenue received for the education of students not residing in the
4 state and for which the state has not entered a cross-border education
5 contract; and

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

11 (2) After adjusting tuition revenue as provided in paragraph 1, the
12 superintendent shall reduce all remaining revenues from all revenue types
13 by the percentage of mills levied in 2020 by the school district for sinking
14 and interest relative to the total mills levied in 2020 by the school district for
15 all purposes.

- 16 5. The amount remaining after the computation required under subsection 4 is the
17 amount of state aid to which a school district is entitled, subject to any other statutory
18 requirements or limitations.
- 19 6. On or before June thirtieth of each year, the school board shall certify to the
20 superintendent of public instruction the final average daily membership for the current
21 school year.
- 22 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
23 with the school districts, shall report the following to the superintendent of public
24 instruction on an annual basis:
- 25 a. The amount of revenue received by each school district in the county during the
26 previous school year for each type of revenue identified in subdivisions c and d of
27 subsection 1;
- 28 b. The total number of mills levied in the previous calendar year by each school
29 district for all purposes; and
- 30 c. The number of mills levied in the previous calendar year by each school district
31 for sinking and interest fund purposes.

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

- 3 1. To determine the amount of state aid payable to each district, the superintendent of
4 public instruction shall establish each district's baseline funding. A district's baseline
5 funding consists of:
- 6 a. All state aid received by the district in accordance with chapter 15.1-27 during the
7 2018-19 school year;
 - 8 b. An amount equal to the property tax deducted by the superintendent of public
9 instruction to determine the 2018-19 state aid payment;
 - 10 c. An amount equal to seventy-five percent of the revenue received by the school
11 district during the 2017-18 school year for the following revenue types:
 - 12 (1) Revenue reported under code 2000 of the North Dakota school district
13 financial accounting and reporting manual, as developed by the
14 superintendent of public instruction in accordance with section 15.1-02-08;
 - 15 (2) Mineral revenue received by the school district through direct allocation from
16 the state treasurer and not reported under code 2000 of the North Dakota
17 school district financial accounting and reporting manual, as developed by
18 the superintendent of public instruction in accordance with section
19 15.1-02-08;
 - 20 (3) Tuition reported under code 1300 of the North Dakota school district
21 financial accounting and reporting manual, as developed by the
22 superintendent of public instruction in accordance with section 15.1-02-08,
23 with the exception of revenue received specifically for the operation of an
24 educational program provided at a residential treatment facility, tuition
25 received for the provision of an adult farm management program, and
26 beginning in the 2025-26 school year, eighty-five percent of tuition received
27 under an agreement to educate students from a school district on an
28 air force base with funding received through federal impact aid, until the
29 2026-27 school year, and each school year thereafter, when all tuition
30 received under an agreement to educate students from a school district on

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

1 district's baseline funding per weighted student unit used to calculate state aid.

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

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

21 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
22 greater of:

23 (1) The district's weighted student units multiplied by ten thousand one hundred
24 thirty-six dollars;

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

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

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

25 (6) For the 2026-27 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 eighty percent of the difference between
28 the rate under paragraph 1 of subdivision b of this subsection and
29 one hundred ten 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 4. After determining the product in accordance with subsection 3, the superintendent of
4 public instruction shall:

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

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

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

12 (a) In addition to deducting tuition revenue received specifically for the
13 operation of an educational program provided at a residential
14 treatment facility, tuition revenue received for the provision of an adult
15 farm management program, tuition received for the education of
16 high-cost and special education students, and tuition received under
17 an agreement to educate students from a school district on an air
18 force base with funding received through federal impact aid as
19 directed each school year in paragraph 3 of subdivision c of
20 subsection 1, the superintendent of public instruction also shall reduce
21 the total tuition reported by the school district by the amount of tuition
22 revenue received for the education of students not residing in the
23 state and for which the state has not entered a cross-border education
24 contract; 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 by the school district for sinking
2 and interest relative to the total mills levied in 2020 by the school district for
3 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 **SECTION 19. AMENDMENT.** Section 15.1-32-01 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15.1-32-01. Definitions.**

23 As used in this chapter:

24 1. "Major life activities" include learning, walking, talking, breathing, and caring for
25 oneself.

26 2. "Related services" means transportation and developmental and corrective or
27 supportive services required to assist a student with disabilities to benefit from special
28 education.

29 ~~2.3.~~ "Special education" means instruction designed to meet the needs of a student with
30 disabilities, transportation, and corrective and supporting services required to assist a

1 student with disabilities in taking advantage of, or responding to, educational programs
2 and opportunities.

3 ~~3.4.~~ "Student who is gifted" means an individual who is identified by qualified professionals
4 as being capable of high performance and who needs educational programs and
5 services beyond those normally provided in a regular education program.

6 4.5. a. "Student with a disability" means an individual who is at least three years of age
7 but who has not reached the age of twenty-one before August first of the year in
8 which the individual turns twenty-one and who requires special education and
9 related services because of:

- 10 (1) An intellectual disability;
- 11 (2) A hearing impairment, including deafness;
- 12 (3) Deaf-blindness;
- 13 (4) A speech or language impairment;
- 14 (5) A visual impairment, including blindness;
- 15 (6) An emotional disturbance;
- 16 (7) An orthopedic impairment;
- 17 (8) Autism;
- 18 (9) A traumatic brain injury;
- 19 (10) Other health impairment; or
- 20 (11) A specific learning disability.

21 b. "Student with a disability" includes a student age eighteen through twenty-one
22 who is incarcerated in an adult correctional facility and who, in the last
23 educational placement prior to incarceration, was identified as being a student
24 with a disability and did not have an individualized education program or was
25 identified as being a student with a disability and had an individualized education
26 program.

