

Sixty-eighth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2284

SB 2284
3/28/23 AM
HEDU-
Longmuir

Introduced by

Senators Schaible, Elkin

Representatives Heinert, Nathe

1 A BILL for an Act to amend and reenact section 15.1-01-01, subsection 8 of section 15.1-15-02,
2 ~~subsection~~subsections 2 and 6 of section 15.1-19-10, section 15.1-27-03.1, subsection 4 of
3 section 15.1-27-03.2, ~~section~~sections 15.1-27-04.1, 15.1-36-02. and 15.1-36-04. and
4 subsection 5 of section 15.1-36-08 of the North Dakota Century Code, relating to the state
5 board of public school education members, the definition of "probationary teacher", a school
6 district's policy governing possession of a weapon, the definition of "dangerous weapon",
7 modification of weighting factors and transition maximums, loans from the coal development
8 trust fund, evidences of indebtedness, and an increase in per student payments; to provide for a
9 legislative management study; to provide a report; to provide an appropriation; to provide for an
10 exemption; to provide for a transfer; ~~and~~ to provide an effective date; and to declare an
11 emergency.

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

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

15 **15.1-01-01. State board of public school education - Composition.**

16 1. The state board of public school education consists of the superintendent of public
17 instruction and:

18 a. An individual representing ~~Barnes, Cass, Grand Forks, Griggs, Nelson, Steele,~~
19 ~~and Traill Counties~~legislative districts ten, eleven, thirteen, sixteen, twenty-one,
20 forty-one, forty-four, and forty-six;

21 b. An individual representing ~~Benson, Bottineau, Cavalier, McHenry, Pembina,~~
22 ~~Pierce, Ramsey, Renville, Rolette, Towner, and Walsh Counties~~legislative districts
23 nine, fifteen, seventeen, eighteen, nineteen, twenty, forty-two, and forty-three;

- 1 c. An individual representing ~~Dickey, Emmons, LaMoure, Logan, McIntosh,~~
2 ~~Ransom, Richland, and Sargent Counties~~legislative districts twelve, twenty-two,
3 twenty-four, twenty-five, twenty-seven, twenty-eight, twenty-nine, and forty-five;
- 4 d. An individual representing ~~Burleigh, Eddy, Foster, Kidder, McLean, Sheridan,~~
5 ~~Stutsman, and Wells Counties~~legislative districts seven, eight, thirty, thirty-one,
6 thirty-two, thirty-four, thirty-five, and forty-seven;
- 7 e. An individual representing ~~Burke, Divide, McKenzie, Mountrail, Ward, and~~
8 ~~Williams Counties~~legislative districts three, four, five, six, fourteen, thirty-three,
9 thirty-eight, and forty; and
- 10 f. An individual representing ~~Adams, Billings, Bowman, Dunn, Golden Valley, Grant,~~
11 ~~Hettinger, Mercer, Morton, Oliver, Sioux, Slope, and Stark Counties~~legislative
12 districts one, two, twenty-three, twenty-six, thirty-six, thirty-seven, and thirty-nine.
- 13 2. All board members other than the superintendent of public instruction must be
14 qualified electors and must reside in one of the ~~counties~~districts they represent.
- 15 3. The governor shall appoint new board members from a list of three names submitted
16 by a committee consisting of the president of North Dakota ~~united~~ or the president's
17 designee, the president of the North Dakota council of educational leaders or the
18 president's designee, and the president of the North Dakota school boards association
19 or the president's designee. Two of the state board members must be members of the
20 North Dakota school boards association. Two of the state board members must be
21 employed by a North Dakota school district and be active members of the North
22 Dakota association of school administrators.
- 23 4. Appointees serve for six-year terms, staggered so that the terms of two members
24 expire on June thirtieth of each even-numbered year.
- 25 5. If a vacancy occurs, the governor shall appoint an individual to serve for the duration
26 of the unexpired term.
- 27 6. Each member of the board is entitled to receive, from the biennial appropriation for the
28 superintendent of public instruction, compensation in the amount of sixty-two dollars
29 and fifty cents per day and reimbursement for expenses, as provided by law for state
30 officers, if the member is attending board meetings or performing duties directed by
31 the board. The compensation provided for in this section may not be paid to any

1 member who receives a salary or other compensation as an employee or official of
2 this state if the individual is serving on the board by virtue of the individual's state
3 office or state employment.

