

**Sixtieth Legislative Assembly of North Dakota
In Regular Session Commencing Wednesday, January 3, 2007**

SENATE BILL NO. 2013
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library; to provide an appropriation relating to teachers' retirement contributions; to provide for the distribution of special education payments; to provide for transfers; to provide for a legislative council study; to provide for legislative intent; to provide an exemption; to amend and reenact section 15.1-02-02 of the North Dakota Century Code, section 28 of chapter 167 of the 2005 Session Laws, and section 52 of Senate Bill No. 2200, as approved by the sixtieth legislative assembly, relating to the salary of the superintendent of public instruction, contingent distributions of per student payments, and teacher compensation payments; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. BASE LEVEL FUNDING INFORMATION. The amounts identified in this section represent the base level funding component appropriated to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library in section 3 of this Act as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

Salaries and wages	\$10,056,952
Operating expenses	14,892,308
Grants - State school aid	484,053,759
Grants - Special education contracts	15,500,000
Grants - Transportation	33,500,000
Grants - Tuition apportionment	71,600,000
Grants - Special education	37,000,000
Grants - Revenue supplement	5,000,000
Grants - Teacher compensation	50,912,120
Grants - Other grants	207,999,083
Reorganization bonuses	759,000
JPA incentives	1,000,000
Transportation efficiency	30,000
National board certification	40,000
Total all funds - Base level	\$932,343,222
Less estimated income - Base level	<u>295,899,635</u>
Total general fund - Base level	\$636,443,587

Subdivision 2.

STATE LIBRARY

Salaries and wages	\$2,232,082
Operating expenses	1,381,772
Grants	1,552,500
Total all funds - Base level	\$5,166,354
Less estimated income - Base level	<u>1,659,272</u>
Total general fund - Base level	\$3,507,082

Subdivision 3.

SCHOOL FOR THE DEAF

Salaries and wages	\$5,035,602
Operating expenses	1,377,265
Capital assets	<u>279,495</u>
Total all funds - Base level	\$6,692,362
Less estimated income - Base level	<u>1,327,265</u>
Total general fund - Base level	\$5,365,097

Subdivision 4.

VISION SERVICES - SCHOOL FOR THE BLIND

Salaries and wages	\$2,696,280
Operating expenses	607,306
Capital assets	<u>67,470</u>
Total all funds - Base level	\$3,371,056
Less estimated income - Base level	<u>846,447</u>
Total general fund - Base level	\$2,524,609
Total general fund - Section 1	\$647,840,375
Total special funds - Section 1	\$299,732,619
Total all funds - Section 1	\$947,572,994

SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION. The amounts identified in this section represent the funding adjustments or enhancements to the base funding level for the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library which are included in the appropriation in section 3 of this Act as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

Salaries and wages	\$1,370,102
Operating expenses	4,845,986
Grants - State school aid	242,112,120
Grants - Special education contracts	2,000,000
Grants - Tuition apportionment	(71,600,000)
Grants - Special education	(37,000,000)
Grants - Revenue supplement	(5,000,000)
Grants - Teacher compensation	(50,912,120)
Grants - Other grants	19,702,723
Reorganization bonuses	(759,000)
JPA incentives	<u>(1,000,000)</u>
Total all funds - Adjustments/enhancements	\$103,759,811
Less estimated income - Adjustments/enhancements	<u>29,776,672</u>
Total general fund - Adjustments/enhancements	\$73,983,139

Subdivision 2.

STATE LIBRARY

Salaries and wages	\$398,958
Operating expenses	96,000
Grants	<u>200,000</u>
Total all funds - Adjustments/enhancements	\$694,958
Less estimated income - Adjustments/enhancements	<u>222,328</u>
Total general fund - Adjustments/enhancements	\$472,630

Subdivision 3.

SCHOOL FOR THE DEAF

Salaries and wages	(\$272,221)
Operating expenses	137,018
Capital assets	<u>(129,495)</u>

Total all funds - Adjustments/enhancements	(\$264,698)
Less estimated income - Adjustments/enhancements	<u>(288,103)</u>
Total general fund - Adjustments/enhancements	\$23,405

Subdivision 4.

