

FISCAL NOTE
Requested by Legislative Council
04/24/2019

Revised
 Amendment to: Reengrossed SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$109,610,892	\$3,800,000		
Appropriations			\$200,000	\$3,800,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$113,410,892	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants and music education grants.

- 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.*

Section 1 instructs the superintendent of public instruction to create a process to reinstate and recertify title I credentials.

Section 2 changes 175 instructional days to hours and adds a 3rd day of professional development. Section 2 also clarifies that school districts intending to operate a four-day week must apply for a waiver with the superintendent of public instruction.

Section 3 adds current or new evidence-based behavior prevention to the list of approved professional development.

Section 8 creates a weighted student unit of .5 for districts that are growing in student population. Section 4 becomes effective on July 1, 2020.

Section 9 increases the weighted student units to .6 for on time funding and to increase the weighting factor annually .1 not to exceed a weighting factor of 1. Section 5 also implements an adjustment for districts that are paid for on time funding to adjust their payment the following year to the school districts average daily membership. The weighting factor will match the weighting factor that the school district was paid on for on time funding the previous year. Section 5 becomes effective July 1, 2021.

Section 10 resets the baseline funding in the integrated formula payment using the 2018-19 formula payments and students used to determine those payments. Section 6 increases the per pupil payment from \$9,646 to \$9,839 for 2019-20 and \$10,036 for 2020-21. School districts that are paid on the transition minimum receive a 1% increase each year of the biennium and districts that are paid on a transition maximum receive a 5% increase each year of the biennium. Any new students for districts that are paid on a transition minimum will be paid on the per pupil payment rate of \$9,839 and \$10,036 respectively. For the 2021-22 school year, the baseline funding adjustment will

be reduced by 15%.

Section 10 also states if a school district receives tuition for a student that is not a resident of this state and this state has not entered into an agreement with the resident state, that revenue will not be deducted as in lieu of property taxes. If a school district meets all the criteria listed on page 18 line 18-27, tuition received from a bordering district will not be deducted as in lieu of property taxes. The revenue received as in lieu of property taxes will be reduced by the percentage of their sinking and interest mills compared to their total levy. After this calculation all in lieu of property taxes will be deducted at 75 percent.

Section 10 adjusts the baseline for districts that enter into a cooperative agreement and are in a contract with another district to share grade levels.

Section 11 changes the deduction to 60 mills of the taxable valuation effective July 1, 2025.

Section 12 creates an adjustment to the local property tax contribution to phase school districts on to a uniform 60 mill deduct by 2025.

Section 14 eliminates 182 from the ADM calculation and changes it to hours.

Section 15 states that the superintendent shall pay the cross-border attendance bill to South Dakota from funds appropriated for the state aid to schools.

Section 16 allows school districts that meet the criteria listed on page 18 lines 18-27 to charge 200% of tuition or \$4,000 whichever is greater.

Section 17 allows the school district to increase their property tax levy if their deduct from the the foundation aid formula is increased in section 8.

Section 18 changes a school districts levying authority effective for the year 2025.

(Continued in B)

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.*

Section 20 appropriates \$3,000,000 for rapid enrollment grants to be distributed for the 2019-20 school year.

Section 21 appropriates \$800,000 for music education grants distributed using the previous year's average daily membership.

Section 22 appropriates \$200,000 for research-based literacy intervention as matching funds.

Section 23 creates a education funding formula review committee to review K-12 funding.

Section 24 is a study of Impact Aid.

Districts may have to renegotiate with teachers regarding the 3rd professional development day. The cost of funding instructional staff for 1 day in the state is approximately 8.8 million dollars.

- 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 (SB 2013). Amounts to be funded from general and special funds have yet to be determined. The amount identified in other funds is the \$3,000,000 for rapid enrollment, \$800,000 for music education grants, and \$200,000 for researched based literacy intervention.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 04/25/2019

House
Amendments
05018

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
New Students at Per Pupil Rate	(7,683,575)
Rate Adjustments **	78,533,685
On Time Funding Yr 2 (.5 weighting factor)	17,709,901
75% In Lieu	5,757,243
Sinking and Interest Deducted From In Lieu	12,335,458
Tuition Adjustments	311,537
Increase Contribution from Property Tax Phase In	(2,032,062)
Decrease Rate Adjustment to 2% and 2%	(10,615,923)
SD Cross Border Agreement Tuition	350,000
Cooperative Agreement Adjustment	(400,000)
Total Expenditures	<u>2,098,202,429</u>
Increase over 2015-17 Base Level Funding	162,998,266
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
State Reporting System Rebuild	-
Music Education Grants	800,000
DHS Behavior Health	-
Title I Credentials	38,000
Total Expenses	2,102,240,429
Fiscal Note	
General Fund	109,610,892
Special Fund	3,800,000

** Transition Minimum 1% & 1%
 ** On Formula 2% and 3%
 ** Transition Maximum 5% & 5%

FISCAL NOTE
Requested by Legislative Council
04/08/2019

Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$109,810,892	\$3,600,000		
Appropriations			\$0	\$3,600,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$113,410,892	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants and music education grants.

- 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.*

Section 1 instructs the superintendent of public instruction to create a process to reinstate and recertify title I credentials.

Section 2 changes 175 instructional days to hours and adds a 3rd day of professional development. Section 2 also clarifies that school districts intending to operate a four-day week must apply for a waiver with the superintendent of public instruction.

Section 3 adds current or new evidence-based behavior prevention to the list of approved professional development.

Section 4 creates a weighted student unit of .5 for districts that are growing in student population. Section 4 becomes effective on July 1, 2020.

Section 5 increases the weighted student units to .6 for on time funding and to increase the weighting factor annually .1 not to exceed a weighting factor of 1. Section 5 also implements an adjustment for districts that are paid for on time funding to adjust their payment the following year to the school districts average daily membership. The weighting factor will match the weighting factor that the school district was paid on for on time funding the previous year. Section 5 becomes effective July 1, 2021.

Section 6 resets the baseline funding in the integrated formula payment using the 2018-19 formula payments and students used to determine those payments. Section 6 increases the per pupil payment from \$9,646 to \$9,839 for 2019-20 and \$10,036 for 2020-21. School districts that are paid on the transition minimum receive a 1% increase each year of the biennium and districts that are paid on a transition maximum receive a 5% increase each year of the biennium. Any new students for districts that are paid on a transition minimum will be paid on the per pupil payment rate of \$9,839 and \$10,036 respectively. For the 2021-22 school year, the baseline funding adjustment will

be reduced by 15%.

Section 6 also states if a school district receives tuition for a student that is not a resident of this state and this state has not entered into an agreement with the resident state, that revenue will not be deducted as in lieu of property taxes. If a school district meets all the criteria listed on page 18 line 18-27, tuition received from a bordering district will not be deducted as in lieu of property taxes. The revenue received as in lieu of property taxes will be reduced by the percentage of their sinking and interest mills compared to their total levy. After this calculation all in lieu of property taxes will be deducted at 75 percent.

Section 7 changes the deduction to 60 mills of the taxable valuation effective July 1, 2025.

Section 8 creates an adjustment to the local property tax contribution to phase school districts on to a uniform 60 mill deduct by 2025.

Section 9 eliminates 182 from the ADM calculation and divide the days present plus days absent divided by the calendar days.

Section 10 states that the superintendent shall pay the cross-border attendance bill to South Dakota from funds appropriated for the state aid to schools.

Section 11 allows school districts that meet the criteria listed on page 18 lines 18-27 to charge 200% of tuition or \$4,000 whichever is greater.

Section 12 allows the school district to increase their property tax levy if their deduct from the the foundation aid formula is increased in section 8.

Section 13 changes a school districts levying authority effective for the year 2025.
(Continued in B)

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.*

Section 14 appropriates \$3,000,000 for rapid enrollment grants to be distributed for the 2019-20 school year.

Section 15 appropriates \$600,000 for music education grants distributed using the previous year's average daily membership.

Section 16 is a study for the funding formula.

Districts may have to renegotiate with teachers regarding the 3rd professional development day. The cost of funding instructional staff for 1 day in the state is approximately 8.8 million dollars.

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 (SB 2013). Amounts to be funded from general and special funds have yet to be determined. The amount identified in other funds is the \$3,000,000 for rapid enrollment and \$600,000 for music education grants.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 04/09/2019

Fiscal Note SB 2265

House
Amendments
05008

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
New Students at Per Pupil Rate	(7,683,575)
Rate Adjustments **	78,533,685
On Time Funding Yr 2 (.5 weighting factor)	17,709,901
75% In Lieu	5,757,243
Sinking and Interest Deducted From In Lieu	12,335,458
Tuition Adjustments	311,537
Increase Contribution from Property Tax Phase In	(2,032,062)
Decrease Rate Adjustment to 2% and 2%	(10,615,923)
SD Cross Border Agreement Tuition	350,000
Total Expenditures	<u>2,098,602,429</u>
Increase over 2015-17 Base Level Funding	163,398,266
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	-
State Reporting System Rebuild	-
Music Education Grants	600,000
DHS Behavior Health	-
Title I Credentials	38,000
Total Expenses	2,102,240,429
Fiscal Note	
General Fund	109,810,892
Special Fund	3,600,000

** Transition Minimum 1% & 1%

** On Formula 2% and 3%

** Transition Maximum 5% & 5%

FISCAL NOTE
Requested by Legislative Council
03/27/2019

Revised
 Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$121,926,815	\$5,950,000		
Appropriations			\$1,500,000	\$5,950,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$129,870,877	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants, literacy intervention, music education grants, and State Automated Reporting System upgrade.

- 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.*

Section 1 instructs the superintendent of public instruction to create a process to reinstate and recertify title I credentials.

Section 2 changes 175 instructional days to hours and adds a 3rd day of professional development. Section 2 also clarifies that school districts intending to operate a four-day week must apply for a waiver with the superintendent of public instruction.

Section 3 adds current or new evidence-based behavior prevention to the list of approved professional development.

Section 4 creates a weighted student unit of .5 for districts that are growing in student population. Section 4 becomes effective on July 1, 2020.

Section 5 increases the weighted student units to .6 for on time funding and to increase the weighting factor annually .1 not to exceed a weighting factor of 1. Section 5 also implements an adjustment for districts that are paid for on time funding to adjust their payment the following year to the school districts average daily membership. The weighting factor will match the weighting factor that the school district was paid on for on time funding the previous year. Section 5 becomes effective July 1, 2021.

Section 6 resets the baseline funding in the integrated formula payment using the 2018-19 formula payments and students used to determine those payments. Section 6 increases the per pupil payment from \$9,646 to \$9,839 for 2019-20 and \$10,134 for 2020-21. School districts that are paid on the transition minimum receive a 1% increase each year of the biennium and districts that are paid on a transition maximum receive a 5% increase each year of the biennium. Any new students for districts that are paid on a transition minimum will be paid on the per pupil payment rate of \$9,839 and \$10,134 respectively. For the 2021-22 school year, the baseline funding adjustment will

be reduced by 15%.

Section 6 also states if a school district receives tuition for a student that is not a resident of this state and this state does not have entered into an agreement with the resident state, that revenue will not be deducted as in lieu of property taxes. If a school district meets all the criteria listed on page 18 line 18-27, tuition received from a bordering district will not be deducted as in lieu of property taxes. The revenue received as in lieu of property taxes will be reduced by the percentage of their sinking and interest mills compared to their total levy. After this calculation all in lieu of property taxes will be deducted at 75 percent.

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Section 9 eliminates 182 from the ADM calculation and divide the days present plus days absent divided by the calendar days.

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Section 13 changes a school districts levying authority effective for the year 2025.
(Continued in B)

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.*

Section 14 appropriates \$3,000,000 for rapid enrollment grants to be distributed for the 2019-20 school year.

Section 15 appropriates \$1,200,000 for updating and redesigning the state automated reporting system

Section 16 appropriates \$1,750,000 for music education grants distributed using the previous year's average daily membership.

Section 17 appropriates \$200,000 to the Department of Commerce for literacy intervention

Section 18 appropriates \$1,300,000 to the department of human services for student behavior health. A district is only eligible up to the non-federal portion of Medicaid reimbursement.

District may have to renegotiate with teachers regarding the 3rd professional development day. The cost of funding instructional staff for 1 day in the state is approximately 8.8 million dollars.

- 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 (SB 2013) Amounts to be funded from general and special funds have yet to be determined. The amount identified in

other funds is the \$3,000,000 for rapid enrollment, \$1,200,000 for the State Automated Reporting System, and \$1,750,000 for music education grants.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 03/28/2019

Fiscal Note SB 2265

	House Amendments 19.0614.05000
2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
New Students at Per Pupil Rate	(7,683,575)
Rate Adjustments	78,533,685
On Time Funding Yr 2 (.5 weighting factor)	17,709,901
75% In Lieu	5,757,243
Sinking and Interest Deducted From In Lieu	12,335,458
Tuition Adjustments	311,537
Increase Contribution from Property Tax Phase In	<u>(2,032,062)</u>
Total Expenditures	<u>2,108,868,352</u>
Increase over 2017-19 Base Level Funding	173,664,189
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
SD Cross Border Payment	350,000
State Reporting System Rebuild	1,200,000
Music Education Grants	1,750,000
DHS Behavior Health	1,300,000
Title I Credentials	38,000
Total Expenses	2,116,706,352
Fiscal Note	
General Fund	121,926,815
Other Fund	5,950,000

FISCAL NOTE
Requested by Legislative Council
03/27/2019

Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$121,926,815	\$5,950,000		
Appropriations			\$200,000	\$5,950,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$129,870,877	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants, literacy intervention, music education grants, and State Automated Reporting System upgrade.

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Section 3 adds current or new evidence-based behavior prevention to the list of approved professional development.

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(Continued in B)

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.*

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other funds is the \$3,000,000 for rapid enrollment, \$1,200,000 for the State Automated Reporting System, and \$1,750,000 for music education grants.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 03/28/2019

Fiscal Note SB 2265

	House Amendments 19.0614.05000
2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
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Increase over 2017-19 Base Level Funding	173,664,189
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
SD Cross Border Payment	350,000
State Reporting System Rebuild	1,200,000
Music Education Grants	1,750,000
DHS Behavior Health	1,300,000
Title I Credentials	38,000
Total Expenses	2,116,706,352
Fiscal Note	
General Fund	121,926,815
Other Fund	5,950,000

FISCAL NOTE
Requested by Legislative Council
02/13/2019

Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$118,016,517	\$3,000,000		
Appropriations			\$200,000	\$3,000,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$118,016,517	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants, and establishes an appropriation for a Research Based Literacy Intervention. SB 2013 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.*

Section 1 implements a weighting factor to get schools that are increasing students to on time funding using the fall enrollment count. It also has an adjustment the following year for those school districts using fall enrollment to adjust the payment using average daily membership the following year.

Section 2 sets the formula per student payment rates to:

Year 1 \$9,839

Year 2 \$10,134

School districts on the transition maximum receive a 5% increase each year of the biennium.

Section 2 also changes all of the in lieu of property tax deductions to 75%.

The difference between a school district's transition minimum calculation and the district's formula calculation is reduced 5% to create a new payment for the transition minimum.

Section 3 appropriates \$3,000,000 for rapid enrollment grants from the foundation aid stabilization fund.

Section 4 appropriates \$200,000 for research based literacy intervention.

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 (SB 2013) Amounts to be funded from general and special funds have yet to be determined. The amount identified in other funds is the \$3,000,000 addressed in section 3 of SB 2265.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 02/14/2019

Fiscal Note SB 2265

19.0614.04001

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Per Pupil rate increase	72,760,971
5% & 5% Transition Maximum increase	4,331,460
Adjust Transition Minimum	(2,031,496)
2020-21 On Time Funding (WSU)	36,999,559
75% In Lieu Adjustment	<u>5,756,023</u>
Total Expenditures	<u>2,106,646,054</u>
Increase over 2015-17 Base Level Funding	171,441,891

Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
Total Expenses	2,109,846,054

Formula per student rates

Year 1	\$9,839
Year 2	\$10,134

*Includes student projections and taxable valuation changes

Fiscal Note	
General Fund	118,016,517
Other Fund	3,000,000

FISCAL NOTE
Requested by Legislative Council
02/05/2019

Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$106,839,079	\$3,000,000		
Appropriations			\$200,000	\$3,000,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$109,839,079	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants, and establishes an appropriation for a Research Based Literacy Intervention.
 SB 2013 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.*

Section 1 implements a weighting factor to get schools that are increasing students to on time funding using the fall enrollment count. It also has an adjustment the following year for those school districts using fall enrollment to adjust the payment using average daily membership the following year.

Section 2 sets the formula per student payment rates to:

Year 1 \$9,839

Year 2 \$10,036

School districts on the transition maximum receive a 5% increase each year of the biennium.

Section 2 also changes all of the in lieu of property tax deductions to 75%.

The difference between a school district's transition minimum calculation and the district's formula calculation is reduced 5% to create a new payment for the transition minimum.

Section 3 appropriates \$3,000,000 for rapid enrollment grants from the foundation aid stabilization fund.

Section 4 appropriates \$200,000 for research based literacy intervention.

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 (SB 2013) Amounts to be funded from general and special funds have yet to be determined. The amounts identified in other funds is the \$3,000,000 addressed in section 3 of SB 2265.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 02/06/2019

Fiscal Note SB 2265

	Senate - Original	19.0614.03004
2017-19 Base Level - Integrated Formula Payments	1,935,204,163	1,935,204,163
Cost to Continue*	53,625,374	53,625,374
Add Rate Changes	66,310,261	66,310,261
Adjust Transition Minimum	(10,343,140)	(2,116,752)
2020-21 On Time Funding (WSU)	34,894,849	36,689,546
75% In Lieu Adjustment		5,756,024
Total Expenditures	<u>2,079,691,507</u>	<u>2,095,468,616</u>
Increase over 2015-17 Base Level Funding	144,487,344	160,264,453
Rapid Enrollment Grants	3,000,000	3,000,000
Research Based Literacy Intervention		200,000
Total Expenses	2,082,691,507	2,098,668,616
Formula per student rates		
Year 1	\$9,839	\$9,839
Year 2	\$10,036	\$10,036
*Includes student projections and taxable valuation changes		
Fiscal Note		
General Fund	90,861,970	106,839,079
Other Fund	3,000,000	3,000,000

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Revised
 Bill/Resolution No.: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$90,861,970	\$3,000,000		
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$93,861,970	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula and establishes an appropriation for rapid enrollment grants.
 SB 2013 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.*

Section 1 adds \$93,861,970 to the integrated formula payments.
 See attachment for explanation of the increases

Formula per student payment rates

Year 1 \$9,839

Year 2 \$10,036

School districts on the transition maximum receive a 5% increase each year of the biennium.

Year 2 of the biennium districts move to on time funding and transition minimum payments are decreased 5 percent.

Section 2 appropriates \$3,000,000 for rapid enrollment grants from the foundation aid stabilization fund.

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 (SB 2013) 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 amount plus the \$3,000,000 addressed in section 2 of SB 2265.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 01/18/2019

House - Original

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Add Rate Changes	66,310,261
Adjust Transition Minimum	(10,343,140)
2020-21 On Time Funding	34,894,849
Total Expenditures	<u>2,079,691,507</u>
Increase over 2015-17 Base Level Funding	144,487,344
Rapid Enrollment Grants	3,000,000
Total Expenses	2,082,691,507
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,036
*Includes student projections and taxable valuation changes	

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Revised
 Bill/Resolution No.: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$93,861,970			
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$93,861,970	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula and establishes an appropriation for rapid enrollment grants.
 SB 2013 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.*

Section 1 adds \$93,861,970 to the integrated formula payments.
 See attachment for explanation of the increases

Formula per student payment rates

Year 1 \$9,839

Year 2 \$10,036

School districts on the transition maximum receive a 5% increase each year of the biennium.

Year 2 of the biennium districts move to on time funding and transition minimum payments are decreased 5 percent.

Section 2 appropriates \$3,000,000 for rapid enrollment grants from the foundation aid stabilization fund.

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Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 01/18/2019

House - Original

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Add Rate Changes	66,310,261
Adjust Transition Minimum	(10,343,140)
2020-21 On Time Funding	34,894,849
Total Expenditures	<u>2,079,691,507</u>
Increase over 2015-17 Base Level Funding	144,487,344
Rapid Enrollment Grants	3,000,000
Total Expenses	2,082,691,507
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,036
*Includes student projections and taxable valuation changes	

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,664,126,602	\$418,564,905		
Appropriations			\$1,334,639,258	\$418,564,905		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$2,082,691,507	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula and establishes an appropriation for rapid enrollment grants.
 SB 2013 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.*

Section 1 adds \$144,487,344 over the base level funding amount for integrated formula payments.
 See attachment for explanation of the increases

Formula per student payment rates

Year 1 \$9,839

Year 2 \$10,036

School districts on the transition maximum receive a 5% increase each year of the biennium.

Year 2 of the biennium districts move to on time funding and transition minimum payments are decreased 5 percent.

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Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 01/18/2019

House - Original

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Add Rate Changes	66,310,261
Adjust Transition Minimum	(10,343,140)
2020-21 On Time Funding	34,894,849
Total Expenditures	<u>2,079,691,507</u>
Increase over 2015-17 Base Level Funding	144,487,344
Rapid Enrollment Grants	3,000,000
Total Expenses	2,082,691,507
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,036
*Includes student projections and taxable valuation changes	

2019 SENATE EDUCATION

SB 2265

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
1/21/2019
31077

- Subcommittee
 Conference Committee

Committee Clerk Signature Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-Schaible; Att. #2-Dick; Att. #3-Copas; Att. #4-Tescher

Vice-Chairman Fors: The meeting will come to order and recognized Senator Schaible.

Senator Schaible, District 31: *See Attachment #1.*

(15:21) **Brandt Dick, ND Small Organized Schools' President:** *See Attachment #2.*

Chairman Schaible: How big of an effect would changing from line 29 to line 28 have?

Brandt Dick: Visiting with Adam Tesher this morning it is about \$8 million that goes back to the schools.

Chairman Schaible: **We were looking for a little bite. Is that too big of a bite?**

Brandt Dick: It is a change in how you approach those transition minimum schools. Roughly, 90 school districts with 20% of students are going to be held harmless another year with a little bit of a bite the second year. That's the question the committee will have to wrestle with.

Chairman Schaible: Are there some schools that will not get any new money with the current bill?

(20:21) **Brandt Dick:** Yes. Actually, it will be about 90 schools because if you are in the transition minimum – just to clarify – there are two types of transition minimums – there are schools that are held harmless by a per pupil payment based on the baseline year and a safety net guaranteeing a certain amount money. Even if you put on a one percent by comparison, that would only effect 60 school districts. The twenty school districts that are absolutely held harmless will not get any new money. For the 60 school districts with not

changing the 108% there will be no new money. Roughly you are looking at 90 school districts that will not see any new money with the way the bill is presently written.

(21: 22) **Senator Rust:** The idea of transitions minimums and maximums was exactly what the word says – something for those early years to transition people to be on formula and yet, that hasn't happened. It looks like we haven't gotten any closer to getting people on formula since 2013. Maybe a study is a good way to do that. Don't you think the whole idea is to get a lot of the schools on formula?

Brandt Dick: That's the biggest question – how fast do we want school districts on the formula. What should that number be and how long should it take. There are examples of schools that are over a million dollars off the formula. That will take a long time taking little bits and pieces. Other districts would get on there quicker. Also realize that if you hit the pause button because there is no money for funding you aren't going to get any new districts on the formula. Going forward, there are some districts even with 2% and 2%, if you keep it at 108% as is in the bill, there are some districts that are going to get back on the formula. My understanding the original intent was the 3% was kind of a benchmark they were looking at – 3% every year. The revenue has not kept up with that, but at the 3% and then the 2% on the minimum, over time, there would be more districts on the formula. The other challenge is those 20 districts that are the hold harmless amount. Some of those on the hold harmless amount have seen a great decrease in the number of students that they have. Is it fair that they get the same safety net when they are educating only two-thirds of the students they were educating in 2012-13?

(24:06) **Senator Rust:** There are school districts that get the flat dollar amount that they are guaranteed. There are others that are below the 60 mills and some at the 60 mills. My question is if you take part of those transition minimum dollars away, should you allow those schools to be able to make up for it in property taxes by going above the 12% that would help them get to 60 mills?

Brandt Dick: You are right, some of the districts on the transition minimums are also below the 60 mills. You are correct in that the only way you can address that concern is to look at the 12%. Then it becomes another part of the puzzle – are you ok as a legislator there are certain school districts that we are to push those taxpayers to pay more that 12% increase in their property tax.

Senator Rust: A friend has a home in Grand Forks and as a taxpayer he is paying considerably different than a taxpayer in another section of the state that is below 60 mills who has a similar house. You are going to increase those taxes, but for the taxpayer who sees an inequity between where he lives in the state it might also solve some of that because the idea of the funding formula is that basically every school should be levying 60 mills. That might provide some equity for the taxpayer. One will be real happy, but the one in western ND probably not so much, but that's part of it, too.

Brandt Dick: Absolutely you are correct. When the study is done, you need to delve into the those issues as well. With transition minimum and maximums, those schools in reality are receiving more state money and in a sense they aren't on the formula, either. The study needs to look at those items that affect the formula as well.

Chairman Schaible: It seems to be the disparity is more with the minimums, with schools that have decreasing enrollments. They seem to be the biggest disparity – should the bite be more at that end?

Brandt Dick: That's hard to say, it will affect those budget, but it is harder to justify the fact that you are held harmless to a dollar amount when your situation has changed. There are a couple of school districts on the dollar amount that have gone from a K-12 school to a K-8. Those are some of the things that could be looked at and addressed.

(27:55) **Chairman Schaible:** But the schools with large decreases are the ones getting a huge amount per student.

Brandt Dick: Yes, because the math works out that way. You take the total dollar amount and divide it by the number of students that increases the per pupil payment. As the students decrease, that per pupil amount will increase.

Senator Davison: We need to have school districts make tough decisions locally. If they are willing to foot the bill to do those things – keep that school open – perhaps not being as open to consolidation – do you think there are school districts in ND that should consolidate that should move that direction?

(29:33) **Brandt Dick:** That is another piece of the formula that needs to be looked at in the study. Right now there is no incentive to consolidate. In fact, there is a disincentive. If two school districts consolidate and you get a lot of extra land without a lot of students, now your 60 mill deduct is going to – in a sense you will get less state money. You also need to look at geography – some of the districts are a long way from everywhere else.

Senator Davison: To the best of your recollection, have we ever had any incentive dollars for consolidation?

Brandt Dick: There have been times in the past where there were incentive dollars. Whether it has worked or not – I see some heads shaking. Probably more so, incentive needs to be looked at with the formula.

Chairman Schaible: Yes, and for your information, the school district I served on did use those dollars and it did work for our case to become Mott-Regent School District. The incentive was based on population and land district. We got \$880,000.

Amiee Copas, Exec. Director of ND Council of Educational Leaders: *See Attachment # 3.*

Elroy Burkle, ND Small Organized Schools: Many schools took advantage of the incentive consolidation grants and it is something to look at and study. There have been a lot of changes in education - look at the mental health issues, the demands, the need for Career and Technical education, Center for Distance Ed. We need to look deep into the funding formula and go from there.

Chairman Schaible: Elroy could you give us your perspective of what is a good nudge to get them going in the right way without adversely affecting them. We've had this conversation we have people agreeing that we need to go down this road and do something, and I think we need to have a little bite to get people at the table with honest intentions. What is your suggestion on that?

Elroy Burkle: I wish I could give you more than what I am going to say. Bring people together first and then look at individual groupings of concerns and go from there. I get uncomfortable from the stand point of saying "do I have an answer?" I don't. That is the reason I appreciated Brandt Dick here – I am not a practicing superintendent. I don't have the data like I did when I was at Mott-Regent or Napoleon, but I do now that we need to get people together, bring out the issues.

Amy DeKok, ND School Boards Association: We do agree with the testimony of others that have testified. There will be challenges to a lot of districts – especially the transition minimums and maximums. With the study, hopefully, we will be able to get a lot of answers to the table.

Adam Teshler, Director of School Finance and Organization, Department of Public Instruction: *See Attachment # 4.* One other thing not on my testimony (attachment). Senator Schaible had mentioned about going all the 75%. I did not read that in that bill. There is no adjustment – it is as it has always been – the 75% and the 100%. I believe that could be changed on page 3 or page 4 of the bill. Last biennium, I believe that was a \$6 million cost for everyone to go to 75%. I imagine it would be relatively around that same cost.

Chairman Schaible: I think we will look at taking an afternoon that we'll run numbers for each district on the things we've talked about and go through them section by section with the committee to get a clear picture of how we are affecting each school district and the rational. We will invite you in to do this. If the committee has other things they would like to see Adam prepare, please let me know.

Senator Rust: I would like to see those what happens with the 2%, 2% and then I'd like to see what happens when you start adjusting those transition minimums and maximums.

Chairman Schaible: Any testimony in opposition? Hearing was closed.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
1/28/2019
31560 (12:47)

- Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

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Chairman Schaible: Let's look at SB 2265.

Senator Oban: Mr. Chairman, I assume you have amendments coming out.

Chairman Schaible: Actually, I don't have any amendments –

Senator Oban: I have notes that you meant to drop the 100% deductions to 75% and that it wasn't written to reflect that.

Chairman Schaible: Yes, that is true. Part of the strategy is – what I am looking at is – for in lieu of that which does not really go into that effect here. There is a version on the House bill that has that included, so we can do it here or we don't have to and it will be taken care of over there. Either way, it will show up in this one at the end of the year. So we could amend that to drop them down to 75% if we want to. It is not vital that we do that, but we can.

Senator Rust: Wouldn't all we have to do is just a – it would be pretty easy to do, wouldn't it?

Chairman Schaible: We can do it. It doesn't hurt to do it. It is my intention, as a legislator, is to see that we do that at some point. I am not making any bones about that.

Senator Rust: Would you like me to get an amendment?

Chairman Schaible: Sure. Any other sections of the bill that needs to be looked at?

Senator Oban: If you would go through the changes to transition minimums and maximums. I just don't remember, nor did I totally follow it the first time, so I think that would be good.

Chairman Schaible: Now we are going to have amendments for this, so you are correct. We will need amendments for that, but it is the maximums. There are two minimums that are protected – it is either based by the number of students or the total amount of dollars. What this one was to do – and what is happening is because of the baseline of 12-13 schools were capped at whatever they made at that time – that is their baseline. That is protected so it never goes down from that. In theory, in the example I used was it was Stremik's district – North Border – because of that, their per pupil payment is like \$15,000 per year. So, when they get an increase it is based on that amount. The idea was we protected schools from declining populations or from funding it was so much that it wasn't too much. But, I don't think the intention at that time was that we would protect these bases forever. The idea I had and I talked to Paul last night about this is it is where the funding line comes from. We had put it on line 27 and should have been on line 26 and the difference was about \$180,000 compared to \$100,000. So his 5% deduction would be \$100,000. Now I think he has a budget of \$3 million, so it is a little bit and we should look at the numbers for that. I wasn't going to pass this bill out, but I just thought – I'm glad we talked about it so we get some work on that. I also have Adam running numbers on the effects of every school for what this will happen. So, we'll have that down and that. So yes, we will do need to fix that language a little bit.

Senator Elkin: So this is an attempt to bring everyone onto the formula. Right? Those that are over formula, you are trying to cut them back 5% - that's what you are trying to do.

Chairman Schaible: It takes 5% of the protections away. That's what it does. The theory is that we were protecting schools so they wouldn't decline too fast. But what has really happened with us, is we have entitled schools not to address their declining enrollment and their situation locally. They are never going to get less money, so I think we need to both of that – the other part of this is we have a serious study to actually look at these maximums and minimums for protections. We have basically, 70 schools that are on these protections. I think 10-15 are the upper level and then some of them are very, very small isolated, so you are looking at about 30-40 actually schools. Those are the ones we are trying to address – and yes, get back on the formula because in reality, we are taking money from everybody again to pay a few and that – it was done intentionally and it was done for protection, but we have overprotected some of these schools and have to revisit it. It is an attempt to move down that road.

Senator Oban: Is it this first year of the biennium would be a reduction of 5% or –

Chairman Schaible: Just the second year.

Senator Oban: But 15% each year after that.

Chairman Schaible: We don't have to study the next interim and nothing changes then it would be a 15% -

Senator Oban: Unless the next legislature were to change that number.

Chairman Schaible: And that is drastic. But the governor was asking for 20% of both years, which would be very devastating to school districts.

Senator Rust: I am still kind of wondering at times what those schools can do to recover some of those dollars. In particular, the ones that worry me a little bit are those that are – because of rapidly increasing taxable valuations and having a mill levy that is lower than 60 mills the way to do that because there are a couple of moving parts in there. That's the one that still kind of bothers me a bit.

Chairman Schaible: Yes, I agree, it was the taxable valuations that really raised problems with our funding formula. We are not in on rapidly raising valuation. Probably, in the other way, you are either stagnant or declining. I think that will stabilize that. The other thing is that school boards always have the option - by a vote of the people – to raise their local contribution level if they want to. That is tough – I understand that, but –

Senator Rust: Help me along here – let's suppose a school is at 40 mills. They would like to raise their mills above – aren't they bound by 12%? In other words, if they go over 12% they would have to have a vote of the people even they are below 60 mills?

Chairman Schaible: Yes.

Senator Rust: Ok, here is another caveat to that. If they are below 60 mills and they were to vote to go to 55 mills, it wouldn't make any difference to them because the state is picking up that difference right now. It is really a screwy deal. They could vote to increase their levy to make up the money, but since the state is already picking it up – all it does is shift the – it shifts to a local district what the state is paying. It's a screwy deal.

Chairman Schaible: And that is the second biggest problem of our funding formula by saying that we use the 60 mills instead of using the dollar equivalent, because even though the district is at 40 mills, they have probably gotten a 12% increase on their property level every year.

Senator Rust: Absolutely.

Chairman Schaible: It makes it sound as if they are getting less money, where in reality they got 12% every year. Because that is why their mills went down – because of valuations went higher than that. If you would have put a dollar base figure on that, they got 12% more money so if you say well if we get 12% money and not use the 60 mills then if they had voted on it it would have gone higher than that.

Senator Rust: Just to expand on that, I would bet almost every one of those school districts have increased their taxes by 12%. I mean their tax payers have picked up 12% more and yet it is still possible their mill levy is going down.

Chairman Schaible: Yes, and that is the flaw in our system by using the mills instead of the dollar equivalent.

Senator Rust: It is just a real – you can't recover.

Chairman Schaible: I know, but in the same breath, you just said we are automatically giving you a 12% property tax increase and they want to vote on more.

Senator Rust: Yes, you can't hardly win on that – that's a tough one. And yet, on the other side of that coin, you have a formula that should be working. That is not working either. To me all the negatives are on the one side and there is really not a very good path forward.

Senator Davison: And some of those communities have to – there are other choices for them of what they do for some of those communities. It is hard just to say when we are not talking about a specific community to say there isn't a path forward because if it was a – there are other choices depending on where that community might be. If it is Kulm and Edgeley you are talking about and keeps their school open, but they are only 12 miles from Edgeley, there is a choice there, too that could be different into merging their schools – and I am just pulling Kulm and Edgely out of my mind.

Senator Elkin: So I think it is individual -

Senator Rust: In my area of the state, Mr. Chairman, part of it has to do with salaries that they are paying and the fact that they needed to pay that just to be able to pay the rent because the rent did not stay the same. Those kind of things.

Chairman Schaible: And they are not going to solve all the K12 funding problems that we have with this bill. There will be amendments coming with this. We will come back to this this afternoon.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
1/29/2019
31717

- Subcommittee
 Conference Committee

Committee Clerk Signature: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to state foundation aid payments to school districts.

Minutes:

Att. #1-Davison

Chairman Schaible: Senator Davison has an amendment for this bill.

Senator Davison: See Attachment #1. On SB 2300, I put in the special education dollars for the matching Medicaid, I also had the Reading Corps bill on there and the tobacco tax. I am redoing that bill – SB 2300. I will have that down here by next Monday. I am bringing forward an amendment adding section 3 which contains \$200,000 for the Reading Corps program – the research based literacy intervention program. The testimony on that is in SB 2300. The Reading Corps program was started on at the South East Education Cooperative (SEEC) in schools in Fargo, West Fargo, Bismarck, Jamestown, and Carson. You need 41% of matching dollars to do that. We are able to do some of those matching dollars in the larger districts because we have the United Ways and Bremer Foundation and we have people we can raise money from. The difficulty in getting this to the rural areas is that we have a more difficult time finding those matching dollars. If you look at the results of the reading program in the school districts, it has been very successful if you note on the information that Jolene Gardy handed out.

Chairman Schaible: You said you have an amendment for SB 2300.

Senator Davison: No, I am going to rewrite 2300.

Chairman Schaible: Will 2300 carry any appropriation money in it?

Senator Davison: It potentially could.

Chairman Schaible: Well, we would need to have that before Monday also.

Senator Davison: Right, exactly.

Chairman Schaible: Questions on the amendment or discussion.

Senator Rust: I am looking at the phrase “to an organization providing research based based literacy intervention” Who is the organization?

Senator Davison: That is determined by the Department of Commerce that falls under this. We can't specifically say it is SEEC, so if there was another organization that wanted to – could be another REA that wanted to do it, that is determined in the collaboration. The important part is to expand the program further than it is. This is a program that SEEC got off the ground, we didn't ask for any help, Fargo, West Fargo and Jamestown and the bigger schools are benefitting from it. Minnesota spent \$7 million on it this program to have it in their schools. We need a little help from the standpoint of dollars to make the match lift happen to keep it moving to the level that we have.

Chairman Schaible: Is this a continuation fund then?

Senator Davison: Yes. You have to match it each year to continue the program. The match doesn't go away to leverage those dollars for the AmeriCorps volunteers and the Reading Corps.

Chairman Schaible: Are you moving the amendment?

Senator Davison: I move amendment 19.0614.03001 be adopted.

Senator Oban: Second.

Chairman Schaible: Discussion.

Senator Oban: I do have concerns creating programs that only benefit schools in big cities vs. kids in schools all over the state that would benefit from programs like this.

Chairman Schaible: I tended to agree with that until I heard Carson. Part of the issue is to get all the REAs to a level and hopefully expand this.

Senator Davison: The person that is the coach to help with the project there is someone at the MREC REA that does help us do it. We are up in Grafton, too, with this. We started the pre-K of this and we are doing an impact study with West Fargo to measure our results of the program over the last few years. The study was talked about in Jolene's testimony – it is called an impact study through the Chicago Institute of something or other – I can never remember. Our ND program is a replication of the MN Reading Corps which began in 2003. The study found that MN students that took part in the Reading Corps program in 2014 tutored in MN Reading Corps achieved significantly higher levels. We are doing the same study in West Fargo to see how we are doing with the program here in ND.

Chairman Schaible: If you were to expand this statewide, what would you be looking at?

Senator Davison: How I believe this is happened, it is kind of like a revolving fund. I we set it up in – let's just pick a place – Rugby for example – we start and get two or three or four tutors there. The idea is that the Rugby School District hopefully would be able to raise some dollars for the match and figure out how to get that match and we would use this \$200,000 as a revolving fund. It gives us the push forward to keep the momentum going and gives us time to raise money in those communities while the program is implemented. Once it gets bought into the community, and they don't want to let it go, they figure out how to find the money. We are the only state that requires schools to put matching money into this. – We are the only one of the fifteen states that requires matching dollars. That is how we got it off the ground without coming to ask for dollars.

Roll call taken to adopt the amendment.

Yeas: 7; Nays: 0; Absent: 0

Amendment adopted.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
1/29/2019
31720 (6:32)

- Subcommittee
 Conference Committee

Committee Clerk Signature: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-Rust(19.0614.03002)

Chairman Schaible: Let's look at SB 2265

Senator Rust: *See Attachment #1.* I've passed out amendment 19.0614.03002. I will explain the amendment and how it affects the bill.

Chairman Schaible: This is bill that takes away from the state and giving to the locals. They get more of a share of that on those two categories. These two categories, in the in lieu of section, that were at 100% and now they will be able to keep 25%. Previously, 100% was deducted from their payment. Now only 75% will be deducted and they will keep 25% locally.

Senator Rust: I am confident that the chairman that has been working on this bill will find the money. What it does is subtracts all revenue at 75% instead of some at 75% and some at 100%.

Chairman Schaible: One thing about this is it is treating all schools the same instead of carve outs.

Motion by Rust to adopt amendment 19.0614.03002.

Second by Oban.

Roll call vote: 7 yeas; 0 Nays; 0 Absent.

Amendment is adopted.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB2265
1/30/2019
31782 (14:50)

- Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-Schaible

Chairman Schaible: See Att. #1. I have passes around an amendment for SB 2265. We will go through this bill. We won't act on it this morning, but to give you a chance to look at it and discuss it and we'll look at this afternoon. It basically does what we intended to do. The language is pretty complicated, but it is the idea of most of this has to do with the 5% reduction of the maximum minimums for what we are trying to do with that and pertains to the on time funding of the second year and actually the 5% reduction of the maximum minimums is on the second year of the biennium. This language pertains to that and what happens is what we were running with our biggest concern was that we wanted to go to on time funding, but we didn't want to hurt schools that were stagnate or declining enrollment or the schools that were going with increased enrollment and then decreasing then back up. The way we had it written was very confusing. This should clear it up – they can still choose the better spring or fall enrollment so they could take advantage of on time funding. They are not getting paid for phantom students or students they don't have by going up and down and back up or whatever the case might be. It also protects our schools to do that. It is quite tricky to do that, but I had a bunch of people involved with this to look at that and I am thinking that is what it does. What I would suggest is you look at this and take it to whoever you need to to confirm that and see if that is what it does. We have already put that in there where it also takes everything to 75% - our in lieu of factors so that they were all at 75%.

Senator Rust: Did you say this also addresses the 5% on the transition minimums?

Chairman Schaible: Yes. Only the second year of the biennium.

Senator Davison: Was there a fiscal note that came along with this amendment?

Chairman Schaible: Not an updated one, but I'll ask for that. I'll contact Adam for that. He has run it; I just don't have it with me. So, I am suggesting that maybe 2:00 pm this afternoon.

Senator Oban: Yes, I have that meeting at 2:00 this afternoon.

Chairman Schaible: Right, you can look at this and research that however you want. We need to move this forward, we can do it on Monday, but I hate to have five bills on Monday that we have to pass. It is getting to the point that we just have to pass something through and if we have to fix it later, we will. We'll take this up this afternoon. I am trying to get a paragraph by paragraph explanation of what is going on with this. I will have an updated fiscal note for that.

Senator Oban: Mr. Chairman, can I ask a general question about – obviously every year I come back, the more familiar I get with this, but we have one section that deals with the baseline when the formula was changed – right?

Chairman Schaible: The 12-13 baseline – yes.

Senator Oban: And so, mostly we change the weighted average daily membership section – every year after that – right?

Chairman Schaible: We don't change the factors per se.

Senator Oban: Right.

Chairman Schaible: We change the amount that those factors are paid to – the \$9646 and the increase we are asking for.

Senator Oban: I always have to pay attention to that.

Chairman Schaible: Right, here is the problem. Here is what we did: 12-13, we created a baseline for a – that is where we started from – that was the baseline. The problem we did with that is that we used a 60 mill baseline. So, whatever they got in 12-13, is what they considered their baseline. So going forward from that, the protections that we put in place says that if you drop below this many kids, you don't get any less, and if your dollar amounts was over that baseline, you didn't get any less. What happens with that is that – you take North Border, they dropped quite a bit of students, so they're protected, so they keep getting the same amount of money plus the increase. They also get the increase on the per pupil payment which also goes on that baseline of those students. Not only did they get the increase, but they got the increase on way more students than they have. Like in Paul Stremik's case, they were getting \$15,000 - \$17,000 per kid instead of the \$9646. Now those protections were put in place to protect schools from an adverse effect from a student driven formula. The theory – what we have now – is those protections are supposed to be permanent and is that fair. I am saying that it is not fair and we need to look at it and so I am taking a 5% out of there and then forcing the study.

Senator Oban: And so the only thing you are changing in the 3003 version for the weighted average daily membership is the switch to on time funding the second year.

Chairman Schaible: There is the increase in payments, the 2% and the 2%, that should be in there also. That is in the per pupil payment.

Senator Oban: Which is in the baseline.

Chairman Schaible: No, the baseline was just the amounts they received based on students or dollar amounts. Those protections are in place. The factors you are looking at now, those increase you – the number of kids you have by certain criteria whether your school is small, whether you do summer school, whether you do special needs. Those all are factors that actually increase the number of students you have. If you got a 1.25 for say special ed. If you have a special ed. kid, they get 1.25 student. So what that does, it creates your number of students that you have. Then that number of students is multiplied by the \$9646 and gives you that amount.

Senator Oban: I am just trying to see in these versions now because in the original SB 2265, we weren't changing any language in the weighted average daily membership section. Now you brought, so all I am asking for what are we putting in here.

Chairman Schaible: It is that 5% reduction and the on time funding that has caused that language problem that we have to duplicate a lot of language because they have to look at both years to determine – so we don't have those phantom students and compare the deduction for that –

Senator Oban: And the original bill, we didn't duplicate that language in that other section.

Chairman Schaible: The way we had it written, it was pretty much impossible to physically do it and it also created phantom students.

Senator Oban: That is what I wanted to know – why did we bring this section in?

Chairman Schaible: That is why I said – take it to whoever you want to, to see if this is exactly what it does. I have to as well – because reading it is confusing to me, but this is what they convinced me that the intent of what we are trying to do this will do that. So I am taking it on their faith, too.

Senator Davison: The phantom students – they are created through the ADM (average daily membership) at the start and then at the end of the year what the ADM that is reported –

Chairman Schaible: So you a school that was at 100 students – they go up to 105 students then they go down to 99 students and then they go back up. In those years, they could pick the better of spring and fall. Of course, you are going to take the one that makes you more money. But, in some cases, if you are paid on the spring of one year and the fall and then the spring again, you are skipping some students that weren't actually there. We are trying to protect that from happening.

Senator Davison: The ADM takes into effect those students that – from a mobility standpoint – that come in and out of the district and it puts it all into one factor – I'll just call it full time students you had at the end of the year.

Chairman Schaible: That is part of the problem, too. We have kids that come and go during the school year so, it is a moving number. You have to pick a date when you pick that and

so there is an accountability to do those adjustments. There is a lookback to make sure – it is easy to take the 5%, but it hard to not pay for phantom students and to protect the schools that are declining in enrollment more than what we wanted to do.

Senator Oban: Is there any way we could get what the school's worksheet looks like now? And what the worksheet would look like under the new bill?

Chairman Schaible: Yes, Adam runs them and we ran them – that's what we have been doing is running them for them. I think what I will do is – and you won't be here – that I'll have Adam and Sheila both come down and walk down and walk through the bill and just go through it.

