

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/18/2017**

Amendment to: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,334,657,258	\$600,546,905		
<b>Appropriations</b>			\$1,334,657,258	\$600,546,905		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,935,204,163	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.  
 HB 1013 appropriates the funding in the Integrated formula payment line item.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds \$18,564,163 to the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Section 6 provides intent language for REA mergers or partnerships. The funding for related incentive grants to merge was moved to HB 1013.

Section 7 provides intent language that the Grants - transportation line item in HB 1013 be funded at \$55,400,000, a \$1,600,000 decrease from the base level funding amount.

Other Senate amendments deal with assigning oversight responsibility for regional education associations (REAs) to the State Board of Public Education and requiring an audit of regional education associations at least once every two years. The cost of the audit will stay with the REAs and the oversight responsibilities assigned to the State Board of Public Education are assumed limited to assuring that audits have been conducted and any irregularities identified have been addressed. Fiscal impact to the state is expected to be minimal.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013).

Amounts to be funded from general and special funds are as follows:

State Tuition Fund 305,546,905  
Foundation Aid Stabilization - formula ongoing 110,000,000  
Foundation Aid Stabilization - formula one time 185,000,000  
Total Special Funds 600,546,905

General Fund - formula 1,334,657,258

Total School Districts 1,935,204,163

The Section 8 legislative intent language for the transportation appropriation in HB 1013 is not included in the numbers above.

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 04/18/2017



K-12 Funding Formula  
 Integrated Formula Payments

	House - 01000	House - 04000	Senate - 06000	Conf - 07000
<b>Cost to Continue</b>				
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)	(22,048,863)	(22,048,863)
<b>House Amendments</b>				
In-Lieu Percentage - (HB 1324)		5,590,878	-	-
House Approp amendment (HB 1013) - REA Grants		(800,000)	(300,000)	(300,000)
<b>Total Expenditures</b>	<b>1,935,504,163</b>	<b>1,940,295,041</b>	<b>1,935,204,163</b>	<b>1,935,204,163</b>
<b>Increase over 2015-17 Base Level Funding</b>	<b>18,864,163</b>	<b>23,655,041</b>	<b>18,564,163</b>	<b>18,564,163</b>
 <b>Formula per student rates</b>				
Year 1	\$9,646	\$9,646	\$9,646	\$9,646
Year 2	\$9,646	\$9,646	\$9,646	\$9,646
 <b>Funding Sources:</b>				
State Tuition Fund	219,134,000	305,546,905	305,546,905	305,546,905
Foundation Aid Stabilization - ongoing	116,053,293	110,000,000	110,000,000	110,000,000
Foundation Aid Stabilization - one time		160,000,000	160,000,000	185,000,000
General Fund	1,601,133,642	1,364,748,136	1,359,657,258	1,334,657,258
<b>Integrated formula payments (HB 1013)</b>	<b>1,936,320,935</b>	<b>1,940,295,041</b>	<b>1,935,204,163</b>	<b>1,935,204,163</b>

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/04/2017**

Amendment to: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,359,657,258	\$575,546,905		
<b>Appropriations</b>			\$1,359,657,258	\$575,546,905		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,935,204,163	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.  
 HB 1013 appropriates the funding in the Integrated formula payment line item.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds \$18,564,163 to the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Section 7 provides intent language for REA mergers. The funding for related incentive grants was moved to HB 1013.

Section 8 provides intent language that the Grants - transportation line item in HB 1013 be funded at \$55,400,000, a \$1,600,000 decrease from the base level funding amount.

Other Senate amendments deal with assigning oversight responsibility for regional education associations (REAs) to the State Board of Public Education and requiring an annual audit of regional education associations. The cost of the audit will stay with the REAs and the oversight responsibilities assigned to the State Board of Public Education are assumed limited to assuring that audits have been conducted and any irregularities identified have been addressed. Fiscal impact to the state is expected to be minimal.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013). The appropriation for REA merger grants is in HB 1324.

Amounts to be funded from general and special funds are as follows:

State Tuition Fund 305,546,905  
Foundation Aid Stabilization - formula ongoing 110,000,000  
Foundation Aid Stabilization - formula one time 160,000,000  
Total Special Funds 575,546,905

General Fund - formula 1,359,657,258

Total School Districts 1,935,204,163

The Section 8 legislative intent language for the transportation appropriation in HB 1013 is not included in the numbers above.

Incentive grants for REA mergers were moved to Other grants - Other funds in HB 1013.

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 04/04/2017

K-12 Funding Formula  
 Integrated Formula Payments

	House - 01000	House - 03000	House - 04000	Senate -05000	Senate -06000
<b>Cost to Continue</b>					
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000	1,916,640,000	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781	54,023,781	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368	57,693,368	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515	901,515	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)	(71,705,637)	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)	(22,048,863)	(22,048,863)	(22,048,863)
<b>House Amendments</b>					
In-Lieu Percentage - (HB 1324)		5,590,878	5,590,878	-	-
House Approp amendment (HB 1013) - REA Grants			(800,000)	(800,000)	(300,000)
<b>Total Expenditures</b>	<b>1,935,504,163</b>	<b>1,941,095,041</b>	<b>1,940,295,041</b>	<b>1,934,704,163</b>	<b>1,935,204,163</b>
<b>Increase over 2015-17 Base Level Funding</b>	<b>18,864,163</b>	<b>24,455,041</b>	<b>23,655,041</b>	<b>18,064,163</b>	<b>18,564,163</b>
<b>Formula per student rates</b>					
Year 1	\$9,646	\$9,646	\$9,646	\$9,646	\$9,646
Year 2	\$9,646	\$9,646	\$9,646	\$9,646	\$9,646
<b>Funding Sources:</b>					
State Tuition Fund	219,134,000	219,134,000	305,546,905	305,546,905	305,546,905
Foundation Aid Stabilization - ongoing	116,053,293	116,053,293	110,000,000	110,000,000	110,000,000
Foundation Aid Stabilization - one time			160,000,000	160,000,000	160,000,000
General Fund	<u>1,581,452,707</u>	<u>1,605,907,748</u>	<u>1,364,748,136</u>	<u>1,359,157,258</u>	<u>1,359,657,258</u>
Integrated formula payments (HB 1013)	1,916,640,000	1,941,095,041	1,940,295,041	1,934,704,163	1,935,204,163

**FISCAL NOTE**  
**Requested by Legislative Council**  
**03/23/2017**

Amendment to: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,359,157,258	\$575,706,905		
<b>Appropriations</b>			\$1,359,157,258	\$575,706,905		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,934,864,163	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.  
 HB 1013 appropriates the funding in the Integrated formula payment line item.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds \$18,064,163 to the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Section 7 appropriates \$160,000 from the foundation aid stabilization fund for incentive grants for regional education association mergers.

Section 8 provides intent language that the Grants - transportation line item in HB 1013 be funded at \$55,400,000, a \$1,600,000 decrease from the base level funding amount.

Other Senate amendments deal with assigning oversight responsibility for regional education associations (REAs) to the State Board of Public Education and requiring an annual audit of regional education associations. The cost of the audit will stay with the REAs and the oversight responsibilities assigned to the State Board of Public Education are assumed limited to assuring that audits have been conducted and any irregularities identified have been addressed. Fiscal impact to the state is expected to be minimal.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013). The appropriation for REA merger grants is in HB 1324.

Amounts to be funded from general and special funds are as follows:

State Tuition Fund 305,546,905  
Foundation Aid Stabilization - formula ongoing 110,000,000  
Foundation Aid Stabilization - formula one time 160,000,000  
Foundation Aid Stabilization - REA grants 160,000  
Total Special Funds 575,706,905

General Fund - formula 1,359,157,258

Total School Districts 1,934,864,163

The Section 8 legislative intent language for the transportation appropriation in HB 1013 is not included in the numbers above.

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 03/23/2017

K-12 Funding Formula  
Integrated Formula Payments

	House - 01000	House - 03000	House - 04000	Senate -05000
<b>Cost to Continue</b>				
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)	(22,048,863)	(22,048,863)
<b>House Amendments</b>				
In-Lieu Percentage - (HB 1324)		5,590,878	5,590,878	-
House Approp amendment (HB 1013) - Regional Coordinator Grants			(800,000)	(800,000)
<b>Total Expenditures</b>	<b>1,935,504,163</b>	<b>1,941,095,041</b>	<b>1,940,295,041</b>	<b>1,934,704,163</b>
<b>Increase over 2015-17 Base Level Funding</b>	<b>18,864,163</b>	<b>24,455,041</b>	<b>23,655,041</b>	<b>18,064,163</b>
 <b>Formula per student rates</b>				
Year 1	\$9,646	\$9,646	\$9,646	\$9,646
Year 2	\$9,646	\$9,646	\$9,646	\$9,646
 <b>Funding Sources:</b>				
State Tuition Fund	219,134,000	219,134,000	305,546,905	305,546,905
Foundation Aid Stabilization - ongoing	116,053,293	116,053,293	110,000,000	110,000,000
Foundation Aid Stabilization - one time			160,000,000	160,000,000
General Fund	<u>1,581,452,707</u>	<u>1,605,907,748</u>	<u>1,364,748,136</u>	<u>1,359,157,258</u>
Integrated formula payments (HB 1013)	1,916,640,000	1,941,095,041	1,940,295,041	1,934,704,163

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/17/2017**

Amendment to: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,364,748,136	\$575,546,905		
<b>Appropriations</b>			\$1,364,748,136	\$575,546,905		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,940,295,041	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.  
 HB 1013 appropriates the funding in the Integrated formula payment line item.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

In its current form, the House has added \$23,655,041 to the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Formula per student rates  
 Year 1 \$9,646  
 Year 2 \$9,646

NOTE: The Appropriations Committee amendments make technical reference corrections to HB 1324 that do not affect the 1st Engrossment fiscal note.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*



- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Funding for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013).

Amounts to be funded from general and special funds are as follows:

305,546,905 from State Tuition Fund  
270,000,000 from the Foundation Aid Stabilization Fund  
1,364,748,136 from the General Fund  
1,940,295,041 Total Appropriation

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 02/03/2017

K-12 Funding Formula  
 Integrated Formula Payments

	House - 01000	House - 03000	House - 04000
<b>Cost to Continue</b>			
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)	(22,048,863)
<b>House Amendments</b>			
House Ed amendment (HB 1324) - In-Lieu Percentage		5,590,878	5,590,878
House Approp amendment (HB 1013) - Regional Coordinator Grants			(800,000)
<b>Total Expenditures</b>	<b>1,935,504,163</b>	<b>1,941,095,041</b>	<b>1,940,295,041</b>
<b>Increase over 2015-17 Base Level Funding</b>	<b>18,864,163</b>	<b>24,455,041</b>	<b>23,655,041</b>
<b>Formula per student rates</b>			
Year 1	\$9,646	\$9,646	\$9,646
Year 2	\$9,646	\$9,646	\$9,646
<b>Funding Sources:</b>			
State Tuition Fund	219,134,000	219,134,000	305,546,905
Foundation Aid Stabilization - ongoing	116,053,293	116,053,293	110,000,000
Foundation Aid Stabilization - one time			160,000,000
General Fund	1,581,452,707	1,605,907,748	1,364,748,136
	<u>1,916,640,000</u>	<u>1,941,095,041</u>	<u>1,940,295,041</u>

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/02/2017**

Amendment to: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,605,907,748	\$335,187,293		
<b>Appropriations</b>			\$1,581,452,707	\$335,187,293		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,941,095,041	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds \$24,455,041 over the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Formula per student rates  
 Year 1 \$9,646  
 Year 2 \$9,646

The House Education Committee amendment changes the percentage of in-lieu of property tax revenue included in the formula to seventy-five percent for all categories listed in 15.1-27-04.1.1.f.

NOTE: The bill requires technical reference corrections to implement the amendment as intended.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Funding for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013).

Amounts to be funded from general and special funds have yet to be determined. The amounts identified in other funds are reported at the base level funding amounts.

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 02/03/2017

Fiscal Note HB 1324

	House - Original	House - 1st Enrg
Cost to Continue		
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)
House Amendments		
House Ed amendment - In-Lieu Percentage		5,590,878
Total Expenditures	1,935,504,163	1,941,095,041
Increase over 2015-17 Base Level Funding		24,455,041
Formula per student rates		
Year 1	\$9,646	\$9,646
Year 2	\$9,646	\$9,646

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/16/2017**

Bill/Resolution No.: HB 1324

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			\$1,601,133,642	\$335,187,293		
<b>Appropriations</b>			\$1,581,452,707	\$335,187,293		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$1,936,320,935	
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1324 establishes the policy for implementing the K-12 funding formula.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill adds \$19,680,935 over the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Formula per student rates  
 Year 1 \$9,646  
 Year 2 \$9,646

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Funding for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013).

Amounts to be funded from general and special funds have yet to be determined. The amounts identified in other funds are reported at the base level funding amounts.

**Name:** Jerry Coleman

**Agency:** Dept of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 01/19/2017

	2017-19 House
Cost to Continue	
2015-17 Base Level - Integrated Formula Payments	1,916,640,000
Cost to sustain 2016-17	54,023,781
Projected student growth in 2017-19	57,693,368
ELL factor adjustments passed last session	901,515
Local share of formula	(70,888,865)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)
Total Expenditures	1,936,320,935
Increase over 2015-17 Base Level Funding	19,680,935
Formula per student rates	
Year 1	\$9,646
Year 2	\$9,646



**2017 HOUSE EDUCATION**

**HB 1324**

# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
1/23/2017  
Job 27247

- Subcommittee  
 Conference Committee

Committee Clerk Signature 

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachments 1a, and 1b.

**Vice Chairman- Cynthia Schreiber-Beck:** asks clerk to take role. First on the docket is HB 1324, asks the clerk to read the description.

**Chairman- Mark S. Owens:** this bill we bring every session to determine the per person payment for our K-12 school districts, we alternate it between the senate and the house, and this year the house has the honor of bringing it before you, and in the current environment we bring this bill, it is identical to the second year of the last biennium, there is no change in the funding formula or the funding amounts, there is in the fiscal note cost to continue, there is a slight increase I believe it is about 25 million or so, that is the current estimate of new students that will come in to all the districts around the state, but this bill simply maintains and holds harmless from the current environment of budget reductions K-12 of the current biennium, so I will leave it as that, and invite any questions.

**Rep. Denton Zubke:** I notice that some of the percentages are increasing on the weighted average daily membership for English language learners, are there specific reasons for that.

**Chairman- Mark S. Owens:** that was actually approved last time, and it was a delayed implementation to the second year, so as I stated this bill reflects the second year of the last biennium, so it would reflect those changes that were approved in the second year, and what you are looking at in the bill is actually the first year of last biennium, and the changes reflect the delayed implementation during the second year.

**Rep. Matthew Ruby:** there is no increase for the student or anything like that, but page 6 line 22 changes from \$9365 to \$9646.

**Chairman- Mark S. Owens:** that is correct, again that is the result of showing you what happened during the second year of the biennium, because the bill as originally written and put into law, initially shows the first year of last biennium, and then in the second year there was a 2.19% increase, and that reflects that increase, so because the bill still shows the first

year, that what is in current law, it had to be updated both on the formula numbers and on the amount, if you notice further on in there, it also talks about the percentage that the superintendent will match, it will show the changes along in that same paragraph, and that is because of those changes as well, it is what occurred in the second year of the biennium or what is occurring right now, we are in the second year of the biennium, the current biennium.

**Vice Chairman- Cynthia Schreiber-Beck:** additional questions

**Rep. Andrew Marschall:** is this reflecting the inflation, is that what it is basically doing, adjusting for inflation.

**Chairman- Mark S. Owens:** no, it doesn't, it does not have a cost of living or an inflationary factor, the only factor that it will include according to the fiscal note is the cost of continue for the increased expected enrolment of 20 to 25 million at the moment, we are sending it to appropriations and sending it through the process as whole harmless with no cuts, while everybody else is getting cut, so while there is not an increase, they also are not experiencing the cuts that all other departments quite frankly are looking forward to for the next biennium.

**Vice Chairman- Cynthia Schreiber-Beck:** calls on Rep. Denton Zubke

**Rep. Denton Zubke:** So on page 6 line 27, do those dates not have to change then, they say 2013-14, I understand the context to the bill, but are we, it says that the districts 2013-14 weighed its student units, those do not have to follow the progression of dates.

**Chairman- Mark S. Owens:** I just discussed that this morning, no we are sticking with that right now, because we are changing the percentage above for the baseline and that may change while going through the process, a lot may change as it goes through the process hopefully there will be at least one percent for cost of living, but we do not know that yet, we still need to see how the budget is coming out.

**Vice Chairman- Cynthia Schreiber-Beck:** any additional questions. Anyone in favor of HB 1324.

**Amy Copas:** see attachments 1a and 1b for testimony and examples.

**Vice Chairman- Cynthia Schreiber-Beck:** any questions for Amy Copas

**Rep. Mary Johnson:** you said that there are 12 superintendents that make up the NDCEL.

**Amy Copas:** no, just this focus group, where we work out some of these issues, we have over 1000 members through NDCEL, about 98% of all of our school leaders, everyone in the school with the exception of the teachers of NDCEL, out of that group we commissioned those 12 to help us through some of these big topics.

**Vice Chairman- Cynthia Schreiber-Beck:** any other questions? Anyone else in Support of HB 1324.



**Eli Berkley:** I appreciate Chairman- Mark S. Owens putting it this way whole harmless, a lot of the smaller schools, or schools in particular, that are experiencing declining enrolment or stable enrolment we were really concerned, and even if you have a slight increase in enrolment so this really settles our nerve a little bit, we know there is more to the process, than just this bill, but I wanted you to know that we appreciate the efforts, and go on record to supporting this bill, I will entertain any questions.

**Vice Chairman- Cynthia Schreiber-Beck:** any questions? Anyone else in support of HB 1324, any opposition, any neutral testimony. Close the hearing on HB 1324

# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
1/24/2017  
Job 27342

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachment 1.

**Chairman- Mark S. Owens:** there is an amendment coming around, it appears that Rep. Denton Zubke pointed out something, that not only an error with this bill, it is a current error for the past two years and current code, ok. So it went through the session last time with this error in it, and we have been functioning, what you have before you is an amendment to HB 1324 to change the current language, and it is all about those dates, and then it adds section three, which updates current code to the current biennium. Where it had 2013-14, and 2015-16 because for that one it should have been 2015-16, and 2016-17 and so on, and then it adds section 4 which is an emergency clause for section 3, since obvious it needs to go into effect now. So it does not materially change it much, except it adapts everything for the current time frame. I am now looking at the amendment, and he did not do something that I asked him to do, but what he did is fine, I asked him to change it so we would not have to worry about dates in the future at all, that part of the conversation of ours might have gone by him. Attachment one is proposed amendment. So I would entertain a motion for the amendment. I have a motion by Rep. Longmuir, and a second by Rep. Andrew Marschall. First off is there any discussion.

**Rep. Dennis Johnson:** since there are wrong dates, do the schools have to send the money back.

**Chairman- Mark S. Owens:** the system worked like normal, really. It just went on about its everyday business, and it was only you can blame this on Rep. Denton Zubke for pointing it out. But no, he pointed that out on the current one, and that highlighted to Mr. Coleman upstairs, wait a minute, and then a couple of other people said that cannot be right, if that is still there now, then what, and then they noticed that they never changed it last time, so, to answer your question no, I do not think we are going to ask them for the money back. The other dates have been changed, and I thought nobody have missed it, so it must be a baseline which it is, but the baseline changed. Any other questions, comments.



**Rep. Denton Zubke:** So I am looking at, page 7 after 29 insert section 3. It looks to me, that it is the same version, I do not understand this section.

**Chairman- Mark S. Owens:** after line 29, so it is a whole new section, there is nothing after page 7 line 29.

**Rep. Denton Zubke:** my question is, it looks like the same verbiage that is in section 2, on page 6 line 21, so why would we be re-stating what's in section 2 and section 3.

**Chairman- Mark S. Owens:** Because, it currently reads 2013-2014, and it was supposed to read 2015-2016. That is what it was supposed to do last session.

**Rep. Denton Zubke:** I get it; I understand how they.

**Chairman- Mark S. Owens:** and it was over overlooked last session.

**Rep. Denton Zubke:** they leave the previous language, they add the next language, and then they are constantly doing the same thing.

**Chairman- Mark S. Owens:** and in the process they failed to change those dates when they did it, they failed to line through, and put in the new dates, and nobody caught it all the way through, through appropriations, through both committees, through the house and the senate and it passed that way. If you want to go home that is fine, but no.

**Rep. Denton Zubke:** would have been accurate, I got it.

**Chairman- Mark S. Owens:** but the 106<sup>th</sup> is what it is right now, just that the dates were wrong. So then after page 7 line 29 you are adding this whole new section, 2 new sections, because section 4 declares section 3 in emergency.

**Rep. Denton Zubke:** the only emergency is for section 3 and not for the rest of the bill.

**Chairman- Mark S. Owens:** correct. Any other questions, comments, seeing none I will do a voice vote. Amendment passed, alright you have an amended bill in front of you.

**Rep. Matthew Ruby:** I move that we recommend a do pass for the bill as amended

**Chairman- Mark S. Owens:** and forward to appropriations, ok we have a motion for a do pass as amended and forward to appropriations. Seconded by Rep. Andrew Marschall.

