

Sixty-fifth  
Legislative Assembly  
of North Dakota

## REENGROSSED HOUSE BILL NO. 1324

Introduced by

Representatives Owens, Monson, Nathe, Sanford, Schreiber-Beck

Senators Rust, Schaible

1 A BILL for an Act to create and enact a new section to chapter 15.1-09.1 of the North Dakota  
 2 Century Code, relating to audits of regional education associations; to amend and reenact  
 3 sections 15.1-01-03, 15.1-09.1-10, 15.1-27-03.1 and 15.1-27-04.1 of the North Dakota Century  
 4 Code, relating to the powers and duties of the state board of public school education and the  
 5 determination of state aid payable to school districts and regional education associations; to  
 6 provide statements of legislative intent; to provide for a legislative management study; and to  
 7 provide an appropriation.

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

9 **SECTION 1. AMENDMENT.** Section 15.1-01-03 of the North Dakota Century Code is  
 10 amended and reenacted as follows:

11 **15.1-01-03. State board of public school education - Powers and duties.**

- 12 1. The state board of public school education shall:
- 13 a. Assist county committees in carrying out their duties.
- 14 b. Provide county committees with clerical assistance, plans of procedure,  
 15 standards, data, maps, forms, and other materials, information, and services.
- 16 c. Appoint members to the county committee, if the county superintendent does not  
 17 fulfill this duty, as provided for in section 15.1-10-01.

18 2. The state board of public school education shall provide oversight for regional  
 19 education associations as required by chapter 15.1-09.1.

20 3. The state board of public school education may adopt rules ~~regarding school-district~~  
 21 ~~reorganizations, annexations, and dissolutions~~ in accordance with chapter 28-32.

22 **SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is  
 23 created and enacted as follows:

**Regional education association - Audit.**

To be eligible for state funding, a regional education association must be audited, at least annually, by a certified public accountant or a licensed public accountant. The audit must be presented to the state board of public school education. If any irregularities are noted, the state board of public school education may direct the superintendent of public instruction to withhold all payments to a regional education association until the board determines the irregularities have been addressed.

**SECTION 3. AMENDMENT.** Section 15.1-09.1-10 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-09.1-10. State aid - Payable to a regional education association - Obligation of district.**

1. The superintendent of public instruction shall forward the portion of a school district's state aid which is payable by the superintendent under subdivision I of subsection 1 of section 15.1-27-03.1 as a result of the district's participation in a regional education association directly to the association in which the district participates. The superintendent shall forward the amount payable under this subsection at the same time and in the same manner as provided for other state aid payments under section 15.1-27-01, unless otherwise directed in accordance with section 2 of this Act.
2. If the superintendent of public instruction determines that a school district failed to meet any contractual or statutory obligation imposed upon it as a result of the district's participation in a regional education association, the superintendent shall notify the state board of public school education and shall subtract the amount for which the district was not eligible from any future distribution of state aid to the district under section 15.1-27-01.

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

~~**15.1-27-03.1. (Effective through June 30, 2017) Weighted average daily membership--  
Determination.**~~

- ~~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;~~

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- 1           b. ~~0.60 the number of full-time equivalent students enrolled in a summer education-~~  
2           ~~program, including a migrant summer education program;~~
- 3           e. ~~0.33 the number of full-time equivalent students who:~~
- 4           ~~(1) On a test of English language proficiency approved by the superintendent of~~  
5           ~~public instruction are determined to be least proficient and placed in the first-~~  
6           ~~of six categories of proficiency; and~~
- 7           ~~(2) Are enrolled in a program of instruction for English language learners;~~
- 8           d. ~~0.25 the number of full-time equivalent students under the age of twenty-one-~~  
9           ~~enrolled in grades nine through twelve in an alternative high school;~~
- 10          e. ~~0.22 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 first of six categories of proficiency and therefore placed in the second-~~  
14          ~~of six categories of proficiency; and~~
- 15          ~~(2) Are enrolled in a program of instruction for English language learners;~~
- 16          f. ~~0.20 the number of full-time equivalent students enrolled in a home-based-~~  
17          ~~education program and monitored by the school district under chapter 15.1-23;~~
- 18          g. ~~0.17 the number of full-time equivalent students enrolled in an early childhood-~~  
19          ~~special education program;~~
- 20          h. ~~0.15 the number of full-time equivalent students in grades six through eight-~~  
21          ~~enrolled in an alternative education program for at least an average of fifteen-~~  
22          ~~hours per week;~~
- 23          i. ~~0.10 the number of students enrolled in average daily membership, if the district-~~  
24          ~~has fewer than one hundred students enrolled in average daily membership and-~~  
25          ~~the district consists of an area greater than two hundred seventy-five square-~~  
26          ~~miles [19424.9 hectares], provided that any school district consisting of an area-~~  
27          ~~greater than six hundred square miles [155399 hectares] and enrolling fewer than-~~  
28          ~~fifty students in average daily membership must be deemed to have an-~~  
29          ~~enrollment equal to fifty students in average daily membership;~~
- 30          j. ~~0.082 the number of students enrolled in average daily membership, in order to-~~  
31          ~~support the provision of special education services;~~

