

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 ~~15.1-27-03.1~~15.1-01-03, 15.1-09.1-10, and 15.1-27-04.1 of the North Dakota Century  
4 Code, relating to the powers and duties of the state board of public school education and the  
5 determination of state aid payable to school districts and regional education associations; to  
6 provide statements of legislative intent; and to provide for a legislative management study.

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

8 ~~SECTION 1. AMENDMENT. Section 15.1-27-03.1 of the North Dakota Century Code is~~  
9 ~~amended and reenacted as follows:~~

10 ~~15.1-27-03.1. (Effective through June 30, 2017) Weighted average daily membership~~  
11 ~~Determination.~~

12 ~~1. For each school district, the superintendent of public instruction shall multiply by:~~

13 ~~a. 1.00 the number of full-time equivalent students enrolled in an extended~~  
14 ~~educational program in accordance with section 15.1-32-17;~~

15 ~~b. 0.60 the number of full-time equivalent students enrolled in a summer education~~  
16 ~~program, including a migrant summer education program;~~

17 ~~c. 0.33 the number of full-time equivalent students who:~~

18 ~~(1) On a test of English language proficiency approved by the superintendent of~~  
19 ~~public instruction are determined to be least proficient and placed in the first~~  
20 ~~of six categories of proficiency; and~~

21 ~~(2) Are enrolled in a program of instruction for English language learners;~~

22 ~~d. 0.25 the number of full-time equivalent students under the age of twenty-one~~  
23 ~~enrolled in grades nine through twelve in an alternative high school;~~

24 ~~e. 0.22 the number of full-time equivalent students who:~~

- 1 ~~————— (1) On a test of English language proficiency approved by the superintendent of~~  
2 ~~public instruction are determined to be more proficient than students placed~~  
3 ~~in the first of six categories of proficiency and therefore placed in the second~~  
4 ~~of six categories of proficiency; and~~
- 5 ~~————— (2) Are enrolled in a program of instruction for English language learners;~~
- 6 ~~————— f. 0.20 the number of full-time equivalent students enrolled in a home-based~~  
7 ~~education program and monitored by the school district under chapter 15.1-23;~~
- 8 ~~————— g. 0.17 the number of full-time equivalent students enrolled in an early childhood~~  
9 ~~special education program;~~
- 10 ~~————— h. 0.15 the number of full-time equivalent students in grades six through eight~~  
11 ~~enrolled in an alternative education program for at least an average of fifteen~~  
12 ~~hours per week;~~
- 13 ~~————— i. 0.10 the number of students enrolled in average daily membership, if the district~~  
14 ~~has fewer than one hundred students enrolled in average daily membership and~~  
15 ~~the district consists of an area greater than two hundred seventy-five square~~  
16 ~~miles [19424.9 hectares], provided that any school district consisting of an area~~  
17 ~~greater than six hundred square miles [155399 hectares] and enrolling fewer than~~  
18 ~~fifty students in average daily membership must be deemed to have an~~  
19 ~~enrollment equal to fifty students in average daily membership;~~
- 20 ~~————— j. 0.082 the number of students enrolled in average daily membership, in order to~~  
21 ~~support the provision of special education services;~~
- 22 ~~————— k. 0.07 the number of full-time equivalent students who:~~
- 23 ~~————— (1) On a test of English language proficiency approved by the superintendent of~~  
24 ~~public instruction are determined to be more proficient than students placed~~  
25 ~~in the second of six categories of proficiency and therefore placed in the~~  
26 ~~third of six categories of proficiency;~~
- 27 ~~————— (2) Are enrolled in a program of instruction for English language learners; and~~
- 28 ~~————— (3) Have not been in the third of six categories of proficiency for more than~~  
29 ~~three years;~~
- 30 ~~————— l. 0.025 the number of students representing that percentage of the total number of~~  
31 ~~students in average daily membership which is equivalent to the three-year~~

1 average percentage of students in grades three through eight who are eligible for  
2 free or reduced lunches under the Richard B. Russell National School Lunch Act  
3 [42 U.S.C. 1751 et seq.];

4 ~~and~~

5 ~~m. 0.002 the number of students enrolled in average daily membership in a school~~  
6 ~~district that is a participating member of a regional education association meeting~~  
7 ~~the requirements of chapter 15.1-09.1.~~

8 ~~2. The superintendent of public instruction shall determine each school district's weighted~~  
9 ~~average daily membership by adding the products derived under subsection 1 to the~~  
10 ~~district's average daily membership.~~

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

12 ~~1. For each school district, the superintendent of public instruction shall multiply by:~~

13 ~~a. 1.00 the number of full-time equivalent students enrolled in an extended~~  
14 ~~educational program in accordance with section 15.1-32-17;~~

15 ~~b. 0.60 the number of full-time equivalent students enrolled in a summer education~~  
16 ~~program, including a migrant summer education program;~~

