

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 15.1-21-12.1, section 15.1-27-03.1, subsection 4 of
3 section 15.1-27-03.2, section 15.1-27-04.1, and subsection 5 of section 15.1-36-08 of the North
4 Dakota Century Code, relating to the state board of public school education members, the
5 definition of "probationary teacher", the definition of "weapon", modification of weighting factors
6 and transition maximums, an increase in per student payments, and professional development
7 for reading; to provide for a transfer; and to provide an effective date.

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

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

11 **15.1-01-01. State board of public school education - Composition.**

- 12 1. The state board of public school education consists of the superintendent of public
13 instruction and:
- 14 a. An individual representing ~~Barnes, Cass, Grand Forks, Griggs, Nelson, Steele,~~
15 ~~and Traill Counties~~legislative districts ten, eleven, thirteen, sixteen, twenty-one,
16 forty-one, forty-four, and forty-six;
 - 17 b. An individual representing ~~Benson, Bottineau, Cavalier, McHenry, Pembina,~~
18 ~~Pierce, Ramsey, Renville, Rolette, Towner, and Walsh Counties~~legislative districts
19 nine, fifteen, seventeen, eighteen, nineteen, twenty, forty-two, and forty-three;
 - 20 c. An individual representing ~~Dickey, Emmons, LaMoure, Logan, McIntosh,~~
21 ~~Ransom, Richland, and Sargent Counties~~legislative districts twelve, twenty-two,
22 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 15.1-21-12.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-21-12.1. Reading curriculum - Content - Professional development - Reports to**
7 **legislative management.**

8 1. Beginning July 1, 2022, each school district and nonpublic school shall ensure the
9 portion of its curriculum which is related to reading:

10 a. Is scientifically based, evidence based, and research based;

11 b. Focuses on:

12 (1) Phonemic awareness;

13 (2) Phonics;

14 (3) Fluency;

15 (4) Vocabulary; and

16 (5) Comprehension; and

17 c. Uses systematic direct instruction for students in kindergarten through grade
18 three to ensure all students obtain necessary early reading skills.

19 2. Before the 2022-23 school year, a school district or nonpublic school shall evaluate
20 each teacher who teaches kindergarten through grade three at a school district or
21 nonpublic school; and each principal of a public or nonpublic school with kindergarten
22 through grade three; to determine whether the teacher or principal requires
23 professional development in a topic under subdivision b of subsection 1. The teacher
24 or principal shall attend teacher-approved, professional development training that
25 includes training in the topics provided under subsection 1 for each topic for which the
26 teacher or principal requires professional development.

27 3. Each teacher or principal hired by a school district or nonpublic school that provides
28 instruction in kindergarten through grade three shall complete the training under
29 subsection 2, or demonstrate mastery of the topics provided under subsection 1,
30 within one year of the teacher's or principal's first year of placement in the grade level
31 or at the school.

- 1 4. To be approved by the superintendent of public instruction, each public and nonpublic
2 school shall certify to the superintendent of public instruction that the district or school:
 - 3 a. Ensures the placement of highly effective teachers in kindergarten through grade
4 three;
 - 5 b. Has integrated reading instruments used to diagnose reading development and
6 comprehension; and
 - 7 c. Has integrated evidence-based resources to support reading development and
8 comprehension.
- 9 5. The superintendent of public instruction shall provide ongoing assistance to school
10 districts and nonpublic schools to be in and maintain compliance with this section.
- 11 6. The superintendent of public instruction, in collaboration with the kindergarten through
12 grade twelve education coordination council, shall adopt rules to implement this
13 section, including rules to monitor implementation and compliance with this section.
- 14 7. The superintendent of public instruction shall provide periodic reports to the legislative
15 management on the implementation and effectiveness of this section in improving
16 educational outcomes and reading competency of students.