Senator Davison: Honestly, for myself and maybe I am not speaking for the others, I like when that happens. I always learn one or two more things each time that happens.

Chairman Schaible: That is fine and we can do that.

Senator Oban: I just think it summarizes everything we are doing here.

Chairman Schaible: And that is the bad side – if you just take one school and it works this way. If you take a different school, and it adversely works the other way. Unless you look at three or four schools –

Senator Oban: And I understand that.

Senator Rust: When he gives you a print out, and lists the ADM and weighted pupil units and then he goes through the transition maximum and minimums and the contributions from property tax and contributions in lieu of – when you do that, you see how it works.

Chairman Schaible: So, we will do that this afternoon and we can figure a time we can do it again for you (Senator Oban because she will be in another meeting).

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
1/30/2019
31826 (43:40)

- Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-19.0614.03003; Att. #2&3-Tesher

Chairman Schaible: We will be looking at SB 2265. We have brought a couple of experts in to give us some explanation of the bill. I've asked them to go through the bill and explain what each section says and does and if it is doing what we intended to do.

Sheila Sandness, Senior Fiscal Analyst, Legislative Council: See **Att. #1**. Good afternoon Mr. Chairman and members of the committee. I appear neither for or against the amendment – just to help you understand it. You should have copies of them. One of the first changes that we make was to include an amendment in section one –

Senator Rust: Will everything that we review be on the Christmas tree amendment? I won't have to go between the bill and this amendment?

Sheila Sandness: No, this is the marked up version so everything should be there. The first change was an amendment to 15.1-27-03.1. This is where the weighted student unit or weighted Average Daily Membership (ADM) determination is. If you look at the top of page three, there are two subdivisions added to subsection one. Those are n and o. N is the implementation of the on time funding and it provides one weighted student unit for the district's September 10th enrollment report that exceeds the prior year's ADM. It is based on the prior year's ADM and then you get one extra for the September 10th enrollment which would put the schools on that prior year so if you are decreasing, you are not getting dinged, but if you are getting extra kids, you are getting an extra weight there. The formula still based on prior year's ADM, however, those districts that have additional students reported in the September 10th or fall enrollment are going to get one weighted student unit for every student over their prior year's ADM. So they are getting paid for those extra kids in the fall. That is the on time enrollment part of this.

Senator Davison: So, if they get paid the on time enrollment in September, when does it balance out with the ADM at the end of the year – where is that?

Sheila Sandness: That is in O. So, then in O, for those districts that are being paid based on September 10th enrollment in the prior year 1) the number of students determined by deducting the number of students in the prior year September 10th enrollment from the prior year's ADM. So, this is where we give them additional – for example – if that September 10th enrollment for the prior year is more than their spring ADM they will get more the next year. Then, we say if that prior year's September 10th enrollment exceeds the prior year's ADM, then deduction of one the number of excess students. If at the beginning of the next year we look back and we say well, in September, you had more students than what you ended up with in the spring – there is a deduct. If you ended up with more, there is an addition. So the true-up is in O.

Senator Davison: If there is fewer number of students, then the September enrollment, do they have to pay that money back? Will that be taken off before the end of the fiscal year of that school year?

Sheila Sandness: That adjustment will happen in the next year's formula payment.

Senator Davison: It will be in the next fiscal school year.

Sheila Sandness: Yes, that is correct, that will happen in the next school year.

Chairman Schaible: The rational is so we don't have to deduct from schools and so they were losing more money than they thought. They should know it is coming, so they should be able to budget for it.

Senator Elkin: So we are always one year behind.

Sheila Sandness: For the true-up, we will be one year behind.

Chairman Schaible: But for the n – the schools that have rapid enrollment, they will get that additional.

Sheila Sandness: I will also direct you to the last page of the bill. Section 5 is added – that is the effective date of section one. That is where we make this change – effective the second year of the next biennium. This will only be in effect for one year of the 19-21 biennium.

Senator Davison: Do we have to repass it then or is it in legislation? Do we have to pass the on time funding bill?

Sheila Sandness: No, it will be in Century Code – it is part of that section and it will go forward.

Chairman Schaible: That is just so we can do it the second part of the biennium – from then it continues.

Sheila Sandness: The next set of changes is on page five of the marked-up copy. In subsection 3, subsection 3 is the first part of the biennium and the changes that already existed in the bill had to do with the per student payment – that was not changed. The

changes here – some of them had to do with just making the language work for the next subdivision, I condensed it. I moved the paragraph 2 that has to do with the maximums. We moved the maximums into a separate subdivision later – that is the change there – to move the maximum out of there. When I moved that out of there, we had to realign everything so paragraph one gets moved into subdivision a. 3a has become part of that subdivision and paragraphs 1 and 2 – excuse me – subparagraphs a and b become paragraphs 1 and 2. That is the only change to 19-20. In the second year of the biennium, that is where we start the phase out of the minimums. For subdivision b, what we did is we provide for a calculation instructing the superintendent to calculate as the greater of. The greater of paragraph (1) becomes the formula where we direct the superintendent –

Chairman Schaible: What page are you on?

Sheila Sandness: I am still at the bottom of page five. I am in subsection 3, subdivision b at the bottom of the page. That is where 19-21 – the calculation starts. Paragraph (1) is the calculation of the formula. That is just the weighted student units times the per student rate. We say it is the “greater of” so this is the first comparison. The second comparison is in paragraph (2) where we say, “The amount of paragraph 1 plus the greater of.” This is where we are calculating the minimum. If you turn the page (page 6), subdivision (a) the change there is that we are saying we are going to take 108% of their baseline per student unit times the previous year’s students. Then, we are going to subtract the amount in paragraph 1. Which is basically your formula. Now we have calculated the difference – the difference between their baseline and the formula. That is their minimum payment. That is the bonus that they get. We are going to reduce that by 5% in 20-21 and then 15% thereafter.

Chairman Schaible: Just for explanation about this – the 108% on the base, that is preexisting.

Sheila Sandness: That language did not change. That is in current law.

Chairman Schaible: That is current, the way we would do it, the only thing that is really added to it is the 5% and the paragraph 1.

Sheila Sandness: Correct – we are reducing that extra that they are getting between the formula and the minimum by 5% in this calculation. In (b), we are taking the current minimum that is based on dollars and we are taking that minimum and we are going to subtract the formula – which is what is in paragraph 1 – and that is that extra that they get based on their minimum in dollars. We are going to reduce that by 5% and then 15 thereafter.

Chairman Schaible: So we have both protections of students and dollars and this takes 5% of each?

Sheila Sandness: Yes, it does. If there are no questions on subdivision b. Subdivision c is where we calculate the maximums, so, subdivision c you can see we pulled out the language from prior and just brought it down and said, for the 19-0 biennium, the superintendent shall adjust state aid determined in this subsection to insure that the amount does not exceed 145% of the district’s baseline per weighted student unit as established in subsection 2 multiplied by the districts weighted student units from the previous school year. There is no

change here other than the percent. In current law, it is 140% and this is 145%. That change was actually in the bill before – that is not new – it just shows up as new because we moved it down.

Senator Fors: Did you say 145 or did you say 150?

Sheila Sandness: The 150 is in 2. If you drop down, the second year of the biennium, it goes to 150. For year one, it is 145 and for year 2 it is 150.

Chairman Schaible: Is that a change in the original bill or is that –

Sheila Sandness: No, that is how the original bill was worded.

Chairman Schaible: But that is original language now?

Sheila Sandness: Yes, it was in the original bill, it didn't change, other than I moved it. It is a change to Century Code, Mr. Chairman, but is not a change to the bill. The next change is down in subsection 4 subdivision b. That is where we provide for the deduction of 75% of all the revenue types. In subdivisions f and g, so that moves those that are being deducted at 100% to 75%. On page 7, in subsection 6, the original bill had some language with regard to reporting and recalculating – we removed the recalculating part because that doesn't apply here with the new method with the minimums and the on time funding. We don't need that language – that is overstruck. The other language is also – that was in the original bill – the other language that was in the original bill and has to do with reporting the ADM to the department by June 30th so those true-ups can be calculated in the fall.

Chairman Schaible: There, again, it is not needed because the 5% language we have.

Sheila Sandness: Correct. The overstruck language is not needed because the way the bill was drafted, there was a different method of calculating that minimum reduction, so we don't need that language. Beyond that, the only other change is the effective date of section 1.

Chairman Schaible: The original changes to the law would be the 2 and the 2 which is the amounts that are listed there?

Sheila Sandness: That were in the original bill?

Chairman Schaible: Yes.

Sheila Sandness: Yes, it was the 2 and the 2, and then the changes to the maximum from 140 and 145 to 150.

Chairman Schaible: Explain that a little bit – the changes to the maximum.

Sheila Sandness: I'll take a stab at it, but that may be an Adam question. When the baseline was setup, the school districts that were above the per student payment, this calculation was put in so there wouldn't be a giant windfall to those school districts because - did I say that

right (asking Adam Teshler) – no, it is the districts below – I knew I would say that backwards – I think I should let Adam explain that.

Chairman Schaible: You are not the only one confused. The only other changes we had in there was the 2 and the 2 and then the continuation which I see is on Section 3 for the continuation of rapid enrollment grants for the first year of the biennium.

Sheila Sandness: Yes, that is original to the bill. It was provided as one time funding this current biennium and so this would provide as one time funding again in the new biennium, but only for the first year of the biennium because the second year of the biennium is when on time funding begins.

Chairman Schaible: And I think the only other is the study on section 4.

Sheila Sandness: Correct.

Senator Davison: We amended the \$200,000 of Reading Corps yesterday. I was –

Chairman Schaible: Yes, but, this is just an amendment.

Senator Davison: Okay, so it doesn't all come together –

Chairman Schaible: Yes, that amendment would be in there also.

Sheila Sandness: Yes, any other amendments that you would have passed would have to be rolled together with whatever else you approve.

Senator Rust: Would you go back to page 6 and explain one more time item c.

Sheila Sandness: The language in subsection c. paragraph (1), is actually the language I moved from page 5. If you look at page 5 where there is that red overstruck with the paragraph 2 next to it – line 20 – that is just moving that language down into its own subdivision. Then, that is the same language and then we used the language that was previously included in subdivision b as paragraph 2 of subdivision c. We moved the maximum calculation for both years of the biennium into one subdivision instead of having subdivision a covers 19-20 and subdivision b covers 20-21 and it had the calculation of the formula and the minimum and the maximums all within those subdivisions. When we went to try to write this to make the accommodations for the reductions in the minimums for the second year, with regard to how it would be laid out in paragraphs and subdivisions – to avoid getting into items and sub items, it was just easier to move those two to a separate subdivision so we could make the paragraphs in subdivision b work better. Otherwise, we would have had so many layers in subdivision b that it would have been very confusing.

Senator Rust: And we went from 40 to 45 to 50?

Sheila Sandness: Correct, 40 to 45 in the first year and 45 to 50 in the second year in the second.

Senator Rust: So we are increasing the maximum?

Sheila Sandness: Correct. By 5% each year.

Senator Rust: And then the minimums you are decreasing by 5% the second year of the biennium and 15% thereafter.

Sheila Sandness: Correct.

Senator Rust: Did we have that before about increasing the maximum by 5%?

Senator Davison: I wasn't under the understanding that the maximum would be changed either, so I would ask the same question.

Chairman Schaible: What is the effect of that? That is probably an Adam question and we'll have him come up and go through that.

Senator Rust: And, why are we increasing it? Is that because we are trying to take care of Nelson's –

Chairman Schaible: No, I am not sure.

Senator Rust: Ok, because it has always been 140 and all the sudden we are going 145 and 150, and I don't remember talking about that.

Chairman Schaible: I am not sure either, so we will have Adam come and explain that. Any other questions for Sheila? Thank you. Adam. Before you get to far, you better go straight to c and go over that first.

Adam Tesh, Director of School Finance and Organization, Department of Public Instruction: (See Att. #2 & #3). I will address the – the 45% and 50% were in the original language of this bill. What happens with these transition maximum districts – I believe there are a dozen districts in the state – a majority of them are our reservation districts – two are not, but they are very small rural districts. They are not receiving the full \$9646 per kid. When the formula was implemented in the 13-15 biennium, we put in that baseline funding. So much of our baseline funding discussion has been for those districts that were above the formula. However, we had several districts that were also below the formula and we didn't bring them all up and double their payment over one year. So during the first four years of our current payment, districts that were below the formula were getting a 10% raise each year. That is why you see the 140. Districts on the formula were getting a 3% raise each year. Districts above the formula got a 2% raise each year. In essence, as they were all growing, they would be growing together, but eventually would come together. Eventually, be on the same payment rate. In the current biennium, nobody got raises – it was held flat, everyone – minimum-maximum, on the formula – we held everyone flat. Now that districts on the formula were getting a 2% raise, there was a 5% raise added to those districts that were below the formula to mirror what was done in those first four years of the biennium where the districts below the formula were getting a larger raise than the districts on the formula in essence to get them up to the baseline rate as everyone. If you would not do

anything and leave that at 140%, districts on the formula would get a raise, districts below the formula would not get any raise and would be constant again.

Chairman Schaible: So they are getting more money with the 5% because their minimums are at 145% instead of 140% and then at 150%. What is the price of that? And the second question is should that be higher?

Adam Teshar: I don't have that in front of me – the specific breakout of that. I know the rate changes ended up being about \$60 million, but a majority of that would be the 2 and 2% raise. I could come up with that breakout, I don't have in front of me now. I was trying to think of this earlier – should it be higher? That is hard to say, but in those first four-years we were at a 3% and a 10% so, you were at a little over 3 times and now you are at about 2.5 times the raise from 2% to 5%, so it is fairly close, but it is a little lower than what it was in previous where there were increases given.

Chairman Schaible: So, ball park, you said they were not getting the \$9646 per child, about where were they at?

Adam Teshar: It ranged – we had some as low as \$5500 and it ranged all the way up to \$8000 or \$9000 that were below the formula.

Chairman Schaible: So, just a little bit to quite a bit.

Adam Teshar: Correct.

Chairman Schaible: So we can get those numbers. But, this actually helps those schools.

Adam Teshar: It will increase the districts at a higher rate that are below the formula.

Senator Rust: That must have been something you caught as you were figuring stuff.

Adam Teshar: I am not sure the original draft of this bill, I know we had that included in the governor's budget when we were working with that – if that pulled from that as well. But, it was in the original version of 2265.

Chairman Schaible: The discussion was the biggest thing we had problems with was there is two kinds of protections down – the total dollar amounts and the student amounts. We grappled with that and then the ones going up. We didn't want to hurt other ones that were protected from the minimums so that Native American or small schools were not getting hurt by fixing the maximums of the rest of them.

Senator Rust: I understand that and when I saw the 145 and 150, I didn't ever remember talking about it. As a result, that is why it was a red flag to me and why I brought it up.

Chairman Schaible: That is fine and we need to understand it. I am glad that you did.

Senator Rust: I fully understand why it is being done – it was just that it had never been talked about.

Chairman Schaible: Discussions on this started a long time ago – the intent was not to hurt any schools that weren't getting any state funding as Native American schools or small district schools. One was that they were getting \$15,000 to \$20,000 per payments – those were the ones we were targeting and not trying to adversely affect these other ones. That is why I was questioning – yes, if you would pull those numbers Adam and let us know.

Adam Teshar: Chairman Schaible, I can do that.

Chairman Schaible: You have a financial sheet. Can you walk through the bill with that?

Adam Teshar: I can do that. **See Att. #2.** I have passed out a cost per district spreadsheet. I did only look at the state funding increases per year per change if you will. The first column you will see is the cost to continue in the 2019-20 school year. You will see the school districts and what their state funding will be in that year, if there were no changes. I didn't compare that to what they got last year, we are starting fresh with that number. If you go to the second column, it is the rate increases. This is the additional money they will get in one school year based on the rate increases. The rate increases include both the 2% increase to the districts on the formula and the 145% for those transition maximum school districts. So, you can see that their rate increases are generating more money due to the higher –

Senator Rust: There is a lot with no increase.

Adam Teshar: Those would be those districts that are on the transition minimum. We did not give them rate increases. They are at the 108%. We have the 140% for the districts that are below the formula, districts that are on the transition minimum remained at the 108%. Their per student rate did not change. They may have gotten more money in the cost to continue line if they had more students because that was figured in that cost to continue. The other change that is in effect for the first year with the new proposal is now with the 75% in lieu, you can see how much money that adds to each school district. Again, that is a one-year change – just looking at how it is going to effect the 19-20 school year and what their total state funding projection is. The next set of numbers is the projection for the 2021 school year, so we are now basing the cost to continue off of the current biennium's bill. This isn't the cost to continue above 19-20 this is the cost to continue from the current biennium. You can see what that district would have received if there were no changes to the bill. We add the rate increases – again now we are at another 2% for districts that are on the formula and up to 150% for those districts that are below the formula. Again the districts on the transition minimum do not receive any rate increases. The next is the transition minimum adjustment. This is where we were reducing those transition payments that school districts receiving and reducing it by 5%. So, you will see that a lot of districts here – if they don't have the increase in the rate, you'll see the decrease in their transition minimum payment. You will see on the first page Billings County doesn't have any changes – Billings County local dollars fund their whole formula, so they don't generate state money. That is why you are not seeing any additional funding for any of the changes for a district of that size. The next column after the transition adjustment is our adjustment is to the on time funding. That is n. in your marked up version of the bill. That is adding on those students for projected fall enrollment greater than what our projected ADM is. That is adding extra money there. And then again, you can see the one-year effect of the 75% moving all of our in lieu of deductions to 75% and then you can see the total state funding with all the adjustments for each school district.

Chairman Schaible: Adam could you expand this sheet to go to current 18-19 – what they are getting now? And then just put total state funding for 19-20 and 20-21? Put all three together. That way you could see each school – if it is a plus or minus and how much for the second year.

Adam Teshler: I can do that – the one thing we want to keep in mind is that our formula is based on state and local funding. This is more just a fiscal impact to the state, so districts may be getting more local funding, as well in part of this. This is just the state impact.

Chairman Schaible: Yes, can you include this both?

Adam Teshler: Yes, I can do that.

Chairman Schaible: There is a lot of these blanks on there and that isn't the true picture of some of that. It is good to see this, but we need the true picture.

Senator Davison: Mr. Chairman, could I get a visual example of - you are talking – it is not the true – what are we going to see when you do this – give me a simple example.

Adam Teshler: When we look at this cost to continue number, and if you would add both the columns for both 19-20 and 20-12, you'd get around \$53 million. So, that is the state cost. However, the true cost continue is going to be closer to \$101 million because school districts are able to levy that extra \$49 million. They are getting that money, as well because they have property tax. This is not including any property tax. I wanted to show the fiscal impact to the state.

Chairman Schaible: Yes, this is the state cost. That is really good, but we need to see the revenue effect to each district, regardless – local or state funds.

Adam Teshler: Yes, I can do that.

Senator Rust: I am going to try and take a school, let's go down to Bottineau. On the on time funding. Would that mean, they would basically have a student increase – if it is at about \$10,000 a kid? \$422,983 additional for on time funding and that would mean if you get about \$10,000 a kid, that is about 42 kids?

Adam Teshler: Generally speaking, that is going to be relatively close. But we also need to see that Bottineau is also on a transition minimum. As you can see in that third column right before it, - so they are probably getting higher than the \$10,000 per a kid. Now their reduction is only \$300 so it is –

Senator Rust: I meant around –

Adam Teshler: Correct. Now if we would have seen it with a transition minimum adjustment of like Barnes County North, where it is \$68,000, their probably getting higher closer to the \$15,000 a kid.

Senator Rust: If we go to Bismarck, it is about a 311 increase in student population. Thereabouts –

Adam Teshler: That seems to be pretty accurate.

Chairman Schaible: What was the changing of in lieu of from those two categories of 100% to 75%?

Adam Teshler: I did do another version comparing the fiscal notes or just a spreadsheet. It was just that – about \$5.8 million.

Chairman Schaible: Just the cost from taking all them – making all of them 75% for the in lieu of, the two categories are about \$5.4 million. When he gets his sheet, he can go through this.

Adam Teshler: What this does is compares the fiscal impact of our original 2265 to this now marked-up version. You can see the first three lines didn't change. The base level funding, the cost to continue and adding those rate changes – the 2% increase and again those 5% increases for those districts that were below the formula. Where we did have some funding adjustments was to the on time funding. There was a little extra cost to that – excuse me – I skipped over the transition minimum. When we did that 5% from their total funding, it was a \$10 million reduction. Now that we are only applying that 5% to their bonus payment or extra payment they are getting, it is only a \$2.1 million savings.

Chairman Schaible: And that was that 5% from line 28 to line 27. That we were talking about.

Adam Teshler: Correct. Then if we go to the 20-21 on time funding, the reason for that increase – when that first original bill came out, the language was a little contradictory of itself. It said pay the higher of the two and then the true up. Now I realize how it was meant to be done, so there was a small fiscal impact in that in the second year. And you can see the increase of \$5.7 million for the 75% in lieu adjustments and the new total expenditure lines the increase over the baseline. I also have what the projected fiscal note would be at the bottom. I did not include Senator Davison's amendment from yesterday as I did not have that language in front of me and didn't want to put something in incorrectly.

Chairman Schaible: It is \$200,000, so you can put it – it is just a plus at the bottom of the right hand category you can add \$200,000 to that for the amendment we passed this morning. Questions. I think that helps quite a bit – it is a little clearer. Now Adam, I guess that – visiting with you the past couple of days, when we went to page 3 of the bill – that n. and o. That kind of helps in your calculations – makes it simpler for you and it is easier for people to understand. Is that correct?

Adam Teshler: That was the intent of doing it as a weighting factor. If we put it into the ADM it can create some challenges; where we have a true up payment and then that is going to affect any possibly any joint power agreements in the REAs or Special Ed. JPAs they have and also we're pulling back money from them. Where if we just do it as this extra weighting factor, it is only affecting the school district. Their REA factor is still going to be based off of

last year's funding and we don't have to try and affect their funding for future years and make true-up payments for them. It seemed to be a little cleaner this way and a probably easier to show which districts are getting that on time funding.

Chairman Schaible: The way I look at it, is it was tougher to create and write, but the rational for it is it is easier for somebody – just looking at it – to understand and it makes your calculations a lot simpler.

Adam Teshner: And just for the record, that o. will not come into the effect during current biennium. That is only for the following biennium.

Senator Davison: I'm not sure what you are saying – o?

Adam Teshner: On page 3, when we added amendment o – line 7 will not come into effect during this upcoming biennium because that is kind of the adjustment from fall enrollment to that same year's ADM. We won't get that number until the year is over.

Senator Davison: So, that will have an impact in 20-22?

Chairman Schaible: Well, when you look back to at the numbers to 20-22 you need that.

Adam Teshner: That is correct. It is going to create a few challenges trying to budget for that number – it is very difficult to see what happens to districts from their fall enrollment to their spring ADM. I did run a comparison. We had a large district that had lost 60 students that would have been on the on time funding, so we would have pulled back money that following year because they would have received extra money. We had districts that grew 80 to 90 students throughout the year. It is a dynamic throughout there – it creates funding – some challenges with it. The other budgeting challenge that comes with this is when I budget currently, I know the students we have in this school year. I have a pretty good idea of what we are going to pay the first year of next biennium. And, I have to budget what the second year is going to be. Now, I am going to have to budget project two years of student increases – so there could be a greater chance of variable on our budget projections. I did not affect – previously in previous sessions we have been given a – kind of a cushion if you will of about a half a percent of our budget to help protect our students. So, if we did undershoot that the students wouldn't be – I don't know if we want to possibly expanding that a little bit, but it could be if I under projected our turn back – instead of being around the \$30 million that it has been, it could be higher as well.

Chairman Schaible: That was going to be my next question. The conservative nature that you would want to do to make sure that we are not short would force larger turn back amounts.

Adam Teshner: It would depend on how our projections are.

Chairman Schaible: That is not a bad thing. Part of the other question for some of this language, when we were working on this, there were several superintendents in the room that were working – Rob Lech, Mark Lemer, and a couple of others – they were involved with this language so this is what we think could come up as a working model. Coming back to

that question about we don't want to take money away from schools in this year, but there is that claw back the next year. We thought well, the rational is business managers and superintendents will know that. They get the money in advance so they can plan for it. It is the best scenario that we can come up with without making adjustments a couple times. The problem is we don't have just spring and fall enrollments, they are fluctuating throughout the year and that makes it difficult. Other questions? Anything else you want to see run? We are going to get the total revenue projections for schools total contribution of the current year and the next two years. I guess the only other thing is – I think that 45 and 50 – we can look at that, but I think we will have another opportunity in conference committee. We will have opportunities to adjust that. We won't act on this today, but we certainly have to act on it on Monday.

Senator Davison: That number can't be a huge number, there are only 12 schools and they are smaller numbers, so it can't be a big number going to 145% and 150%. Can it?

Adam Teshner: The fiscal impact of the increases was \$66 million – I would anticipate it would be a very small percentage of that \$66 million, although, there are some larger districts – Belcourt is one of our larger districts in the state that will have some. I'll get the numbers and you'll see the exact rates.

Chairman Schaible: Would you highlight those that are on the max- what are those the minimums.

Adam Teshner: That would be the maximum, because if they are at the higher minimum payment, they don't get to the formula.

Chairman Schaible: Other questions? Sheila, do you have anything else we need? Thank you. Committee, anything else to discuss today, if not, we will adjourn until Monday.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
2/4/2019
31560

- Subcommittee
 Conference Committee

Committee Clerk Signature: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Discussion of SB 2265.

Motion by Senator Elkin to adopt amendment 19.0614.03003.

Second by Senator Rust.

Motion carries. Yeas 7; Nays 0; Absent 0.

Motion by Senator Oban to Do Pass as Amended.

Second by Senator Elkin.

Motion carries. Yeas 7; Nays 0; Absent 0.

Senator Schaible will carry the bill.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 5, after line 24, insert:

"SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing funding to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading as matching funds for AmeriCorps funding, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend the appropriated funds only as authorized in this section."

Re-number accordingly

19.0614.03002
Title.

Prepared by the Legislative Council staff for
Senator Rust

January 28, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 4, line 16, overstrike "subdivision f of subsection 1 and one hundred"

Page 4, line 17, overstrike "percent of all revenues listed in"

Page 4, line 17, overstrike "subdivision"

Page 4, line 17, after "f" insert "subdivisions f and"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 1, line 1, replace "section" with "sections 15.1-27-03.1 and"

Page 1, line 2, after "of" insert "weighted average daily membership and"

Page 1, line 3, remove "and"

Page 1, line 3, after "appropriation" insert "and to provide an effective date"

Page 1, after line 5, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;

- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.]; and
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1;
- n. 1.00 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership; and
- o. For districts paid based on September tenth enrollment in the prior year, 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 1.00 the number of excess students.

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

Page 3, line 9, overstrike (1)

Page 3, line 11, overstrike (a) and insert immediately thereafter (1)

Page 3, line 14, overstrike (b) and insert immediately thereafter (2)

Page 3, overstrike line 16

Page 3, line 17, overstrike "not exceed one hundred"

Page 3, line 17, remove "forty-five"

Page 3, line 17, overstrike "percent of the district's baseline"

Page 3, overstrike lines 18 and 19

Page 3, line 21, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The"

Page 3, line 21, after "units" insert "multiplied"

Page 3, line 22, overstrike the period

Page 3, overstrike line 23

Page 3, overstrike line 24 and insert immediately thereafter ": or

(2) The amount in paragraph 1 plus the greater of:"

Page 3, line 27, remove "greater of the"

Page 3, line 28, remove "or the current school year, with the product of this"

Page 3, line 29, replace "calculation" with "less the amount in paragraph 1, with the difference"

Page 4, line 2, after "1" insert "less the amount in paragraph 1"

Page 4, line 2, after the underscored comma insert "with the difference"

Page 4, line 3, after "thereafter" insert: ":

c. The superintendent also shall adjust state aid determined in this subsection:

(1) In 2019-20, to ensure the amount does not exceed one hundred forty-five percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year"

Page 4, line 4, overstrike "The superintendent also shall adjust the product" and insert immediately thereafter "In 2020-21,"

Page 4, line 4, overstrike "product" and insert immediately thereafter "amount"

Page 4, line 7, remove "greater of the"

Page 4, line 8, remove "or the current school year"

Page 4, line 15, overstrike "revenues" and insert immediately thereafter "revenue types"

Page 4, line 16, overstrike "subdivision f of subsection 1 and one hundred"

Page 4, line 17, overstrike "percent of all revenues listed in"

Page 4, line 17, overstrike "subdivision"

Page 4, line 17, after "f" insert "subdivisions f and"

Page 4, line 24, remove "The superintendent of public instruction shall recalculate the actual"

Page 4, remove lines 25 through 28

Page 5, after line 31, insert:

"SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective July 1, 2020."

Re-number accordingly

February 4, 2019

82
1254

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 1, line 1, replace "section" with "sections 15.1-27-03.1 and"

Page 1, line 2, after "of" insert "weighted average daily membership and"

Page 1, line 3, remove "and"

Page 1, line 3, after "appropriation" insert "; and to provide an effective date"

Page 1, after line 4, insert:

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;

2024

- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.]; and
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1-;
- n. 1.00 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership; and
- o. For districts paid based on September tenth enrollment in the prior year, 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 1.00 the number of excess students.

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

Page 3, line 9, overstrike (1)

Page 3, line 11, overstrike (a) and insert immediately thereafter (1)

Page 3, line 14, overstrike (b) and insert immediately thereafter (2)

Page 3, overstrike line 16

Page 3, line 17, overstrike "not exceed one hundred"

Page 3, line 17, remove "forty-five"

Page 3, line 17, overstrike "percent of the district's baseline"

Page 3, overstrike lines 18 and 19

Page 3, line 21, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The"

Page 3, line 21, after "units" insert "multiplied"

Page 3, line 22, overstrike the period

Page 3, overstrike line 23

Page 3, overstrike line 24 and insert immediately thereafter ": or

(2) The amount in paragraph 1 plus the greater of:"

Page 3, line 27, remove "greater of the"

Page 3, line 28, remove "or the current school year, with the product of this"

Page 3, line 29, replace "calculation" with "less the amount in paragraph 1, with the difference"

Page 4, line 2, after "1" insert "less the amount in paragraph 1"

Page 4, line 2, after the underscored comma insert "with the difference"

Page 4, line 3, after "thereafter" insert ":

c. The superintendent also shall adjust state aid determined in this subsection:

(1) In 2019-20, to ensure the amount does not exceed one hundred forty-five percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year"

Page 4, line 4, overstrike "The superintendent also shall adjust the product" and insert immediately thereafter "In 2020-21,"

Page 4, line 4, overstrike "product" and insert immediately thereafter "amount"

Page 4, line 7, remove "greater of the"

4581

Page 4, line 8, remove "or the current school year"

Page 4, line 15, overstrike "revenues" and insert immediately thereafter "revenue types"

Page 4, line 16, overstrike "subdivision f of subsection 1 and one hundred"

Page 4, line 17, overstrike "percent of all revenues listed in"

Page 4, line 17, overstrike "subdivision"

Page 4, line 17, after "f" insert "subdivisions f and"

Page 4, line 24, remove "The superintendent of public instruction shall recalculate the actual"

Page 4, remove lines 25 through 28

Page 5, after line 24, insert:

"SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing funding to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading as matching funds for AmeriCorps funding, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend the appropriated funds only as authorized in this section."

Page 5, after line 31, insert:

"SECTION 6. EFFECTIVE DATE. Section 1 of this Act is effective July 1, 2020."

Renumber accordingly

Date: 2-4-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2265

Senate Education Committee

Subcommittee

Amendment LC# or Description: 19.0614.03003

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 Elkin Seconded By Rust

Senators	Yes	No	Senators	Yes	No
Chairman Schaible:	✓		Senator Marcellais:	✓	
Vice-Chairman Fors:	✓		Senator Oban:	✓	
Senator Davison	✓				
Senator Elkin:	✓				
Senator Rust:	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

SB 2265: Education Committee (Sen. Schaible, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2265 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "section" with "sections 15.1-27-03.1 and"

Page 1, line 2, after "of" insert "weighted average daily membership and"

Page 1, line 3, remove "and"

Page 1, line 3, after "appropriation" insert "; and to provide an effective date"

Page 1, after line 4, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
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 - n. 1.00 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership; and
 - o. For districts paid based on September tenth enrollment in the prior year, 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 1.00 the number of excess students.
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Renumber accordingly

2019 SENATE APPROPRIATIONS

SB 2265

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2265
2/7/2019
JOB # 32334

- Subcommittee
 Conference Committee

Committee Clerk Signature: Alice Delzer/Amy Crane

Explanation or reason for introduction of bill/resolution:

A bill for an act relating to the determination of weighted average daily membership and state aid payable to school districts; to provide for a legislative management study; to provide an appropriation; and to provide an effective date.

Minutes:

- | |
|---|
| 1. Testimony of Senator Don Schaible
2. Testimony of Aimee Copas |
|---|

Chairman Holmberg: called the Committee to order on SB 2265. Roll call was taken. All committee members were present. Becky Deichert, OMB and Sheila M. Sandness, Legislative Council were also present. DPI regarding SB 2265 and SB 2013 will meet at 2:30 in SCRoom. SB 2265 is the bill we have in front of us right now. We are focusing as much as possible on the dollar amount.

Senator Don Schaible, District 31: testified in favor of SB 2265 and provided Attachment #1 which describes the purpose of this bill. They are also asking for a study regarding this bill.

Chairman Holmberg: This is one of the better recaps that we have had on how we interface with your committee on the policy. I was really glad to see that you'd gone in the direction of offering on-time funding because that has been a divisive thing some school districts wanted and some want last years, depending on where they are.

Senator Don Schaible: Looking at the bill that's created quite a bit of language problems that we've had trying to make that work. And some of that is there we got it close. The thing is, we wanted to do on-time funding but we also didn't want to adversely affect our schools **(7:10)** The problem is that some schools go up and then they go down, then they go down again. And we didn't want the choice to make so they were paying for phantom students or students that weren't there so it's complicated and confusing but I think we're relatively close.

Chairman Holmberg: Then the one other point we would have, I know that the integrated payments were based upon a, I believe, an executive recommendation of 2% and 2%, and this committee has looked at 2% and 3%, as the amount of money we were willing to put into this budget. So as we go forth, would your education committee have heartburn if we added,

I don't know what the dollar amount would be we'd still have to figure that out, and should we add it strictly to integrated payments or is there other things you felt you were unable to fund that we should be considering?

Senator Don Schaible: Well of course we would like as much per pupil payment as we could get. I mean that is a priority because that helps every school, that helps every student. The thing is, with these other additions, tweaks, are targeting specific problems that we have. So that's why we didn't go with the 2 and the 3 because these tweaks in the other area are targeting specific problems. And it's more than just rapid enrollment, I mean the in lieu of stuff is building construction. And we're trying to get money where its really needing in these problems, but we're trying to specifically target the area that creates the problem, if you understand. Yeah, I guess the 2 and 2 is our priority. These other ones are a priority too; I mean of course we want more money for schools. But you know you want to be able to give our schools something and then fix these other problems. Because if we would go with a 2 and 3 and not do on time funding, I think we're doing a disservice to targeting the problems that we're having, which, you know, if we're going to give more money to schools I think we need to target this problem. And I think this does a combination of it. Of course we'd want the 2 and the 3 and both, but I think if we had a choice between the 2 and the 3 and our other tweaks, we'd want the other tweaks first.

Chairman Holmberg: I wasn't suggesting that we would roll back, or consider rolling back the initiative you had on the on-time funding, etc. It is just that when we put pencil to paper and if we find an extra \$5 million, at that point, because if we didn't do anything with these other things, if we just put it into the foundation Ed payment, you'd be fine.

Senator Don Schaible: Just a quick comment on the maximum and minimum transition stuff, is that those are protections for schools but actually we're giving way more money to these schools which in theory takes money away from everybody else so that's kind of what we're looking at. But we didn't want that bite to be too severe. But you have to remember that if we get more schools on formula and get those maximum and minimums down, that saves the state more money, that's a return to the state which in theory could be given to the schools. So that's the rational for that also. Even though, I mean, the governor called for a 20% every year on that which would be drastic to our schools.

Chairman Holmberg: The issue that we have faced regarding, even though we have a mandate in parenthesis, that all school districts pay 60 mills that there are a number of them, that are paying a lot less, on the mill. Where is your education committee heading as far as that problem is concerned, and I do know, that to try to solve that problem in one fell swoop would be a heavy lift?

Senator Don Schaible: (11.29) There again, that was a formula that we said in 1213, where we created a baseline and we used 60 mills. The problem, and why they were a little below 60 mills, is that schools are capped at a 12% increase. So in theory, even though they're not getting 60 mills, they are getting 12% more money every year, and because of the cap that's over, we can only take 12% of new money without a vote so if your mill levy evaluation increases more than 12%, your mills are going to go down but in theory you actually got 12% more money. So it was a flaw in the way we wrote the system. I think the way to fix that would be to readjust the baseline that we created in 12 and 13 for every school, and maybe use the

dollar approach. That's complicated, we looked at that in the interim funding committee. These maximum/minimum tweaks do a little of that. I think our state now that it's the evaluation increases are not exploding like they were, they might still be going up, that's going to help. You've got to remember that we want schools on formula, right now we have probably 70 schools that are not on formula but we do have 80% of our kids that are on formula. So we're dealing with a bunch of small schools and, every time we adjust something, you help one but you adversely affect many others. So we're working on it but it's going to be small steps and that's the minimum transition is one step.

Chairman Holmberg: And the cynic would say that it's the state tax payers that are making up the difference in school district x that are only paying 40 mills, that the other districts are picking up the slack. But I know it's a problem because it's a problem we created with two different mechanisms, the 12% and the foundation aid.

Senator Don Schaible: (13.15) Yeah, using a mill levy factor as a base line, and explosion of the evaluations of our property tax and the oil boom happening all at the same time raised a lot of problems with a pretty good formula.

Chairman Holmberg: But you could say you are taking some baby steps?

Senator Don Schaible: We take steps, but like I said every step we take adversely effects a lot, so that's kind of the study we're having for the groups. And that's why I put I the bite to take some of that out there, I figure if we don't take a little bite out of them, we're not going to have serious discussion. If we don't have serious discussion, we're going to take very big bites out of them after that, so I think it is going to force people to the table.

Senator Robinson: Thanks for the good work on this. This is complicated business. In regards to the in lieu of tax payments, the figures you have here are additional costs, correct?

Senator Don Schaible: (14.11) The cost I got for there is if we see because of the in lieu of is based on a percentage which is either 75% or 100%. So if it's 100%, which in this case is mobile homes and telecommunications, whatever payment that district did, 100% of that is deducted from that formula, from their payment. This moves it to 75%. So they are getting 25% of the benefit of that. That's a shift from state money to local and that's what that cost is.

V. Chairman Wanzek: You talk about, eventually, if they don't come to the table and come up with an idea of how to solve it, there is going to be significant reductions in the future for those schools that are not on formula, aren't some of those schools, though, in a situation given their location and their number of students, and albeit they don't have much for numbers but they still have students that need to be educated. Aren't they just, by economic pressures, higher cost schools? I mean, through no fault of their own.

Senator Don Schaible: Yes, of course we've got to be cognitive of those small schools and districts but the example I used on here which I think it was South Border, receiving over \$15,000 payment. So while everybody else in theory is supposed to get \$9,646.00 they're getting \$15,000 and then their increase is added on to that. That's what the protections have done. Now we're doing two things. And the reason is, and this is a school of over 300 kids

that have lost kids, so it's probably a pretty good size that should be efficient. I'm not saying that, but have we by our formula protected schools that probably should be looking at consolidation, probably should be looking at alternative stuff, have we entitled them by not doing that? And I'm from some of these schools. I mean some of these schools in our area are those schools. But I think as a state, we've got to be cognizant to all of it. You know when we did the Picus Odden & Associates study that said what is the perfect funding source for our school districts and what is the right amount for the perfect school. Well right now that's \$9,646.00 per student and we are paying much more for that. And that's why it's a little bite, not a big bite. And it's just a conversation we need to have but we can't keep supplementing schools that are losing. You know there are big schools, there are some small schools that are getting much more than that \$20,000 per student and not doing anything about it. I mean, they might have 3 or 4 students and getting the same payment they got in 2013.

Senator Poolman: (16.46) I just have a logistical question, as we give school districts the option of having on-time funding, would it be possible that they would choose incorrectly and that we would pay for students who aren't technically educated and then do you go back and say now you have to give it back, I'm just wondering how that will all work, how it will shake out?

Senator Don Schaible: That's the language we were talking about, it's complicated and we don't know if we've got it quite figured out but we think it's about as good as we can. You've got to make an adjustment period for it. We didn't want to make it so that schools had to pay back in the same year, there might be a claw back in the next year. But we figure, this is kind of what we used I think prior to '97, and what happened then is that schools were getting payments, they didn't have the kids, and they had to give money back in that same year which was very devastating to a budget. Because you budget things and now you're losing some of your revenue. We did not want that to happen. I think the way this works now that if there is a claw back, it is in the next year. Well two things happened; superintendent, principle, and school boards and business managers all should know that. So they should plan for it. So they've got the money in advance basically for the next year if they've got to pay it back. So they should know it and it gives them time to prepare. It's still an issue but it's the best we can do with it.

Senator Bekkedahl: (18.13) I would echo the committee's sentiments. I'll make a statement, you are right on the formula and maybe the base adjustment is where you need to go. I again defer to the wisdom of your committee on that but we, I'll tell you a tale of two cities in Williams County that are only 40 miles apart. Williston district 1 has levied 124 mills of local property tax to operate their school district. 80 of those mills are for the general fund. Which is over the 60 maximum. Tioga in the same county, which they both had comparable increases in appreciations in evaluations, is levying under 40 mills total in the formula. So in that instance, what's happening is Williston gets the 60 mill deduct I believe because that's the maximum, but Tioga gets the 12% increase every year in their property tax. Plus the state makes up that different between 60 and 40 don't they? In the formula that happens that way? Okay so what happens to that? It's just a deduction. So you can see how two different cities that close apart are impacted differently in this formula. And I know you understand the extremes. So I agree with what you're doing here. We also have another school district on our county, Grenora, which to Senator Wanzek's point is literally 50 miles from Divide county school, 50 miles from Williston, and 50 miles from Ray. And there's about 200 kids there. Ten years ago

there were 44 kids there. Where are they going to go if that school closes? I mean its large enough capacity now to take care of itself. My question is on the second year of biennium on-time funding which I think is a great thing, is that something that would be ongoing then from this point on or would that be changing again?

Senator Don Schaible: (20:18) Yes, its ongoing after that point. And the reason for that it's the second year of the biennium, its 35 million well you double that for two years. We thought that was a tough sell to do that. And there again, you're taking money, giving it to some and taking it from everybody. So we thought the second year of the biennium. And that's the discussion we had with the governor and with all our task forces. It was a compromise but yeah its ongoing after that.

Senator Bekkedahl: The rapid enrollment grant fund, if there is \$3 million in that fund, what's the amount that schools typically get from that. Is it significant? How would you rate that grant fund in terms of the assistance schools get? Does it really make a difference or, I know the attempt is there and I think in the past we've had even more money in that for rapid enrollment grants.

Senator Don Schaible: The money is exactly half of what we appropriated. We had \$6 million, this is half for one year. That's where the funding came out. Is it enough? Absolutely not, it's targeted to give extra additional student \$4,000, but with the numbers we have, it's prorated whatever \$3 million would cover with the students we have. I don't know what the amount is but I'm guess it's a couple thousand, maybe a little more. Is it enough, no, does it help, yes. One comment about your unique situation that you have in your district, the in leiu of stuff we're doing here, is the first step of that, there's other steps we are going to take to do that, but we can't just shift money to help a school. My belief is we have to target the problem and use that problem to where the money comes from. And that is not in this bill, I think it is coming in others.

(22:44) Aimee Copas, NDCEL: testified in favor of SB 2265 and provided Attachment # 2, a letter in support of the bill.

(25:51) Senator Mathern: My question relates to the amount of money available, it appears from for your testimony and Senator Schaible that it's sort of decided you're taking what would be in 2 to 3 as the dollar amount and then using these problems and funding these tweaks out of the second 1%. I'm just wondering what the rational is for that? Versus the 2 and 3, and then solving those problems. It seems like you are almost deciding the appropriation question versus the public policy question? Unless you really believe that 2 and 2 is plenty.

Aimee Copas: As I was listening to your conversation before, in my mind I wasn't really sure of where exactly it was going. But let me share with you where we were on this. As we worked through these pieces, I think it's really important to understand that our organization believes the number 1 priority, every single time, is the per people payment. If we were asked what's the most important thing that's taken care of all of our schools and the per people payment, every single time. These other pieces we've been working on, with regard to the overall priorities, they were all pieces that were in place, so long as, the per people payment was what it needed to be. If there is an opportunity for 2 over 3, and then the opportunity to still

take care of those pieces, by all means I trust that this group of individuals can make this happen, that would be a god send. If asked of our group, which would be more important to us, 2 and 3 or all this other stuff, we're still going to come to you and say 2 and 3 because it helps all the kids. With the caveat that if it's possible that we could get the on time funding piece there, that's a need. So we look at our growing districts for example and you guys have heard ad nauseam the stories about West Fargo, Watford City and we're building a school and we have no money to staff it or to put desks in it. That is a problem that does need to be rectified. The better of spring or fall as we have in here, really does do that. But the 2 over 3, helps every single school. There's no way I could stand in front of you and say that's not a good idea. And all of the other things are other things. The per people payment for our organization is by and large the most important thing.

Senator Mathern: I am looking for more insight about why didn't you promote a 2 an 3 and solving these problems? I mean has someone told you we can't do both? I mean why isn't your proposal 2 and 3 and so many million for this and so many million for that which are real problems. That's kind of what I'm wondering what the rational is for you not to make that request?

Aimee Copas: I think truly, just from the basis, my knowledge of the decisions that are made by the legislators is not as intimate as maybe yours are. However, from our standpoint I think that the education committee was operating very much off of the governor's recommendation. And that whether or not there would be the availability of funds to come in and say 2 and 3, we didn't know that that was even a process on the table. In fact, when I heard that today, is the first that my ears have heard it. We would have loved to come in and asked for a 3 over 3, but we also look at it realistically, and didn't want to get shoved out the door with 1 over 1, by being... We understand that everybody digs in the same pot of money, and that includes every other state agency. We know that our elderly need to be taken care of, we understand that whole thing. I think that our legislative focus group is very cognizant and aware that our state has a number of constitutional obligations. So we were given the impression that this was the piece that we could legitimately ask for. If there is a piece more, I think that coming out of the Picus Odden & Associates study if you recall that from back in 2011 or 2013, his recommendation was a 3 over 3 every time to make the formula work and to pull, that was how we were to get all of the schools onto the formula. Our inability is directly resulting on our economy. We get it that it didn't work out, but that's part of why our gap continues to wide. Would I love 3 and 3? Yes, 2 over 3 would be phenomenal. I was never given the impression that we had a shot at that.