4 7. The superintendent of public instruction shall serve as the executive director and
5 secretary of the board. The superintendent shall call meetings as necessary, carry out
6 the policies of the board, and employ personnel necessary to perform the board's
7 duties.

8 8. The board shall annually elect one member to serve as the chairman.

9 **SECTION 2. AMENDMENT.** Subsection 8 of section 15.1-15-02 of the North Dakota
10 Century Code is amended and reenacted as follows:

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

13 **SECTION 3. AMENDMENT.** Subsection 2 of section 15.1-19-10 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 2. The policy must ~~prohibit~~.

16 a. Prohibit the possession of a dangerous weapon or a firearm by a student on
17 school property and at school functions and provide for the punishment of any
18 student found to be in violation. ~~Punishment must include immediate suspension~~
19 ~~from school and expulsion. A~~

20 b. Require a student who possesses a firearm in violation of this section ~~must~~ to be
21 expelled for at least one year. ~~The school district firearms policy must authorize~~

22 c. Authorize the school district superintendent or the school principal, if the school
23 district does not have a superintendent, to modify an expulsion for firearms
24 possession under this section on a case-by-case basis in accordance with criteria
25 established by the board. Before expelling a student, a school board or its
26 designated hearing officer, within ten days of the student's suspension, shall
27 provide the student with a hearing at which time the school board or its
28 designated hearing officer shall take testimony and consider evidence, including
29 the existence of mitigating circumstances. If a designated hearing officer orders
30 that a student be expelled, the student may seek a review of the decision by the
31 school board, based on the record of the expulsion hearing.

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

SECTION 4. AMENDMENT. Subsection 6 of section 15.1-19-10 of the North Dakota Century Code is amended and reenacted as follows:

6. For purposes of this section:

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

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

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

~~c. "Weapon" includes any switchblade or gravity knife, machete, scimitar, stiletto, sword, dagger, or knife with a blade of five inches [12.7 centimeters] or more; any throwing star, nunchaku, or other martial arts weapon; any billy, blackjack, sap, bludgeon, cudgel, metal knuckles, or sand club; any slungshot; any bow and arrow, crossbow, or spear; any weapon that will expel, or is readily capable of expelling, a projectile by the action of a spring, compressed air, or compressed gas, including any such weapon, loaded or unloaded, commonly referred to as a BB gun, air rifle, or CO2 gun; and any projector of a bomb or any object containing or capable of producing and emitting any noxious liquid, gas, or substance. The term does not include a spray or aerosol containing CS, also known as ortho-chlorobenzamalonitrile; CN, also known as alpha-chloroacetophenone; or other irritating agent intended for use in the defense of an individual, nor does the term include a device that uses voltage for the defense of an individual, unless the device uses a projectile and voltage or the device uses a projectile and may be used to apply multiple applications of voltage during a single incident, then the term includes the device for an individual who is prohibited from possessing a firearm under this title.~~

SECTION 5. AMENDMENT. Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

1 **15.1-27-03.1. Weighted average daily membership - Determination.**

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

3 a. 1.00 the number of full-time equivalent students enrolled in an extended

4 educational program in accordance with section 15.1-32-17;

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

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

8 (1) On a test of English language proficiency approved by the superintendent of
9 public instruction are determined to be least proficient and placed in the first
10 of six categories of proficiency; and

11 (2) Are enrolled in a program of instruction for English language learners;

12 d. 0.28 the number of full-time equivalent students who:

13 (1) On a test of English language proficiency approved by the superintendent of
14 public instruction are determined to be more proficient than students placed
15 in the first of six categories of proficiency and therefore placed in the second
16 of six categories of proficiency; and

17 (2) Are enrolled in a program of instruction for English language learners;

18 e. 0.25 the number of full-time equivalent students under the age of twenty-one
19 enrolled in grades nine through twelve in an alternative high school;

20 f. 0.20 the number of full-time equivalent students enrolled in a home-based
21 education program and monitored by the school district under chapter 15.1-23;