VISION SERVICES - SCHOOL FOR THE BLIND

Salaries and wages	\$281,139
Operating expenses	33,492
Capital assets	<u>74,630</u>
Total all funds - Adjustments/enhancements	\$389,261
Less estimated income - Adjustments/enhancements	<u>(2,330)</u>
Total general fund - Adjustments/enhancements	\$391,591
Total general fund - Section 2	\$74,870,765
Total special funds - Section 2	\$29,708,567
Total all funds - Section 2	\$104,579,332

SECTION 3. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2007, and ending June 30, 2009, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

Salaries and wages	\$11,427,054
Operating expenses	19,738,294
Grants - State school aid	726,165,879
Grants - Special education contracts	17,500,000
Grants - Transportation	33,500,000
Grants - Other grants	227,701,806
Transportation efficiency	30,000
National board certification	<u>40,000</u>
Total all funds	\$1,036,103,033
Less estimated income	<u>325,676,307</u>
Total general fund appropriation	\$710,426,726

Subdivision 2.

STATE LIBRARY

Salaries and wages	\$2,631,040
Operating expenses	1,477,772
Grants	<u>1,752,500</u>
Total all funds	\$5,861,312
Less estimated income	<u>1,881,600</u>
Total general fund appropriation	\$3,979,712

Subdivision 3.

SCHOOL FOR THE DEAF

Salaries and wages	\$4,763,381
Operating expenses	1,514,283
Capital assets	<u>150,000</u>
Total all funds	\$6,427,664
Less estimated income	<u>1,039,162</u>
Total general fund appropriation	\$5,388,502

Subdivision 4.

VISION SERVICES - SCHOOL FOR THE BLIND

Salaries and wages	\$2,977,419
Operating expenses	640,798
Capital assets	<u>142,100</u>
Total all funds	\$3,760,317
Less estimated income	<u>844,117</u>
Total general fund appropriation	\$2,916,200
Total general fund appropriation - Section 3	\$722,711,140
Total estimated income appropriation - Section 3	\$329,441,186
Total all funds appropriation - Section 3	\$1,052,152,326
Grand total general fund appropriation - S.B. 2013	\$722,725,758
Grand total special funds appropriation - S.B. 2013	\$329,449,048
Grand total all funds appropriation - S.B. 2013	\$1,052,174,806

SECTION 4. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from other funds derived from federal funds and other income, to the following departments for the purpose of funding the additional employer retirement contribution for teachers' fund for retirement members required by Senate Bill No. 2046, as approved by the sixtieth legislative assembly, for the biennium beginning July 1, 2007, and ending June 30, 2009, as follows:

DEPARTMENT	GENERAL FUND	OTHER FUNDS	TOTAL
Division of independent study		\$7,560	\$7,560
School for the deaf	\$4,760		4,760
North Dakota vision services - School for the blind	2,600		2,600
Department of corrections and rehabilitation	7,258	302	7,560
Total	<u>\$14,618</u>	<u>\$7,862</u>	<u>\$22,480</u>

SECTION 5. APPROPRIATION. There is appropriated from special funds derived from federal funds and other income the sum of \$22,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for operating expenses and for providing grants for the period beginning with the effective date of this Act and ending June 30, 2007.

SECTION 6. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$76,200,000, included in the grants - state school aid line item in subdivision 1 of section 3 of this Act, is from the state tuition fund in the state treasury. Any additional amount in the state tuition fund that becomes available for distribution to public schools is appropriated to the department of public instruction for that purpose for the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 7. STATE SCHOOL AID AND SPECIAL EDUCATION EXPENDITURE AUTHORITY. The superintendent of public instruction may expend funds included in the grants - state school aid and grants - special education contracts line items in subdivision 1 of section 3 of this Act in payment of grants for educational services that were due in the 2005-07 biennium but which were not filed, claimed, or properly supported by the education provider until after June 30, 2007.

