

SENATE BILL NO. 2265

Introduced by

Senators Schaible, Davison, Rust

Representatives Owens, Schreiber-Beck

1 A BILL for an Act to amend and reenact ~~section~~sections 15.1-27-03.1 and 15.1-27-04.1 of the
2 North Dakota Century Code, relating to the determination of weighted average daily
3 membership and state aid payable to school districts; to provide for a legislative management
4 study; ~~and~~ to provide an appropriation; and to provide an effective date.

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

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

8 **15.1-27-03.1. Weighted average daily membership - Determination.**

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

10 a. 1.00 the number of full-time equivalent students enrolled in an extended
11 educational program in accordance with section 15.1-32-17;

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

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

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

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

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

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

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

- 1 e. 0.25 the number of full-time equivalent students under the age of twenty-one
2 enrolled in grades nine through twelve in an alternative high school;
- 3 f. 0.20 the number of full-time equivalent students enrolled in a home-based
4 education program and monitored by the school district under chapter 15.1-23;
- 5 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
6 special education program;
- 7 h. 0.15 the number of full-time equivalent students in grades six through eight
8 enrolled in an alternative education program for at least an average of fifteen
9 hours per week;
- 10 i. 0.10 the number of students enrolled in average daily membership, if the district
11 has fewer than one hundred students enrolled in average daily membership and
12 the district consists of an area greater than two hundred seventy-five square
13 miles [19424.9 hectares], provided that any school district consisting of an area
14 greater than six hundred square miles [155399 hectares] and enrolling fewer than
15 fifty students in average daily membership must be deemed to have an
16 enrollment equal to fifty students in average daily membership;
- 17 j. 0.082 the number of students enrolled in average daily membership, in order to
18 support the provision of special education services;
- 19 k. 0.07 the number of full-time equivalent students who:
- 20 (1) On a test of English language proficiency approved by the superintendent of
21 public instruction are determined to be more proficient than students placed
22 in the second of six categories of proficiency and therefore placed in the
23 third of six categories of proficiency;
- 24 (2) Are enrolled in a program of instruction for English language learners; and
- 25 (3) Have not been in the third of six categories of proficiency for more than
26 three years;
- 27 l. 0.025 the number of students representing that percentage of the total number of
28 students in average daily membership which is equivalent to the three-year
29 average percentage of students in grades three through eight who are eligible for
30 free or reduced lunches under the Richard B. Russell National School Lunch Act
31 [42 U.S.C. 1751 et seq.]; ~~and~~

1 m. 0.002 the number of students enrolled in average daily membership in a school
2 district that is a participating member of a regional education association meeting
3 the requirements of chapter 15.1-09.1;

4 n. 1.00 the number of students by which the district's September tenth enrollment
5 report exceeds the number of students in the prior year's average daily
6 membership; and

7 o. For districts paid based on September tenth enrollment in the prior year, 1.00 the
8 number of students determined by deducting the number of students in the prior
9 year's September tenth enrollment from the prior year's average daily
10 membership. If the prior year's September tenth enrollment exceeds the prior
11 year's average daily membership, then a deduction of 1.00 the number of excess
12 students.

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

16 **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

- 19 1. To determine the amount of state aid payable to each district, the superintendent of
20 public instruction shall establish each district's baseline funding. A district's baseline
21 funding consists of:
- 22 a. All state aid received by the district in accordance with chapter 15.1-27 during the
23 2012-13 school year;
 - 24 b. The district's 2012-13 mill levy reduction grant, as determined in accordance with
25 chapter 57-64, as it existed on June 30, 2013;
 - 26 c. An amount equal to that raised by the district's 2012 general fund levy or that
27 raised by one hundred ten mills of the district's 2012 general fund levy, whichever
28 is less;
 - 29 d. An amount equal to that raised by the district's 2012 long-distance learning and
30 educational technology levy;

