

Sixty-eighth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2284

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 6 of section 15.1-19-10, section 15.1-27-03.1, subsection 4 of section 15.1-27-03.2,  
3 section 15.1-27-04.1, and subsection 5 of section 15.1-36-08 of the North Dakota Century  
4 Code, relating to the state board of public school education members, the definition of  
5 "probationary teacher", the definition of "weapon", modification of weighting factors and  
6 transition maximums, and an increase in per student payments; to provide for a legislative  
7 management study; to provide a report; to provide an appropriation; to provide for an  
8 exemption; to provide for a transfer; and to provide an effective date.

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

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

12 **15.1-01-01. State board of public school education - Composition.**

- 13 1. The state board of public school education consists of the superintendent of public  
14 instruction and:
- 15 a. An individual representing ~~Barnes, Cass, Grand Forks, Griggs, Nelson, Steele,~~  
16 ~~and Traill Counties~~legislative districts ten, eleven, thirteen, sixteen, twenty-one,  
17 forty-one, forty-four, and forty-six;
- 18 b. An individual representing ~~Benson, Bottineau, Cavalier, McHenry, Pembina,~~  
19 ~~Pierce, Ramsey, Renville, Rolette, Towner, and Walsh Counties~~legislative districts  
20 nine, fifteen, seventeen, eighteen, nineteen, twenty, forty-two, and forty-three;
- 21 c. An individual representing ~~Dickey, Emmons, LaMoure, Logan, McIntosh,~~  
22 ~~Ransom, Richland, and Sargent Counties~~legislative districts twelve, twenty-two,  
23 twenty-four, twenty-five, twenty-seven, twenty-eight, twenty-nine, and forty-five;

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

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

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

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

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

10          **SECTION 3. AMENDMENT.** Subsection 6 of section 15.1-19-10 of the North Dakota  
11 Century Code is amended and reenacted as follows:

12          6.    For purposes of this section:

13           a.    "Firearm" has the meaning provided in Public Law No. 90-351 [82 Stat. 197;  
14           18 U.S.C. 921].

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

18           c.    "Weapon" includes any switchblade or gravity knife, machete, scimitar, stiletto,  
19           sword, dagger, or knife with a blade of five inches [12.7 centimeters] or more; any  
20           throwing star, nunchaku, or other martial arts weapon; any billy, blackjack, sap,  
21           bludgeon, cudgel, metal knuckles, or sand club; any slungshot; any bow and  
22           arrow, crossbow, or spear; any weapon that will expel, or is readily capable of  
23           expelling, a projectile by the action of a spring, compressed air, or compressed  
24           gas, including any such weapon, loaded or unloaded, commonly referred to as a  
25           BB gun, air rifle, or CO2 gun; and any projector of a bomb or any object  
26           containing or capable of producing and emitting any noxious liquid, gas, or  
27           substance. The term does not include a spray or aerosol containing CS, also  
28           known as ortho-chlorobenzamalonitrile; CN, also known as alpha-  
29           chloroacetophenone; or other irritating agent intended for use in the defense of  
30           an individual, nor does the term include a device that uses voltage for the  
31           defense of an individual, unless the device uses a projectile and voltage or the

1                   device uses a projectile and may be used to apply multiple applications of voltage  
2                   during a single incident, then the term includes the device for an individual who is  
3                   prohibited from possessing a firearm under this title.

4           **SECTION 4. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6           **15.1-27-03.1. Weighted average daily membership - Determination.**

- 7           1. For each school district, the superintendent of public instruction shall multiply by:
- 8           a. 1.00 the number of full-time equivalent students enrolled in an extended  
9           educational program in accordance with section 15.1-32-17;
- 10           b. 0.60 the number of full-time equivalent students enrolled in a summer education  
11           program, including a migrant summer education program;
- 12           c. 0.40 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 least proficient and placed in the first  
15           of six categories of proficiency; and
- 16           (2) Are enrolled in a program of instruction for English language learners;
- 17           d. 0.28 the number of full-time equivalent students who:
- 18           (1) On a test of English language proficiency approved by the superintendent of  
19           public instruction are determined to be more proficient than students placed  
20           in the first of six categories of proficiency and therefore placed in the second  
21           of six categories of proficiency; and
- 22           (2) Are enrolled in a program of instruction for English language learners;
- 23           e. 0.25 the number of full-time equivalent students under the age of twenty-one  
24           enrolled in grades nine through twelve in an alternative high school;
- 25           f. 0.20 the number of full-time equivalent students enrolled in a home-based  
26           education program and monitored by the school district under chapter 15.1-23;
- 27           g. 0.17 the number of full-time equivalent students enrolled in an early childhood  
28           special education program;
- 29           h. 0.15 the number of full-time equivalent students in grades six through eight  
30           enrolled in an alternative education program for at least an average of fifteen  
31           hours per week;