22 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
23 special education program;

24 h. 0.15 the number of full-time equivalent students in grades six through eight
25 enrolled in an alternative education program for at least an average of fifteen
26 hours per week;

27 i. 0.10 the number of students enrolled in average daily membership, if the district
28 has fewer than one hundred students enrolled in average daily membership and
29 the district consists of an area greater than two hundred seventy-five square
30 miles [19424.9 hectares], provided that any school district consisting of an area
31 greater than six hundred square miles [155399 hectares] and enrolling fewer than

- 1 fifty students in average daily membership must be deemed to have an
2 enrollment equal to fifty students in average daily membership;
- 3 j. 0.082 the number of students enrolled in average daily membership, in order to
4 support the provision of special education services;
- 5 k. 0.07 the number of full-time equivalent students who:
- 6 (1) On a test of English language proficiency approved by the superintendent of
7 public instruction are determined to be more proficient than students placed
8 in the second of six categories of proficiency and therefore placed in the
9 third of six categories of proficiency;
- 10 (2) Are enrolled in a program of instruction for English language learners; and
- 11 (3) Have not been in the third of six categories of proficiency for more than
12 three years;
- 13 l. 0.025 the number of students representing that percentage of the total number of
14 students in average daily membership which is equivalent to the three-year
15 average percentage of students in grades three through eight who are eligible for
16 free or reduced lunches under the Richard B. Russell National School Lunch Act
17 [42 U.S.C. 1751 et seq.];
- 18 m. 0.002 the number of students enrolled in average daily membership in a school
19 district that is a participating member of a regional education association meeting
20 the requirements of chapter 15.1-09.1;
- 21 n. ~~0.60~~1.0 the number of students by which the district's September tenth
22 enrollment report exceeds the number of students in the prior year's average
23 daily membership ~~increasing the factor annually by 0.10, not to exceed 1.00~~; and
- 24 o. For districts paid based on September tenth enrollment in the prior year, ~~0.50~~0.70
25 the number of students determined by deducting the number of students in the
26 prior year's September tenth enrollment from the prior year's average daily
27 membership, increasing the factor annually by 0.10, not to exceed 1.00. If the
28 prior year's September tenth enrollment exceeds the prior year's average daily
29 membership, then a deduction of 0.50 the number of excess students, increasing
30 the factor annually by 0.10, not to exceed 1.00.

- 1 2. The superintendent of public instruction shall determine each school district's weighted
2 average daily membership by adding the products derived under subsection 1 to the
3 district's average daily membership.

4 **SECTION 6. AMENDMENT.** Subdivision o of subsection 1 of section 15.1-27-03.1 of the
5 North Dakota Century Code is amended and reenacted as follows:

- 6 o. For districts paid based on September tenth enrollment in the prior year, ~~0.70~~1.00
7 the number of students determined by deducting the number of students in the
8 prior year's September tenth enrollment from the prior year's average daily
9 membership, ~~increasing the factor annually by 0.10, not to exceed 1.00.~~ If the
10 prior year's September tenth enrollment exceeds the prior year's average daily
11 membership, then a deduction of ~~0.50~~1.00 the number of excess students,
12 ~~increasing the factor annually by 0.10, not to exceed 1.00.~~

13 **SECTION 7. AMENDMENT.** Subsection 4 of section 15.1-27-03.2 of the North Dakota
14 Century Code is amended and reenacted as follows:

- 15 4. The school district size weighting factor determined under this section and multiplied
16 by a school district's weighted average daily membership equals the district's weighted
17 student units. ~~For the 2022-23 school year, for school districts that operate multiple-~~
18 ~~kindergarten through grade twelve buildings at least nineteen miles [30.58 kilometers]~~
19 ~~apart, or multiple buildings at least nineteen miles [30.58 kilometers] apart with no~~
20 ~~replicated grades, the superintendent of public instruction shall determine the school-~~
21 ~~size weighting factor for each building separately. The superintendent of public-~~
22 ~~instruction shall multiply the school size weighting factor for each building by the~~
23 ~~school district's weighted average daily membership to determine each building's-~~
24 ~~weighted student units. The superintendent of public instruction shall combine the~~
25 ~~weighted student units of all buildings in the school district to determine the school-~~
26 ~~district's weighted student units.~~