Senator Mathern: So you're looking for us to lead you on what the cap is and then you work within that, versus you're telling us what the need is and then we figuring out whether or not we can meet it.

Aimee Copas: If it's a need question I could ask for a 5 over 5. But it's also a reality question. And we don't want to come in with our hands open saying unrealistic demands. We want to be realistic and work as closely as we can with the legislature and we're watching as closely as you are, and trying to see what we can and cannot do. We don't want to come in with unrealistic expectations, one of the things that's ben my adage this entire session in every committee that I've been in, is if you're not at the table working with people, we're on the

table being eaten and I'd much rather be at the table negotiating. We would be tremendously appreciative of a 1% I was not aware that that was even an option at this point.

V. Chairman Wanzek: What I'm hearing is you would welcome a 2 and a 3, but these tweaks are important and those tweaks actually add additional costs to the 2 and 2. And you're saying if it comes down to priorities, you would prefer that we address the tweaks if we don't have the money to add another 1% am I right in that assessment?

Aimee Copas: My organization will tell you it's about the per person payment. If there is a 2 and a 3 and a possible way to address those tweaks, that's what my organization would prefer that you do. Every single time, per person payment is the number one thing. If we have to sacrifice something else for per person, it's in the best interest of all the kids. That's where it's been a struggle sometimes for our focus group is we have individuals on there that represent very large districts that are growing that sit there and say if we have to let go of on time funding but it's about per person payment because that's what helps everybody. But there are most certainly some tweaks, if we could do the 2 and 3 and figure out how to correct some of those things, which I think would provide long term supports and helps, that would be the best case scenario. If we get down to conference committee time, and we have to decide what stays and what goes, every time it will be keep the per person payment and we'll figure out the rest.

V. Chairman Wanzek: What I heard from Senator Schiabe is if we can't afford the 2 and 3, I would prefer seeing the additional money go towards addressing those on time funding issues and spend the extra money that way.

Aimee Copas: I think it's fair to say that will defer to Senator Schaible and his wisdom. He and his group are the ones really pushing this forward and I explicitly trust where they're going with this. And I would defer to him with regard to that. However, I will say if there is a way to get the 2 and the 3 and still make the tweaks, that's the best case scenario. If we get to push comes to shove time, there are pieces within those tweaks that will help the overall formula, in the long run. That's going to be really difficult to share and sell to my organization when I go back that I would say well we still have to do some of these things instead of the 2 over 3. So I find myself in my own conundrum behind what the organization would tell me is the most important thing as far as priorities go but then also working with the legislators and seeing the overall long term impacts and some of the tweaks that could really help the formula in the long run. The study is incredibly important. We talk about the schools that aren't on the 60 mill deduct and how to get them there, so that we can fund this appropriately. And then we talk about those on the transition minimums and maximums. We do believe that with the targeted focus on our waiting factors and with a streamlined focus of how to get our schools on the formula, and how to get everybody at the right deduct and figuring out what that is, that we can long-term rationalize how to solve these problems on the funding formula. And because hindsight is 20/20 we'll know what mistakes not to make the second time around. And these wouldn't be big tweaks to the formula, it would be about how to get everybody on the formula. It's important to note that when we go back, when the waiting factors were instituted there wasn't a tremendous amount of research that went behind why the way the factors are the way they are. We believe that maybe some of those small schools that are very important, we can solve their problems through the rating factor perhaps rather

than through on a transition min or max which then could create equity and adequacy in the system. But that study is incredibly important to that process.

Chairman Holmberg: The issues that the ed committee has put in here regarding these areas, the on time funding etc, those are things that this legislature over the interim have studied and studied. I think Senator Schaible and his committee has made great progress. It is a problem if you are in a West Fargo, it's a big district but look at the growth they've had. We haven't done enough, we've had the rapid enrollment, but at the end of the day we can have built into our formulas the answer to those problems.

Senator Robinson: Where are we at this session with school security funding?

Aimee Copas: Senator Schaible's school safety bill would provide the opportunity through a simple majority vote of a local community, an additional access to 5 mills that you could target at school safety and that could be used for the hard side or soft side of school safety. That's still in committee, it's been heard but it hasn't been brought up to go to the floor yet but its on your side. It is in education. That is the only school safety bill at this time. Outside of the safety bills with DHS and some of our prevention and early intervention bills.

Chairman Holmberg: And then there is always guns. But they are in the house. Anyone else that wants to give us information? We will close the hearing on SB 2265.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2265
2/12/2019
JOB # 32599

Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing re: State Aid payable to school districts

Minutes:

No testimony submitted.

Chairman Holmberg: called the Subcommittee to order on SB 2265. Let the record show that all subcommittee members were present: Chairman Holmberg, Senator Poolman, and Senator Robinson. Sheila M. Sandness, Legislative Council and Becky Deichert, OMB were also present.

Chairman Holmberg: we know that within the next couple of days we have to give our final items to Sheila M. Sandness to draft. This Bill was built on an increase of integrated payments of 2% the first year, 2% the second year. I am going to ask the committee's indulgence to have Sheila amend this bill to put instead of the 2 and the 2, a 2% and a 3 % and make the corresponding adjustments in the payment.

Senator Poolman: Made the motion to amend the bill, 2nd by Senator Robinson.

Chairman Holmberg: I think \$11M or some number around that area. What we will do with that if that is what we pass, does any committee member have anything else for 2265.

Senator Poolman: I think they were very thoughtful the way they approached it and made those changes. I know Senator Schaible and his committee worked hard to try to address some of the issues that districts have faced, especially when it comes to funding. I think we should not mess with the policy and just add the 2 and 3 instead. Senator Robinson agreed.

Chairman Holmberg: Call the roll on that particular amendment to SB 2265.

A Roll Call vote was taken. Yea: 3; Nay:0; Absent: 0.

The Subcommittee hearing was closed on SB 2265.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2265
2/13/2019
Job # 32599

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer

Explanation or reason for introduction of bill/resolution:

A bill for an act relating to the determination of weighted average daily membership and state aid payable to school districts.

Minutes:

Amendment 19.0614.04001

Legislative Council: Sheila Sandness
OMB: Becky Deichert

Chairman Holmberg called the committee to order on SB 2265.

Senator Poolman: Moved amendment 19.0614.04001.
Senator Robinson: Seconded the motion.
Voice vote carried.

Senator Robinson: moved Do Pass on SB 2265 as Amended,
Senator Oehlke: Seconded the motion.

A Roll Call Vote Was Taken: 14 yeas, 0 nays, 0 absent.

The bill goes back to Education and Senator Schaible will carry the bill.

Chairman Holmberg: Closed the hearing on SB 2265.

SK
10/1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2265

Page 5, line 26, after "~~six~~" insert "one"

Page 5, line 27, remove the overstrike over "~~hundred~~"

Page 5, line 27, replace "thirty-six" with "thirty-four"

Renumber accordingly

Date: 2-12-19
 Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2265**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: Amend to 2 + 3

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

Other Actions: Reconsider make adjustments

Motion Made By Poolman Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson	✓	
Senator Erbele					
Senator Poolman	✓				
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-13-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2265

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0614.04001

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 Poolman Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Voice
vote
Carried*

Date: 2-13-2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2265

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 Oehlke

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Education Schauble

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

REPORT OF STANDING COMMITTEE

SB 2265, as engrossed: 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). Engrossed SB 2265 was placed on the Sixth order on the calendar.

Page 5, line 26, after "six" insert "one"

Page 5, line 27, remove the overstrike over "~~hundred~~"

Page 5, line 27, replace "thirty-six" with "thirty-four"

Renumber accordingly

2019 HOUSE EDUCATION

SB 2265

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2265
2/27/2019
32947

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe by Marjorie Conley

Explanation or reason for introduction of bill/resolution:

A bill relating to determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Attachment 1, 2, 3, 4, 5, 6

Chairman Owens: Open hearing on SB 2265.

Sen. D. Schaible: (Attachment 1) end 13:15

Chairman Owens: Are there any questions?

Brandt Dick, Supt., Underwood School District: (Attachment 2): end 19:06

Chairman Owens: Any questions?

Rep. Brandy Pyle: Can you explain what a transition minimum is?

Brandt Dick: 19:20-21:15 Explained transition minimum.

Rep. Pat D. Heinert: You made a comment about doing a study in reference to the 1% of the transition minimum. Is that what we are talking about for the study?

Brandt Dick: The study would be to look at all the transition minimums. Also, with that study I think you need to address the districts that do not have the full 60 mills because their tax evaluation is increased above the 12%.

Rep. Pat D. Heinert: What you are saying is that there are 90 school districts that during the study period would not be affected by this then and they could then start adjusting for the new standard. The study is going to develop the new standard, how are they going to adjust for a new standard when they don't know what the standard is?

Brandt Dick: Good point. Who knows what the new standard will be, let's transition it and hold it as harmless as we can to get to the study.

Rep. Pat D. Heinert: What do we tell the other schools that have a different number? How do we tell those 80% of the student population of the state of North Dakota you are getting less than the 20% and make it fair?

Brandt Dick: I would say that their increase is going to be greater than those 20% of schools. They are going to get 2% or 3% on their increase of students and most of those districts are seeing growth. A lot of these 75 school districts are seeing decreases and so their per pupil rate is higher.

Rep. LaurieBeth Hager: Seventy-Five school districts out of 180 school districts, these are going to be on the limbo plan, it seems that they might have to close.

Brandt Dick: School districts that are large and are growing are on the formula. It is the small schools that are the challenge. You always have to look at long term.

Chairman Owens: Any questions? Others in support?

Jolene Garty, Director of Student Services, South East Education Cooperative (SEEC): (Attachment 3) end 33:12

Chairman Owens: Are there any questions?

Rep. Michelle Strinden: Is the reading recovery program whole based language or phonics based?

Jolene Garty: The different interventions are depending on that we have connective text interventions that work on expressions. (inaudible)

Vice Chairman Cynthia Schreiber-Beck: Need to clarify this; Is this the increase per pupil funding? Your point is that you are supporting the bill.

Jolene Garty: Included in the bill is the \$200,000 appropriation for ND Reading Corp.

Rep. Ron Guggisberg: How many more students will this help you provide services to? Is there a percentage of students?

Jolene Garty: About \$800 per student.

Chairman Owens: Are there any further questions?

Aimee Copas, NDCEL: (Attachment 4) 35:20-39:45 Supporting SB 2265.

Rep. Denton Zubke: What was the proposed amendment?

Aimee Copas: Instead of doing a 5% decrease, we replace it with this new option. We draw a new invisible baseline 17-18 would be our new baseline year, and when the transition minimum districts grow, instead of growing at 12 or 14 thousand they would grow at the state rate.

Chairman Owens: Any other questions?

Representative Denton Zubke: It seems to me that we have studied this to death. I don't know what more we could possibly want to know. It becomes dollars and cents of sitting down and adjusting this to where it works or doesn't work. At this time we have schools that are not on the formula. What is it costing the state to not have them on the formula? 41:30-42:10

Aimee Copas: One area that we have not studied and that is weighting factors. - end 43:20

Chairman Owens: We have 57 that are not levying 60 mills. Out of that 57, 24 the mill deduct doesn't equal 60 but the rest of them the mill deduct is 60. You are talking about a New baseline 17-18. It is that across the board or just these 24 schools?

Aimee Copas: This is the transition minimum. end 44:40

Rep. LaurieBeth Hager: We are talking about saving \$2 million dollars?

Aimee Copas: That is the 5%.

Rep LaurieBeth Hager: Are the small schools being harmed by this?

Aimee Copas: As the bill stands right now, without the amendment, yes. The small schools would take a hit without question. In the amendment, no.

Chairman Owens: questions others in support of SB 2265?

Alexis Baxley, NDSBA: (Attachment 5) 46:00-46:20 in support of SB 2265.

Chairman Owens support opposition neutral

Daniel Ludvigson, Supt. Elgin-New Leipzig: (Attachment 6)

Chairman Owens: Are there any questions?

Adam Tescher: The part of the code is establishing the baseline. The reason we made adjustments for this, we didn't know which years to establish the baseline. There were some questions as to whether that baseline should be adjusted every year or should we be using using the 12-13 data that we have been using. end 50:55

Chairman Owens: close hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2265
3/13/2019
33905

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe by Marjorie Conley

Explanation or reason for introduction of bill/resolution:

A bill relating to determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation

Minutes:

Attachment 1

Chairman Owens: Reopened SB 2265.

Aimee Copas, Executive Director for NDCEL: My sole purpose here today is to help you have a broader understanding of the funding formula at about 30,000 foot level to help you with conversations with your colleagues and then to understand exactly what SB2265 in its current form, the 5,000 form does, and how that lies up next to the 5001 amendment that is before you and the differences so that you can make a good decision on whether the amendment is a good choice.

(Attachment 1)

Chairman Owens: Closed meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2265
3/25/2019
34212

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe by Marjorie Conley

Explanation or reason for introduction of bill/resolution:

A bill relating to determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation

Minutes:

Attachment 1

Chairman Owens: Discussed the amendments. (Attachment 1)

Rep. Hoverson: (mic was not turned on)

Chairman Owens: You take the 96.46, and they subtract the equivalency of 60 mills or so much as determined and the problem is we have 57 that are not at 60 mills. The 96.46 is what the state will pay. Then you subtract 60 mills from it, you subtract part of the in lieu from it because that is all local contributions and then that is what the state pays. In each case what this does is this directs the superintendent of public instruction when paying that out what to subtract from that 96.46 or as I said in this bill it is 98.something and then it goes up to \$10,000. the second year. It talks about what to subtract. Each time in the "in lieu of" they are subtracting a certain amount. We are changing that so that the state has to pick up every time we lower that in lieu of the state winds up picking up that because we are subtracting less. When we lowered those .03 to 75, the state is picking up more and we are subtracting less. With this formula you have to take it that way. It is saying right now that it costs \$9,464.00 to educate a child in North Dakota. That is 100%. Out of that the local contribution brings it down right now to 72% that the state pays. This should change that and bring it back up to 76% or 77%.

Rep. Brandy Pyle: What about a contract with Minnesota?

Chairman Owens: We do not have a cross boarder agreement with Minnesota and Montana. Basically what we are doing there, the state has to pick up the tab because we are reducing the tuition deduction to zero instead of 75%.

Rep. Andrew Marschall: Didn't we pass a bill dealing with Minnesota tuition issue earlier or did we talk about that? What did we do?

Chairman Owens: We talked about it, there was an amendment and we killed it.

Rep. Holman brought it and we asked him to bring it so we could have a hearing on it. That was the whole purpose of it but in order to get it done, we wanted it in here to fix it. We are not making per pupil for out of state students.

Rep. Brandy Pyle: Is the tuition similar to what the cost is to educating a student?

Chairman Owens: Actually Minnesota pays a lot lower than we do. The tuition is figured based on the difference. There is a formula for figuring tuition and it comes out to about \$4,000 or \$5,000 depending on your property tax and depending on the per pupil payment. You get to add in a little for construction. If you do tuition in state, then the school district gets the per pupil payment for that student, because it is a North Dakota child and they are educating that student and they get 25% of the tuition, but in the case of the cross boarders, they don't get the per pupil payment. All they get is the tuition. All they get is the 25% of the tuition. With the South Dakota agreement, we can't change the cross boarder agreement. We are stuck.

Rep. Pat D. Heinert: On pages 13 and 14, the step up program for the deductions starts at 10% then 20%, 40%,60%. Is 80% the maximum we are going then for 2024-2025 school year?

Chairman Owens: That is where section 12 kicks in after that. The board may not levy a tax not exceeding 60 mills for school districts that are at or above 60 mills. Levy may not exceed 12%. Now we go back to the way the law has been. That was put in to help them get there, because they can't get there with the restriction of 12%. Continues explaining the amendment.

Representative Denton Zubke: I fail to understand why he cannot do a projection on this until we pass the amendments. It makes no sense to me at all.

Chairman Owens: Every time that I have asked for it in the past, I have been told that we have to pass the amendment. I have asked for a fiscal note and I have been told not until you pass the amendment. We have the fiscal note right now. That is the Legislative Council that tells us that.

Rep. Brandy Pyle: I think they can give the meeting an unofficial fiscal note. Here is what I see happening, but until you pass the amendment it is not the official word.

Chairman Owens: Adam has been trying to help us out. He tracked all this before. He had to make some changes.

Rep. Johnson: We can move amendments because we can always reconsider our Actions. I move the amendments.

Vice Chairman Schreiber-Beck: Second.

Rep. Zubke: I will vote for the amendments as long as we all understand that we may want to reconsider them after we get the projection from Legislative Council.

Rep. Pat D. Heinert: Point of clarification for us, our overall intent is, approximately 5% additional payments from the state from 72% to roughly 77%.

Chairman Owens: I was just giving you an idea of what the 2% and 3% does and what the “in lieu of” change is what I found out. It was the effect of what was happening. Voice Vote taken. Voice Vote carried.

Chairman Owens: I’ve got one more amendment that wasn’t included in that. Explained amendment.

Rep. Michelle Strinden: It has become clear to me that we need more instruction with regard to how we teach reading not less. The teaching of reading cannot be left to chance. I think this will help us in that end.

Chairman Owens: I just didn’t want to throw away a resource and the whole premise behind this was again it didn’t require any more this week, what happens in two years when they are required again and we have taken all our reading instructors in Title 1 and you don’t need a certificate any more.

Rep. Pat D. Heinert: If a school district does not find a certified Title 1 instructor by July 1, they can hire a teacher to fulfill those obligations, but then the following years they have to look for the Title 1. So in essence they can only offer a one year contract?

Chairman Owens: They could use one of their elementary education teachers to fill the role. They wouldn’t have to be hired just for that but they could hire them just for that. It could work that way.

Rep. Strinden: I move to adopt the amendment.

Rep. Pyle: Second.

Chairman Owens: Any discussion?

Voice Vote taken. Voice Vote carried.

Meeting closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

SB 2265
3/26/2019
34246

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe

By: Elaine Stromme

Explanation or reason for introduction of bill/resolution: A bill relating to determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.
Committee Work 3-26-19 PM

Minutes:

Attachments: 1

Chairman Owens: Opened meeting on SB 2265

I believe the question was, everybody wanted to hear your take on the cost for the various components.

Adam Tescher: Director of School Finance for the Department of Public Instruction: (Attachment 1) The form I just handed out; on the left hand side will be what the senate has passed; compared to the House amendments that were proposed on the right hand side. All the rate adjustments are combined on to one line.

Rep. Brandy Pyle: Could you please name the school districts, so we could visualize how this will affect them?5:22

Adam Tescher: A district on the formula getting the per pupil payment all your large cities are on it. Fargo, Grand Forks, & Bismarck's and several smaller districts are too, but those are the districts that are on the formula. Districts that are above the formula were from the 2012 -13 year and school districts like Williams County 8, Hettinger, Barns County North. Currently we have about 88 districts on that. It is usually smaller districts that get that transition minimum. Transition Maximum Districts, these are districts that get below the base pupil payment, are Minnewaukan, Warwick, Fort Totton, White Shield, there are about 13 districts that are on that. 6:39

Rep. LaurieBeth Hager: Where are these districts located?

Adam Tescher: The majority are Native American Districts. Those districts that are on the transition maximum received a 5% increase each year of the biennium. On the formula we have a 2 and a 3, above the formula 1 and a 1, below the formula you have a 5 and a 5. This is an effort to bring everyone onto the formula on a per pupil payment rate. The cost of all of those rate increases is about \$78,500,000. SB 2265 also has on time funding

implemented, in the second year of the biennium. How on time funding will work; is that we will compare their fall enrollment to their previous year's average daily membership. If the fall enrollment is greater, we will take that difference and create a waiting factor of .5 for each one of those students.

Rep. M. Johnson: September 10 is the first reporting date for enrollment for the school districts. Do they take an average at the beginning of school or how do they figure that?

Adam Tescher: Districts are doing their fall enrollment throughout the year, we go back and look at a specific day, to see how many kids were in their seats on September 10th. Our actual count date probably won't happen till October, because we are working with districts that students are enrolled in two different districts. So the count doesn't happen until the first week in November this year, but then again we are looking back at September 10th. 9:36 The next line is in lieu of property taxes; some are 75% some are 100%, this will change everything to 75% across the board. So they are all treated the same and evenly. That will cost about 5.7million dollars. There is also an amendment in SB 2265, this mirrors the amendment that came from 1365 that you had seen earlier, that would exclude the percentage of sinking and interest mills that they levy compared to their total levy. That cost would be \$18,500,000. So that would be a combination of the 75% in lieu of the sinking and interest. Tuition adjustments; there are 2 different tuition adjustment that are addressed in 2265; the first one is our cross boarder agreement with Montana and Minnesota. South Dakota has their own section of law so they are excluded from this base. When a Minnesota or a Montana student comes into North Dakota we do not generate foundation aid for those school districts, even though they are educating them. They are not North Dakota residents. They charge the Minnesota and the Montana districts tuition or in lieu of property tax, tuition is deducted. So they are not getting foundation aid but they are getting the money generated by these students by pulling 75% of it back.11:55 So what this does is it allows them to keep that tuition, any out of state student that we are not in agreement with, they get to keep that money. The other tuition adjustment that was in 2265 is for small districts that are low tax evaluation districts, that have rapid student increases, the tuition that they generate would not be deducted from the funding formula. All tuition is now deducted from the formula. So this would provide an exemption for districts that are low taxable valuations for students that are surrounded by K8 districts, without their high school coming in to their district. They have to meet very specific requirements. The cost of that was \$311,000. Then we have to address the school districts that haven't deducted the full 60 mills. So when we do our contribution from property tax we assume 60 mills, however we do recognize the districts can't go up greater than 12% in dollars, so if they are rapidly growing in tax evaluation we cap that deduction and so a district might only have 30 mills deducted rather than the full 60 because of their rapid taxable evaluation entries. What this bill does is that difference between their 30 mills and 60 mills, we are going to take 10% of that difference and additionally deduct that from the formula. There is also newer language in 5715 in this bill that would allow school districts to levy their tax payers for that difference that we are deducting. So we are going to deduct more money and get more money from their tax payers. The first year is 10%, it is a phase in over 5 or 6 years that eventually every school district will be at 60 mills. So it is a way that they can't double someone's taxes overnight, and it is a way to get them to the 60 mills faster than our just regular 12% increase in dollars.

Chairman Owens: The only thing this does is to calculate the mill deduct, it doesn't force them to raise property tax; that is up to them. But we are giving them the authority to raise it that 12% in dollars plus the 10% difference.

Adam Tescher: That is correct.

Representative Denton Zubke: Does that happen on the second year of the biennium?

Adam Tescher: That is correct. So that concludes the formula changes, you can see the new appropriation estimate of the \$2.108 Billion, that is an increase of \$173 million from the current biennium appropriation. There also other grants that are in 2265 these are not tied to the formula but do have money wrapped in roman grants of \$3 million. This will only be in effect in the first year of the biennium because we haven't got on time funding yet. So there would be some money for these districts that are rapidly growing. There is \$200,000 for research based literacy intervention, there is \$350,000 (an estimate) for South Dakota cross boarder payment. So every year we count how many kids from North Dakota went to South Dakota and how many South Dakota kids come to North Dakota schools. Pretty much always North Dakota sends more students to South Dakota. So they are going to send North Dakota a bill for those students, that bill is allocated back the districts that had students go to South Dakota. However, they are not getting any foundation aid for these students. So this appropriates the money to cover that bill by the states. South Dakota charges North Dakota about \$5600 per student, it is substantially lower than the per person payer rate for North Dakota. 20:00

Chairman Owens: As you can tell the senate did have a 75 in lieu of and they had 1365 in sinking and interest, so we were going to move that. We had to come up with two different solutions for tuitions for MT, MN. And S.D. The state reporting system rebuild took longer, the rock and roll grant literacy, and the behavioral health was added, music was added here in the house.

Rep. Zubke: Does this allow them to exceed the 12% cap?

Chairman Owens: It does.

Rep. Hoverson: Would it be fair for me to assume that the main problem that we are trying to solve is equity?

Chairman Owens: Exactly.

Representative Denton Zubke: We didn't anticipate that we would have oil in ND and that the students would increase as rapidly as they have nor property taxes.

Owens Chairman: Any other questions? You have an amended bill in front of you, what is your pleasure?

Rep. Hoverson: There wasn't any opposition to this bill. If someone did, what would be their argument?

Rep. Zubke: Long term funding has been a question for a long period of time. It has had significant impact on West Fargo, Watford City, Williston, and the Dickinson area. So for example; McKenzie County school district #1 educated 280 or 380 students this year and didn't get paid for it because we used last year's numbers. Finally, we are doing something to fix it but we are not fixing it until the second year of the biennium. Then we are stretching it out over a period of 5 years to fix it. So some people would say that this is kind of a shell game to prevent the state to have to step up and take care of those responsibilities. Why penalize the school districts that are increasing enrollment? The other issue is that the enrollment funding and where they deduct that from the formula and take it back. Some of those districts, like McKenzie County have gross production tax, which is a negotiated tax that is our property tax. We gave up assessing property tax on oil wells back in the 50's with the understanding that a percentage of that gross production tax would come back. When that gross tax comes back 75% of that is deducted; so we really only gain 25% of that gross production tax. Beyond that, this has to go forward, we are finally moving in the right direction.

Chairman Owens: It is a matter of what you want to do and what you get to do. 35:35

Rep. Zubke: Made a motion for a Do Pass as amended on SB 2265 and rerefer to Appropriations

Rep Schreiber – Beck: Second

A roll call vote was taken: Yes 13 No 1 Absent 0

Rep. M. Owens will carry the SB 2265 as amended

Chairman Owens: Meeting adjourned.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 1, line 1, after "Act" insert "to create and enact section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"SECTION 1. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. For the first two days of professional development required by subsection 1, a day of professional development must consist of:

- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 2. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;

- e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
 3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

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

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
 - j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; ~~and~~
 - n. ~~0.50~~0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:"

(1) The"

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, remove the overstrike over "eight"

Page 5, line 12, remove the overstrike over "hundred"

Page 5, line 12, remove the overstrike over "thirty nine"

Page 5, line 12, remove the overstrike "dollars"

Page 5, overstrike lines 13 and 14

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 29, replace "; or" with an underscored semicolon

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-four dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in the previous calendar year by the school district for sinking and interest relative to the total mills levied in the previous calendar year by the school district for all purposes."

Page 7, after line 6, insert:

"7. For purposes of the calculation in subsection 4, each county auditor shall report the following to the superintendent of public instruction on an annual basis:

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

- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 6. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 7. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 8. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The~~ school district's calendar;~~er~~
 - b. ~~One hundred eighty two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. The ~~two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 9. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the

superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.

2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~
6. A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.

~~7-6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.

~~8-7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 10. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
 - d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
 - e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;

- (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 11. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

- 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
- 4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 5. Nothing in this section limits the board of a school district from levying:

- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 12. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

- 1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 14. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - STATE AUTOMATED REPORTING SYSTEM. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,200,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of updating and redesigning the state automated reporting system application used to gather school district information, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,750,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall provide funding to each school district based on the prior year average daily membership and no more than one-half of the appropriation may be awarded each year of the biennium. School districts may use the music education grants for instruments, equipment, and supplies related to music education. The funding may not be used for salaries and wages. The funding provided in this section is considered a one-time funding item."

Page 8, line 3, after "**APPROPRIATION**" insert "**- DEPARTMENT OF COMMERCE - GENERAL FUND - LITERACY INTERVENTION**"

Page 8, line 9, after the period insert "The funding provided in this section is considered a one-time item."

Page 8, after line 9, insert:

"SECTION 17. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - GENERAL FUND - STUDENT BEHAVIORAL HEALTH. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing grants to school districts to address student behavioral health needs, for the biennium beginning July 1, 2019, and ending June 30, 2021. To be eligible to receive a grant, a school district must submit a plan to the department detailing the school district's collaboration with other school districts in the region regarding student behavioral health needs and the use of grant funding to develop student behavioral health interventions. The department shall award student behavioral health grants only during the second year of the 2019-21 biennium. A grant to an eligible school district is limited to an amount equal to the nonfederal portion of Medicaid reimbursement received by the school during the first year of the biennium."

Page 8, line 17, after the boldfaced period insert "Section 11 of this Act is effective for taxable years beginning after December 31, 2018."

Page 8, line 17, replace "1" with "3"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the second period insert "Section 4 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for taxable years beginning after December 31, 2024. Section 6 of this Act becomes effective on July 1, 2025."

Page 8, after line 17, insert:

"SECTION 20. EXPIRATION DATE. Section 7 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-02 of the North Dakota Century Code, relating to credentialing of title I certified teachers and coordinators; to"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1."

Page 8, line 17, replace "1" with "2"

Page 8, line 17, replace "is" with "becomes"

Renumber accordingly

March 25, 2019

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy-five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;

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- b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. For the first two days of professional development required by subsection 1, a day of professional development must consist of:
- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

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15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

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

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- a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
- b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
- c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more

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proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

- (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
 - n. ~~0.50~~ 0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

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Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 29, replace "; or" with an underscored semicolon

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted

student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-four dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in the previous

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calendar year by the school district for sinking and interest relative to the total mills levied in the previous calendar year by the school district for all purposes."

Page 7, after line 6, insert:

"7. For purposes of the calculation in subsection 4, each county auditor shall report the following to the superintendent of public instruction on an annual basis:

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 7. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 8. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

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4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 9. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar; or~~
 - b. ~~One hundred eighty-two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. ~~The twethree~~ days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The

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membership may be prorated for a student who is enrolled less than full time.

SECTION 10. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross-border attendance under this section with the number of students~~

~~from school districts in South Dakota who participate in cross-border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross-border attendance of students under this section.~~

- ~~6.~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7.6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 11. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

- 1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
- 2. a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
- b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
- c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
- d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:

- (1) The full cost of education per student incurred by the admitting district; or
- (2) One hundred fifty percent of the state average full cost of education per student.

e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:

- (1) Is located in an oil-producing county;
- (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
- (3) Is located in cities with populations over twenty-four thousand;
- (4) Has a tax base fewer than twenty square miles;
- (5) Levies greater than sixty mills for local property taxes;
- (6) Has student enrollments of greater than four thousand;
- (7) Has average student growth of over two hundred per year over the preceding five years;
- (8) Uses portable classrooms; and
- (9) Has enrollment exceeding school facility capacity.

3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 12. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

- 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.

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4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 13. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - STATE AUTOMATED REPORTING SYSTEM. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,200,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of updating and redesigning the state automated reporting system application used to gather school district information, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 16. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,750,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall provide funding to each school district based on the prior year average daily membership and no more than one-half of the appropriation may be awarded each year of the biennium. School districts may use the music education grants for instruments, equipment, and supplies related to music education. The

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funding may not be used for salaries and wages. The funding provided in this section is considered a one-time funding item."

Page 8, line 3, after "APPROPRIATION" insert "- DEPARTMENT OF COMMERCE - GENERAL FUND - LITERACY INTERVENTION"

Page 8, line 9, after the period insert "The funding provided in this section is considered a one-time funding item."

Page 8, after line 9, insert:

"SECTION 18. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - GENERAL FUND - STUDENT BEHAVIORAL HEALTH. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing grants to school districts to address student behavioral health needs, for the biennium beginning July 1, 2019, and ending June 30, 2021. To be eligible to receive a grant, a school district must submit a plan to the department detailing the school district's collaboration with other school districts in the region regarding student behavioral health needs and the use of grant funding to develop student behavioral health interventions. The department shall award student behavioral health grants only during the second year of the 2019-21 biennium. A grant to an eligible school district is limited to an amount equal to the nonfederal portion of Medicaid reimbursement received by the school during the first year of the biennium."

Page 8, line 17, replace "1" with "4"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the period insert "Section 5 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for taxable years beginning after December 31, 2018. Section 13 of this Act is effective for taxable years beginning after December 31, 2024. Section 7 of this Act becomes effective on July 1, 2025."

Page 8, after line 17, insert:

"SECTION 21. EXPIRATION DATE. Section 8 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

Date: 3-25-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2265

House Education Committee

Subcommittee

Amendment LC# or Description: 19.0614.05005

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. D. Johnson Seconded By Rep. Schreiber-Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens			Rep. Guggisberg		
V. Chair. Schreiber-Beck			Rep. Hager		
Rep. Heinert					
Rep. Hoverson					
Rep. D. Johnson					
Rep. M. Johnson					
Rep. Johnston					
Rep. Longmuir					
Rep. Marschall					
Rep. Pyle					
Rep. Strinden					
Rep. Zubke					

Total (Yes) _____ No _____

Absent _____

Floor Assignment VOICE VOTE - MOTION CARRIED

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

Date: 3-25-19
Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2265**

House Education Committee

Subcommittee

Amendment LC# or Description: 19.0614.05004

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. Strinden Seconded By Rep. Pyle

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens			Rep. Guggisberg		
V. Chair. Schreiber-Beck			Rep. Hager		
Rep. Heinert					
Rep. Hoverson					
Rep. D. Johnson					
Rep. M. Johnson					
Rep. Johnston					
Rep. Longmuir					
Rep. Marschall					
Rep. Pyle					
Rep. Strinden					
Rep. Zubke					

Total (Yes) _____ No _____

Absent _____

Floor Assignment VOICE VOTE - MOTION CARRIED

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

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB2265**

House Education Committee

Subcommittee

Amendment LC# or Description: 19.0614.05006

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. Zubke Seconded By Rep. Schreiber-Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens	X		Rep. Guggisberg	X	
V. Chair. Schreiber-Beck	X		Rep. Hager	X	
Rep. Heinert	X				
Rep. Hoverson		X			
Rep. D. Johnson	X				
Rep. M. Johnson	X				
Rep. Johnston	X				
Rep. Longmuir	X				
Rep. Marschall	X				
Rep. Pyle	X				
Rep. Strinden	X				
Rep. Zubke	X				

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. M. Owens

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

REPORT OF STANDING COMMITTEE

SB 2265, as engrossed: Education Committee (Rep. Owens, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2265 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy-five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;

- b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. For the first two days of professional development required by subsection 1, a day of professional development must consist of:
 - (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
 - b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
 4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
 5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each

school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:

- a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students;
or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
 3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;

- b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
- c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

- (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
 - n. ~~0.50~~ 0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 29, replace "; or" with an underscored semicolon

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-four dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in the previous calendar year by the school district for sinking and interest relative to the total mills levied in the previous calendar year by the school district for all purposes."

Page 7, after line 6, insert:

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

SECTION 7. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. ~~Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 8. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and

5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 9. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar;~~ or
 - b. ~~One hundred eighty two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. ~~The two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 10. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~
6. A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.

- ~~7-6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8-7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 11. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
 - d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
 - e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;

- (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 12. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 13. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 45.1-27-04.3~~, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - STATE AUTOMATED REPORTING SYSTEM. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,200,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of updating and redesigning the state automated reporting system application used to gather school district information, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 16. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,750,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall provide funding to each school district based on the prior year average daily membership and no more than one-half of the appropriation may be awarded each year of the biennium. School districts may use the music education grants for instruments, equipment, and supplies related to music education. The funding may not be used for salaries and wages. The funding provided in this section is considered a one-time funding item."

Page 8, line 3, after "**APPROPRIATION**" insert "**- DEPARTMENT OF COMMERCE - GENERAL FUND - LITERACY INTERVENTION**"

Page 8, line 9, after the period insert "The funding provided in this section is considered a one-time funding item."

Page 8, after line 9, insert:

"SECTION 18. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - GENERAL FUND - STUDENT BEHAVIORAL HEALTH. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing grants to school districts to address student behavioral health needs, for the biennium beginning July 1, 2019, and ending June 30, 2021. To be eligible to receive a grant, a school district must submit a plan to the department detailing the school district's collaboration with other school districts in the region regarding student behavioral health needs and the use of grant funding to develop student behavioral health interventions. The department shall award student behavioral health grants only during the second year of the 2019-21 biennium. A grant to an eligible school district is limited to an amount equal

to the nonfederal portion of Medicaid reimbursement received by the school during the first year of the biennium."

Page 8, line 17, replace "1" with "4"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the period insert "Section 5 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for taxable years beginning after December 31, 2018. Section 13 of this Act is effective for taxable years beginning after December 31, 2024. Section 7 of this Act becomes effective on July 1, 2025."

Page 8, after line 17, insert:

"SECTION 21. EXPIRATION DATE. Section 8 of this Act is effective through June 30, 2025, and after that date is ineffective."

Re-number accordingly

2019 HOUSE APPROPRIATIONS

SB 2265

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2265
3/28/2019
34360

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist by Caitlin Fleck

Explanation or reason for introduction of bill/resolution:

Relating to teacher professional development days in the school calendar, youth behavioral health training, the determination of weighted average daily membership, state aid payable to school districts, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies; to provide for a legislative management study; to provide an appropriation; to provide effective dates; and to provide an expiration date.

Minutes:

1

Chairman Delzer: Opened hearing.

Representative Owens: The bill is in 21 sections; I will focus on the money.

Chairman Delzer: Do we currently have the language for the four-day work week?

Representative Owens: I believe that is in the bill.

Chairman Delzer: I know it's in there, but are we currently doing it?

Representative Owens: They do have a waiver from DPI (department of public instruction) to do that, and there is a waiver process. But it is being changed from hours to days in an amendment. Section 2 adds an additional day because of the requirements that were added on last session to this session. Section 4 begins the process of on time funding in the second year, starting at 50% and then going up 10% for the next 5 years, which is in section 5. Section 6 will require resetting the baseline.

Chairman Delzer: What's the opportunities for the school districts? They could choose one or the other in section 4?

Representative Owens: They could choose one or the other. The way it actually reads in the book is "0.5 the number of students by which the districts September 10th enrollment report exceeds the number of students in the prior years averaged daily membership." That only applies if the average daily membership on September 10th is higher than the average daily membership at the end of the last session.

Chairman Delzer: I thought this bill somewhere lets the school choose on time or last years?

Representative Owens: So for the second half, only 50% on time. For the second year of the biennium.

Chairman Delzer: So if the school district has a declining enrollment, can they choose to use their spring enrollment instead of the fall enrollment number if they are a dropping enrollment?

Representative Owens: The way this is written, the factor of .5 is only for those that are above the spring enrollment based on the September. So if it's not above it then you use the spring.

Representative Kempenich: If you aren't above on September 10th then it stays the way we traditionally set enrollment.

Representative Owens: That is the way I read it.

Chairman Delzer: So there is no choice for them, it's simply based on their enrollment numbers.

Representative Owens: That is the way I read it.

Representative Nathe: That also helps declining schools?

Representative Owens: Correct. Everyone looks at their spring enrollment, and then if it is higher than the September 10th number then they get a 0.5 factor. And those that are not, nothing changes. Section 5 takes over the next biennium, increasing 10% until you get a factor of 1 for on time funding. Section 6, resets the baseline funding to 2017-2018, and it changes the 100% to 75%. It also adjusts the level of interest only to the number of meals that were chosen by the voters to 0.

Chairman Delzer: Does HB 1365 need to stay alive if this bill passes?

Representative Owens: There are four bills that can die if this bill passes as is.

Representative Brandenburg: Trying to understand, the baseline funding for state aid and the 75% of revenue. There is a line down to the school districts dealing with certain things, all of them being imputed at 100% now, or is it at 75%, what is going on there?

Representative Owens: Everything is at 75% what you are looking at is just mirrored administrative language change. If you look further down in the bill, then it talks about it being imputed at 75%.

Chairman Delzer: It's on line 26-27 on page 8. I think you were looking at what is after that.

Representative Brandenburg: Telecommunication was at 100% does this change that?

Representative Owens: Correct.

Chairman Delzer: That is one of those 3, what were the other 2?

Representative Owens: There was homestead credit, mobile homes, and telecommunication, those are the three in section 6 that are changing to 75%.

Chairman Delzer: The cost on that is 5.7 million?

Representative Owens: Correct. We changed the base line, but for every new student that they get, they will get them at 30,000 instead of at 9,646. They get them at the elevated amount. All new students will come on at the payment amounts.

Chairman Delzer: When you say new students, are you talking first grade or someone that moves in?

Representative Owens: New Students. Period. Either way, if they had 12 and now have 14, those 2 new students now come in at the maximum, because they are protected at dollar.

Chairman Delzer: What happens if they go from 12 to 10?

Representative Owens: They lose those 2, and then they will have minimums. If losing the money from those kids leaving drops them down to the minimum, then they will just stay at that minimum. Regardless of how many students they have.

Chairman Delzer: And that's going away again?

Representative Owens: We are getting rid of that with a step down over 6 years.

Chairman Delzer: What's happening to the small but necessary?

Representative Owens: At some point there will have to be decisions about those small classes.

Chairman Delzer: But there is something in there for the small but necessary, did you change that?

Representative Owens: No we did not.

12:35 Representative Brandenburg: The small but necessary school, all that stayed the same, did the waiting factor change?

Representative Owens: There has been no changes in the waiting factors, there has been a change for the .5 on time coming in.

Chairman Delzer: Is that all of section 6? And that is where the sinking of interest is as well?

Representative Owens: Section 6 stayed at the flat going rate. Yes, correct.

Representative Monson: On page 10, still section 6, is where you are increasing the new pupil payment?

Chairman Delzer: The new pupil payments will be 9,839 and 10,134.

Representative Owens: Yes, that is the 2% the first year and 3% the second year right now. Section 7 goes in once that step down is accomplished. Actually section 7 is a result of section 8. Section 8 replaces in 1365 that attempt to get the last 57 on the formula. The first biennium we get most of them on the new formula, but then we still have 8 that won't. To take that much away from them at once will still hurt them. So we stepped it down over the same time frame what we are doing with the minimums and maximums.

Chairman Delzer: How are you stepping them down?

Representative Owens: We are taking them down 10% every time until it expires in 2025.

Chairman Delzer: What does section 7 do?

Representative Owens: Once you are at 60 mils, section 7 takes over and everyone is admitted at 60 mils. Section 9 is about the average daily membership going from days to hours.

17:10 Representative Monson: Did you address the issue with going from days to hours because you could potentially be dropping down to 160 days instead of 175 days of contact?

Representative Owens: I understand that's what Ms. Basler has been saying but it doesn't make sense. The 175 days still requires 962 hours, but then when we break that down to the number of hours for the 160 days we get the same number of hours. The number of days doesn't matter as long as we are getting the same number of hours.

Chairman Delzer: What kind of hours are these four day schools running?

Representative Owens: They still have to meet the same hours. It's different for elementary compared to high school, but I am unaware of their schedules.

Representative Kempenich: In Alexandria they change it by the class, they run longer days and cut back on the lunch and different things, they are looking at learning hours.

Chairman Delzer: Are they considering a 20-minute class on a lower need subject equivalent to a 40-minute normal one?

Representative Kempenich: I don't know how classes are exactly scheduled, but they are flexing some of the class schedules.

Chairman Delzer: Is there anything in here collecting data on these schools that are doing that to look how their students are doing on tests?

Representative Owens: It's not in this bill because we are already tracking the students in STARS, and then since we are tracking the progress of students already, we didn't talk about that.

Chairman Delzer: But are we asking anyone to track these schools that are doing these 4 day weeks?

Representative Kempenich: I know there are studies out there.

Representative Monson: I was going to try explain that we can move schedules around to accommodate classes before.

22:30 Representative Owens: This is based on the number of hours a day's contact. Even though they are in class 8 hours, the actual number of hours considered in contact.

Chairman Delzer: Some of us were around when they changed from hours to days, and a day was required to be 7 hours. That was done because a lot of schools were closing at 2 in the afternoon on days they had sports. Is there anything to make sure that doesn't happen again.

Representative Owens: Right now you can call it a full day if you go until 1. Then call it a storm day and it cancels a full day. That hasn't changed when going to days.

24:00 Representative Sanford: I think in high school they do a lot of block scheduling, if we're interested in research, I would think it would have to be at the younger ages because once you start getting into the ...

Chairman Delzer: I was thinking more along the lines of how is this working compared to where we were before.

Representative Sanford: I would be concerned about a longer day for younger children.

Representative Mock: If it's 5.5 hours per day for elementary and 6 hours for high school, what is included in that time? Does this include lunch and breaks or is that actual instructional time with kids in the seats?

Representative Owen: Regardless of the amount of time you spend in school it's the number of contact hours in class, learning. That is where that 5 or 6 hours is. That is what we are counting in the total hours.

Representative Mock: So if there are periods, is it 50 minutes or is it an hour?

Representative Owens: The hour requirements were established and that was what was required. The reason that it is only 5.5 and 6 is to count for the time that you are not in instruction. Section 10 we have a cross boarder agreement with South Dakota, we don't pay for South Dakota students coming in and we don't pay the North Dakota schools going out. How this is set up right now, the difference is paid by ND schools because we are sending more south than they are sending north.

Representative Meier: How many students are going to SD schools?

Representative Owens: Last time we looked it was a net difference of 17. We have always sent more done there than what they send up to us. It can change from 36,000 for one year to 120,000 in another year. The highest I have heard of was 136 in recent years. Section 11 is another fix.

Representative Brandenburg: Before we move onto that, South Dakota just passed it so if you have less than 100 kids you no longer have to close the school. I could see this getting to be more of a problem.

Representative Owens: Section 11 is a fix but no cost to the state. It's a tuition issue again.

Chairman Delzer: You had quite a change on the second page. That is in conjunction with their bill that says that Williston school district is...

Representative Owens: That just happens to be the one district that qualifies right now. This is not the same thing as that other bill. This says that they will pay the difference for the students to send them to their school. This provides them some authority to charge something for the kids that are coming into the school. The goal is to pay for the kids that are coming to Williston, or build your own high school.

Chairman Delzer: It says the greater of the two, but then in section 2 it says the amount is the lesser of the full cost of education for a student.

Representative Owens: That is for the calculation of tuition.

Chairman Delzer: This doesn't top them at 4000, where is the top that they could be at?

Representative Owens: That is the top that they can charge. Section 12 gives the schools districts the authority to raise the property tax to get them to the 60 mills. That is done by allowing them the current 12% in dollars and a start of 10% difference of where they are and their 60 mills. You take that 10% and tack it onto the 12% in dollars then take the difference in dollars of that 10% and add that to it. That allows them to grow a little faster.

Chairman Delzer: So if they were paid differently because of the formula difference, then they could charge the 12% plus 100,000 if we were paying them a mill?

Representative Owens: Its short lived, only 6 years. Then it expires. It gives them the authority to do it, we don't force them to do it. But in another section we will use the same formula to do the deduct.

Representative Sanford: If they didn't levy it, they would not have the whole payment?

Chairman Delzer: If they don't levy it, they will get less than what they are getting currently.

Representative Owens: Right. Over the same course of time in the other section we are taking up the mill deduct slowly until we reach 60.

Representative Sanford: If they elect not to it' going to hurt their revenue?