- 1           i. 0.10 the number of students enrolled in average daily membership, if the district  
2           has fewer than one hundred students enrolled in average daily membership and  
3           the district consists of an area greater than two hundred seventy-five square  
4           miles [19424.9 hectares], provided that any school district consisting of an area  
5           greater than six hundred square miles [155399 hectares] and enrolling fewer than  
6           fifty students in average daily membership must be deemed to have an  
7           enrollment equal to fifty students in average daily membership;
- 8           j. 0.082 the number of students enrolled in average daily membership, in order to  
9           support the provision of special education services;
- 10          k. 0.07 the number of full-time equivalent students who:
- 11           (1) On a test of English language proficiency approved by the superintendent of  
12           public instruction are determined to be more proficient than students placed  
13           in the second of six categories of proficiency and therefore placed in the  
14           third of six categories of proficiency;
- 15           (2) Are enrolled in a program of instruction for English language learners; and
- 16           (3) Have not been in the third of six categories of proficiency for more than  
17           three years;
- 18          l. 0.025 the number of students representing that percentage of the total number of  
19           students in average daily membership which is equivalent to the three-year  
20           average percentage of students in grades three through eight who are eligible for  
21           free or reduced lunches under the Richard B. Russell National School Lunch Act  
22           [42 U.S.C. 1751 et seq.];
- 23          m. 0.002 the number of students enrolled in average daily membership in a school  
24           district that is a participating member of a regional education association meeting  
25           the requirements of chapter 15.1-09.1;
- 26          n. ~~0.601~~0 the number of students by which the district's September tenth  
27           enrollment report exceeds the number of students in the prior year's average  
28           daily membership ~~increasing the factor annually by 0.10, not to exceed 1.00~~; and
- 29          o. For districts paid based on September tenth enrollment in the prior year, ~~0.500~~.70  
30           the number of students determined by deducting the number of students in the  
31           prior year's September tenth enrollment from the prior year's average daily

1 membership, increasing the factor annually by 0.10, not to exceed 1.00. If the  
2 prior year's September tenth enrollment exceeds the prior year's average daily  
3 membership, then a deduction of 0.50 the number of excess students, increasing  
4 the factor annually by 0.10, not to exceed 1.00.

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

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

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

17 **SECTION 6. AMENDMENT.** Subsection 4 of section 15.1-27-03.2 of the North Dakota  
18 Century Code is amended and reenacted as follows:

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

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

3       **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**  
4 **through June 30, 2025)**

- 5       1. To determine the amount of state aid payable to each district, the superintendent of  
6 public instruction shall establish each district's baseline funding. A district's baseline  
7 funding consists of:
- 8       a. All state aid received by the district in accordance with chapter 15.1-27 during the  
9       2018-19 school year;
  - 10       b. An amount equal to the property tax deducted by the superintendent of public  
11       instruction to determine the 2018-19 state aid payment;
  - 12       c. An amount equal to seventy-five percent of the revenue received by the school  
13       district during the 2017-18 school year for the following revenue types:
    - 14       (1) Revenue reported under code 2000 of the North Dakota school district  
15       financial accounting and reporting manual, as developed by the  
16       superintendent of public instruction in accordance with section 15.1-02-08;
    - 17       (2) Mineral revenue received by the school district through direct allocation from  
18       the state treasurer and not reported under code 2000 of the North Dakota  
19       school district financial accounting and reporting manual, as developed by  
20       the superintendent of public instruction in accordance with section  
21       15.1-02-08;
    - 22       (3) Tuition reported under code 1300 of the North Dakota school district  
23       financial accounting and reporting manual, as developed by the  
24       superintendent of public instruction in accordance with section 15.1-02-08,  
25       with the exception of revenue received specifically for the operation of an  
26       educational program provided at a residential treatment facility, tuition  
27       received for the provision of an adult farm management program, and  
28       beginning in the 2021-22 school year, seventeen percent of tuition received  
29       under an agreement to educate students from a school district on an  
30       air force base with funding received through federal impact aid, and an  
31       additional seventeen percent of tuition received under an agreement to