27 6. "Student with a significant medical condition" means a student with a physical or
28 mental impairment, whether permanent or temporary, which substantially limits one or
29 more major life activities and who is not entitled to special education and related
30 services.

1 **SECTION 20. AMENDMENT.** Section 15.1-32-14 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **15.1-32-14. ~~Special education students – Contracts for placement~~High-cost students.**

4 1. If in the opinion of an individualized education program team or a services plan team a
5 student with a disability or a student with a significant medical condition is unable to
6 attend a public school in ~~the special education unit to which~~ the student's school
7 district of residence ~~belongs~~, the student's school district of residence shall
8 ~~contract~~release the student at the time deemed necessary to begin attendance with
9 another public school that:

10 a. ~~Does not belong to the same special education unit;~~

11 b. ~~Is located in this state;~~

12 ~~e.b.~~ Is willing to admit the student; and

13 ~~d.c.~~ Is able to provide appropriate services to the student.

14 2. ~~The superintendent of public instruction shall approve in advance the terms of the~~
15 ~~contract and the services to be provided by the admitting school.~~

16 ~~3.~~ The contract must provide that the student's school district of residence is liable for the
17 cost of educating the student.

18 ~~4.3.~~ Upon being notified by the district in which the student receives services that the
19 student's school district of residence has not paid for services that were provided to
20 the student, the superintendent of public instruction, after verification, shall withhold all
21 state aid payments to which the student's school district of residence is entitled, until
22 the required payments have been made.

23 **SECTION 21. AMENDMENT.** Section 15.1-32-18 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15.1-32-18. Cost - Liability of school district for special education and other high-cost**
26 **services.**

27 1. Each year the superintendent of public instruction shall identify the approximately one
28 percent of ~~special education~~ students with a disability and students with a significant
29 medical condition statewide who are not eligible for cost reimbursement under section
30 15.1-29-14 and who require the greatest school district expenditures ~~in order~~ to
31 provide them with education and services, including special education and related

- 1 services. This percentage represents the number of students that would qualify for
2 excess cost reimbursement beyond the multiplier that is established in subsection 3.
- 3 2. The excess costs of providing ~~special education and related~~ services to these students
4 are the responsibility of the state and the superintendent of public instruction shall
5 reimburse the school districts for any excess costs incurred in the provision of ~~special~~
6 ~~education and related~~the services to the identified students.
- 7 3. "Excess costs" are those that exceed four times the state average cost of education
8 per student and which are incurred by the ~~special education~~ students identified in
9 subsection 1.
- 10 4. All costs of providing ~~special education and related~~ services to those students
11 identified in subsection 1, other than excess costs reimbursed by the state, are the
12 responsibility of the student's school district of residence.
- 13 5. In addition to any other reimbursements provided under this section, if a school district
14 expends more than two percent of its annual budget for the provision of ~~special~~
15 ~~education and related~~ services to one student with a disability or significant medical
16 condition, the district shall notify the superintendent of public instruction. Upon
17 verification, the superintendent shall reimburse the district for the difference between:
18 a. Two percent of the district's annual budget; and
19 b. The lesser of:
20 (1) The amount actually expended by the district for the provision of special
21 education and related services to that student; or
22 (2) The amount representing four times the state average cost of education per
23 student.

24 **SECTION 22. AMENDMENT.** Section 54-24.3-01 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **54-24.3-01. Definitions.**

27 In this chapter, unless the context otherwise requires:

- 28 1. "Academic library" means a library that is part of a college or university that is publicly
29 or privately funded and whose primary role is to provide resources to enrich and
30 support the school's curricula and the research needs of students and faculty.

- 1 2. "Library resource center" means a central service unit, whose location is to be agreed
2 upon by members of the regional library cooperative and which is responsible for
3 extending special services to support members of the regional library cooperative,
4 while meeting all cooperative standards.
- 5 3. "Multitype library authority" means a geographic subdivision within which multitype
6 libraries are organized for the purpose of providing library and information services
7 through cooperation and mutual support.
- 8 4. "Participant library" means any library agreeing to join a regional library cooperative.
- 9 5. "Public library" means a library that is supported with funds derived from taxation and
10 which maintains a balanced collection of materials to serve the lifelong information,
11 reading, and recreational needs of the general population. For purposes of this
12 chapter, "public library" includes tribal libraries.
- 13 6. "Regional library cooperative" means an organization of one or more types of library
14 organized under Article VI of section 54-24.1-01, or a multitype library authority.
- 15 7. "School library media center" means a learning center operated as part of a publicly or
16 privately supported school or school district and whose role is to provide instruction,
17 cooperatively design learning strategies, and provide resources that support and
18 enrich the curriculum, following the North Dakota school library media guidelines.
- 19 8. "Special library" means a public or private sector library whose collection is specialized
20 and limited in scope and size and whose role is to provide information to a limited
21 clientele.

22 **SECTION 23. LEGISLATIVE INTENT - AMENDMENTS TO THE STATE SCHOOL AID**
23 **INTEGRATED FUNDING FORMULA.** It is the intent of the sixty-eighth legislative assembly that
24 the sixty-ninth legislative assembly consider amendments to the state school aid integrated
25 funding formula only in the appropriation bill for the department of public instruction.

26 **SECTION 24. EFFECTIVE DATE.** Senate Bill No. 2269, as approved by the sixty-eighth
27 legislative assembly, becomes effective July 1, 2023. Sections 3, 4, and 7 of Senate Bill No.
28 2050, as approved by the sixty-eighth legislative assembly, become effective May 15, 2023.

29 **SECTION 25. EMERGENCY.** Sections 3, 4, and 7, of Senate Bill No. 2050 and Senate Bill
30 No. 2269, as approved by the sixty-eighth legislative assembly, are declared to be an
31 emergency measure.