

HOUSE BILL NO. 1238

Introduced by

Representatives Schreiber-Beck, Nathe

Senators Elkin, Kreun

1 A BILL for an Act to amend and reenact section 15.1-27-35.3 of the North Dakota Century
2 Code, relating to extending the moratorium on the unobligated general fund balance deductions
3 from state aid formula payments; and to provide for a legislative management study regarding
4 the impact of the ending fund balance on school credit and school efficacy.

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

6 **SECTION 1. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-35.3. Payments to school districts - Unobligated general fund balance.**

- 9 1. a. Except as provided in subdivision b, beginning July 1, ~~2023~~2027, the
10 superintendent of public instruction shall determine the amount of payments due
11 to a school district and shall subtract from that the amount by which the
12 unobligated general fund balance of the district on the preceding June thirtieth is
13 in excess of thirty-five percent of its actual expenditures, plus fifty thousand
14 dollars.
- 15 b. The superintendent of public instruction shall determine the amount of payments
16 due to a school district and shall subtract from that the amount by which the
17 unobligated general fund balance of the district on the preceding June thirtieth is
18 in excess of thirty-five percent of its actual expenditures, plus one hundred
19 thousand dollars if the school district is in a cooperative agreement with another
20 school district to share academic resources, and the school districts are
21 considering reorganization under chapter 15.1-12. An eligible school district may
22 receive payments under this provision for a maximum of two years.

- 1 2. For purposes of this section, a district's unobligated general fund balance includes all
2 moneys in the district's miscellaneous fund, as established under section 57-15-14.2,
3 but does not include federal impact aid funding.

4 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - IMPLEMENTATION OF**
5 **PARAMETERS FOR SCHOOL DISTRICT ENDING FUND BALANCES.**

- 6 1. During the 2023-24 interim, the legislative management shall study the implementation
7 of effective parameters for the ending fund balance for a school district so a school
8 district is able to achieve credit scores sufficient to bond at a reduced cost to
9 taxpayers while ensuring equitable and adequate education. The study must include:
10 a. Identification of efficient ways to analyze information on district expenditures;
11 b. A review of the ending fund balance's impact on a district's short- and long-range
12 planning, related facilities, staffing, and programming;
13 c. An evaluation of possible trends between state investment, district expenditures,
14 and student performance; and
15 d. A review of the dramatic increase in behavioral and mental health issues of
16 students, which are addressed by schools with school budgets, in addition to the
17 traditional scope of academic preparation.
- 18 2. The legislative management shall report its findings and recommendations, together
19 with any legislation required to implement the recommendations, to the sixty-ninth
20 legislative assembly.