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



- 1           2.   a.   The superintendent shall divide the district's baseline funding determined in  
2                   subsection 1 by the district's 2017-18 weighted student units to determine the  
3                   district's baseline funding per weighted student unit.
- 4           b.   For any school district that becomes an elementary district pursuant to section  
5                   15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the  
6                   district's baseline funding per weighted student unit used to calculate state aid.  
7                   The superintendent shall divide the district's baseline funding determined in  
8                   subsection 1 by the district's weighted student units after the school district  
9                   becomes an elementary district to determine the district's adjusted baseline  
10                  funding per weighted student unit. The superintendent shall use the district's  
11                  adjusted baseline funding per weighted student unit in the calculation of state aid  
12                  for the first school year in which the school district becomes an elementary  
13                  district and for each year thereafter.
- 14          c.   Beginning with the 2021-22 school year and for each school year thereafter, the  
15                  superintendent shall reduce the district's baseline funding per weighted student  
16                  unit. Each year the superintendent shall calculate the amount by which the  
17                  district's baseline funding per weighted student unit exceeds the payment per  
18                  weighted student unit provided in subsection 3. The superintendent shall reduce  
19                  the district's baseline funding per weighted student unit by fifteen percent of the  
20                  amount by which the district's baseline funding per weighted student unit exceeds  
21                  the payment per weighted student unit for the 2021-22 school year. For each  
22                  year thereafter, the reduction percentage is increased by an additional fifteen  
23                  percent. However, the district's baseline funding per weighted student unit, after  
24                  the reduction, may not be less than the payment per weighted student unit  
25                  provided in subsection 3.
- 26          3.   a.   For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid  
27                  as the greater of:
- 28                  (1)   The district's weighted student units multiplied by ten thousand ~~one hundred~~  
29                  ~~thirty-six~~five hundred forty-four 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                    ~~one hundred thirty-six~~five hundred forty-four 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 fifteen percent and  
7                    then the difference added to the amount determined in paragraph 1.
- 8                    b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the  
9                    superintendent shall calculate state aid as the greater of:
- 10                    (1) The district's weighted student units multiplied by ten thousand ~~two hundred-~~  
11                    ~~thirty-seven~~eight hundred sixty dollars;
- 12                    (2) One hundred two percent of the district's baseline funding per weighted  
13                    student unit, as established in subsection 2, multiplied by the district's  
14                    weighted student units, not to exceed the district's 2017-18 baseline  
15                    weighted student units, plus any weighted student units in excess of the  
16                    2017-18 baseline weighted student units multiplied by ten thousand  
17                    ~~two hundred thirty-seven~~eight hundred sixty dollars; or
- 18                    (3) The district's baseline funding as established in subsection 1 less the  
19                    amount in paragraph 1, with the difference reduced by thirty percent for the  
20                    2022-23 school year and the reduction percentage increasing by fifteen  
21                    percent each school year thereafter until the difference is reduced to zero,  
22                    and then the difference added to the amount determined in paragraph 1.
- 23                    e. ~~The superintendent also shall adjust state aid determined in this subsection to~~  
24                    ~~ensure the amount does not exceed the transition maximum as follows:~~
- 25                    (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred~~  
26                    ~~ten percent of the district's baseline funding per weighted student unit, as~~  
27                    ~~established in subsection 2, multiplied by the district's weighted student~~  
28                    ~~units from the previous school year.~~
- 29                    (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred~~  
30                    ~~ten percent of the district's baseline funding per weighted student unit, as~~

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

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

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

- 10                    a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
11                    school district, except the amount in dollars subtracted for purposes of this  
12                    subdivision may not exceed the previous year's amount in dollars subtracted for  
13                    purposes of this subdivision by more than twelve percent, adjusted pursuant to  
14                    section 15.1-27-04.3; and
- 15                    b. Subtract an amount equal to seventy-five percent of all revenue types listed in  
16                    subdivisions c and d of subsection 1. Before determining the deduction for  
17                    seventy-five percent of all revenue types, the superintendent of public instruction  
18                    shall adjust revenues as follows:

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

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

- 1 (b) The superintendent of public instruction also shall reduce the total  
2 tuition reported by admitting school districts meeting the requirements  
3 of subdivision e of subsection 2 of section 15.1-29-12 by the amount  
4 of tuition revenue received for the education of students residing in an  
5 adjacent school district.
- 6 (2) ~~Revenues received under section 57-51-15 must be adjusted to reflect the~~  
7 ~~average amount received by the school district for the five-year period~~  
8 ~~ending with the most recently completed even-numbered fiscal year before~~  
9 ~~the start of each biennium.~~
- 10 ~~(3) After adjusting tuition revenue and revenues received under section~~  
11 ~~57-51-15 as provided in paragraph 1 paragraphs 1 and 2, the superintendent~~  
12 shall reduce all remaining revenues from all revenue types by the  
13 percentage of mills levied in ~~2020~~2022 by the school district for sinking and  
14 interest relative to the total mills levied in ~~2020~~2022 by the school district for  
15 all purposes.
- 16 5. The amount remaining after the computation required under subsection 4 is the  
17 amount of state aid to which a school district is entitled, subject to any other statutory  
18 requirements or limitations.
- 19 6. On or before June thirtieth of each year, the school board shall certify to the  
20 superintendent of public instruction the final average daily membership for the current  
21 school year.
- 22 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
23 with the school districts, shall report the following to the superintendent of public  
24 instruction on an annual basis:
- 25 a. The amount of revenue received by each school district in the county during the  
26 previous school year for each type of revenue identified in subdivisions c and d of  
27 subsection 1;
- 28 b. The total number of mills levied in the previous calendar year by each school  
29 district for all purposes; and
- 30 c. The number of mills levied in the previous calendar year by each school district  
31 for sinking and interest fund purposes.

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

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

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

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

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

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

21 3. a. For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid  
22 as the greater of:

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

25 (2) One hundred two percent of the district's baseline funding per weighted  
26 student unit, as established in subsection 2, multiplied by the district's  
27 weighted student units, not to exceed the district's 2017-18 baseline  
28 weighted student units, plus any weighted student units in excess of the  
29 2017-18 baseline weighted student units multiplied by ten thousand  
30 ~~one hundred thirty-six~~five hundred forty-four dollars; or



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

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

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

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

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

1                                   of subdivision b of this subsection, by the district's weighted student units-  
2                                   from the previous school year.

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

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

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

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

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

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

29          (2)   ~~Revenues received under section 57-51-15 must be adjusted to reflect the~~  
30          ~~average amount received by the school district for the five-year period~~

~~ending with the most recently completed even-numbered fiscal year before  
the start of each biennium.~~

~~(3)~~ After adjusting tuition revenue ~~and revenues received under section  
57-51-15~~ as provided in ~~paragraph 1~~ paragraphs 1 and 2, the superintendent  
shall reduce all remaining revenues from all revenue types by the  
percentage of mills levied in ~~2020~~2022 by the school district for sinking and  
interest relative to the total mills levied in ~~2020~~2022 by the school district for  
all purposes.

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

**SECTION 8. 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

1           dollars. However, if a school district's unobligated general fund balance on the  
2           preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the  
3           loan amount under this section may not exceed eighty percent of the project's  
4           cost up to a maximum loan amount of eight million dollars;

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

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

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

14           **SECTION 9. LEGISLATIVE MANAGEMENT STUDY - SCHOOL TRANSPORTATION**

15   **SERVICES FUNDING.** During the 2023-25 interim, the legislative management shall study  
16   school transportation services funding. The study must include a review of the formula for  
17   funding school transportation services and an assessment of whether a factor-based model  
18   would fund school transportation more appropriately. The legislative management shall report  
19   its findings and recommendations, together with any legislation required to implement the  
20   recommendations, to the sixty-ninth legislative assembly.

21           **SECTION 10. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF**

22   **PUBLIC INSTRUCTION - SCIENCE OF READING - REPORT.** There is appropriated out of any  
23   moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum  
24   of \$1,000,000, or so much of the sum as may be necessary, to the department of public  
25   instruction for the purpose of supporting professional learning related to the science of reading  
26   and implementing systematic direct literacy instruction, for the biennium beginning July 1, 2023,  
27   and ending June 30, 2025. The superintendent of public instruction shall collaborate with the  
28   regional education associations to ensure continuity of access to science of reading training  
29   opportunities and develop support processes to deepen science of reading implementation. The  
30   superintendent of public instruction shall provide quarterly reports to the legislative  
31   management on the implementation and effectiveness of this appropriation on improving

1 educational outcomes, including the number of teachers trained, an anticipated timeline of  
2 results trends, and any results trends available.

3 **SECTION 11. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND.**

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

12 **SECTION 12. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL**

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

17 **SECTION 13. EFFECTIVE DATE.** Section 5 of this Act becomes effective on July 1, 2024.