**Rep. Matthew Ruby:** I was wondering the language still.

**Chairman- Mark S. Owens:** this is our first one this year that we are sending to Jeff, which means I have to go talk to him. Anyways, any questions or comments. I will call the clerk to call the roll. Vote is 12-0-2. Bill was held, and the amendment did go through. No carrier to this bill.

# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
1/30/2017  
Job 27617

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachments 1.

**Vice Chairman- Cynthia Schreiber-Beck:** to make a motion that we can reconsider HB 1324

**Chairman- Mark S. Owens:** reconsider, ok we have a motion to reconsider our actions on HB 1324, do I have a second. I have a second from Rep. Mary Johnson. Rep. Denton Zubke technically I should have asked you if you wanted to step down your amendment earlier, I failed to do that, I am going to confuse my clerk, is what I am going to do. He is going to come back at me later and ask me, what did we do here, so, if you would like to recall your amendment, then I can get those answers to those questions.

**Rep. Denton Zubke:** I thought of that but I decided rather than confuse the situation I would just let it go, I will withdraw my motion on the proposed amendments.

**Chairman- Mark S. Owens:** and your second is fine with that Rep. Matthew Ruby,

**Rep. Matthew Ruby:** yes.

**Chairman- Mark S. Owens:** ok, thank you. And we will revisit that, and see if we cannot get a couple of answers to that. Ok, we have a motion before us to reconsider HB 1324, just to let the committee know, what we did was, we voted on it, and we still had one more amendment we wanted to add to fix the in lieu of, and we were waiting on that amendment and it slipped my mind, so that is the reason for bringing it back so that the committee can reconsider to send it forward with everything in it. Is there any discussion. Seeing none, I will take a voice vote, all those in favor say I, all those opposed same sign. Ok we have before us an amended HB 1324, as it was before our last action.

**Vice Chairman- Cynthia Schreiber-Beck:** to give a brief overview, there are funds that are considered in lieu of taxes, and it might be funds that are from telecommunications companies, I believe pipelines, and oil country of a lot of different items, in my home district,



a lot of it has to do with pilots, that either the city or the county has waived taxes, but they are paying something in lieu of taxes, they are not paying their property tax, but they are paying it in lieu amount. There is numerous mobile homes I think are under there, there is quite a few different items, and it is contained in that chapter, it is 15.1-27-04.1, and in communication with DPI, the idea was to amend the bill to put some of that in lieu of funding is at 75% that the district, what it is it sent and taken off what payment you give back, so some of it has been at 100% some has been at 75%, in speaking with everybody they are in agreement right now, we can amend it to a 75%, what has happened with the districts are if you want to call it being shorted a little bit, and it ranges from quite and amount of money, there is \$500,000 down to miniscule amount of money. In Wahpeton's case the district Wahpeton is short about \$100,000, they are short because of this. So in talking with all involved decided to put amendment in the bill, it is going to go to appropriation, whether or not they are actually going to, it comes to about a little over a \$5 million cost to the state to reimburse that, whether or not appropriations is going to do or not, but it was decided we tac that amendment on anyway. So that to understand I am hoping, it is rather complicated actually.

**Rep. Dennis Johnson:** Does this make quite a difference on wind energy in your district.

**Vice Chairman- Cynthia Schreiber-Beck:** does it make a difference at wind energy.

**Rep. Dennis Johnson:** does it make quite a difference.

**Vice Chairman- Cynthia Schreiber-Beck:** I believe that is probably at 75%, I do not think it would change it. I do not think it is at 100%

**Rep. Dennis Johnson:** I do not know, that is the question, you did not know on your research.

**Vice Chairman- Cynthia Schreiber-Beck:** it just makes a difference to those items that were listed at 100%, and we can go right into, you would have to pull up code, and get into that. How it changes it, and all we did is cross out a couple, about 15 words, and it changed the bill so everything is at 75% in lieu of. We are, on page 6 is where it starts, if that is correct on the bill, I have not compared it to mine here. And I am sorry we are not in sync with this, I just learned this morning we could do this, ok. It is under, if you pull up code, it is under 15.1-27-04.1. Ok, this is on page 5 of the bill that you have in your hand, ok and then you can read all the items, if you go further down, we are going to go to, it lists everything 75% or a different percentage, and then you go down to 9, yep and you keep going to under 4 keep going, under 4 on page 7 says that after determining the product in accordance with subsection 3, the superintendent of public instruction shall A, subtract an amount equal 16 mills multiplied to the taxable evaluation of the school district, except the amount of dollars subtracted for purposes of this subdivision may not exceed the previous year's amounts in dollars subtracted for purposes of this subdivision by more than 12%, and B is where it is affected. You would cross out, at paragraphs 1 through, then you cross out 5 the whole line up through the number 9.

**Chairman- Mark S. Owens:** repeat it again.



**Vice Chairman- Cynthia Schreiber-Beck:** after the word through in subsection B under 4, it goes, subtract an amount equal to 75% of all revenues listed in paragraphs 1 through and then 9.

**Chairman- Mark S. Owens:** I see because it talks about.

**Vice Chairman- Cynthia Schreiber-Beck:** right it talks all about, because it talks about the 100%.

**Chairman- Mark S. Owens:** 6 and 8.

**Vice Chairman- Cynthia Schreiber-Beck:** yep, so 9 of subdivision F of subsection 1.

**Chairman- Mark S. Owens:** so Representative Johnson it affects mobile home taxes and telecommunication taxes.

**Rep. Mary Johnson:** paragraphs 1 through 5 and 7 references 75%.

**Vice Chairman- Cynthia Schreiber-Beck:** right, and that is what it is going to do, they are all going to keep it at 75% vs 100%, you get less back if you have 100%, your benefits are if they are at 75% to the districts, and every district in the state except the Air Base schools, and one other school was effected. That they will receive more dollars. Some miniscule amount, but some upwards of \$500,000

**Rep. Mary Johnson:** (soft audio)

**Vice Chairman- Cynthia Schreiber-Beck:** they do not get the benefit if its 100%.

**Rep. Mary Johnson:** how is it done now. I guess there is a language of the (soft audio)

**Chairman- Mark S. Owens:** right, what happens now is a lot of these are 75% except for mobile home taxes, and telecommunication taxes which are at 100%, ok.

**Rep. Mary Johnson:** we need a fiscal note (soft audio)

**Chairman- Mark S. Owens:** and that is the thing they had before, she does not have it with her right now. That is a good point. To let the committee know I did investigate this. I was wondering what this would cost, and I was told that the way it is structured right now, and of course I will get to have this discussion with appropriations, myself, Jeff and I, but anyways, the way it is structured not is because what we paid, there is a cushion built in there, and it's a little more than \$5 million cushion, and this does not quite com to \$5 million, so it covers it, yes we would need to get your fiscal note and let you see it. She has the numbers somewhere. We are going to have to get that fiscal note, so if you can, get that fiscal note because I would like to get this out Wednesday, because I have to go to appropriations with it. Alright, so we did recall it, and it is, we are going to hold it a couple of days.

**Rep. Pat D. Heinert:** we did not accept any amendments today.

**Chairman- Mark S. Owens:** all we did is recall the bill from our previous actions, and basically where we voted it out of committee we recalled it back to committee, but we have not done any further action. It was just as amended, and approved by the committee before we voted to send it to appropriations and to the floor.

**Rep. Pat D. Heinert:** that is if the amendment passes.

**Chairman- Mark S. Owens:** no, the other amendment we did pass, we have not even made this amendment motion yet.

**Rep. Pat D. Heinert:** and that is my question, we are calling it back, but we do not even know if that other amendment is going to pass.

**Chairman- Mark S. Owens:** well right, because you need some more information before you are going to make that decision. So we are not voting on that right now, I am not going to ask you to do that. Oh and here is the amendment just to pass around so you have it, but once we have the fiscal note. Attachment 1.

# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
2/1/2017  
Job 27769

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

No attachments.

**Chairman- Mark S. Owens:** opens hearing on HB 1324.

**Vice Chairman- Cynthia Schreiber-Beck:** as the amendment was handed out, I would like to move the amendment, proposed amendment for HB 1324.

**Chairman- Mark S. Owens:** we have a motion; do we have a second. Seconded by Rep. Matthew Ruby.

**Vice Chairman- Cynthia Schreiber-Beck:** the proposed amendment was handed out I believe was yesterday or the day before, it has been a long day. Also with that proposed amendment you will have, the proposed amendment says HB 1324 on the top, and has my name below it, page 7 line 23 are the notations, and the amendment should read under B, subtract an amount equal to 75% of all revenues listed in paragraphs 1-9 of subdivision F of subsection 1. Does everybody have that amendment? Ok, and to give you a little insight into that amendment the three-page listing of all the school districts in the state of North Dakota are listed there, and it shows, what including the state at 100% and the amount included at 75%, if you go to the final page, the one year estimated cost is 2,801,225.7, and for the biennium it would be 5,602,045.14, and that would be the additional that the school districts would receive.

**Chairman- Mark S. Owens:** ok, any further discussion. It would not affect this portion of the bill.

**Rep. Brandy Pyle:** (soft audio)

**Chairman- Mark S. Owens:** Vice Chairman- Cynthia Schreiber-Beck since her microphone is not on, I will just repeat her question. Can you explain what the amendment actually does.



**Vice Chairman- Cynthia Schreiber-Beck:** the amendment shows, or gives the 75% instead of any 100% on the in lieu of tax dollars. Does that. Well what it means is that the school districts will actually receive, when it was 100% going in, it was obviously that was taken off the foundation aid payment paid back, so when it is 75%, that is a lesser number if I can say that, and then therefore the amount paid back to the district when its less taken off from state payment back, so the districts receive more, so when you looks at your sheet you can find your district, and you can see the if it was 100% or it was 75%, in the existing bill today how it exists, there is a billable of 75% or 100%, but not at the same amount in the existing bill, so that would eliminate anything being at 100%, and everything would be at 75%.

**Chairman- Mark S. Owens:** currently in the formula, all in lieu of taxes are deducted at a percentage in order to determine the amount of per pupil proponent, two of those items are deducted 100% while the rest of them are deducted at 75%, that would be telecommunications and I believe mobile home taxes. This bill simply changes those two items from 100% to 75%, which will result in additional funds going to the school district. What is the third one.

**Vice Chairman- Cynthia Schreiber-Beck:** Bullecourt.

**Chairman- Mark S. Owens:** Rep. Pat D. Heinert.

**Rep. Pat D. Heinert:** can you explain to me why we compare Bismarck's to Fargo, Bismarck is the biggest school district, but yet Fargo is getting 30% more than Bismarck is.

**Vice Chairman- Cynthia Schreiber-Beck:** you want to repeat that. The questions is when you compare Bismarck to Fargo, why is Fargo getting 30% more. With Bismarck being the largest school district. It necessarily is not based on, you are looking at the amount in lieu of here, you are not looking at the full foundation aid payment. We are only looking at in lieu of taxes, so it would be those items that were listed so everybody will be different, as to what they may or may have in lieu of taxes, and how that is done. I might be able to answer this. Jerry is on his way, this is not direct foundation aid, and maybe Rep. Denton Zubke has his hand up.

**Rep. Denton Zubke:** it most likely has to do with the amount of mobile homes.

**Rep. Brandy Pyle:** it is based on evaluation of the property within the city, the city limits. When they figure out the levies, and all that stuff. But that is what it is.

**Chairman- Mark S. Owens:** just slow down here, the question was the belief that Bismarck is the largest school district than Fargo, why does Fargo get more. I am not so sure that is an accurate statement, Fargo may be the largest school district, but that is immaterial here, because this deals, all we are doing is changing, and this bill those particular tax items that deal with mobile homes, and telecommunications tax, and if they have more than that, that would show an increase for them.

**Rep. Pat D. Heinert:** and my question is based on the fact that Fargo backed up to that 60 mills, is tighter than anybody else, so are they getting additional credit because they are tighter, do that 60 mills than anybody else.

**Chairman- Mark S. Owens:** no, this is strictly based on going from 75% of their current in lieu taxes or 100% down to 75%, this is strictly a math formula on the in lieu taxes, it has nothing to do with the number of students, the amount of property or the taxable values or the 60 mills or anything. Because in lieu of taxes is separate from the mills system, completely, in matter of fact that is what they are doing, this is in lieu of property tax. I am sorry.

**Rep. Pat D. Heinert:** I am sorry sir, I guess I do not understand how the two cities with Bismarck having a larger student population which they do, is getting 30% less than Fargo, it does not add up in my mind. If it was closer to even, I can say ok, we are talking \$300,000 difference here.

**Chairman- Mark S. Owens:** what we are talking about it does not matter how many students there are, the difference in how much money is taken away from the per pupil payment, deals with the amount of in lieu taxes associated with mobile homes, and telecommunications. So if there is more in lieu of taxes in Fargo than there is in Bismarck, then when you change the formula from 100% to 75% you are deducting less from the per pupil payment. I am sorry. It should work now.

**Rep. Mary Johnson:** apparently in the way it was written 1-5 at 75%, and 7 75%, because it matches the 75% here, now, and then they match the 100% to all revenue, all telecommunication, all revenue in 6,8, and 9. So really.

**Chairman- Mark S. Owens:** ok let's handle one thing at a time here, ok yes.

**Rep. Mary Johnson:** What effectively they were saying was you add up F plus the others, the total of F as it sits now is subtracted, and now we are going to say nope, less than the total of F is subtracted because the county does not give all that money for in lieu of to the school districts, and they have no control over that, is that correct.

**Vice Chairman- Cynthia Schreiber-Beck:** I think for clarification, Jerry is on his way down, and that will answer exactly all these questions in very much clearer than I can answer them.

**Rep. Bill Oliver:** he should be here shortly.

**Vice Chairman- Cynthia Schreiber-Beck:** he should be here shortly.

[Silence]

**Chairman- Mark S. Owens:** while we wait for Jerry let's put this aside.



# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
2/1/2017  
Job 27767

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachment 1.

**Jerry Coleman:** with DPI

**Chairman- Mark S. Owens:** thank you for coming down Rep. Pat D. Heinert.

**Rep. Pat D. Heinert:** Mr. Coleman my question was based on the handout, I do not know if you have seen this or not, that identifies what each school district gets if this passes to the 75% mark.

**Jerry Coleman:** we would have prepared that so.

**Rep. Pat D. Heinert:** my question comes from, the two biggest school districts Bismarck and Fargo, but there is a 30% difference in what they would be receiving, Fargo receiving 30% more than Bismarck. And my question was, number 1 why is that, and number 2 is it based on the 60 mills, because Fargo at the 60 mills mark and Bismarck is not.

**Jerry Coleman:** We were talking about in lieu of property taxes; this is when they have stuff that is not on the regular property tax roles that is taxed on a different basis, so it does not have anything to do with 60 mills, it is taxed in an alternative way, and the difference between Fargo and Bismarck I would have to look, but there is a laundry list of different properties that are in or out somewhere, special projects that just through some mechanism they are allowed to be taxed in lieu of property, so Fargo may have similar projects, I know Bismarck has the WSI building, they would get taxes on that, that would be a difference there, the other things on that list would be the disabled veterans credit, the homestead credit, there is a game and fish tax, there is a list, telecommunications is also in that list that would be in that, so there is probably a dozen different categories of in lieu of taxes that are included in that mobile homes is another major one that is in there. So it's, whatever collection of those different categories would explain the difference, but those are numbers that we receive directly from the county treasurers. We can probably take a look, and see if we can isolate what the differences would be, if you would like we could go back and look into the detail, it is all rolled up here

into those 2 categories. But I cannot really tell you without looking at the detail, just what cause those differences.

**Chairman- Mark S. Owens:** Mr. Coleman the formula you used to create the list is the same for every school district, was it not.

**Jerry Coleman:** Mr. Chairman, yes. What we put on there, is we went and pulled together all of the ones that are now being at that 100% is offset in that formula, there is others out there that are only offset at 75%, so on that schedule we showed you is the mobile home taxes, disabled veteran credit, the homestead credit, and then a list of smaller ones like game and fish, and then telecommunications is a major one on that list.

**Chairman- Mark S. Owens:** is it safe to ascertain then that what you did is use the information available, and that if this bill passed with that in it, then all the forces of this building would come together to insure the accuracy of that, and this is merely a very highly accurate estimate.

**Jerry Coleman:** Mr. Chairman those numbers would have been the numbers that supported our current payment year information, so it will just get updated for changes, but it will be a new batch of information each year. So it is just based on the most recent year of history we had available. It is what we are using in our projections.

**Chairman- Mark S. Owens:** alright thank you, any other questions.

**Rep. Matthew Ruby:** what is this going to do to the fiscal note, is this going to drop the fiscal note, since it is only weighted at 75% instead of 100%.

**Jerry Coleman:** that schedule that we prepared for you is the fiscal note, so if I did not bring that particular along, but just going by memory if it takes the right hand column and shows the difference between, if it was offset at 100% vs if it was offset at 75%, and I believe that the amendment is going to recommend going to 75%. And so if you go down to the last page, go down to the bottom, the one year estimated cost to the state, on this new formula is \$2.8 million, that is the result of the change, and so then we doubled that to come up with the note for \$5.6 million is what we would need to cover the amount of local revenue that is now displaced by the funding formula.

**Chairman- Mark S. Owens:** any other questions. ok, seeing none thank you Mr. Coleman. So we have a motion in front of us, to adopt the amendment. Motioned by Vice Chairman-Cynthia Schreiber-Beck, and seconded by Rep. Matthew Ruby, is there any further discussion on the amendment. Ok seeing none, I will try a voice vote, all those in favor say I, all those opposed same sign. Ok amendment passes. Attachment 1. What is the committees pleasure.

**Rep. Mary Johnson:** I move a do pass on HB 1324.

**Chairman- Mark S. Owens:** as amended and rerefer to appropriations.

**Rep. Mary Johnson:** yes sir.



**Chairman- Mark S. Owens:** that's what I thought. Ok we have a motion for a do pass as amended and rerefer to appropriations, do I have a second. Second from Vice Chairman-Cynthia Schreiber-Beck. Alright, we have a due pass as amended, refer to appropriations. Is there any other discussion, I will invite the clerk to call the role. 14-0-0, and Chairman-Mark S. Owens will carry this bill. Ok thank you all.



# 2017 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau A Room, State Capitol

HB 1324  
3/15/2017  
Job 29242

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

No attachments.

Chairman- Mark S. Owens: the current plan is, do you remember HB 1324 when we changed in lieu of on those three prices from 100 to 75, and we sent it through, and we didn't think it would survive appropriations, and it went through appropriations, it went through the floor it passed. The senate is not going to pass that, they are going to return it to 100 percent on those three items this time, they are going to pass the study, at least this is the current plan, they are going to pass the study on the in lieu of, so it is studied during the interim, because the whole focus right now is not about changing a whole lot of the formula, but about holding harmless as much as we possibly can in K-12, so not moving money. They are going to take that money or as much of it as they can and they are going to move it back into transportation in HB 1324. That may not be the full 5.5, but I know it's over 4, so that's going to get it a lot closer than it was, so now if there is a slight cut in transportation it's going to be a lot easier to swallow. At least that is the current plan as I know it today, and I am making that stipulation, because tomorrow is a different day. So, that's what I know about transportation, so we may sit with legislative council a study for the in lieu of, so that we can hopefully when we have a little more money next session fingers crossed, we can correct that as well in the formula. There is constantly discussions about transportation going into the per pupil payment, but I don't see that happening it's very difficult to do it that way. So I mean while people keep mentioning it, and it's an intriguing idea when you first hear it, it's very difficult to adjudicate who needs the money, and who doesn't need the money between large school districts and condensed metropolitan areas vs highly rural areas. I think Rep. Denton Zubke your district is slightly large, is it not?

Rep. Denton Zubke: well.

Chairman- Mark S. Owens: I mean you know for the size of Hawaii, ok. So is there any other questions.

Rep. Mary Johnson: what are the chances along with studying in lieu of they could study transportation, because I have some ideas on how to gain some in transportation. It won't hurt small schools.

Chairman- Mark S. Owens: well keep in mind there's another study that deals with where all the money is coming from, and going. And the actual studying the mechanism of per pupil payment, the formula, and everything. So there's another study dealing with where all the money is coming, but they have to pick it first. So I don't know if transportation will be studied, because that one in lieu of is just about studying the in lieu of factors.

Rep. Mary Johnson: it appears to me that the smaller school districts are suffering.

Chairman- Mark S. Owens: how do you figure that.

Rep. Mary Johnson: well because of the whole (soft audio) there should be floors and caps on mileage.

Chairman- Mark S. Owens: oh, you are specifically talking about transportation, yeah and I don't know if that's in any study right now or not, so I can't answer that question. I would think it would be in the overall study, but.

Rep. Pat D. Heinert: was there any discussion on the career and technical educational side, they had testified that they have lost the 20%, and never received it back, but the new standard for them is the minus the 20%, even though they're in the new bill saying that they are going to be held harmless now too, but they are still at the reduced rate of being held harmless.

Chairman- Mark S. Owens: right, there hasn't been additional talk about them, no because, and I am not sure. Was there something added in another bill through them, I mean it wasn't as much, but I don't recall. Because in SB 2272 they are stuck under for future protection, and of course we are adding CDE to that as well I don't remember.

Vice Chairman- Cynthia Schreiber-Beck: does anybody in the audience know.

Chairman- Mark S. Owens: anybody in the audience got information on the budget for CTE, you are welcome to answer the question for the committee, I would appreciate it.