17 ~~c. 0.40 the number of full-time equivalent students who:~~

18 ~~(1) On a test of English language proficiency approved by the superintendent of~~  
19 ~~public instruction are determined to be least proficient and placed in the first~~  
20 ~~of six categories of proficiency; and~~

21 ~~(2) Are enrolled in a program of instruction for English language learners;~~

22 ~~d. 0.28 the number of full-time equivalent students who:~~

23 ~~(1) On a test of English language proficiency approved by the superintendent of~~  
24 ~~public instruction are determined to be more proficient than students placed~~  
25 ~~in the first of six categories of proficiency and therefore placed in the second~~  
26 ~~of six categories of proficiency; and~~

27 ~~(2) Are enrolled in a program of instruction for English language learners;~~

28 ~~e. 0.25 the number of full-time equivalent students under the age of twenty-one~~  
29 ~~enrolled in grades nine through twelve in an alternative high school;~~

30 ~~f. 0.20 the number of full-time equivalent students enrolled in a home-based~~  
31 ~~education program and monitored by the school district under chapter 15.1-23;~~

- 1 ~~g. 0.17 the number of full-time equivalent students enrolled in an early childhood-~~  
2 ~~special education program;~~
- 3 ~~h. 0.15 the number of full-time equivalent students in grades six through eight-~~  
4 ~~enrolled in an alternative education program for at least an average of fifteen-~~  
5 ~~hours per week;~~
- 6 ~~i. 0.10 the number of students enrolled in average daily membership, if the district-~~  
7 ~~has fewer than one hundred students enrolled in average daily membership and-~~  
8 ~~the district consists of an area greater than two hundred seventy-five square-~~  
9 ~~miles [19424.9 hectares], provided that any school district consisting of an area-~~  
10 ~~greater than six hundred square miles [155399 hectares] and enrolling fewer than-~~  
11 ~~fifty students in average daily membership must be deemed to have an-~~  
12 ~~enrollment equal to fifty students in average daily membership;~~
- 13 ~~j. 0.082 the number of students enrolled in average daily membership, in order to-~~  
14 ~~support the provision of special education services;~~
- 15 ~~k. 0.07 the number of full-time equivalent students who:~~
- 16 ~~(1) On a test of English language proficiency approved by the superintendent of-~~  
17 ~~public instruction are determined to be more proficient than students placed-~~  
18 ~~in the second of six categories of proficiency and therefore placed in the-~~  
19 ~~third of six categories of proficiency;~~
- 20 ~~(2) Are enrolled in a program of instruction for English language learners; and~~
- 21 ~~(3) Have not been in the third of six categories of proficiency for more than-~~  
22 ~~three years;~~
- 23 ~~l. 0.025 the number of students representing that percentage of the total number of-~~  
24 ~~students in average daily membership which is equivalent to the three-year-~~  
25 ~~average percentage of students in grades three through eight who are eligible for-~~  
26 ~~free or reduced lunches under the Richard B. Russell National School Lunch Act-~~  
27 ~~[42 U.S.C. 1751 et seq.]; and~~
- 28 ~~m. 0.002 the number of students enrolled in average daily membership in a school-~~  
29 ~~district that is a participating member of a regional education association meeting-~~  
30 ~~the requirements of chapter 15.1-09.1.~~

1 ~~2. The superintendent of public instruction shall determine each school district's~~  
2 ~~weighted average daily membership by adding the products derived under~~  
3 ~~subsection 1 to the district's average daily membership.~~

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

6 **15.1-01-03. State board of public school education - Powers and duties.**

7 1. The state board of public school education shall:

8 a. Assist county committees in carrying out their duties.

9 b. Provide county committees with clerical assistance, plans of procedure,  
10 standards, data, maps, forms, and other materials, information, and services.

11 c. Appoint members to the county committee, if the county superintendent does not  
12 fulfill this duty, as provided for in section 15.1-10-01.

13 d. Provide oversight for regional education associations as required by chapter  
14 15.1-09.1.

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

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

19 **Regional education association - Audit.**

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

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

28 **15.1-09.1-10. State aid - Payable to a regional education association - Obligation of**  
29 **district.**

30 ~~1.~~ The superintendent of public instruction shall forward the portion of a school district's  
31 state aid which is payable by the superintendent under subdivision I of subsection 1 of

1 section 15.1-27-03.1 as a result of the district's participation in a regional education  
2 association directly to the association in which the district participates. The  
3 superintendent shall forward the amount payable under this ~~subsection~~section at the  
4 same time and in the same manner as provided for other state aid payments under  
5 section 15.1-27-01, unless otherwise directed in accordance with section 2 of this Act.