Chairman Delzer: Well yes it will, but there is still a question of the ones that increase, where do you look at the valuation the school district has?

Representative Owens: That is part of the cost of continue evaluation.

Chairman Delzer: They give 1 year a new property tax before it counts in that calendar. Then you spend a whole bunch of money we don't have!

Representative Schatz: I am wondering about the property tax, people over 65 is there a fixed income deduction on the property tax?

Chairman Delzer: Only if they qualify for the homestead tax credit.

Representative Owens; This is not a tax bill; we are not raising anybody's taxes. But we are taking it up until they reach the 60 mills.

Chairman Delzer: But if they qualify for the homestead tax credit, they would get that. And that is imputed at 75 instead of 100%.

Representative Brandenburg: Do you address anything in this bill about the bonding imputed into the formula?

Representative Owens: That was the interest fund. On that sheet you got the interest is 12.3 million which is based on the number of mills they have.

Chairman Delzer: And it should allow those with a bond already to pay it off considerably quicker.

Representative Owens; In the new one they can go after less because they don't have to worry about 75% of it being taken away from the state.

Representative Brandenburg: Strasburg just did a 4-million-dollar project so they shouldn't have to have that imputed into their funding formula after this would pass?

Chairman Delzer: This bill will take effect in August 1 instead of July 1.

Shelia Sandness, Legislative Council: There is a section in the back that provides dates for the various sections.

Representative Owens: Section 13 takes affect once the step down to 60 mills is accomplished. They will be reduced back to the 12 then. Section 14 has 3 million for rapid enrollment for the year.

Chairman Delzer: Do you remember what our definition was on that? Like 4000/student?

Ms. Sandness: It's on page 20 at the top, its 4000 per student. In the current biennium I don't think they were actually getting 4000 because the 6 million didn't cover the amount.

42:00 Representative Owens: Section 15 is 1.2 million to redo a reporting system.

Chairman Delzer: Where did that come from?

Representative Owens; DPI.

Chairman Delzer; So why is in this bill? It doesn't belong in this bill.

Representative Monson: We would have to check on that one, but I don't believe they did. This is the only place they are asking for this.

Chairman Delzer: To me DPI should not have been asking for it in this bill. It should have been in their budget bill. There is not this much money in financial aid.

Representative Monson: Sheila says no, this is the only place that it is asked for.

Chairman Delzer: Ok next for the music education, you took that money out of the foundation aid, and there is not this much money in the foundation aid.

Representative Owens: I know it says music education grant but it really is about how the music education is handled. An example would be that a student acts up and then they take a few with them. They then don't focus on the 1 or 2, but instead punish the whole class for it. This is a onetime appropriation to inject into music education state wide some more then needed funds for materials and instruments. It can't be used for salaries or performances.

Representative Kempenich: Is this aimed at the lower grades?

Representative Owens: It's not aimed at the lower grades, but that wouldn't be a bad idea. It amounted to 1-6 thousand per school depending on the size of the school, you're right in some places it would have been low, it would be good in that K-6 or 5.

Representative Monson: How do you envision having this?

Representative Owens: I'm not dictating how this occurs. I do know how this music has affected the same kids that are disrupting other classes.

Representative Monson: What I know is the 7-8 grade kids that didn't want to take a music class, but when they had to be there, they were the biggest disciplinary problems I saw in my school districts.

Chairman Delzer: I think this is meant for the ones that are having a hard time and then giving them some sort of release.

Representative Owens: You are right with the 7 and 8 graders. But I have seen with my own eyes the affect that music can have on those kids. Limiting it to that certain grade wouldn't be a bad idea.

Representative Sanford: Are you imagining music therapy? That has a certain level of certification that is different than a regular teacher.

Representative Owens: That was discussed but no that isn't what I am envisioning because to me we need to do more study before we go there.

Chairman Delzer: You are calling this a onetime funding? So if you do a onetime fund, are you thinking that they will continue this program with their own funding then?

Representative Owens: Correct. I am just looking at them kick starting this, I don't think that we should keep this going.

Representative Holman: The kids that weren't in music were the ones that were having the most problems. In section 18 for behavioral health, it seems like we have trying to use 2 different things to solve the same problems.

Representative Owens: I hadn't gotten to section 18 yet but that deals with...

Chairman Delzer: That is one that is based on if they had Medicaid money last time.

51:45 Representative Meier: Is it your intent that the students keep the instrument?

Representative Owens: No, they don't get to keep the instruments. There's just so few instruments that I have seen across the state. Again this is just an infusion on getting this program started.

Chairman Delzer: Ok, Section 17 of the bill.

Representative Owens: That came from what I believe is the commerce department for readers. Section 19 is to study the minimums and maximums and to see if the process that we are putting in place is really the way to go with those. We don't want to hurt any schools that we need, but we don't want to keep funding what we don't need either. Sections 20 and 21 are the effective dates of the different sections.

Chairman Delzer: (see attachment 1) Why did that rate for new students go down?

Representative Owens: That is min/max, where we add students at the rate everyone else gest as opposed to the max rate they were getting.

Chairman Delzer: (continued attachment 1)

Representative Sanford: In the interpretation that DPI has in using, there are some anomalies that related to the mill levy, so it was something that had affected the DPI

calculation. Even though a district might be making a contribution of 10 million, DPI was calculating it as only 6 so there was a duplication. Is that taken care of in this?

Chairman Delzer: That is what they were trying to do with taking them up to the 60 mill and 10% growth.

Representative Owens: That 1 example of the 30 and the 16, if we just said that next time they will be at 30, the hit was so great that it eliminated any adjustments to foundation aid and cost of money. So we go back to the 12 and 10 % and grow them quickly.

Chairman Delzer: The difference in the 30 and the 60, I think that is what we need to know and what is happening with that.

Representative Owens: I thought we left that in there that you have to do whatever you are levying at. So then the 16 would be left in there.

Representative Sanford: The concern would be that the interpretation that DPI was using must have been something in the law, and if that was in the law I would ask that we could take that out.

Chairman Delzer: Can you try to fix that again?

Representative Owens: I can try again.

Representative J. Nelson: There is some behavioral health funding in the human service budget for a Simle Middle School program that is being forwarded to other schools. I don't have that cost right now, but I do know that it is in the budget. It doesn't look like it would complement the money in your budget, so we should reconcile those numbers as well.

Representative Owens: I'm sorry I don't know what you are talking about, so I don't know what is involved there.

Chairman Delzer: We will be making some changes on the money side, so we will have a carrier from here but you will be asked to be part of the carrier.

Representative Owens: What is in this bill now, greatly changes the issues that we have had in the current formula. And it does take the very concept of the original formula and sends it closer to the original goal and our goal of equity and accuracy and getting everyone on it.

Representative Sanford: On the behavioral health, is there a difference between special education and behavioral health?

Representative Owens: **We worked with special education with a number of different problems.** As far as behavioral health, special education has been involved on a local basis but so far they haven't seen any money for it. So from the Para standpoint, there was very little integration at our level. But at department of health and human services, there was much integration in their services.

Representative Sanford: I guess what I'm saying is that when you look at somebody with a behavior issue it could be depression, that isn't covered in special education. There is no waiting for that. That might be a valid extra cost issue.

Chairman Delzer: I think the money is based on what Medicaid cost they had the year before and not the actual cost they had.

Representative Owens: What I understood is that that Medicaid cost could have been something that had nothing to do with behavioral health. That is the problem.

Representative J. Nelson: Were the rural transportation costs talked about in this bill anywhere?

Chairman Delzer: I think that is in 2013, is it not?

Representative Owens: It is in another bill; it's always been in another bill.

Representative Monson: That is in DPI and there is a study for the efficiencies in it.

Chairman Delzer: I think there is a study for dollars in there. Sheila what is the updated number on foundation aid taking into effect. As far as I know we are overspent in what we have for foundation aid.

Ms. Sandness: The estimated ending balance is about 416 million.

Chairman Delzer: But for next biennium we do have the issue of considering the common schools trust fund money the same as general fund money and then fix that 15% so that we aren't caught with not having enough money in there if we have a down fall.

Meeting closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2265
4/1/2019
34390

- Subcommittee
- Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

Relating to teacher professional development days in the school calendar, youth behavioral health training, the determination of weighted average daily membership, state aid payable to school districts, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments,

Minutes:

Chairman Delzer: Called the meeting to order for SB 2265. The latest numbers we have for foundation aid was 110 for K12, the 3 million for rapid enrollment, which is in 2265, and we did 35 million for the school construction revolving loan. With 2362 passing there is 2.6 million more coming in by the end of this biennium, that leaves us a balance of 1.8 available. If we look at 2265 they also had the system rebuild, the music grants and the behavior health all came out of foundation aid so that's 4.25.

Representative J. Nelson: We do have an amendment to bring that behavioral health piece into the DHS. (Department of Human Services) The amendment says 1.5 for the schools in the DHS.

Chairman Delzer: That's separate from all the other amendments out there for behavior health? This one is based where this money would come from is any school that had Medicaid issues. You are talking about DHS would be different than that, not?

Representative J. Nelson: The program would add some additional schools; it would be based on mental health issues not Medicaid issues.

Chairman Delzer: The music part of this was that we should be looking at K5 and the dollar figure needs to be considerably less there. If we have 1.8 available and we wanted to do STARS, I don't know if that dollar amount is right.

Sheila Sandness, Legislative Council: I don't believe that it was brought before E&E.

Chairman Delzer: If legislative council could ask for a definition from DPI on what they plan on doing with that and how they came up with 1.2. That only leaves about 600 thousand for

music education grants. The other issue is the rapid enrollment grants, is that the right number? I think it's based on up to 4 thousand a student.

Mrs. Sandness, Legislative Council: That's correct, the formula that's in the bill for the distribution of the 3 million, 3 million is for the first year of the biennium only. The current biennium the appropriation was 6 million.

Chairman Delzer: It wasn't enough but based on the growth and a certain percentage or a certain number?

Mrs. Sandness, Legislative Council: They said they would prorate the dollar's amount if it wasn't enough.

Chairman Delzer: What was the criteria for them to qualify? The other thing we need to do is adjust the rate adjustment from 2 and 3 to 2 and 2.

Mrs. Sandness, Legislative Council: The district is eligible to receive the grant if the number of student reflected in the September enrollment report exceeds the number of students in the prior year fall enrollment. Increase must be at least 4% or must be at least 20 students.

Chairman Delzer: Do you have a list of where it went?

Mrs. Sandness, Legislative Council: A list of the schools that got rapid enrollments and how much. I will get that for you.

Chairman Delzer: Any other discussion? We are rebasing up the 2018/2019 school year. We have the sinking of interest, that's a cost of 12 million. They are also taking the mobile home, homestead and the telecommunication tax credit dollars they were being imputed at 100% and now that will be at 75% that's a cost of 5.7. And the one time funding that full amount is 37. I thought it looked like they were trying to change it for the school district in Williston I thought it could be a pretty big number. Representative Sanford explained that they would look at it and take the cost statewide which is roughly 10 thousand and take the actual cost of the students in that particular school and that is the difference. So Williston is at 11 thousand it would be 1 thousand dollars and take that times the 200%. What this bill does is changes that to 2000 or 4000, whichever is greater.

10:45 Representative Sanford: Yes, that is correct, that's is how DPI plans on handling it.

Representative Brandenburg: Does it even pay to discuss the declining enrollment?

Chairman Delzer: They get to choose either the spring or the fall enrollment for the next year. There's also a claw back if the go up and then right back down, they claw some of that back.

Representative J. Nelson: With the changes that are taking place in the formula, we have the rapid enrollment but nothing for the rapid decline. I think we should take those rapid enrollments off the table.

Chairman Delzer: After the second year there is no need for it because it will be taken out of there.

Representative J. Nelson: It's only 3 million dollars in a really big picture but we could look at that.

Chairman Delzer: We might want to reduce it, the first year, none of these changes takes place the first year. Those are some of the things we will need to discuss. With that we will close this meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2265
4/4/2019
34535

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution: Relating to teacher professional development days in the school calendar, youth behavioral health training, the determination of weighted average daily membership, state aid payable to school districts, the calculation of average daily membership, a cross border attendance contract with SD, the determination of tuition payments, and school district levies; to provide for a legislative management study; to provide an appropriation; to provide effective dates; and to provide an expiration date.

Minutes:

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Chairman Delzer: (Attachment #1) Proposed amendment 19.0614.05008. Went through the proposal. Discussed behavioral health and music education grants.

Representative Monson: I guess we seen no reason to not let anyone participate.

Chairman Delzer: These amendments have my name on them but they are from the section.

Representative Monson: (2:45) I think Rep. Delzer explained it pretty well. If you are going to try to make this fit into the bill that is in your book you will have a terrible time. We really didn't do that much to this other than; on page 6 of the amendment that is where we took it down to two and two; page 5, line 27 it says on page 6 of your amendment it says replace 34 with 36 is where we changed it and that is the two and two and a couple ones above it.

Chairman Delzer: Went over the attachment.

Representative Monson: From 2017/2019 appropriation for state aid was 2.015904163 and this time our version will be 2179203; that is what will be in 2013.

Chairman Delzer: This bill doesn't deal with transportation.

Representative Monson: New payments per student are going from \$9,839 the first year to \$10,036 the second year. The Senate and House Education had them at \$9,839; first year and then \$10,104 the second year. That is the change on page 6 of the actual amendment.

Page 20; Section 16, foundation aid \$1.750 million down to \$600 thousand because that is all that was available. We did not specify that it had to be for under K-12 they can apply for up to \$20 thousand grants only for equipment; not for hiring. We didn't want to limit to music therapy because there aren't any music therapy teachers out there.

Section 17 on the Literacy intervention. We did not understand that. \$200,000 we just took it out.

Section 18 we took out because that is going to Representative J. Nelson for explanation.

Representative J. Nelson: We do have that in our worksheet and we up to that to \$1.5 million added to it the \$200,000 if you read lines 28 & 29 in this bill it is limited to the non-federal portion of Medicaid reimbursement received by the school during the first year of the biennium. That is for all schools to apply for that.

Chairman Delzer: You're not keeping it tied at all to what they have for Medicaid that they had the year before?

Representative J. Nelson: No, that would be correct.

Representative Bellew: Is that only going to title 1 schools?

Representative Monson: (Referred to Attachment 1) Discussed the star's program.

Representative Monson: We left rapid enrollment; we left that at \$3 million. It is the first year and we had \$6 million for rapid enrollment for a two-year period before; now we are only funding the first year because after that it will be on time payment.

Chairman Delzer: If you look at the right hand side at the differences. You will notice the \$350 on the first sheet for SD cross border was listed below. We never listed it above because that is actually is charged through the schools or part of the foundation aid so it is not a separate line item of money. On tuition adjustment minimum and maximum; that shows an increase from the Senate; would you explain that please.

Shelia Sandness, LC: In the Senate they actually adjusted the transition minimums. They were lowering them and so they showed if you go over to the Senate column minimums as a savings of \$2 million. On the House side because they rebased everyone to the current year and then they gave them a 1% increase in each year of the biennium so there is actually a cost associated with that. The tuition adjustments are in there as well. The total cost is the \$311; so the difference between the \$311 and some of the other things and that savings is the \$3.7 million.

Chairman Delzer: We talked this morning about the sinking interest. Where is that in the amendment.? We are trying to say there if there are any future bond payments and currently that is part of the formula and we are taking it out of the formula and basing it on what it is so that any newer bond payments would not affect the formula payment and change the per pupil payment on that issue.

Shelia Sandress, LC: That is in the amendment on page 8 at the top.

Representative Monson: Most of this was done by Representative Owens, we went with the in lieu of down at 75% for all of them, except sinking in interest; that is a big one. That will make a big difference to a lot of school districts that have bond payments that they are making. That will no longer be impeded into this formula. How it ever got there I don't know? South Dakota across boarder, this one only addresses South Dakota. It will now come through DPI and the formula and it will all be taken care of before it gets to them.

Chairman Delzer: Montana and Minnesota are separate from this.

Representative Monson: Motion to adopt amendment 19.0614.05008 to SB 2265.

Representative Vigesaa: Seconded.

Chairman Delzer: Any discussion? Seeing none.

Voice vote: motion carried.

Representative Monson: Do Pass as amended on SB 2265.

Representative Schmidt: Seconded.

Chairman Delzer: This is a major overhaul. It is trying to get everybody on the formula. There have been situations in the past where some schools were paying extra and their property taxes were not able to be equaled out. This is saying that it is doing it in a way where they can get on the formula if they so choose or they can stay off the formula and not have us pick up the difference between that. The on time funding is different than it was and the rebasing cost us money. That is why we went to the two and two compared to the two and two and a half.

Representative Bellew: Could you explain section 13 of the amendment to me?

Representative Monson: What that deals with is getting everybody on the formula and getting the 60 mill deduct. That is what the purpose of that is.

Chairman Delzer: There are certain schools that have been charging 30 mills to their patrons and yet with the old formula we were paying them as if they were only charging 16. We are trying to get it to the point where we consider them to be at 60 and we give them the authority over a number of years to work up to the point where they are at the 60.

Representative Monson: I think this is cap on how many mills they can get. They get a bonus 10 mills; and then they have 12 mills that they can get but their base mills are 60 mills.

Chairman Delzer: Why do we need this amendment? It was in there before?

Sheila Sandress: Section 8 we are adjusted all the property tax deducts and we are increasing them over time to get to the 60 mills. In order for them to take the deduction; in

section 12 we are allowing to levy the 60 mills plus whatever that adjustment will be. That is over a 5-year period; so in section 13 puts the code back after the 5-year period. So if you look at Section 13; the effective date section gives them that authority.

Representative Bellew: Anything in here that will help us give school boards more discretion to close these low profit school districts?

Chairman Delzer: I think it will push them toward that. it will be harder for them not to.

Representative Monson: There is a section that allows Williston to be able to charge District 8 up to \$4000 per student for tuition. I have an issue when we come to singling out one district that tightly. It is on page 12 of the amendment and it is e. I understand why it is because Williston is District 1; they are the city of Williston. All around it is the School District 8 and they are very low. They are sending their high school kids to Williston has not been able to charge them what it actually costs them to educate them. I am told it will get them up to about \$4,000 per student, as a max.

Representative Bellew: Is but there is one in my district and the foundation aid payments is astronomical.

Chairman Delzer: That does address that. it will take about six years for this whole thing to get into place.

Representative J. Nelson: We can't fix some of the stuff. District 8 is now going to their voters to create a high school district. However, that vote turns out they will have to either incorporate that decision into another new building project out in Western ND for a new school or the realization that they need to dissolve or come into District 1. There are a lot of the current city of Williston that resides in District 8. My son is in District 8 and there are a lot of residents that are in Williston that are in District 8. It is not a good situation.

A Roll Call vote was taken. Yea: 18 Nay: 1 Absent: 2

Floor Assignment: Rep. Owens will carry the bill.

Hearing Closed.

April 4, 2019

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PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

In lieu of the amendments adopted by the House as printed on pages 1352-1365 of the House Journal, Reengrossed Senate Bill No. 2265 is amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:

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- a. At least one hundred seventy five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. AFor the first two days of professional development required by subsection 1, a day of professional development must consist of:
- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

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15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

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

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- a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
- b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
- c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more

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proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;

- (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; ~~and~~
 - n. ~~0.50~~0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
- 2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

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Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The"

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

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Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:"

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

(b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue

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received for the education of students residing in an adjacent school district.

- (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

SECTION 7. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 8. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

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3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 9. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the ~~greater of:~~
 - a. ~~The school district's calendar;~~
 - b. ~~One hundred eighty-two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. The ~~two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

- b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
- c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 10. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

- 1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
- 2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
- 3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
- 4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border

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attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.

- 5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~
- 6. A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- 7.6. Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- 8.7. Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 11. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

- 1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
- 2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:

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- (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
- d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
- (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
- e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
- (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.

3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 12. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

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- 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
- 4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 13. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

- 1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3~~, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall establish award criteria, review grant applications, and administer the grant program. A school district may not receive more than \$20,000 in grant funds. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on

student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, remove lines 3 through 9

Page 8, line 17, replace "1" with "4"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the period insert "Section 5 of this Act becomes effective on July 1, 2021.
Section 12 of this Act is effective for taxable years beginning after December 31, 2018.
Section 13 of this Act is effective for taxable years beginning after December 31, 2024.
Section 7 of this Act becomes effective on July 1, 2025.

SECTION 18. EXPIRATION DATE. Section 8 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

Date: 4/4/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2265**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0614.05008

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 Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 4/4/2019
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2265**

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	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	A	
Representative Meier	A				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz		X			
Representative Schmidt	X				

Total (Yes) 18 No 1

Absent 2

Floor Assignment Representative Owens

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2265, as reengrossed and amended: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (18 YEAS, 1 NAYS, 2 ABSENT AND NOT VOTING). Reengrossed SB 2265, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the House as printed on pages 1352-1365 of the House Journal, Reengrossed Senate Bill No. 2265 is amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one

- thousand fifty hours of instruction for middle and high school students;
- b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. AFor the first two days of professional development required by subsection 1, a day of professional development must consist of:
- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students;
or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

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

- a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
- b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
- c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories

of proficiency and therefore placed in the third of six categories of proficiency;

- (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- I. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
 - n. ~~0.500.60~~ the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert "," and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert "," adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:"

(1) Tuition revenue shall be adjusted as follows:

- (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and
- (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue

received for the education of students residing in an adjacent school district.

- (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

SECTION 7. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and

SECTION 8. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to

subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 9. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the ~~greater of:~~
 - a. ~~The school district's calendar; or~~
 - b. ~~One hundred eighty-two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. The ~~two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The

membership may be prorated for a student who is enrolled less than full time.

SECTION 10. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~

- ~~6.~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7-6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8-7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 11. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

- 1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
- 2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
 - d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
 - e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district;

- (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 12. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and

- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 13. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3~~, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall establish award criteria, review grant applications, and administer the grant program. A school district may not receive more than \$20,000 in grant funds. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, remove lines 3 through 9

Page 8, line 17, replace "1" with "4"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the period insert "Section 5 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for taxable years beginning after December 31, 2018. Section 13 of this Act is effective for taxable years beginning after December 31, 2024. Section 7 of this Act becomes effective on July 1, 2025."

SECTION 18. EXPIRATION DATE. Section 8 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

2019 CONFERENCE COMMITTEE

SB 2265

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
4/16/2019
34772 (25:13)

Subcommittee
 Conference Committee

Committee Clerk:

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

No Amendments.

Chairman Schaible called the conference committee for SB 2265 to order and roll was taken. **Senators Schaible, Rust, Marcellais, Representatives Owens, Monson, and Sanford were all present.**

Chairman Schaible: We will open the conference committee on SB 2265 and ask the House go over the changes they made to the bill.

Representative Owens: I can give you a quick overview of what the House Education Committee did and then it changed again in Appropriations. I am trying to remember a couple of nuances, but first off – if you notice, we did add section 1 reinstating the Title I Reading credentials that were taken away last year. There needs to be a little language change there to keep it going past just reinstating it. I have an amendment to take care of that.

Chairman Schaible: Section two includes another Professional Development day (PD) –

Representative Owens: That is what it was – Section two includes and additional PD day for all the training we keep adding, and yet we don't give them any time to do the training. Section three adopted language from HB 1249 on behavioral health training to match the language adopted in HB 1249. I believe the next section – in section six, it was adjusted to two and two rather than two and three as the Senate sent it over. I don't believe a lot of that other changed after that. The on time was changed from 100% in the second year to 50% in the second year and then 10% going forward for the next five years to grow into on time funding. I am trying to see where that was – what section that was.

Chairman Schaible: Maybe we can go section by section and just talk about each one.

Representative Owens: Of course, we added a couple of sections on the section fifteen for the music education grant and we took out the Word Corps (Reading Corps) I think that is

what it was for \$200,000. STARS was moved. We changed section five to on time funding to do that. The DHS reverence was moved to Health and Human Services budget and it is my understanding it went from \$1.3 million – which was in here – to \$1.7 over there. It was actually increased when it was moved. STARS was moved into 2013. It was moved into the Department of Public Instruction budget. It is still in tack, it was just moved to another budget and taken out of here - \$1.2 million. I believe because of that there were changes to 2017 and 18 as far as the effective dates for some of the sections. We also had in the House, we were trying to solve some problems with our tuition situation across the state. Our cross border tuitions with cross border agreements and then our in-state tuition agreements and also our agreements with cross border where there is not a cross border agreement. I.e.- Montana and Minnesota where there isn't an agreement and South Dakota where there is an agreement. You will see – while the House was trying to come up with one succinct solution to the tuition issue, we came up with three – we couldn't do it in one because the circumstances was just too great, so that was added as well. I believe that covers an outline of what happened.

Chairman Schaible: So would you like to explain why Reading Corps was not important, but music was?

Representative Owens: I can explain why music is, I will have to turn to Appropriations took out Reading Corps, so I will have to ask my Appropriations compadres to explain Reading Corps. You want me to explain music first? This is a onetime influx into music education. The interesting part about music – through all the studies and everything it actually does change the children think and using colloquialism it rewires their brain in the way they think, in the way they view and the way they analyze. We currently, in ND, require music education in K5 at that very early age where we are also currently experiencing behavior issues in classes at that early age which we never used to encourage. As I have said before on the floor and in committee – It used to be teach a kid to read, we can teach them anything. Now, it's teach a kid to behave, I can teach him to read. That is where the educational system has gone for a lot of these teachers. There is anecdotal evidence where we have seen students going to music class and while they are disruptive in other classes, they are not disruptive in music – or they are less disruptive – I am not going to say that it totally eliminates it. They are sorely lacking in some intruments and some other things. The way it was put in there was a one time – at the beginning of the biennium – according to ADM (Average Daily Membership) for K-5 only – it is not to be used for salaries, not to be used for performances, it has to be music instructional material or music instruments. Period. No, it is not designed for purchasing intruments that the kids get to keep after words. It is for music instruments that stay there for future classes inside the classroom. That is the purpose of it – a onetime infusion in this are to see – because of the annitotal evidence if we can affect behavior health that way. The way it currently reads in this section – I have an amendment to change the way it actually reads there, because it reads that it is a grant you actually have to apply for and that was never the intent. It needs to be a disbursement at the beginning of the biennium to K12 based on ADM with those requirements and restrictions. As far as Word Corps (Reading Corps) I will ask one of my partners to explain why that was removed.

Representative Monson: We had a question about that one – the Word Corps, I guess is the definition you are using. Literacy intervention is the way it says on here. We kind of questioned if \$200,000 was going to be a whole lot of money. We had a question about why

it was attached to the Department of Commerce budget. Then it went to an organization that we didn't know much about. We had a lot of questions. We just thought we would take it out and somebody from the Senate will inform us of what it is all about and why it goes to Commerce and why it goes to AmeriCorps.

Chairman Schaible: It is an existing program being used in certain districts now. That is where it come from – and I am not the expert on this – Senator Davison is the expert on this. The idea behind this is that it is an intervention for reading to make sure we catch the readers when they are having problems. This is a program that is existing that is being used now. This \$200,000 is like seed money to replicate the good work that some of these REAs or districts are doing now. They can find the money to do that, but they need something to get started with. That was the kind of something so that we can follow the replication of the program that is being done. To get them to do that it is kind of a way to get the program to grow a good program the way it is. I can't go into the details exactly the program, but it is an existing program where it has shown some really good interventions and some really good help. Out of our seven REAs now – we have one that is doing a really good job and what we are trying to do is replicate some of that good work to some of the other ones. That is it – in a nut shell. I will get more details on it and forward them to you.

Representative Monson: Are you considering this like a pilot program – it is already going – we understand in the southeast corner of the state – Fargo, I guess.

Chairman Schaible: I don't see it as a pilot program. I see it as a seed money to replicate what we have to get these guys going so they go on their own and then that money that they generate continues to go on. It is more of a domino effect. It is not to see how it works, but to incentivize and replicated the good stuff that is going on now.

Representative Sanford: I don't recall why this was taken out, but I will offer my two cents on it. I have no doubt it is a good program. The concern that I have is that as we look at the Department of Public Instruction budget, there are ten pass through grants. There is another place where there is grants and it feels like we are getting to be the flavor of the month. We have a lot of flavors in there already. Personally, if we were going to spend that money, I'd rather just take and add a half a percent or a percent to the foundation aid and let them do it. Then it would be there and I have experience with Reading Recovery. It worked well in our district. Not every district elected to use it. We spent a lot of money on implementing it. It is a first grade only high intense, one on one, half hour a day, no child left behind – truly in that particular case. But, it wasn't for everybody. It was local decision and remains that way. My bias is that I'd rather put it into base funding. Let districts use it and – or give it to the state superintendent in a general grant and you pick a couple of winners. Seems to me we are just being exposed to a stream of good ideas, but they don't necessarily fit in a broader way.

(14:04) **Chairman Schaible:** So, were you interested in adding a half percent to the per pupil payments?

Representative Sanford: I wouldn't make that motion, but I would support it if we would take care of at least part of that.

Representative Monson: I hate to disagree with my colleague here to the right, but if we are only looking at \$200,000 thrown into the per pupil payment, we might end up with each kid getting about two cents.

Chairman Schaible: I know the pass through grants that are in the Department of Public Instruction budget. I am not privy to all the details of that, you guys are obviously, and that is a good thing, but –

(14:47) **Representative Monson:** We can maybe explain them for you and see if it would fit better in there. I am not sure if you are going to be on SB 2013, but, we have narrowed down the number of pass through grants. We have also got a pool of grant money that is kind of up to the superintendent of public instruction and how she can use that to enhance some things. I think that is \$1.5 million or something in that pool. This is down from about \$2.1 million, but we put some criteria in on all these grants coming through Department of Public Instruction. I don't know how deep you want to go into the weeds, because that isn't it, -

Chairman Schaible: We are not discussing Department of Public Instruction, so I am –

Representative Monson: Exactly, that might be a place where this might fit. Had we known about this earlier, when we still had the Department of Public Instruction that we were considering, we could have maybe put that in there, but maybe, Senator Davison isn't interested in doing that. I guess I at the very least, one of the things we put into that pool of money, is they actually have to apply for it and tell Superintendent Baesler what we plan to do with the money and then at the end of it they have to tell us how they spent it and what did we get for the money we spent. We have never really required that before, so in these situations, if that were to fit into something like that, we could – I would like to at the very least if it stays in here, see that we get some kind of report and see what we get for our money.

(16:28) **Chairman Schaible:** I am not opposed to that at all. I think we should probably try to get through the bill once since we only have a half hour today and I will try to ask for an hour next time if we need it. Any other questions on what we had? If not, I would like to suggest that we talk about any amendments that we are going to propose coming forward. You had already listed an amendment for Section 1 I think you said.

Representative Owens: Yes, I have an amendment for Section 1 and Section 15.

Chairman Schaible: Section 15, the amendment does what?

Representative Owens: The Section 15 amendment just clarifies the intent of the onetime grant and how to administer it and who it is for – the K through 5.

Chairman Schaible: I do have an amendment that I am drafting that will come out. It is not really pertaining to this bill, but it was suggested to me that we wanted to talk about it. It is SB 2230. It is related to the removal of a school board member. There was some clean-up language in that, so I will be adding that. We have to look at a little bit of our language for the days to hours for the funding purposes of how it is funded. We are still working between Department of Public Instruction, some of the educational entities and myself trying to create

some language for that, so that is coming forward. I guess the only other ones I have on there was the music money and the Reading Corps money. That is what I have on my to do list. As long as we have 10 minutes left, Representative Owens, would you explain that readjustment of the base. I think that has created some questions.

(18:46) **Representative Owens:** The readjustment of the base is as I stated on the floor of the House – the situation exists in that when the formula was created, it was highly complicated and there was a little minor nuisance as to how the formula would operate that were overlooked – like the tuition, and some of the in lieu of that we are correcting here. The situation there was the minimums and maximums that were designed to protect certain schools and certain environments applying to certain situations was not designed to slowly disappear as the schools came onto the formula and adapted to the new formula. We have gone six years now with no action on this since the formula was created. Just to start adjusting for these schools to force them to adjusting now to bring them on the formula – which quite frankly – will save the taxpayers somewhere in the neighborhood \$60 million once we get them on the formula that we can turn around and then use for education the way it should be use would be quite frankly a shot for a number of small schools. We are not talking about a few; we are talking about a number of small schools. So, in that aspect, if we reset the base, we are basically creating the formula for the first time – it is as if this is 2013 and we have just created the formula. We reset the base so everybody is on the same level when we start the “walk-down” – so to speak. When we start bringing the minimums down. Because there are still some questions in the minimums and maximums, what we did was we started with a small decrease in the minimum the second year and study during this interim exactly the best way to walk-down these minimums and maximums. Next session, we can come in and continue with our 15% - we already have it in this bill a plan to take those minimums down. If we discover something during the – a better way of doing it during the interim committee study on minimums and maximums, we can then take next session to readjust that and look at it to ensure we get all these school districts on the formula. That is really the purpose of the reset is to put everybody on a level playing field from the time we start making these adjustments.

(21:18) **Chairman Schaible:** That brings up another question. You did talk about the study a little bit – we might want to have some discussion about that study language and if we need to include the coordination council on that and if that covers everything we want to do with the study.

Representative Owens: I did leave out two things in my outline. I failed to mention the in lieu of taking the three that are at 100% and taking them down to 75% which we added to this bill along with the Sinking and Interest – which we pulled out 1365 when we added in this bill. The Sinking and Interest only to the level of mills that they have approval from the taxpayers. That amount is zeroed out completely, so that they can use the Sinking and Interest for its purpose – that is to pay the debt on school buildings designed to provide a safe and healthy place for our kids to learn. I failed to mention that and I apologize.

Chairman Schaible: The other thing you failed to mention was the tuition carve out for a school like Williston.

Representative Owens: No, I did mention that, I just didn't go into depth on it.

(22:34) **Senator Rust:** There is one other part of that – that I did talk to Senator Schaible about. There are some schools that when the oil boom was really expanding that built schools as a result of taking gross production tax dollars and building schools with those and then having that money subtracted from their payments to pay for those schools. They did not, probably get voter approval on them, but they were encouraged to some extent to do it that way. I can think of four or five of them that did that. Williston was one, I think Watford City was one, Stanley, probably Powers Lake, I think there are some that have – that used their gross production taxes to build a school and then the problem is when you get it subtracted then at 75%, it right now the amount of dollars you get in doesn't make the payment. I had asked about probably looking at that. I don't know if it is too late to do that, but I did have one or two of those schools come and talk to me about that. Sf

Representative Monson: So, Senator Rust, when they did that, the formula was in place where they knew they were going to get 75% deducted, I believe. So, they went into that with their eyes open. They didn't take it to a vote of the people like you said, so I don't know how you are going to go back and fix that.

Senator Rust: It is possible – I am trying to remember – It is possible that one or two of those might have done that before the formula. I would have to go check.

Chairman Schaible: I think we have some amendments to get, so we will try to provide copies before the next meeting so we have time to look at them before thenex tmeeting. I might try to get a little longer time and if we dwell into it and maybe get somethings done.

The meeting was closed.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
4/23/2019
34929 (55:24)

Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-19.0614.05016; Att. #2-Christmas tree version of 19.0614.05016

Chairman Schaible called the conference committee for SB 2265 to order and roll was taken. **Senators Schaible, Rust, Marcellais, Representatives Owens, Monson, and Sanford were all present.**

Chairman Schaible: (See Att. #1 and #2) I passed out the latest amendments (19.0614.05016) – both the regular and Christmas tree version. What I will do is go through the four changes we asked for in this updated version. I will go over them generally and then we will walk through the bill section by section. The four changes we added since we talked last were in section 1, we changed the hours back to days so we have three days in Professional Development (PD) – one day was added. The second change is in section 2 subsection 1d the word “two” was replaced with the word “three.” In section 15, where the county auditor has to work on the in lieu of and report in coordination with the school district because the school district will understand it and the county auditor might not fully understand it. In section 23 is the study the funding formula. It is to be an eight-person committee make up of people that understand the funding formula already – we changed that to include four members from the House and four from the Senate. The other amendments we put in here was to fix one of the alternative teaching licenses. We had put an and/or in the section and it should have been –

(7:00) **Representative Owens:** That is section 2 – or it is in the front. I know what you are talking about. Basically, it was – here it is – section 4 on page five of the Christmas tree version and on the amendment talking about the inclusion of 1531 that had an extra and in it from the Legislative Council. On the amendment, it is page 4 the bottom. Section 5 – down there in subparagraph 4 under a, b and 1, 2, 3. There was an extra “and” in there which shouldn’t be because it should be – “has a permit” and then it says “has a high school diploma and” subsection 1, 2, or 3. It wasn’t 1 and 2 or 3. They had an extra “and” in there somehow. That is what accidentally passed and this is to correct that.

Chairman Schaible: And what happened by adding the word “and” to it means they had to complete all of the criteria to be an alternative teacher and that was not the intent. The bill had already passed, so we had to fix that and it was added to this bill. That is the four changes that we made.

Senator Rust: There was another correction that was made. In the reporting, they used the word teacher license and it should have been permit instead of license.

Chairman Schaible: Does that need to be added to this?

Senator Rust: You know the section talks about doing a reporting to teacher licensing in that piece it is all about permits. So, why the word license?

(9:00) **Chairman Schaible:** Have him look that up. Okay, let’s go with that. Is Sheila here? If not, we can just go through the sections. I think you have a new .06000 version for the summary sheet.

Representative Monson: What is amendment is actually before us?

Chairman Schaible: The .05016 amendment. Then you have the Christmas tree version of the .05016 amendment and the summary sheet of this should coincide with this. So, section 1 – Credentials for the teachers of Title I, - Representative Owens, does that look correct to you?

Representative Owens: It does. What happened was we had that in there and the Department of Public Instruction said we know what you want to do and we understand it, but we need language to make it continue into the future. So we added “and continue the process in perpetuity.”

Chairman Schaible: Is everyone okay with section 1? Section 2 is the start of the days to hours. Section two also makes sure that we have a-

(11:34) **Representative Owens:** I thought section two subparagraph 2 is supposed to be for the first 18 hours it was supposed to read rather than three days.

Chairman Schaible: That is what this last amendment that we did on line 18 – we fixed that to three days. The rational was that we got in another section of what is listed as days.

Representative Owens: That is fine. We had it at 18 hours at one time and I thought that was a deliberate change from three days.

Chairman Schaible: I think it was after discussion that it was better to be in days and we did that in two places, I believe.

Unintelligible talk in the background.

(12:56) **Chairman Schaible:** On page 3 line fourteen is where you go to the four-day week, so if a school is going to a four-day week, they still have to have a waiver from Department

of Public Instruction. Is there more discussion on section 2? Section 3 included behavior health training for teachers, administrators and ancillary staff. I think that is the only change in section 3. Section 4 is a correction that we needed to do for the bill 2230 which I believe was the school board and we made a couple changes in there. This latest is related to criminal convictions. That was a request that was added by Scott Davis' office (the office of Indian Affairs). That was a correction for that. (15:14) Section 5 is that alternative teacher language fix of taking out the "and" and putting in the "or." According to Representative Owens, that is what you wanted?

Representative Owens: Right. It reads correctly.

Chairman Schaible: Section 6 – this is also part of our days to hours that allows for – added the collaboration with the school calendar.

Senator Rust: Why was that added?

Chairman Schaible: I think that part of it was so that if we have those three days that have to work with the Department of Public Instruction – we had two and we added one day of PD and that has to go through the Department of Public Instruction. I think these extra hours that they wanted to do PD, that has to go through the department.

(16:55) **Representative Monson:** Are we on page 5 here? Number two at the bottom?

Chairman Schaible: Yes.

Representative Monson: I think I have a concern the same as Senator Rust here. The following units must consist of at least 150 hours on instruction, professional development and collaboration per school calendar year. If you read that, they could do 150 hours of PD and hardly and instruction.

Chairman Schaible: (to Hugh Grindberg-the intern) Could you see if Sheila Sandness can come down?

Senator Rust: My concern is that losing student/teacher contact time.

(17:42) **Representative Monson:** Yes, I agree. You could really load up a lot of PD and collaboration and not have very much instruction.

Senator Rust: I am pretty jealous of that. Because I think that is the item that we have happening way too often. We have kids pulled out of classrooms, teachers pulled out of classrooms, and now we are going to add – you are actually taking some things away from instruction – is what I think you are doing there and that bothers me.

Representative Monson: If you read that, to me there is no limit on how much time you could have out of the classroom. I think we need to put some kind of perimeter on that PD and collaboration. Some of it is fine, but-

Chairman Schaible: Yes, and I guess what the answer is for that, so I think Sheila is coming down if we can wait on that.

Representative Monson: If I could recommend, maybe, something like this – the following units must consist of at least 150 hours of instruction with a certain amount of PD and collaboration would you want per calendar year?

Chairman Schaible: Okay, let's wait for her to come down and just move on. Section 6, I have a question mark on it so we will come back to it. Section 7 – this was a requirement so we need to get the right enrollment figures sent to the Department of Public Instruction they will not get payments until they get the right figures in. It is kind of a strong suggestion that we need the right amounts.

Senator Rust: We have been talking about that for a few years. We have some people that just out there feel they can send in enrollment in at any point in time and maybe that is March. We have been told in the past that it does create some issues for people, so I think that is a good idea.

Chairman Schaible: It is also if you are going to on time funding, you need to have the numbers.

Senator Rust: Accurate numbers.

Representative Monson: When you read that, does that mean that they miss that September 10th deadline, that they are just totally out of luck? They could still get that – they would just have to wait until they –

Chairman Schaible: I think as soon as they get their calculations in then they get their money.

Representative Monson: That would be my intention, make them sit there with no payment until they get that.

(21:06) **Chairman Schaible:** That is the intention.

Representative Monson: We don't want to take it away from it completely.

Chairman Schaible: No, it is make sure that they get it in. Once they get it in then they get a payment.

Senator Rust: Maybe the – it is pretty picky, but if you change the word “unless” to “until” – because “until” would you get it in and we give you money. You don't get it in, you don't get the money.

Chairman Schaible: Section 8 in the second year of the biennium, to add a .5 for the on time funding.

Representative Monson: Going back to section 7, in subsection 1, we talk about September 10th fall enrollment report. But in section 2, we've crossed out the September 10th fall enrollment report. Can you answer that?

Adam Teshher, Department of Public Instruction, Director of School Finance and Organization: Currently, in law, they have to have their September Fall Enrollment Report filed by November 1st or else we withhold that November 1st payment until they get it in. What this request was for was to move it up a month, that authority to withhold it from November 1st to October 1st. By law, we have to have our actual payments made by November 1st. If they are waiting until that date to submit it, I have not time to work the numbers accurate with the on time funding now. The intent of this was to move up the deadline for one month for that particular report so I can have some time to calculate an accurate payment for them with on time funding.

(24:01) So, do you think on line 7 if we change "unless" to "until" is that going to mess up your intent?

Adam Teshher: I don't have the amendment in front of me, but reading what is currently in law, it does not appear that "unless" until "until" would make any difference. I would suggest just mirroring the language in one and two. Line 7 and line 10 – you have "unless" right now in both of those. I would suggest using the same language in both of those. Either way, I would interpret it the same way that they are not going to get their payment until they get the report to us. Once we have it, we will send out their payment.

Representative Monson: You don't see that it makes any difference?

Adam Teshher: From an interpretation part from my stand point, I wouldn't interpret it any different. I don't know if a legal opinion would say differently, but I wouldn't interpret it differently.

Chairman Schaible: Sheila, would you come up and help us go through the bill? We had some questions on Section 6.

Sheila Sandness, Legislative Council: Section 6-the high school unit instruction? Am I in the right area?

Chairman Schaible: Yes.

Sheila Sandness: I am not familiar with this change, so – what was the question?

Chairman Schaible: The question was on line 23 – PD collaboration.

Senator Rust: For that matter, line 23 and 26 both.

Sheila Sandness: Mr. Chairman, that would be questions for Dustin. Sorry. I didn't draft that, so I am not sure what the intent was.

Chairman Schaible: As long as you are up there, let's have you continue on with the section 8. That is the factor for the second year of the biennium for the on time funding.

Sheila Sandness: Section 8 is effective July 1st of 2020. That is the second half of the coming biennium. Beginning with that, the districts will be getting a half of a weighted factor for those fall enrollment numbers. In section 9, which we have becoming effective July 1, 2021, if you look at page 10, line 17, that weighting factor goes to .6 and then on line 19, we add language that says increasing the factor annually by a point one, not to exceed one. Starting with that year then, that weighting factor will go up each year by one-tenth and then – until it reaches one. Then we also add o there, which is the claw back for if when they do their final counting, there is additional students, they will be deducted the next fall.

(28:05) **Chairman Schaible:** So that is those two sections. Do the on time funding the second year and then in the second section does the .1 going forward. It also includes a claw back clause in there so if there is phantom students, that they pay for that the next year, but it gives them the year to know that it is coming and plan for it.

Sheila Sandness: That is correct Mr. Chairman. Section 10 is where the baseline is established. There are quite a few changes there, but first of all, in subsection 1, that is where the baseline is established and that is reset to the 2018-19 school year. A lot of that language was eliminated because in 2012-13 there were certain things that existed that do not exist in 2018-19. A lot of that overstruck language has to do with the mill levy reduction grants, levies for things that are no longer being levied for. That is kind of clean up language. It is reset. It is going to equal whatever they got for state aid – it is going to equal property taxes for the 2018-19 state aid payment. Then you get to c, it is going to be 75% of these revenues that are listed in c. On page 12, d is the 100% revenues-the mobile home taxes, the telecommunication, and the homestead and disabled veterans credit. Then we added an e, that is beginning in 2020-21, the superintendent shall reduce the baseline funding for any school district that eliminates grades 9-12 after the 2012-13 school year. There was concern that since the 2012-13 – when the formula was adopted, districts have gone from K12s to K8s, but because of the baseline funding, they are continuing to get that baseline pay based on their original funding that was back in 2012-13 because that is their minimum. This is a mechanism to bring those schools that were K12s down to the K8 level by actually reducing them proportionally to the number of weighted student units in the grades eliminated relative to the total weighted student units in K through 12. So, we are going to proportionally reduce that baseline because if we reset it at 2018-19, we are resetting it at what was in 2012-13 because that is what they are getting in 2018-19. So there had to be a mechanism for bringing the K12s down to a K8 proportionally. That is what that does. We are reducing the baseline funding and we are going to apply that calculation to the first – this is going forward as well. That will apply to the first school year in which the school district no longer offers the grades 9-12 and each year thereafter. So if they go from a K12 to a K8, that next year their baseline is going to be reduced proportionally. The ones that were prior to 2021, we are saying that they will apply it in 2020-21 school year. If it happened – basically districts that have already done it, this is applying it in 2020-21. So, it is giving them a year to prepare.

(31:39) **Chairman Schaible:** We have three K8s that are currently – have done that in the last two years. Because of that hold harmless baseline, they are getting \$15,000-20,000+. This gives them a one-year notice. Then it will be readjusted. It will be a hit to them, but it is

money they shouldn't have been getting. We should have fixed it earlier, but we are fixing it now.