27 **SECTION 8. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
28 amended and reenacted as follows:

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

1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:
 - a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;
 - b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;
 - c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:
 - (1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2021-22 school year, seventeen percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid, and an additional seventeen percent of tuition received under an agreement to educate students from a school district on an air force base with funding 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~~2023-24 school year, the superintendent shall calculate state aid
24 as the greater of:
- 25 (1) The district's weighted student units multiplied by ten thousand ~~one hundred~~
26 ~~thirty-six~~five hundred forty-four 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~~five hundred forty-four 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~~2024-25 school year and each school year thereafter, the
7 superintendent 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~~eight hundred sixty 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~~eight hundred sixty 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 e. ~~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~~

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

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

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

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

(1) Tuition revenue shall be adjusted as follows:

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

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

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

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

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

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

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

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

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

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

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

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

30 a. All state aid received by the district in accordance with chapter 15.1-27 during the
31 2018-19 school year;

- 1 b. An amount equal to the property tax deducted by the superintendent of public
2 instruction to determine the 2018-19 state aid payment;
- 3 c. An amount equal to seventy-five percent of the revenue received by the school
4 district during the 2017-18 school year for the following revenue types:
 - 5 (1) Revenue reported under code 2000 of the North Dakota school district
6 financial accounting and reporting manual, as developed by the
7 superintendent of public instruction in accordance with section 15.1-02-08;
 - 8 (2) Mineral revenue received by the school district through direct allocation from
9 the state treasurer and not reported under code 2000 of the North Dakota
10 school district financial accounting and reporting manual, as developed by
11 the superintendent of public instruction in accordance with section
12 15.1-02-08;
 - 13 (3) Tuition reported under code 1300 of the North Dakota school district
14 financial accounting and reporting manual, as developed by the
15 superintendent of public instruction in accordance with section 15.1-02-08,
16 with the exception of revenue received specifically for the operation of an
17 educational program provided at a residential treatment facility, tuition
18 received for the provision of an adult farm management program, and
19 beginning in the 2025-26 school year, eighty-five percent of tuition received
20 under an agreement to educate students from a school district on an
21 air force base with funding received through federal impact aid, until the
22 2026-27 school year, and each school year thereafter, when all tuition
23 received under an agreement to educate students from a school district on
24 an air force base with funding received through federal impact aid must be
25 excluded from the tuition calculation under this paragraph;
 - 26 (4) Revenue from payments in lieu of taxes on the distribution and transmission
27 of electric power;
 - 28 (5) Revenue from payments in lieu of taxes on electricity generated from
29 sources other than coal; and
 - 30 (6) Revenue from the leasing of land acquired by the United States for which
31 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and

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

- 1 c. Beginning with the 2021-22 school year and for each school year thereafter, the
2 superintendent shall reduce the district's baseline funding per weighted student
3 unit. Each year the superintendent shall calculate the amount by which the
4 district's baseline funding per weighted student unit exceeds the payment per
5 weighted student unit provided in subsection 3. The superintendent shall reduce
6 the district's baseline funding per weighted student unit by fifteen percent of the
7 amount by which the district's baseline funding per weighted student unit exceeds
8 the payment per weighted student unit for the 2021-22 school year. For each
9 year thereafter, the reduction percentage is increased by an additional fifteen
10 percent. However, the district's baseline funding per weighted student unit, after
11 the reduction, may not be less than the payment per weighted student unit
12 provided in subsection 3.
- 13 3. a. For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid
14 as the greater of:
- 15 (1) The district's weighted student units multiplied by ten thousand ~~one hundred~~
16 ~~thirty-six~~five hundred forty-four dollars;
- 17 (2) One hundred two percent of the district's baseline funding per weighted
18 student unit, as established in subsection 2, multiplied by the district's
19 weighted student units, not to exceed the district's 2017-18 baseline
20 weighted student units, plus any weighted student units in excess of the
21 2017-18 baseline weighted student units multiplied by ten thousand
22 ~~one hundred thirty-six~~five hundred forty-four dollars; or
- 23 (3) The district's baseline funding as established in subsection 1 less the
24 amount in paragraph 1, with the difference reduced by fifteen percent and
25 then the difference added to the amount determined in paragraph 1.
- 26 b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the
27 superintendent shall calculate state aid as the greater of:
- 28 (1) The district's weighted student units multiplied by ten thousand ~~two hundred~~
29 ~~thirty-seven~~eight hundred sixty dollars;
- 30 (2) One hundred two percent of the district's baseline funding per weighted
31 student unit, as established in subsection 2, multiplied by the district's