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

19 **15.1-27-03.1. Weighted average daily membership - Determination.**

- 20 1. For each school district, the superintendent of public instruction shall multiply by:
 - 21 a. 1.00 the number of full-time equivalent students enrolled in an extended
22 educational program in accordance with section 15.1-32-17;
 - 23 b. 0.60 the number of full-time equivalent students enrolled in a summer education
24 program, including a migrant summer education program;
 - 25 c. 0.40 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 least proficient and placed in the first
28 of six categories of proficiency; and
 - 29 (2) Are enrolled in a program of instruction for English language learners;
 - 30 d. 0.28 the number of full-time equivalent students who:

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

- 1 l. 0.025 the number of students representing that percentage of the total number of
2 students in average daily membership which is equivalent to the three-year
3 average percentage of students in grades three through eight who are eligible for
4 free or reduced lunches under the Richard B. Russell National School Lunch Act
5 [42 U.S.C. 1751 et seq.];
- 6 m. 0.002 the number of students enrolled in average daily membership in a school
7 district that is a participating member of a regional education association meeting
8 the requirements of chapter 15.1-09.1;
- 9 n. ~~0.601.0~~ the number of students by which the district's September tenth
10 enrollment report exceeds the number of students in the prior year's average
11 daily membership ~~increasing the factor annually by 0.10, not to exceed 1.00~~; and
- 12 o. For districts paid based on September tenth enrollment in the prior year, ~~0.500.70~~
13 the number of students determined by deducting the number of students in the
14 prior year's September tenth enrollment from the prior year's average daily
15 membership, increasing the factor annually by 0.10, not to exceed 1.00. If the
16 prior year's September tenth enrollment exceeds the prior year's average daily
17 membership, then a deduction of 0.50 the number of excess students, increasing
18 the factor annually by 0.10, not to exceed 1.00.
- 19 2. The superintendent of public instruction shall determine each school district's weighted
20 average daily membership by adding the products derived under subsection 1 to the
21 district's average daily membership.

22 **SECTION 6. AMENDMENT.** Subdivision o of subsection 1 of section 15.1-27-03.1 of the
23 North Dakota Century Code is amended and reenacted as follows:

- 24 o. For districts paid based on September tenth enrollment in the prior year, ~~0.701.00~~
25 the number of students determined by deducting the number of students in the
26 prior year's September tenth enrollment from the prior year's average daily
27 membership, ~~increasing the factor annually by 0.10, not to exceed 1.00~~. If the
28 prior year's September tenth enrollment exceeds the prior year's average daily
29 membership, then a deduction of ~~0.501.00~~ the number of excess students,
30 ~~increasing the factor annually by 0.10, not to exceed 1.00~~.

1 **SECTION 7. AMENDMENT.** Subsection 4 of section 15.1-27-03.2 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 4. The school district size weighting factor determined under this section and multiplied
4 by a school district's weighted average daily membership equals the district's weighted
5 student units. ~~For the 2022-23 school year, for school districts that operate multiple-~~
6 ~~kindergarten through grade twelve buildings at least nineteen miles [30.58 kilometers]~~
7 ~~apart, or multiple buildings at least nineteen miles [30.58 kilometers] apart with no-~~
8 ~~replicated grades, the superintendent of public instruction shall determine the school-~~
9 ~~size weighting factor for each building separately. The superintendent of public-~~
10 ~~instruction shall multiply the school size weighting factor for each building by the-~~
11 ~~school district's weighted average daily membership to determine each building's-~~
12 ~~weighted student units. The superintendent of public instruction shall combine the-~~
13 ~~weighted student units of all buildings in the school district to determine the school-~~
14 ~~district's weighted student units.~~

15 **SECTION 8. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
18 **through June 30, 2025)**

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 2018-19 school year;
24 b. An amount equal to the property tax deducted by the superintendent of public
25 instruction to determine the 2018-19 state aid payment;
26 c. An amount equal to seventy-five percent of the revenue received by the school
27 district during the 2017-18 school year for the following revenue types:
28 (1) Revenue reported under code 2000 of the North Dakota school district
29 financial accounting and reporting manual, as developed by the
30 superintendent of public instruction in accordance with section 15.1-02-08;