Sheila Sandness: On page 13, that is where we determine the baseline funding per weighted student units. It is being reset there to 2017-18. We are taking and dividing the districts baseline funding which we determined in subsection 1 and dividing it by their 2017-18 weighted student units to come up with a per weighted student unit baseline funding. However, we are in the next two sections providing for the adjustment of that baseline weighted student unit going forward and for school districts that went from K12s to K8s because we have to account for that change in their baseline per weighted student unit when they go from a K12 to a K8. For districts that eliminate grades 9-12 after the 2017-18 school year, the superintendent shall address the district's baseline per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 – which is what we just discussed – by the district's weighted student unit after the elimination of grades 9 through 12 to determine the district's adjusted baseline funding per weighted student unit. In subsection 1, we proportionally reduce the total funding based on those students that are lost and then here we take that new total funding and divide it by the new number of children based on their now K8 status.

(34:00) **Chairman Schaible:** And I guess part of that is before what we were doing, is when we were adjusting schools up or down, they were getting paid at their protected amounts. If you were getting \$13,000-\$14,000 per kid, it was going up and down that and I believe that now, if you get new kids, it is at the per pupil payment. Is that correct?

Sheila Sandness: Correct, and there is also an adjustment in that minimum calculation, too. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district no longer offers grades 9-12 and for each school year thereafter. So, basically, we are saying going forward this is going to be your new baseline per weighted student unit based on your now K8 status. In c, we are providing for a phase out – a delayed phase out of those increased baseline funding to get them to the per student payment number. Beginning in 2021-22, so this is delayed, and for each school year thereafter, the superintendent shall reduce the district's baseline funding each year the superintendent shall calculate the amount by which the schools baseline funding per weighted student unit which would have been calculated right above, but exceeds the payment per weighted student unit provide in subsection 3 – that is your current \$9646 that is now going up. The superintendent shall reduce the district's baseline funding per weighted student unit by 15% of the amount by which the baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. We are saying – whatever you are going to give them per weighted student unit in 2021-2022 we are going to take the difference between that and their baseline per weighted student unit and reduce it by 15%. That is the phase out. For each year, the reduction percentage is increased by an additional 15%, however, the district's baseline funding per weighted student unit after the reduction may not less than the payment per weighted student unit provided in subsection 3. We are phasing them – their baselines down to the actual per student rate that is being applied in subsection 3. In 3, that is where we begin calculating the actual state school aid and in 2019-20, that is where we calculate the school aid as the greater of and that is where we take the district's weighted student units multiplied by \$9839. For the first year, that is the payment rate. Page 14 we are saying that

it is the greater of that number and then number 2, which is 101% of the district's funding per weighted student unit as established in subsection 2, multiplied by the district's weighted student units not to exceed the district's 2017-18 baseline weighted student units plus any weighted student units in excess of the 2017-18 weighted student units multiplied by \$9839. What that does is that says, we are going to give you 101% of your baseline funding per weighted student unit times the number of units you have in your base. But then, if you have students that are coming in that are over and above your base, you are going to get those at \$9839 not that baseline number. New students coming in at the actual formula amount. That is that calculation. You have to remember; this is the greater of going down the list. Number 3 calculation is the district's baseline funding as established in subsection one – that is the dollar hold harmless number. That is your third number. The districts in this year are getting the greater of one of those three. There is no phase out in that first year of anything. The only difference is now that you are getting the new students at the per pupil rate – not the baseline rate. In the second year of the coming biennium, that is item d, which is in the middle of page 14. You are going to multiply – now it is the greater of again – basically the district's weighted student units multiplied by \$10,036 – that is the rate for the second year – again the greater of that and number 2 is 102% of the baseline funding per weighted student unit as established in subsection 2 multiplied by the weighted student units – again, not to exceed their baseline number of students and then you are going to add any of those extra students as the \$10,036 level. Same calculation there. Number 3 is a little bit different in the second year because in number 3, we are going to say, we are going to take your dollar baseline hold harmless – which is the amount that we calculated in subsection 1 and we are going to take the difference between that dollar hold harmless and your formula amount and we are going to reduce it by 15% and, each school year thereafter and, another 15% each school year thereafter. That is how we are going to calculate your new dollar hold harmless. That is going to get reduced – and that is a phase out of that, but, that again doesn't start until 2021-22.

(39:32) **Chairman Schaible:** Sheila, before you go on, what we said before is that we put in several steps to get everybody on formula. We have some minor steps starting out these first two years. Going forward, we have some major steps. We also have a study in place, to determine if that is the right path to go. It gets everybody's attention, it forces discussion in the study because if we don't complete something, they will have major cutbacks with the 15%.

Senator Rust: On page 14, when you are talking about plus any weighted students in excess of 2017 baseline, that is new students coming into the system gets multiplied times the current amount, not the baseline amount.

Sheila Sandness: That is correct. The new students over and above what are in your classrooms as of 2017-18, will be brought in at \$10,036 in this school year. The previous school year, it would it have been the \$9000 – whatever that number was in the first year. Those are the new students over and above the new baseline number of students.

Chairman Schaible: Because that is currently the way it is happening now. If they get new students and they are below that baseline, they are coming at the higher amount.

Sheila Sandness: On page 15, c is where the maximums are calculated. Those maximums are being increased by 5% in the first year of the biennium and 10% in the second year of

the biennium. That again is being applied to the baseline that is actually in subsection 1. Number four, that is where the deductions are calculated. You have your total state school aid number and the deductions happen in subsection 4. The first deduction is for 60 mills. That 60 mills is – if you look back – section 4 is referencing 15.1-27.03 which was created section 12 – that is the language for that, so you will probably want to reference that. What happens here is we are going to have a deduction of 60 mills and then we are going to allow them – or we are actually going to deduct the adjustment that is in the 15.1-27-0.4.3 which on page 17 – if you look at that – if an amount subtracted from a school district's state aid payment under subdivision an of subsection 4 – which is where we are at now – is less than the amount generated by 60 mills, the superintendent shall adjust the amount subtracted as follows. Starting in 2020-21, we are going to increase the amount subtracted by the amount equal to 10% of the difference between the amount generated by 60 mills and the amount determined in subdivision an of subsection 4. They are going to calculate the amount based on the 12% increase, but if that is not 60 mills, they are going to tack on to the deduction 10% of that difference between the 60 mills and the amount that is calculated in 4a. So, the deduction will go up to get them closer to 60 mills.

(43:28) **Chairman Schaible:** They can also levy-

Sheila Sandness: Yes, and we will get to that. We also allow them in school district levies on page 23, section 17, that is in the property tax chapter, we allow them then to add the dollar amount of the adjustment required in 15.1-27-04.3. So, we are allowing them to also levy those additional dollars over and above what they are normal path would be. So, they can levy those dollars that are being deducted. You will also notice that in section 12, each year that percent – the amount that is being increased in the deduction goes up until 2024-25 when it is 80% of the difference.

Chairman Schaible: And by that time, we will deduct 60 mills. They don't have to levy 60 mills, but they can if they want to. They should be at 60 mills, but if you don't want to be, that is fine, but, we are going to deduct it and we gave them a path to get there.

Senator Rust: Is that in 2025-26?

Chairman Schaible: Yes.

(45:15) **Representative Sanford:** If there is a reorganization that happens, or if you would have a cooperative agreement between two districts, would this have any impact on those?

Chairman Schaible: Cooperative wouldn't have any effect because they are separate. Reorganized, I guess, we would have to reset their base when it happened and go from there. Cooperative are still separate budgets; they are just a year contract. I don't think that would affect them but reorganization, I think we would have to refigure the base and go forward from there.

Representative Sanford: Some cooperative agreements are one budget, too.

Chairman Schaible: Yes, but they are still one-year contract deal, so I guess, I would have to ask Adam Tescher how they do a cooperative.

Adam Tescher: Yes, you are right.

Chairman Schaible: About time! (Laughter)

Representative Monson: Along the same lines, a reorganization – what would happen if you had a dissolution of a district? Then they go every which way. You just have to – do each one that got new land – you would have to –

Sheila Sandness: (turning to Adam Tescher) How do you handle that now?

Representative Monson: you would have to rebase them?

(46:58) **Adam Tescher,** Department of Public Instruction: When a school district dissolves their land attaches to an existing district. We use the 12% based on their previous year. If they got new land, they may end up reduced under the 60 mills if that new land creates a greater than a 12% deduction or a 12% increase, so the 12% might prevent them from getting to the full 60 mills. We saw that when Robinson dissolved into Kidder County. Kidder County got that extra taxable evaluation from Robinson. They were then capped and couldn't go up the full 60 mills because they couldn't go greater than 12% in dollars.

Chairman Schaible: New land is exempt for one year – isn't it? Like new property.

Adam Tescher: That is correct. Along with everything in the formula, we always look back one year. So, that first year it comes in, it won't recognize until we catch that year up.

Representative Monson: If you had a very large district, compared to the surrounding low value – high value low student one, you could really drop that substantially. I don't think they could catch up in quite a few years to get up to that 60 mills again. I think that they should be moving up anyway.

Chairman Schaible: Right, it is like a reorganization or dissolution. It is kind of the same thing – somebody is gaining that land. I think that is a fix we can probably do next session. It is something to look at. I don't think we have a lot of dissolutions coming up. That is going to be a real problem – not only that, but they get that first year –

Representative Monson: They have a year anyway.'

Chairman Schaible: You would have a year anyway.

Adam Tescher: Just the difference is if we do a dissolution, there is no rebasing of the taxable evaluation. It is just additional new land to that district. If it is a reorganization, two districts come together to form one district or two or more, that would have us rebase that baseline, so that 12% may not come into effect like it would – where it almost certainly would in a dissolution unless it is a really, really low taxable evaluation district. Whether it is getting a small piece of that land.

Chairman Schaible: It is probably something we can add to the study.

(49:43) **Sheila Sandness:** On the bottom of page 15, the next deduction is the 75% of the revenue or certain types of revenue. Those revenues are the revenues that were included in base funding. They are found in subdivision c and d of subsection 1. Before determining this deduction for 75% it is now going to be – the deduction at 75% in this version of the bill for all revenues – so there is not the 75% and 100%, but before we do that, the superintendent is going to do a calculation with regard to tuition revenue. We are going to adjust the tuition revenue by reducing the tuition revenue in a – in 1a by the total tuition reported to the school district – let's see - by the tuition received for the education of students not residing in the state and for which the state has not entered into a cross border education contract, so, in addition to the tuitions that were already excluded, there were certain tuitions that were already excluded, we are now also going to exclude the tuition that a district receives from a cross border student – a student from another state that we don't have a contract with – which basically everybody except South Dakota. We are also going to reduce that total tuition by the tuition reported by an admitting school district meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education students residing in an adjacent school district. If you go to the section on tuition, which is being amended in section 16 of the bill which is on page 22, we amend the tuition payments there to allow certain school districts that meet the requirements in e starting at the bottom page 22 and the top of page 23. We allow those school districts to charge more than the tuition that is calculated in subsection 2 above. Those districts are allowed to charge the calculated tuition multiplied by 200% or \$4,000 whichever is greater.

Chairman Schaible: Sheila, we are going to have to quit because we beyond our timeline. We will have to come back this afternoon. Before we leave, Dustin (Assel) could you come up and go over section six, lines 23 and 26. Explain what that means.

(52:40) **Dustin Assel,** ND Legislative Council: This section was added as part of amendments that were requested. I received a number of documents with various amendments to be added to the bill. This happened to be one of them where we were adding in professional development collaboration to what the number of hours must consist of, so in addition to instruction, they may consist of professional development and collaboration. That is the extent of what this section does. It adds in those as well.

Representative Monson: I have no problem with some professional development and collaboration, but the way I am reading this, there is no limit on how much you could do. You could substitute a hundred hours of instruction with professional development and collaboration. I don't think that is the intent. I think we need to clarify that. We need to put some kind of perimeter on how much time is taken out of actual instruction and given to collaboration and professional development.

Senator Rust: I would be willing to strike that totally.

Chairman Schaible: Let's research that a little and see where we are at.

Dustin Assel: I don't always get all the rational and intent behind some of the amendments. If it would be desirable to the committee, I know, I believe Dr. Copas with NDCEL may be

able to provide more of the intent and rational behind this than I could, because I just incorporated what was provided to me as far as the amendments go.

Chairman Schaible: Okay, we will reschedule and come back and check it out.

Senator Rust: I am in no way wanting to have instructional time reduced.

Chairman Schaible: I don't think anybody is. We will adjourn and reschedule.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
4/23/2019
34952

Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1& #2-Schaible

Chairman Schaible called the conference committee for SB 2265 to order and roll was taken. **Senators Schaible, Rust, Marcellais, Representatives Owens, Monson, and Sanford were all present.**

Chairman Schaible: (See Att. # 1 & #2) Committee members I have passed out a couple of proposed amendments to SB 2265. Sheila Sandness was at the podium explaining the bill to us. I think we were on Section 11 or 12. Is everybody okay with 11 and 12 or do we need further explanation?

Representative Monson: To tell you the truth, Mr. Chairman, Representative Sanford, Senator Rust and I – three old superintendents – we are trusting Sheila’s math. After we completed our last meeting, we said, “Wow.”

Chairman Schaible: Well, several of us have worked with this for some time – Representative Owens, Senator Rust, and I have discussed and worked this bill over a number of times. You guys weren’t part of these discussions. I understand why if you are only looking at it for the first or second time, it is very difficult.

Representative Monson: I am just talking about the formula.

Senator Schaible: Right, all of us had to look at it four, five, six times before we kind of got it.

Representative Sanford: I think (unintelligible) to Representative Monson to speak for yourself David. (Laughter)

Senator Schaible: I wasn’t going to argue with him. (Laughter) Okay, Sheila, go ahead we can start with Section 12 if they are okay with 11.

Sheila Sandness, Legislative Council: We left off on page 17. We had talked about Section 12 where we are deducting the extra – between those two numbers – the amount that generates the 60 mills – the difference. Each time it is 10% higher than 20% and then 40% and 60% and 80% until they get to the 60 mill deduct. On page 18, this amendment I am not familiar with. This is a policy amendment that Dustin would need to comment on.

Chairman Schaible: He is coming, so we can come back to that.

(2:53) **Sheila Sandness:** We will actually skip over 13 and 14. Section 15, the cross border attendance, that one I am familiar with. That is the section that we had talked earlier about. Excluding from the deduction the tuition for tuition paid for students coming into the state from other states that we don't have a cross border agreement with. This section relates to the cross border agreement we do have with South Dakota. It provides for the superintendent instead of deducting the difference between the number of kids going to South Dakota versus coming from South Dakota from the districts that are affected this change will provide that the superintendent will pay the cost of the cross border attendance for funds appropriated for state school aid. Any money they receive should actually end up having more South Dakota kids than ND kids would go into the general fund. I guess Adam can probably explain better to you how he allocates that right now if you have that question. Currently, any extra kids that we send to South Dakota we are having to pay for and that money is allocated back to the districts that send more kids.

Chairman Schaible: For clarification, we have a compact with South Dakota that is done with the governors. We can't just change it. We have the compact with South Dakota and we have a different version of agreement with Montana and Minnesota. We basically have two different systems of how we do that. We were looking at fixing all of our cross state and really, we have to fix it two different ways. That is the rational on that. Adam, if you would come up and go through that, that would be fine.

(4:44) **Adam Teshner: Director of School Finance and Organization, Department of Public Instruction:** I think you guys did an excellent job of explaining the cross border agreement. With South Dakota, we reconcile how many students we send to South Dakota versus how many South Dakota sends to ND. At the end of the year, we will get a bill from South Dakota based on those students based on their state aid – how much they pay for those students. I believe the bill for this year was around \$170,000 that we had to pay. That \$170,000 was then allocated back to the school districts that sent students – their resident schools – to South Dakota if they sent more than they received. We look at their net out students and how we allocated that. Some of these districts could get a \$80,000 to \$90,000 bill at the end of the year and have no state money to help pay to offset that. With the cross border agreement with Montana and Minnesota, basically, we pay for the ND residents. It is up to them – they have a local decision of how they want to pay that tuition to Montana if they have a student going over there. They get the \$10,000, they might negotiate a lessor price – they may pay a greater price – that is for them to negotiate. The only stipulation is if there are Minnesota or Montana students coming into the state, the amount of money that they must collect from the Minnesota or Montana school district must equate to what they would have received if it was a ND student – or basically, the foundation aid payment. That is the minimum they can accept.

(6:30) **Representative Monson:** So, if they don't collect it, you are assuming somewhere in the formula that they are collecting it so they won't get as much as money or do they just absolutely have to collect that?

Adam Teshar: I don't pay them any foundation aid for those students. If they don't collect tuition for them – again, if it is a Montana or Minnesota resident – I don't pay any foundation aid- they don't generate a payment. So, if they don't collect tuition, they aren't getting any money.

Chairman Schaible: And if they collect tuition, is that imputed at 75%?

Adam Teshar: Currently, it is. That is addressed in SB 2265 to where that won't be imputed at 75% any more.

Representative Sanford: When you compare the cost of the three states, - this is just kind of FYI for me – I know that in recent times, the dollars behind a ND student has increased pretty dramatically compared with the national norms and we have gone from 80% to 110% or 115% or whatever percent of the national average. What is the impact – what kind of impact does that have with our neighbors? And when you are – is there a – how significant is the cost differential from those states?

Adam Teshar: I haven't specifically looked at the Minnesota and Montana payments – basically because it is a local control between the two districts. I don't look at that. Like I said, South Dakota I think charged us between \$5500 and \$6000 a kid for the number of students we send out there, so substantially lower. I think we could run into some issues and I don't know how we would address it if all the sudden theirs passed our \$10,000 a kid. They are still a ways away from it. We would be required to pay that greater dollar amount, which I think according to the compact it would be, but I think we might work out some agreements with South Dakota just kind of some – how we are going to calculate that so we have that in a memorandum of understanding. Right now, they have been very fair in how they – they actually reduced their payment a few years ago because they came up with a new way of allocating their money.

(8:58) **Chairman Schaible:** Other questions. Thank you.

Sheila Sandness: We are on page 22. Tuition payments – we actually talked about this as well. This has to do with admitting school districts charging tuition that is 200% or \$4000 whichever is greater if you meet those criteria that are listed.

Chairman Schaible: This is the Williston example.

Sheila Sandness: That is correct.

Chairman Schaible: And I mean you wrote it in a way that is good for everybody, but this is also – the idea behind this was to get an honest approach to how they assess tuition so that it was covering some of their fixed costs, building costs, and that kind of stuff. The other aspect of this is that we didn't think it was fair that just the state pays the additional share of

this so that we added some costs to the K8s that are sending high school kids to that. We figured they should also bare some of that burden. That is the logic behind that. That is why the 200% growth in that. With the needs that Williston has because of the special scenario and such trouble – that is why it is given their tuition which is imputed – which in this case they will get 100% of that. There were a couple different fixes and we thought it was fair that the K8s pay some of that burden and that Williston would keep a larger share of that money.

Sheila Sandness: On page 23, Section 17, we did touch on this a little bit too, but this is the Section that allows districts to levy that additional deduct that is being provided for in 15.1-27-04.3. That is where we are actually deducting that little bit each year of that difference between the current deduction and the 60 mills. We are allowing them here to actually levy for that. Section 17 is going to be effective for taxable years beginning after December 31, 2018. It is the timing of that to align up with those years. On page 24, Section 18, that is actually the same section, but it is being amended again here to remove that dollar amount that is being adjusted. After they get to 60 mills, that language is no longer necessary. If you look at the effective date, Section 18 of this act is effective for taxable years beginning after December 31, 2024. At that point, everybody should be on the sixty mills. The rest of these – you have the repealer, that might be a Dustin question. Then, the appropriations are pretty self-explanatory. Page 26 is the study and a report. Section 26 is the effective dates. Because of all of the different changes in there, different effective dates, there is a Section regarding that. Section 27 sunsets Section 12 which are those additional deductions to the formula to get to 60 mills – they will sunset after 2025. Section 28 is the emergency clause for Section 4 and I believe that is maybe some policy that –

Chairman Schaible: Going back to Section 18, that is the 60 mills when they get the 60 mills, then going forward from that point.

(13:06) **Sheila Sandness:** Section 18 is the amendment to the property tax code that takes out that extra and the dollar amount of the adjustment because it is no longer needed at that point. We are actually at the 60 mill deduct and I believe the Section 11 on page 17 that is where we take out where – so in Section 11, we amend for a second time that 15.1-27-04.1 where we added in that extra deduct, now we take it out. Section 11 is effective July 1, 2025. After 2024, starting in 2025, we are back to 60 mills on the deduct and so then we have to adjust the property tax code in Section 18 to get back to 60 mills there.

Chairman Schaible: That is the idea that we get everybody to 60 mills. They don't have to levy it, but we are deducting it and that is up to them whether they want to levy that amount or not. We have a way to get that, but this from that point going forward I assume.

Sheila Sandness: Right, Mr. Chairman, those effective dates once it is in Century Code, unless you change it, that will be what it is set at.

Chairman Schaible: Any questions for any of the sections for finances?

Senator Rust: One of the things that is going to happen is you are going to have some school districts that had rapidly increasing taxable evaluations go the other way. If you look at, for instance, Williston, it has about 81 mills in the general fund. The reason they are at 81 mills is because their taxable evaluation has gone down. They have not had a vote of the

people to increase that. Will these things – like half the difference will that be taken into account if that should happen to a school district?

Chairman Schaible: As I think prior discussions we have had, right now, schools can choose to do by mills or by dollars. If they assess and I would imagine, we assume they that most of them have gone by mills because the evaluations have been going up. That gives them a built in increase of what they can receive. As the mills go down, then they are probably switch to assessing by dollars because that will lock in the minimum amount that they can get without them. If they go by mills, and evaluations go down, they are going to receive less money and I am sure they don't want to do that. Quite frankly, going by dollars is probably the fairest way to do it anyway. Will it affect that? It will put them in a box – especially if they have been increasing by 12% every year because it has left them no room to go after that. As far as the formula goes, I don't see it as a difference.

Senator Rust: I was kind of thinking of those – you know when are going that tenth of a difference you know, does that work out in there too if they are decreasing?

Chairman Schaible: It gives them more authority to assess more mills or more dollars.

Senator Rust: I was thinking about the subtraction part in the formula.

Chairman Schaible: Well, but the 12% increases based on new dollars. They can only go 12% on new dollars regardless what the mills says. That would also give them another 10% on top of that by dollars. That is the idea – we have heard two things that we have capped them at 60 mills, the evaluation has forced that down and we have no way to get there. This gives them a way to get there. Is it going to affect by going down – yes it is going to be an issue sometime.

(17:50) **Dustin Assel, ND Legislative Council:** Section 13 amends Section 15.1-27-23 regarding weather or other emergency conditions and the closure of schools and the state aid payments to school districts. The amendment just allows the board of each school district to establish the length of a period, day and week in accordance with the requirements of section 15.1-06-04. That section is – I don't remember where it is at in the bill – it is towards the beginning. That is the section that deals with the school calendar length where we revised that to change it from 175 days to the hour requirement. It also goes on to state if a public school or school district is closed or provides less than a full day of instruction, the public school or school district shall reschedule those hours to ensure that the students at least the minimum number of instructional hours required in section 15.1-06-04 which is the school calendar length section.

Chairman Schaible: I believe it is Section 6 and we had questions on that this morning, so maybe you would like to go back to Section 6 and look at that again.

Representative Monson: If a school has longer hours, their standard calendar is say 7.5 hours a day and they miss a couple of days because of storms. They used to have a requirement that they have storm days built in. How do they build in a storm day with the hours? I guess if they have a 7.5-hour day for instance and they only needed 6.5 hours, then they are already ahead of the game. They wouldn't have to make up days.

Dustin Assel: That is my understanding. As long as the school is meeting the minimum number hours required within the school calendar length, as long as they are hitting that minimum number hours, then they are not necessarily required to make up additional time. On the other hand, if they are falling below that time requirement, they would be required to make up only those hours that would get them back to that minimum amount.

Chairman Schaible: First of all, the school still has to account for the calendar. They are still building in days – storm days that they would use in their calendar, so this would be flexibility to do that beyond that. That part won't change. You are still building the calendars, you are still building in storm days and going forward with that. Quite frankly, if a school doesn't want to do anything to change, and they are not going any extra amount of time, nothing changes. If they do decide to go more time than is required by law, this will provide them flexibility to do some of that stuff. But as far as building in storm days and accounting for that, they still have to account for that very similarly.

Representative Monson: This probably has nothing to do with this particular section, but, in a lot of the schools, we would start two hours late because of a storm. You just keep track of those hours and as long as you have met the required number of hours you really don't ever have to make them up. Or if you let out early for something, you could do that and as long as you have met the number of hours, you are fine. When you continually keep starting late because of storms and you miss period one and two for instance in the morning, they can switch that around then. That is total flexibility, so we have had that before.

(22.01) **Chairman Schaible:** The idea was we are putting faith in our administrators that they adjust the schedule and they are cognizant of instructional time and which classes get missed and which ones don't. As I said, it is not lessening the requirements that we had, it is just allowing that if you are over that, you have flexibility to do some things. We didn't lower the standards of anybody. Instruction time is still the same, they still have to account for it and we are putting a little more trust in our administrators to use that flexibility to do the right things. That is why we thought it was a good deal. Is this going to allow them to cheat on their time –no. are they going to be able to give days that they want. No, they are still required to do the same amount of instructional time.

Dustin Assel: Section 6 is the one I briefly touched on this morning when we ran short on time. Talking about adding in professional development (PD) and collaboration to high school unit instructional time in 15.1-21-03.

Chairman Schaible: I think we have some written language here which you can look at. I think you have seen it already. I think everybody in the committee has seen it. There were some questions earlier in Section 6 about instruction and student engagement and PD, so we have language in front of everybody. If that language we have is acceptable to everybody, does that work for you?

Dustin Assel: I am happy to amend in any language that you would prefer. The only question I would have – coming from the legal side is – there is nothing wrong with the language, but I would be curious as to what constitutes student engagement and whether or not it would

meet – and I am not saying there is anything wrong with it, it is just a question that pops into my head the first time I –

Chairman Schaible: I think the question we came up was that instructional time was that there was concern that we were delegating away from instructional time and giving too much flexibility to take away from instructional time. I think this language cleared up some of that confusion.

Representative Monson: A little bit of the conversation that led to this was student engagement doesn't necessarily mean seat time. We could end up having a lot of flexibility where a teacher says you know we are going to work on projects here and you guys go to your study hall or you can go – you know – do this outside of class, but you need to work on this project together collaboratively. That is up to the teacher, so that is how we came up with this language. We will try it this way and if it looks like it is not working, we will in two years from now fix it.

(25:23) **Chairman Schaible:** Any other questions on Section 6? If not, did you go over 13 enough or do we need to go over it some more?

Dustin Assel: As far as 13, I think I said my piece on it, I guess. It is just giving some discretion to the school or school district to set the day, the period, you know all that stuff within that Section. Section 14 amends 15.1-27-35 dealing with the daily average membership calculation and this is used to determine state aid payments to school districts. This just amends some of the language in there to first of all in subsection 1 on page 19, we are just replacing days with hours to stay consistent with what we have done previously in the bill to change instructional days to hours. Then, when you do the calculation, we are now – when you get into subdivisions a and b of subsection 1 also on page 19, we are replacing the – we are no longer taking that amount and then dividing the sum by the school district's calendar or 182. We are now taking the amount you get for hours and then dividing the sum by 962.5 hours for elementary school students or 1050 for middle school and high school students. It is just more or less bringing the average daily membership calculation in line with the changes that have been made for adjusting days to hours. In subsection 2, under the section we got rid of some language for purposes of calculating average daily membership when a student is deemed to be in attendance. We over struck the language dealing with the holidays listed in 15.1-06-02 as well as days set aside for PD and days set aside for parent teacher conference. That pretty much sums up the amendments that were done to the section dealing with the average daily membership calculation.

(27:52) **Chairman Schaible:** Questions or discussion on Section 14. Let's go to Section 18.

Dustin Assel: Section 18 amends subsection 1 of section 57-15-14.2 which is in the tax code and it just adds some language to say that the board of a school district can levy a tax not to exceed 60 mills and school districts that levy at or above 60 mills in the prior year the levy may not exceed the amount in dollars that that school district then levied for the prior year plus the 12%. We overstruck the language speaking about the dollar amount of the adjustment required under 15.1-27-04.3.

Chairman Schaible: Are there any questions? Just to finish up the bill here, Section 20 was \$3 million dollars for continuing the rapid enrollment grants that we have been doing to get us over the first-year of the biennium through rapid enrollment.

Representative Monson: Back in Section 18 on line 11, the board of a school district may levy a tax not exceeding 60 mills. Let's say they were at 59 mills. The next line – so they couldn't go over 60 mills if they were at 59 mills – is that how I read this?

Dustin Assel: That is my understanding of it.

Representative Monson: So, they are locked in at 60, but – or at 59 mills, and then they can go up to 60 mills. But then the school district that levied at or above 60 mills the prior year, they could do – they could go 12% up to a levy of 72 mills. The poor school district that happened to be at 59 mills is – they can't go above. If you were at 60, you got a bonus – 12 mills. If you are at 59 mills, you can only go up to 60 mills and you are stuck there until you levy 60 so the next year you could go up to 72. That just doesn't quite seem that is fair to those that are moving towards the right direction toward 60 but if they can't quite make it and they are stuck at 59 mills. Am I missing something or –

Chairman Schaible: Yes, I think so, but maybe Adam, can you explain that a little better?

Adam Teshner: I am just reading through this now and I am going through it again. Yes, it does look like there might even be some contradictory language possibly the board of a school district may levy a tax not exceeding 60 mills. Then period. That seems like that should stop and then it goes on to say for school districts that levied at or above 60 mills the prior year the levy may not exceed the amount in dollars that the school district levied the prior year plus 12% - up to 70 mills. I am not sure if we even necessarily need that first sentence regarding the board of a school district may not levy a tax not exceeding 60 mills. I don't know if that is a necessary sentence in this section and just start with for school districts that levied at or above 60 mills – or don't even need that. School districts may not exceed the prior year plus 12%. But, in theory, those districts could then fall back below the 60 mills if their taxable evaluation increases significantly and I think – and then the funding formula would not reflect that because that is going to be stuck at 60 mills. I think you want to somehow word it – and I think that may have been the intent of this is to word it so they always have the ability to levy at least 60 mills. If their taxable evaluation skyrockets, and their 12% caps them down to 40 mills, I think the intent was this – that they could still get to that 60 mills and they are not less than what is less than what is in the formula.

Representative Owens: Section 18 is in conflict with Section 17 because if I wanted to ignore that, if I was at 50 mills, I would ignore that and go over here to say, the school board may levy a tax not exceeding the amount in dollars' prior year plus 12%. So, if I was at 59 mills, I could still do 12% and I could ignore the not over 60 mills. But, what then – he just explained – I am sorry.

Senator Rust: Section 19 is effective December 31, 2024. The effective dates there. And Section 18 –

Representative Owens: That was my whole point there – we are getting them up to the amount here that we are mill deduction at 60 mills. I think our problem is saying levy because we don't care about their levy, but this is in the tax code. I agree that we don't need that first sentence at all in Section 18.

Chairman Schaible: I don't disagree with you, but I am looking to the experts.

Senator Rust: Looking at Section 26, it says, Section 17 of this act is effective for taxable years beginning after December 31, 2018. Section 18 is for after 24. Does Section 17 terminate when Section 18 kicks in or not? That would be the question, right?

(34:32) **Chairman Schaible:** Yes. Maybe Sheila needs to come out and explain it.

Sheila Sandness: Section 17 and 18 amend the same section of Century Code. After 2018, and until 2024, you are going to have in Code Section 17 and then after 2024, the Code will have what is in Section 18.

Senator Rust: One terminates then.

Sheila Sandness: Exactly. The changes that are in Section 17 will go away and be replaced by the changes in Section 18. If you look at the language in Section 18, prior to amendment, it would be the same language that is in Section 17 in subsection 1 is the exact same language if you apply those changes and then go and further change it in 2018. The purpose of that was to take out that extra – the purpose of Section 18 was to take out that extra we are allowing them to levy to make up for that adjustment where we are bumping up the deduct. The purpose of Section 17 was to give them extra levying authority to levy for that adjustment that we are deduction in addition. Does that make sense?

Representative Owens: I understand and that is perfectly, exactly what we wanted was 1 establishes the 12% plus the difference if you are under sixty mills, and once they have the option to get up to 60 mills then we come back and do Section 18 and we repeal the other one. My problem here with this is the way it is originally written the board of a school district may not levy a tax not exceeding the amount of dollars' blah, blah, blah plus 12%. That is the way it stands right now. Instead, when we go back, we say, the board of a school district may not levy a tax not exceeding 60 mills. Period. So now, we have restricted them even further rather than saying may not levy a tax more than the past year plus 12%. That 60 mills need to come out of there and we need to – because we are taking them back to the 12% minus the adjustment.

(37:08) **Sheila Sandness:** Right, we could go back to the language that is in 17 prior to adding the adjustment.

Representative Owens: That is what I am getting at. We should probably just return to that.

Chairman Schaible: Yes, that is fine.

Sheila Sandness: Yes, that is fine. And the deduct is always a prior year – right?

Adam Teshler: The only issue that we could potentially run into is once we get to that 60 mills in 2024, everyone is there. The formula says deduct 60 mills. But, the tax law is still saying previous year's dollars plus 12% capped at 70 mills. Well, if we see in 2024 another significant taxable evaluation increase, we could theoretically, cap them at how much they could levy beneath 60 mills but I am still deducting 60 mills. I don't know if that would be an unintended consequence or they might only have the ability to levy 40 or 50 mills because we might see another period of really rapid taxable evaluation growth and I am not going to adjust my formula deduct because it says 60 mills as of that date. Period. We are stuck there. I don't know if you want to get rid of that 12% or somehow say they always have the ability to levy at least 60 mills no matter that – I don't know how you would want to address of it.

Chairman Schaible: I guess my suggestion is, yes, we have some valid points there, but it is a ways out there that we have time to look at it. We do have a study and we have other things on there, but I guessing that if we are going to fix the funding formula we are going to look at bases and I don't know how you would fix it with language right now. But, we have time.

(39:19) **Representative Monson:** Do we really need Section 18 at all right now? It doesn't go into effect until 2024. So, it is kind of a plan going forward, but can we just get rid of section 18? Or, replace it with a study or something?

Chairman Schaible: We have a study already.

Representative Monson: So do we even need Section 18 because it is five years out?

Chairman Schaible: We will need a Section 18 before then, but do we need it right now? Probably not.

Representative Monson: We just have to remember two years from now that we have to get – after the study, we have to fix it.

Representative Owens: Representative Monson brings up a good point. We don't absolutely need it now, but I would remind everybody this is in tax code. This is not about – this is about them levying, it is not about our mill deduct. Our mill deduct will stay at 60% and I don't think we need to change it here we are limiting them to 60 mills taxing. We should return it to the way it was minus the adjustment, but we can do that later. It is just that if this went through to 2024, all of the sudden, they are limited to 60 mills. It is not that we are telling them they have to – since we don't care what they levy – we are just going to make sure that the deduct gets to 60 to get everybody on the formula. It should just go back to the 12% and then the problem that was mentioned earlier about the rapidly advancing – we are going to have that problem regardless with some districts if all of the sudden that happened – even under current code. I agree with Representative Monson though, we could delete it and not go through this whole explanation right now and make it part of our study.

Representative Monson: This is tax code. If we delete it here, does that mean we are deleting it in the tax code so there isn't going to be a piece in tax code that will – no, we have to repeal that –

Chairman Schaible: We are just not adding this to the code. So the code would stay intact.

Representative Monson: Yes, but is this same exact language – no it isn't exactly the same language. I am saying, we've got code in this bill for education, but the tax code is saying something different, we have to coordinate these two. If it is –

(42:07) **Sheila Sandness:** If you deleted Section 18, then Section 57-15-14.2 would remain the same as it is in Section 17. It would still be in code, but the language would be the same as Section 17 going forward until you change it and get rid of where you allow them to levy that extra dollar adjustment. So that extra dollar adjustment would continue to be in this property tax code if you deleted your Section 18 from the bill. Would it be an issue? Well, there wouldn't be a dollar amount adjustment to add in, but yes, it wouldn't – the reason is with the expiration of that adjustment, we had the expiration of the additional levy that went with the adjustment in Section 18. We could change the language in Section 18 – putting it all the way back to what it was in 17 before we made the changes.

Representative Monson: So, are you recommending that we just delete Section 18 for now? Is that the simplest way to go and make sure that when this Section 17 is done and run its course, and is going to sunset, that we have to make sure we have something we have something like Section 17 or some language going forward?

Sheila Sandness: It is entirely up to you. I guess if you delete Section 18, Section 17 will have the extra amount adjustment in it. That would go forward even though there are no adjustments. Typically, when code runs its course, we tend to put expiration dates on it. I don't know Dustin do you have anything to add with that – the code reviser part of it?

Dustin Assel: Technically, Section 17 does not sunset. The way this is set up, we have effective dates for 17 and 18 and 17 becomes effective as of December 31, 2018 and then Section 18 will take its place in 2024. If you remove Section 18 from the bill, there is no expiration date on 17, so 17 just stays in effect until the point in time in the future when you decide you want to amend that section of code again and do whatever you do. It is not that this is ever going to sunset if you remove 18 from the bill. Section 17 if that goes into effect will stay in effect until the point in time when you decide to change it again.

Senator Rust: I kind of would like to see 18 stay in there. The reason is is that for one thing it is just what he stated here. Also it is kind of a warning of what is coming. I mean here is what we did. This is why we did it and when we get to here, you have some time to remember to think about the fact that we are getting there. This is kind of a warning that it is coming, whereas if you take it out, then the one goes on and on and on. I would keep it myself.

Representative Monson: If we are going to keep it, I think we have to take out the first line of Section 18. Otherwise, you are – where it talks about the board of a school district may not levy taxes not exceeding 60 mills. If you leave that in there, that is definitely not – doesn't go right with the next sentence or the next part of it. So, I would say if you are going to leave 18 in, we better take out the first line or sentence.

Senator Rust: I would say that the Legislative Session just prior to that taking affect will take care of that.

Representative Monson: I would hope it would.

Senator Rust: They will, because it will – I mean when you get to that piece, I think what the advantage of the – saying it is 60 mills is kind of to say we have this plan is that with this funding formula, the base of it is 60 mills. That is where we want to get to and that is what we are attempting to get to and that is where we are going to get to. If it is not going to work, I have a feeling that we will have all kinds of administrators coming in at that legislative session prior to it taking affect saying this needs to change and at that point in time they can probably do it.

(47:09) **Representative Owens:** I don't care if we keep 18 or not, but if we do to put it back like it was is to take out and the dollar amount of the adjustment required in section 15.1-27-4.3 is we delete on line 11 "60 mills period" for schools. And then on line 12 "districts that levy at or above 60 mills the prior year, the levy may" take that out and it returns it to the original language without the adjustment.

Chairman Schaible: You just take out that underlined section.

Representative Owens: You need not exceed at the end – you need to leave that not exceed in. Take out the underline except for the do not exceed. That returns it to where it to where it is today without that added section on the adjustment from 15.1.

Chairman Schaible: Is that right?

Dustin Assel: Well, Mr. Chairman, not going into the details of how it would operate, just purely based on the language within the markup itself, you know the language that is already in code Section one, if you remove the green language, you still have that not exceeding on line 11, so

Representative Owens: So take out the underline.

Dustin Assel: Yes, pretty much.

Chairman Schaible: That sounds like the easiest, just take out the underline section. Are there any other questions for Dustin on policy language? Before us now, we have 2265 version 05016. What I have heard, with our discussions between this morning and this afternoon is three proposed changes. One of them is Section 6 with the language that we have on this sheet. (See Att. #1). Are we in favor of adding this language that has changed in Section 6 by this sheet? I am looking for a verbal agreement or just an okay if we are okay.

Representative Monson: You said three changes? I didn't count them up. Section 6 is one.

Chairman Schaible: Let's do one at a time.

Representative Monson: I am fine with Section 6.

(50:10) **Chairman Schaible:** The next one is Section 5 would be the next Section. We have two changes there. That gets rid of an “and” and leaves the “or” and changes license with “permits.” Are we okay with Section 5 then?

Representative Owens: So, then there are four changes because we are pulling out that change.

Chairman Schaible: Well, yes. Technically. And the other one we had is on page 24. It is the last one we discussed on page 24 lines 11 and 12 to remove the underlined language. Was that the other change we had? Adam, you said you have a concern over a section?

Adam Teshner: In the section that was added that I just saw this morning – the section regarding when a district no longer offers K12 services because they have entered into a cooperative agreement – it is on page 12. On line 22, it says “Beginning with the 2021 school year the superintendent shall reduce the baseline funding for any school that eliminates grades 9 through 12 after the 2012-13 school year.” What this is when a school district enters into a cooperative agreement with another school district, they are deemed to offer all 12 grade levels, but they are contracting with another school district to service those. They are not necessarily all alike – they aren’t all K8 – I’m going to K8 and then you are going to do the K12. Some could be K6 and then 7-12 might be in a cooperative agreement and this just addresses 9-12. It could come up on a cooperative agreement like Anamoose and Drake is that says, we are going to educate all the elementary school students, district B is going to educate all the high school students. Again, those are not addressed in this particular language. I just want to make sure we are addressing all cooperative agreements and in any form that they may come in. Right now, basically, it is set up so only ones that go into a K8 and K12 type service.

(54:12) **Chairman Schaible:** What are you suggesting then?

Dustin Assel: I think we want to – and I don’t have the exact language as yet, but something like this – school districts that have reduced grade levels by entering into a cooperative agreement approved by the Department of Public Instruction. That way, it doesn’t have to specify a certain grade level. I do have some concern I will need to work around with the offered, because we do have a section in code that says if a school district is in this cooperative agreement, they are deemed to offer K12 services – even though their district may only be the K8, they are still deemed to offering K12 services because they are in the K12 services because they are in the K12 agreement. When we say offered, I just want to make sure we have some clarity between the two – that there is a difference between those two. I don’t know if I have that language quite nailed down yet.

Chairman Schaible: So, I guess we need to get the language done so we can meet tomorrow and finish.

Dustin Assel: I apologize; I just saw this amendment this morning at this morning’s meeting.

Representative Monson: I had a question mark on this page – it has virtually nothing to do with any new language, but, lines 7, 8, and 9 on page 12. Why is only electricity generated

from sources other than coal? Is coal found in another spot? I have never been in a school district that had coal, so they get to keep 100% of theirs, but –

Chairman Schaible: No, what that language means is, they were imputed 100% - they didn't get to keep any of it, so this moved them all to 75%.

Representative Monson: So, coal and everything wind, solar, everything –

Chairman Schaible: No, just this section, what this did is there were three that were at 100% and what we did is put them all at 75%. This was just a way to write it, so now they are all at 75%.

Representative Monson: I understand that, but I am just questioning the old language. Is coal exempted, are they not deducted anything? And why?

Representative Owens: I don't really remember, I knew there was something else that we get the coal tax from – they get the coal tax from a different area and it is not imputed like this. I couldn't remember because we asked the same question – I think it was even last session. I don't remember the answer now, but it works just like oil excise tax.

Representative Monson: I thought that was maybe the case, I just had a question in my head since we were on this page. I figured I might as well get my answer now.

Chairman Schaible: Ok, we have five little amendments we are waiting for language with this. What we will do is have Adam, Sheila, and Dustin work it out. We will try to meet in the morning tomorrow and get this done.

Representative Monson: There is one other change that is different than the way we sent it out and the way you sent it out. That deals with Section 21. This is now \$800,000 – the appropriation?

Chairman Schaible: You need to speak to your representatives on that side.

Representative Monson: I know how it came about, I am just pointing out that that is a difference. We had sent it out as \$600,000 –

Chairman Schaible: You also didn't have the \$200,000 in there for Reading Corps.

Representative Monson: Right.

Chairman Schaible: And that is both of them were added in there.

Representative Monson: I am just pointing it out for the record, that we do have two –

Chairman Schaible: But it was in the amendment that I brought in the first time. These were just changes that we were –

Representative Monson: Okay.

Chairman Schaible: If you guys had shown up for the rest of the policy meetings, you would have heard that –

Representative Monson: Yes, but this is appropriations. This is \$800,000. We are trying to find money – we are going the wrong direction.

Representative Owens: I kept it down from \$1.5 million.

Chairman Schaible: Ok, I am guessing they will have something together for us and I will schedule a meeting for tomorrow morning and we will go from there. With that, we are adjourned.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2265
4/24/2019
34973 (5:11)

Subcommittee
 Conference Committee

Committee Clerk: Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to the determination of state aid payable to school districts; to provide for a legislative management study; and to provide an appropriation.

Minutes:

Att. #1-19.0614.05017

Chairman Schaible called the conference committee for SB 2265 to order and roll was taken. **Senators Schaible, Rust, Marcellais, Representatives Owens, Monson, and Sanford were all present.**

Chairman Schaible: (See Att. #1) Committee I have handed out an amendment (19.0614.05017). The amendment fixes several changes we discussed at our last meeting.

Senator Rust: The first fix is on page 4, Section 5, subsection 4a. The word “or” needs to be changed to “and” because the individual needs to have a high school diploma and one of the three items in subsection 4b. With the word “or” after diploma, it indicates the individual needs only one of the five.

Chairman Schaible: I wanted to bring that up first because of the correction.

Senator Rust: It is an easy fix.

Chairman Schaible: We can do that here. Going on with the other corrections, I have highlighted on the amendments I passed out the other changes we talked about. Page 5, Section 6 we added the words “student engagement.” and deleted the word “instruction.” Those are the words that everybody agreed to. The next change is on page 8. This was the language that Adam Teshler had some issues with dealing with the K8s or the K9s or whatever way they were reorganized. I think this now fixes that. The next is on page 17, Section 18. We removed the underlined language which was in the previous version. That brings us to the current version that we are looking at right now. Are there any other sections you would like to look at or discuss any part of the bill? Everybody is ok? Is there a motion?

Representative Monson: I would move the House recede from amendment, adopt .05017 with the change on page 4 subsection 4a at the end of that sentence from “or” to “and.”

Senator Rust: Second.

Chairman Schaible: We have a motion and a second to approve SB 2265. Any further discussion?

Senator Rust: Lots of people did lots of work on SB 2265. Two committee chairmen, you guys put a lot of work into it, as well as some of the people in the background with Department of Public Instruction, the organizations – Council of Educational Leaders, School Boards Association, etc. My thanks to them for the work they did on this and for I think trying to move us to getting more schools on formula, because when you have a formula with 50% of the schools not on it, you have to ask yourself is it a very good formula? Common logic would tell you that if half the people aren't on it, it can't be a very good formula – it needs work and I think what this bill does is it moves through a period of time softening the blow somewhat for some of those schools that would have been massively been affected had you done it quicker, it is a good bill. So, my thanks to those people.