1 weighted student units, not to exceed the district's 2017-18 baseline
2 weighted student units, plus any weighted student units in excess of the
3 2017-18 baseline weighted student units multiplied by ten thousand
4 ~~two hundred thirty seven~~eight hundred sixty dollars; or

5 (3) The district's baseline funding as established in subsection 1 less the
6 amount in paragraph 1, with the difference reduced by thirty percent for the
7 2022-23 school year and the reduction percentage increasing by fifteen
8 percent each school year thereafter until the difference is reduced to zero,
9 and then the difference added to the amount determined in paragraph 1.

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

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

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

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

29 (4) ~~For the 2024-25 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 forty percent of the difference between the~~

- 1 rate under paragraph 1 of subdivision b of this subsection and one hundred
2 ten percent of the district's baseline funding per weighted student unit. The
3 transition maximum is determined by multiplying the transition maximum
4 rate, which may not exceed the rate under paragraph 1 of subdivision b of
5 this subsection, by the district's weighted student units from the previous
6 school year.
- 7 (5) For the 2025-26 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 sixty 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 (6) For the 2026-27 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 eighty percent of the difference between
19 the rate under paragraph 1 of subdivision b of this subsection and
20 one hundred ten percent of the district's baseline funding per weighted
21 student unit. The transition maximum is determined by multiplying the
22 transition maximum rate, which may not exceed the rate under paragraph 1
23 of subdivision b of this subsection, by the district's weighted student units
24 from the previous school year.
- 25 4. After determining the product in accordance with subsection 3, the superintendent of
26 public instruction shall:
- 27 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
28 school district; and
- 29 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
30 subdivisions c and d of subsection 1. Before determining the deduction for

1 seventy-five percent of all revenue types, the superintendent of public instruction
2 shall adjust revenues as follows:

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

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

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

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

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

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

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

11 **SECTION 9. AMENDMENT.** Section 15.1-36-02 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **15.1-36-02. Coal development trust fund - Board of university and school lands -**
14 **School construction projects - Unanticipated construction projects and emergency**
15 **repairs - Loans.**

- 16 1. Up to sixty million dollars from the coal development trust fund is available to the
17 board of university and school lands for loans under this section.
- 18 2. To be eligible for a loan under this section, the school district must demonstrate a need
19 based on an unanticipated construction project, an unanticipated replacement project,
20 or an emergency repair or situation, and the board of a school district shall:
- 21 a. Obtain the approval of the superintendent of public instruction for the construction
22 project under section 15.1-36-01; and
- 23 b. Submit to the superintendent of public instruction an application containing all
24 information deemed necessary by the superintendent, including potential
25 alternative sources or methods of financing the construction project.
- 26 3. The superintendent of public instruction shall consider each loan application in the
27 order ~~it~~the application received approval under section 15.1-36-01.
- 28 4. If the superintendent of public instruction approves the loan, the board of university
29 and school lands shall issue a loan from the coal development trust fund.
- 30 a. For a loan made under this section:

- a. (1) The minimum loan amount is two hundred fifty thousand dollars and the maximum loan amount for which a school district may qualify is ~~two~~five million dollars;
- b. (2) The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and
- c. (3) The interest rate of the loan may not exceed two percent per year.
- b. For a loan made under this section which includes additional expenses due to unanticipated construction inflation:
- (1) The unanticipated construction inflation must have occurred for a construction project bid after January 1, 2021, and before June 30, 2024.
- (2) The maximum loan amount for which a school district may qualify is five million dollars.
- (3) The interest rate on the loan may not exceed two percent per year.
- (4) The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and
- (5) The school district may pledge revenues derived from its general fund levy authority or other sources of revenue authorized by law.
5. a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating ~~that~~ the loan originated under this section.
- b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.
- c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require ~~that~~ the state treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of

the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.

d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.