- 1 (2) Mineral revenue received by the school district through direct allocation from
2 the state treasurer and not reported under code 2000 of the North Dakota
3 school district financial accounting and reporting manual, as developed by
4 the superintendent of public instruction in accordance with section
5 15.1-02-08;
- 6 (3) Tuition reported under code 1300 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 with the exception of revenue received specifically for the operation of an
10 educational program provided at a residential treatment facility, tuition
11 received for the provision of an adult farm management program, and
12 beginning in the 2021-22 school year, seventeen percent of tuition received
13 under an agreement to educate students from a school district on an
14 air force base with funding received through federal impact aid, and an
15 additional seventeen percent of tuition received under an agreement to
16 educate students from a school district on an air force base with funding
17 received through federal impact aid each school year thereafter, until the
18 2024-25 school year when sixty-eight percent of tuition received under an
19 agreement to educate students from a school district on an air force base
20 with funding received through federal impact aid must be excluded from the
21 tuition calculation under this paragraph;
- 22 (4) Revenue from payments in lieu of taxes on the distribution and transmission
23 of electric power;
- 24 (5) Revenue from payments in lieu of taxes on electricity generated from
25 sources other than coal; and
- 26 (6) Revenue from the leasing of land acquired by the United States for which
27 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 28 d. An amount equal to the total revenue received by the school district during the
29 2017-18 school year for the following revenue types:
- 30 (1) Mobile home tax revenue;
- 31 (2) Telecommunications tax revenue; and

- 1 (3) Revenue from payments in lieu of taxes and state reimbursement of the
2 homestead credit and disabled veterans credit; and
- 3 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
4 baseline funding for any school district that becomes an elementary district
5 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
6 be proportional to the number of weighted student units in the grades that are
7 offered through another school district relative to the total number of weighted
8 student units the school district offered in the year before the school district
9 became an elementary district. The reduced baseline funding applies to the
10 calculation of state aid for the first school year in which the school district
11 becomes an elementary district and for each year thereafter. For districts that
12 become an elementary district prior to the 2020-21 school year, the
13 superintendent shall use the reduced baseline funding to calculate state aid for
14 the 2020-21 school year and for each year thereafter.
- 15 2. a. The superintendent shall divide the district's baseline funding determined in
16 subsection 1 by the district's 2017-18 weighted student units to determine the
17 district's baseline funding per weighted student unit.
- 18 b. For any school district that becomes an elementary district pursuant to section
19 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
20 district's baseline funding per weighted student unit used to calculate state aid.
21 The superintendent shall divide the district's baseline funding determined in
22 subsection 1 by the district's weighted student units after the school district
23 becomes an elementary district to determine the district's adjusted baseline
24 funding per weighted student unit. The superintendent shall use the district's
25 adjusted baseline funding per weighted student unit in the calculation of state aid
26 for the first school year in which the school district becomes an elementary
27 district and for each year thereafter.
- 28 c. Beginning with the 2021-22 school year and for each school year thereafter, the
29 superintendent shall reduce the district's baseline funding per weighted student
30 unit. Each year the superintendent shall calculate the amount by which the
31 district's baseline funding per weighted student unit exceeds the payment per

1 weighted student unit provided in subsection 3. The superintendent shall reduce
2 the district's baseline funding per weighted student unit by fifteen percent of the
3 amount by which the district's baseline funding per weighted student unit exceeds
4 the payment per weighted student unit for the 2021-22 school year. For each
5 year thereafter, the reduction percentage is increased by an additional fifteen
6 percent. However, the district's baseline funding per weighted student unit, after
7 the reduction, may not be less than the payment per weighted student unit
8 provided in subsection 3.

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

- 11 (1) The district's weighted student units multiplied by ten thousand ~~one hundred~~
12 ~~thirty-six~~five hundred forty-four dollars;
- 13 (2) One hundred two percent of the district's baseline funding per weighted
14 student unit, as established in subsection 2, multiplied by the district's
15 weighted student units, not to exceed the district's 2017-18 baseline
16 weighted student units, plus any weighted student units in excess of the
17 2017-18 baseline weighted student units multiplied by ten thousand
18 ~~one hundred thirty-six~~five hundred forty-four dollars; or
- 19 (3) The district's baseline funding as established in subsection 1 less the
20 amount in paragraph 1, with the difference reduced by fifteen percent and
21 then the difference added to the amount determined in paragraph 1.