Kirsten Baesler: I will speak the best that I can to the CTE budget, as the state superintendent I am a member of that board, and the last report that we received from Wayne Kutzer who is the director of that agency is that the, as Rep. Pat D. Heinert said the new baselines, so minus the 20% cut is their new budget, so they have incurred the allotments that ever agency was subject to in August of 2016, and that's their current budget. Going forward they will be held whole.

Chairman- Mark S. Owens: I see, ok thank you. I understand now. We are going back to the August. Ok, anything else for the good of the order.



Rep. Ron Guggisberg: I am trying to remember what was the cost of the in lieu of piece that we sent over to the senate.

Chairman- Mark S. Owens: 5.5 million.

Rep. Ron Guggisberg: so it's the same as the transportation.

Chairman- Mark S. Owens: transportation I believe was 5.7 in reality, so it was a little less than transportation. The senate is having a problem with, while we change the in lieu of, and every single school save tribes and military schools on military bases gets a little bump, they get a piece of the pie sort to speak. When you compare that to the cuts from transportation, senate is looking at winners and losers. In other words, what was cut out of transportation for some rural schools, what they get out of the in lieu of doesn't cover it, and then what was cut for some of the larger schools in transportation was miniscule, so they come out ahead, and that's what the senate was worried about, and that's why they did not really like doing the in lieu of right now, and they so we basically told them if you don't do in lieu of you have to replace the transportation. That's what we were shooting for.

Rep. Ron Guggisberg: well Mr. Chairman we could do both, I understand that the senate also spent that whole, almost that whole fund that we were talking about earlier.

Chairman- Mark S. Owens: the student entrance fund. 19.2 million, the spent 14 ½ million.

Rep. Ron Guggisberg: we have a say too, and the K-12 is our number one priority I thought.

Chairman- Mark S. Owens: it is as far as holding harmless, but when we go to change the, even I would argue this, we are not holding harmless if we go to now change the formula, we are improving it, and I don't disagree that I think the 100 percent needs to be at 75, and that that is an improvement that needs to happen, it's just in this environment I don't know that I can get it through both appropriations committees even though we got it to the first time, I don't think we will get it through the second time in the house, because a few people have, particularly if transportation is added back in, because that was their only weapon, so if the senate adds transportation back in we lost it on the house side as well. Because that's what they use, that was the argument in appropriations. Since we cut transportation, we can do this, and that's what they kept arguing about, that's the only reason it got through house appropriations, because they were ready to pull it, even then.

Rep. Ron Guggisberg: I was just making a point that the senate have its opinions, and they can increase their things that they want to fund, but so can we.

Chairman- Mark S. Owens: oh no no, if you are under the impression that we are not going to fight you are wrong, and I already told Don that, ok. I told Don that yeah ok, you wanted, you supported me becoming chairman, I hope you did not think that was because you were going to tell me what to do, because I will argue with you, so we already had that discussion, and now we have it on record.

Rep. Ron Guggisberg: I am glad to hear that Mr. Chairman.

Chairman- Mark S. Owens: if there is nothing else, just sit at ease while we wait. Ok, so it shouldn't be long and we can get SB 2272 out.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1324

Page 1, line 2, after the comma insert "and subsection 3 of section 15.1-27-04.1, as amended by section 11 of chapter 137 of the 2015 Session Laws,"

Page 1, line 2, after "districts" insert "; and to declare an emergency"

Page 6, line 27, overstrike "2013-14" and insert immediately thereafter "2017-18"

Page 7, line 2, overstrike "2013-14" and insert immediately thereafter "2017-18"

Page 7, line 9, overstrike "2014-15" and insert immediately thereafter "2018-19"

Page 7, line 15, overstrike "2014-15" and insert immediately thereafter "2018-19"

Page 7, after line 29, insert:

**"SECTION 3. AMENDMENT.** Subsection 3 of section 15.1-27-04.1 of the North Dakota Century Code, as amended by section 11 of chapter 137 of the 2015 Session Laws, is amended and reenacted as follows:

3. a. In 2015-16, the superintendent shall multiply the district's weighted student units by nine thousand three hundred sixty-five dollars.

(1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:

(a) One hundred six percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2013-14~~2015-16 weighted student units; or

(b) One hundred percent of the district's baseline funding as established in subsection 1.

(2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred thirty percent of the district's baseline funding per weighted student unit multiplied by the district's ~~2013-14~~2015-16 weighted student units, as established in subsection 2.

b. In 2016-17, the superintendent shall multiply the district's weighted student units by nine thousand six hundred forty-six dollars.

(1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:

(a) One hundred eight percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~2016-17 weighted student units; or



- (b) One hundred percent of the district's baseline funding as established in subsection 1.
- (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred forty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~2016-17 weighted student units.

**SECTION 4. EMERGENCY.** Section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

2/1/17 DA

17.0641.01002  
Title.03000

Adopted by the Education Committee

February 1, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1324

Page 7, remove lines 24 and 25

Renumber accordingly

Date: 1/24/17

Roll Call Vote # 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

House Education Committee

Subcommittee

Amendment LC# or Description: 17.0641.01001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Longmuir    Seconded By Rep. Marschall

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens			Rep. Andrew Marschall		
Vice Chairman- Cynthia Schreiber-Beck			Rep. Bill Oliver		
Rep. Rich S. Becker			Rep. Brandy Pyle		
Rep. Pat D. Heinert			Rep. Matthew Ruby		
Rep. Dennis Johnson			Rep. Denton Zubke		
Rep. Mary Johnson			Rep. Ron Guggisberg		
Rep. Donald W. Longmuir			Rep. Corey Mock		

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Rep. \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

voice vote. <sup>to amend</sup> ~~to pass~~, and it was amended.



Date: 1/24/17

Roll Call Vote # 2

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

House Education Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. Ruby Seconded By Rep. Marschall

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens	✓		Rep. Andrew Marschall	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓		Rep. Bill Oliver	✓	
Rep. Rich S. Becker	✓		Rep. Brandy Pyle	✓	
Rep. Pat D. Heinert	✓		Rep. Matthew Ruby	✓	
Rep. Dennis Johnson	✓		Rep. Denton Zubke	✓	
Rep. Mary Johnson	AB		Rep. Ron Guggisberg	✓	
Rep. Donald W. Longmuir	✓		Rep. Corey Mock	AB	

Total (Yes) 12 No 0

Absent Rep. Mock, Rep. Mary Johnson.

Floor Assignment Rep.

If the vote is on an amendment, briefly indicate intent:

*Bill is held, no committee report done, but amendment was submitted to legislative council.*

Date: 1/30/17

Roll Call Vote # 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

House Education Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:
- Adopt Amendment
  - Do Pass     Do Not Pass     Without Committee Recommendation
  - As Amended     Rerefer to Appropriations
  - Place on Consent Calendar
- Other Actions:     Reconsider     \_\_\_\_\_

Motion Made By Rep. Schreiber-Beck Seconded By Rep. Mary Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens			Rep. Andrew Marschall		
Vice Chairman- Cynthia Schreiber-Beck			Rep. Bill Oliver		
Rep. Rich S. Becker			Rep. Brandy Pyle		
Rep. Pat D. Heinert			Rep. Matthew Ruby		
Rep. Dennis Johnson			Rep. Denton Zubke		
Rep. Mary Johnson			Rep. Ron Guggisberg		
Rep. Donald W. Longmuir			Rep. Corey Mock		

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Rep. \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Voice vote.    motioned passed. <sup>amended</sup> Bill brought back or old bill.

Date: 2/1/17

Roll Call Vote # 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

House Education Committee

Subcommittee

Amendment LC# or Description: 17.0641.01002 Title: 03000

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider

Motion Made By Rep. Schreiber-Beck Seconded By Rep. Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens			Rep. Andrew Marschall		
Vice Chairman- Cynthia Schreiber-Beck			Rep. Bill Oliver		
Rep. Rich S. Becker			Rep. Brandy Pyle		
Rep. Pat D. Heinert			Rep. Matthew Ruby		
Rep. Dennis Johnson			Rep. Denton Zubke		
Rep. Mary Johnson			Rep. Ron Guggisberg		
Rep. Donald W. Longmuir			Rep. Corey Mock		

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Rep.

If the vote is on an amendment, briefly indicate intent:

*Voice vote. Amendment passed*



Date: 2/1/17

Roll Call Vote # 2

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

House Education Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. M. Johnson Seconded By Rep. Schreiber-Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman- Mark S. Owens	✓		Rep. Andrew Marschall	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓		Rep. Bill Oliver	✓	
Rep. Rich S. Becker	✓		Rep. Brandy Pyle	✓	
Rep. Pat D. Heinert	✓		Rep. Matthew Ruby	✓	
Rep. Dennis Johnson	✓		Rep. Denton Zubke	✓	
Rep. Mary Johnson	✓		Rep. Ron Guggisberg	✓	
Rep. Donald W. Longmuir	✓		Rep. Corey Mock	✓	

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Owens.

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1324: Education Committee (Rep. Owens, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1324 was placed on the Sixth order on the calendar.**

Page 7, remove lines 24 and 25

Renumber accordingly

**2017 HOUSE APPROPRIATIONS**

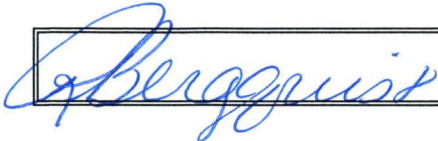
**HB 1324**

# 2017 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB 1324  
2/9/2017  
28138

- Subcommittee  
 Conference Committee



## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

## Minutes:

**1:25 Representative Owens, District 17:** HB 1324 per pupil payment formula. We'll walk through it and I'll explain what was changed and one item that still needs to be changed. Page 3 line 13, there's a slight increase there in the English language from .33 to .40. On line 18 from .25 to .28, that's actually not a code change from the current year biennium year, I just wanted to point it out that was a change that was made the second year of the current biennium.

You'll additional change on page 5 line 4 that is strictly English change, page 6 line 21, these changes again represent current year and the last biennium, the changes in dollars associated with the formula the way you see it exist is a zero and zero increase off the two for the entire of the biennium from the last year of this biennium.

There's an error in the current biennium language, page 6 line 27, if you notice it says *the district 2013/2014* should read 2015/2016.

**Chairman Delzer:** Does that change any dollars?

**Representative Owens:** It doesn't change the way it's been done; they are still doing it the way they should be but it's two school years behind. Page 7 line 2 that should be changed to 2015/2016 also.

**6:00 Chairman Delzer:** Have you discussed why there's a year in there instead of the *previous year*?

**Representative Owens:** This is referring to the pupil count; they always use last year's. I had asked them to do that in an amendment that's what we are trying to get changed.



**Sheila Sandness, Legislative Council:** They don't think it would really need a date, we could take it out completely. The way you refer to student units, the date could come out completely.

**Representative Schatz:** On page 6 line 21 and 22 *superintendents shall multiply the districts weighted student units by nine thousand*, cross out three, add six. I thought we were going zero budgeting on the K-12?

**Chairman Delzer:** This catches the second year, which was the 96 hundred, keeps it at 96 hundred for two more years.

**8:55 Representative Monson:** If we get rid of those dates all together and just have it worded as the weighted student units from the previous year.

**Ms. Sandness LC:** He had indicated they could just remove the date.

**Chairman Delzer:** But subsection 2 page 6 line 18-19 has 20112/2013 in there.

**Sheila LC:** That's the base line year; they're multiplying, for example, the 108% times the district's base line funding per weighted student as established in subsection 2. So that is the base line.

**Chairman Delzer:** And it doesn't need to be changed, that base line stays where it is?

**Ms. Sandness LC:** That's correct, that stays the same and then multiply by the district's current weighted student units used in the formula, but you wouldn't need to reference a date.

**Chairman Delzer:** Another words just strike out 2013/2014 on line 27 page 6, line 2 page 7

**Ms. Sandness LC:** I believe there is a 2014/2015 too in two separate places that would be struck out. Page 7 line 15 and line 9.

**11:50 Representative Owens:** He had some words to replace those dates.

**Representative Brandenburg:** The student payment, was there any discussion about on the inputted property that goes in because the property probably is going to have to be reduced because of the formula that's out there. Probably going to take more money this time than last time because evaluations are going to go down which are going to increase payments from the state.

**Representative Owens:** We didn't have a discussion on inputted payments per say but I do still have one more thing for you. On page 7 lines 23-25 this was discussed by the committee. We needed to include this about mobile homes, telecommunications and veteran's exemptions are at 100% deducted from the school's account when they don't get 100% of that payment. So those line reduce those three from 100% to 75% for a 5.6-million-dollar increase.

**Chairman Delzer:** Why don't they get the 100%?



**Representative Owens:** Because the 100% is divided up between the school board, the county, park district and the city, it's all divided up. Everyone get a piece of the pie, they deducted a 100% but they don't get 100%.

**Chairman Delzer:** You only deduct a 100% of what the school gets.

**Representative Owens:** That's not how the law reads, it reads that it's 100% of the payment. There is another bill to further study it to make sure that nothing was done wrong.

**Chairman Delzer:** Where are you getting the money to cover this?

**15:25 Representative Nathe:** Regards to that money, with the passage of measure 2 with common school's trust fund throwing off in the range of 80 million dollars and the people's increase that we saw lower then Jerry Coleman's projections were, I would think there's money to cover this.

**Chairman Delzer:** Wasn't it put in as a standalone bill, why is it a study?

**Representative Owens:** It was not a standalone bill, it was always a study bill originally, then this was brought to the committee's attention as part of the briefing on the bill.

**17:15 Chairman Delzer:** Why did you make a policy change, why did you not change that in the study and bring it to the floor so the whole floor could have that discussion by itself instead of the funding bill for K-12? Why didn't you change the study to do it so that issue could be separate on the floor and the floor could have the discussion on that issue? Everyone wants to vote for K-12 funding but not everyone wants to vote for this switch.

**Representative Owens:** The committee wanted it in the bill so I couldn't keep the amendment out of the bill. This is 5.591 million.

**Chairman Delzer:** I had heard 44 million per new student, has that number went down?

**Representative Owens:** I had heard that, 22 million per biennium estimate for the growth.

**Representative Nathe:** I was early on in the inter it was 3000 new students and just before we came into session he was at 1600-1800 range. In the intern education committee, we were told 3000

**Representative Owens:** I have heard fewer new students I haven't heard the anything on the continuing cost going down.

**Chairman Delzer:** Anything further?

**19:40 Representative J. Nelson:** I think every school district has some lieu property that it's a fairness issue. I would argue that when you take 100% of the value away, you don't get it all in the first place. I have seen the breakdown of who would get the money and quite honestly

it's spread across the state to every school district in the state and I don't know if there's a true winner in the group. It's not a big deal for each school district though.

**Representative Brandenburg:** Something that concerns me is that with the expansion on the homestead tax credit and the veterans tax credit this number could get bigger.

**Chairman Delzer:** I would like to see the language that actually says that it's split and the school's being charged for more then what they receive.

**21:30 Representative J. Nelson** I can find the 5 million dollars; I would start in the rapid enrollment.

**Chairman Delzer:** That's in SB 2272,

Further discussion?

# 2017 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1324  
2/14/2017  
28306

- Subcommittee  
 Conference Committee

*Virginia L Moch*

### Explanation or reason for introduction of bill/resolution:

To amend and reenact sections 15.1-27-03.1 and 15.1-27-04.1 of the North Dakota Century Code, relating to the determination of state aid payable to school districts.

### Minutes:

Attachment 1

**Chairman Monson:** called the committee to order on HB 1324. We are taking up HB 1324, the formula bill, first so we get the right numbers to plug into HB 1013. We heard this bill in full committee and they gave it to our committee. After discussing it with several people. They said they were thinking of sending it back to the 100% imputed on those 3: mobile home tax, telecommunication tax, and homestead credit tax. They had taken them all down to 75%. But that ended up having a price tag of \$5.6 million. Also we passed a bill on the floor to study this. Since that bill has already passed the house, it doesn't make sense to do it then study how to do it afterwards. The Ill came up before the study was done. We took it back to the way it was and they can do a study when it gets to the senate. The Amendment is 03002.

**Rep Martinson:** I would move the amendment 17.0641.03002 to SB 1324.

**Rep Boe:** I'll second it.

**Rep Sanford:** Is the plan then, to hold K-12 harmless and put money back in to transportation? I would vote no on the bill, but since you put it back to how it was I will vote for the amendment to the bill.

**Chairman Monson:** When Measure 2 comes to us in second half we can consider doing that. Transportation is not in that bill now, but we have that option.

**Rep Schatz:** Where do we find these codes?

**Chairman Monson:** Page 5, subdivision F. It is 75% or revenue received by the school district. Jerry can answer that for us.



**Jerry Coleman Department of Public Instruction:** That reference to 2000 is in reference to the gas and oil taxes. I think what you are referring to here is what the house education committee put on and that is on page 7. It would be removing some language on page 7 of the bill.

**Chairman Monson:** The paragraph that was struck out on page 7 refers back to page 5 and 6. The relevant ones are 6,7, and 8. They had the mobile home taxes and those at 75%. Now it says "all" revenue received by school districts from mobile home taxes and the ones in 7 and 8. That is the 100% that we restored it to. It's been at 100% for many years. We will look at this when we get the other bill from the senate. It's just cleaning up the bill so we don't have to go back every year to figure out the years. \$9,646 is the per student rate for the next two years.

**Rep Schatz:** We did take out the REAs and Lead, right? Why is the cost per student going up?

**Chairman Monson:** Those have nothing to do with this bill. Those are in HB 1013. This just restores the bill to its original. The new language just cleans it up and makes it easier, we don't have to look back at other years.

**Mr. Coleman:** The current cost per pupil is \$9646. You're just setting that up for the next 2 years. The first year was \$9300. Most of that is due to the growth in students and the decrease in taxes.

**Chairman Monson:** The per pupil payment will be \$9,646 per student. Two years ago we said the cost is \$9365 per pupil. The second year was higher. We knew the costs were going up. Motion made by Rep Martinson and seconded by Rep Boe to adopt the amendment.

**Voice vote:** Nays carry. Motion failed.

**Chairman Monson:** You just spent \$5.6 million. We still need clean up language.

**Rep Streyle:** We have a motion to not do the overstrike on page 7 on lines 24 and 25.

**Ms. Sandness:** Just to clarify on the overstrike. If you don't remove the overstrike you should look at the language in there, because I think it goes a little too far. We need to stop after of and leave "subdivision F of". Otherwise you are changing it to 75% of all the revenues, which if you go back to subsection 1, it is all the revenues that were calculated in their baseline funding.

**Chairman Monson:** O.k. Rep Streyle, the motion is to leave the housecleaning stuff, but to leave the 75% on all of them the way the house education committee had it.

**Rep Sanford:** seconded.

**Roll call vote:** Yes 4. No 2. Absent 1. Motion carries.



**Chairman Monson:** 19:24 Rep Schmidt joins us. Now we have HB 1324 before us with the cleanup language in it. Still leaving it at 75%.

**Rep Streyle:** makes a motion to Do Pass as amended.

**Rep Sanford:** Seconded.

**Roll Call Vote:** Yes 7. No 0. Absent 0. Motion carried.

**Chairman Monson:** will carry the bill.

19:58

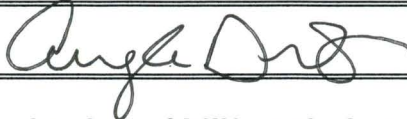
# 2017 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB1324  
2/16/2017  
Job 28445

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## **Explanation or reason for introduction of bill/resolution:**

A BILL for an Act to amend and reenact sections 15.1-27-03.1 and 15.1-27-04.1 of the North Dakota Century Code, relating to the determination of state aid payable to school districts.

## **Minutes:**

**Chairman Delzer** called the committee to order.

**Rep. Monson:** Amendment 17.0641.03003 is the only change we made to HB1324. This was overlooked by the education committee; it's housekeeping. I'd move the amendment.

**Rep. Schmidt:** Second.

**Voice vote taken: Motion carried.**

**Chairman Delzer:** I know everybody gains a little bit but it is a change in our formula. The bill was actually put in first just to study it. That's passed the House floor. The House education committee made the change from 100 to 75 in lieu of property in this bill. I think the cost of that is \$5.7 million.

**Rep. Monson:** \$5,590,000.

**Chairman Delzer:** Did you do any funding changes on HB1013?

**Rep. Monson:** Without getting into HB1013 too much.

**Chairman Delzer:** You didn't do anything different because of this bill?

**Rep. Monson:** We did not. The number that is plugged into 1013 at the moment does reflect what the House education committee did.

**Chairman Delzer:** You did not increase the amount you took from foundation aid stabilization fund?

**Rep. Monson:** We did not. We took some other funds from other places.

**Vice Chairman Kempenich:** I'll move.

**Chairman Delzer:** You don't need a motion if you don't want to change what they've done.

**Rep. Streyle:** Let's bump it up to 115 from 110 then. I think the change is the right change and increasing the foundation aid stabilization fund by \$5 million is fine.

**Rep. Sanford:** When you look at historical funding for K-12, the first thing you look at is the foundation aid. The rate is the same; held harmless. The second thing is transportation; that's down 5.7. What this does is replaces the 5.7 that we're down in transportation, but it puts it in the formula, everybody gets some money. The third thing is special ed. It's in the formula. The stand-alone part is for excess costs and we always just true up on that. We have the bill that sets the budget for K-12. There was this commitment and this permits us to live up to it. I think it's a better way than the traditional way with transportation.

