

**FIRST ENGROSSMENT
with Conference Committee 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 for reports; to provide
7 an exemption; to provide an effective date; and to declare an emergency.

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

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

16 Subdivision 1.

17 DEPARTMENT OF PUBLIC INSTRUCTION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18			
19			
20	Salaries and wages	\$17,854,747	\$965,839 \$18,820,586
21	Operating expenses	33,098,149	(304,829) 32,793,320
22	Integrated formula payments	2,131,825,000	164,849,851 2,296,674,851
23	Grants - special education	27,000,000	(3,000,000) 24,000,000
24	Grants - transportation	58,100,000	0 58,100,000

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1	Grants - other grants	312,738,893	70,000,000	382,738,893
2	Grants - program grants	0	13,550,000	13,550,000
3	Grants - passthrough grants	0	8,569,000	8,569,000
4	Grants - program and passthrough	10,387,064	(10,387,064)	0
5	PowerSchool	5,250,000	525,000	5,775,000
6	National board certification	<u>176,290</u>	<u>0</u>	<u>176,290</u>
7	Total all funds	\$2,596,430,143	\$244,767,797	\$2,841,197,940
8	Less estimated income	<u>938,233,270</u>	<u>187,349,226</u>	<u>1,125,582,496</u>
9	Total general fund	\$1,658,196,873	\$57,418,571	\$1,715,615,444
10	Full-time equivalent positions	86.25	0.00	86.25

11 Subdivision 2.

CENTER FOR DISTANCE EDUCATION

13			Adjustments or	
14		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
15	Center for distance education	<u>\$0</u>	<u>\$11,347,980</u>	<u>\$11,347,980</u>
16	Total all funds	\$0	\$11,347,980	\$11,347,980
17	Less estimated income	<u>0</u>	<u>4,550,000</u>	<u>4,550,000</u>
18	Total general fund	\$0	\$6,797,980	\$6,797,980
19	Full-time equivalent positions	0.00	30.80	30.80

20 Subdivision 3.

STATE LIBRARY

22			Adjustments or	
23		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
24	Salaries and wages	\$4,139,907	\$295,408	\$4,435,315
25	Operating expenses	1,822,703	752,595	2,575,298
26	Grants	<u>2,233,528</u>	<u>50,000</u>	<u>2,283,528</u>
27	Total all funds	\$8,196,138	\$1,098,003	\$9,294,141
28	Less estimated income	<u>2,364,417</u>	<u>107,626</u>	<u>2,472,043</u>
29	Total general fund	\$5,831,721	\$990,377	\$6,822,098
30	Full-time equivalent positions	26.75	0.00	26.75

31 Subdivision 4.

1		SCHOOL FOR THE DEAF		
2			Adjustments or	
3		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
4	Salaries and wages	\$8,332,820	\$604,780	\$8,937,600
5	Operating expenses	1,705,586	120,171	1,825,757
6	Capital assets	<u>158,678</u>	<u>843,500</u>	<u>1,002,178</u>
7	Total all funds	\$10,197,084	\$1,568,451	\$11,765,535
8	Less estimated income	<u>2,790,528</u>	<u>875,163</u>	<u>3,665,691</u>
9	Total general fund	\$7,406,556	\$693,288	\$8,099,844
10	Full-time equivalent positions	44.61	0.75	45.36
11	Subdivision 5.			
12	NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND			
13			Adjustments or	
14		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
15	Salaries and wages	\$4,992,194	\$354,219	\$5,346,413
16	Operating expenses	792,671	103,015	895,686
17	Capital assets	<u>39,192</u>	<u>439,000</u>	<u>478,192</u>
18	Total all funds	\$5,824,057	\$896,234	\$6,720,291
19	Less estimated income	<u>1,062,178</u>	<u>598,533</u>	<u>1,660,711</u>
20	Total general fund	\$4,761,879	\$297,701	\$5,059,580
21	Full-time equivalent positions	27.75	0.00	27.75
22	Subdivision 6.			
23	TOTAL - SECTION 1			
24			Adjustments or	
25		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
26	Grand total general fund	\$1,676,197,029	\$66,197,917	\$1,742,394,946
27	Grand total special funds	<u>944,450,393</u>	<u>193,480,548</u>	<u>1,137,930,941</u>
28	Grand total all funds	\$2,620,647,422	\$259,678,465	\$2,880,325,887
29	SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO			
30	SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding			

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1 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
2 2023-25 biennium one-time funding items included in the appropriation in section 1 of this Act:

3	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
4	Department of public instruction		
5	Science experiments grants	\$13,500,000	\$5,500,000
6	Regional education association grants	250,000	70,000
7	State automated reporting system maintenance	200,000	0
8	Children's science center	5,900,000	0
9	State automated reporting system and	10,100,000	0
10	statewide longitudinal data system upgrades		
11	Elementary and secondary school emergency	305,266,879	0
12	education relief		
13	Emergency education relief homeless children	1,999,661	0
14	and youth program		
15	Assistance to nonpublic schools	4,151,371	0
16	Individuals with Disabilities Education Act grant	8,632,569	0
17	School board training grants	0	1,500,000
18	Statewide reading tool	0	1,600,000
19	Statewide teacher retention program	<u>0</u>	<u>2,300,000</u>
20	Total department of public instruction -	\$350,000,480	\$10,970,000
21	all funds		
22	Total department of public instruction -	<u>349,800,480</u>	<u>10,900,000</u>
23	estimated income		
24	Total department of public instruction -	\$200,000	\$70,000
25	general fund		
26	State library		
27	COVID-19 salaries and wages	\$86,669	\$0
28	COVID-19 operating expenses	1,580,057	0
29	COVID-19 grants	500,000	0
30	Retirement leave payouts	0	40,000
31	Maintenance of effort	0	100,000

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1	IT equipment	0	43,000
2	Building renovations	<u>0</u>	<u>150,000</u>
3	Total state library - all funds	\$2,166,726	\$333,000
4	Total state library - estimated income	<u>2,166,726</u>	<u>0</u>
5	Total state library - general fund	\$0	\$333,000
6	School for the deaf		
7	Campus server upgrade	\$7,500	\$0
8	Operating expenses	21,500	0
9	Equipment	40,000	43,500
10	Boiler and resource center projects	650,000	0
11	Operating expense inflation	0	120,171
12	Boiler replacement	0	650,000
13	Fire alarm and controls	<u>0</u>	<u>150,000</u>
14	Total school for the deaf - all funds	\$719,000	\$963,671
15	Total school for the deaf - estimated income	<u>719,000</u>	<u>873,586</u>
16	Total school for the deaf - general fund	\$0	\$90,085
17	North Dakota vision services - school for the blind		
18	Vision screening devices	\$11,500	\$0
19	Replace flooring	10,000	0
20	Replace south wing air conditioning	40,000	0
21	Repair sidewalk, roof, and parking lot	24,000	0
22	Replace doors and key system	45,000	0
23	Heating, ventilation, and air conditioning upgrades	86,000	0
24	Install LED lighting	33,000	0
25	South wing electrical service	165,000	0
26	Equipment	0	26,000
27	Repairs and maintenance	<u>0</u>	<u>439,000</u>
28	Total school for the blind - estimated income	\$414,500	\$465,000
29	Grand total - all funds	\$353,300,706	\$12,731,671
30	Grand total - estimated income	<u>353,100,706</u>	<u>12,238,586</u>
31	Grand total - general fund	\$200,000	\$493,085

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

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

12 **SECTION 4. ESTIMATED INCOME - FOUNDATION AID STABILIZATION FUND.** The
13 estimated income line item in subdivision 1 of section 1 of this Act includes the sum of
14 \$157,000,000 from the foundation aid stabilization fund for integrated formula payments.

15 **SECTION 5. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**
16 **FUND.** The estimated income line item in subdivision 1 of section 1 of this Act includes the sum
17 of \$19,493,086 from the strategic investment and improvements fund for integrated formula
18 payments and certain passthrough grants.

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

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

1 shall encourage cooperative efforts for gifted and talented programs among school districts and
2 special education units.

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

- 5 1. State school aid payments for special education must be reduced by the amount of
6 matching funds required to be paid by school districts or special education units for
7 students participating in the Medicaid program for the biennium beginning July 1,
8 2023, and ending June 30, 2025. Special education funds equal to the amount of the
9 matching funds required to be paid by the school district or special education unit must
10 be paid by the superintendent of public instruction to the department of health and
11 human services on behalf of the school district or unit.
- 12 2. State school aid payments for integrated formula payments must be reduced by the
13 amount of funds required to be paid by school districts for school approval for the
14 biennium beginning July 1, 2023, and ending June 30, 2025.

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

21 **SECTION 10. REGIONAL EDUCATION ASSOCIATIONS - GRANTS - DISTRIBUTION.**
22 The integrated formula payments line item in subdivision 1 of section 1 of this Act includes
23 \$700,000 from the general fund for the purpose of providing annual grants to regional education
24 associations for the biennium beginning July 1, 2023, and ending June 30, 2025. An annual
25 grant of \$50,000 is provided to each regional education association that exists as of July 1,
26 2023. Regional education associations that merge during the 2023-25 biennium are entitled to
27 the annual grants that would have been paid to each of the member associations.