- 1 e. An amount equal to that raised by the district's 2012 alternative education
2 program levy; and
- 3 f. An amount equal to seventy-five percent of the revenue received by the school
4 district during the 2012-13 school year for the following revenue types:
- 5 (1) ~~Seventy-five percent of all revenue received by the school district~~
6 ~~and~~ Revenue reported under code 2000 of the North Dakota school district
7 financial accounting and reporting manual, as developed by the
8 superintendent of public instruction in accordance with section 15.1-02-08;
- 9 (2) ~~Seventy-five percent of all mineral~~ Mineral revenue received by the school
10 district through direct allocation from the state treasurer and not reported
11 under code 2000 of the North Dakota school district financial accounting
12 and reporting manual, as developed by the superintendent of public
13 instruction in accordance with section 15.1-02-08;
- 14 (3) ~~Seventy-five percent of all tuition received by the school district and~~ Tuition
15 reported under code 1300 of the North Dakota school district financial
16 accounting and reporting manual, as developed by the superintendent of
17 public instruction in accordance with section 15.1-02-08, with the exception
18 of revenue received specifically for the operation of an educational program
19 provided at a residential treatment facility and tuition received for the
20 provision of an adult farm management program;
- 21 (4) ~~Seventy-five percent of all revenue received by the school district~~ Revenue
22 from payments in lieu of taxes on the distribution and transmission of
23 electric power;
- 24 (5) ~~Seventy-five percent of all revenue received by the school district~~ Revenue
25 from payments in lieu of taxes on electricity generated from sources other
26 than coal;
- 27 (6) ~~All revenue received by the school district from mobile home taxes;~~
- 28 (7) ~~Seventy-five percent of all revenue received by the school district~~ Revenue
29 from the leasing of land acquired by the United States for which
30 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 31 (8) ~~All telecommunications~~ and

- 1 g. An amount equal to the total revenue received by the school district during the
2 2012-13 school year for the following revenue types:
- 3 (1) Mobile home tax revenue;
4 (2) Telecommunications tax revenue received by the school district; and
5 (9)(3) All revenue received by the school districtRevenue from payments in lieu of
6 taxes and state reimbursement of the homestead credit and disabled
7 veterans credit.
- 8 2. The superintendent shall divide the district's total baseline funding by the district's
9 2012-13 weighted student units to determine the district's baseline funding per
10 weighted student unit.
- 11 3. a. In ~~2017-18~~2019-20, the superintendent shall multiply the district's weighted
12 student units by nine thousand ~~six~~eight hundred ~~forty-six~~thirty-nine dollars.
- 13 ~~(1)~~ The superintendent shall adjust the product to ensure the product is at least
14 equal to the greater of:
- 15 ~~(a)~~(1) One hundred eight percent of the district's baseline funding per weighted
16 student unit, as established in subsection 2, multiplied by the district's
17 weighted student units from the previous school year; or
- 18 ~~(b)~~(2) ~~One hundred percent of the~~The district's baseline funding as established in
19 subsection 1.
- 20 ~~(2)~~ ~~The superintendent also shall adjust the product to ensure the product does~~
21 ~~not exceed one hundred forty~~forty-five percent of the district's baseline
22 ~~funding per weighted student unit multiplied by the district's weighted~~
23 ~~student units from the previous school year, as established in subsection 2.~~
- 24 b. In ~~2018-19~~2020-21 and each school year thereafter, the superintendent shall
25 ~~multiply the~~calculate state aid as the greater of:
- 26 ~~(1)~~ The district's weighted student units multiplied by ~~nineteen~~ thousand six
27 hundred ~~forty-six~~thirty-six dollars:
- 28 ~~(1)~~ ~~The superintendent shall adjust the product to ensure the product is at least~~
29 ~~equal to the greater of; or~~
- 30 ~~(2)~~ The amount in paragraph 1 plus the greater of:

- 1 (a) One hundred eight percent of the district's baseline funding per
2 weighted student unit, as established in subsection 2, multiplied by
3 the ~~greater of the~~ district's weighted student units from the previous
4 school year ~~or the current school year, with the product of this~~
5 ~~calculation less the amount in paragraph 1, with the difference~~ reduced
6 by five percent in 2020-21 and fifteen percent each year thereafter; or
- 7 (b) ~~One hundred percent of the~~The district's baseline funding as
8 established in subsection 1 ~~less the amount in paragraph 1, with the~~
9 ~~difference~~ reduced by five percent in 2020-21 and fifteen percent each
10 year thereafter.
- 11 c. The superintendent also shall adjust state aid determined in this subsection:
- 12 (1) In 2019-20, to ensure the amount does not exceed one hundred forty-five
13 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) ~~The superintendent also shall adjust the product~~In 2020-21, to ensure the
17 ~~product~~amount does not exceed one hundred ~~forty~~fifty percent of the
18 district's baseline funding per weighted student unit, as established in
19 subsection 2, multiplied by the ~~greater of the~~ district's weighted student units
20 from the previous school year ~~or the current school year~~.
- 21 4. After determining the product in accordance with subsection 3, the superintendent of
22 public instruction shall:
- 23 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
24 school district, except the amount in dollars subtracted for purposes of this
25 subdivision may not exceed the previous year's amount in dollars subtracted for
26 purposes of this subdivision by more than twelve percent; and
- 27 b. Subtract an amount equal to seventy-five percent of all ~~revenues~~revenue types
28 listed in paragraphs 1 through 5, and 7 of ~~subdivision f of subsection 1 and one~~
29 ~~hundred percent of all revenues listed in~~ paragraphs 6, 8, and 9 of
30 ~~subdivision f~~subdivisions f and g of subsection 1.

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

4 6. On or before June thirtieth of each year, the school board shall certify to the
5 superintendent of public instruction the final average daily membership for the current
6 school year. ~~The superintendent of public instruction shall recalculate the actual~~
7 amount of state aid based on the final average daily membership for the current
8 school year and compare the actual state aid to the state aid paid to the school district.
9 The superintendent of public instruction shall adjust the state aid payable in the next
10 school year for any overpayment or underpayment of state aid.

11 **SECTION 3. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION**

12 **FOUNDATION AID STABILIZATION FUND - ONE-TIME FUNDING.** There is appropriated out
13 of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise
14 appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the
15 department of public instruction for the purpose of providing rapid enrollment grants to school
16 districts, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding
17 provided in this section is considered a one-time funding item. The superintendent of public
18 instruction shall award rapid enrollment grants to eligible districts only during the first year of the
19 2019-21 biennium based on the following criteria:

- 20 1. A district is eligible to receive a grant under this section if the number of students
21 reflected in the district's September tenth enrollment report exceeds the number of
22 students in the prior year September tenth enrollment report. The increase must be at
23 least four percent or one hundred fifty students and must be at least twenty students.
- 24 2. The superintendent of public instruction shall calculate the amount to which an eligible
25 district is entitled as follows:
- 26 a. Determine the actual percentage increase in the number of students and subtract
27 two from the percentage calculated;
- 28 b. Determine the number of students represented by the difference determined in
29 subdivision a of this subsection;
- 30 c. Multiply the number of students determined in subdivision b of this subsection by
31 \$4,000.

1 3. If the amount of the appropriation provided for in this section is insufficient to meet the
2 obligations of this subsection, the superintendent of public instruction shall prorate the
3 payment based on the percentage of the total amount to which each school district is
4 entitled.

5 4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
6 eligible to receive a grant under this section.

7 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general
8 fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the
9 sum as may be necessary, to the department of commerce for the purpose of providing funding
10 to an organization providing research-based literacy intervention services to students below
11 grade four who score below proficient in reading as matching funds for AmeriCorps funding, for
12 the biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend
13 the appropriated funds only as authorized in this section.

14 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the
15 legislative management shall consider studying minimum and maximum payments to school
16 districts included in the state school aid formula, including how school districts could be
17 transitioned from the minimum and maximum payments and the effects on school districts of
18 transitioning from the minimum and maximum payments. The legislative management shall
19 report its findings and recommendations, together with any legislation required to implement the
20 recommendations, to the sixty-seventh legislative assembly.

21 **SECTION 6. EFFECTIVE DATE.** Section 1 of this Act is effective July 1, 2020.