**Chairman Delzer:** One of the differences is that transportation goes to the rural areas.

**Rep. Nelson:** I agree with your last statement. Transportation does balance the funding mechanism a little more for rural schools. With no increase in foundation aid payments, those schools that are stable or declining in enrollment will feel a budget reduction. The problem is that transportation payments, in some cases, incentivize inefficiencies. I think we either need to devise a system where efficiency is incentivized or go in a different fashion.

**Rep. Sanford:** I'll move a do pass as amended.

**Rep. Boe:** Second.

**Rep. Delmore:** We did not adopt this amendment.

**Chairman Delzer:** No. We adopted "the previous school year" but we're not making any change from what the education committee did going from 100% imputed to 75% imputed in lieu of property taxes.

**Rep. Monson:** We changed the formula in 2013. Going before that, those imputed numbers are all over the board. This is how it's been since 2013. Why it got set in 2013 around 100%, I'm not sure. Probably not correctly done. It's basically a wash to the school districts in most cases.

**Chairman Delzer:** There was a time when the mineral rights were not imputed at all. This is fine if this is what the committee wants.

**Roll Call Vote: Yes – 17, No – 3, Absent – 1.**

**Chairman Delzer:** Motion carries. Rep. Monson will carry.

**Chairman Delzer** adjourned the committee.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1324

Page 6, line 27, overstrike "2013-14"

Page 6, line 27, after "units" insert "from the previous school year"

Page 7, line 2, overstrike "2013-14"

Page 7, line 2, after "units" insert "from the previous school year"

Page 7, line 9, overstrike "2014-15"

Page 7, line 9, after "units" insert "from the previous school year"

Page 7, line 15, overstrike "2014-15"

Page 7, line 15, after "units" insert "from the previous school year"

Page 7, remove the overstrike over lines 24 and 25

Renumber accordingly



2/16/17 DOR

17.0641.03003  
Title.04000

Prepared by the Legislative Council staff for  
House Appropriations - Education and  
Environment Division Committee  
February 16, 2017

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Page 7, line 25, remove the overstrike over "~~subdivision f of~~"

Renumber accordingly

Date: 2-14-2017  
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1324

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: 17.0641-03002 HB 1324

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep Martinson Seconded By Rep Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson			Rep Boe		
Vice Chairman Streyle					
Rep Martinson					
Rep Sanford					
Rep Schatz					
Rep Schmidt					

*Voice vote not carries*

Total (Yes) \_\_\_\_\_ No ✓

Absent Rep Schmidt

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
to amend HB 1324 with clean up language and restore to the original.  
motion failed

Date: 2-14-2017  
 Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1324**

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: 17.0641.03003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep Streyle    Seconded By Rep Sanford

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson		✓	Rep Boe		✓
Vice Chairman Streyle	✓				
Rep Martinson	✓				
Rep Sanford	✓				
Rep Schatz	✓				
Rep Schmidt	AB				

Total (Yes) 4    No 2

Absent Rep Schmidt

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
we do not do the overstrike, all the housecleaning, but leave the 75%.

Date: 2-14-2017  
Roll Call Vote #: 3

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1324

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: 17-0641.03003 - HB 1324

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep Streyle Seconded By Rep Sanford

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson	✓		Rep Boe	✓	
Vice Chairman Streyle	✓				
Rep Martinson	✓				
Rep Sanford	✓				
Rep Schatz	✓				
Rep Schmidt	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Chairman Monson

If the vote is on an amendment, briefly indicate intent:

DO Pass HB 1324



Date: 2/16/2017  
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1324**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Representative Monson Seconded By Representative Schmidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich			Representative Streyle		
Representative: Boehning			Representative Vigesaa		
Representative: Brabandt					
Representative Brandenburg					
Representative Kading			Representative Boe		
Representative Kreidt			Representative Delmore		
Representative Martinson			Representative Holman		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Pollert					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

**MOTION CARRIES**

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB1324**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0641.03003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep. Sanford Seconded By Rep. Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Schatz		X
Vice Chairman Kempenich	X		Rep. Schmidt	X	
Rep. Boehning	X		Rep. Streyle	X	
Rep. Brabandt		X	Rep. Vigesaa	X	
Rep. Brandenburg	X		Rep. Boe	X	
Rep. Kading		X	Rep. Delmore	X	
Rep. Kreidt	<i>A</i>		Rep. Holman	X	
Rep. Martinson	X				
Rep. Meier	X				
Rep. Monson	X				
Rep. Nathe	X				
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				

Total (Yes) 17 No 3

Absent 1

Floor Assignment Rep. Monson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1324, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (17 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1324  
was placed on the Sixth order on the calendar.

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Page 7, line 2, overstrike "2013-14"

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Renumber accordingly

**2017 SENATE EDUCATION**

**HB 1324**



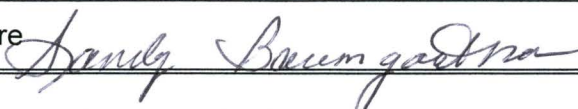
# 2017 SENATE STANDING COMMITTEE MINUTES

Education Committee  
Sheyenne River Room, State Capitol

HB 1324  
3/13/2017  
Job Number 29060

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

Minutes:

#1,#2

**Chairman Schaible:** Open hearing for HB 1324. Roll taken: All present.

**Repr. Mark Owens:** District 17, Grand Forks. 1324 is a per pupil payment bill. As it was constructed it represents the second year of the last biennium. Any additional changes to it other than the imputed amount on the 75% in lieu of payments. The 3 items were changed from a 100% to 75% to correct the error because the schools were being charged 100% of the ending payments when they were not receiving the 100% of the ending payments. So that represents roughly 5.5 million-dollar increase. While the bill is held harmless. The same amount, even though it may appear on some of the pages on the fiscal note the per pupil payment is being changed and going up and in reality it is not. Keep in mind that this is the second year of the past biennium where there was a 3% increase. That was the natural change for the second year. Went on to explain the fiscal note. I will stand for questions.

**Chairman Schaible:** the in lieu of factors that were changed from the deduction from 100% to 75% so the local district now gets 25% of that savings. That is a major change in the way we do funding. Do you feel it is the right time to add a 5.5 million cost to our situation that we are in?

**Repr. Mark Owens:** I understand and I am going to say that based on the 5.5 million and talking about holding harmless, this was promised in measure 2. Yes, I believe we should be able to do that this session.

**Chairman Schaible:** Not talking about measure 2 because I understand that \$160 million went from the measure #2 to hold it harmless and to make up the amount that would have been deducted if we would have been under the governor's allotment of 116 and then the 40 is cost to continue. That is the 160 that we made up for than, but that was the other change that was done. Here is where we are shifting between the foundation aid bill and this k-12 funding bill. So that is kind of a wash. The only other difference between that one is the 5.5, which we do in lieu of. In lieu of now is an assessment of tax, in lieu of tax, that they take for that. But that is a tax that the school district never leveled for a specific cause, like increasing their budget or building fund. It is just a change in way we have done thing for quite a while and what I am asking though is this the appropriate time to do it with our structure. It is costing the state 5.5 million more dollars. It is an additional amount of money in a time where we might not be able to afford 5.5 million more monies.



**Repr. Mark Owens:** I don't disagree with your logic. At the same time, I am here to present this bill as the committee brought it to me. I honestly thought appropriations would pull it, but they supported it. I assume they found the money somewhere. I stand here in support of the bill as the committee passed.

**Chairman Schaible:** Everything is basically the same except the second year of the biennium we are currently in with the payment rates and everything else is the same. They also took out the factors for ELL and rapid enrollment which we have included in the measure 2 bill.

**Repr. Mark Owens:** It was my understanding the factors for the ELL actually went up the second year of the biennium and is demonstrated in here on page 3. Repr. Owens went on to explain the pages of bill. It does appear to be an increase.

**Senator Rust:** In your discussions when you change from 100 to 75%, was there even a rationale why they did that?

**Repr. Mark Owens:** I asked and nobody knew. They are not getting the 100%, so why are they being penalized the 100%. There was a study to correct this.

**Aimee Copas:** North Dakota Council of Educational Leaders: Testimony #1.

**Chairman Schaible:** Did Mandan get any new students last year?

**Aimee Copas:** Yes, they did and they have a continuous growth. They always have more students than money coming in.

**ElRoy Burkle:** North Dakota Small Organized Schools: Testimony #2. Go on record of supporting HB 1324.

**Chairman Schaible:** Other testimony in favor, in opposition, agency?

**Jerry Coleman:** Department of Public Instruction: Explained the fiscal note page 3 that is attached to bill.

**Chairman Schaible:** That 160 of the foundation stabilization fund, is that basically the allotment plus the cost to continue? Is that where the 160 came from?

**Jerry Coleman:** Total amount is 270. The allotment part is the 110 million. So they are considering that as on-going. They are moving to special funds, from general funds on up. They are viewing it as that 110 will be coming out of that foundation stabilization fund each biennium. That is pretty close to the estimate of what that should replenish on an on-going process with the oil and gas tax going into it.

**Chairman Schaible:** Then the other part of that is this on 1,940 billion. 15% of that is what has to stay in the foundation stabilization fund.

**Jerry Coleman:** There is a certain amount that has to stay in there. I think it is about 250 million to get that statutory requirement. There is updated paper work on that to find that out.

**Senator Davison:** The cost to sustain 2016-17, is that the one-year increase from the numbers we know for this year? We know that is the 54 million. We know the first year student count, but not the second year? Is it those 2 numbers times \$9600?

**Jerry Coleman:** That 51 million is the changes that we had from the first year of the current biennium to the second year. We had rate increases, new students, so the cost is just generally going up. That is picking up the new students, picking up changes in taxable valuation, and picking up the rate increases. That is pretty much how it goes. The numbers in the next biennium is projected. We are basing this on our fall enrollment count for this current year. We will know pretty close what the first year will be and then we have to project into the second year. For our budget purposes, it is about 1800 increase of students each year going into the next biennium. That is what we expect based on kids entering school and kids graduating and demographics.

**Senator Davison:** We project that ourselves? Or does someone else do that for us?

**Jerry Coleman:** We do our own projections? We look at how many 1<sup>st</sup> graders and that is what we expect to go in to the second year. It builds in migration.

**Senator Davison:** With the funding sources you said under the State Tuition Fund that most of that comes from the Common School Trust Fund, but there are other funds. Can you give me examples?

**Jerry Coleman:** The other ones that go in there is a much lesser amount. I think it is about 10 million comes from state fines and penalties where they get distributed to schools.

**Senator Davison:** The \$110,000 comes out of the foundation aid stabilization fund, that is the on-going per person payment. The on-time \$160,000 that is or isn't the construction loan out of the foundation stabilization?

**Chairman Schaible:** It is.

**Jerry Coleman:** That is money that is coming out of the Foundation Stabilization Fund but is designated as one-time funding. So you don't get the idea that is always going to be rolling out of there. It means something to appropriation people.

**Senator Rust:** Foundation Stabilization Fund needs 15%, what is the dollar amount? Is it about 250?

**Jerry Coleman:** Roughly 250.

**Senator Rust:** On the web site you have done 2017-19 student funding crossover projections. One of the things that they tell individuals is that foundation payment per pupil is the same dollar, but it doesn't mean that the schools get the same dollars because they have run it through the formula. You did a projected for each of the schools for each of the years in the biennium. Did you happen to see how many schools lost because of enrollment changes?

**Jerry Coleman:** I don't have an exact number, but there will be well over half that will receive less because of declining enrollment. Districts last year that lost students was about around 80-90. This formula is driven by student numbers.

**Chairman Schaible:** Other questions? Agency testimony? Close hearing for 1324.



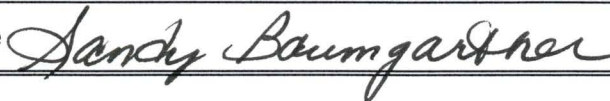
# 2017 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Sheyenne River Room, State Capitol

HB 1324  
3/20/2017  
Job Number 29447

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

## Minutes:

#1, #2, #3

**Chairman Schaible:** HB 1324. This is the K-12 funding bill. Let's go through every section as a refresher. #1 What this basically is that the K-12 funding bill is exactly like it was the last session with 2 other amendments put on by the House. Section 1 is the factors for each one of our breakdowns for what they are paid for. Explanation continued.

**Senator Oban:** I thought I had heard that they had cut out some funding for ELL and REAs. I don't see any of that in the factors.

**Chairman Schaible:** None of the factors stuff has been changed. The other stuff is department stuff like REAs.

**Senator Oban:** You are saying some of that is in the Department of Public Instruction budget?

**Chairman Schaible:** Yes, and some of the other. It is the funding program of 2 years ago.

**Senator Rust:** I am looking at 2017, item C is .33 and after 2017 it is .40. Then B is 2.5 to .8., Then E goes from .22 to .25. Last session it was determined that this biennium and future biennium's they would be slightly higher. It does change as far as the formula goes, but not in law. Which will be good for schools.

**Chairman Schaible:** Those changes were made last session. On page 5, this is the 3003 version of this bill. Explanation continued on version.

**Senator Rust:** On page 5 when you are determining a base line funding back a certain year, it is a 100% yet. Now moving forward on page 7, lines 29-30 paragraphs are crossed out.

**Chairman Schaible:** The end result of that is on the fiscal note which is a 5.5 million difference. What that produces are costs to the state. Look at the third page of the fiscal note. #2 attachment

**Senator Kannianen:** Did you change the cost per pupil payment?

**Chairman Schaible:** What happens with in-lieu-of is the district gets to keep that 25% from going from 100 to 75%. That cost for the state 5.5 million dollars. Any questions on the bill? We didn't change per pupil payment.

**Senator Kannianen:** On subsection 3, page 6 it goes from 9365 to 9645.

**Chairman Schaible:** Two years ago we always give 2 factors, one for the first years and one for the second year. It was an increase. We can't afford an increase, so it is capped at 9645 for two years. The amendment I passed out it is (attachment #3) just it removes the overstrike language. It is taking the in-lieu-of factor out of that. Now it puts 5.5 million dollars back into the states bank. The section



3 says that \$55,400,000 will be included in the transportation grants in HB 1013. They took out 5.6 million of transportation and this will restore 4.1 of that.

**Senator Rust:** What was the dollar amount in 1013?

**Chairman Schaible:** It was 5.6 out of that. It is not putting back to what it was. But it is putting 4.1 back into it.

**Senator Davison:** Are you aware of any other money out of the stabilization fund?

**Chairman Schaible:** There is 75 million for school construction. There is 10 million for rapid enrollment grants and there is 1 million for ELE.

**Senator Rust:** So it is 1.6 million decrease? It is better than 5.7 decrease. I move a "Do Pass" on amendment 17.0641.04001.

**Senator Davison:** Second.

**Chairman Schaible:** We have a motion and second for Do Pass on the 4001 amendment to HB 1324. Any other discussion?

**Senator Oban:** For the minds that brought it from 100% down to 75%, this amendment will give more money to transportation?

**Chairman Schaible:** It is a fundamental change that is taking money from the state from something they didn't have before. It is something new. We haven't expanded any new programs. Transportation is still taking a little hit. One-time funding is a 25 million-dollar hit. We will vote on the amendment. Clerk take roll.

Roll Taken: 6 Yeas, 0 Nays, 0 absent.

**Chairman Schaible:** Should we wait on the bill? Does anyone need more information? You want to wait? That's fine.

**Senator Davison:** This bill has to be out by Wednesday? (correct)

# 2017 SENATE STANDING COMMITTEE MINUTES

Education Committee  
Sheyenne River Room, State Capitol

HB 1324  
3/21/2017  
Job Number 29521

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Sandy Baumgartner*

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

## Minutes:

#1

**Chairman Schaible:** Open hearing on 1324. Let's go over the amendment

**Senator Davison:** There are three pieces. Attachment #1. Explanation of amendment. In Section 8 cross out in title only "And ND Teacher Center Network". We do need to amend this.

**Chairman Schaible:** So you have 3 sections. One is a study. One is to provide oversight over REAs. Could you go over the governance part again?

**Senator Davison:** So there are 3 sections of the amendment. One is for the state board of public school education shall provide oversight for regional education associations and they will be allowed to make their administrative rules. Originally in the bill we talked about the rules should be and then we thought they can make their own rules. There are 3 superintendents and 3 school board members. The superintendent can decide what the administrative rules are and how we report to them. Included in that is the annual audits that are required. The second section the focus would be the legislative management study looking at consolidation and duplication of services in the area of professional development, distance curriculum, delivery supporter, support for school improvement programs and data analysis and support of school achievement. The third section is 7-8 and we would take \$160,000 from the foundation aid stabilization fund and there would be up to \$40,000 for each of the REAs to merge. Section 8 talks about that there will be 4 REAs representing each quadrant. There will be 4 mergers. Further explanation followed.

**Chairman Schaible:** Problem with the REAs is the question of the funding that was for them, I was told that the \$800,000 was removed from the REA funding and I believe that \$500,000 of that has been replaced back into the Department of Public Instruction budget. Was there a reason to increase that? The understanding is that they had no unified goals or governance and that they aren't sharing the best practices and ideas. So this is an intent to force that issue.

**Senator Davison:** The \$800,000 was removed. I am an executive director of one of the REAs. There were a number of organizations, such as EDU TECH and others tied to education that were held harmless. With REAs we are in statue to support professional development and 5 areas that they are focused on. The funding was cut and I had concern. I asked for \$640,000 to go back into the REA line item. If you take the 160 for the incentive and add that is \$800,000. That was my informal request to the appropriations committee. That house bill is 1013.

**Chairman Schaible:** Any other discussion?

**Senator Davison:** I make a motion to pass amendment 17.0641.04003 amended into HB 1324.

**Senator Oban:** I second.

**Chairman Schaible:** I have a motion and a second to further amend 1324 with the 4003 amendment. Is there discussion?

**Senator Kannianen:** As far as the mergers, I am wondering how are the thoughts from the other REAs and the talk from both chambers about one bill to eliminate REAs and wanting to look at efficiencies. Could anyone else can give insight whether that talk is accurate?

**Senator Davison:** REAs are of different size. One has 33,000 students. We have REA's that have less than 4000 students. You get about \$18.00 per student. You can have more collaboration with partners to do more.

**Senator Davison:** We really need to merge Special Ed. Units and REAs, but we will focus on REAs now.

**Chairman Schaible:** We have 8 distinct REAs that are doing their own governance and have no shared goals. Other discussion? With a motion on the table do you need more time?

**Senator Davison:** On the amendment, did I have to amend the line first or did we do that on Section 8? I am looking at the Christmas Tree version right now.

Discussion with chair and intern about creating version. (17:00)

**Chairman Schaible:** We can fix that. Other discussion. We will pass or kill tomorrow morning.

Clerk take roll: Roll taken: 5Yeas, 1Nays 0 absent. Senator Rust did add vote later.

**Chairman Schaible:** With that I will try to get a Christmas Tree version. We will close.



# 2017 SENATE STANDING COMMITTEE MINUTES

Education Committee  
Sheyenne River Room, State Capitol

HB1324  
3/22/2017  
Job Number 29540

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Sandy Baumgardner*

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

## Minutes:

**Chairman Schaible:** Meeting called to order. Roll taken: All present

Let's look at 1324. We talked about some 2003 that we adopted yesterday and we were going to simply just change the words on that. We went upstairs and found out we couldn't do that. To do that we need to reconsider our actions on the 2003 amendment. So person who made the motion like to rescind that?

**Senator Davison:** I would like to rescind, reconsider, that action on 4003.

**Senator Oban:** I second

**Chairman Schaible:** Committee we will voting on taking this bill back and reconsidering our actions on this amendment. Any questions on that. We can do that with a voice vote. All in favor? Yea. All those opposed? No nays. Motion carried. Now we have our version of the back that does not have the 4003 amendment on there.

**Senator Davison:** I would like to make a motion to amend HB 1324 by passing amendment 17.0641.04004.

**Senator Kannianen:** I second

**Chairman Schaible:** I have a motion and a second to adopt the 4004 version for 1324.

**Senator Davison:** We just did as the chairman said we changed a couple words and so I learned something again. It is a good learning experience that you can change a couple three words in here if it doesn't change the meaning of the amendment. But a couple of the words that we did change in section 6. It didn't change my intent of section 6, but how it read you could have read it different ways. What we did is I will read "during 2017-18 interim the legislative management shall consider studying". Before we had k-12 or we had k-12 entities. We are really not studying schools. So we removed that and have "entities that deliver professional development". It is entities that support k-12 education. It was a clear meaning on that. Then in section 8 we just took out the Teacher Center. I think that is what we did?

**Chairman Schaible:** You explained the whole amendment. Senator Rust had missed out discussion so he needed an update on it. So just go through the amendment again.

**Senator Davison:** So in section 1 it addresses the concerns of the REAs being accountable for their tax payer dollars. They are under subsection 2, the state board of public school education shall



provide oversight for REAs as required as in 15, in that chapter. They also have the ability to adopt the rules so they can determine how that accountability can be done themselves. Then going from the REA accountabilities standpoint we added in section 2, the audit. The power of the public instruction and the board of public school education, so if there are discrepancies and they don't address them dollars can be withheld. The legislative management study in sect 6. You can read that. There would be entities such as Edu Tech or Information Technology Council or a number of different things along those lines. Section 7-8 go together. Section 8 is the intent of the legislature for 4 REAs to merge and there would be 1 in each quadrant by June of 19. Section 7 is an appropriation that allows them to receive dollars for merging and getting it organized.'

**Chairman Schaible:** Questions? We have a motion and a second to adopt 4004 versions, basically the same thing we had. We just heard the description on the amendment. Any other discussion? Clerk take roll on the 4004 amendment: Roll taken 6 Yeas, 0 Nays, 0 Absent.