28 **SECTION 11. USE OF NEW MONEY - NONADMINISTRATIVE PERSONNEL**
29 **COMPENSATION INCREASES.**

- 30 1. During the 2023-25 biennium, the board of each school district shall use an amount
31 equal to at least seventy percent of all new money received by the district, resulting

1 from increases in the base integrated formula payment rate, to increase the
2 compensation and benefits paid to nonadministrative personnel.

3 2. For purposes of this section, the superintendent of public instruction shall provide
4 guidance to school districts regarding the calculation of the amount of new money
5 resulting from increases in the base integrated formula payment rate during the
6 2023-25 biennium.

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

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

15 **SECTION 13. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND - TRANSFER -**
16 **GENERAL FUND.** Notwithstanding section 54-44.1-11, if, after the superintendent of public
17 instruction complies with all statutory payment obligations imposed for the 2021-23 biennium,
18 from any moneys remaining in the integrated formula payments line item in subdivision 1 of
19 section 1 of chapter 13 of the 2021 Session Laws, the lesser of \$16,549,000 or the remaining
20 amount must be continued into the 2023-25 biennium and the office of management and budget
21 shall transfer this amount into the public instruction fund for the purpose of providing program
22 and passthrough grants as appropriated in subdivision 1 of section 1 of this Act. The
23 superintendent of public instruction shall transfer any of these funds remaining unspent at the
24 end of the 2023-25 biennium to the general fund.

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

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

1 2. Any funds remaining from federal funds appropriated in subsection 2 of section 6 of
2 chapter 15 of the 2021 Session Laws, as amended in section 1 of chapter 548 of the
3 2021 Special Session Session Laws.

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

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

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

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

22 **15.1-02-02. Salary.**

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

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

1 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
2 **through 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 2021-22 school year, seventeen 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, and an
29 additional seventeen percent of tuition received under an agreement to
30 educate students from a school district on an air force base with funding
31 received through federal impact aid each school year thereafter, until the

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

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

1 2017-18 baseline weighted student units multiplied by ten thousand
2 one hundred thirty-six dollars; or

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

6 b. For the 2022-23 school year and each school year thereafter, the superintendent
7 shall calculate state aid as the greater of:

8 (1) The district's weighted student units multiplied by ten thousand two hundred
9 thirty-seven dollars;

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

16 (3) The district's baseline funding as established in subsection 1 less the
17 amount in paragraph 1, with the difference reduced by thirty percent for the
18 2022-23 school year and the reduction percentage increasing by fifteen
19 percent each school year thereafter until the difference is reduced to zero,
20 and then the difference added to the amount determined in paragraph 1.

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

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

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

- 1 (3) For the 2023-24 school year, the transition maximum rate is one hundred
2 ten percent of the district's baseline funding per weighted student unit, as
3 established in subsection 2, plus twenty percent of the difference between
4 the rate under paragraph 1 of subdivision b of this subsection and
5 one hundred ten percent of the district's baseline funding per weighted
6 student unit. The transition maximum is determined by multiplying the
7 transition maximum rate, which may not exceed the rate under paragraph 1
8 of subdivision b of this subsection, by the district's weighted student units
9 from the previous school year.
- 10 (4) For the 2024-25 school year, the transition maximum rate is one hundred
11 ten percent of the district's baseline funding per weighted student unit, as
12 established in subsection 2, plus forty percent of the difference between the
13 rate under paragraph 1 of subdivision b of this subsection and one hundred
14 ten percent of the district's baseline funding per weighted student unit. The
15 transition maximum is determined by multiplying the transition maximum
16 rate, which may not exceed the rate under paragraph 1 of subdivision b of
17 this subsection, by the district's weighted student units from the previous
18 school year.
- 19 (5) For the 2025-26 school year, the transition maximum rate is one hundred
20 ten percent of the district's baseline funding per weighted student unit, as
21 established in subsection 2, plus sixty percent of the difference between the
22 rate under paragraph 1 of subdivision b of this subsection and one hundred
23 ten percent of the district's baseline funding per weighted student unit. The
24 transition maximum is determined by multiplying the transition maximum
25 rate, which may not exceed the rate under paragraph 1 of subdivision b of
26 this subsection, by the district's weighted student units from the previous
27 school year.
- 28 (6) For the 2026-27 school year, the transition maximum rate is one hundred
29 ten percent of the district's baseline funding per weighted student unit, as
30 established in subsection 2, plus eighty percent of the difference between
31 the rate under paragraph 1 of subdivision b of this subsection and