6. For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

SECTION 10. AMENDMENT. Section 15.1-36-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-36-04. Evidences of indebtedness.

The board of a school district may issue and sell evidences of indebtedness under ~~chapter~~ chapters 21-02 and 21-03 to finance the construction or improvement of a project approved under this chapter. The principal amount of the loan and the evidences of indebtedness to repay the loan may not exceed the loan amount for which the district is eligible under ~~this~~ chapter 21-03. Evidences of indebtedness issued under this chapter constitute a general obligation of the school district.

SECTION 11. AMENDMENT. Subsection 5 of section 15.1-36-08 of the North Dakota Century Code is amended and reenacted as follows:

5. If the superintendent of public instruction approves the loan, the Bank of North Dakota shall issue a loan from the school construction assistance revolving loan fund. For a loan made under this section:

- a. ~~The~~ If the school construction project totals less than seventy-five million dollars,
the maximum loan amount for which a school district may qualify is ten million
dollars. However, if a school district's unobligated general fund balance on the
preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the
loan amount under this section may not exceed eighty percent of the project's
cost up to a maximum loan amount of eight million dollars;
- b. If the school construction project totals seventy-five million dollars or more, the
maximum loan amount for which a school district may qualify is fifty million
dollars. However, if a school district's unobligated general fund balance on the

preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the loan amount under this section may not exceed eighty percent of the project's cost up to a maximum loan amount of forty million dollars:

c. The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and

e.d. The interest rate of the loan may not exceed two percent per year.

e. A district with a school construction loan secured on the open bond market may apply to refinance the loan when callable with the school construction assistance revolving loan fund under this subsection.

f. A district that qualifies for a loan under subdivision b, which was approved for a loan of up to ten million dollars for a construction project bid after January 1, 2021, and before June 30, 2024, may apply for a loan in an amount equal to the difference between fifty million dollars and the amount of the approved loan.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SCHOOL TRANSPORTATION

SERVICES FUNDING. During the ~~2023-25~~2023-24 interim, the legislative management shall study school transportation services funding. The study must include a review of the formula for funding school transportation services and an assessment of whether a factor-based model would fund school transportation more appropriately. The study also must include a research partnership with the university of North Dakota at a cost not to exceed \$5,000. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 13. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF PUBLIC INSTRUCTION - SCIENCE OF READING - REPORT. There is appropriated out of any moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of supporting professional learning related to the science of reading and implementing systematic direct literacy instruction, for the biennium beginning July 1, 2023, and ending June 30, 2025. The superintendent of public instruction shall collaborate with the regional education associations to ensure continuity of access to science of reading training opportunities and develop support processes to deepen science of reading implementation. The superintendent of public instruction shall provide quarterly reports to the legislative

1 management on the implementation and effectiveness of this appropriation on improving
2 educational outcomes, including the number of teachers trained, an anticipated timeline of
3 results trends, and any results trends available.

4 **SECTION 14. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND.**

5 Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies
6 with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in
7 the integrated formula payments line item in subdivision 1 of section 1 of chapter 13 of the 2021
8 Session Laws, the lesser of \$1,000,000 or the remaining amount must be continued into the
9 2023-25 biennium and the office of management and budget shall transfer this amount into the
10 public instruction fund for the purpose of funding professional learning related to the science of
11 reading and implementing systematic direct literacy instruction as appropriated in section ~~40~~12
12 of this Act.

13 **SECTION 15. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL**

14 **CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND.** The office of management and
15 budget shall transfer the sum of \$75,000,000 from the foundation aid stabilization fund to the
16 school construction assistance revolving loan fund during the biennium beginning July 1, 2023,
17 and ending June 30, 2025.

18 **SECTION 16. EFFECTIVE DATE.** Section ~~5~~6 of this Act becomes effective on July 1, 2024.

19 **SECTION 17. EXPIRATION DATE.** Section 9 of this Act is effective through June 30, 2025,
20 and after that date is ineffective.

21 **SECTION 18. EMERGENCY.** This Act is declared to be an emergency measure.