Chairman Schaible: Other discussion. Seeing none, clerk take the roll.

Roll Call Vote: 6 Yeas; 0 Nays; 0 Absent.

Motion Carries.

Senator Schaible will carry the bill in the Senate.

Representative Owens will carry the bill in the House.

Chairman Schaible: Thank you committee members for your work. Conference Committee adjourned.

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PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

That the House recede from its amendments as printed on pages 1385-1397 of the Senate Journal and pages 1582-1594 of the House Journal and that Reengrossed Senate Bill No. 2265 be amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04 and 15.1-07-34, the new section to chapter 15.1-09, as created by section 1 of Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, and sections 15.1-18-10, 15.1-21-03, 15.1-27-02,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-23, 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training, school board membership, teaching licenses, high school unit instructional time, per student payments,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", weather emergencies, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies; to repeal section 15.1-06-05 of the North Dakota Century Code, relating to applications for reconfiguration of instructional days"

Page 1, line 3, replace "legislative management study" with "a report to legislative management"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; to provide an expiration date; and to declare an emergency"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018, and continue the process in perpetuity. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

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15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy-five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~ three days of professional development not including meals or breaks.
2. ~~a.~~ For the first three days of professional development required under subdivision d of subsection 1, a day of professional development must consist of:
 - ~~(1)~~ a. Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - ~~(2)~~ b. Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - ~~(3)~~ c. Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- ~~b.~~ If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction if the dismissal will result in the school failing to meet the requirements of subdivision a of subsection 1.
4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and

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- b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. If a school district intends to operate under a school calendar that consists of four days of instruction per week, the school district shall apply and be approved for a waiver by the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

- 1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; or
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
- 2. Each school district shall report the professional development hours to the department of public instruction.
- 3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools.

SECTION 4. AMENDMENT. The new section to chapter 15.1-09, as created by section 1 of Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, is amended and reenacted as follows:

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School board membership - Prohibition.

If a tribal government has prescribed by tribal law or resolution qualifications for eligibility for ~~eandidates for public office~~ relating to criminal convictions which are more restrictive than the laws of this state, the qualifications ~~of eandidates for eligibility~~ for membership of a public school board of a school district located on tribal land may not be less restrictive than the qualifications for eligibility prescribed by tribal law or resolution for public office relating to criminal convictions. For purposes of this section, "tribal land" means that portion of the land within the exterior boundaries of an Indian reservation which is located in the state.

SECTION 5. AMENDMENT. Section 15.1-18-10 of the North Dakota Century Code is amended and reenacted as follows:

15.1-18-10. Specialty areas - Teacher qualification.

Notwithstanding the requirements of this chapter:

1. An individual may teach art, business education, computer education, a foreign language, music, physical education, special education, and technology education at any grade level from kindergarten through grade eight, provided the individual:
 - a. Is licensed to teach by the education standards and practices board;
 - b. Is approved to teach in that area by the education standards and practices board; and
 - c. Meets all requirements set forth in rule by the superintendent of public instruction.
2. An individual may teach Native American languages provided the individual is an eminence-credentialed teacher.
3. An individual may teach in the areas of trade, industry, technical occupations, or health occupations, provided the individual has been issued a license to teach in such areas by the education standards and practices board.
4. An individual may teach in any subject, except elementary education, special education, mathematics, science, language arts, and social studies, if the individual:
 - a. Has a permit issued by the board and has a high school diploma; and
 - b. (1) Possesses at least four thousand hours over five years of relevant work experience in the subject area to be taught;
 (2) Possesses a certificate, permit, or degree in the subject area to be taught; or
 (3) Achieves a passing score on the Praxis content test.

SECTION 6. AMENDMENT. Section 15.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

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15.1-21-03. High school unit - Instructional time.

1. Except as provided in subsection 2, each unit must consist of at least one hundred twenty hours of instructionstudent engagement per school calendar.
2. The following units must consist of at least one hundred fifty hours of instructionstudent engagement per school calendar: natural sciences, agriculture, business and office technology, marketing, diversified occupations, trade and industrial education, technology education, and health careers.
3. The hour requirements of this section are subject to reductions resulting from the holidays and nonstudent contact days provided for in section 15.1-06-04.
4. This section does not apply to schools or school districts having block schedules approved by the superintendent of public instruction.

SECTION 7. AMENDMENT. Section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-02. Per student payments - Required reports.

1. The superintendent of public instruction may not forward state aid payments to a school district beyond the September payment unless the district has filed the September tenth fall enrollment report with the superintendent.
2. The superintendent of public instruction may not forward state aid payments to a school district beyond the October payment unless the district has filed the following with the superintendent:
 - a. The June thirtieth student membership and attendance report;
 - b. An annual school district financial report; and
 - c. ~~The September tenth fall enrollment report; and~~
 - d. The personnel report forms for licensed and nonlicensed employees.
- 2.3. On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

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Page 3, after line 15, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students

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in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; ~~and~~
 - n. ~~0.50~~ 0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

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Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, after line 7, insert;

"e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter."

Page 5, line 8, after "2." insert "a."

Page 5, line 8, overstrike "total"

Page 5, line 8, after "funding" insert "determined in subsection 1"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, after line 10, insert:

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

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

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "~~2019-20~~" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike lines 13 and 14 and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "~~2020-21~~" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

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Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter" with " , not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert " , and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert " , adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

- (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and
 - (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts

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meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 11. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 12. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to

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subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 13. AMENDMENT. Section 15.1-27-23 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid payments to school districts.

1. ~~The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.~~
2.
 - a. ~~The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.~~
 - b. ~~The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.~~
3. If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction establish the length of a period, day, and week in accordance with the requirements of section 15.1-06-04. If a public school or school district is closed or provides less than a full day of instruction, the public school or school district shall reschedule those hours to ensure students receive at least the minimum number of instructional hours required by subdivision a of subsection 1 of section 15.1-06-04.

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- 4.2. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.
- 5. ~~The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.~~

SECTION 14. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

- 1. Average daily membership is calculated at the conclusion of the school year by adding the total number of dayshours that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of dayshours that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar~~Nine hundred sixty-two and one-half hours for elementary school students; or
 - b. ~~One hundred eighty-two~~thousand fifty hours for middle and high school students.
- 2. ~~For purposes of calculating average daily membership, all students are deemed to be in attendance on:~~
 - a. ~~The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;~~
 - b. ~~The two~~three ~~days set aside for professional development activities under section 15.1-06-04; and~~
 - e. ~~The two full days, or portions thereof, during which parent teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent teacher conferences held outside regular school hours.~~
- 3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program

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may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 15. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in~~

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~~cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~

- ~~6.~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7.6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 16. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

- 1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
- 2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.

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- d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
- e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
- 3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 17. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

- 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

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3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 18. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

SECTION 19. REPEAL. Section 15.1-06-05 of the North Dakota Century Code is repealed."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 21. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. At the beginning of the biennium, each eligible school may receive a grant disbursement for kindergarten through grade five based on the average daily membership of the school. Upon request, the department of public instruction shall award an eligible school a music education grant. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, line 5, replace "funding" with "matching funds"

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Page 8, line 7, remove "as matching funds for AmeriCorps funding"

Page 8, line 10, replace "**LEGISLATIVE MANAGEMENT**" with "**EDUCATION FUNDING FORMULA** -"

Page 8, line 10, after the second boldfaced period insert "There is created an education funding formula review committee."

Page 8, line 11, replace "legislative management" with "education funding formula review committee"

Page 8, line 11, remove "consider studying minimum and maximum payments to school"

Page 8, line 12, replace "districts included in the state school aid" with "study the kindergarten through grade twelve education funding"

Page 8, line 12, remove "how school districts could be"

Page 8, remove line 13

Page 8, line 14, replace "transitioning from the minimum and maximum payments" with "the components, adjustments, and weighting factors of the formula. The membership of the committee consists of the chairmen of the standing education committees of the house of representatives and the senate; three additional members of the senate, two of which must be appointed by the majority leader of the senate and one of which must be appointed by the minority leader of the senate; and three additional members of the house of representatives, two of which must be appointed by the majority leader of the house of representatives and one of which must be appointed by the minority leader of the house of representatives. Members appointed to the committee must have a secure knowledge of the current kindergarten through grade twelve funding formula"

Page 8, line 14, replace "legislative management" with "committee"

Page 8, after line 16 insert:

"SECTION 24. STUDY - EFFECT OF IMPACT AIDE ON THE FUNDING FORMULA. During the 2019-20 interim, the department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council, shall study the effect of impact aide on the funding formula to reservation schools. The department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council shall report their findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 25. ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE MANAGEMENT. The education standards and practices board shall provide the legislative management a status report during the 2019-20 interim and during the 2021-22 interim regarding the number of teacher permits issued under an alternative teacher certification program, the effectiveness of the program, the quality of instruction provided under the program, and whether the program is accomplishing desired objectives. The report must include a recommendation regarding continuation of the program."

Page 8, line 17, replace "1" with "8"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

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Page 8, line 17, after the period insert "Section 9 of this Act becomes effective on July 1, 2021.
Section 17 of this Act is effective for taxable years beginning after December 31, 2018.
Section 18 of this Act is effective for taxable years beginning after December 31, 2024.
Section 11 of this Act becomes effective on July 1, 2025.

SECTION 27. EXPIRATION DATE. Section 12 of this Act is effective through June 30, 2025, and after that date is ineffective.

SECTION 28. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

Date: _____

Roll Call Vote #: _____

**2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2265 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments**
 - SENATE accede to House Amendments and further amend**
 - HOUSE recede from House amendments**
 - HOUSE recede from House amendments and amend as follows**

 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Senators	4-16	4-23 AM	4-23 PM	Yes	No		Representatives	4-16	4-23 AM	4-23 PM	Yes	No
Chairman Schaible	x	x	✓				Representative Owens	x	x	✓		
Senator Rust	x	x	✓				Representative Monson	x	x	✓		
Senator Marcellais	x	x	✓				Representative Sanford	x	x	✓		
Total Senate Vote							Total Rep. Vote					

Vote Count Yes: _____ No: _____ Absent: _____

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4-24-19

Roll Call Vote #: 1

**2019 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2265 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Rep Monson Seconded by: Sen Rust

Senators	4-24		Yes	No	Representatives	4-24		Yes	No
Chairman Schaible	✓	✓			Representative Owens	✓		✓	
Senator Rust	✓	✓			Representative Monson	✓		✓	
Senator Marcellais	✓	✓			Representative Sanford	✓		✓	
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Sen. Schaible House Carrier Rep Owens

LC Number 19.0614 . 05018 of amendment

LC Number 19.0614 . 08000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.0614.05018
Senate Carrier: Schaible
House Carrier: Owens

REPORT OF CONFERENCE COMMITTEE

SB 2265, as reengrossed: Your conference committee (Sens. Schaible, Rust, Marcellais and Reps. Owens, Monson, Sanford) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1385-1397, adopt amendments as follows, and place SB 2265 on the Seventh order:

That the House recede from its amendments as printed on pages 1385-1397 of the Senate Journal and pages 1582-1594 of the House Journal and that Reengrossed Senate Bill No. 2265 be amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04 and 15.1-07-34, the new section to chapter 15.1-09, as created by section 1 of Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, and sections 15.1-18-10, 15.1-21-03, 15.1-27-02,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-23, 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training, school board membership, teaching licenses, high school unit instructional time, per student payments,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", weather emergencies, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies; to repeal section 15.1-06-05 of the North Dakota Century Code, relating to applications for reconfiguration of instructional days"

Page 1, line 3, replace "legislative management study" with "a report to legislative management"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; to provide an expiration date; and to declare an emergency"

Page 1, after line 5, insert:

"SECTION 1. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018, and continue the process in perpetuity. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

Insert LC: 19.0614.05018
Senate Carrier: Schaible
House Carrier: Owens

SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. ~~At least one hundred seventy-five days~~ nine hundred sixty-two and one-half hours of instruction ~~for elementary school students and one thousand fifty hours of instruction for middle and high school students;~~
 - b. Three holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. ~~At least two~~ three days of professional development not including meals or breaks.
2. ~~a-~~ a- ~~For the first three days of professional development required under subdivision d of subsection 1, a day of professional development must consist of:~~
 - ~~(1)~~ a- Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - ~~(2)~~ b- Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - ~~(3)~~ c- Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- ~~b-~~ ~~If a school district offers a four hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one half day of instruction to students. This subdivision does not apply unless the one half day of instruction equals at least one half of the time required for a full day of instruction, as defined in this section.~~
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction if the dismissal will result in the school failing to meet the requirements of subdivision a of subsection 1.
4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and

Insert LC: 19.0614.05018
Senate Carrier: Schaible
House Carrier: Owens

- b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
- 5. If a school district intends to operate under a school calendar that consists of four days of instruction per week, the school district shall apply and be approved for a waiver by the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

- 1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; or
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
- 2. Each school district shall report the professional development hours to the department of public instruction.
- 3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools.

SECTION 4. AMENDMENT. The new section to chapter 15.1-09, as created by section 1 of Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, is amended and reenacted as follows:

Insert LC: 19.0614.05018
Senate Carrier: Schaible
House Carrier: Owens

School board membership - Prohibition.

If a tribal government has prescribed by tribal law or resolution qualifications for eligibility for ~~candidates for public office~~ relating to criminal convictions which are more restrictive than the laws of this state, the qualifications of ~~candidates for~~ eligibility for membership of a public school board of a school district located on tribal land may not be less restrictive than the qualifications for eligibility prescribed by tribal law or resolution for public office relating to criminal convictions. For purposes of this section, "tribal land" means that portion of the land within the exterior boundaries of an Indian reservation which is located in the state.

SECTION 5. AMENDMENT. Section 15.1-18-10 of the North Dakota Century Code is amended and reenacted as follows:

15.1-18-10. Specialty areas - Teacher qualification.

Notwithstanding the requirements of this chapter:

1. An individual may teach art, business education, computer education, a foreign language, music, physical education, special education, and technology education at any grade level from kindergarten through grade eight, provided the individual:
 - a. Is licensed to teach by the education standards and practices board;
 - b. Is approved to teach in that area by the education standards and practices board; and
 - c. Meets all requirements set forth in rule by the superintendent of public instruction.
2. An individual may teach Native American languages provided the individual is an eminence-credentialed teacher.
3. An individual may teach in the areas of trade, industry, technical occupations, or health occupations, provided the individual has been issued a license to teach in such areas by the education standards and practices board.
4. An individual may teach in any subject, except elementary education, special education, mathematics, science, language arts, and social studies, if the individual:
 - a. Has a permit issued by the board and has a high school diploma; and
 - b. (1) Possesses at least four thousand hours over five years of relevant work experience in the subject area to be taught;
 - (2) Possesses a certificate, permit, or degree in the subject area to be taught; or
 - (3) Achieves a passing score on the Praxis content test.

SECTION 6. AMENDMENT. Section 15.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-03. High school unit - Instructional time.

1. Except as provided in subsection 2, each unit must consist of at least one hundred twenty hours of ~~instruction~~ student engagement per school calendar.
2. The following units must consist of at least one hundred fifty hours of ~~instruction~~ student engagement per school calendar: natural sciences, agriculture, business and office technology, marketing, diversified occupations, trade and industrial education, technology education, and health careers.
3. The hour requirements of this section are subject to reductions resulting from the holidays and nonstudent contact days provided for in section 15.1-06-04.
4. This section does not apply to schools or school districts having block schedules approved by the superintendent of public instruction.

SECTION 7. AMENDMENT. Section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-02. Per student payments - Required reports.

1. The superintendent of public instruction may not forward state aid payments to a school district beyond the September payment unless the district has filed the September tenth fall enrollment report with the superintendent.
2. The superintendent of public instruction may not forward state aid payments to a school district beyond the October payment unless the district has filed the following with the superintendent:
 - a. The June thirtieth student membership and attendance report;
 - b. An annual school district financial report; and
 - c. ~~The September tenth fall enrollment report; and~~
 - d. The personnel report forms for licensed and nonlicensed employees.
- ~~2-3.~~ On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove " ; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty

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- students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; ~~and~~
 - n. ~~0.500.60~~ the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, after line 7, insert;

"e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter."

Page 5, line 8, after "2." insert "a."

Page 5, line 8, overstrike "total"

Page 5, line 8, after "funding" insert "determined in subsection 1"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, after line 10, insert:

"b. For any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the district's baseline funding per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the

school district becomes an elementary district and for each year thereafter.

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

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "~~2019-20~~" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike lines 13 and 14 and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "~~2020-21~~" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter" with "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:"

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by

the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 11. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 12. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to

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subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 13. AMENDMENT. Section 15.1-27-23 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid payments to school districts.

1. ~~The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.~~
2. a. ~~The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.~~
b. ~~The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.~~
3. ~~If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction establish the length of a period, day, and week in accordance with the requirements of section 15.1-06-04. If a public school or school district is closed or provides less than a full day of instruction, the public school or school district shall reschedule those hours to ensure students receive at least the minimum number of instructional hours required by subdivision a of subsection 1 of section 15.1-06-04.~~

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- 4.2. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.
5. ~~The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.~~

SECTION 14. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of ~~days~~hours that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of ~~days~~hours that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar~~Nine hundred sixty-two and one-half hours for elementary school students; or
 - b. ~~One hundred eighty-two~~thousand fifty hours for middle and high school students.
2. ~~For purposes of calculating average daily membership, all students are deemed to be in attendance on:~~
 - a. ~~The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;~~
 - b. ~~The two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. ~~The two full days, or portions thereof, during which parent teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent teacher conferences held outside regular school hours.~~
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education

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program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 15. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public~~

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~~instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross-border attendance of students under this section.~~

- ~~6-~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7-6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8-7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 16. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
 - d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or

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- (2) One hundred fifty percent of the state average full cost of education per student.
- e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 17. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of

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tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 18. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

SECTION 19. REPEAL. Section 15.1-06-05 of the North Dakota Century Code is repealed."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 21. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. At the beginning of the biennium, each eligible school may receive a grant disbursement for kindergarten through grade five based on the average daily membership of the school. Upon request, the department of public instruction shall award an eligible school a music education grant. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, line 5, replace "funding" with "matching funds"

Page 8, line 7, remove "as matching funds for AmeriCorps funding"

Page 8, line 10, replace "**LEGISLATIVE MANAGEMENT**" with "**EDUCATION FUNDING FORMULA -**"

Page 8, line 10, after the second boldfaced period insert "There is created an education funding formula review committee."

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Page 8, line 11, replace "legislative management" with "education funding formula review committee"

Page 8, line 11, remove "consider studying minimum and maximum payments to school"

Page 8, line 12, replace "districts included in the state school aid" with "study the kindergarten through grade twelve education funding"

Page 8, line 12, remove "how school districts could be"

Page 8, remove line 13

Page 8, line 14, replace "transitioning from the minimum and maximum payments" with "the components, adjustments, and weighting factors of the formula. The membership of the committee consists of the chairmen of the standing education committees of the house of representatives and the senate; three additional members of the senate, two of which must be appointed by the majority leader of the senate and one of which must be appointed by the minority leader of the senate; and three additional members of the house of representatives, two of which must be appointed by the majority leader of the house of representatives and one of which must be appointed by the minority leader of the house of representatives. Members appointed to the committee must have a secure knowledge of the current kindergarten through grade twelve funding formula"

Page 8, line 14, replace "legislative management" with "committee"

Page 8, after line 16 insert:

"SECTION 24. STUDY - EFFECT OF IMPACT AIDE ON THE FUNDING FORMULA. During the 2019-20 interim, the department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council, shall study the effect of impact aide on the funding formula to reservation schools. The department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council shall report their findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 25. ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE MANAGEMENT. The education standards and practices board shall provide the legislative management a status report during the 2019-20 interim and during the 2021-22 interim regarding the number of teacher permits issued under an alternative teacher certification program, the effectiveness of the program, the quality of instruction provided under the program, and whether the program is accomplishing desired objectives. The report must include a recommendation regarding continuation of the program."

Page 8, line 17, replace "1" with "8"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the period insert "Section 9 of this Act becomes effective on July 1, 2021. Section 17 of this Act is effective for taxable years beginning after December 31, 2018. Section 18 of this Act is effective for taxable years beginning after December 31, 2024. Section 11 of this Act becomes effective on July 1, 2025.

SECTION 27. EXPIRATION DATE. Section 12 of this Act is effective through June 30, 2025, and after that date is ineffective.

Insert LC: 19.0614.05018
Senate Carrier: Schaible
House Carrier: Owens

SECTION 28. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

Reengrossed SB 2265 was placed on the Seventh order of business on the calendar.

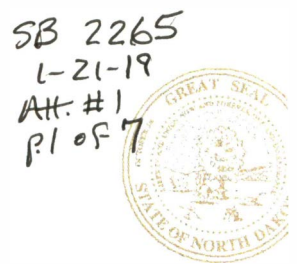
2019 TESTIMONY

SB 2265



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Donald Schaible

District 31
9115 Highway 21
Mott, ND 58646-9200

R: 701-824-3168
dgschaible@nd.gov

COMMITTEE:

Education, Chair:
Energy and Natural Resources

Good Morning Chairman Fors and the Senate Education Committee. For the record, I am Senator Don Schaible, representing District 31 and I am here before you this morning to introduce SB2265 which suggests changes to our K-12 funding formula.

I would like to apologize in advance for I may be jumping around to different sections of this bill with an intent of explaining the changes by topic and not in the order of the language in the bill. I hope this helps and if not, we will straight it out with questions.

For reference purposes I have included a "State Aid to Schools Payments Worksheet for North Boarder Public Schools District 34-100. I will also be referring the 3rd page of the fiscal note which I have also included in my testimony

In Lieu Of

Section 1 page 1, line 7 explains the baseline that was created by this formula which is calculated from all the state aid they received from the 2012-13 school year. The changes suggested are in this section starting on page 1, line 22 with the sub section F. This section would change all the "Contributions From Other Local Revenue", the part where all of the In-Lieu Taxes are and require them to all be at 75%. If you would refer to payment works sheet example, this list is on

page 2 in Section B and if you would notice on line 38 and 39 Mobile Home, Other P. 2 of 7
In-Lieu Taxes and Telecommunications would now be changed to 75% deduction and would allow the school district to keep 25%. As this committee has been discussing the In-Lieu percentages, any changes in the percentage is a shift from where the money goes and in in this case it means less money for the state and more being kept by the school district. In the example provided, North Border would keep \$14119.42. With discussions that has been going on for several years on what is the right percentage, I would suggest that 75% seems to be the number that most would agree on and if that is the case it makes sense to make them all at 75%.

Per Pupil Payment

Starting on page 3 line 7 in sub section 3, per pupil payments would be increased from our current payment of \$9646 to \$9839 for the 2019-20 school year and to \$10,036 for the 2020-21 school year. This is a 2% and a 2% increase. If you would refer to page 3 of the fiscal note this change would add \$66,310,261.00 to our schools funding. With the cost of continue the total increase in per pupil funding is just short of a \$120 million.

Maximum and Minimum Protections

There has been a lot of discussion about the Maximum and Minimum protections that we have had in place for our school districts since 2013 with the funding formula. These protections where put into place to protects school with stagnate or declining enrollment with our student driven formula not to be adversely hurt too badly or to be too lucrative to some school. Sitting in one of these chairs since 2011 I don't think we could foresee the effect of putting permeant protections in place and the cost that it would incur. I believe we need to be sympathetic to our schools that are losing population but not in the way that our current system is working. We have schools that are receive way more than

the \$9646 payment and some as some as much as \$15,000 to \$20,000 a student. I don't believe that is fair to other schools, students or to the state. (\$15355.52 for North Border)

What is suggested in this bill, starting on page 3 line 23 of the bill, would reduce that protection by 5% the second year of the biennium (2020-2021). By doing this only the second year of the biennium gives schools time to prepare and budget. The way the bill reads currently, 5% of line 29 of the provided payment worksheet would be reduced. After running some numbers that would create a larger hardship then was intended. A 5% reduction of line 28 page 1 of the worksheet is more of what I had in mind and I will be offering that amendment. If you refer to the payment worksheet example, on page 1 the reduction would be \$107,838 and not the \$290,027 in this example. The bill continues to suggest that after the 2021 that a 15% reduction would be taken every year. Now I am not sure that is the correct approach, but if you notice in the Section 3 on page 5 of the bill it says legislative management shall consider an interim study to address these issues. So, the real intention was to suggest a modest reduction of 5% to get this idea started, to have a study to find to best solution to this problem and if that does not happen, the minimum protections would go away in 7 years. I believe that by starting with this modest reduction would bring serious discussion to the table and I know there are many that would like to see a faster reduction of these protections, but I feel this is a reasonable approach to this problem.

On Time Funding

This bill would allow for schools to go to on-funding of school districts the second year of the biennium. We currently pay schools on last year's enrollment but with the rapid growth of additional students we have placed a large fiscal burden on our schools. Starting one page 3 line 25 of the bill, on-time funding would be allowed for the 2020-21 school year. The reason for only doing the second year of the

biennium is mostly the cost and what we can afford. If you would refer to the 3rd page of the fiscal note show that on-time funding would cost just under \$35 million. To do both years would double that amount and with limited revenue I believe this to be a good compromise. If you would refer to page 4 line 30 of the bill this language continues the rapid enrollments grants in the first year of the biennium that we have used in the past. This way school with rapid enrolments are receiving modest help the first year.

Now not all schools have increased enrollment and by paying on last year's enrollment is a benefit to those schools. The language of the bill on page 3, starting on line 11 provides a school to choose between the better of spring and fall enrollment and this is similar to language that we have used prior to the funding formula that we have. Again, on page 3 of this bill I know we need to have better language to accomplish this and I will also have amendment to fix that language, but I believe we have the idea what is intended.

I am sure now everyone fully that everyone understands this bill, and no one would have any questions, but if not, I will try to explain.



STATE AID TO SCHOOLS PAYMENT WORKSHEET

North Dakota Department of Public Instruction
Office of School Finance and Organization

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District Name North Border 100	County District Number 34-100	Payment Month January	School Year 2018-19
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A. STATE AID FORMULA:

Student membership includes regular school year average daily membership (ADM). ADM for students attending school in Montana and Minnesota (NDCC 15.1-29.01), South Dakota students attending school in North Dakota (NDCC 15.1-29.02.1) under cross border attendance agreements, and students in private or out-of-state placements for purposes other than education (NDCC 15.1-29-14) are also included.

Student Membership

	ADM	Weighting Factor	Weighted ADM
1 Pk Special Education	0.00	1.000	0.00
2 Kindergarten	28.78	1.000	28.78
3 Grade 1-8	137.91	1.000	137.91
4 Grade 7-8	39.18	1.000	39.18
5 Grade 9-12	106.63	1.000	106.63
6 Alternate High School	0.00	1.000	0.00
7 Total Average Daily Membership (ADM)			312.50

Other Program Membership

8 Alt High School (from line 6)	0.00	0.250	0.00
9 Special Ed ADM (from line 7)	312.50	0.082	25.63
10 PK Special Ed ADM (from line 1)	0.00	0.170	0.00
11 Regional Educational Association (if member from line 7)	312.50	0.002	0.63
12 ELL Level 1	0.00	0.400	0.00
13 ELL Level 2	0.00	0.280	0.00
14 ELL Level 3	0.00	0.070	0.00
15 At Risk	117.50	0.025	2.94
16 Home-Education (district supervised)	0.00	0.200	0.00
17 Alt Middle School	0.00	0.150	0.00

Summer Programs

18 Summer School	2.28	0.600	1.37
19 Special Ed ESY	0.00	1.000	0.00

Isolated School District

20 > 275 sq miles and < 100 ADM	0.00	0.100	0.00
21 > 600 sq miles and < 50 ADM	0.00	1.100	0.00

22 Total Weighted Average Daily Membership (Add Lines 7 through 21)			343.07
23 School District Size Weighting Factor			1.1011
24 Total Weighted Student Units			377.75
25 Per Student Payment Rate			9,646.00
26 Total Formula Payment			3,643,776.50

Formula Adjustments

27 Transition Maximum Adjustment (from line 65)	5,947,420.66	0.00	
28 Transition Minimum Adjustment (from line 70)	5,800,546.71	2,156,770.21	
29 Total Adjusted Formula Amount (total lines 26, 27 and 28)		5,800,846.71	
30 Contribution from Property Tax (from line 45)		1,603,420.14	
31 Contribution from Other Local Revenue (from line 39)		74,899.64	
32 State Aid Payment (line 29 minus lines 30 and 31)		4,122,226.93	

\$ 107839.51
\$ 290027.34

State School Aid Summary

	Entitlement	EFB Offset	Net Entitlement
1 State Aid Formula Payment (from line 32)	4,122,226.93	-	4,122,226.93
2 Transportation (from line 61)	83,023.44	-	83,023.44
3 State Child Placement	-	-	-
4 Special Education Contracts - Agency	-	-	-
5 Special Education Contracts - School Placed	-	-	-
6 Special Education - Boarding	-	-	-
7 Special Education - Gifted and Talented	-	-	-
Total State Aid	4,205,250.37	-	4,205,250.37

Excess Fund Balance Offset (from line 49)

-

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B. CONTRIBUTION FROM OTHER LOCAL REVENUE

	Total Revenue	Percent	
33 1300 Tuition	7,949.93	75%	5,962.45
34 2999 County	-	75%	-
35 US Flood	-	75%	-
36 Electric Generation, Distribution and Transmission Tax	16,612.65	75%	12,459.49
37 Mobile Home and Other In-Lieu Taxes	19,610.06	100%	19,610.06
38 Telecommunications	36,867.64	100%	36,867.64
39 Contribution from Other Local Revenue			74,899.64

707.55

14707.55
27650.73
9216.91
14119.42

Keep

C. CONTRIBUTION FROM PROPERTY TAX

40 District Taxable Valuation		26,723,669.00
41 Contribution Mill Rate		60.00
42 Contribution from Property Tax (line 40 times line 41 divided by 1000)		1,603,420.14
43 Minimum Local Effort Adjustment (NDCC 15.1-27-04.2)	-	-
44 Maximum Contribution Increase Adjustment (NDCC 15.1-27-04.1.4.a.)	1,814,383.54	-
45 Adjusted Contribution from Property Tax (total lines 42, 43 and 44)		1,603,420.14

D. EXCESS FUND BALANCE OFFSET

46 General Fund Ending Balance	1,805,297.75
47 General Fund Expenditures	6,820,905.82
48 35% of General Fund Expenditures + \$50,000	2,437,317.04
49 Excess Fund Balance Offset (line 46 minus line 48, if less than zero enter zero)	-

E. TRANSPORTATION WORKSHEET

Transportation Statistics	Rate	Miles	Rides	Total
50 Small Bus Miles	0.520	-	-	-
51 Large Bus Miles	1.110	67,584.0	-	75,018.24
52 Rural Rides	0.300	-	26,684	8,005.20
53 Small In-City Miles	0.520	-	-	-
54 Large In-City Miles	1.110	-	-	-
55 In-City Rides	0.300	-	-	-
56 Family - To School	0.250	-	-	-
57 Family - To Bus	0.250	-	-	-
58 Not Reimbursable	-	-	-	-
59 Total Transportation Reimbursement				83,023.44
60 Reimbursement Cap -- 90% of transportation expenditures				184,786.94
61 Block Grant Total (lesser of 90% cap or total)				83,023.44

F. BASELINE FUNDING - MINIMUM AND MAXIMUM PAYMENTS

62 Baseline Funding (2012-13 State Aid Formula Payment, MLRG, GF levies and 75%-100% In-lieu)	5,800,546.71
63 Baseline Weighted Student Units (2012-13)	515.79
64 Baseline Funding Rate	\$11,245.95

Adjustment for Maximum	Baseline Funding Rate	Maximum Percent	Weighted Student Units	
65 Maximum Increase Amount	\$11,245.95	140%	377.75	5,947,420.66

Adjustment for Minimum	Baseline Funding Rate	Minimum Percent	Weighted Student Units	
66 Minimum Increase Per Student	\$11,245.95	108%	377.75	4,588,010.22
67 Baseline Funding (from line 62)				5,800,546.71
68 Minimum Funding Percentage				100%
69 Minimum Funding Amount				5,800,546.71
70 Minimum Increase Amount (greater of line 66 and 69)				5,800,546.71

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Fiscal Note SB 2265

House - Original

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Add Rate Changes	66,310,261
Adjust Transition Minimum	(10,343,140)
2020-21 On Time Funding	34,894,849
Total Expenditures	<u>2,079,691,507</u>
Increase over 2015-17 Base Level Funding	144,487,344
Rapid Enrollment Grants	3,000,000
Total Expenses	2,082,691,507
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,036

*Includes student projections and taxable valuation changes

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SB 2265 Testimony

Chairman Schaible and members of the committee, for the record my name is Brandt Dick, Superintendent of Underwood School District, North Dakota Small Organized Schools's President, and North Dakota Association of School Administrators Legislative Focus Group finance member. I am here to speak in support of SB 2265 with some concerns for those school districts that are not on the formula.

It is appreciated that this bill provides a 2% increase in the baseline funding each of the next two years. It is also good that in 2020-21, this bill provides on-time funding.

The concerns come with the reality that this is the first time with the new formula that an increase in the per pupil payment does not increase transition minimums. In line 25 on page 3, this is set at 108% because each of the last four years that the per pupil payment increased by 3%, the baseline funding increased by 2% for those that were on the transition minimum. This was to slowly get schools on the formula. The result of this language as well as language in line 29 and 30 means that for those districts that are not on the formula (roughly 90 school districts, 20% of students) will see 4 years of no increase, and year 5 will see a 5% decrease in amount above what they would get if they were on the formula. We are grateful for the 5% decrease in this bill as compared to the Governor's request of 20% decrease.

We do also appreciate the language in this bill to do a study of the school districts that are in the situation of transition minimums and maximums and find best ways to transition them to the formula.

One of the main challenges of holding these 90 districts to present funding is that the ability to provide increases in salaries will be difficult, and will cause us to fall farther behind in salaries to larger school districts who will see new money they can put towards salaries. This will make it that much more difficult to find applicants for teaching positions than what is our present reality.

I do understand the equity argument of school districts on the formula compared to those that are not on the formula, and do feel a study is the best way to address these concerns and allow time for those districts to adjust their budgets. I will stand for questions.

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P 10ft

Annie
COPAS



NDCEL

Testimony in support of SB 2265 – School Funding

Good morning members of the committee, I am here representing NDCEL and school leaders by supporting SB2265.

This bill acknowledges challenges within our school funding model currently with regard to on-time funding while caring for our declining enrollment districts, an attempt at increasing the per-pupil payment, and it does also encourages a much needed study on a portion of our school funding formula.

In the past biennium due to funding challenges, the per-pupil payment remained the same. During that time, schools experienced a myriad of challenges along with that, including for example, increasing staffing costs by honoring contracts already in place, increased costs due to behavioral and mental health challenges, many districts with increasing enrollment and still experiencing a funding mechanism that doesn't recognize those students until the next year.

While the 2% per pupil payment increase doesn't solve all the problems it is a much needed shot in the arm of school district funding. The added piece of legislators finding the methodology and the dollars to get schools to a funding model where we can fund our schools on time while subsequently care for our declining enrollment districts is a goal potentially met that has been almost 10 years in coming. This model ensures that there are none of the "phantom students" that were a problem of the past as well.

It is worth emphasizing that this bill also begins to crack open the door regarding our schools that have been held harmless. These districts will see a 5% decrease in their amount above the formula in their held harmless category. I hope we can all recognize that this will be very challenging for these districts. Many of these districts struggle to survive even in their held harmless modality, so taking a cut will be significant. The Legislative Focus Group has been studying the formula and has recognized that if there is a true goal to get all schools on the formula, a deep dive study is needed on a variety of fronts to get us there equitably. Included in this study should likely be weighting factors, in-lieu, transition minimums and maximums, and getting all schools to the be on pace with the 60 mill deduct so the funding model works as it should and the legislature through a strong economy can be able to support the needed ongoing adjustment to the per-pupil dollar amount.

We've appreciated partnering with the legislature in these important conversations and we respectfully request that we be at the table again if this is a selected study.

NDCEL recommends a DO PASS of SB2265.

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1-21-19
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**TESTIMONY ON SB 2265
SENATE EDUCATION COMMITTEE**

January 21, 2019

**By: Adam Tescher, Director School Finance and Organization
701-328-3291
Department of Public Instruction**

Mr. Chairman and Members of the Committee:

Good morning, my name is Adam Tescher, Director of School Finance and Organization for the Department of Public Instruction. The last paragraph on page 3 indicates school districts will be paid using the greater of the district's weighted student units from the previous school year or the current school year. This language is also used on the top of page 4. Subsection 6 on page 4 says that a school district's payment will be adjusted to the average daily membership of the current year during the following school year. If a district has declining enrollment, and DPI uses the previous year's weighted student units to calculate the payment, a larger adjustment may need to be made the following school year when DPI recalculates the payment using the final numbers for the current year.

The fiscal note for SB 2265 indicates cost increases and decreases for each adjustment to the funding formula. I just want to clarify that these costs are not independent of each other. For example, a change to the rate increases of 2% each year of the biennium would change the transition minimum adjustment costs as well as the cost for on time funding.

19.0614.03001
Title.

Prepared by the Legislative Council staff for *A# #1*
Senator Davison
January 29, 2019 *p. 1 of 1*

*SB 2265
1-29-19*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 5, after line 24, insert:

"SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing funding to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading as matching funds for AmeriCorps funding, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend the appropriated funds only as authorized in this section."

Renumber accordingly

19.0614.03002
Title.

Prepared by the Legislative Council staff for
Senator Rust

January 28, 2019

SB 2265
1-29-19
AM #1
p. 1 of 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 4, line 16, overstrike "subdivision f of subsection 1 and one hundred"

Page 4, line 17, overstrike "percent of all revenues listed in"

Page 4, line 17, overstrike "subdivision"

Page 4, line 17, after "f" insert "subdivisions f and"

Renumber accordingly

January 29, 2019

SB 2265
1-30-19
Att #1
p 1 of 4

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

Page 1, line 1, replace "section" with "sections 15.1-27-03.1 and"

Page 1, line 2, after "of" insert "weighted average daily membership and"

Page 1, line 3, remove "and"

Page 1, line 3, after "appropriation" insert "and to provide an effective date"

Page 1, after line 5, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;

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A#.#1
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- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.]; and
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1;
- n. 1.00 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership; and
- o. For districts paid based on September tenth enrollment in the prior year, 1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 1.00 the number of excess students.

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

Page 3, line 9, overstrike (1)

Page 3, line 11, overstrike (a) and insert immediately thereafter (1)

Page 3, line 14, overstrike (b) and insert immediately thereafter (2)

Page 3, overstrike line 16

Page 3, line 17, overstrike "not exceed one hundred"

Page 3, line 17, remove "forty-five"

Page 3, line 17, overstrike "percent of the district's baseline"

Page 3, overstrike lines 18 and 19

Page 3, line 21, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The"

Page 3, line 21, after "units" insert "multiplied"

Page 3, line 22, overstrike the period

Page 3, overstrike line 23

Page 3, overstrike line 24 and insert immediately thereafter ": or

(2) The amount in paragraph 1 plus the greater of:"

Page 3, line 27, remove "greater of the"

Page 3, line 28, remove "or the current school year, with the product of this"

Page 3, line 29, replace "calculation" with "less the amount in paragraph 1, with the difference"

Page 4, line 2, after "1" insert "less the amount in paragraph 1"

Page 4, line 2, after the underscored comma insert "with the difference"

Page 4, line 3, after "thereafter" insert: ":

c. The superintendent also shall adjust state aid determined in this subsection:

(1) In 2019-20, to ensure the amount does not exceed one hundred forty-five percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year"

Page 4, line 4, overstrike "The superintendent also shall adjust the product" and insert immediately thereafter "In 2020-21,"

Page 4, line 4, overstrike "product" and insert immediately thereafter "amount"

Page 4, line 7, remove "greater of the"

Page 4, line 8, remove "or the current school year"

Page 4, line 15, overstrike "revenues" and insert immediately thereafter "revenue types"

Page 4, line 16, overstrike "subdivision f of subsection 1 and one hundred"

Page 4, line 17, overstrike "percent of all revenues listed in"

Page 4, line 17, overstrike "subdivision"

Page 4, line 17, after "f" insert "subdivisions f and"

Page 4, line 24, remove "The superintendent of public instruction shall recalculate the actual"

Page 4, remove lines 25 through 28

Page 5, after line 31, insert:

"SECTION 5. EFFECTIVE DATE. Section 1 of this Act is effective July 1, 2020."

Renumber accordingly

Sixty-sixth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2265

Introduced by

Senators Schaible, Davison, Rust

Representatives Owens, Schreiber-Beck

1 A BILL for an Act to amend and reenact ~~section~~sections 15.1-27-03.1 and 15.1-27-04.1 of the
2 North Dakota Century Code, relating to the determination of weighted average daily
3 membership and state aid payable to school districts; to provide for a legislative management
4 study; ~~and~~ to provide an appropriation and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-03.1. Weighted average daily membership - Determination.**

- 9 1. For each school district, the superintendent of public instruction shall multiply by:
 - 10 a. 1.00 the number of full-time equivalent students enrolled in an extended
 - 11 educational program in accordance with section 15.1-32-17;
 - 12 b. 0.60 the number of full-time equivalent students enrolled in a summer education
 - 13 program, including a migrant summer education program;
 - 14 c. 0.40 the number of full-time equivalent students who:
 - 15 (1) On a test of English language proficiency approved by the superintendent of
 - 16 public instruction are determined to be least proficient and placed in the first
 - 17 of six categories of proficiency; and
 - 18 (2) Are enrolled in a program of instruction for English language learners;
 - 19 d. 0.28 the number of full-time equivalent students who:
 - 20 (1) On a test of English language proficiency approved by the superintendent of
 - 21 public instruction are determined to be more proficient than students placed
 - 22 in the first of six categories of proficiency and therefore placed in the second
 - 23 of six categories of proficiency; and
 - 24 (2) Are enrolled in a program of instruction for English language learners;

- 1 e. 0.25 the number of full-time equivalent students under the age of twenty-one
2 enrolled in grades nine through twelve in an alternative high school;
- 3 f. 0.20 the number of full-time equivalent students enrolled in a home-based
4 education program and monitored by the school district under chapter 15.1-23;
- 5 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
6 special education program;
- 7 h. 0.15 the number of full-time equivalent students in grades six through eight
8 enrolled in an alternative education program for at least an average of fifteen
9 hours per week;
- 10 i. 0.10 the number of students enrolled in average daily membership, if the district
11 has fewer than one hundred students enrolled in average daily membership and
12 the district consists of an area greater than two hundred seventy-five square
13 miles [19424.9 hectares], provided that any school district consisting of an area
14 greater than six hundred square miles [155399 hectares] and enrolling fewer than
15 fifty students in average daily membership must be deemed to have an
16 enrollment equal to fifty students in average daily membership;
- 17 j. 0.082 the number of students enrolled in average daily membership, in order to
18 support the provision of special education services;
- 19 k. 0.07 the number of full-time equivalent students who:
- 20 (1) On a test of English language proficiency approved by the superintendent of
21 public instruction are determined to be more proficient than students placed
22 in the second of six categories of proficiency and therefore placed in the
23 third of six categories of proficiency;
- 24 (2) Are enrolled in a program of instruction for English language learners; and
- 25 (3) Have not been in the third of six categories of proficiency for more than
26 three years;
- 27 l. 0.025 the number of students representing that percentage of the total number of
28 students in average daily membership which is equivalent to the three-year
29 average percentage of students in grades three through eight who are eligible for
30 free or reduced lunches under the Richard B. Russell National School Lunch Act
31 [42 U.S.C. 1751 et seq.]; ~~and~~

1 m. 0.002 the number of students enrolled in average daily membership in a school
2 district that is a participating member of a regional education association meeting
3 the requirements of chapter 15.1-09.1;

4 n. 1.00 the number of students by which the district's September tenth enrollment
5 report exceeds the number of students in the prior year's average daily
6 membership; and

7 o. For districts paid based on September tenth enrollment in the prior year, 1.00 the
8 number of students determined by deducting the number of students in the prior
9 year's September tenth enrollment from the prior year's average daily
10 membership. If the prior year's September tenth enrollment exceeds the prior
11 year's average daily membership, then a deduction of 1.00 the number of excess
12 students.