Now we have a further amended version of the reengrossed bill 1324. The amendments are in the Christmas tree version. Any discussion on that? They are the same thing.

**Senator Rust: The 01 amendment is included in it?**

**Chairman Schaible:** Yes. (inaudible)

**Senator Rust:** Do we need to get this one out today? We excepted the 04 amendment, and there is an 01 amendment. Can we get a copy of that for the afternoon session?

**Chairman Schaible:** We can get a copy after the session. It doesn't have the 01.

Intern explained

**Chairman Schaible:** Did we not vote on it?

**Senator Rust:** We voted on it.

**Intern:** I would make the amendment of 01 after you vote on the bill. I can't do anything on the bill until you vote on the bill itself.

**Chairman Schaible:** I am requesting from legislative council. Can you ask them to send me a Christmas tree version with the 4 and the 1 version on it? We will try to do that after our hearing. Let's stand adjourned until 10:00

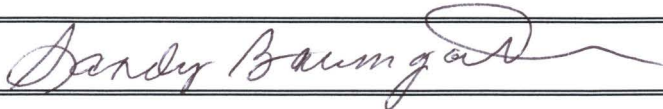
# 2017 SENATE STANDING COMMITTEE MINUTES

Education Committee  
Sheyenne River Room, State Capitol

HB 1324  
3/22/2017  
Job Number 29568

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts

## Minutes:

**Chairman Schaible:** Committee come back to order. Should we do 1324 or do it after the other hearing?

**Senator Davison:** I will make a motion for a Do Pass for reengrossed House bill 1324 as amended and to be referred to Appropriations. That would be 4005.

**Senator Oban:** Second

**Chairman Schaible:** We have a motion and a second for HB1324 the 4005 version. We have had plenty of work on this. I think there is work left to do on this, but I think it is time to pass it on.

**Senator Oban:** I reached out to my REA that covers my area and there is some concern as why would we do this study to look into making sure there are not duplications and services or wasted opportunities between these entities, while at the same time telling them to merge.

There was just a talk about why not merge after the study. I don't think that is a bad perspective to have.

**Chairman Schaible:** Part of the addition is that some of this said the study was still necessary, but some of these things are concerns with the people on the other side of the aisle. Some of the issues with the REAs now in two years might be a long time to move. Some of this is strong suggested language. I don't think it is to force this but suggest this. Maybe that's the part we have to work on. I think some of the management, the oversight, and the consolidation might best be served to move rather than wait for 3 more years.

**Senator Oban:** Part of this is just the general language. I don't know if saying specifically northeast, southeast, etc. makes this process to be as flexible as maybe it could be and how those markers happen. Those were concerns I though should be shared.

**Chairman Schaible:** I think it would be a concern if they were worried that the House would concur on this. I am thinking we will conference on this. I think we will have an opportunity to work on it some more. Other discussions? Clerk take roll;

Roll taken: 6 Yeas, 0 nays 0 Absent

**Senator Schaible** will carry

17.0641.04001  
Title.

Prepared by the Legislative Council staff for  
Senator Schaible

March 15, 2017

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 2, after "districts" insert "; and to provide a statement of legislative intent"

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8,  
and 9 of~~"

Page 8, after line 3, insert:

**"SECTION 3. LEGISLATIVE INTENT.** It is the intent of the legislative assembly  
that \$55,400,000 be included in the transportation grants line item in House Bill  
No. 1013."

Renumber accordingly

March 21, 2017

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide a statement of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 4, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

SECTION 2. A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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."

Page 8, after line 3, insert:

**"SECTION 6. LEGISLATIVE MANAGEMENT STUDY.** During the 2017-18 interim, the legislative management shall consider studying kindergarten through grade twelve entities charged with delivering services regarding professional development, distance curriculum delivery, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services. The study must focus on the funding, governance, nature, scope, and quality of services provided to schools. The study also must focus on the duplication of services across entities and the accountability for expenditures. The study must identify efficiencies and the desirability and feasibility of consolidating services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 7. APPROPRIATION. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$40,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 8. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS AND THE NORTH DAKOTA TEACHER CENTER NETWORK.** It is the intent of the sixty-fifth legislative assembly that, during the 2017-19 biennium, regional education associations merge with other regional education associations to form four regional education associations each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state."

Renumber accordingly

March 21, 2017

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide a statement of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 4, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

SECTION 2. A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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."

Page 8, after line 3, insert:

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

SECTION 7. APPROPRIATION. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$40,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

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

Renumber accordingly

March 22, 2017

C1  
3-22-17  
p. 1 of 3

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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 l 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

**SECTION 7. APPROPRIATION - SUPERINTENDENT OF PUBLIC INSTRUCTION - REGIONAL EDUCATION ASSOCIATION MERGER.** There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$40,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 8. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the intent of the sixty-fifth legislative assembly that, during the 2017-19 biennium, regional education associations merge with other regional

education associations to form four regional education associations each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state.

21  
3-22-17  
p. 3 of 3

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

Renumber accordingly





Date: 3-21-17  
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

Senate Education Committee

Subcommittee

Amendment LC# or Description: 17-0641. 04003

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Davison    Seconded By Oban

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	✓		Senator Oban	✓	
Vice-Chairman Rust		✓			
Senator Davison	✓				
Senator Kannianen	✓				
Senator Vedaa	✓				

Total (Yes) 5    No 1

Absent 0

Floor Assignment N/A

If the vote is on an amendment, briefly indicate intent:



Date: 3-22-17  
 Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1324

Senate Education Committee

Subcommittee

Amendment LC# or Description: 4003

- Recommendation:
- Adopt Amendment
  - Do Pass     Do Not Pass     Without Committee Recommendation
  - As Amended     Rerefer to Appropriations
  - Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Dawson    Seconded By Oban

Senators	Yes	No	Senators	Yes	No
Chairman Schaible			Senator Oban		
Vice-Chairman Rust					
Senator Davison					
Senator Kannianen					
Senator Vedaa					
<i>voice vote</i>					

Total (Yes) all    No none

Absent —

Floor Assignment —

If the vote is on an amendment, briefly indicate intent:

Date: 3-22-17  
Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

Senate Education Committee

Subcommittee

Amendment LC# or Description: 17-0641.04004

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Dawson    Seconded By Kannianen

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	X		Senator Oban	X	
Vice-Chairman Rust	X				
Senator Davison	X				
Senator Kannianen	X				
Senator Vedaa	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment N/A

If the vote is on an amendment, briefly indicate intent:

Date: 3-22-17  
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

Senate Education Committee

Subcommittee

Amendment LC# or Description: 0005000

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Davison Seconded By Oban

Senators	Yes	No	Senators	Yes	No
Chairman Schaible	✓		Senator Oban	✓	
Vice-Chairman Rust	✓				
Senator Davison	✓				
Senator Kannianen	✓				
Senator Vedaa	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Schaible

If the vote is on an amendment, briefly indicate intent:



**REPORT OF STANDING COMMITTEE**

**HB 1324, as reengrossed: Education Committee (Sen. Schaible, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1324 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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 1 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

**SECTION 7. APPROPRIATION - SUPERINTENDENT OF PUBLIC INSTRUCTION - REGIONAL EDUCATION ASSOCIATION MERGER.** There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$40,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

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

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

Renumber accordingly

**2017 SENATE APPROPRIATIONS**

**HB 1324**

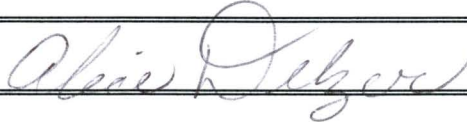
# 2017 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

HB 1324  
3/27/2017  
JOB # 29692

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections of the NDCC, relating to the determination of state aid payable to school districts.

## Minutes:

1. Proposed Amendment # 17.0641.04006

**Chairman Holmberg:** called the Committee to order on HB 1324. Roll call was taken. All committee members were present. Sheila M. Sandness, Legislative Council and Becky Deichert, OMB were also present. This is a policy bill that goes with HB1013. The same subcommittee which is myself, Senator Krebsbach and Senator Robinson will be working on this bill.

**Senator Schaible, District 31:** testified in favor of HB 1324 and provided Testimony attached # 1- Proposed Amendments to Reengrossed HB 1324 (17.0641.04006) He explained the Sections of the reengrossed HB 1324.

**Chairman Holmberg:** That you've been working with the subcommittee doing the DPI and we are leaning toward that doing the funding in the bill.

**Senator Schaible** continued explaining the changes made in the bill. Section 6 – a study. Section 7- he is submitting an amendment regarding Section 7. Section 8 – unified goals and Section 9 – is the Legislative intent regarding Regional Education Associations. There are only two Sections that are changed - Section 7 , the reason this is coming late, Section 7 would change that dollar amount for each REA that wants to come in. the other section is Section 8 requesting money to be distributed to REAs equally. He also referred to the fiscal note on the bill. **(0.08.03)**

**Chairman Holmberg:** Even though you are making two small changes, the Council has to put them all together in one amendment, what you have here is a hog-house of the Senate Education Committee's amendments.

**Senator Robinson:** Regarding Section 10, if we could go back and revisit the transportation grants again, where are we at from the beginning of the session to this amendment?



**Sen. Schaible:** I think we started out with a 5.7% reduction in transportation from the 57 that was originally in there from the Governor. 5.7 was taken out, this would restore 4.1 of that.

**Chairman Holmberg:** it does mesh with what we talked about in our subcommittee work in HB 1013. One of the challenges that Sheila has is at the end of the day she has to make sure that this bill is copasetic with 1013. Also as I have mentioned to the Chairman we will take out any appropriation in this bill and move it into 1013, but they had to put this in to get direction as far as what the policy should be. Like that \$500,000 would be put into 1013 and then removed. There would be suggested amendments that our subcommittee would make to this bill. Any other questions of Senator Schaible? Is there anyone else that wants to testify? There was no one else. The Foundation Aid payments are staying the same. There were no major reductions in this budget. We will close the hearing on 1324. The subcommittee will be meeting tomorrow with Sheila to try to make sure it all works and there aren't errors in it.

The hearing was closed on HB 1324.



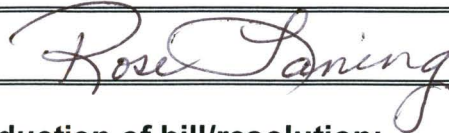
# 2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

HB 1324  
3/28/2017  
Job # 29761

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections of the NDCC, relating to the determination of state aid payable to school districts.

## Minutes:

Attachment # 1 – Amendment 17.0641.04007

**Legislative Council: Sheila Sandness**  
**OMB: Becky Deichert**

**Chairman Holmberg** called the sub-committee to order on HB 1324. **Senator Krebsbach** and **Senator Robinson** were also present.

(He handed out Proposed Amendments to Re-engrossed HB 1324 – Attachment # 1.)

We want to mesh HB 1324 to make sure it conforms to HB 1013. HB1324 is the policy bill and the amendment that was passed out takes all of the policy amendments that the Education Committee put on the bill; removed all of the appropriations and put the money in HB 1013 where it belongs. Then we would have the policy bill clean with no money in it.

**Sheila Sandness:** That is correct. Basically, the version that is currently out there, it removes the section that appropriates funding for the Regional Education Association merger – that \$160,000 that is currently in the bill. That section will come out. All the other changes are remaining in this amendment and that money will be included in the other bill if that is what the committee decides.

**Chairman Holmberg:** Committee members, we will not pass this bill out until we are ready to pass out HB 1013, in case we make some other adjustments.

**Senator Krebsbach** and **Senator Robinson** agreed.

**Chairman Holmberg:** Closed the sub-committee hearing on HB 1324.

# 2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

HB 1324  
3/31/2017  
JOB # 29859

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A DO PASS AS AMENDED on State Aid payable to school districts

## Minutes:

1. Proposed Amendment # 17.0641.04007

**Chairman Holmberg:** called the Committee to order on HB 1324. All committee members were present. Adam Mathiak, Legislative Council and Becky Deichert, OMB were also present.

**Chairman Holmberg:** On 1324 you have the amendment # 17.0641.04007.

**Senator Robinson: Moved the Amendment on 1324. 2<sup>nd</sup> by V. Chairman Krebsbach.**

**Chairman Holmberg:** We had a meeting and discussed this bill. Would you call the roll on the amendments?

**A Roll Call vote was taken on the Amendment: Yea: 14; Nay: 0; Absent: 0.**

**Senator Robinson: Moved a Do Pass as Amended. 2<sup>nd</sup> by V. Chairman Krebsbach.**

**Chairman Holmberg:** Call the roll on do pass as amended on HB 1324. This goes back to the education committee.

**A Roll Call vote was taken: Yea:14; Nay: 0; Absent: 0. Senator Schaible from the Education Committee will carry the bill.**

**Chairman Holmberg:** That goes back to the Education Committee. It will sit down here until HB 1013 goes out. The hearing was closed on HB 1324.

(The recorder was not turned on at the beginning of this hearing. What is left on this recording is discussion regarding other bills that the committee will consider in the next few days.)



PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

In lieu of the amendments as printed on pages 875-877 of the Senate Journal, Reengrossed House Bill No. 1324 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
  - d. Provide oversight for regional education associations as required by chapter 15.1-09.1.
2. The state board of public school education may adopt rules regarding ~~school district reorganizations, annexations, and dissolutions~~ in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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:

UL  
3/31/17  
2 of 2

**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 l 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

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

**SECTION 8. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013."

Renumber accordingly



Date: 3-31-17

Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0641.04009

- Recommendation:  Adopt Amendment
- Do Pass     Do Not Pass     Without Committee Recommendation
- As Amended     Rerefer to Appropriations
- Place on Consent Calendar
- Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Robinson Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Mathern	✓	
Vice Chair Krebsbach	✓		Senator Grabinger	✓	
Vice Chair Bowman	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Wanzek	✓				
Senator Kilzer	✓				
Senator Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 3-31-17

Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1324

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Robinson Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Mathern	✓	
Vice Chair Krebsbach	✓		Senator Grabinger	✓	
Vice Chair Bowman	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Wanzek	✓				
Senator Kilzer	✓				
Senator Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Education Schaible

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1324, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1324, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments as printed on pages 875-877 of the Senate Journal, Reengrossed House Bill No. 1324 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

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  - a. Assist county committees in carrying out their duties.
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Page 8, after line 3, insert:

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**SECTION 8. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013."

Re-number accordingly



**2017 CONFERENCE COMMITTEE**

**HB 1324**

# 2017 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Coteau A Room, State Capitol

HB 1324  
4/12/2017  
Job 30115

- Subcommittee  
 Conference Committee

Committee Clerk Signature

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

No attachments

Chairman- Mark S. Owens: call the conference committee together for HB 1324, and I invite the clerk to call the roll. Ok, Senator how about we start off with you explaining the changes you made and your intent. Please Sir.

Sen. Donald Schaible: sure, Mr. Chairman I am working off the .04007 version.

Chairman- Mark S. Owens: that's the one we have before us.

Sen. Donald Schaible: ok, and just a statement before we start on that. There's a lot of changes on REA's in here so I will explain that, and I will go section by section and go that way. What our thought with REA's is what we were hearing about that, and what this bill and other bills is that we heard a lot of discussions on REA's, and we even had a bill out there to eliminate them and also to study them, and all this kind of stuff. Some of the concerns we had with REA's is that the duplication of services, the inefficiencies of some of the things going on, not that they were all inefficient, but some were, you know they're just not really unified, I think the biggest concern was the governance, and the other side of REA's of what they are supposed to do to make sure that we were having the same goals, and the focus. So with the intent of all these amendments that we are going to go through, it was the idea of we wanted to do a couple of things. One of it was to provide a governance, to provide an audit to make sure that the audit was checked, and seen by the governance that was over them that if there was a problem with the audit that they would have some kind of improvement plan that would be included with the reduction of funds, then we also thought looking at maybe of regionalizing or consolidation of the services. There was also some shortages of funding that was provided for REA's so we looked at providing some funding into that, encouraging some co-ops and reorganizations with that so we put an incentive part into that also where they would be getting incentivized so that they get some funding, but if they want to consolidate with one or more, that they were able to do that, and then also the intent language on there was also to look at a more regional approach of quadrants, and that suggested, so it was kind of. You know a lot of what we are going to go through is under that



intent of REA's, with that I would just go section by section and go through that. Section 1, that's adding powers to the state board of public education which provides the oversight, and the governance that we were talking about for these REA's. Section 2 provides the audit that reports to this governance, and then if there's a problem then the superintendent has the authority to withhold funds, just like they would do anything else is there an improvement plan or a plan that gets them back on track, this would give that authority for the audit and for the superintendent of public instruction to withhold them funds.

Chairman- Mark S. Owens: you are referring to section 3

Sen. Donald Schaible: 2 and 3 I guess, I am sorry Mr. Chairman, so. Yes, it's line 22 on page 2 of section 2 subsection 2, that section 3 subsection 2 superintendent shall notify the state board of public instruction to track the amount of which a district may be held for future distributions. There is no changes in 4, looking for the next change, next change I think is in section 6 which provides legislative management study, and it's also the. You know the idea is not only REA's, but it's also the idea of distance learning, career and tech, and that kind of stuff, so that was kind of the idea. REA's provides some of that services, and just make sure there again with all these things that if we are having duplicate services that we can find a better way to do that, and also just to look at the deliverance of those kind of items. Section 7 provides the quadrants language for the REA's. Section 8 I guess I got to go back up to whatever, what is this section.

Chairman- Mark S. Owens: 5

Sen. Donald Schaible: yeah, but section 5 says. Page 9 lines 11 through 12 I guess what the House had did with that it took out the in Lieu or changed all the in Lieu functions to 75% giving the cost of continuation, I mean for the school districts would get the balance of that difference. I think the total amount of that was about 6 million dollars, I would have to look on my sheet here, but it's here. Anyway we have changed that back to what was originally stated in that, so that's the change we made. The house put that in there to take out the 100%, and make them all 75%, the senate put it back to the way it was. Ok, so when you get down to section this is the language that talking with our appropriation people and what was added to that, this out of that original money that was taken out of the allotment the governor's budget, this puts back 4.1 million dollars into transportation, so I think between the wash, it's still not a, I mean we added back in 6.1 and took out 4.1, so it's not quite, I would have to get my sheet out which has that. There it is, yeah what the in lieu of percentage was 5.5 million dollars, and what we put back in was a net of 4.1 so it's a difference of 1.4 million dollars still a net gain for the state. Mr. Chairman I believe that's the extent of the amendments that we made.

Chairman- Mark S. Owens: ok thank you any questions, Rep. David Monson.

Rep. David Monson: on HB 1013 that's where I notice the difference here, you guys with your 4.1 went into transportation, it was approximately 1.5 million, unfortunately it was not used to balance the budget it was sprinkled here and there throughout other things so it all got spent for other things which is not in here, but what was your reasoning for not putting it back to transportation.



Sen. Donald Schaible: discussions I had, the reason the 4.1 came up, I had conversations with appropriations people, and the chairman of the appropriations and leadership, and like you have said there is other parts of these that are not in this bill, I mean you have HB 1013, HB 2272, and these things are all evolving at the same time so they suggested that's the number I use, and then with the language that you see in that section 8 of the 55.4 that's the language that came from upstairs to do what I had that intended to do, so it wasn't my language it's what the language the legislative council suggested that I use to accomplish the 4.1 put back in there, and then where the amount came from I guess that was suggested to me by the appropriations chair.

Chairman- Mark S. Owens: please continue.

Rep. David Monson: I was just double checking the factors, you did not change anything in any factors, correct? So the way we sent it out of house appropriations with a .4.

Sen. Donald Schaible: there is 2 changes in the factors, but that was language that was done 2 years ago, that was put in there, we did not change that, but there is two changes in this from the previous session, but they were legislations that were done 2 years ago, and that was just included in there. It was no change we made, but there is changes to that, so its cost to continue what I am sure was already factored in. We did not add any or change anything this session.

Rep. David Monson: our committee did change that factor from .3 to .4 for ELL because we took 1 million dollars out and you left it at .4.

Sen. Donald Schaible: we never changed that, so that's originally in there, so.

Chairman- Mark S. Owens: ok, any other questions.

Rep. David Monson: so your discussions were that REA's maybe should go down from 8 to as few as 4 possibly, and you threw some incentives out there to do that, did you look at distances that that would make, every REA is different, everyone has a different mission, somewhat different mission anyway, they do different services, but the distances that you would have to travel, because the one that I am familiar with they met every month, it was 100 miles anyways, so now if you make only 4, where would those 4 be, or would you leave that up to them or did you talk about distances.

Sen. Donald Schaible: yes that was all part of the discussion, part of the thing is, \$800,000 was taken out of REA totally, what this bill does is put 500 in divided by the 8 per biennium so there is 2 payments and whatever that is divided it out. There is the additional \$100,000 that is put in there to incentivize consolidation, or reorganization, and the logic was that yes the distance and uniqueness of every REA is obviously the point, but in the case of an REA let's say in Western North Dakota where they only have 1 or 2 staff members, you know so with that cuts the idea is they can still provide the service, I mean you still have the executive director can be regional, and the services are still mostly done by a per school area, so they go to the school for whatever, the efficiencies are up to them, the distances obviously, and then the uniqueness of every REA is also part of that consideration, but and that's why you know, first thought of that, looking at that was we thought well lets give 25 to 2 of them, and



then say well why limit that, let's just if they can think of something that's 1, 2, or 3 whatever they can come up with as a regional district, and provide better services and create more funding for them, fine.