- 1           k. 0.07 the number of full-time equivalent students who:
- 2           (1) ~~On a test of English language proficiency approved by the superintendent of~~  
3           ~~public instruction are determined to be more proficient than students placed~~  
4           ~~in the second of six categories of proficiency and therefore placed in the~~  
5           ~~third of six categories of proficiency;~~
- 6           (2) ~~Are enrolled in a program of instruction for English language learners; and~~
- 7           (3) ~~Have not been in the third of six categories of proficiency for more than~~  
8           ~~three years;~~
- 9           l. 0.025 the number of students representing that percentage of the total number of  
10          ~~students in average daily membership which is equivalent to the three-year~~  
11          ~~average percentage of students in grades three through eight who are eligible for~~  
12          ~~free or reduced lunches under the Richard B. Russell National School Lunch Act~~  
13          ~~[42 U.S.C. 1751 et seq.];~~

14          and

- 15          m. 0.002 the number of students enrolled in average daily membership in a school  
16          ~~district that is a participating member of a regional education association meeting~~  
17          ~~the requirements of chapter 15.1-09.1.~~
- 18          2. ~~The superintendent of public instruction shall determine each school district's weighted~~  
19          ~~average daily membership by adding the products derived under subsection 1 to the~~  
20          ~~district's average daily membership.~~

21          ~~**(Effective after June 30, 2017) Weighted average daily membership - Determination.**~~

- 22          1. For each school district, the superintendent of public instruction shall multiply by:
- 23          a. 1.00 the number of full-time equivalent students enrolled in an extended  
24          educational program in accordance with section 15.1-32-17;
- 25          b. 0.60 the number of full-time equivalent students enrolled in a summer education  
26          program, including a migrant summer education program;
- 27          c. 0.40 the number of full-time equivalent students who:
- 28          (1) ~~On a test of English language proficiency approved by the superintendent of~~  
29          ~~public instruction are determined to be least proficient and placed in the first~~  
30          ~~of six categories of proficiency; and~~
- 31          (2) ~~Are enrolled in a program of instruction for English language learners;~~

- 1           d. 0.28 the number of full-time equivalent students who:
- 2           (1) On a test of English language proficiency approved by the superintendent of
- 3           public instruction are determined to be more proficient than students placed
- 4           in the first of six categories of proficiency and therefore placed in the second
- 5           of six categories of proficiency; and
- 6           (2) Are enrolled in a program of instruction for English language learners;
- 7           e. 0.25 the number of full-time equivalent students under the age of twenty-one
- 8           enrolled in grades nine through twelve in an alternative high school;
- 9           f. 0.20 the number of full-time equivalent students enrolled in a home-based
- 10          education program and monitored by the school district under chapter 15.1-23;
- 11          g. 0.17 the number of full-time equivalent students enrolled in an early childhood
- 12          special education program;
- 13          h. 0.15 the number of full-time equivalent students in grades six through eight
- 14          enrolled in an alternative education program for at least an average of fifteen
- 15          hours per week;
- 16          i. 0.10 the number of students enrolled in average daily membership, if the district
- 17          has fewer than one hundred students enrolled in average daily membership and
- 18          the district consists of an area greater than two hundred seventy-five square
- 19          miles [19424.9 hectares], provided that any school district consisting of an area
- 20          greater than six hundred square miles [155399 hectares] and enrolling fewer than
- 21          fifty students in average daily membership must be deemed to have an
- 22          enrollment equal to fifty students in average daily membership;
- 23          j. 0.082 the number of students enrolled in average daily membership, in order to
- 24          support the provision of special education services;
- 25          k. 0.07 the number of full-time equivalent students who:
- 26          (1) On a test of English language proficiency approved by the superintendent of
- 27          public instruction are determined to be more proficient than students placed
- 28          in the second of six categories of proficiency and therefore placed in the
- 29          third of six categories of proficiency;
- 30          (2) Are enrolled in a program of instruction for English language learners; and

- 1                   (3) Have not been in the third of six categories of proficiency for more than  
2                   three years;
- 3                   l. 0.025 the number of students representing that percentage of the total number of  
4                   students in average daily membership which is equivalent to the three-year  
5                   average percentage of students in grades three through eight who are eligible for  
6                   free or reduced lunches under the Richard B. Russell National School Lunch Act  
7                   [42 U.S.C. 1751 et seq.]; and
- 8                   m. 0.002 the number of students enrolled in average daily membership in a school  
9                   district that is a participating member of a regional education association meeting  
10                  the requirements of chapter 15.1-09.1.
- 11                  2. The superintendent of public instruction shall determine each school district's weighted  
12                  average daily membership by adding the products derived under subsection 1 to the  
13                  district's average daily membership.