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

16 **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

19 1. To determine the amount of state aid payable to each district, the superintendent of
20 public instruction shall establish each district's baseline funding. A district's baseline
21 funding consists of:

- 22 a. All state aid received by the district in accordance with chapter 15.1-27 during the
23 2012-13 school year;
- 24 b. The district's 2012-13 mill levy reduction grant, as determined in accordance with
25 chapter 57-64, as it existed on June 30, 2013;
- 26 c. An amount equal to that raised by the district's 2012 general fund levy or that
27 raised by one hundred ten mills of the district's 2012 general fund levy, whichever
28 is less;
- 29 d. An amount equal to that raised by the district's 2012 long-distance learning and
30 educational technology levy;

- 1 e. An amount equal to that raised by the district's 2012 alternative education
2 program levy; and
- 3 f. An amount equal to seventy-five percent of the revenue received by the school
4 district during the 2012-13 school year for the following revenue types:
- 5 (1) ~~Seventy five percent of all revenue received by the school district~~
6 and Revenue reported under code 2000 of the North Dakota school district
7 financial accounting and reporting manual, as developed by the
8 superintendent of public instruction in accordance with section 15.1-02-08;
- 9 (2) ~~Seventy five percent of all mineral~~Mineral revenue received by the school
10 district through direct allocation from the state treasurer and not reported
11 under code 2000 of the North Dakota school district financial accounting
12 and reporting manual, as developed by the superintendent of public
13 instruction in accordance with section 15.1-02-08;
- 14 (3) ~~Seventy five percent of all tuition received by the school district and~~Tuition
15 reported under code 1300 of the North Dakota school district financial
16 accounting and reporting manual, as developed by the superintendent of
17 public instruction in accordance with section 15.1-02-08, with the exception
18 of revenue received specifically for the operation of an educational program
19 provided at a residential treatment facility and tuition received for the
20 provision of an adult farm management program;
- 21 (4) ~~Seventy five percent of all revenue received by the school district~~Revenue
22 from payments in lieu of taxes on the distribution and transmission of
23 electric power;
- 24 (5) ~~Seventy five percent of all revenue received by the school district~~Revenue
25 from payments in lieu of taxes on electricity generated from sources other
26 than coal;
- 27 (6) All revenue received by the school district from mobile home taxes;
- 28 (7) ~~Seventy five percent of all revenue received by the school district~~Revenue
29 from the leasing of land acquired by the United States for which
30 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 31 (8) All telecommunications and

- 1 g. An amount equal to the total revenue received by the school district during the
2 2012-13 school year for the following revenue types:
- 3 (1) Mobile home tax revenue;
4 (2) Telecommunications tax revenue received by the school district; and
5 ~~(9)~~(3) All revenue received by the school districtRevenue from payments in lieu of
6 taxes and state reimbursement of the homestead credit and disabled
7 veterans credit.
- 8 2. The superintendent shall divide the district's total baseline funding by the district's
9 2012-13 weighted student units to determine the district's baseline funding per
10 weighted student unit.
- 11 3. a. In ~~2017-18~~2019-20, the superintendent shall multiply the district's weighted
12 student units by nine thousand ~~six~~eight hundred ~~forty-six~~thirty-nine dollars.
- 13 ~~(1)~~ The superintendent shall adjust the product to ensure the product is at least
14 equal to the greater of:
- 15 ~~(a)~~(1) One hundred eight percent of the district's baseline funding per weighted
16 student unit, as established in subsection 2, multiplied by the district's
17 weighted student units from the previous school year; or
- 18 ~~(b)~~(2) ~~One hundred percent of the~~The district's baseline funding as established in
19 subsection 1.
- 20 ~~(2)~~ ~~The superintendent also shall adjust the product to ensure the product does~~
21 ~~not exceed one hundred~~~~forty~~forty-five percent of the district's baseline
22 ~~funding per weighted student unit multiplied by the district's weighted~~
23 ~~student units from the previous school year, as established in subsection 2.~~
- 24 b. In ~~2018-19~~2020-21 and each school year thereafter, the superintendent shall
25 ~~multiply the~~calculate state aid as the greater of:
- 26 ~~(1)~~ The district's weighted student units multiplied by ~~nineteen~~ thousand six
27 hundred ~~forty-six~~thirty-six dollars.
- 28 ~~(1)~~ ~~The superintendent shall adjust the product to ensure the product is at least~~
29 ~~equal to the greater of;~~ or
- 30 ~~(2)~~ The amount in paragraph 1 plus the greater of:

- 1 (a) One hundred eight percent of the district's baseline funding per
- 2 weighted student unit, as established in subsection 2, multiplied by
- 3 the ~~greater of the~~ district's weighted student units from the previous
- 4 school year ~~or the current school year, with the product of this~~
- 5 ~~calculation~~ less the amount in paragraph 1, with the difference reduced
- 6 by five percent in 2020-21 and fifteen percent each year thereafter; or
- 7 (b) One hundred percent of the ~~The~~ district's baseline funding as
- 8 established in subsection 1 ~~less the amount in paragraph 1, with the~~
- 9 ~~difference~~ reduced by five percent in 2020-21 and fifteen percent each
- 10 year thereafter.
- 11 c. The superintendent also shall adjust state aid determined in this subsection:
- 12 (1) In 2019-20, to ensure the amount does not exceed one hundred forty-five
- 13 percent of the district's baseline funding per weighted student unit, as
- 14 established in subsection 2, multiplied by the district's weighted student
- 15 units from the previous school year.
- 16 (2) ~~The superintendent also shall adjust the product~~ In 2020-21, to ensure the
- 17 product amount does not exceed one hundred ~~forty~~ fifty percent of the
- 18 district's baseline funding per weighted student unit, as established in
- 19 subsection 2, multiplied by the ~~greater of the~~ district's weighted student units
- 20 from the previous school year ~~or the current school year.~~
- 21 4. After determining the product in accordance with subsection 3, the superintendent of
- 22 public instruction shall:
- 23 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
- 24 school district, except the amount in dollars subtracted for purposes of this
- 25 subdivision may not exceed the previous year's amount in dollars subtracted for
- 26 purposes of this subdivision by more than twelve percent; and
- 27 b. Subtract an amount equal to seventy-five percent of all ~~revenues~~ revenue types
- 28 listed in paragraphs 1 through 5, and 7 of ~~subdivision f of subsection 1 and one~~
- 29 ~~hundred percent of all revenues listed in~~ paragraphs 6, 8, and 9 of
- 30 ~~subdivision f~~ subdivisions f and g of subsection 1.

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

4 6. On or before June thirtieth of each year, the school board shall certify to the
5 superintendent of public instruction the final average daily membership for the current
6 school year. ~~The superintendent of public instruction shall recalculate the actual~~
7 amount of state aid based on the final average daily membership for the current
8 school year and compare the actual state aid to the state aid paid to the school district.
9 The superintendent of public instruction shall adjust the state aid payable in the next
10 school year for any overpayment or underpayment of state aid.

11 **SECTION 3. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION**

12 **FOUNDATION AID STABILIZATION FUND - ONE-TIME FUNDING.** There is appropriated out
13 of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise
14 appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the
15 department of public instruction for the purpose of providing rapid enrollment grants to school
16 districts, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding
17 provided in this section is considered a one-time funding item. The superintendent of public
18 instruction shall award rapid enrollment grants to eligible districts only during the first year of the
19 2019-21 biennium based on the following criteria:

- 20 1. A district is eligible to receive a grant under this section if the number of students
21 reflected in the district's September tenth enrollment report exceeds the number of
22 students in the prior year September tenth enrollment report. The increase must be at
23 least four percent or one hundred fifty students and must be at least twenty students.
- 24 2. The superintendent of public instruction shall calculate the amount to which an eligible
25 district is entitled as follows:
- 26 a. Determine the actual percentage increase in the number of students and subtract
27 two from the percentage calculated;
- 28 b. Determine the number of students represented by the difference determined in
29 subdivision a of this subsection;
- 30 c. Multiply the number of students determined in subdivision b of this subsection by
31 \$4,000.

1 3. If the amount of the appropriation provided for in this section is insufficient to meet the
2 obligations of this subsection, the superintendent of public instruction shall prorate the
3 payment based on the percentage of the total amount to which each school district is
4 entitled.

5 4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
6 eligible to receive a grant under this section.

7 **SECTION 4. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the
8 legislative management shall consider studying minimum and maximum payments to school
9 districts included in the state school aid formula, including how school districts could be
10 transitioned from the minimum and maximum payments and the effects on school districts of
11 transitioning from the minimum and maximum payments. The legislative management shall
12 report its findings and recommendations, together with any legislation required to implement the
13 recommendations, to the sixty-seventh legislative assembly.

14 **SECTION 5. EFFECTIVE DATE.** Section 1 of this Act is effective July 1, 2020.



State School Aid Formula Projection

North Dakota Department of Public Instruction
School Finance - State Aid

School Year 2019-2020
Date 1/30/2019
Version Fiscal Note Version 1

		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
01-013	Hettinger 13	2,236,092	67,390	12,878	2,316,360	2,256,843	138,204			12,878	2,407,926
02-002	Valley City 2	9,149,521	231,276	28,780	9,409,577	9,243,644	473,811			28,780	9,746,234
02-007	Barnes County North 7	2,487,453		10,248	2,497,701	2,429,378		(68,187)	30	10,248	2,371,469
02-046	Litchville-Marion 46	1,290,131		3,344	1,293,476	1,295,324		(30,450)		3,344	1,268,218
03-005	Minnewaukan 5	2,745,061	106,680	2,379	2,854,120	2,679,150	208,711			2,379	2,890,239
03-006	Leeds 6	1,250,079		4,401	1,254,479	1,231,973		(3,242)		4,401	1,233,132
03-009	Maddock 9	1,272,424		4,937	1,277,361	1,270,717		(3,893)		4,937	1,271,761
03-016	Oberon 16	710,443	17,129	1,646	729,218	687,981	33,716			1,646	723,343
03-029	Warwick 29	2,056,528	79,665	2,519	2,138,712	2,012,635	156,217			2,519	2,171,370
03-030	Ft Totten 30	1,551,491	59,757	2,849	1,614,097	1,456,981	112,350		18,505	2,849	1,590,685
04-001	Billings Co 1										
05-001	Bottineau 1	4,715,960		24	4,715,984	4,959,300		(354)	422,983	24	5,381,953
05-017	Westhope 17	1,413,754			1,413,754	1,482,300		(6,758)	107,153		1,582,695
05-054	Newburg-United 54	1,775,289		36	1,775,325	1,849,221	-	(50,316)	153,623	36	1,952,564
06-001	Bowman County 1	3,689,334		7,805	3,697,139	3,477,225		(51,188)	5,597	7,805	3,439,439
06-033	Scranton 33	1,255,133		2,955	1,258,089	1,200,678		(5,429)	8,999	2,955	1,207,203
07-014	Bowbells 14	1,048,381		2,044	1,050,425	1,017,687		(26,838)	44,219	2,044	1,037,112
07-027	Powers Lake 27	1,930,732		3,755	1,934,487	1,843,372		(15,834)	105,460	3,755	1,936,753
07-036	Burke Central 36	392,547		3,638	396,184	392,547		(8,808)	5,382	3,638	392,758
08-001	Bismarck 1	110,678,248	2,840,549	382,696	113,901,493	111,985,480	5,821,526		3,117,382	382,696	121,307,085
08-025	Naughton 25	181,797		321	182,118	179,791		(5,103)		321	175,008
08-028	Wing 28	912,703	25,017	1,241	938,961	927,364	51,433		30,309	1,241	1,010,347
08-033	Menoken 33	489,760		1,500	491,260	493,327		(5,073)	13,377	1,500	503,131
08-035	Sterling 35	190,892		3,806	194,698	181,614		(13,382)	211	3,806	172,249
08-039	Apple Creek 39	383,184		3,831	387,016	376,888		(523)	3,414	3,831	383,610
08-045	Manning 45	102,255	2,878	2,914	108,047	103,513	5,885		3,914	2,914	116,226
09-001	Fargo 1	98,617,754	2,495,046	483,806	101,596,605	100,661,995	5,167,531		4,040,694	483,806	110,354,027
09-002	Kindred 2	6,590,250	165,442	17,433	6,773,124	6,731,501	342,880		265,753	17,433	7,357,567
09-004	Maple Valley 4	2,420,127		12,796	2,432,923	2,476,742		(42,423)	118,427	12,796	2,565,542
09-006	West Fargo 6	95,311,493	2,360,832	123,988	97,796,313	96,680,590	4,891,688		3,792,404	123,988	105,488,670
09-007	Mapleton 7	1,664,727		4,664	1,669,390	1,691,957		(18,292)	61,121	4,664	1,739,450
09-017	Central Cass 17	8,123,955	199,780	28,100	8,351,835	8,347,243	414,410		324,564	28,100	9,114,318
09-080	Page 80	955,804		3,796	959,600	976,753		(18,944)	39,371	3,796	1,000,975
09-097	Northern Cass 97	5,214,463	132,330	12,182	5,358,976	5,357,768	274,158		218,684	12,182	5,862,793
10-019	Munich 19	1,450,203		2,302	1,452,505	1,344,941		(31,461)	49,920	2,302	1,365,702
10-023	Langdon Area 23	2,367,259		11,451	2,378,710	2,451,806		(6,095)	71,640	11,451	2,528,803
11-040	Ellendale 40	2,871,424	30,843	9,774	2,912,041	2,874,324	111,589			9,774	2,995,688
11-041	Oakes 41	4,094,704	107,406	11,095	4,213,205	4,130,314	218,626			11,095	4,360,035

SB 2265
1-30-19 (PM)
AK#2
P1655



State School Aid Formula Projection

North Dakota Department of Public Instruction
School Finance - State Aid

School Year 2019-2020
Date 1/30/2019
Version Fiscal Note Version 1

		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
12-001	Divide County 1	785,107		7,943	793,050	868,049	67,031		110,095	7,943	1,053,119
13-016	Killdeer 16	3,268,051		7,280	3,275,331	3,547,467		(33,975)	617,081	7,280	4,137,853
13-019	Halliday 19	255,950		1,490	257,440	215,656		(14,221)	1,751	1,490	204,676
13-037	Twin Buttes 37	254,823	13,614	134	268,571	286,914	29,676		42,732	134	359,456
14-002	New Rockford-Sheyenne 2	2,634,344	71,142	10,075	2,715,561	2,614,111	143,430			10,075	2,767,616
15-006	Hazelon-Moffitt-Braddock	1,263,835		2,648	1,266,483	1,157,623		(6,158)		2,648	1,154,113
15-010	Bakker 10	107,435		204	107,639	55,440		(7,835)		204	47,810
15-015	Strasburg 15	1,182,309	34,833	2,098	1,219,240	1,075,577	67,466			2,098	1,145,141
15-036	Linton 36	2,364,801	63,690	7,170	2,435,662	2,193,776	124,394			7,170	2,325,341
16-049	Carrington 49	3,755,285	107,352	14,783	3,877,420	3,680,143	213,892		78,180	14,783	3,986,997
17-003	Beach 3	2,202,060	67,369	9,716	2,279,145	1,955,509	127,124			9,716	2,092,350
17-006	Lone Tree 6	134,228		1,701	135,929	121,422		(1,662)		1,701	121,461
18-001	Grand Forks 1	63,030,724	1,620,401	156,916	64,808,041	63,407,431	3,302,559		1,622,018	156,916	68,488,925
18-044	Larimore 44	3,218,454	84,335	15,862	3,318,652	3,236,432	171,612		46,166	15,862	3,470,072
18-061	Thompson 61	4,911,143	116,860	8,947	5,036,950	4,922,496	238,087		114,711	8,947	5,284,242
18-125	Manvel 125	1,534,238	70,433	7,920	1,612,591	1,533,369	140,975		24,188	7,920	1,706,452
18-127	Emerado 127	1,193,666	2,697	9,369	1,205,732	1,193,568	32,244		13,549	9,369	1,248,730
18-128	Midway 128	1,977,188		10,355	1,987,543	1,976,521		(15,934)	1,776	10,355	1,972,718
18-129	Northwood 129	3,002,256	74,071	6,501	3,082,829	3,025,790	150,844		36,531	6,501	3,219,667
19-018	Roosevelt 18	835,006		5,015	840,022	824,722		(16,963)		5,015	812,774
19-049	Elgin-New Leipzig 49	1,880,012		10,144	1,890,156	1,920,772		(12,697)	22,801	10,144	1,941,020
20-007	Midkota 7	2,442,842		6,688	2,449,531	2,725,695		(43,982)	83,756	6,688	2,772,158
20-018	Griggs County Central 18	2,636,360		9,236	2,645,596	2,850,815		(8,834)	63,548	9,236	2,914,764
21-001	Mott-Regent 1	1,778,407		8,736	1,787,143	1,883,871		(7,720)	21,900	8,736	1,906,786
21-009	New England 9	2,423,402		8,079	2,431,481	2,497,312		(10,691)	43,932	8,079	2,538,631
22-001	Kidder County 1	2,823,150	80,495	16,713	2,920,358	2,733,336	159,643			16,713	2,909,692
23-003	Edgeley 3	2,398,848	11,883	5,650	2,416,381	2,341,871	77,584		7,728	5,650	2,432,834
23-007	Kulm 7	1,697,731		3,906	1,701,637	1,669,605		(22,541)	6,874	3,906	1,657,843
23-008	LaMoure 8	2,645,492	72,472	5,967	2,723,931	2,607,173	145,657			5,967	2,758,796
24-002	Napoleon 2	2,418,964	61,272	4,356	2,484,592	2,343,432	121,735		42,252	4,356	2,511,774
24-056	Gackle-Streeter 56	929,480		5,285	934,764	884,853		(418)	46,199	5,285	935,918
25-001	Velva 1	3,946,933	102,016	9,695	4,058,644	3,860,920	203,116		32,818	9,695	4,106,548
25-014	Anamoose 14	875,042	22,979	4,937	902,958	848,645	45,685			4,937	899,267
25-057	Drake 57	886,346		3,650	889,996	873,650		(5,762)	62,370	3,650	933,908
25-060	TGU 60	3,390,565		14,475	3,405,040	3,273,722		(34,565)	34,961	14,475	3,288,594
26-004	Zeeland 4	451,292		1,897	453,189	449,360		(16,216)	898	1,897	435,939
26-009	Ashley 9	1,515,228		6,000	1,521,227	1,526,314	1,315		71,456	6,000	1,605,085
26-019	Wishek 19	1,955,067	52,660	9,386	2,017,113	1,998,512	108,635		117,823	9,386	2,234,355

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State School Aid Formula Projection
 North Dakota Department of Public Instruction
 School Finance - State Aid

School Year 2019-2020
 Date 1/30/2019
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		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
27-001	McKenzie Co 1	11,812,320	387,326	27,530	12,227,176	13,755,684	878,502		3,604,429	27,530	18,266,146
27-002	Alexander 2	1,126,838		15,734	1,142,572	1,338,024		(348)	301,037	15,734	1,654,446
27-014	Yellowstone 14	924,513	29,240	1,071	954,823	1,043,440	65,520		137,895	1,071	1,247,926
27-018	Earl 18										
27-032	Horse Creek 32										
27-036	Mandaree 36	1,665,058	78,890	524	1,744,471	1,864,480	173,322		288,730	524	2,327,056
28-001	Wilton 1	1,913,316	56,887	9,406	1,979,608	1,840,185	112,675		15,656	9,406	1,977,922
28-004	Washburn 4	2,513,941	71,979	6,844	2,592,764	2,458,712	143,664		16,660	6,844	2,625,879
28-008	Underwood 8	1,966,624		15,780	1,982,403	1,886,557		(12,985)	18,431	15,780	1,907,781
28-050	Max 50	1,802,863	49,481	4,679	1,857,024	1,766,135	98,732		10,036	4,679	1,879,583
28-051	Garrison 51	2,751,122		12,113	2,763,234	2,646,646		(10,366)	35,345	12,113	2,683,737
28-072	Turtle Lake-Mercer 72	1,699,242		6,148	1,705,390	1,654,331		(4,368)	16,070	6,148	1,672,180
28-085	White Shield 85	1,566,848	62,698	1,461	1,631,007	1,532,677	122,865		17,669	1,461	1,674,672
29-003	Hazen 3	4,386,679	120,720	10,815	4,518,213	4,297,023	241,352		72,159	10,815	4,621,348
29-027	Beulah 27	5,009,881	156,367	18,658	5,184,906	4,841,075	312,538		72,058	18,658	5,244,330
30-001	Mandan 1	33,750,336	854,498	117,036	34,721,869	34,497,276	1,774,886		1,547,752	117,036	37,936,950
30-004	Little Heart 4	291,096		957	292,053	289,256		(5,458)	17,552	957	302,307
30-013	Hebron 13	1,515,062	44,056	3,412	1,562,530	1,540,257	91,046		76,575	3,412	1,711,289
30-017	Sweet Briar 17	222,279	5,751	305	228,335	226,643	11,915		13,147	305	252,009
30-039	Flasher 39	2,482,852	60,405	6,237	2,549,495	2,542,154	125,330		92,632	6,237	2,766,354
30-048	Glen Ullin 48	1,087,284	38,214	6,236	1,131,734	1,099,446	78,920		48,574	6,236	1,233,177
30-049	New Salem - Almont 49	2,722,701	77,600	6,855	2,807,155	2,771,287	161,413		89,120	6,855	3,028,674
31-001	New Town 1	14,291,589		7,651	14,299,240	14,469,653		(385,749)	686,660	7,651	14,778,215
31-002	Stanley 2	4,524,632		18,988	4,543,620	4,313,417		(39,285)	304,003	18,988	4,597,123
31-003	Parshall 3	2,063,267	68,907	6,065	2,138,239	2,076,167	141,203		70,553	6,065	2,293,988
32-001	Dakota Prairie 1	3,064,758		13,155	3,077,913	3,085,838		(46,925)		13,155	3,052,068
32-066	Lakota 66	1,715,327		6,243	1,721,570	1,715,327		(5,972)		6,243	1,715,598
33-001	Center-Stanton 1	2,284,962		9,541	2,294,503	2,396,818		(11,819)	42,457	9,541	2,436,998
34-006	Cavalier 6	3,400,731	65,624	12,561	3,478,916	3,382,069	155,057		33,119	12,561	3,582,807
34-019	Drayton 19	1,985,533		4,019	1,989,552	1,966,176		(16,606)	41,495	4,019	1,995,083
34-043	St Thomas 43	714,885		4,393	719,278	713,807		(18,529)	301	4,393	699,972
34-100	North Border 100	4,122,227		14,119	4,136,346	4,122,227		(99,027)	2,183	14,119	4,039,502
34-118	Valley-Edinburg 118	2,155,238		5,376	2,160,614	2,146,976		(29,929)	903	5,376	2,123,326
35-001	Wolford 1	572,779		1,890	574,669	594,085		(7,337)		1,890	588,638
35-005	Rugby 5	4,692,726	126,654	28,234	4,847,615	4,827,481	261,382			28,234	5,117,097
36-001	Devils Lake 1	15,276,477	362,724	42,683	15,681,884	15,146,602	731,812		354,271	42,683	16,275,368
36-002	Edmore 2	538,191		5,296	543,488	530,204		(19,633)	331	5,296	516,199
36-044	Starkweather 44	659,721		2,708	662,429	659,721		(5,962)	346	2,708	656,814

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State School Aid Formula Projection

North Dakota Department of Public Instruction
School Finance - State Aid

School Year 2019-2020
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		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
37-006	Ft Ransom 6	182,798	-	742	183,540	181,872	-	(5,130)	-	742	177,484
37-019	Lisbon 19	5,382,308	130,227	9,840	5,522,374	5,109,038	253,247	-	-	9,840	5,372,124
37-024	Enderlin Area 24	2,628,320	72,695	14,603	2,715,618	2,547,547	144,390	-	-	14,603	2,706,540
38-001	Mohall-Lansford-Sherwood	2,629,728	-	11,487	2,641,215	2,619,198	-	(23,741)	-	11,487	2,606,944
38-026	Glenburn 26	2,349,553	64,373	21,190	2,435,116	2,254,230	126,348	-	-	21,190	2,401,768
39-008	Hankinson 8	2,464,203	66,214	28,669	2,559,087	2,438,115	133,790	-	9,835	28,669	2,610,409
39-018	Fairmount 18	1,266,520	-	4,364	1,270,884	1,246,928	-	(4,278)	-	4,364	1,247,014
39-028	Lidgerwood 28	1,887,449	48,329	23,511	1,959,288	1,882,348	97,644	-	-	23,511	2,003,502
39-037	Wahpeton 37	10,621,882	259,944	33,778	10,915,603	10,499,711	524,300	-	1,606	33,778	11,059,395
39-042	Wyndmere 42	2,428,899	63,804	4,803	2,497,506	2,421,726	128,848	-	-	4,803	2,555,377
39-044	Richland 44	2,467,867	63,250	5,160	2,536,277	2,455,419	127,815	-	(401)	5,160	2,587,992
40-001	Dunseith 1	6,143,443	233,905	5,244	6,382,592	6,108,909	465,386	-	9,820	5,244	6,589,359
40-003	St John 3	3,232,279	128,305	5,916	3,366,499	3,221,598	255,905	-	5,378	5,916	3,488,797
40-004	Mt Pleasant 4	1,945,746	61,812	8,933	2,016,491	1,920,836	124,153	-	-	8,933	2,053,922
40-007	Belcourt 7	13,732,287	523,745	-	14,256,032	13,636,574	1,040,666	-	48,944	-	14,726,184
40-029	Rolette 29	1,835,116	43,882	4,151	1,883,149	1,824,178	88,245	-	(100)	4,151	1,916,474
41-002	Milnor 2	2,508,962	59,614	3,317	2,571,892	2,515,433	121,540	-	14,552	3,317	2,654,842
41-003	North Sargent 3	2,319,191	56,449	10,406	2,386,046	2,285,162	114,091	-	31,112	10,406	2,440,770
41-006	Sargent Central 6	1,896,289	-	7,161	1,903,450	1,860,158	-	(43,978)	657	7,161	1,823,998
42-016	Goodrich 16	333,914	-	4,221	338,136	363,613	-	(13,689)	7,833	4,221	361,978
42-019	McClusky 19	992,287	-	5,269	997,557	1,049,573	-	(782)	-	5,269	1,054,061
43-003	Solen 3	2,287,803	87,077	1,114	2,375,994	2,264,368	173,316	-	-	1,114	2,438,798
43-004	Ft Yates 4	1,828,424	-	121	1,828,545	1,825,076	-	(27,615)	2,124	121	1,799,706
43-008	Selfridge 8	764,204	18,736	175	783,116	742,790	36,995	-	-	175	779,961
44-012	Marmarth 12	66,671	5,692	317	72,680	19,116	9,578	-	-	317	29,012
44-032	Central Elementary 32	-	-	-	-	-	-	-	-	-	-
45-001	Dickinson 1	30,541,920	824,106	38,067	31,404,093	31,608,185	1,747,902	-	2,594,406	38,067	35,988,561
45-009	South Heart 9	2,572,803	81,436	1,449	2,655,689	2,590,704	169,549	-	173,021	1,449	2,934,722
45-013	Belfield 13	2,003,764	61,345	985	2,066,094	2,122,602	128,766	-	156,963	985	2,409,317
45-034	Richardton-Taylor 34	2,443,008	77,725	2,818	2,523,551	2,584,742	162,915	-	159,271	2,818	2,909,746
46-010	Hope 10	1,094,380	-	3,734	1,098,114	1,094,380	-	(42,612)	-	3,734	1,055,502
46-019	Finley-Sharon 19	1,435,597	-	5,194	1,440,791	1,433,087	-	(42,511)	-	5,194	1,395,770
47-001	Jamestown 1	18,677,915	463,414	56,170	19,197,500	18,789,885	947,606	-	-	56,170	19,793,662
47-003	Medina 3	1,641,272	37,678	4,975	1,683,925	1,643,030	81,614	-	-	4,975	1,729,618
47-010	Pingree-Buchanan 10	1,305,170	36,971	3,796	1,345,938	1,307,077	75,059	-	-	3,796	1,385,932
47-014	Montpelier 14	1,118,123	30,164	880	1,149,167	1,126,438	61,581	-	-	880	1,188,900
47-019	Kensal 19	465,760	-	1,472	467,232	415,026	-	(14,347)	-	1,472	402,151
48-010	North Star 10	2,336,349	67,909	4,848	2,409,106	2,364,737	138,583	-	-	4,848	2,508,169

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 North Dakota Department of Public Instruction
 School Finance - State Aid

School Year 2019-2020
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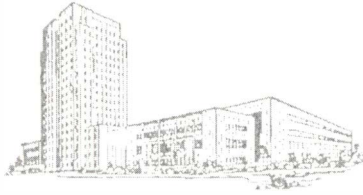
		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
49-003	Central Valley 3	1,767,297	-	6,232	1,773,529	1,731,354	-	(194)	-	6,232	1,737,392
49-007	Hatton 7	1,887,231	48,590	7,200	1,943,020	1,922,866	100,179	-	-	7,200	2,030,246
49-009	Hillsboro 9	4,487,293	-	10,362	4,497,655	4,599,203	-	(10,924)	-	10,362	4,598,641
49-014	May-Port CG 14	3,903,464	28,844	13,856	3,946,165	3,989,669	139,513	-	-	13,856	4,143,038
50-003	Grafton 3	8,731,150	196,881	29,318	8,957,350	8,771,995	400,085	-	110,697	29,318	9,312,096
50-005	Fordville-Lankin 5	737,479	-	2,248	739,727	733,045	-	(24,747)	743	2,248	711,289
50-008	Park River Area 8	3,531,760	89,872	16,808	3,638,440	3,520,318	182,633	-	95,041	16,808	3,814,800
50-020	Minto 20	2,946,284	67,608	4,549	3,018,440	2,963,853	137,623	-	38,137	4,549	3,144,162
51-001	Minot 1	63,380,780	1,631,591	186,138	65,198,509	64,375,089	3,337,199	-	1,306,185	186,138	69,204,611
51-004	Nedrose 4	5,153,036	-	15,296	5,168,332	5,254,137	-	(12,806)	103,929	15,296	5,360,557
51-007	United 7	5,668,419	138,960	15,085	5,822,465	5,725,483	284,474	-	107,787	15,085	6,132,829
51-016	Sawyer 16	1,072,901	-	6,674	1,079,575	1,067,111	-	(45,066)	687	6,674	1,029,407
51-028	Kenmare 28	2,355,435	71,974	6,610	2,434,018	2,375,113	146,234	-	27,398	6,610	2,555,355
51-041	Surrey 41	3,692,794	87,010	8,235	3,788,039	3,731,763	177,399	-	73,664	8,235	3,991,062
51-070	South Prairie 70	3,920,653	96,566	20,441	4,037,660	3,984,799	197,726	-	79,585	20,441	4,282,552
51-161	Lewis and Clark 161	2,912,981	-	10,267	2,923,248	2,933,687	-	(23,427)	46,651	10,267	2,967,177
52-025	Fessenden-Bowdon 25	1,735,047	-	2,267	1,737,314	1,730,748	-	(24,553)	91,301	2,267	1,799,764
52-038	Harvey 38	3,111,364	-	18,368	3,129,732	3,075,287	30,445	-	83,801	18,368	3,207,902
53-001	Williston 1	36,128,430	928,527	49,265	37,106,222	39,254,827	2,019,642	-	4,283,264	49,265	45,606,998
53-002	Nesson 2	2,221,926	79,723	2,047	2,303,695	2,281,000	169,510	-	259,330	2,047	2,711,887
53-006	Eight Mile 6	2,902,721	72,087	2,212	2,977,020	3,033,423	152,545	-	252,907	2,212	3,441,087
53-008	New 8	7,588,105	-	10,039	7,598,144	8,251,846	-	(284,190)	1,293,059	10,039	9,270,753
53-015	Tioga 15	3,237,381	-	6,130	3,243,511	3,491,240	-	(55,203)	564,811	6,130	4,006,978
53-099	Grenora 99	1,648,354	-	1,897	1,650,251	1,743,001	-	(23,895)	236,170	1,897	1,957,172
Grand Total		976,425,802	21,577,645	2,878,012	1,000,881,458	990,894,864	44,732,616	(2,116,752)	36,689,546	2,878,012	1,073,078,286

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SB 2265
1-30-19 (PM)
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	Senate - Original	Version 1
2017-19 Base Level - Integrated Formula Payments	1,935,204,163	1,935,204,163
Cost to Continue*	53,625,374	53,625,374
Add Rate Changes	66,310,261	66,310,261
Adjust Transition Minimum	(10,343,140)	(2,116,752)
2020-21 On Time Funding	34,894,849	36,689,546
75% In Lieu Adjustment		5,756,024
Total Expenditures	<u>2,079,691,507</u>	<u>2,095,468,616</u>
Increase over 2015-17 Base Level Funding	144,487,344	160,264,453
Rapid Enrollment Grants	3,000,000	3,000,000
Total Expenses	2,082,691,507	2,098,468,616
Formula per student rates		
Year 1	\$9,839	\$9,839
Year 2	\$10,036	\$10,036
*Includes student projections and taxable valuation changes		

	Fiscal Note
General Fund	106,639,079
Other Fund	3,000,000



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

SB 2265
2-7-19
#1
p1



Senator Donald Schaible

District 31
9115 Highway 21
Mott, ND 58646-9200
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dgschaible@nd.gov

COMMITTEE:
Education, Chairm.
Energy and Natural Resourc

February 7, 2019

Good Morning Chairman Holmberg and the Appropriations Committee

For the record I am Senator Don Schaible, District 31 and I am here to introduce SB 2265 the Policy bill for K-12 funding.

This bill suggest that we increase the Per Pupil Payment by a 2% and 2% increase that would raise the Per Pupil Payment from the current payment of \$9646 to \$9839 for 2019-20 school year and \$10,036 for the 2020-21 school year. Cost of \$66,310,261 page 5 lines 11 - 27

This bill also changes the In Lieu of Tax Calculations that are at a 100% which are Mobile tax revenue and Telecommunications revenue and puts them at 75% which is where the all the rest of In Lieu Of Tax Calculations are. This is the first step in trying to help our schools that are adversely affected by oil impact, building cost debt and rapid enrollment. Cost of \$5,756,024 page 4, line 5 through page 5 line 5

This bill in the second year of the biennium, is asking for a 5% deduction in the maximum and minimum of the protection of school payments calculated from the baseline established in the 2012-13 school year. There has been a lot of discussion about the Maximum and Minimum protections that we have had in place for our school districts since 2013 with the funding formula. These protections where put into place to protects school with stagnate or declining enrollment with our student driven formula not to be adversely hurt too badly or to be too lucrative to some school. I believe we need to be sympathetic to our schools that are losing population but not in the way that our current system is working. We have schools that are receive way more than the \$9646 payment and some as some as much as \$15,000 to \$20,000 a student. I don't believe that is fair to other schools, students or to the state. (\$15355.52 for North Border)

Savings of (\$2,116,752) page 3, line 4 through 12 and page 5 line 30 through page 6 line 16 This is the start of a larger discussion to address the maximum and minimum protection with a study that is requested in section 5 page 8 to find the best way to get

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schools on the formula and to stop the disparity in our formula. In no solution is found, going forward, a 15% reductions per year would be implemented starting in the 2021-22

SB 2265 is suggesting in the second year of the biennium, would give school the choice to get paid by "On-time funding" or on last years enrollments. This is the best of both worlds that would give schools with rapid enrollments get paid for that enrollment in the same year, and still allow school with stagnate or declining enrollment to get paid on last year enrollment. Cost of \$36,689,546

Since on-time funding is suggested for the second year of the biennium, this bill continues the current rapid enrollment grants that we have used in the past to aid in rapid enrollments payments.

Cost \$3,000,000 from Foundation Stabilization Fund Sec 3, page 7

The other funding request is \$200,000 (sec 4, page 8) for research-based literacy intervention, fancy words for Reading Corp. Reading Corps is a proven literacy science program currently serving 800 elementary students in North Dakota. Research tells us that students who are reading proficiently by 3rd grade are 4 times more likely to graduate from high school. You may have heard you learn to read until 3rd grade then you read to learn. This addresses one of the most crucial intervention that we can make in student learning.

The idea is to use this money to leverage other local moneys and grants to replicate the good work that is happening already across the state. This money should be the seed money to get other school district to get started. When that happens the money that would have been used locally would now be the seed money for more schools.

That is a quick summary of the bill and I would try to answer questions.



SB 2265
2-17-19
#2
P1

NDCEL
Testimony in support of SB 2265 – School Funding

Good morning members of the committee, I am here representing NDCEL and school leaders by supporting SB2265. NDCEL is an organization that represents all school leaders including Superintendents, Principals, Business Officials, County Superintendents, etc.

This bill acknowledges challenges within our school funding model currently with regard to on-time funding while caring for our declining enrollment districts, an attempt at increasing the per-pupil payment, and it does also encourages a much needed study on a portion of our school funding formula.

In the past biennium due to funding challenges, the per-pupil payment remained the same. During that time, schools experienced a myriad of challenges along with that, including for example, increasing staffing costs by honoring contracts already in place, increased costs due to behavioral and mental health challenges, many districts with increasing enrollment and still experiencing a funding mechanism that doesn't recognize those students until the next year.

While the 2% per pupil payment increase doesn't solve all the problems it is a much needed shot in the arm of school district funding. The added piece of legislators finding the methodology and the dollars to get schools to a funding model where we can fund our schools on time while subsequently care for our declining enrollment districts is a goal potentially met that has been almost 10 years in coming. This model ensures that there are none of the "phantom students" that were a problem of the past as well.

It is worth emphasizing that this bill also begins to crack open the door regarding our schools that have been held harmless. These districts will see a 5% decrease in their amount above the formula in their held harmless category. I hope we can all recognize that this will be very challenging for these districts. Many of these districts struggle to survive even in their held harmless modality, so taking a cut will be significant. The Legislative Focus Group has been studying the formula and has recognized that if there is a true goal to get all schools on the formula, a deep dive study is needed on a variety of fronts to get us there equitably. Included in this study should likely be weighting factors, in-lieu, transition minimums and maximums, and getting all schools to the be on pace with the 60 mill deduct so the funding model works as it should and the legislature through a strong economy can be able to support the needed ongoing adjustment to the per-pupil dollar amount.

We've appreciated partnering with the legislature in these important conversations and we respectfully request that we be at the table again if this is a selected study.

NDCEL recommends a DO PASS of SB2265.

BY: Aimee Copas

19.0614.04001
Title.

Prepared by the Legislative Council staff for
the Senate Appropriations Committee
February 12, 2019

#1

SB 2265

2-13-19

Ag 1

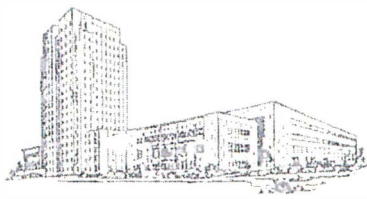
PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2265

Page 5, line 26, after "six" insert "one"

Page 5, line 27, remove the overstrike over "~~hundred~~"

Page 5, line 27, replace "thirty-six" with "thirty-four"

Renumber accordingly



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

SB 2265
2-27-19
#1



Senator Donald Schaible

District 31
9115 Highway 21
Mott, ND 58646-9200
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dgschaible@nd.gov

COMMITTEE:
Education, Chairm.
Energy and Natural Resourc

Good Morning Chairman Owens and the House Education Committee. For the record, I am Senator Don Schaible, representing District 31 and I am here before you this afternoon to introduce SB2265 which suggests changes to our K-12 funding formula.

I would like to apologize in advance for I may be jumping around to different sections of this bill with an intent of explaining the changes by topic and not in the order of the language in the bill. I hope this helps and if not, we will straight it out with questions.

For reference purposes I have included a "State Aid to Schools Payments Worksheet for North Boarder Public Schools District 34-100. I will also be referring the 3rd page of the fiscal note which I have also included in my testimony

On Time Funding

This bill would allow for schools to go to on-funding of school districts the second year of the biennium. We currently pay schools on last year's enrollment but with the rapid growth of additional students we have placed a large fiscal burden on our schools. Starting one page 3 starting line 4 of the bill, creates factors for current or last years enrollments. These factors allow school to choose between the better of current or last years enrollments. On page 7 starting on line 4 provides

language for the claw back to make adjustments for enrollments that will be adjusted the next year.

On page 8 sec 6 establishes an effective date for on-time funding to be allowed starting for the 2020-21 school year. The reason for only doing the second year of the biennium is mostly the cost and what we can afford. If you would refer to the 3rd page of the fiscal note show that on-time funding would cost just under \$37 million. To do both years would double that amount and with limited revenue I believe this to be a good compromise.

Now not all schools have increased enrollment and by paying on last year's enrollment is a benefit to those schools. The language of the bill on page 3 line 7, provides a school to choose between the better of spring and fall enrollment and this is similar to language that we have used prior to the funding formula that we have.

Since on-time funding is only being offered the second year of the biennium you will see in Sec3, page 7 of the bill this language continues the rapid enrollments grants in the first year of the biennium that we have used in the past. This way school with rapid enrolments are receiving modest help the first year. This is a cost of \$3 million and comes out of the Foundation Aid Stabilization Fund.

In Lieu Of

Section 2 page 3, explains the baseline that was created by this formula which is calculated from all the state aid they received from the 2012-13 school year. The changes suggested are in this section starting on page 4, line 3 with the sub section F. This section would change all the "Contributions From Other Local

Revenue", the part where all of the In-Lieu Taxes are and require them to all be at 75%. If you would refer to payment works sheet example, this list is on page 2 in Section B and if you would notice on line 38 and 39 Mobile Home, Other In-Lieu Taxes and Telecommunications would now be changed to 75% deduction and would allow the school district to keep 25%. As Ed committees has been discussing the In-Lieu percentages, any changes in the percentage is a shift from where the money goes and in in this case it means less money for the state and more being kept by the school district. In the example provided, North Border would keep \$14119.42. With discussions that has been going on for several years on what is the right percentage, I would suggest that 75% seems to be the number that most would agree on and if that is the case, it makes sense to have them all at 75%. This In Lieu of Adjustment cost the state \$5,756,023

Per Pupil Payment

Starting on page 5 line 12 in sub section 3, per pupil payments would be increased from our current payment of \$9646 to \$9839 for the 2019-20 school year and to \$10,134 for the 2020-21 school year. This is a 2% and a 3% increase. If you would refer to page 3 of the fiscal note this change would add \$72,760,971 to our schools funding. With the cost of continue the total increase in per pupil funding is just short of a \$126.4 million.

Maximum and Minimum Protections

There has been a lot of discussion about the Maximum and Minimum protections that we have had in place for our school districts since 2013 with the funding formula. These protections where put into place to protects school with stagnate or declining enrollment with our student driven formula not to be adversely hurt too badly or to be too lucrative to some school. Sitting in one of these chairs since 2011 I don't think we could foresee the effect of putting permanent protections in place and the cost that it would incur. I believe we need

to be sympathetic to our schools that are losing population but not in the way that our current system is working. We have schools that are receive way more than the \$9646 payment and some as some as much as \$15,000 to \$20,000 a student. I don't believe that this is fair to other schools, students or to the state. (\$15355.52 for North Border)

What is suggested in this bill, starting on page 6 line 4 of the bill, would reduce that protection by 5% the second year of the biennium (2020-2021). By doing this only the second year of the biennium gives schools time to prepare and budget. The way the bill reads a 5% reduction of line 28 page 1 of the worksheet . If you refer to the payment worksheet example, on page 1 the reduction would be \$107,838. The bill continues to suggest that after the 2021 that a 15% reduction would be taken every year. Now I am not sure that is the correct approach, but if you notice in the Section 5 on page 8 of the bill it says legislative management shall consider an interim study to address these issues. So, the real intention was to suggest a modest reduction of 5% to get this idea started, to have a study to find to best solution to this problem and if that does not happen, the minimum protections would go away in 7 years. I believe that by starting with this modest reduction would bring serious discussion to the table and I know there are many that would like to see a faster reduction of these protections, but I feel this is a reasonable approach to this problem. The one year of 5% reductions saves the state \$2,031,496.

I am sure now everyone fully understands this bill, and no one would have any questions, but if not, I will try to explain.

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STATE AID TO SCHOOLS PAYMENT WORKSHEET

North Dakota Department of Public Instruction
Office of School Finance and Organization

District Name North Border 100	County District Number 34-100	Payment Month November	School Year 2018-2019
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A STATE AID FORMULA:

Student membership includes regular school year average daily membership (ADM). ADM for students attending school in Montana and Minnesota (NDCC 15.1-29.01), South Dakota students attending school in North Dakota (NDCC 15.1-29-02.1) under cross border attendance agreements, and students in private or out-of-state placements for purposes other than education (NDCC 15.1-29-14) are also included.

Student Membership

	ADM	Weighting Factor	Weighted ADM
1 PK Special Education	-	1.000	-
2 Kindergarten	28.78	1.000	28.78
3 Grade 1-6	137.91	1.000	137.91
4 Grade 7-8	39.18	1.000	39.18
5 Grade 9-12	106.63	1.000	106.63
6 Alternative High School	-	1.000	-
7 Total Average Daily Membership (ADM)			312.50

Other Program Membership

8 Alt High School (from line 6)	-	0.250	-
9 Special Ed ADM (from line 7)	312.50	0.082	25.63
10 PK Special Ed ADM (from line 1)	-	0.170	-
11 Regional Education Association (if member from line 7)	312.50	0.002	0.63
12 ELL Level 1	-	0.400	-
13 ELL Level 2	-	0.280	-
14 ELL Level 3	-	0.070	-
15 At Risk	117.50	0.025	2.94
16 Home-Education (district supervised)	-	0.200	-
17 Alt Middle School	-	0.150	-
Summer Programs			
18 Summer School	2.28	0.600	1.37
19 Special Ed ESY	-	1.000	-
Isolated School District			
20 >275 sq miles and <100 ADM	-	0.100	-
21 >600 sq miles and <50 ADM	-	1.100	-

22 Total Weighted Average Daily Membership (add lines 7 through 21)			343.07
23 School District Size Weighting Factor			1.1011
24 Total Weighted Student Units			377.75
25 Per Student Payment Rate			\$9,646.00
26 Total Formula Payment			3,643,776.50

Formula Adjustments

27 Transition Maximum Adjustment (from line 65)	5,947,420.66	-	
28 Transition Minimum Adjustment (from line 70)	5,800,546.71	2,156,770.21	
29 Total Adjusted Formula Amount (total lines 26, 27 and 28)		5,800,546.71	
30 Contribution from Property Tax (from line 45)		1,603,420.14	
31 Contribution from Other Local Revenue (from line 39)		74,899.64	
32 State Aid Payment (line 29 minus lines 30 and 31)		4,122,226.93	

X 105 =
\$107838

State School Aid Summary

	Entitlement	EFB Offset	Net Entitlement
1 State Aid Formula Payment (from line 32)	4,122,226.93	-	4,122,226.93
2 Transportation (from line 61)	83,023.44	-	83,023.44
3 State Child Placement	-	-	-
4 Special Education Contracts - Agency	-	-	-
5 Special Education Contracts - School Placed	-	-	-
6 Special Education Contracts - Boarding	-	-	-
7 Special Education - Gifted and Talented	-	-	-
Total State Aid	4,205,250.37	-	4,205,250.37

Excess Fund Balance Offset (from line 49) -

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4902.51
9216.91
14119.42

B CONTRIBUTION FROM OTHER LOCAL REVENUE			
	Total Revenue	Percent	
33 1300 Tuition	7,949.93	75%	5,962.45
34 2999 County	-	75%	-
35 US Flood	-	75%	-
36 Electric Generation, Distribution and Transmission Tax	16,612.65	75%	12,459.49
37 Mobile Home and Other In-Lieu Taxes	19,610.06	100%	19,610.06
38 Telecommunications	36,867.64	100%	36,867.64
39 Contribution from Other Local Revenue			74,899.64

C CONTRIBUTION FROM PROPERTY TAX			
40 District Taxable Valuation			26,723,669
41 Contribution Mill Rate			60
42 Contribution from Property Tax (line 40 times line 41 divided by 1000)			1,603,420.14
43 Minimum Local Effort Adjustment (NDCC 15.1-27-04.2)	-		-
44 Maximum Contribution Increase Adjustment (NDCC 15.1-27-04.1.4.a.)	1,814,383.54		-
45 Adjusted Contribution from Property Tax (total lines 42, 43 and 44)			1,603,420.14

D EXCESS FUND BALANCE OFFSET			
46 General Fund Ending Balance			1,805,297.75
47 General Fund Expenditures			6,820,905.82
48 35% of General Fund Expenditures + \$50,000			2,437,317.04
49 Excess Fund Balance Offset (line 46 minus line 48, if less than zero enter zero)			-

E TRANSPORTATION WORKSHEET				
	Rate	Miles	Rides	Total
50 Small Bus Miles	0.520	0.0	xxxxx	-
51 Large Bus Miles	1.110	67,584.0	xxxxx	75,018.24
52 Rural Rides	0.300	xxxxx	26,684	8,005.20
53 Small In-City Miles	0.520	0.0	xxxxx	-
54 Large In-City Miles	1.110	0.0	xxxxx	-
55 In-City Rides	0.300	xxxxx	0	-
56 Family - To School	0.250	0.0	xxxxx	-
57 Family - To Bus	0.250	0.0	xxxxx	-
58 Not Reimbursable	-	0.0	0	-
59 Total Transportation Reimbursement				83,023.44
60 Reimbursement Cap --- 90% of transportation expenditures				184,786.94
61 Transportation Grant Total (lesser of 90% cap or total)				83,023.44

F BASELINE FUNDING - MINIMUM AND MAXIMUM PAYMENTS			
62 Baseline Funding (2012-13 State Aid Formula Payment, MLRG, GF levies and 75%-100% In-lieu)			5,800,546.71
63 Baseline Weighted Student Units (2012-13)			515.79
64 Baseline Funding Rate			\$11,245.95

Adjustment for Maximum	Baseline Funding Rate	Maximum Percent	Weighted Student Units	
65 Maximum Increase Amount	\$11,245.95	140%	377.75	5,947,420.66

Adjustment for Minimum	Baseline Funding Rate	Minimum Percent	Weighted Student Units	
66 Minimum Increase Per Student	\$11,245.95	108%	377.75	4,588,010.22
67 Baseline Funding (from line 62)				5,800,546.71
68 Minimum Funding Percentage				100%
69 Minimum Funding Amount				5,800,546.71
70 Minimum Increase Amount (greater of line 66 or line 69)				5,800,546.71

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19.0614.05000

FISCAL NOTE
Requested by Legislative Council
02/13/2019

Amendment to: SB 2265

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$118,016,517	\$3,000,000		
Appropriations			\$200,000	\$3,000,000		

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts		\$118,016,517	
Townships			

- 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).*

SB 2265 establishes the policy for implementing the K-12 funding formula, establishes an appropriation for rapid enrollment grants, and establishes an appropriation for a Research Based Literacy Intervention. SB 2013 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.*

Section 1 implements a weighting factor to get schools that are increasing students to on time funding using the fall enrollment count. It also has an adjustment the following year for those school districts using fall enrollment to adjust the payment using average daily membership the following year.

