Sixty-eighth Legislative Assembly of North Dakota

SENATE BILL NO. 2013 (Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the department of public instruction, the state library, the school for the deaf, and the North Dakota vision services - school for the blind; to amend and reenact section 15.1-02-02 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction; to provide for a transfer; to amend and reenact sections 15.1-27-03.1 and 15.1-27-04.1 of the North Dakota Century Code.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

Subdivision 1.

Full-Time Equivalent Positions

26.75

0.00

26.75

Grant Total Special Funds

Grand Total All Funds

SCHOOL FOR THE DEAF

	OCHOOL FOR THE DE	-/~\I	
		Adjustments or	
	Base Level	Enhancements	Appropriation
Salaries and Wages	\$8,332,820	\$933,617	\$ 9,266,437
Operating Expenses	1,727,086	98,671	1,825,757
Capital Assets	137,178	865,000	1,002,178
Total All Funds	\$10,197,084	\$1,897,288	\$12,094,372
Less Estimated Income	2,790,528	890,022	_3,680,550
Total General Fund	\$7,406,556	\$1,007,266	\$ 8,413,822
Full-Time Equivalent Positions	44.61	0.75	45.36
Subdivision 4. NORTH DAKOTA	VISION SERVICES – SC	HOOL FOR THE BLIND	
		Adjustments or	
	Base Level	Enhancements	Appropriation
Salaries and Wages	\$4,992,194	\$486,306	\$5,478,500
Operating Expenses	792,671	103,015	895,686
Capital Assets	39,192	439,000	478,192
Total All Funds	\$5,824,057	\$1,028,231	\$6,852,378
Less Estimated Income	918,315	750,161	1,668,476
Total General Fund	\$4,905,742	\$278,160	\$5,183,902
Full-Time Equivalent Positions	27.75	0.00	27.75
Subdivision 5.			
Subdivision 5.	BILL TOTAL		
	BILL TOTAL	Adjustments or	
	Base Level	Enhancements	Appropriation
Grand Total General Fund	\$1,676,340,892	(\$74,350,817)	\$1,601,990,075
Grand Total General Lund	\$1,070,0 4 0,092	(\$14,550,017)	Ψ1,001,980,075

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

944,306,530

\$2,620,647,422

285,816,145

\$ 211,465,328

1,230,122,675

\$2,832,112,750

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DEPARTMENT OF PUBLIC INSTRUCTION							
One-Time Funding Description	2021-23	2023-25					
STARS Maintenance	\$200,000	\$ 0					
Gateway To Science Grant	13,500,000	0					
Regional Education Association Grants	250,000	0					
Be Legendary School Board Training	0	3,000,000					
Cyber Security Credential Incentive	0	2,000,000					
Grow Your Own Teacher Program	0	4,000,000					
Total Department of Public Instruction - All Fund	\$13,950,000	\$9,000,000					
Total Department of Public Instruction - Special Funds	13,750,000	9,000,000					
Total Department of Public Instruction - General Fund	\$ 200,000	\$ 0					
STATE LIBRARY							
One-Time Funding Description	2021-23	2023-25					
Funding For Maintenance Of Effort	\$0	\$228,635					
Retirement Leave Payout	0	40,000					
IT Equipment	0	43,000					
Office Renovation	<u>0</u>	150,000					
Total School For The Deaf - Special Funds	<u>0</u> \$0	\$461,635					

SCHOOL FOR THE DEAF

One-Time Funding Description	2021-23	2023-25
Boiler Replacement	\$650,000	\$650,000
Operating Expenses	21,500	0
Replace Campus Server	7,500	0
Inflationary Increase	0	120,171
Replace Pneumatic Controls And Fire Alarm	0	150,000
Equipment	40,000	43,000
Total School for The Deaf – All Funds	\$719,000	\$963,671
Total School for The Deaf - Special Funds	719,000	\$873,586
Total School for The Deaf - General Fund	\$ 0	\$90,085

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

One-Time Funding Description	2021-23	2023-25
Miscellaneous Repairs	\$414,500	\$439,000
Equipment	0	26,000
Total School for the Blind Special Funds	\$ 414,500	\$ 465,000
Grand Total - All Funds	\$15,083,500	\$10,890,306
Grand Total - Estimated Income	\$14,883,500	\$10,338,586
Grand Total - General Fund	\$ 200,000	\$ 551,720

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

SECTION 3. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary.

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

SECTION 4. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$513,832,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is from the state tuition fund in the state treasury. Any additional amount in the state tuition fund that becomes available for distribution to public schools is appropriated to the department of public instruction for that purpose for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING - DISTRIBUTION.