Chairman- Mark S. Owens: any other questions. Senator if I can take you back to page 2 a minute, section 3, I keep reading this over because I heard what you said, but I don't read it that way, and I understand why on paragraph 1 it may seem like we are reading it that way, but when I get to paragraph 2 it seems like it's focused on the wrong thing from what you stated.

Sen. Donald Schaible: page 2, what line.

Chairman- Mark S. Owens: page 2, and I am really focused on section 3, paragraph 2 there, 19 through 24. The premise was to put teeth in here if the REA did not perform.

Sen. Donald Schaible: If the audit shows there is inconsistencies with the way they should be doing, this language should give the department of public instruction the right to withhold funds, and create an improvement plan.

Chairman- Mark S. Owens: Well no I appreciate your point, that sounded good, unless I am reading it wrong now, I just, it looks like to me superintendent of public instruction determines that a school district failed to meet the contractual or statutory obligations imposed, not the REA's, so upon it as a result of the districts participation in an REA, it doesn't seem like its focused on the REA, it's only focused on the school districts meeting the requirements not the REA meeting the requirement.

Sen. Donald Schaible: I guess the REA's are based on our memberships of the school districts, the superintendent doesn't have really authority over the REA's so that's the way to, it would be the membership schools that would be withheld, but it be only the part to be withheld is the portion probably that they contribute for the REA, their factor for REA's.

Chairman- Mark S. Owens: ah yes, and I understood that and I read it three or four times and I did understand what you were getting at, but it seemed like to me under this language if the REA failed to do something, but the school district still performed its requirements under the contract as best they could, then you still had to pay them.

Sen. Donald Schaible: you know if the language needs to be cleaned up, but I think you are right, but this is the language that they gave me as I intended, I don't think the superintendent has the right to withhold money from the REA's, because they are only giving membership from the schools plus the factor that they get from that, so this gives, the only point to withhold money is the point that we do with that factor that gives to the REA membership school.

Chairman- Mark S. Owens: I appreciate that point, my focus was though on if the REA failed to meet their contractual obligation, then on behalf of the school district/ superintendent could withhold their payment that they would provide, they would still have that authority, that's just the way I was thinking of it and reading it, but I will go up and ask.



Sen. Donald Schaible: you are probably correct, but the idea is that these are membership driven, so if the REA is not doing something with the membership, it's the membership that, they are the members that each have the meetings that could determine if they need to make a change and do things better.

Chairman- Mark S. Owens: I understood that, and that's what I was getting at, ok thank you, I will just double check that question upstairs.

Sen. Donald Schaible: and if we need to clean it up to make it clear, that's fine.

Chairman- Mark S. Owens: and I understand your point, and maybe this is good enough and maybe I don't go that far, but I am so used to reading contract language, that I may have delved into getting too specific on my part. Any other questions.

Sen. Donald Schaible: The only thing that I am considering we still have SB 2243 out there which is the teacher loan forgiveness issue, I do not know if that's a continuation on that, but it is pretty serious for the senate so we might consider an amendment for that, is to provide a little more teeth in it to something that not so easily to disappear, and the rational is on a couple of things with that is, and I am not trying to, we have a conference on SB 2243 and that is coming up later, there are discussion we will have on that, but I am just trying to be upfront with you that's a strong consideration from the senate that we might be looking at something like that, but a couple of things with that which I have been considering is we have two versions of teacher loan forgiveness, and maybe we need to look at combining some of that, the language we have in SB 2243 I think is good language, I think we would like to preserve that, if we can consolidate that without adding more funding, you know and making what we have better and using that I think that's something that we would need to look at, it's not part of this bill yet, but it could be with an amendment so I wanted this committee to aware of that.

Chairman- Mark S. Owens: I appreciate you bringing that up, because a discussion ensued this morning about how SB 2243, and SB 2037, but one is in higher ed, and one would be in DPI, but still the two programs, and obviously the funding is different the payouts are different, and the purposes are very similar that the language is much more robust in SB 2243.

Sen. Donald Schaible: having discussions with the school board association, DPI, and North Dakota United on all those issues on how that would work, and what's the idea. Some of the concessions is where the language is really important as long as it's the right language. There are two different criteria for the one that's in the North Dakota university system, which is STEM system is one, and the other one is the teachers, and my thought is if we looked at something like that we can leave STEM as is, and then even as far as STEM goes university system could still pick those people and allow those scholarships, and if we even leave the funding in university system and still let the department of public instruction provide the critical need of our teachers, and then give them the names or the amounts and let them do it, so I think there is a way, and talking to the people to make sure that don't create a new problem by suggesting it.

Chairman- Mark S. Owens: like I said, conversation ensued this morning so appreciate you bringing it up about which one was more robust and that while right now they are under two



different 15.1 and 15 they are very similar. One is a little more specific, and detailed a little bit better, and it just I don't know in particularly in this budget arena seems like having two programs for the same thing is a little overboard.

Sen. Donald Schaible: I agree with what your real intent, and what you are trying to do with this money, and language if you can fix the policy and better serve the money that you are using, I think is a good idea, I think the shortages are real, I think the idea of trying to help solve our teacher shortage needs to be considered, and that's why like I said I just wanted you to be aware that the senate might add that to an amendment if we don't feel that the other version has a chance.

Chairman- Mark S. Owens: I appreciate your point senator, do you think you would have that amendment, because we have already gone ahead and scheduled the second the second meeting, because we knew this bill wasn't going to survive, I mean it wasn't going to be solved in one meeting, so and it's 10 o'clock in the morning, so is that too soon, or because we can still talk about some other things, and I will double check on this language.

Sen. Donald Schaible: yeah, and we have another, we have a conference committee on SB 2243 later, 4:30pm, so yeah. It depends, and some of the same players are on that so I think it's, if we can have that discussion, and if that group decides this is a better place for it I think we need to have that discussion later this afternoon and then we can see, but I am not in favor of killing the tree, and then finding all kinds of changes that we need, I think we can hammer out the details of something we want to do, and then have it drafted.

Chairman- Mark S. Owens: does anybody have anything in closing, because we reached our 30 minutes.

Vice Chairman- Cynthia Schreiber-Beck: I just have, and we have discussed it briefly, but the change from the in lieu of back to transportation, I still, when the house appropriations determined that that was a good method to utilize, I think some of it was based on trying to look at some efficiencies in transportation.

Sen. Donald Schaible: I guess, yes you are correct, we have a study for the in lieu of which we have that's passed, so what's the right formula for that, I mean just to take it away, I don't know if we are for that or against it. The net increase of the cost to the state I think was one concern, it was an expansion of a program that we don't think is the right time to be doing, I mean there is a lot of good ideas that you probably want to expand on, but our budget crunch that we have, and trying to look for every dollar we didn't think it was the right time for that, that's also the reason for not making transportation all the way up to that level, I think they wanted enough money to do other things with, and I wasn't going to, I was happy to get what we could for that so that was the rationale behind that.

Chairman- Mark S. Owens: meeting adjourned.



# 2017 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau A Room, State Capitol

HB 1324  
4/13/2017  
Job 30127

- Subcommittee  
 Conference Committee

Committee Clerk Signature 

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachment 1.

Chairman- Mark S. Owens: invites clerk to call roll. It's my understanding where we left off was talking about some changes since then we know certain changes, we won't be putting in this bill, but there is an issue we'll talk about it here in a minute, but I understand that Sen. Erin Oban may have an amendment for consideration.

Sen. Erin Oban: Mr. Chairman I do, and it was passed to your desks, it would just be a slight language change in section 7, when we are encouraging, we are stating the intent for some merging and partnering of the regional education associations, I don't think it's in our best interest to say that those mergers have to necessarily be into 4 quadrants, I think this should be based on efficiencies, and effectiveness. So that's essentially what the language in the amendments says, it removes the language about quadrants in each of the 4 portions of the state, and it just encourages that merger and partnership to happen based on what is most efficient and effective for supporting the schools of the state.

Chairman- Mark S. Owens: ok, for discussion or are you moving that amendment.

Sen. Erin Oban: sure, I will move that amendment (attachment 1). I wasn't sure if you just wanted to discuss now or, but I'd be happy to move the amendment as distributed.

Chairman- Mark S. Owens: is there a second.

Sen. Donald Schaible: second.

Chairman- Mark S. Owens: ok, discussion.

Sen. Donald Schaible: the idea of, well the quadrants and that in there not so much that is was the full intent of that, but it's the idea of what we were looking at, I tend to agree with the language that Sen. Erin Oban has proposed, it's not so vital that it divides strictly into 4 quadrants, but the intent of providing efficiencies, and becoming a more effective school, so



I mean the intent was to force that issue, not so much as saying we have to be in 4 separate quadrants, so we don't have a problem with this.

Rep. David Monson: I guess I brought up the issue yesterday about distance and travel, if you are going to combine these or merge them, you could end up with 4, you know not necessarily in the quadrants then, you could end up with nothing in the whole north west for instance, you might end up with one in Bismarck, and one in Fargo, and one in Mayville, and one in Grand Forks, or Devils Lake or whatever and the whole north west if they weren't up to speed or I guess I have a bit of a problem, at least if they're in quadrants you have a certain geographic area where you can travel to, to get your board members to get to their meetings, and so on. If this is why it open, most efficient and effective maybe takes care of that, I am not so sure I am excited about even having just 4 quadrants down from 8, so to not assure that at least there one available quadrant within a reasonable travel distance, I am not so sure I like that.

Sen Davison: that's a good point, the REA's for instance in the south east, if you look at the workforce training quadrants, the south east education cooperative, we really align with that workforce training quadrant alright, so our farthest travel is we go in the other side of Jamestown and we go down to oaks, and down to Ellendale and down in that region, so there is quite a bit more travel, but the benefit to having a little bit larger REA's that you have more schools when you are doing projects, and you are working on different kinds of partnerships to leverage and to scale some of those efforts with different size schools, different leaders, and many times they happen in the areas of where the schools already work together where we try to build some, scale some of those collaborations. The reason I support the language is that you could see the Bismarck and Minot ones merge, so there is only 10 schools in Minot public schools in the Minot service agency REA, and so by saying quadrant you are kind of saying well Bismarck probably should go with Dickenson, and Williston probably should go with Minot, and Devils Lake should probably go with Grand Forks, but really there may be some better relationships between Minot and Bismarck and those schools with special education units, delivery of CTE over online or via ITV, and so it's really about where those partnerships mesh, and as we look at maybe streamlining more of the special education units, the ITV systems, those are some of the partnerships and some of the collaborations and some of that streamlining that will drive some of that decision making, and so the quadrant thing was kind of pigeon hole that, so that again is why I was for the amendment. I don't think anybody will get left out, superintendents as you know work closely together, they talk, and to this point I think the grassroots efforts has been effective, but as dollars get tighter some of the REA's get much smaller, and they don't have the ability to scale, and to do the kind of things to move education forward that if they have more schools and more dollars available to them that they can be more effective.

Chairman- Mark S. Owens: calls on Rep. David Monson.

Rep. David Monson: when I was in the school business, and we were part of an REA, I think there were 20 something schools, 23 or something like that, if I am not mistaken we had a board meeting every month and nobody had to travel much more than probably about 75 or 80 miles, that was in Grand Forks the one we went to, before that we were really, that was 19 schools alone, but as schools merged, 23 schools I found was a pretty good size, that was a lot of people, if every school sends somebody to the board meeting, and 23 people on



one board, and if you are going to go to half as many as you have now, and go down to 4 you could end up with 40 or 50 schools, I don't know that there would be any quite that big, because we have had a lot more consolidation of schools since, you know in those years, but you could end up with a very large board with some pretty large travel distances, how often do you meet, and do you ever meet in your area since you are involved with this directly, do you have board meetings via ITV, so that you don't have traveled, because that would help a lot.

Sen Davison: what we do is, so what you see in some of the MREC out of Bismarck, and SCC two of the larger ones, what we have done with our governing boards now is we broken the regions, so at each school we have 8 regions, and then we have the lead administrator or the superintendent, so our particular board has 5 school board members, and 4 superintendents on, which makes for good dialog, and they represent regional and the bigger cities. The Fargo's and West Fargo's tend to send their board members to it, where some of the rural areas tend to send a superintendent. So that's how, and we meet in person three times a year, and we meet online teleconference, or video depending on where everybody is at, at least twice a year, and we are required I think from century code to meet at least 4 times a year, and then we meet as administrators, because of the size of our REA, we go to valley city, which is kind of a central point for those coming from the Jamestown, those areas, the Ellendale's and Carrington, and then we typically stay in Valley City sometimes we go to Jamestown to. Again with the REA our goal is to serve all those schools that want to be served, but many times you have schools that tend to be more collaborative than other schools, and so you serve schools at different levels each year, depending on what their needs are, and the change of administration, they might have a new principal or they might have some new teachers. So I think I am not afraid of the size, we merge back in 2008, there was an REA in Valley City, and we merged with them, and I think if you look at our partnerships and the things that we deliver, and the growth in our revenue, and the programs that we work on not only in a regional level, but a statewide level, shows that sharing that expertise throughout the state, because we were able to scale those services because of the size of our organization benefited not only just our service agency, but all the other service agencies in North Dakota.

Sen. Donald Schaible: a couple of things to add to that, that's the thing not only REA's serve every community on the same level, there is a variety of services, but it's still that. So they don't need to be you know governance and organization skills, the scale of size maybe might be a benefit of how they do that, but they don't have to serve everything, the other thing it's just like a consolidation or reorganization of school districts, sometimes you think just by location that might be the best fit, but when it comes to personalities and the type of strengths and like type of things they are trying to do, sometimes it's you just can't put it in a square box and say that's the right fit, sometimes it might be a straight line North or South or something like that that has a better fix for that, you know so I don't think limiting it to a geographic area, and really let the efficiencies, and the personalities and uniqueness of the REA's determine which is the best fit for them, so without putting barriers to that I think you might look at a system, it's just like when we talked about putting a 50 mile circle and saying that should be a school district, we start looking at that, and all of a sudden we got all kinds of problems simply because it makes sense by looking at it, but when you get into the details, sometimes it's not the best fit, so.



Rep. Cynthia Schreiber-Beck: and that's not to say you are precluding the fact that there might be a quadrant or two, I mean it's just giving you the opportunity, I have more of a tendency to think that we wouldn't want to block them in, because it might not be effective and efficient, that's just my thought on it.

Chairman- Mark S. Owens: any other questions.

Sen Davison: one last quick thought, you know and the reason that we talk about you know this isn't forcing people to merge, or forcing those kinds of things, you know, but what we recognize whether in special education or delivering ITV services or whatever there probably is some streamlining to be done in North Dakota, and when you think about REA's part of the reason that we can be more effective is if we have the kinds of expertise the schools need to get better, well currently we have 8 administrators, ok so if we get down to 4 that perhaps means we would have 4 administrators, and then 4 people that has expertise that we can share around the state, and then that gets to be more scalable for the needs of schools, and sharing services, and driving projects. When you have 8 administrators and the dollars get shorter, then just like the colleges or whatever that we complain about as legislators rightfully so you get so much administration you don't have enough people close enough to the kids, and what's going on in the colleges, and the same would be true for REA's, we are trying to get more professionals closer to the students and the teachers.

Rep. David Monson: I am sure you are aware that my committee or appropriations in the house, we cut the \$800,000 for administrators for REA's, so I better not complain too much about trying to combine. We expected some kind of consolidations and efficiencies as well, so.

Sen Davison: you did that right when I had open heart surgery, I thought you were trying to kill me, so.

Rep. David Monson: we were just trying to give you a shock to jump start you.

Chairman- Mark S. Owens: any other discussions, Sen. Erin Oban I have a question for you. You say after merger put partner, what would be the difference there in your mind since you wrote the amendment. Merger we know what we are going after, but just a partner is there really any savings there if we partner.

Sen. Erin Oban: I would suggest that sometimes when you are looking for efficiencies and effectiveness, it isn't necessarily always accomplished through an official merger, so as Senator Davison was saying if there were services provided out of for example the REA that he runs, whether it's somebody with high expertise who could potentially serve a purpose in partnering with another REA, but not necessarily merging with that REA in order to, whether its save some money or to again share that expertise, I think it just opens the window again when we are trying to find what works best to not box us in too much in figuring out what works best might be beneficial.

Chairman- Mark S. Owens: based on your description I assume we were already doing that, but to put it in code it doesn't hurt anything, based on some of the testimony if I recall there



were times where there was some partnering going on. Is there any other discussion on this amendment.

Rep. David Monson: not sure that it's directly to this but in all of your discussions on mergers, as we were just sitting here I started thinking is there anything to preclude in members or a school, let's say Williston says, you know what I really like what's going on in Grand Forks, can I join that even though its way across the state or Tioga says, man I like what's going on in Fargo, and I want to belong to that one, is there anything that would stop a school from picking and choosing and figuring out where they want to join.

Sen Davison: yes, in century code it defines you have to be contiguous in certain, and there is a number of things that I am just going to answer you, and if you want me to I can send you the e-mail on the code, but the answer to your question is yes. It can, there are rules in century code that define that people have to be contiguous and how big REA's minimum have to be, and some things like that, and if there is a request, if they are not happy with their REA, there is wording in century code that says they can request, Williston could request from the superintendent of public instruction to join the Grand Forks REA, but that would need to be approved through the superintendent.

Rep. David Monson: I know what the old rules are, that they had to be contiguous, but I am thinking if we are getting way outside the box here and thinking about revamping this, is there any reason to keep that kind of language, and let them pick and choose and pay their dues to wherever they want to go, or is that too far out.

Sen Davison: I certainly think that that's a good question, and I think that's why within this boll here you will see that study, and I think those are some of the things as you discussed streamlining, and those kinds of things that that's why we put that study in this bill too, so that's a good question, I don't think anything should, I think the box should be wide open, and what are the discussions, and what are the questions that need to be asked and answered.

Sen. Donald Schaible: one other option is that they do this already, is that they do cross do some work with contract for services, where you just pay for the services that you do, so there is an opportunity to that also.

Sen Davison: So we do, we do statewide stuff if we have some expertise, if that was the question too, I mean we worked collaboratively across REA's, whether it's our reading core program or which we do with Bismarck, or our just in time math where we travel across the state. We are doing Medicaid billing, we have probably 60% of special ed units, where we are doing Medicaid billing we've integrated technology into that, so we do work collaboratively amongst ourselves.

Sen. Erin Oban: I was just going to note that also in this amendment it's adding in merging and partnering with other educational service providers, because there are things beyond regional education associations that could potentially be included in this discussion, so to include special education cooperatives, edutech services, teacher centers that I know exist, but again could potentially be included in trying to find some efficiencies.



Chairman- Mark S. Owens: thank you I did notice that.

Rep. David Monson: so I was just before you started talking about that thinking ok we still have one teachers center that didn't really merge like we had asked last time, and that happens to be at Mayville, I don't know what the future of that teachers center is, but in this amendment, and from your comment just was, It seems to me that teachers center in Mayville can pick and choose, they still stay open I guess, they wouldn't have funding, but they as a teacher center could be part of the REA.

Sen Davison: yes, I mean our teacher center as we know the teacher centers aren't funded, and won't be funded any longer, and so how their business model was set up originally as anything else that we have is somewhere stronger, and some are I don't want to say weaker, but have less resources to do things, so the one in our area members had to pay \$25 per teacher to join our center, and with that they have some specific services that they get, so even though there's no more funding for our teacher center specifically to help do some things there, there may be some things that drop off because they're not as valuable to schools as others, but because we had that business model, and because we can generate some revenue, and we are serving a need, and there is a good collaborative base of schools around that teacher center, which is actually growing it will survive. But areas like and I don't know much about Mayville I will just use that as an example, you know if they haven't generated revenue outside of the 20 or 25 thousand that they were getting each year through the line item funding through the department of public instruction, they probably won't survive unless they put their own money in, or unless they partner with Red River Valley and there is some way they build a business model to sustain some of those things that the schools don't want to use, it's driven by results as you were talking about Representative Schmidt in your last meeting, you know why are we doing that, why are we paying those dollars, and that's why the model that we use in the SCC with our teacher center, the \$25 a teacher that's why that will sustain itself, because they are receiving something of value, and they don't think that's too much money.

Chairman- Mark S. Owens: any further discussions. Questions, does everybody understand the amendment, it would read, it is the intent of 65<sup>th</sup> legislative assembly that during 2017-2019 biennium, regional educations associations merge or partner with other regional education associations or educational service providers to form the most efficient and effective system of support, and a loss for the schools in this state. Any other comments or questions.

Rep. David Monson: I haven't thought through all the details, I am pretty comfortable with it, but at this point I'm still not sure I am going to vote yes on it, because I still have a few nagging questions, it will maybe pass, maybe not. I would feel more comfortable if we were voting on this at our next meeting, but if you want to take a vote now, it is your call.

Chairman- Mark S. Owens: Rep. David Monson you were the one last meeting that brought up the fact that you thought 4 quadrants were a little too tight, and it would cause a lot of travel, and it seems like you were really bothered by the 4 quadrants, this opens it up, and allows them to form more than 4 quadrants. I have no problem since we ran out of time, and we won't get to the other issue on this bill, and we are going to have to have another meeting



taking the vote up at the first part of the next meeting and give you some time to review it some more if you like.

Rep. David Monson: maybe just convince me.