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

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

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

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

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

18 (a) In addition to deducting tuition revenue received specifically for the
19 operation of an educational program provided at a residential
20 treatment facility, tuition revenue received for the provision of an adult
21 farm management program, tuition received for the education of
22 high-cost and special education students, and tuition received under
23 an agreement to educate students from a school district on an air
24 force base with funding received through federal impact aid as
25 directed each school year in paragraph 3 of subdivision c of
26 subsection 1, the superintendent of public instruction also shall reduce
27 the total tuition reported by the school district by the amount of tuition
28 revenue received for the education of students not residing in the
29 state and for which the state has not entered a cross-border education
30 contract; and

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

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

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

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

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

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

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

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

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

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

- 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 2025-26 school year, eighty-five 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, until the
- 24 2026-27 school year, and each school year thereafter, when all tuition
- 25 received under an agreement to educate students from a school district on
- 26 an air force base with funding received through federal impact aid must be
- 27 excluded from the tuition calculation under this paragraph;
- 28 (4) Revenue from payments in lieu of taxes on the distribution and transmission
- 29 of electric power;
- 30 (5) Revenue from payments in lieu of taxes on electricity generated from
- 31 sources other than coal; and

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

1 for the first school year in which the school district becomes an elementary
2 district and for each year thereafter.

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

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

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

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

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

28 b. For the 2022-23 school year and each school year thereafter, the superintendent
29 shall calculate state aid as the greater of:

30 (1) The district's weighted student units multiplied by ten thousand two hundred
31 thirty-seven dollars;

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

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

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

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

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

- 1 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
2 subdivisions c and d of subsection 1. Before determining the deduction for
3 seventy-five percent of all revenue types, the superintendent of public instruction
4 shall adjust revenues as follows:
- 5 (1) Tuition revenue shall be adjusted as follows:
- 6 (a) In addition to deducting tuition revenue received specifically for the
7 operation of an educational program provided at a residential
8 treatment facility, tuition revenue received for the provision of an adult
9 farm management program, tuition received for the education of
10 high-cost and special education students, and tuition received under
11 an agreement to educate students from a school district on an air
12 force base with funding received through federal impact aid as
13 directed each school year in paragraph 3 of subdivision c of
14 subsection 1, the superintendent of public instruction also shall reduce
15 the total tuition reported by the school district by the amount of tuition
16 revenue received for the education of students not residing in the
17 state and for which the state has not entered a cross-border education
18 contract; and
- 19 (b) The superintendent of public instruction also shall reduce the total
20 tuition reported by admitting school districts meeting the requirements
21 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
22 of tuition revenue received for the education of students residing in an
23 adjacent school district.
- 24 (2) After adjusting tuition revenue as provided in paragraph 1, the
25 superintendent shall reduce all remaining revenues from all revenue types
26 by the percentage of mills levied in 2020 by the school district for sinking
27 and interest relative to the total mills levied in 2020 by the school district for
28 all purposes.
- 29 5. The amount remaining after the computation required under subsection 4 is the
30 amount of state aid to which a school district is entitled, subject to any other statutory
31 requirements or limitations.

- 1 6. On or before June thirtieth of each year, the school board shall certify to the
- 2 superintendent of public instruction the final average daily membership for the current
- 3 school year.
- 4 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
- 5 with the school districts, shall report the following to the superintendent of public
- 6 instruction on an annual basis:
- 7 a. The amount of revenue received by each school district in the county during the
- 8 previous school year for each type of revenue identified in subdivisions c and d of
- 9 subsection 1;
- 10 b. The total number of mills levied in the previous calendar year by each school
- 11 district for all purposes; and
- 12 c. The number of mills levied in the previous calendar year by each school district
- 13 for sinking and interest fund purposes.

14 **SECTION 19. AMENDMENT.** Section 15.1-32-01 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **15.1-32-01. Definitions.**

17 As used in this chapter:

- 18 1. "Major life activities" include learning, walking, talking, breathing, and caring for
19 oneself.
- 20 2. "Related services" means transportation and developmental and corrective or
21 supportive services required to assist a student with disabilities to benefit from special
22 education.
- 23 ~~2-3.~~ "Special education" means instruction designed to meet the needs of a student with
24 disabilities, transportation, and corrective and supporting services required to assist a
25 student with disabilities in taking advantage of, or responding to, educational programs
26 and opportunities.
- 27 ~~3-4.~~ "Student who is gifted" means an individual who is identified by qualified professionals
28 as being capable of high performance and who needs educational programs and
29 services beyond those normally provided in a regular education program.
- 30 4-5. a. "Student with a disability" means an individual who is at least three years of age
31 but who has not reached the age of twenty-one before August first of the year in

1 which the individual turns twenty-one and who requires special education and
2 related services because of:

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

- 14 b. "Student with a disability" includes a student age eighteen through twenty-one
15 who is incarcerated in an adult correctional facility and who, in the last
16 educational placement prior to incarceration, was identified as being a student
17 with a disability and did not have an individualized education program or was
18 identified as being a student with a disability and had an individualized education
19 program.