22 b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the
23 superintendent shall calculate state aid as the greater of:

- 24 (1) The district's weighted student units multiplied by ten thousand ~~two hundred~~
25 ~~thirty-seven~~eight hundred sixty dollars;
- 26 (2) One hundred two percent of the district's baseline funding per weighted
27 student unit, as established in subsection 2, multiplied by the district's
28 weighted student units, not to exceed the district's 2017-18 baseline
29 weighted student units, plus any weighted student units in excess of the
30 2017-18 baseline weighted student units multiplied by ten thousand
31 ~~two hundred thirty-seven~~eight hundred sixty 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 thirty percent for the
3 2022-23 school year and the reduction percentage increasing by fifteen
4 percent each school year thereafter until the difference is reduced to zero,
5 and then the difference added to the amount determined in paragraph 1.

6 e. ~~The superintendent also shall adjust state aid determined in this subsection to~~
7 ~~ensure the amount does not exceed the transition maximum as follows:~~

8 ~~(1) For the 2021-22 school year, the transition maximum rate is one hundred~~
9 ~~ten percent of the district's baseline funding per weighted student unit, as~~
10 ~~established in subsection 2, multiplied by the district's weighted student~~
11 ~~units from the previous school year.~~

12 ~~(2) For the 2022-23 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, multiplied by the district's weighted student~~
15 ~~units from the previous school year.~~

16 ~~(3) For the 2023-24 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 twenty percent of the difference between~~
19 ~~the rate under paragraph 1 of subdivision b of this subsection and~~
20 ~~one hundred ten percent of the district's baseline funding per weighted~~
21 ~~student unit. The transition maximum is determined by multiplying the~~
22 ~~transition maximum rate, which may not exceed the rate under paragraph 1~~
23 ~~of subdivision b of this subsection, by the district's weighted student units~~
24 ~~from the previous school year.~~

25 ~~(4) For the 2024-25 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 forty percent of the difference between the~~
28 ~~rate under paragraph 1 of subdivision b of this subsection and one hundred~~
29 ~~ten percent of the district's baseline funding per weighted student unit. The~~
30 ~~transition maximum is determined by multiplying the transition maximum~~
31 ~~rate, which may not exceed the rate under paragraph 1 of subdivision b of~~

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

3 (5) ~~For the 2025-26 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 sixty percent of the difference between the~~
6 ~~rate under paragraph 1 of subdivision b of this subsection and one hundred~~
7 ~~ten percent of the district's baseline funding per weighted student unit. The~~
8 ~~transition maximum is determined by multiplying the transition maximum-~~
9 ~~rate, which may not exceed the rate under paragraph 1 of subdivision b of~~
10 ~~this subsection, by the district's weighted student units from the previous-~~
11 ~~school year.~~

12 (6) ~~For the 2026-27 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 eighty percent of the difference between-~~
15 ~~the rate under paragraph 1 of subdivision b of this subsection and~~
16 ~~one hundred ten percent of the district's baseline funding per weighted~~
17 ~~student unit. The transition maximum is determined by multiplying the~~
18 ~~transition maximum rate, which may not exceed the rate under paragraph 1-~~
19 ~~of subdivision b of this subsection, by the district's weighted student units-~~
20 ~~from the previous 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, adjusted pursuant to
27 section 15.1-27-04.3; and

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

- 1 (1) Tuition revenue shall be adjusted as follows:
- 2 (a) In addition to deducting tuition revenue received specifically for the
- 3 operation of an educational program provided at a residential
- 4 treatment facility, tuition revenue received for the provision of an adult
- 5 farm management program, and tuition received under an agreement
- 6 to educate students from a school district on an air force base with
- 7 funding received through federal impact aid as directed each school
- 8 year in paragraph 3 of subdivision c of subsection 1, the
- 9 superintendent of public instruction also shall reduce the total tuition
- 10 reported by the school district by the amount of tuition revenue
- 11 received for the education of students not residing in the state and for
- 12 which the state has not entered a cross-border education contract;
- 13 and
- 14 (b) The superintendent of public instruction also shall reduce the total
- 15 tuition reported by admitting school districts meeting the requirements
- 16 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
- 17 of tuition revenue received for the education of students residing in an
- 18 adjacent school district.
- 19 (2) After adjusting tuition revenue as provided in paragraph 1, the
- 20 superintendent shall reduce all remaining revenues from all revenue types
- 21 by the percentage of mills levied in 2020 by the school district for sinking
- 22 and interest relative to the total mills levied in 2020 by the school district for
- 23 all purposes.
- 24 5. The amount remaining after the computation required under subsection 4 is the
- 25 amount of state aid to which a school district is entitled, subject to any other statutory
- 26 requirements or limitations.
- 27 6. On or before June thirtieth of each year, the school board shall certify to the
- 28 superintendent of public instruction the final average daily membership for the current
- 29 school year.