Chairman- Mark S. Owens: then I will invite the clerk to call the roll for a vote then. Vote to adopt amendment .04007 passed with 6-0-0. Ok, thank you committee we will adjourn for now, and I will schedule, so keep an eye out, because we still want to go over the REA portion.

Sen. Donald Schaible: just a heads up on what the other item is, so that we have an issue to ponder about, and think about. What's our other issue that we have.

Chairman- Mark S. Owens: Rep. Cynthia Schreiber-Beck would you like to give a quick overview on what that other issue is.

Rep. Cynthia Schreiber-Beck: yes I would. Thank you Mr. Chairman. It is on page 2 in 04007, and it involves basically section 3 in determining, and we have spoken with Jerry Coleman, and I have spoken with Sen. Kyle Davison, and I think we just need to review that to see if this fits in here, or if this language is pertinent to what we are trying to do. And that needs to be cleared up I think, because that will cause some questions on the floor.

Sen Davison: can I just say one quick thing here, after we have been talking about the item, and again in the next meeting can be good. The original purpose of that was when it first started in century code, there were 4 or 5 items, there was actually more before they consolidated it, and we were required to check a box for each district, and they had to participate in so many things, and if they didn't participate, that's where that item came in. So when we first reported REA's there was a list of all these items, and I will go back and find those items, there was like 15 to 18 on this side, and there was another one where there's 15 to 18, and then when it first started you were required to participate in 4 or 5, I don't remember the language, and so that's what this language is. If you didn't participate in those 4 or 5 then there was withholding of those dollars, so then maybe when it went into the funding formula maybe that was unnecessary language then, because we went away from that checkbox being, we reduced down to 5 items that REA's focused on, and that language never got removed, so that will be the question to answer.

Chairman- Mark S. Owens: thank you, and we can take that up next time. Meeting on conference committee HB 1324 adjourned.

# 2017 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau A Room, State Capitol

HB 1324  
4/14/2017  
Job 30160

- Subcommittee  
 Conference Committee

Committee Clerk Signature 

## Explanation or reason for introduction of bill/resolution:

Relating to the determination of state aid payable to school districts.

## Minutes:

Attachment 1.

Chairman- Mark S. Owens: call conference committee for HB 1324 to order, and I invite the clerk to call the roll. I believe where we left off was Sen. Erin Oban had made a suggestion, we debated it for 30 minutes, and then we voted on it on the end, and added it. Is there any additional issues with the bill.

Vice Chairman- Cynthia Schreiber-Beck: I would like to make amendments, and we can discuss it. On page 2, and I am on the version that's the .04007 that's the marked up copy, so it would be page 2 to repeal this section totally in code, lines 19 through 24.

Chairman- Mark S. Owens: on page 2.

Vice Chairman- Cynthia Schreiber-Beck: so it's item 2 under section 3.

Chairman- Mark S. Owens: ok we have a motion is there a second for discussion, seconded by Sen. Donald Schaible. Ok, we have a second.

Vice Chairman- Cynthia Schreiber-Beck: in speaking with Sen. Kyle Davison, he went back through, and looked up where this section applied to, and in today's reality the REA's are paid directly, vs the system that is denoted here. We have had a little bit of discussion that was brought up on the fact that there might be a contract in place, none of this has ever been utilized actually, from any bodies recollection, that is my comment, thank you.

Chairman- Mark S. Owens: does that mean, did you clarify at the end of paragraph 1 of that it says unless otherwise directed in accordance with section 2 of this act, you clarified that it was referring to the above portion of the audits.



Vice Chairman- Cynthia Schreiber-Beck: and that language was inserted so it, in many aspects it has to be referring to section 2 of this act. So that would be section 2, not beneath it.

Chairman- Mark S. Owens: not the subparagraph 2, but section 2.

Vice Chairman- Cynthia Schreiber-Beck: correct.

Chairman- Mark S. Owens: any additional discussion.

Sen. Donald Schaible: my understanding is that the informational sheet that we handed out from the 2007 session of 2030 (attachment 1), that's the rationale that we used to see if the REA was functioning in providing the services that want that language is no longer needed. This is what it pertains to that, and in subsection 2, and the intent is that it's obsolete language, so we are just eliminating, or am I missing something.

Vice Chairman- Cynthia Schreiber-Beck: that is correct, the handout does refer to that, that you had to have a kind of a, it was a menu of two and two choices you had to take, and that is no longer in effect, you are correct.

Sen. Donald Schaible: Mr. Chairman, then so we are going back up to section 2, reading of the audit, after we have the audit, ok never mind, I guess I see it, I thought there was wording in there that the payments meet, we are covered, alright that is good.

Chairman- Mark S. Owens: exactly senator that's what I liked up there, was the, that's where the teeth was, in lines 5 and 6 on page 2, under the audit section that gave it the teeth, I thought.

Rep. David Monson: when I was reading that section 2 about the audits, I think that's quite excessive, I don't know any other agency or anybody that has an audit at least annually, that refers to the possibility of having it even more often, and school districts I mean they only have to be audited once every two years, in all the schools I was in I insisted that I wanted an audit every year, so we did it, but they were small. I have no problem doing audits, but boy at least annually refers to maybe more than one a year, and that is, when you go to a certified public accountant you are putting kind of a burden on them, I hope it would not be any more than annually, but even biannually would be enough in my mind. Just my opinion.

Sen. Donald Schaible: I guess I don't disagree with you, maybe a yearly is too much, I think the rationale behind that was we are trying to get things on track, and making sure that's where we are going, I think that was the intent of that, but I don't disagree with you that once every two years as schools are, and if they want to do more, that is fine so if you are looking at something like that, I guess we can live with that.

Chairman- Mark S. Owens: we already have a motion before us about paragraph 2 of section 3, shall we handle that, and then we can talk about the annual vs. Is there any other discussion on paragraph 2 section 3. Yes 19 through 24 repealing, ok. Seeing no other discussion, I will try a voice vote, and see if we do it that way. Or we may not, because we need at least 2 of the 3, so I will invite the clerk to call the roll for a do pass on the amendment.



Vote is 6-0-0. Ok, now Rep. David Monson would you care to possibly make a motion on the annual.

Rep. David Monson: I wasn't really prepared to make a motion Mr. Chairman, but I would like to at least strike out the "at least".

Chairman- Mark S. Owens: well let's talk about it then, do we want just annual or there was conversation about once every two years, I mean what is the committees thoughts on that.

Sen. David Rust: as Rep. David Monson said, a lot of the times we have a bi-annual on it, and school boards elect to go annually, I did the same thing as he did, and I am comfortable with bi-annual, unless there is a good reason given to me why it should be annually.

Chairman- Mark S. Owens: well having said that, would "at least bi-annually" that would provide them the ability to do annual if they so desired, gives them the flexibility.

Rep. David Monson: I would move that we would say, must be audited at least bi-annually.

Sen. David Rust: I will second it.

Chairman- Mark S. Owens: ok, just for the record, a motion to amend page 2, line 3 where it says "annually" to "bi-annually". Is there any further discussion, alright seeing none.

Sen. Erin Oban: if we do bi-annually that means every six months.

Chairman- Mark S. Owens: not bi-annually, we want it to say, at least once every two years. Ok, is there any discussion on the latest change to page 2, line 3. Ok, seeing none I will invite the clerk to call the roll for a due pass on that amendment. Vote is 6-0-0 for adopting the amendment. Ok, is there anything else this committee would like to change, correct, adjust in this bill, or discuss.

Rep. David Monson: section 8 of the bill, very last page, page 10, 56<sup>th</sup> legislative assembly has 55.4 million well that is less than what we have put in, I guess I was thinking that we were going to end up with 5.6 or 5.7 million switch when we were doing the differences, now the senate appropriations did some switching, they reduced this amount to approximately 4.1 additional, and then they used that other money to sprinkle around in some other funds. I am ok with it, I am just making sure that everybody understood that it wasn't a dollar for dollar switch, and I think everybody knew that. I am ok with it.

Sen. Donald Schaible: yes it was a 5.590-million-dollar reduction with a 4.1 increase of whatever the net was, whether they sprinkled that around somewhere else or didn't do anything I cannot speak to that, but I didn't ask, I was happy to get something back, so 4.1 pleased me, but it made the acceptance of accepting that motion easier, so I can't say that they took that money and spent it elsewhere, I don't know it that happened or not, so.

Chairman- Mark S. Owens: ok, any further discussion. Well then I believe we are ready to entertain a motion of where the senate recedes from senate amendments and further amends.

Sen. Donald Schaible: Mr. Chairman if you wave that motion I will make that motion that the senate recedes from its amendment and further amends for HB 1324.

Chairman- Mark S. Owens: ok, we have a motion do we have a second.

Sen. David Rust: I will second it.

Chairman- Mark S. Owens: ok motion by Sen. Donald Schaible, and seconded by Sen. David Rust. Is there any discussion, just to clarify let's see if I got this all right. We will add back in the amendments that we had, we will change page 2, line 3 to every 2 years, we will repeal lines 19 through 24 on page 2. We will on page 9, line 11 and 12 that information will be included again which will return the 3 in lieu payments from 75% back to 100%, and from line 17 through line 20 as printed, and on line 30 it will change to education association merge or partner with other regional education associations or education service providers to form, and then on page 10 the most efficient and effective system of support for the schools in this state replacing lines 1 and 2, and lines 3 through 5 will be added as they are printed. Is that the way the committee understands it.

Rep. David Monson: on line 11 and 12, you said page 9.

Chairman- Mark S. Owens: correct, that's where the senate.

Rep. David Monson: you are still going to stay with the 75 and the 100 on the old one, so it will be all the way it was, not the way the house education put it out at 75%.

Rep. Cynthia Schreiber-Beck: correct.

Sen. Donald Schaible: that's where that 5.6 million came from.

Rep. David Monson: I am making real sure that that is.

Sen. David Rust: Rep. David Monson part of that has to do with the fact that we are setting up a study of in lieu of, so we may two years from now look at doing what the house did, but at this point in time with money being tight, and what have you to do that the feeling was let's do a study of those in lieu of, keep what we do at the 75 and 100 as it currently is, that saves some dollars, but then spend it on transportation.

Rep. David Monson: that's what I wanted to make sure, because if we don't make that switch, then we don't have the money for the transportation, and it wasn't an even dollar for dollar, but we talked about that in section 8.

Sen. David Rust: if you liked to go to an even.



Chairman- Mark S. Owens: I don't think it's about where we liked to go Sen. David Rust, it's about where we are going to find the money to go, but there is always the option of parking meters out here in this parking lot. Actually it's within law right now, they can do that, yes. Is there any more discussion on the bill, alright seeing none I invite the clerk to call the roll for a do pass on senate recedes from their amendments and further amends. Vote is 6-0-0. Alright committee it looks the job is done here, we've got a couple of more committees to know out here, hopefully Monday, so thank for the work, and good luck. Adjourned.



PROPOSED AMENDMENTS TO HB 1324 (.04007)

-Sen. Oban

Page 9, Line 30, after "merge" insert "or partner"

Page 9, line 30, after "associations" insert "and/or other educational service providers"

Page 9, line 30, after "to form" replace "four regional education associations, each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state" with "the most efficient and effective system of support for the schools in this state"

April 14, 2017

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

That the Senate recede from its amendments as printed on pages 1436-1438 of the House Journal and pages 1177 and 1178 of the Senate Journal and that Reengrossed House Bill No. 1324 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, replace "15.1-27-03.1" with "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study"

Page 1, remove lines 4 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 29

Page 4, replace lines 1 through 31 with:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
  - d. Provide oversight for regional education associations as required by chapter 15.1-09.1.
2. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

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

**Regional education association - Audit.**

To be eligible for state funding, a regional education association must be audited, at least once every two years, 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.**

- 4. The superintendent of public instruction shall forward the portion of a school district's state aid which is payable by the superintendent under subdivision l 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~~section 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 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."~~

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "percent of all revenues listed in paragraphs 6, 8, and 9 of"

Page 8, after line 3, insert:

**"SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO SCHOOLS.** During the 2017-18 interim, the legislative management shall consider studying entities that deliver kindergarten through grade twelve professional development services, distance curriculum, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services. The study must focus on the funding, governance, nature, scope, and quality of services provided to schools. The study also must focus on the duplication of services across entities and the accountability for expenditures. The study must identify efficiencies and the desirability and feasibility of consolidating services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 6. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the intent of the sixty-fifth legislative assembly that during the



4/14/17 DA  
3 of 3

2017-19 biennium regional education associations merge or partner with other regional education associations and other educational service providers, or both, to form the most efficient and effective system of support for the schools in this state.

**SECTION 7. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013, as approved by the sixty-fifth legislative assembly."

Renumber accordingly

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1324 as (re) engrossed

House "Enter committee name" Committee

- Action Taken
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Adopt amendment

Sen Davison.

Sen Rust ↓  
 ↓

Motion Made by: Sen Oban Seconded by: Sen Schaible

Representatives	4/12	4/13	Yes	No	Senators	4/12	4/13	Yes	No
Chairman- Mark S. Owens	✓	✓	✓		Sen. Donald Schaible	✓	✓	✓	
Rep. David Monson	✓	✓	✓		Sen. David Rust <u>Davison</u>	✓	✓	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓	✓	✓		Sen. Erin Oban	✓	✓	✓	
Total Rep. Vote			3		Total Senate Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

(1) Motion for amendment (.04007) <sup>Sen</sup>Oban, seconded by <sup>Sen</sup>Schaible.

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1324 as (re) engrossed

House Education Committee

- Action Taken
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment

Motion Made by: Rep. Schreiber-Beck Seconded by: Sen. Schaible

Representatives	Y/N	Yes	No	Senators	Y/N	Yes	No
Chairman- Mark S. Owens	✓	✓		Sen. Donald Schaible	✓	✓	
Rep. David Monson	✓	✓		Sen. David Rust	✓	✓	
<del>Representative</del> Cynthia Schreiber-Beck	✓	✓		Sen. Erin Oban	✓	✓	
Total Rep. Vote		3		Total Senate Vote		3	

Vote Count      Yes: 6      No: 0      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0641.04007 . \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Amend page 2, line 3, and repealing lines 19-24.



2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1324 as (re) engrossed

House Education Committee

- Action Taken  HOUSE accede to Senate Amendments  
 HOUSE accede to Senate Amendments and further amend  
 SENATE recede from Senate amendments  
 SENATE recede from Senate amendments and amend as follows

Unable to agree, recommends that the committee be discharged and a new committee be appointed

*Amendment discussed.  
 Res.*

Motion Made by: Monson Seconded by: Sen Rust

Representatives	4/14	Yes	No	Senators	4/14	Yes	No
Chairman- Mark S. Owens	✓	✓		Sen. Donald Schaible	✓	✓	
Rep. David Monson	✓	✓		Sen. David Rust	✓	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓	✓		Sen. Erin Oban	✓	✓	
Total Rep. Vote		3		Total Senate Vote		3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

*Amend page 2 line 3  
 replace annually to biennially  
 at least once every 2  
 years.*

2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1324 as (re) engrossed

House Education Committee

- Action Taken
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows

Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Sen Schaible Seconded by: Sen Rust

Representatives	4/4	Yes	No	Senators	4/4	Yes	No
Chairman- Mark S. Owens	✓	✓		Sen. Donald Schaible	✓	✓	
Rep. David Monson	✓	✓		Sen. David Rust	✓	✓	
Vice Chairman- Cynthia Schreiber-Beck	✓	✓		Sen. Erin Oban	✓	✓	
Total Rep. Vote		3		Total Senate Vote		3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0641.04008 of amendment

LC Number 17.0641 . 7000 of engrossment

Emergency clause added or deleted  
 Statement of purpose of amendment

*Final product (Legal Intern) will provide amendment number.*

Insert LC: 17.0641.04008  
House Carrier: Owens  
Senate Carrier: Schaible

**REPORT OF CONFERENCE COMMITTEE**

**HB 1324, as reengrossed:** Your conference committee (Sens. Schaible, Rust, Oban and Reps. Owens, Monson, Schreiber-Beck) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1177-1178, adopt amendments as follows, and place HB 1324 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1436-1438 of the House Journal and pages 1177 and 1178 of the Senate Journal and that Reengrossed House Bill No. 1324 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, replace "15.1-27-03.1" with "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study"

Page 1, remove lines 4 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 29

Page 4, replace lines 1 through 31 with:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
  - d. Provide oversight for regional education associations as required by chapter 15.1-09.1.
2. The state board of public school education may adopt rules regarding ~~school district reorganizations, annexations, and dissolutions~~ in accordance with chapter 28-32.

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



Insert LC: 17.0641.04008  
House Carrier: Owens  
Senate Carrier: Schaible

**Regional education association - Audit.**

To be eligible for state funding, a regional education association must be audited, at least once every two years, 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.**

4. The superintendent of public instruction shall forward the portion of a school district's state aid which is payable by the superintendent under subdivision 1 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~~section 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 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."~~

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "percent of all revenues listed in paragraphs 6, 8, and 9 of"

Page 8, after line 3, insert:

**"SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO SCHOOLS.** During the 2017-18 interim, the legislative management shall consider studying entities that deliver kindergarten through grade twelve professional development services, distance curriculum, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services. The study must focus on the funding, governance, nature, scope, and quality of services provided to schools. The study also must focus on the duplication of services across entities and the accountability for expenditures. The study must identify efficiencies and the desirability and feasibility of consolidating services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 6. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the intent of the sixty-fifth legislative assembly that during the 2017-19 biennium regional education associations merge or partner with other regional education associations and other educational service providers, or both, to form the most efficient and effective system of support for the schools in this state.

Insert LC: 17.0641.04008  
House Carrier: Owens  
Senate Carrier: Schaible

**SECTION 7. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013, as approved by the sixty-fifth legislative assembly."

Renumber accordingly

Reengrossed HB 1324 was placed on the Seventh order of business on the calendar.

**2017 TESTIMONY**

**HB 1324**





This past summer, NDCEL was approached by the Governor and legislative leadership seeking our support in the passage of Measure 2. Our organization worked hard to educate the public with the promise in place of an appropriate definition of education related purposes and that the funds would be solely for K12 public education. That said, we worked since that time to define educational priorities to assist the legislature in doing the most good with the funds available. The voting constituency has the expectation that the funds would be used for K12 public education as that was the promise made.

Overarching theme (preamble to priorities)

Foundation Aid Stabilization Fund Policy Statement – Ranking of priority of how funds should be utilized to best serve our most precious asset – our students.

**These things are ranked on the basis of highest priority to lowest priority for how to spend dollars for FASF.**

- 1) Replace education areas cut by Governor's budget (ELL Grants, Transportation, CTE, Rapid Enrollment, Pre-K)
- 2) Foundation Aid Increase
- 3) *Present Year Funding*
- 4) *3-Year Rolling Average*
- 5) *Behavioral Health*
- 6) *New American Weight Factor of .04*
- 7) *Freeze Levy if Under 60 Mills Suspend 12% Cap on 60 Mills*
- 8) *ELL Weight Change of .4 for Levels I and II*
- 8) *Present Year Taxable Valuation for 60-Mill Deduct if Valuation Decreasing*
- 10) *Enhanced REA Funding*
- 11) *Revolving School Construction Loan Fund*
- 12) *Enhancements to State Funded Scholarships*



## NDCEL Proposed Amendment to HB 1013 – Impacts related to HB1324

The people of North Dakota voted to approve Measure #2 related to the purpose and use of the Foundation Aid Stabilization Fund. These funds were unavailable to the legislature since they were in a permanent trust fund that had a single purpose. The people of the State voted to free these funds for the support of public education. The purpose of these amendments is to provide the mechanisms use these funds in accordance with the provisions of Measure #2.