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

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

26 **15.1-32-14. ~~Special education students – Contracts for placement~~High-cost students.**

- 27 1. If in the opinion of an individualized education program team or a services plan team a
28 student with a disability or a student with a significant medical condition is unable to
29 attend a public school in ~~the special education unit to which~~ the student's school
30 district of residence ~~belongs~~, the student's school district of residence shall

- 1 ~~contract~~release the student at the time deemed necessary to begin attendance with
2 another public school that:
- 3 a. ~~Does not belong to the same special education unit;~~
4 b. Is located in this state;
5 ~~e.b.~~ Is willing to admit the student; and
6 ~~d.c.~~ Is able to provide appropriate services to the student.
- 7 2. ~~The superintendent of public instruction shall approve in advance the terms of the~~
8 ~~contract and the services to be provided by the admitting school.~~
- 9 ~~3.~~ The contract must provide that the student's school district of residence is liable for the
10 cost of educating the student.
- 11 ~~4.3.~~ Upon being notified by the district in which the student receives services that the
12 student's school district of residence has not paid for services that were provided to
13 the student, the superintendent of public instruction, after verification, shall withhold all
14 state aid payments to which the student's school district of residence is entitled, until
15 the required payments have been made.

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

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

- 20 1. Each year the superintendent of public instruction shall identify the approximately one
21 percent of ~~special education~~ students with a disability and students with a significant
22 medical condition statewide who are not eligible for cost reimbursement under section
23 15.1-29-14 and who require the greatest school district expenditures ~~in order to~~
24 provide them with education and services, including special education and related
25 services. This percentage represents the number of students that would qualify for
26 excess cost reimbursement beyond the multiplier that is established in subsection 3.
- 27 2. The excess costs of providing ~~special education and related~~ services to these students
28 are the responsibility of the state and the superintendent of public instruction shall
29 reimburse the school districts for any excess costs incurred in the provision of ~~special~~
30 ~~education and related~~the services to the identified students.

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

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

20 **54-24.3-01. Definitions.**

21 In this chapter, unless the context otherwise requires:

- 22 1. "Academic library" means a library that is part of a college or university that is publicly
23 or privately funded and whose primary role is to provide resources to enrich and
24 support the school's curricula and the research needs of students and faculty.
- 25 2. "Library resource center" means a central service unit, whose location is to be agreed
26 upon by members of the regional library cooperative and which is responsible for
27 extending special services to support members of the regional library cooperative,
28 while meeting all cooperative standards.
- 29 3. "Multitype library authority" means a geographic subdivision within which multitype
30 libraries are organized for the purpose of providing library and information services
31 through cooperation and mutual support.

- 1 4. "Participant library" means any library agreeing to join a regional library cooperative.
- 2 5. "Public library" means a library that is supported with funds derived from taxation and
3 which maintains a balanced collection of materials to serve the lifelong information,
4 reading, and recreational needs of the general population. For purposes of this
5 chapter, "public library" includes tribal libraries.
- 6 6. "Regional library cooperative" means an organization of one or more types of library
7 organized under Article VI of section 54-24.1-01, or a multitype library authority.
- 8 7. "School library media center" means a learning center operated as part of a publicly or
9 privately supported school or school district and whose role is to provide instruction,
10 cooperatively design learning strategies, and provide resources that support and
11 enrich the curriculum, following the North Dakota school library media guidelines.
- 12 8. "Special library" means a public or private sector library whose collection is specialized
13 and limited in scope and size and whose role is to provide information to a limited
14 clientele.

15 **SECTION 23. EFFECTIVE DATE.** Senate Bill No. 2269, as approved by the sixty-eighth
16 legislative assembly, becomes effective July 1, 2023. Sections 3, 4, and 7 of Senate Bill
17 No. 2050, as approved by the sixty-eighth legislative assembly, become effective May 15, 2023.

18 **SECTION 24. EMERGENCY.** Sections 3, 4, and 7 of Senate Bill No. 2050 and Senate Bill
19 No. 2269, as approved by the sixty-eighth legislative assembly, are declared to be an
20 emergency measure.