SECTION 8. DISTRIBUTION OF SPECIAL EDUCATION AID. The sum of \$400,000, included in the grants - state school aid line item in subdivision 1 of section 3 of this Act, must be distributed to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the superintendent of public instruction. The superintendent of public instruction shall encourage cooperative efforts for gifted and talented programs among school districts and special education units. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the medicaid program. Special education funds equal to the amount of the matching funds required to be

paid by the school district or special education unit must be paid by the superintendent of public instruction to the department of human services on behalf of the school district or unit.

SECTION 9. INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account.

SECTION 10. STATE AID TO PUBLIC LIBRARIES. The line item entitled grants in subdivision 2 of section 3 of this Act includes \$1,200,000 for aid to public libraries, of which no more than one-half is to be expended during the fiscal year ending June 30, 2008.

SECTION 11. LINE ITEM TRANSFER AUTHORITY. Notwithstanding section 54-16-04, the director of the office of management and budget may make transfers of funds up to \$240,000 from the salaries and wages line item to the operating expenses and capital assets line items in subdivision 3 of section 3 of this Act for the school for the deaf as may be requested by the superintendent of public instruction for increased instructional costs and extraordinary repair needs.

SECTION 12. FEES DEPOSITED IN VISION SERVICES - SCHOOL FOR THE BLIND OPERATING FUND. Any moneys included in the estimated income line item in subdivision 4 of section 3 of this Act, collected for subscription fees or braille fees, must be deposited in the North Dakota vision services - school for the blind operating fund in the state treasury and may be spent subject to appropriation by the legislative assembly.

SECTION 13. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-FIRST LEGISLATIVE ASSEMBLY. The total general fund appropriation line item in section 3 of this Act includes \$100,000 for the one-time funding item identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The school for the deaf shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Deferred maintenance - School for the deaf \$100,000

SECTION 14. LEGISLATIVE COUNCIL STUDY - SERVICES TO STUDENTS WHO ARE DEAF OR HEARING-IMPAIRED. The legislative council shall consider studying, during the 2007-08 interim, the provision of services to children and adults who are deaf or hearing-impaired, including the role of the North Dakota school for the deaf in the provision of educational and rehabilitative services, the short-term and long-term viability of existing state facilities, and alternative approaches that might enhance the scope and breadth of service availability. The study, if conducted, must include the feasibility of combining the administration and delivery of services of the school for the deaf with other area school districts, educational associations governed by joint powers agreements, special education units, and North Dakota vision services - school for the blind. The study should examine alternative uses for the buildings on the school for the deaf campus beyond the scope of the school's present mission. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

SECTION 15. LEGISLATIVE INTENT - REPORT TO THE SIXTY-FIRST LEGISLATIVE ASSEMBLY. It is the intent of the legislative assembly that the school for the deaf collaborate with Lake Region state college on the college's wind energy project and determine the feasibility of the school for the deaf accessing any available energy, including identifying any related costs. The school for the deaf should provide a report on the status of this collaboration to the appropriations committees of the sixty-first legislative assembly.

SECTION 16. ADULT EDUCATION PER STUDENT FUNDING STUDY. The commission on education improvement shall consider studying, during the 2007-08 interim, changes to the state school aid formula to provide per student payments to school districts offering an adult education program.

SECTION 17. EXEMPTION. Any amounts distributed pursuant to section 18 of this Act that will not be expended before June 30, 2007, are not subject to the provisions of section 54-44.1-11 and

may be expended during the biennium beginning July 1, 2007, and ending June 30, 2009, for the purposes provided in section 18 of this Act.

SECTION 18. AMENDMENT. Section 28 of chapter 167 of the 2005 Session Laws is amended and reenacted as follows:

SECTION 28. CONTINGENCY. If any moneys appropriated for per student payments and transportation payments in the grants - state school aid line item in House Bill No. 1013, as approved by the fifty-ninth legislative assembly, remain after payment of all statutory obligations for per student and transportation payments during the biennium beginning July 1, 2005, and ending June 30, 2007, and after the superintendent of public instruction has fulfilled any directives contained in section 27 of this Act, the superintendent shall distribute the remaining moneys as follows:

1. The superintendent of public instruction shall use the first \$450,000, or so much of that amount as may be necessary, to provide additional payments to school districts serving English language learners in accordance with section 15.1-27-12.
2. The superintendent of public instruction shall use the next \$1,000,000, or so much of that amount as may be necessary, for the purpose of providing additional ~~per student~~ payments to school districts participating in eligible educational associations in accordance with section 32 of this Act.
 - a. The superintendent of public instruction shall distribute during the 2007-09 biennium \$45,000, or so much of that amount as may be necessary, as grants in the amount of \$5,000 each to any educational association that commits to the development and implementation of a teacher mentoring program for first-year, second-year, and third-year teachers employed by school districts participating in the association. If any of this amount remains after meeting the requirements of this subdivision, the superintendent shall distribute those funds as additional per student payments on a prorated basis to school districts participating in educational associations.
 - b. The superintendent of public instruction shall distribute \$955,000, or so much of that amount as may be necessary, as additional per student payments to school districts participating in eligible educational associations as provided in section 32 of chapter 167 of the 2005 Session Laws.
3. The superintendent of public instruction shall use the next \$600,000, or so much of that amount as may be necessary, to provide for increases over the established baselines in the minimum percentage of state aid payable to a district per weighted student unit during the 2007-09 biennium. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that remaining amount as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.
4. The superintendent of public instruction shall use the next \$2,000,000, or so much of that amount as may be necessary, for the purpose of providing additional transportation grants to school districts as provided in Senate Bill No. 2200, as approved by the sixtieth legislative assembly. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that remaining amount as per student payments on a prorated basis according to the latest available average daily membership of each school district.
5. a. The superintendent of public instruction shall use the next \$1,000,000, or so much of that amount as may be necessary, for the purpose of providing payments to school districts that are members of regional education associations, for the biennium beginning July 1, 2007, and ending June 30, 2009.

- b. Each year of the biennium, the superintendent of public instruction shall distribute fifty percent of the payments under this subsection to the school districts that are members of regional education associations on a per student basis. The superintendent shall make the distribution at the same time and in the same manner as other state aid payments under section 15.1-27-01.
6. The superintendent of public instruction shall use the next \$30,000, or so much of that amount as may be necessary, for the purpose of providing a grant to the division of independent study for enhancing civic education.
7. The superintendent of public instruction shall use the next \$15,000, or so much of that amount as may be necessary, for the purpose of providing a one-time grant to the North Dakota museum of art for enhancing the snow country prisons travel exhibit.
8. The superintendent of public instruction shall use the next \$200,000, or so much of that amount as may be necessary, to pay for the services of professionals and experts with whom the commission on education improvement contracts, during the 2007-08 interim, for assistance with its study of educational adequacy. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that remaining amount as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.
9. The superintendent of public instruction shall use the next \$77,000, or so much of that amount as may be necessary, for providing funding to the education standards and practices board for providing payments to recipients of national board certification and scholarships to individuals seeking national board certification in accordance with Senate Bill No. 2057, as approved by the sixtieth legislative assembly.
10. The superintendent of public instruction shall use the next \$200,000, or so much of that amount as may be necessary, for the purpose of providing additional payments to school districts offering an adult education program during the 2005-07 biennium.
11. The superintendent of public instruction shall use the next \$400,000, or so much of that amount as may be necessary, to purchase and distribute to school districts automated external defibrillators. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that remaining amount as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.
12. The superintendent of public instruction shall use the next \$395,000, or so much of that amount as may be necessary, for the purpose of providing a grant to the north central council of school television for licensing of education television programs for classroom use by North Dakota elementary and secondary schools, assisting with the North Dakota studies project, and other operating expenses.
13. The superintendent of public instruction shall use the next \$500,000, or so much of that amount as may be necessary, for the purpose of funding the rewrite of the state school aid computer system. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that remaining amount as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.
14. The superintendent of public instruction shall use the next \$650,000, or so much of that amount as may be necessary, for the purpose of funding the rewrite of the teacher licensure application used by the superintendent of public instruction and the education standards and practices board. The education standards and practices board shall pay the remaining \$80,000 of the anticipated total project cost. If any of this amount remains after meeting the requirements of this subsection, the superintendent shall distribute that