14                  **SECTION 5. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16                  **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

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

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

- 1           2.    The superintendent shall divide the district's total baseline funding by the district's  
2           2012-13 weighted student units ~~in order~~ to determine the district's baseline funding per  
3           weighted student unit.
- 4           3.    a.    In ~~2015-16~~2017-18, the superintendent shall multiply the district's weighted  
5           student units by nine thousand ~~threesix~~ hundred ~~sixty-fiveforty-six~~ dollars.
- 6           (1)   The superintendent shall adjust the product to ensure ~~that~~ the product is at  
7           least equal to the greater of:
- 8           (a)   One hundred ~~sixeight~~ percent of the district's baseline funding per  
9           weighted student unit, as established in subsection 2, multiplied by  
10          the district's ~~2013-14~~ weighted student units from the previous school  
11          year; or
- 12          (b)   One hundred percent of the district's baseline funding as established  
13          in subsection 1.
- 14          (2)   The superintendent also shall ~~also~~ adjust the product to ensure ~~that~~ the  
15          product does not exceed one hundred ~~thirtyforty~~ percent of the district's  
16          baseline funding per weighted student unit multiplied by the district's  
17          ~~2013-14~~ weighted student units from the previous school year, as  
18          established in subsection 2.
- 19          b.    In ~~2016-17~~2018-19, the superintendent shall multiply the district's weighted  
20          student units by nine thousand six hundred forty-six dollars.
- 21          (1)   The superintendent shall adjust the product to ensure ~~that~~ the product is at  
22          least equal to the greater of:
- 23          (a)   One hundred eight percent of the district's baseline funding per  
24          weighted student unit, as established in subsection 2, multiplied by  
25          the district's ~~2014-15~~ weighted student units from the previous school  
26          year; or
- 27          (b)   One hundred percent of the district's baseline funding as established  
28          in subsection 1.
- 29          (2)   The superintendent also shall ~~also~~ adjust the product to ensure ~~that~~ the  
30          product does not exceed one hundred forty percent of the district's baseline  
31          funding per weighted student unit, as established in subsection 2, multiplied



1 by the district's 2014-15 weighted student units from the previous school  
2 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, ~~provided that after 2013, except~~ the amount in dollars subtracted  
7 for purposes of this subdivision may not exceed the previous year's amount in  
8 dollars subtracted for purposes of this subdivision by more than twelve percent;  
9 and

10 b. Subtract an amount equal to seventy-five percent of all revenues listed in  
11 [paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred](#)  
12 [percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of](#)  
13 [subsection 1.](#)

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

17 **SECTION 6. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO**  
18 **SCHOOLS.** During the 2017-18 interim, the legislative management shall consider studying  
19 entities that deliver kindergarten through grade twelve professional development services,  
20 distance curriculum, support for schools in achieving school improvement goals, assistance with  
21 analysis and interpretation of student achievement data, and technology support services. The  
22 study must focus on the funding, governance, nature, scope, and quality of services provided to  
23 schools. The study also must focus on the duplication of services across entities and the  
24 accountability for expenditures. The study must identify efficiencies and the desirability and  
25 feasibility of consolidating services. The legislative management shall report its findings and  
26 recommendations, together with any legislation required to implement the recommendations, to  
27 the sixty-sixth legislative assembly.

28 **SECTION 7. APPROPRIATION - SUPERINTENDENT OF PUBLIC INSTRUCTION -**  
29 **REGIONAL EDUCATION ASSOCIATION MERGER.** There is appropriated out of any moneys  
30 in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum  
31 of \$160,000, or so much of the sum as may be necessary, to the superintendent of public

1 instruction for the purpose of providing up to \$40,000 for each regional education association  
2 that merges with another regional education association to form a single entity with a single  
3 governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

4 **SECTION 8. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the  
5 intent of the sixty-fifth legislative assembly that, during the 2017-19 biennium, regional  
6 education associations merge with other regional education associations to form four regional  
7 education associations each representing a quadrant in the northeast, southeast, southwest,  
8 and northwest portions of the state.

9 **SECTION 9. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the  
10 sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line  
11 item in House Bill No. 1013.