6 ~~2. If the superintendent of public instruction determines that a school district failed to~~  
7 ~~meet any contractual or statutory obligation imposed upon it as a result of the district's~~  
8 ~~participation in a regional education association, the superintendent shall subtract the~~  
9 ~~amount for which the district was not eligible from any future distribution of state aid to~~  
10 ~~the district under section 15.1-27-01.~~

11 **SECTION 4. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

- 14 1. ~~In order to~~To determine the amount of state aid payable to each district, the  
15 superintendent of public instruction shall establish each district's baseline funding. A  
16 district's baseline funding consists of:
- 17 a. All state aid received by the district in accordance with chapter 15.1-27 during the  
18 2012-13 school year;
  - 19 b. The district's 2012-13 mill levy reduction grant, as determined in accordance with  
20 chapter 57-64, as it existed on June 30, 2013;
  - 21 c. An amount equal to that raised by the district's 2012 general fund levy or that  
22 raised by one hundred ten mills of the district's 2012 general fund levy, whichever  
23 is less;
  - 24 d. An amount equal to that raised by the district's 2012 long-distance learning and  
25 educational technology levy;
  - 26 e. An amount equal to that raised by the district's 2012 alternative education  
27 program levy; and
  - 28 f. An amount equal to:
    - 29 (1) Seventy-five percent of all revenue received by the school district and  
30 reported under code 2000 of the North Dakota school district financial

1 accounting and reporting manual, as developed by the superintendent of  
2 public instruction in accordance with section 15.1-02-08;

3 (2) Seventy-five percent of all mineral revenue received by the school district  
4 through direct allocation from the state treasurer and not reported under  
5 code 2000 of the North Dakota school district financial accounting and  
6 reporting manual, as developed by the superintendent of public instruction  
7 in accordance with section 15.1-02-08;

8 (3) Seventy-five percent of all tuition received by the school district and  
9 reported under code 1300 of the North Dakota school district financial  
10 accounting and reporting manual, as developed by the superintendent of  
11 public instruction in accordance with section 15.1-02-08, with the exception  
12 of revenue received specifically for the operation of an educational program  
13 provided at a residential treatment facility and tuition received for the  
14 provision of an adult farm management program;

15 (4) Seventy-five percent of all revenue received by the school district from  
16 payments in lieu of taxes on the distribution and transmission of electric  
17 power;

18 (5) Seventy-five percent of all revenue received by the school district from  
19 payments in lieu of taxes on electricity generated from sources other than  
20 coal;

21 (6) All revenue received by the school district from mobile home taxes;

22 (7) Seventy-five percent of all revenue received by the school district from the  
23 leasing of land acquired by the United States for which compensation is  
24 allocated to the state under 33 U.S.C. 701(c)(3);

25 (8) All telecommunications tax revenue received by the school district; and

26 (9) All revenue received by the school district from payments in lieu of taxes  
27 and state reimbursement of the homestead credit and disabled veterans  
28 credit.

29 2. The superintendent shall divide the district's total baseline funding by the district's  
30 2012-13 weighted student units ~~in order~~ to determine the district's baseline funding per  
31 weighted student unit.





- 1           4. After determining the product in accordance with subsection 3, the superintendent of  
2           public instruction shall:
- 3           a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the  
4           school district, ~~provided that after 2013, except~~ the amount in dollars subtracted  
5           for purposes of this subdivision may not exceed the previous year's amount in  
6           dollars subtracted for purposes of this subdivision by more than twelve percent;  
7           and
- 8           b. Subtract an amount equal to seventy-five percent of all revenues listed in  
9           paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred  
10          percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of  
11          subsection 1.
- 12          5. The amount remaining after the computation required under subsection 4 is the  
13          amount of state aid to which a school district is entitled, subject to any other statutory  
14          requirements or limitations.

15           **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - SERVICES PROVIDED TO**  
16 **SCHOOLS.** During the 2017-18 interim, the legislative management shall consider studying  
17 entities that deliver kindergarten through grade twelve professional development services,  
18 distance curriculum, support for schools in achieving school improvement goals, assistance with  
19 analysis and interpretation of student achievement data, and technology support services. The  
20 study must focus on the funding, governance, nature, scope, and quality of services provided to  
21 schools. The study also must focus on the duplication of services across entities and the  
22 accountability for expenditures. The study must identify efficiencies and the desirability and  
23 feasibility of consolidating services. The legislative management shall report its findings and  
24 recommendations, together with any legislation required to implement the recommendations, to  
25 the sixty-sixth legislative assembly.

26           **SECTION 6. LEGISLATIVE INTENT - REGIONAL EDUCATION ASSOCIATIONS.** It is the  
27 intent of the sixty-fifth legislative assembly that during the 2017-19 biennium regional education  
28 associations merge or partner with other regional education associations and other educational  
29 service providers, or both, to form the most efficient and effective system of support for the  
30 schools in this state.

1        **SECTION 7. LEGISLATIVE INTENT - TRANSPORTATION GRANTS.** It is the intent of the  
2 sixty-fifth legislative assembly that \$55,400,000 be included in the transportation grants line  
3 item in House Bill No. 1013, as approved by the sixty-fifth legislative assembly.