- 1 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
2 with the school districts, shall report the following to the superintendent of public
3 instruction on an annual basis:
- 4 a. The amount of revenue received by each school district in the county during the
5 previous school year for each type of revenue identified in subdivisions c and d of
6 subsection 1;
- 7 b. The total number of mills levied in the previous calendar year by each school
8 district for all purposes; and
- 9 c. The number of mills levied in the previous calendar year by each school district
10 for sinking and interest fund purposes.

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

- 13 1. To determine the amount of state aid payable to each district, the superintendent of
14 public instruction shall establish each district's baseline funding. A district's baseline
15 funding consists of:
- 16 a. All state aid received by the district in accordance with chapter 15.1-27 during the
17 2018-19 school year;
- 18 b. An amount equal to the property tax deducted by the superintendent of public
19 instruction to determine the 2018-19 state aid payment;
- 20 c. An amount equal to seventy-five percent of the revenue received by the school
21 district during the 2017-18 school year for the following revenue types:
- 22 (1) Revenue reported under code 2000 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 (2) Mineral revenue received by the school district through direct allocation from
26 the state treasurer and not reported under code 2000 of the North Dakota
27 school district financial accounting and reporting manual, as developed by
28 the superintendent of public instruction in accordance with section
29 15.1-02-08;
- 30 (3) Tuition reported under code 1300 of the North Dakota school district
31 financial accounting and reporting manual, as developed by the

- 1 superintendent of public instruction in accordance with section 15.1-02-08,
2 with the exception of revenue received specifically for the operation of an
3 educational program provided at a residential treatment facility, tuition
4 received for the provision of an adult farm management program, and
5 beginning in the 2025-26 school year, eighty-five percent of tuition received
6 under an agreement to educate students from a school district on an
7 air force base with funding received through federal impact aid, until the
8 2026-27 school year, and each school year thereafter, when all tuition
9 received under an agreement to educate students from a school district on
10 an air force base with funding received through federal impact aid must be
11 excluded from the tuition calculation under this paragraph;
- 12 (4) Revenue from payments in lieu of taxes on the distribution and transmission
13 of electric power;
- 14 (5) Revenue from payments in lieu of taxes on electricity generated from
15 sources other than coal; and
- 16 (6) Revenue from the leasing of land acquired by the United States for which
17 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 18 d. An amount equal to the total revenue received by the school district during the
19 2017-18 school year for the following revenue types:
- 20 (1) Mobile home tax revenue;
- 21 (2) Telecommunications tax revenue; and
- 22 (3) Revenue from payments in lieu of taxes and state reimbursement of the
23 homestead credit and disabled veterans credit.
- 24 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
25 baseline funding for any school district that becomes an elementary district
26 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
27 be proportional to the number of weighted student units in the grades that are
28 offered through another school district relative to the total number of weighted
29 student units the school district offered in the year before the school district
30 became an elementary district. The reduced baseline funding applies to the
31 calculation of state aid for the first school year in which the school district

1 becomes an elementary district and for each year thereafter. For districts that
2 become an elementary district prior to the 2020-21 school year, the
3 superintendent shall use the reduced baseline funding to calculate state aid for
4 the 2020-21 school year and for each year thereafter.

5 2. a. The superintendent shall divide the district's baseline funding determined in
6 subsection 1 by the district's 2017-18 weighted student units to determine the
7 district's baseline funding per weighted student unit.

8 b. For any school district that becomes an elementary district pursuant to section
9 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
10 district's baseline funding per weighted student unit used to calculate state aid.
11 The superintendent shall divide the district's baseline funding determined in
12 subsection 1 by the district's weighted student units after the school district
13 becomes an elementary district to determine the district's adjusted baseline
14 funding per weighted student unit. The superintendent shall use the district's
15 adjusted baseline funding per weighted student unit in the calculation of state aid
16 for the first school year in which the school district becomes an elementary
17 district and for each year thereafter.