- 1) Create a new section to HB 1013 that would repeal sections 1, 9 and 10 of chapter 153 of the 2015 Session Laws. *This will repeal the permanent transfers from the Foundation Aid Stabilization Fund to the School Construction Assistance Loan Fund and the Scholarship Endowment Fund. The rationale for Measure #2 was to free up the funds from the Foundation Aid Stabilization Fund for the support of K-12 public education. The creation of 2 new permanent funds that each has a single purpose removes these funds from the control of the legislature and does not provide a mechanism to use them in future biennia for the support of K-12 public education.*
- 2) Create a new section to HB 1013 that would create an effective date for the repeal of sections 1, 9 and 10 so that these sections take effect immediately upon the filing of the bill with the Secretary of State. *The transfers to the other permanent trust funds are scheduled to take place no later than June 30, 2017. The repeal of these sections must take effect immediately upon passage so that the transfers do not occur.*
- 3) Create a new section to HB 1013 that would create a Foundation Aid Stabilization Fund usage policy that would provide for the appropriation during any biennium of up to 15% (or such other amount determined to ensure growth of the fund) of the anticipated ending balance of the fund, with an effective date of July 1, 2019. *This will create the framework for how the funds from the Foundation Aid Stabilization Fund are access each biennium, while ensuring the long-term fiscal health of the fund. This is based conceptually on the model that is in use with the Common Schools Trust Fund, which ensures the continued growth of the fund. The policy implementation is delayed to provide for additional flexibility during the 2017-2019 biennium.*
- 4) Create a new section to HB 1013 that would provide for the investment of the Foundation Aid Stabilization Fund by the State Investment Board, and shall direct the State Investment Board to create an investment policy that shall be subject to review by the Legislative Management Committee. *The investment of the Foundation Aid Stabilization Fund will provide for growth in the fund, and provide additional resources for future biennia.*



- 5) Create a new section to HB 1013 that would provide increases to the per pupil payments under the integrated formula payments to \$9,742 for 2017-2018 and \$9,840 for 2018-2019, and adjust the calculations for the minimum and maximum adjustments by ½% each year. *This provides for a 1% increase to the per pupil payment for each year of the biennium. These increases would be funded with an appropriation from the Foundation Aid Stabilization Fund.*
- 6) Amend line 18, Page 1 of HB 1013 by replacing the 0 under Adjustments or Enhancement with \$37,000,000; and the \$1,916,640,000 under Appropriation with 1,953,640.00. *This provides the estimated appropriation to support a 1% increase to the per pupil payments for each year of the biennium.*
- 7) Amend line 21, Page 3 of HB 1013 by replacing the 0 under 2017-19 for Rapid enrollment grants with 10,000,000 (or such amount as necessary to fund the existing program). *This is an estimate of the amount that is necessary to reinstate the Rapid enrollment grants program with an appropriation from the Foundation Aid Stabilization Fund. The position of the NDASA is that all grant programs that support K-12 public education that have sustained funding reductions should be considered for reinstatement to the level of the 2015-2017 appropriations.*
- 8) Create a new section to HB 1013 to provide for a transfer of \$187,000,000 from the Foundation Aid Stabilization Fund to reduce the overall general fund support for the integrated formula payments (at \$140,000,000 in accordance with the executive recommendation), to fund the 1% increases to the per pupil payments and to fund the reinstated appropriation for the Rapid enrollment grants. *The \$140,000,000 reduction to the general fund should be used to support grant programs for K-12 public education that have sustained funding reductions from the level of the 2015-2017 appropriations.*
- 9) Create a new section to HB 1013 that provides that any money that was appropriated to the superintendent of public instruction for Integrated formula payments to school districts remains after the superintendent complies with all statutory payment obligations imposed for the biennium beginning July 1, 2015, and ending June 30, 2017, the remaining funds shall be deposited in the Foundation Aid Stabilization Fund.
- 10) Create a new section to HB 1013 that provides that any money that was appropriated from the Foundation Aid Stabilization Fund for education related purposes remains after all statutory obligations are imposed for the biennium beginning July 1, 2015 and ending June 30, 2017, the remaining funds shall be deposited in the Foundation Aid Stabilization Fund.
- 11) ***Optional*** – create a new section to HB 1013 to provide for interest rate buy down program for school construction to provide reimbursements for interest paid on bonded debt through an appropriation from the Foundation Aid Stabilization Fund. Funds for this purpose shall be transferred to an escrow account held by the Bank of North Dakota and shall be reimbursed to school districts in accordance with rules adopted by the Department of Public Instruction.



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1324

Page 1, line 2, after the comma insert "and subsection 3 of section 15.1-27-04.1, as amended by section 11 of chapter 137 of the 2015 Session Laws,"

Page 1, line 2, after "districts" insert "; and to declare an emergency"

Page 6, line 27, overstrike "2013-14" and insert immediately thereafter "2017-18"

Page 7, line 2, overstrike "2013-14" and insert immediately thereafter "2017-18"

Page 7, line 9, overstrike "2014-15" and insert immediately thereafter "2018-19"

Page 7, line 15, overstrike "2014-15" and insert immediately thereafter "2018-19"

Page 7, after line 29, insert:

**"SECTION 3. AMENDMENT.** Subsection 3 of section 15.1-27-04.1 of the North Dakota Century Code, as amended by section 11 of chapter 137 of the 2015 Session Laws, is amended and reenacted as follows:

3. a. In 2015-16, the superintendent shall multiply the district's weighted student units by nine thousand three hundred sixty-five dollars.
  - (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
    - (a) One hundred six percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2013-14~~2015-16 weighted student units; or
    - (b) One hundred percent of the district's baseline funding as established in subsection 1.
  - (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred thirty percent of the district's baseline funding per weighted student unit multiplied by the district's ~~2013-14~~2015-16 weighted student units, as established in subsection 2.
- b. In 2016-17, the superintendent shall multiply the district's weighted student units by nine thousand six hundred forty-six dollars.
  - (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
    - (a) One hundred eight percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~2016-17 weighted student units; or

- (b) One hundred percent of the district's baseline funding as established in subsection 1.
- (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred forty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's ~~2014-15~~2016-17 weighted student units.

**SECTION 4. EMERGENCY.** Section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

Attachment 1  
HB 1324

1/30/17

January 30, 2017

PROPOSED AMENDMENT TO HOUSE BILL 1324

-Rep Schreiber-Beck

Page 7, line 23:

- b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through ~~5, and 7~~ of subdivision f of subsection 1 and one hundred percent of all revenues listed in paragraphs ~~6, 8, and 9~~ of subdivision f of subsection 1.



17.0641.01002  
Title.03000

*Attachment 1*

*HB 1324*

*2/1/17*

Adopted by the Education Committee

February 1, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1324

Page 7, remove lines 24 and 25

Renumber accordingly

17.0641.03002  
Title.

Prepared by the Legislative Council staff for  
Representative Monson  
February 13, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1324

Page 6, line 27, overstrike "2013-14"

Page 6, line 27, after "units" insert "from the previous school year"

Page 7, line 2, overstrike "2013-14"

Page 7, line 2, after "units" insert "from the previous school year"

Page 7, line 9, overstrike "2014-15"

Page 7, line 9, after "units" insert "from the previous school year"

Page 7, line 15, overstrike "2014-15"

Page 7, line 15, after "units" insert "from the previous school year"

Page 7, remove the overstrike over lines 24 and 25

Renumber accordingly

HB 1324  
3-13-2017  
#1 p.1



**HB1324 –School Funding  
Testimony in Support  
North Dakota Council of Educational Leaders – Dr. Aimee Copas  
3/13/2017**

Chairman Schaible and members of the Senate Education Committee. Thank you for allowing me a moment to visit with you today about HB1324 which includes the per pupil payment and school weighting factors for K12 Public Education.

This bill makes the basic biennial changes keeping the per pupil payment steady at 0% / 0% increases. We implore with you on your support in keeping this bill and the weighting factors the same and not considering any cuts in any areas. This bill is a piece in large part why our organization very openly supported Measure 2 along with NDUnited.

During these times when there are no increases and cuts that K12 education is taking on (transportation, etc) there are still cost increases happening in all districts. Operating costs are increasing, transportation costs are increasing, contracted pay increases are happening all over the state, health benefits are increasing, the list goes on and on. Mandan, as an example, is experiencing an \$800,000 cost increase with no new dollars when considering insurance obligations and negotiated contracts.

We ask for your full support to keep K12 payments and weighting factors in place as is stated in this bill.

I stand for any questions you may have.





# North Dakota Small Organized Schools

HB 1324  
3-13-17  
#2p.1

Mr. ElRoy Burkle  
Executive Director  
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Jamestown, 58401  
[elroy.burkle@k12.nd.us](mailto:elroy.burkle@k12.nd.us)  
701-230-1973

Mr. Larry Zavada  
President  
401 3<sup>rd</sup> Ave SW  
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701-845-2910

March 10, 2017,

Chairman Schaible and members of the North Dakota Senate Education Committee,

For the record, my name is Mr. ElRoy Burkle, Executive Director of the North Dakota Small Organized Schools (NDSOS), representing 141 North Dakota Public School Districts. We go on record of supporting HB 1324.

Thank you for your time and I will stand for questions.

Respectfully,

Mr. ElRoy Burkle, Executive Director  
North Dakota Small Organized Schools (NDSOS)  
1419 9<sup>th</sup> Ave NE  
Jamestown, ND  
701-230-1973  
[elroy.burkle@k12.nd.us](mailto:elroy.burkle@k12.nd.us) or [eburklendsos@yahoo.com](mailto:eburklendsos@yahoo.com)

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Ms. Leslie Bieber, Alexander

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##### Region 6

Mr. Mitch Carlson, Supt. LaMoure  
Mr. Tom Retting, Supt. Enderlin

**The mission of NDSOS is to provide leadership for the small/rural schools in North Dakota and to support legislation favorable to their philosophy while opposing legislation that is harmful.**

HB 1324

3-20-17

# 1 p. 1

17.0641.04003

SECOND ENGROSSMENT

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 a statement 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:



1 Regional education association - Audit.

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

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

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

- 12 1. The superintendent of public instruction shall forward the portion of a school district's  
13 state aid which is payable by the superintendent under subdivision I of subsection 1 of  
14 section 15.1-27-03.1 as a result of the district's participation in a regional education  
15 association directly to the association in which the district participates. The  
16 superintendent shall forward the amount payable under this subsection at the same  
17 time and in the same manner as provided for other state aid payments under section  
18 15.1-27-01, unless otherwise directed in accordance with section 2 of this act.
- 19 2. If the superintendent of public instruction determines that a school district failed to  
20 meet any contractual or statutory obligation imposed upon it as a result of the district's  
21 participation in a regional education association, the superintendent shall notify the  
22 state board of public school education and shall subtract the amount for which the  
23 district was not eligible from any future distribution of state aid to the district under  
24 section 15.1-27-01.

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

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

- 29 1. For each school district, the superintendent of public instruction shall multiply by:  
30 a. ~~1.00 the number of full-time equivalent students enrolled in an extended-~~  
31 ~~educational program in accordance with section 15.1-32-17;~~



- 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;

HB 1324  
3-20-17  
p. 4

- 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;



HB 1324  
3-20-17  
H 1p3

- 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



HB 1324  
3-20-17  
H 1P6

- 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:

HB 1324  
3-20-17  
LP 7

- 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.

HB 1324  
3-20-17  
HIP8

- 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 ~~three~~six hundred ~~sixty-five~~forty-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 ~~six~~eight 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 ~~thirty~~forty 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 ~~thirty~~forty percent of the district's baseline  
31                   funding per weighted student unit, as established in subsection 2, multiplied



HB 1324  
3-20-17  
H.P. 9

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.** During the 2017-18 interim, the  
18 legislative management shall consider studying kindergarten through grade twelve entities  
19 charged with delivering services regarding professional development, distance curriculum  
20 delivery, support for schools in achieving school improvement goals, assistance with analysis  
21 and interpretation of student achievement data, and technology support services. The study  
22 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.** There is appropriated out of any moneys in the foundation  
29 aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or  
30 so much of the sum as may be necessary, to the superintendent of public instruction for the  
31 purpose of providing up to \$40,000 for each regional education association that merges with

HB 1324  
3-20-17  
4/10

1 another regional education association to form a single entity with a single governing board, for  
2 the biennium beginning July 1, 2017, and ending June 30, 2019.

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







## *Uniform North Dakota School District Accounting Codes*

1200 Revenue in Lieu of Property Taxes. Other tax payments for property types subject to school taxes not included in the common definition of taxable valuation.

- 1210 Electric Generation, Distribution and Transmission Taxes (NDCC 57-33.2)
- 1220 Telecommunications Carriers Taxation (NDCC 57-34)
- 1230 Property Tax Credits Reimbursed by the State:
  - 1231 Homestead Property Tax Credit (NDCC 57-02-08.1)
  - 1232 Disabled Veterans Property Tax Credit (NDCC 57-02-08.8)
- 1240 Property Owned by State or Nonprofit Agencies:
  - 1241 North Dakota Game and Fish Land (NDCC 57-02.1)
  - 1242 Board of University and School Lands (NDCC 57-02.3)
  - 1243 National Guard Land (NDCC 37-07.3)
  - 1244 Farmland or Ranchland Owned by Nonprofit Organizations for Conservation Purposes (NDCC 10-06.1-10)
  - 1245 Land Acquired by the State Water Commission (NDCC 61-02)
  - 1246 Workforce Safety and Insurance Building (NDCC 65-02-32)
- 1250 Mobile Home Tax. Taxes levied on mobile homes under the provisions of Section 57-55 of the North Dakota Century Code, which requires the mobile home owner to apply for a mobile home tax permit.
- 1290 Other Revenue in Lieu of Property Taxes. Includes local discretionary payment in lieu of tax provided in NDCC 40-57.1 and other tax payments for property types subject to in lieu taxes not identified above.
  
- 4220 Flood Control (NDCC 21-06-10). Moneys received through leasing lands acquired by United States for flood control under 33 U.S.C. 701(c)(3) distributed to counties for schools and roads.

418 1324  
3-20-17  
#2 p. 2

HB 1324  
#2 p. 3  
3-20-17

K-12 Funding Formula  
Integrated Formula Payments

	House - 01000	House - 03000	House - 04000
<b>Cost to Continue</b>			
2015-17 Base Level - Integrated Formula Payments	1,916,640,000	1,916,640,000	1,916,640,000
Cost to sustain 2016-17	54,023,781	54,023,781	54,023,781
Projected student growth in 2017-19	57,693,368	57,693,368	57,693,368
ELL factor adjustments passed last session	901,515	901,515	901,515
Local share of formula	(71,705,637)	(71,705,637)	(71,705,637)
Base adjustments for unobligated 2015-17 appropriation	(22,048,863)	(22,048,863)	(22,048,863)
<b>House Amendments</b>			
House Ed amendment (HB 1324) - In-Lieu Percentage		5,590,878	5,590,878
House Approp amendment (HB 1013) - Regional Coordinator Grants			(800,000)
<b>Total Expenditures</b>	<b>1,935,504,163</b>	<b>1,941,095,041</b>	<b>1,940,295,041</b>
Increase over 2015-17 Base Level Funding	18,864,163	24,455,041	23,655,041
<b>Formula per student rates</b>			
Year 1	\$9,646	\$9,646	\$9,646
Year 2	\$9,646	\$9,646	\$9,646
<b>Funding Sources:</b>			
State Tuition Fund	219,134,000	219,134,000	305,546,905
Foundation Aid Stabilization - ongoing	116,053,293	116,053,293	110,000,000
Foundation Aid Stabilization - one time			160,000,000
General Fund	1,581,452,707	1,605,907,748	1,364,748,136
	<u>1,916,640,000</u>	<u>1,941,095,041</u>	<u>1,940,295,041</u>

- HB 1324  
3-20-17

17.0641.04001  
Title.

Prepared by the Legislative Council staff for  
Senator Schaible

March 15, 2017

# 3 p. 1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 2, after "districts" insert "; and to provide a statement of legislative intent"

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

**"SECTION 3. LEGISLATIVE INTENT.** It is the intent of the legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013."

Re-number accordingly



PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide a statement of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 4, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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.

HB 1324  
3-21-17  
#1 p.2

**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 1 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."

Page 8, after line 3, insert:

**"SECTION 6. LEGISLATIVE MANAGEMENT STUDY.** During the 2017-18 interim, the legislative management shall consider studying kindergarten through grade twelve entities charged with delivering services regarding professional development, distance curriculum delivery, support for schools in achieving school improvement goals, assistance with analysis and interpretation of student achievement data, and technology support services. The study must focus on the funding, governance, nature, scope, and quality of services provided to schools. The study also must focus on the duplication of services across entities and the accountability for expenditures. The study must identify efficiencies and the desirability and feasibility of consolidating services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$160,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$40,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 8. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS AND THE NORTH DAKOTA TEACHER CENTER NETWORK.** It is the intent of the sixty-fifth legislative assembly that, during the 2017-19 biennium, regional education associations merge with other regional education associations to form four regional education associations each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state."

Renumber accordingly



3-27-17

HB 1324

17.0641.04006  
Title.

Prepared by the Legislative Council staff for  
Senator Schaible

March 24, 2017

#1

P1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

In lieu of the amendments as printed on pages 875-877 of the Senate Journal, House Bill No. 1324 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; to provide for a legislative management study; and to provide an appropriation;"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school-district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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.

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p2

**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 l 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

**SECTION 7. APPROPRIATION - SUPERINTENDENT OF PUBLIC INSTRUCTION - REGIONAL EDUCATION ASSOCIATION MERGER.** There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing up to \$25,000 for each regional education association that merges with another regional education association to form a single entity with a single governing board, for the biennium beginning July 1, 2017, and ending June 30, 2019.

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P3

**SECTION 8. APPROPRIATION - SUPERINTENDENT OF PUBLIC INSTRUCTION - REGIONAL EDUCATION ASSOCIATIONS.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of distribution of the funds equally to the eight regional education associations in the state annually in an equal amount, for the biennium beginning July 1, 2017, and ending June 30, 2019.

**SECTION 9. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the intent of the sixty-fifth legislative assembly that, during the 2017-19 biennium, regional education associations merge with other regional education associations to form four regional education associations each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state.

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

Renumber accordingly



PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

In lieu of the amendments as printed on pages 875-877 of the Senate Journal, House Bill No. 1324 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

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

**SECTION 8. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013."

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1324

In lieu of the amendments as printed on pages 875-877 of the Senate Journal, House Bill No. 1324 is amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-09.1 of the North Dakota Century Code, relating to audits of regional education associations; to"

Page 1, line 1, after "sections" insert "15.1-01-03, 15.1-09.1-10,"

Page 1, line 2, after "the" insert "powers and duties of the state board of public school education and the"

Page 1, line 2, after "districts" insert "and regional education associations; to provide statements of legislative intent; and to provide for a legislative management study"

Page 1, after line 3, insert:

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

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

1. The state board of public school education shall:
  - a. Assist county committees in carrying out their duties.
  - b. Provide county committees with clerical assistance, plans of procedure, standards, data, maps, forms, and other materials, information, and services.
  - c. Appoint members to the county committee, if the county superintendent does not fulfill this duty, as provided for in section 15.1-10-01.
2. The state board of public school education shall provide oversight for regional education associations as required by chapter 15.1-09.1.
3. The state board of public school education may adopt rules regarding school-district reorganizations, annexations, and dissolutions in accordance with chapter 28-32.

**SECTION 2.** A new section to chapter 15.1-09.1 of the North Dakota Century Code is 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:

#1  
p2

**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 l 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."

Page 7, remove the overstrike over line 29

Page 7, line 30, remove the overstrike over "~~percent of all revenues listed in paragraphs 6, 8, and 9 of~~"

Page 8, after line 3, insert:

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

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

**SECTION 8. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line item in House Bill No. 1013."

Renumber accordingly



Attachment 1 HB 1324 4/13/17

PROPOSED AMENDMENTS TO HB 1324 (.04007)

-Sen. Oban

Page 9, Line 30, after "merge" insert "or partner"

Page 9, line 30, after "associations" insert "and/or other educational service providers"

Page 9, line 30, after "to form" replace "four regional education associations, each representing a quadrant in the northeast, southeast, southwest, and northwest portions of the state" with "the most efficient and effective system of support for the schools in this state"

2. The school districts are contiguous to each other or, if the districts are not contiguous to each other, the superintendent of public instruction shall verify that the participating districts can provide sound educational opportunities to their students in a fiscally responsible manner without injuring other school districts or regional education associations and without negatively impacting the ability of other school districts or regional education associations to provide sound educational opportunities to their students in a fiscally responsible manner. A decision by the superintendent of public instruction under this subsection may be appealed to the state board of public school education. A decision by the state board is final.
3. The joint powers agreement requires that the participating school districts maintain a joint operating fund and share various administrative functions and student services in accordance with subsection 4.
4.
  - a. During the first two school years in which a regional education association is operational, each participating school district shall share in at least two administrative functions and two student services, selected by the district.
  - b. During the third and fourth school years in which a regional education association is operational, each participating school district shall share in at least three administrative functions and three student services, selected by the district.
  - c. During the fifth school year in which a regional education association is operational, and each year thereafter, each participating school district shall share at least five administrative functions and five student services, selected by the district.
  - d. For purposes of this subsection:
    - (1) "Administrative functions" means:
      - (a) Business management;
      - (b) Career and technical education services management;
      - (c) Curriculum mapping or development;
      - (d) Data analysis;
      - (e) Federal program support;
      - (f) Federal title program management;
      - (g) Grant writing;
      - (h) School improvement;
      - (i) School safety and environment management;
      - (j) Special education services management;
      - (k) Staff development;
      - (l) Staff retention and recruitment;
      - (m) Staff sharing;
      - (n) Technology support; and
      - (o) Any other functions approved by the superintendent of public instruction.

- (2) Student services means:
  - (a) Advanced placement classes;
  - (b) Alternative high schools or alternative high school programs;
  - (c) Career and technical education classes;
  - (d) Counseling services;
  - (e) Common elementary curricula;
  - (f) Distance learning classes;
  - (g) Dual credit classes;
  - (h) Foreign language classes;
  - (i) Library and media services;
  - (j) Summer programs;
  - (k) Supplemental instruction programs; and
  - (l) Any other services approved by the superintendent of public instruction.
- e. For purposes of this subsection, if a regional education association became operational before July 1, 2005, the 2005-06 school year must be considered the provider's first year of operation.
- 5. The joint powers agreement provides:
  - a. Criteria for the future participation of school districts that were not parties to the original joint powers agreement;
  - b. An application process by which school districts that were not parties to the original joint powers agreement can become participating districts; and
  - c. A process by which school districts that were not parties to the original joint powers agreement and whose application to participate in the agreement was denied can appeal the decision to the superintendent of public instruction.
- 6. The joint powers agreement provides for the employment and compensation of staff.
- 7. The joint powers agreement:
  - a. Establishes the number of members on the governing board;
  - b. Establishes the manner in which members of the governing board are determined;
  - c. Requires all members of the governing board or their designees to be individuals currently serving on the board of a participating school district; and
  - d. Allows for the inclusion of ex officio nonvoting members on the governing board.
- 8. The joint powers agreement provides that the board of the regional education association shall meet at least quarterly.
- 9. The joint powers agreement does not permit the regional education association to compensate members of the regional education association board for attending meetings