remaining amount as additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

15. The superintendent of public instruction shall use the next \$25,748, or so much of that amount as may be necessary, for the purpose of reimbursing eligible school districts that received reduced amounts of state aid. For the purposes of this subsection, an eligible school district is one that received a reduction in state aid during the 2005-07 biennium because the district's general fund levy fell below one hundred forty mills as the result of an accounting oversight.
16.
 - a. The superintendent of public instruction shall use the next \$90,000, or so much of that amount as may be necessary, for the purpose of providing grants in the amount of \$1,000 to North Dakota residents who:
 - (1) Are licensed to teach by the education standards and practices board;
 - (2) Have taught in this state during each of the last five school years; and
 - (3) Are enrolled in either a master of education program in educational leadership or a program leading to a specialist diploma in educational leadership.
 - b. If any of this amount remains after meeting the requirements of this subsection, the superintendent of public instruction shall distribute that amount as additional per student payments on a prorated basis, according to the latest available average daily membership of each school district.
17. The superintendent of public instruction shall use the next \$50,000, or so much of that amount as may be necessary, for the purpose of providing a grant for the Atlantik-Brucke teacher exchange program.
18. The superintendent of public instruction shall use the remainder of the moneys to provide additional per student payments on a prorated basis according to the latest available average daily membership of each school district.

SECTION 19. AMENDMENT. Section 52 of Senate Bill No. 2200, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

SECTION 52. USE OF NEW MONEY - TEACHER COMPENSATION INCREASES - REPORTS TO LEGISLATIVE COUNCIL.

1. During the 2007-09 biennium, the board of each school district shall use an amount equal to at least seventy percent of all new money received by the district for per student payments to increase the compensation paid to teachers and to provide compensation to teachers who begin employment with the district on or after July 1, 2007.
2. For purposes of this section, the superintendent of public instruction shall calculate the amount of new money received by a district during the 2007-09 biennium by:
 - a. Determining the total amount of state dollars received by each district during the 2005-07 biennium as per student payments, tuition apportionment payments, special education per student payments, ~~and~~ English language learner payments, extended educational program payments, summer education program payments, migrant summer program payments, payments for home-based education programs monitored by the school district, and teacher compensation payments;
 - b. Determining the total amount of state dollars received by each district during the 2007-09 biennium as per student payments, provided that neither equity payments under section 15.1-27-11 nor contingency distributions are to be included in the total; and

- c. Subtracting the amount arrived at under subdivision a from the amount arrived at under subdivision b.
3. School districts providing educational services under a cooperative agreement approved by the superintendent of public instruction must, for purposes of this section, be treated as a single district.
4.
 - a. The provisions of this section do not apply to a school district if the board of the school district, after a public hearing at which public testimony and documentary evidence are accepted, determines in its discretion and by an affirmative vote of two-thirds of the members of the board that complying with the provisions of subsection 1 would place the school district in the position of having insufficient fiscal resources to meet the school district's other obligations.
 - b. Within ten days of the vote required by subdivision a, the school board shall notify the superintendent of public instruction of its action and shall file a report detailing the grounds for its determination and action.
 - c. The superintendent of public instruction shall report all notices received under this subsection to an interim committee designated by the legislative council.

SECTION 20. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary. The annual salary of the superintendent of public instruction is ~~eighty~~ ~~eighty-seven~~ thousand ~~five~~ ~~one~~ hundred ~~thirty-one~~ ~~three~~ dollars through June 30, ~~2006~~ 2008, and ~~eighty-three~~ ~~ninety~~ thousand ~~seven~~ ~~five~~ hundred ~~fifty-three~~ ~~eighty-seven~~ dollars thereafter.

SECTION 21. EMERGENCY. Sections 5 and 18 of this Act are declared to be an emergency measure.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixtieth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2013 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0

President of the Senate

Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 94 Nays 0 Absent 0

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2007.

Approved at _____ M. on _____, 2007.

Governor

Filed in this office this _____ day of _____, 2007,

at ___ o'clock _____ M.

Secretary of State