- 1. The sum of \$800,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the superintendent of public instruction. The superintendent of public instruction shall encourage cooperative efforts for gifted and talented programs among school districts and special education units.
- 2. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the superintendent of public instruction to the department of human services on behalf of the school district or unit.

SECTION 6. INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account.

SECTION 7. STATE AID TO PUBLIC LIBRARIES. The line item entitled grants in subdivision 2 of section 1 of this Act includes \$1,737,582 for aid to public libraries, of which no more than one-half is to be expended during the fiscal year ending June 30, 2024.

SECTION 8. GRANTS – OTHER GRANTS. The line item entitled grants-other grants in subdivision 1 of section 1 of this Act contains pass-through grants, of which no more than one-half of the funding is to be expended during the fiscal year ending June 30, 2024.

SECTION 9. TRANSFER. The office of management and budget shall transfer, on a quarterly basis, a total of \$283,755,019 from the foundation aid stabilization fund to the operating fund of the department of public instruction for the purpose of covering expenses in the integrated formula payment line in subdivision 1 of section 1 of this Act, for the period beginning with the effective date of this Act and ending June 30, 2025.

SECTION 10. TRANSFER – FOUNDATION AID STABILIZATION FUND – ONE-TIME FUNDING. The office of management and budget shall transfer \$9,000,000 from the foundation aid stabilization fund to the department of public instruction, of which, \$3,000,000 is for school board training, \$2,000,000 is for a cyber security credential incentive and \$4,000,000 is for the grow your own teacher program, for the biennium beginning July 1, 2023, and ending June 30, 2025.

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

- During the 2023-25 biennium, the board of each school district shall use an amount equal to at least seventy percent of all new money received by the district, resulting from increases in the base integrated formula payment rate, to increase the compensation paid to nonadministrative personnel.
- 2. For purposes of this section, the superintendent of public instruction shall provide guidance to school districts regarding the calculation of the amount of new money resulting from increases in the base integrated formula payment rate during the 2023-25 biennium.

SECTION 12. EXEMPTION – TRANSFER – PUBLIC INSTRUCTION FUND. Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in the integrated formula payments line item in subdivision 1 of section 1 of chapter 38 of the 2021 Session Laws, the lesser of \$10,387,064 or the remaining amount must be continued into the 2023-25 biennium and the office of management and budget shall transfer this amount into the public instruction fund for the purpose of providing program and passthrough grants as appropriated in subdivision 1 of section 1 of this Act.

SECTION 13. EXEMPTION – GENERAL EDUCATOINAL DEVELOPMENT FEES AND DISPLACED HOMEMAKER DEPOSITS. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account. In addition, any moneys collected by the department of public instruction for general educational development fees and displaced homemakers deposits must be deposited in the public instruction fund in the state treasury. Any funds deposited in the public instruction fund may only be spent subject to appropriation by the legislative assembly.

SECTION 14. EXEMPTION – ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUNDS. The amount appropriated to the department of public instruction from federal funds in section 2 subdivision 2 of chapter 28 of the 2021 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the department of public instruction during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. AMENDMENT. Subsection 1 of Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

- 1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;

- c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.82 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
- n. 0.50 1.00 the number of students by which the district's September tenth enrollment report exceeds changes from the number of students in the prior year's average daily membership.
- o. For districts paid based on September tenth enrollment in the prior year, 0.70 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership.

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

Weighted average daily membership - Determination. (Effective after June 30, 2021 2023)

- 1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
 - j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and

- (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1;
- n. 0.60 1.00 the number of students by which the district's September tenth enrollment report exceeds changes from the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
- o. For districts paid based on September tenth enrollment in the prior year, 0.50 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership., increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
- 2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

SECTION 16. AMENDMENT. Subsection 3 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- 3. a. For the 2021-22 2023-24 school year, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ten thousand-one-hundred thirty-six dollars six hundred forty-six dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-six six hundred forty-six dollars; or
 - (3) The district's baseline funding as established in subsection 1.(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifteen forty-five percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.
 - b. For the 2022 232024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ten thousand two hundred thirty-seven nine hundred sixty-five dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand two hundred thirty seven nine hundred sixty-five dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifteen sixty percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.

- c. The superintendent also shall adjust state aid determined in this subsection to ensure the amount does not exceed the transition maximum as follows:
 - (1) For the 2021-22 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.
 - (2) For the 2022-23 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.
 - (3) For the 2023-24 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus twenty percent of the difference between 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) For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between 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.
 - (5) For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between 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.
 - (6) For the 2026-27 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus eighty percent of the difference between 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.

SECTION 17. AMENDMENT. Subsection 4 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- 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 of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.
- (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in $\frac{2020}{2022}$ by the school district for sinking and interest relative to the total mills levied in $\frac{2020}{2022}$ by the school district for all purposes.