18 c. Beginning with the 2021-22 school year and for each school year thereafter, the
19 superintendent shall reduce the district's baseline funding per weighted student
20 unit. Each year the superintendent shall calculate the amount by which the
21 district's baseline funding per weighted student unit exceeds the payment per
22 weighted student unit provided in subsection 3. The superintendent shall reduce
23 the district's baseline funding per weighted student unit by fifteen percent of the
24 amount by which the district's baseline funding per weighted student unit exceeds
25 the payment per weighted student unit for the 2021-22 school year. For each
26 year thereafter, the reduction percentage is increased by an additional fifteen
27 percent. However, the district's baseline funding per weighted student unit, after
28 the reduction, may not be less than the payment per weighted student unit
29 provided in subsection 3.

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

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

7 (3) For the 2023-24 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 twenty percent of the difference between
10 the rate under paragraph 1 of subdivision b of this subsection and
11 one hundred ten percent of the district's baseline funding per weighted
12 student unit. The transition maximum is determined by multiplying the
13 transition maximum rate, which may not exceed the rate under paragraph 1
14 of subdivision b of this subsection, by the district's weighted student units
15 from the previous school year.

16 (4) For the 2024-25 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 forty 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 (5) For the 2025-26 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 sixty percent of the difference between the
28 rate under paragraph 1 of subdivision b of this subsection and one hundred
29 ten percent of the district's baseline funding per weighted student unit. The
30 transition maximum is determined by multiplying the transition maximum
31 rate, which may not exceed the rate under paragraph 1 of subdivision b of

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

3 (6) ~~For the 2026-27 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 eighty 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. After determining the product in accordance with subsection 3, the superintendent of
13 public instruction shall:

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

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

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

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

1 which the state has not entered a cross-border education contract;
2 and

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

8 (2) After adjusting tuition revenue as provided in paragraph 1, the
9 superintendent shall reduce all remaining revenues from all revenue types
10 by the percentage of mills levied in 2020 by the school district for sinking
11 and interest relative to the total mills levied in 2020 by the school district for
12 all purposes.

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

16 6. On or before June thirtieth of each year, the school board shall certify to the
17 superintendent of public instruction the final average daily membership for the current
18 school year.

19 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
20 with the school districts, shall report the following to the superintendent of public
21 instruction on an annual basis:

22 a. The amount of revenue received by each school district in the county during the
23 previous school year for each type of revenue identified in subdivisions c and d of
24 subsection 1;

25 b. The total number of mills levied in the previous calendar year by each school
26 district for all purposes; and

27 c. The number of mills levied in the previous calendar year by each school district
28 for sinking and interest fund purposes.

29 **SECTION 9. AMENDMENT.** Subsection 5 of section 15.1-36-08 of the North Dakota
30 Century Code is amended and reenacted as follows:

- 1 5. If the superintendent of public instruction approves the loan, the Bank of North Dakota
2 shall issue a loan from the school construction assistance revolving loan fund. For a
3 loan made under this section:
- 4 a. ~~The~~If the school construction project totals less than seventy-five million dollars,
5 the maximum loan amount for which a school district may qualify is ten million
6 dollars. However, if a school district's unobligated general fund balance on the
7 preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the
8 loan amount under this section may not exceed eighty percent of the project's
9 cost up to a maximum loan amount of eight million dollars;
- 10 b. If the school construction project totals seventy-five million dollars or more, the
11 maximum loan amount for which a school district may qualify is fifty million
12 dollars. However, if a school district's unobligated general fund balance on the
13 preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the
14 loan amount under this section may not exceed eighty percent of the project's
15 cost up to a maximum loan amount of forty million dollars;
- 16 c. The term of the loan is twenty years, unless the board of the school district
17 requests a shorter term in the written loan application; and
- 18 e.d. The interest rate of the loan may not exceed two percent per year.

19 **SECTION 10. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL**
20 **CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND.** The office of management and
21 budget shall transfer the sum of \$75,000,000 from the foundation aid stabilization fund to the
22 school construction assistance revolving loan fund during the biennium beginning July 1, 2023,
23 and ending June 30, 2025.

24 **SECTION 11. EFFECTIVE DATE.** Section 6 of this Act becomes effective on July 1, 2024.