Section 2 sets the formula per student payment rates to:

Year 1 \$9,839

Year 2 \$10,134

School districts on the transition maximum receive a 5% increase each year of the biennium.

Section 2 also changes all of the in lieu of property tax deductions to 75%.

The difference between a school district's transition minimum calculation and the district's formula calculation is reduced 5% to create a new payment for the transition minimum.

Section 3 appropriates \$3,000,000 for rapid enrollment grants from the foundation aid stabilization fund.

Section 4 appropriates \$200,000 for research based literacy intervention.

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.*

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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 (SB 2013) Amounts to be funded from general and special funds have yet to be determined. The amount identified in other funds is the \$3,000,000 addressed in section 3 of SB 2265.

Name: Adam Tescher

Agency: Department of Public Instruction

Telephone: 701-328-3291

Date Prepared: 02/14/2019

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Fiscal Note SB 2265

19.0614.04001

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Per Pupil rate increase	72,760,971
5% & 5% Transition Maximum increase	4,331,460
Adjust Transition Minimum	(2,031,496)
2020-21 On Time Funding (WSU)	36,999,559
75% In Lieu Adjustment	<u>5,756,023</u>
Total Expenditures	<u>2,106,646,054</u>
Increase over 2015-17 Base Level Funding	171,441,891

Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
Total Expenses	2,109,846,054

Formula per student rates

Year 1	\$9,839
Year 2	\$10,134

*Includes student projections and taxable valuation changes

Fiscal Note	
General Fund	118,016,517
Other Fund	3,000,000

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State School Aid Formula Projection
North Dakota Department of Public Instruction
School Finance - State Aid

School Year 2019-2020
Date 1/30/2019
Version Fiscal Note Version 1

		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
01-013	Hettinger 13	2,236,092	67,390	12,878	2,316,360	2,256,843	138,204	-	-	12,878	2,407,926
02-002	Valley City 2	9,149,521	231,276	28,780	9,409,577	9,243,644	473,811	-	-	28,780	9,746,234
02-007	Barnes County North 7	2,487,453	-	10,248	2,497,701	2,429,378	-	(68,187)	30	10,248	2,371,469
02-046	Litchville-Marion 46	1,290,131	-	3,344	1,293,476	1,295,324	-	(30,450)	-	3,344	1,268,218
03-005	Minnewaukan 5	2,745,061	106,680	2,379	2,854,120	2,679,150	208,711	-	-	2,379	2,890,239
03-006	Leeds 6	1,250,079	-	4,401	1,254,479	1,231,973	-	(3,242)	-	4,401	1,233,132
03-009	Maddock 9	1,272,424	-	4,937	1,277,361	1,270,717	-	(3,893)	-	4,937	1,271,761
03-016	Oberon 16	710,443	17,129	1,646	729,218	687,981	33,716	-	-	1,646	723,343
03-029	Warwick 29	2,056,528	79,665	2,519	2,138,712	2,012,635	156,217	-	-	2,519	2,171,370
03-030	Ft Totten 30	1,551,491	59,757	2,849	1,614,097	1,456,981	112,350	-	18,505	2,849	1,590,685
04-001	Billings Co 1	-	-	-	-	-	-	-	-	-	-
05-001	Bottineau 1	4,715,960	-	24	4,715,984	4,959,300	-	(354)	422,983	24	5,381,953
05-017	Westhope 17	1,413,754	-	-	1,413,754	1,482,300	-	(6,758)	107,153	-	1,582,695
05-054	Newburg-United 54	1,775,289	-	36	1,775,325	1,849,221	-	(50,316)	153,623	36	1,952,564
06-001	Bowman County 1	3,689,334	-	7,805	3,697,139	3,477,225	-	(51,188)	5,597	7,805	3,439,439
06-033	Scranton 33	1,255,133	-	2,955	1,258,089	1,200,678	-	(5,429)	8,999	2,955	1,207,203
07-014	Bowbells 14	1,048,381	-	2,044	1,050,425	1,017,687	-	(26,838)	44,219	2,044	1,037,112
07-027	Powers Lake 27	1,930,732	-	3,755	1,934,487	1,843,372	-	(15,834)	105,460	3,755	1,936,753
07-036	Burke Central 36	392,547	-	3,638	396,184	392,547	-	(8,808)	5,382	3,638	392,758
08-001	Bismarck 1	110,678,248	2,840,549	382,696	113,901,493	111,985,480	5,821,526	-	3,117,382	382,696	121,307,085
08-025	Naughton 25	181,797	-	321	182,118	179,791	-	(5,103)	-	321	175,008
08-028	Wing 28	912,703	25,017	1,241	938,961	927,364	51,433	-	30,309	1,241	1,010,347
08-033	Menoken 33	489,760	-	1,500	491,260	493,327	-	(5,073)	13,377	1,500	503,131
08-035	Sterling 35	190,892	-	3,806	194,698	181,614	-	(13,382)	211	3,806	172,249
08-039	Apple Creek 39	383,184	-	3,831	387,016	376,888	-	(523)	3,414	3,831	383,610
08-045	Manning 45	102,255	2,878	2,914	108,047	103,513	5,885	-	3,914	2,914	116,226
09-001	Fargo 1	98,617,754	2,495,046	483,806	101,596,605	100,661,995	5,167,531	-	4,040,694	483,806	110,354,027
09-002	Kindred 2	6,590,250	165,442	17,433	6,773,124	6,731,501	342,880	-	265,753	17,433	7,357,567
09-004	Maple Valley 4	2,420,127	-	12,796	2,432,923	2,476,742	-	(42,423)	118,427	12,796	2,565,542
09-006	West Fargo 6	95,311,493	2,360,832	123,988	97,796,313	96,680,590	4,891,688	-	3,792,404	123,988	105,488,670
09-007	Mapleton 7	1,664,727	-	4,664	1,669,390	1,691,957	-	(18,292)	61,121	4,664	1,739,450
09-017	Central Cass 17	8,123,955	199,780	28,100	8,351,835	8,347,243	414,410	-	324,564	28,100	9,114,318
09-080	Page 80	955,804	-	3,796	959,600	976,753	-	(18,944)	39,371	3,796	1,000,975
09-097	Northern Cass 97	5,214,463	132,330	12,182	5,358,976	5,357,768	274,158	-	218,684	12,182	5,862,793
10-019	Munich 19	1,450,203	-	2,302	1,452,505	1,344,941	-	(31,461)	49,920	2,302	1,365,702
10-023	Langdon Area 23	2,367,259	-	11,451	2,378,710	2,451,806	-	(6,095)	71,640	11,451	2,528,803
11-040	Ellendale 40	2,871,424	30,843	9,774	2,912,041	2,874,324	111,589	-	-	9,774	2,995,688
11-041	Oakes 41	4,094,704	107,406	11,095	4,213,205	4,130,314	218,626	-	-	11,095	4,360,035

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State School Aid Formula Projection
North Dakota Department of Public Instruction
School Finance - State Aid

School Year 2019-2020
Date 1/30/2019
Version Fiscal Note Version 1

		2019-20				2020-21					
CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
12-001	Divide County 1	785,107	-	7,943	793,050	868,049	67,031	-	110,095	7,943	1,053,119
13-016	Killdeer 16	3,268,051	-	7,280	3,275,331	3,547,467	-	(33,975)	617,081	7,280	4,137,853
13-019	Halliday 19	255,950	-	1,490	257,440	215,656	-	(14,221)	1,751	1,490	204,676
13-037	Twin Buttes 37	254,823	13,614	134	268,571	286,914	29,676	-	42,732	134	359,456
14-002	New Rockford-Sheyenne 2	2,634,344	71,142	10,075	2,715,561	2,614,111	143,430	-	-	10,075	2,767,616
15-006	Hazleton-Moffit-Braddock	1,263,835	-	2,648	1,266,483	1,157,623	-	(6,158)	-	2,648	1,154,113
15-010	Bakker 10	107,435	-	204	107,639	55,440	-	(7,835)	-	204	47,810
15-015	Strasburg 15	1,182,309	34,833	2,098	1,219,240	1,075,577	67,466	-	-	2,098	1,145,141
15-036	Linton 36	2,364,801	63,690	7,170	2,435,662	2,193,776	124,394	-	-	7,170	2,325,341
16-049	Carrington 49	3,755,285	107,352	14,783	3,877,420	3,680,143	213,892	-	78,180	14,783	3,986,997
17-003	Beach 3	2,202,060	67,369	9,716	2,279,145	1,955,509	127,124	-	-	9,716	2,092,350
17-006	Lone Tree 6	134,228	-	1,701	135,929	121,422	-	(1,662)	-	1,701	121,461
18-001	Grand Forks 1	63,030,724	1,620,401	156,916	64,808,041	63,407,431	3,302,559	-	1,622,018	156,916	68,488,925
18-044	Larimore 44	3,218,454	84,335	15,862	3,318,652	3,236,432	171,612	-	46,166	15,862	3,470,072
18-061	Thompson 61	4,911,143	116,860	8,947	5,036,950	4,922,496	238,087	-	114,711	8,947	5,284,242
18-125	Manvel 125	1,534,238	70,433	7,920	1,612,591	1,533,369	140,975	-	24,188	7,920	1,706,452
18-127	Emerado 127	1,193,666	2,697	9,369	1,205,732	1,193,568	32,244	-	13,549	9,369	1,248,730
18-128	Midway 128	1,977,188	-	10,355	1,987,543	1,976,521	-	(15,934)	1,776	10,355	1,972,718
18-129	Northwood 129	3,002,256	74,071	6,501	3,082,829	3,025,790	150,844	-	36,531	6,501	3,219,667
19-018	Roosevelt 18	835,006	-	5,015	840,022	824,722	-	(16,963)	-	5,015	812,774
19-049	Elgin-New Leipzig 49	1,880,012	-	10,144	1,890,156	1,920,772	-	(12,697)	22,801	10,144	1,941,020
20-007	Midkota 7	2,442,842	-	6,688	2,449,531	2,725,695	-	(43,982)	83,756	6,688	2,772,158
20-018	Griggs County Central 18	2,636,360	-	9,236	2,645,596	2,850,815	-	(8,834)	63,548	9,236	2,914,764
21-001	Mott-Regent 1	1,778,407	-	8,736	1,787,143	1,883,871	-	(7,720)	21,900	8,736	1,906,786
21-009	New England 9	2,423,402	-	8,079	2,431,481	2,497,312	-	(10,691)	43,932	8,079	2,538,631
22-001	Kidder County 1	2,823,150	80,495	16,713	2,920,358	2,733,336	159,643	-	-	16,713	2,909,692
23-003	Edgeley 3	2,398,848	11,883	5,650	2,416,381	2,341,871	77,584	-	7,728	5,650	2,432,834
23-007	Kulm 7	1,697,731	-	3,906	1,701,637	1,669,605	-	(22,541)	6,874	3,906	1,657,843
23-008	LaMoure 8	2,645,492	72,472	5,967	2,723,931	2,607,173	145,657	-	-	5,967	2,758,796
24-002	Napoleon 2	2,418,964	61,272	4,356	2,484,592	2,343,432	121,735	-	42,252	4,356	2,511,774
24-056	Gackle-Streeter 56	929,480	-	5,285	934,764	884,853	-	(418)	46,199	5,285	935,918
25-001	Velva 1	3,946,933	102,016	9,695	4,058,644	3,860,920	203,116	-	32,818	9,695	4,106,548
25-014	Anamoose 14	875,042	22,979	4,937	902,958	848,645	45,685	-	-	4,937	899,267
25-057	Drake 57	886,346	-	3,650	889,996	873,650	-	(5,762)	62,370	3,650	933,908
25-060	TGU 60	3,390,565	-	14,475	3,405,040	3,273,722	-	(34,565)	34,961	14,475	3,288,594
26-004	Zeeland 4	451,292	-	1,897	453,189	449,360	-	(16,216)	898	1,897	435,939
26-009	Ashley 9	1,515,228	-	6,000	1,521,227	1,526,314	1,315	-	71,456	6,000	1,605,085
26-019	Wishek 19	1,955,067	52,660	9,386	2,017,113	1,998,512	108,635	-	117,823	9,386	2,234,355

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CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
27-001	McKenzie Co 1	11,812,320	387,326	27,530	12,227,176	13,755,684	878,502	-	3,604,429	27,530	18,266,146
27-002	Alexander 2	1,126,838	-	15,734	1,142,572	1,338,024	-	(348)	301,037	15,734	1,654,446
27-014	Yellowstone 14	924,513	29,240	1,071	954,823	1,043,440	65,520	-	137,895	1,071	1,247,926
27-018	Earl 18	-	-	-	-	-	-	-	-	-	-
27-032	Horse Creek 32	-	-	-	-	-	-	-	-	-	-
27-036	Mandaree 36	1,665,058	78,890	524	1,744,471	1,864,480	173,322	-	288,730	524	2,327,056
28-001	Wilton 1	1,913,316	56,887	9,406	1,979,608	1,840,185	112,675	-	15,656	9,406	1,977,922
28-004	Washburn 4	2,513,941	71,979	6,844	2,592,764	2,458,712	143,664	-	16,660	6,844	2,625,879
28-008	Underwood 8	1,966,624	-	15,780	1,982,403	1,886,557	-	(12,985)	18,431	15,780	1,907,781
28-050	Max 50	1,802,863	49,481	4,679	1,857,024	1,766,135	98,732	-	10,036	4,679	1,879,583
28-051	Garrison 51	2,751,122	-	12,113	2,763,234	2,646,646	-	(10,366)	35,345	12,113	2,683,737
28-072	Turtle Lake-Mercer 72	1,699,242	-	6,148	1,705,390	1,654,331	-	(4,368)	16,070	6,148	1,672,180
28-085	White Shield 85	1,566,848	62,698	1,461	1,631,007	1,532,677	122,865	-	17,669	1,461	1,674,672
29-003	Hazen 3	4,386,679	120,720	10,815	4,518,213	4,297,023	241,352	-	72,159	10,815	4,621,348
29-027	Beulah 27	5,009,881	156,367	18,658	5,184,906	4,841,075	312,538	-	72,058	18,658	5,244,330
30-001	Mandan 1	33,750,336	854,498	117,036	34,721,869	34,497,276	1,774,886	-	1,547,752	117,036	37,936,950
30-004	Little Heart 4	291,096	-	957	292,053	289,256	-	(5,458)	17,552	957	302,307
30-013	Hebron 13	1,515,062	44,056	3,412	1,562,530	1,540,257	91,046	-	76,575	3,412	1,711,289
30-017	Sweet Briar 17	222,279	5,751	305	228,335	226,643	11,915	-	13,147	305	252,009
30-039	Flasher 39	2,482,852	60,405	6,237	2,549,495	2,542,154	125,330	-	92,632	6,237	2,766,354
30-048	Glen Ullin 48	1,087,284	38,214	6,236	1,131,734	1,099,446	78,920	-	48,574	6,236	1,233,177
30-049	New Salem - Almont 49	2,722,701	77,600	6,855	2,807,155	2,771,287	161,413	-	89,120	6,855	3,028,674
31-001	New Town 1	14,291,589	-	7,651	14,299,240	14,469,653	-	(385,749)	686,660	7,651	14,778,215
31-002	Stanley 2	4,524,632	-	18,988	4,543,620	4,313,417	-	(39,285)	304,003	18,988	4,597,123
31-003	Parshall 3	2,063,267	68,907	6,065	2,138,239	2,076,167	141,203	-	70,553	6,065	2,293,988
32-001	Dakota Prairie 1	3,064,758	-	13,155	3,077,913	3,085,838	-	(46,925)	-	13,155	3,052,068
32-066	Lakota 66	1,715,327	-	6,243	1,721,570	1,715,327	-	(5,972)	-	6,243	1,715,598
33-001	Center-Stanton 1	2,284,962	-	9,541	2,294,503	2,396,818	-	(11,819)	42,457	9,541	2,436,998
34-006	Cavalier 6	3,400,731	65,624	12,561	3,478,916	3,382,069	155,057	-	33,119	12,561	3,582,807
34-019	Drayton 19	1,985,533	-	4,019	1,989,552	1,966,176	-	(16,606)	41,495	4,019	1,995,083
34-043	St Thomas 43	714,885	-	4,393	719,278	713,807	-	(18,529)	301	4,393	699,972
34-100	North Border 100	4,122,227	-	14,119	4,136,346	4,122,227	-	(99,027)	2,183	14,119	4,039,502
34-118	Valley-Edinburg 118	2,155,238	-	5,376	2,160,614	2,146,976	-	(29,929)	903	5,376	2,123,326
35-001	Wolford 1	572,779	-	1,890	574,669	594,085	-	(7,337)	-	1,890	588,638
35-005	Rugby 5	4,692,726	126,654	28,234	4,847,615	4,827,481	261,382	-	-	28,234	5,117,097
36-001	Devils Lake 1	15,276,477	362,724	42,683	15,681,884	15,146,602	731,812	-	354,271	42,683	16,275,368
36-002	Edmore 2	538,191	-	5,296	543,488	530,204	-	(19,633)	331	5,296	516,199
36-044	Starkweather 44	659,721	-	2,708	662,429	659,721	-	(5,962)	346	2,708	656,814

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CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
37-006	Ft Ransom 6	182,798	-	742	183,540	181,872	-	(5,130)	-	742	177,484
37-019	Lisbon 19	5,382,308	130,227	9,840	5,522,374	5,109,038	253,247	-	-	9,840	5,372,124
37-024	Enderlin Area 24	2,628,320	72,695	14,603	2,715,618	2,547,547	144,390	-	-	14,603	2,706,540
38-001	Mohall-Lansford-Sherwood	2,629,728	-	11,487	2,641,215	2,619,198	-	(23,741)	-	11,487	2,606,944
38-026	Glenburn 26	2,349,553	64,373	21,190	2,435,116	2,254,230	126,348	-	-	21,190	2,401,768
39-008	Hankinson 8	2,464,203	66,214	28,669	2,559,087	2,438,115	133,790	-	9,835	28,669	2,610,409
39-018	Fairmount 18	1,266,520	-	4,364	1,270,884	1,246,928	-	(4,278)	-	4,364	1,247,014
39-028	Lidgerwood 28	1,887,449	48,329	23,511	1,959,288	1,882,348	97,644	-	-	23,511	2,003,502
39-037	Wahpeton 37	10,621,882	259,944	33,778	10,915,603	10,499,711	524,300	-	1,606	33,778	11,059,395
39-042	Wyndmere 42	2,428,899	63,804	4,803	2,497,506	2,421,726	128,848	-	-	4,803	2,555,377
39-044	Richland 44	2,467,867	63,250	5,160	2,536,277	2,455,419	127,815	-	(401)	5,160	2,587,992
40-001	Dunseith 1	6,143,443	233,905	5,244	6,382,592	6,108,909	465,386	-	9,820	5,244	6,589,359
40-003	St John 3	3,232,279	128,305	5,916	3,366,499	3,221,598	255,905	-	5,378	5,916	3,488,797
40-004	Mt Pleasant 4	1,945,746	61,812	8,933	2,016,491	1,920,836	124,153	-	-	8,933	2,053,922
40-007	Belcourt 7	13,732,287	523,745	-	14,256,032	13,636,574	1,040,666	-	48,944	-	14,726,184
40-029	Rolette 29	1,835,116	43,882	4,151	1,883,149	1,824,178	88,245	-	(100)	4,151	1,916,474
41-002	Milnor 2	2,508,962	59,614	3,317	2,571,892	2,515,433	121,540	-	14,552	3,317	2,654,842
41-003	North Sargent 3	2,319,191	56,449	10,406	2,386,046	2,285,162	114,091	-	31,112	10,406	2,440,770
41-006	Sargent Central 6	1,896,289	-	7,161	1,903,450	1,860,158	-	(43,978)	657	7,161	1,823,998
42-016	Goodrich 16	333,914	-	4,221	338,136	363,613	-	(13,689)	7,833	4,221	361,978
42-019	McClusky 19	992,287	-	5,269	997,557	1,049,573	-	(782)	-	5,269	1,054,061
43-003	Solen 3	2,287,803	87,077	1,114	2,375,994	2,264,368	173,316	-	-	1,114	2,438,798
43-004	Ft Yates 4	1,828,424	-	121	1,828,545	1,825,076	-	(27,615)	2,124	121	1,799,706
43-008	Selfridge 8	764,204	18,736	175	783,116	742,790	36,995	-	-	175	779,961
44-012	Marmarth 12	66,671	5,692	317	72,680	19,116	9,578	-	-	317	29,012
44-032	Central Elementary 32	-	-	-	-	-	-	-	-	-	-
45-001	Dickinson 1	30,541,920	824,106	38,067	31,404,093	31,608,185	1,747,902	-	2,594,406	38,067	35,988,561
45-009	South Heart 9	2,572,803	81,436	1,449	2,655,689	2,590,704	169,549	-	173,021	1,449	2,934,722
45-013	Belfield 13	2,003,764	61,345	985	2,066,094	2,122,602	128,766	-	156,963	985	2,409,317
45-034	Richardton-Taylor 34	2,443,008	77,725	2,818	2,523,551	2,584,742	162,915	-	159,271	2,818	2,909,746
46-010	Hope 10	1,094,380	-	3,734	1,098,114	1,094,380	-	(42,612)	-	3,734	1,055,502
46-019	Finley-Sharon 19	1,435,597	-	5,194	1,440,791	1,433,087	-	(42,511)	-	5,194	1,395,770
47-001	Jamestown 1	18,677,915	463,414	56,170	19,197,500	18,789,885	947,606	-	-	56,170	19,793,662
47-003	Medina 3	1,641,272	37,678	4,975	1,683,925	1,643,030	81,614	-	-	4,975	1,729,618
47-010	Pingree-Buchanan 10	1,305,170	36,971	3,796	1,345,938	1,307,077	75,059	-	-	3,796	1,385,932
47-014	Montpelier 14	1,118,123	30,164	880	1,149,167	1,126,438	61,581	-	-	880	1,188,900
47-019	Kensal 19	465,760	-	1,472	467,232	415,026	-	(14,347)	-	1,472	402,151
48-010	North Star 10	2,336,349	67,909	4,848	2,409,106	2,364,737	138,583	-	-	4,848	2,508,169

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CoDist	Entity Name	Cost to Continue	Rate Increases	75% In Lieu Adjustment	Total State Funding	Cost to Continue	Rate Increases	Transition Minimum Adj	On Time funding	75% In Lieu Adjustment	Total State Funding
49-003	Central Valley 3	1,767,297	-	6,232	1,773,529	1,731,354	-	(194)	-	6,232	1,737,392
49-007	Hatton 7	1,887,231	48,590	7,200	1,943,020	1,922,866	100,179	-	-	7,200	2,030,246
49-009	Hillsboro 9	4,487,293	-	10,362	4,497,655	4,599,203	-	(10,924)	-	10,362	4,598,641
49-014	May-Port CG 14	3,903,464	28,844	13,856	3,946,165	3,989,669	139,513	-	-	13,856	4,143,038
50-003	Grafton 3	8,731,150	196,881	29,318	8,957,350	8,771,995	400,085	-	110,697	29,318	9,312,096
50-005	Fordville-Lankin 5	737,479	-	2,248	739,727	733,045	-	(24,747)	743	2,248	711,289
50-008	Park River Area 8	3,531,760	89,872	16,808	3,638,440	3,520,318	182,633	-	95,041	16,808	3,814,800
50-020	Minto 20	2,946,284	67,608	4,549	3,018,440	2,963,853	137,623	-	38,137	4,549	3,144,162
51-001	Minot 1	63,380,780	1,631,591	186,138	65,198,509	64,375,089	3,337,199	-	1,306,185	186,138	69,204,611
51-004	Nedrose 4	5,153,036	-	15,296	5,168,332	5,254,137	-	(12,806)	103,929	15,296	5,360,557
51-007	United 7	5,668,419	138,960	15,085	5,822,465	5,725,483	284,474	-	107,787	15,085	6,132,829
51-016	Sawyer 16	1,072,901	-	6,674	1,079,575	1,067,111	-	(45,066)	687	6,674	1,029,407
51-028	Kenmare 28	2,355,435	71,974	6,610	2,434,018	2,375,113	146,234	-	27,398	6,610	2,555,355
51-041	Surrey 41	3,692,794	87,010	8,235	3,788,039	3,731,763	177,399	-	73,664	8,235	3,991,062
51-070	South Prairie 70	3,920,653	96,566	20,441	4,037,660	3,984,799	197,726	-	79,585	20,441	4,282,552
51-161	Lewis and Clark 161	2,912,981	-	10,267	2,923,248	2,933,687	-	(23,427)	46,651	10,267	2,967,177
52-025	Fessenden-Bowdon 25	1,735,047	-	2,267	1,737,314	1,730,748	-	(24,553)	91,301	2,267	1,799,764
52-038	Harvey 38	3,111,364	-	18,368	3,129,732	3,075,287	30,445	-	83,801	18,368	3,207,902
53-001	Williston 1	36,128,430	928,527	49,265	37,106,222	39,254,827	2,019,642	-	4,283,264	49,265	45,606,998
53-002	Nesson 2	2,221,926	79,723	2,047	2,303,695	2,281,000	169,510	-	259,330	2,047	2,711,887
53-006	Eight Mile 6	2,902,721	72,087	2,212	2,977,020	3,033,423	152,545	-	252,907	2,212	3,441,087
53-008	New 8	7,588,105	-	10,039	7,598,144	8,251,846	-	(284,190)	1,293,059	10,039	9,270,753
53-015	Tioga 15	3,237,381	-	6,130	3,243,511	3,491,240	-	(55,203)	564,811	6,130	4,006,978
53-099	Grenora 99	1,648,354	-	1,897	1,650,251	1,743,001	-	(23,895)	236,170	1,897	1,957,172
Grand Total		976,425,802	21,577,645	2,878,012	1,000,881,458	990,894,864	44,732,616	(2,116,752)	36,689,546	2,878,012	1,073,078,286



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Fiscal impact if transition minimums grow or decline
 at the per-pupil amount rather than held harmless

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CoDist	Entity Name	2017-18 WSU	2018-19 Projected WSU	2019-20 Projected WSU	2017-18 Funding Per WSU	2018-19 Projected Funding Per WSU	2019-20 Projected Funding per WSU	Savings 2019-20	Savings 2020-21	
01-013	Hettinger 13	0	361.39	349.17	354.37	9,646.00	9,839.00	10,036.00	-	-
02-002	Valley City 2	0	1,191.23	1,198.32	1,214.90	9,646.00	9,839.00	10,036.00	-	-
02-007	Barnes County North 7	1	328.19	310.45	314.84	13,783.11	14,570.71	14,367.54	-	-
02-046	Litchville-Marion 46	0	166.62	167.56	169.79	13,622.83	13,622.83	13,622.83	3,556.80	7,998.63
03-005	Minnewaukan 5	0	331.43	338.20	330.83	8,832.19	9,147.63	9,463.06	-	-
03-006	Leeds 6	1	191.21	192.66	187.17	10,163.04	10,086.55	10,382.40	-	-
03-009	Maddock 9	1	183.83	183.79	178.36	10,160.92	10,163.13	10,472.54	-	-
03-016	Oberon 16	0	77.38	88.75	86.45	9,646.00	9,839.00	10,036.00	-	-
03-029	Warwick 29	0	300.22	293.33	287.60	7,604.45	7,876.04	8,147.63	-	-
03-030	Ft Totten 30	0	229.47	247.07	232.26	6,772.18	7,014.04	7,255.91	-	-
04-001	Billings Co 1	0	109.55	114.91	116.40	16,596.77	16,596.77	16,596.77	36,221.65	9,775.55
05-001	Bottineau 1	0	751.89	740.75	771.56	10,045.18	10,045.18	10,045.18	-	282.75
05-017	Westhope 17	0	177.63	185.44	192.04	10,739.80	10,739.80	10,739.80	7,035.25	4,645.09
05-054	Newburg-United 54	0	124.74	142.76	148.69	16,803.91	16,803.91	16,803.91	125,507.76	40,133.73
06-001	Bowman Co 1	0	532.91	534.65	519.20	12,007.82	12,007.82	12,007.82	3,773.74	-
06-033	Scranton 33	0	182.94	191.88	187.35	10,615.59	10,615.59	10,615.59	6,942.71	-
07-014	Bowbells 14	0	118.61	126.77	124.63	14,342.89	14,342.89	14,342.89	36,751.71	-
07-027	Powers Lake 27	0	252.23	273.50	270.56	11,206.48	11,206.48	11,206.48	29,086.29	-
07-036	Burke Central 36	0	157.37	133.73	132.91	11,254.27	11,291.80	11,361.46	-	-
08-001	Bismarck 1	0	14,464.35	14,717.87	14,926.99	9,646.00	9,839.00	10,036.00	-	-
08-025	Naughton 25	0	12.08	12.20	12.19	18,408.28	18,408.28	18,408.28	1,028.31	-
08-028	Wing 28	0	142.43	129.62	131.88	9,646.00	9,839.00	10,036.00	-	0.00
08-033	Menoken 33	0	52.58	59.69	60.38	11,716.27	11,716.27	11,716.27	13,347.40	1,159.39
08-035	Sterling 35	1	28.45	26.15	26.41	18,723.51	20,370.32	20,169.78	-	-
08-039	Apple Creek 39	0	75.90	70.45	70.53	9,646.00	10,195.83	10,184.26	-	11.86
08-045	Manning 45	0	18.68	14.91	15.09	9,646.00	9,839.00	10,036.00	-	-
09-001	Fargo 1	0	12,796.99	12,927.70	13,250.08	9,646.00	9,839.00	10,036.00	-	-
09-002	Kindred 2	0	845.40	857.21	879.18	9,646.00	9,839.00	10,036.00	-	0.00

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09-004	Maple Valley 4	1	274.87	289.00	294.25	12,974.76	12,919.47	12,919.47		
09-006	West Fargo 6	0	11,829.16	12,232.29	12,542.79	9,646.00	9,839.00	10,036.00		
09-007	Mapleton 7	0	147.24	187.73	192.10	11,940.39	11,940.39	11,940.39	85,085.43	8,322.20
09-017	Central Cass 17	0	991.93	1,035.13	1,062.59	9,646.00	9,839.00	10,036.00		0.00
09-080	Page 80	0	138.10	115.79	118.25	13,006.62	13,240.12	13,240.12		7,882.13
09-097	Northern Cass 97	0	688.86	685.65	702.97	9,646.00	9,839.00	10,036.00		
10-019	Munich 19	0	156.90	155.43	148.48	14,273.72	14,273.72	14,273.72		
10-023	Langdon Area 23	0	436.18	438.48	450.35	10,306.67	10,306.67	10,306.67	1,075.63	3,212.81
11-040	Ellendale 40	0	403.91	406.79	409.02	9,763.18	9,839.00	10,036.00		0.00
11-041	Oakes 41	0	548.26	556.51	560.58	9,646.00	9,839.00	10,036.00		
12-001	Divide County 1	0	428.92	424.73	440.02	9,883.66	9,883.66	10,036.00		
13-016	Killdeer 16	0	551.49	627.41	671.22	11,048.32	11,048.32	11,048.32	91,811.91	44,349.93
13-019	Halliday 19	1	43.51	38.03	41.78	15,154.49	18,504.50	16,843.62		
13-037	Twin Buttes 37	0	65.91	51.38	56.00	7,418.96	7,683.93	7,948.89		
14-002	New Rockford-Sheyenne 2	0	364.94	368.61	367.77	9,646.00	9,839.00	10,036.00		
15-006	Hazelton-Moffit-Braddock	0	176.82	180.63	173.48	10,745.98	10,745.98	10,745.98	3,455.59	
15-010	Bakker 10	0	11.40	14.88	13.63	18,617.62	21,532.06	21,532.06	40,691.84	
15-015	Strasburg 15	0	185.83	180.48	172.99	9,646.00	9,839.00	10,036.00		
15-036	Linton 36	0	335.84	330.00	318.96	9,646.00	9,839.00	10,036.00		
16-049	Carrington 49	0	551.40	556.23	548.44	9,646.00	9,839.00	10,036.00		
17-003	Beach 3	0	358.96	349.06	325.96	9,646.00	9,839.00	10,036.00		
17-006	Lone Tree 6	0	41.59	39.90	39.70	10,829.61	10,873.13	10,873.13		
18-001	Grand Forks 1	0	8,479.82	8,395.86	8,468.10	9,646.00	9,839.00	10,036.00		
18-044	Larimore 44	0	432.25	436.97	440.03	9,646.00	9,839.00	10,036.00		
18-061	Thompson 61	0	577.90	605.49	610.48	9,646.00	9,839.00	10,036.00		
18-125	Manvel 125	0	203.79	220.14	220.31	8,958.50	9,278.45	9,598.39		
18-127	Emerado 127	0	142.01	150.00	149.99	9,821.02	9,839.00	10,036.00		
18-128	Midway 128	1	227.04	234.98	237.15	11,886.57	11,484.92	11,379.83		
18-129	Northwood 129	0	371.28	383.79	386.78	9,646.00	9,839.00	10,036.00		
19-018	Roosevelt 18	1	73.24	76.75	85.84	16,394.64	15,644.87	13,988.16		
19-049	Elgin-New Leipzig 49	0	242.29	228.50	233.66	11,122.76	11,122.76	11,122.76		5,607.67
20-007	Midkota 7	0	236.75	243.55	264.96	13,355.86	13,355.86	13,355.86	23,914.67	71,078.27
20-018	Griggs County Central 18	0	333.30	338.10	358.87	10,528.34	10,528.34	10,528.34	3,308.82	10,225.84
21-001	Mott-Regent 1	0	286.63	282.80	297.75	10,554.56	10,554.56	10,554.56		7,752.46

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21-009	New England 9	0	342.76	342.91	352.94	10,497.84	10,641.84	10,641.84	120.43	6,076.62
22-001	Kidder County 1	0	417.05	417.07	409.34	9,646.00	9,839.00	10,036.00	-	-
23-003	Edgeley 3	0	316.32	336.00	333.89	9,803.64	9,839.00	10,036.00	-	-
23-007	Kulm 7	0	186.14	192.72	191.31	12,392.52	12,392.52	12,392.52	16,802.19	-
23-008	LaMoure 8	0	375.18	375.50	373.48	9,646.00	9,839.00	10,036.00	-	-
24-002	Napoleon 2	0	329.96	317.47	312.14	9,646.00	9,839.00	10,036.00	-	-
24-056	Gackle-Streeter 56	0	157.64	158.55	155.33	10,089.82	10,089.82	10,089.82	228.25	-
25-001	Velva 1	0	531.50	528.58	520.81	9,646.00	9,839.00	10,036.00	-	-
25-014	Anamoose 14	0	135.44	119.06	117.14	9,646.00	9,839.00	10,036.00	-	-
25-057	Drake 57	0	132.82	131.20	131.92	10,909.51	10,909.51	10,909.51	-	628.93
25-060	TGU 60	0	377.66	395.64	387.21	11,810.91	11,821.31	11,821.31	35,641.98	-
26-004	Zeeland 4	1	44.34	41.74	42.26	16,879.74	17,931.19	17,710.55	-	-
26-009	Ashley 9	0	200.59	201.56	203.52	10,029.54	10,029.54	10,036.00	184.82	-
26-019	Wishek 19	0	259.43	272.85	278.55	9,646.00	9,839.00	10,036.00	-	-
27-001	McKenzie Co 1	0	1,711.27	2,006.87	2,252.57	9,646.00	9,839.00	10,036.00	-	-
27-002	Alexander 2	0	294.95	321.07	354.50	10,055.64	10,055.64	10,055.64	5,658.70	656.65
27-014	Yellowstone 14	0	141.70	151.50	168.00	9,646.00	9,839.00	10,036.00	-	-
27-018	Earl 18	0	6.49	6.49	7.06	928.73	961.90	995.07	-	-
27-032	Horse Creek 32	0	12.14	9.46	10.28	10,012.59	10,846.06	10,846.06	-	664.25
27-036	Mandaree 36	0	298.79	300.58	330.19	7,348.82	7,611.28	7,873.74	-	-
28-001	Wilton 1	0	296.09	294.75	288.91	9,646.00	9,839.00	10,036.00	-	-
28-004	Washburn 4	0	373.70	372.95	368.37	9,646.00	9,839.00	10,036.00	-	-
28-008	Underwood 8	0	280.24	269.96	264.00	11,019.75	11,019.75	11,019.75	-	-
28-050	Max 50	0	257.25	256.38	253.16	9,454.49	9,839.00	10,036.00	-	-
28-051	Garrison 51	0	437.53	414.62	407.53	10,544.73	10,544.73	10,544.73	-	-
28-072	Turtle Lake-Mercer 72	0	244.21	254.22	250.35	10,384.97	10,384.97	10,384.97	5,465.13	-
28-085	White Shield 85	0	204.93	210.65	206.40	8,333.88	8,631.52	8,929.15	-	-
29-003	Hazen 3	0	627.25	625.49	618.85	9,646.00	9,839.00	10,036.00	-	-
29-027	Beulah 27	0	782.91	810.19	801.38	9,646.00	9,839.00	10,036.00	-	-
30-001	Mandan 1	0	4,178.10	4,427.45	4,550.99	9,646.00	9,839.00	10,036.00	-	-
30-004	Little Heart 4	0	27.10	30.00	30.84	13,575.45	13,575.45	13,575.45	10,835.70	2,973.14
30-013	Hebron 13	0	223.55	228.27	233.45	9,646.00	9,839.00	10,036.00	-	0.00
30-017	Sweet Briar 17	0	27.10	29.80	30.55	9,646.00	9,839.00	10,036.00	-	-
30-039	Flasher 39	0	292.58	312.98	321.36	9,646.00	9,839.00	10,036.00	-	-

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30-048	Glen Ullin 48	0	204.71	198.00	202.36	9,646.00	9,839.00	10,036.00		
30-049	New Salem-Almont 49	0	393.05	402.07	413.88	9,646.00	9,839.00	10,036.00		
31-001	New Town 1	0	1,112.22	1,158.03	1,179.03	15,642.15	16,579.49	16,579.49	308,781.87	137,413.30
31-002	Stanley 2	0	745.37	788.24	805.23	11,011.73	11,011.73	11,011.73	50,275.11	16,577.72
31-003	Parshall 3	0	355.60	357.03	362.06	9,646.00	9,839.00	10,036.00		
32-001	Dakota Prairie 1	0	353.71	353.75	357.19	12,663.46	12,663.46	12,663.46	112.98	9,038.48
32-066	Lakota 66	1	225.54	220.28	221.88	10,402.74	10,651.14	10,574.34		
33-001	Center-Stanton 1	0	288.09	303.07	315.08	10,786.24	10,786.24	10,786.24	14,189.67	9,010.39
34-006	Cavalier 6	0	454.97	456.33	454.97	9,695.19	9,839.00	10,036.00	0.00	
34-019	Drayton 19	0	237.95	232.14	231.35	11,471.58	11,471.58	11,471.58		
34-043	St Thomas 43	1	76.42	71.89	72.13	14,321.97	15,224.44	15,173.78		
34-100	North Border 100	1	377.75	385.21	380.63	15,355.52	15,058.14	15,239.33		
34-118	Valley-Edinburg 118	1	238.48	243.93	241.81	12,686.09	12,402.65	12,511.38		
35-001	Wolford 1	0	61.59	67.24	69.05	12,160.98	12,160.98	12,160.98	13,119.21	3,846.22
35-005	Rugby 5	0	658.26	656.24	670.21	9,646.00	9,839.00	10,036.00		
36-001	Devils Lake 1	0	1,863.19	1,879.40	1,876.44	9,646.00	9,839.00	10,036.00		
36-002	Edmore 2	0	91.87	78.53	78.42	13,749.73	15,021.97	15,043.05		
36-044	Starkweather 44	1	81.86	90.92	90.54	12,556.70	11,305.45	11,352.90		
37-006	Ft Ransom 6	0	36.68	33.26	30.69	12,373.43	12,373.43	13,379.43		
37-019	Lisbon 19	0	675.72	674.75	649.35	9,646.00	9,839.00	10,036.00		
37-024	Enderlin Area 24	0	376.56	376.66	370.23	9,646.00	9,839.00	10,036.00		
38-001	Mohall-Lansford-Sherwoo	0	389.28	385.61	377.38	10,941.94	11,053.18	11,294.23		
38-026	Glenburn 26	0	340.40	333.54	323.97	9,646.00	9,839.00	10,036.00		
39-008	Hankinson 8	0	332.16	343.08	343.05	9,646.00	9,839.00	10,036.00		
39-018	Fairmount 18	0	150.63	155.79	155.30	10,586.95	10,586.95	10,586.95	3,859.41	
39-028	Lidgerwood 28	0	271.21	250.41	250.37	9,646.00	9,839.00	10,036.00		
39-037	Wahpeton 37	0	1,339.15	1,346.86	1,344.36	9,646.00	9,839.00	10,036.00		
39-042	Wyndmere 42	0	316.80	330.59	330.38	9,646.00	9,839.00	10,036.00		
39-044	Richland 44	0	331.01	327.72	327.73	9,646.00	9,839.00	10,036.00		
40-001	Dunseith 1	0	852.61	860.28	855.82	7,613.05	7,884.94	8,156.84		
40-003	St John 3	0	443.24	470.02	468.73	7,643.37	7,916.35	8,189.33		
40-004	Mt Pleasant 4	0	322.88	320.27	318.34	9,646.00	9,839.00	10,036.00		
40-007	Belcourt 7	0	2,198.25	2,133.91	2,120.01	6,872.29	7,117.73	7,363.17		
40-029	Rolette 29	0	233.45	227.37	226.27	9,646.00	9,839.00	10,036.00		

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41-002	Milnor 2	0	302.19	308.88	311.64	9,646.00	9,839.00	10,036.00	-	-
41-003	North Sargent 3	0	293.61	292.48	292.54	9,646.00	9,839.00	10,036.00	-	-
41-006	Sargent Central 6	1	229.84	210.83	212.24	13,094.32	14,275.00	14,180.16	-	-
42-016	Goodrich 16	0	35.24	33.03	35.29	17,793.82	17,793.82	17,793.82	-	17,532.68
42-019	McClusky 19	0	143.17	138.52	145.86	10,143.17	10,143.17	10,143.17	-	786.60
43-003	Solen 3	0	243.03	272.47	271.16	8,948.32	9,267.91	9,587.49	-	-
43-004	Ft Yates 4	1	200.83	178.66	185.07	9,542.42	10,726.54	10,355.02	-	-
43-008	Selfridge 8	0	135.95	97.08	94.86	9,646.00	9,839.00	10,036.00	-	-
44-012	Marmarth 12	0	32.24	29.49	24.56	6,755.26	9,839.00	10,036.00	-	-
45-001	Dickinson 1	0	4,114.04	4,269.98	4,481.80	9,646.00	9,839.00	10,036.00	-	-
45-009	South Heart 9	0	403.22	421.95	434.74	9,646.00	9,839.00	10,036.00	-	-
45-013	Belfield 13	0	338.62	317.85	330.17	9,646.00	9,839.00	10,036.00	-	-
45-034	Richardton-Taylor 34	0	391.81	402.72	417.73	9,646.00	9,839.00	10,036.00	-	-
46-010	Hope 10	1	87.71	99.59	96.76	20,788.18	18,308.38	18,843.86	-	-
46-019	Finley-Sharon 19	1	133.51	125.64	123.86	15,678.76	16,660.86	16,900.30	-	-
47-001	Jamestown 1	0	2,396.37	2,401.11	2,429.76	9,646.00	9,839.00	10,036.00	-	-
47-003	Medina 3	0	215.41	221.44	222.29	9,668.85	9,839.00	10,036.00	-	-
47-010	Pingree-Buchanan 10	0	202.38	191.56	192.46	9,646.00	9,839.00	10,036.00	-	-
47-014	Montpelier 14	0	175.32	156.29	157.90	9,646.00	9,839.00	10,036.00	-	-
47-019	Kensal 19	1	40.45	49.20	46.30	16,485.05	16,233.24	16,233.24	-	-
48-010	North Star 10	0	346.36	351.86	355.34	9,646.00	9,839.00	10,036.00	-	0.00
49-003	Central Valley 3	0	273.64	258.08	262.68	9,786.99	10,229.90	10,050.76	-	67.89
49-007	Hatton Eielson 7	0	244.56	251.76	256.87	9,646.00	9,839.00	10,036.00	-	-
49-009	Hillsboro 9	0	536.35	551.20	565.39	10,422.41	10,422.41	10,422.41	8,663.64	5,483.16
49-014	May-Port CG 14	0	540.86	545.33	558.29	9,786.11	9,839.00	10,036.00	-	0.00
50-003	Grafton 3	0	972.47	1,020.11	1,025.86	9,646.00	9,839.00	10,036.00	-	0.00
50-005	Fordville-Lankin 5	1	53.11	58.79	59.50	20,562.82	18,576.14	18,354.47	-	-
50-008	Park River Area 8	0	469.49	465.66	468.29	9,646.00	9,839.00	10,036.00	-	-
50-020	Minto 20	0	332.87	350.30	352.88	9,646.00	9,839.00	10,036.00	0.00	-
51-001	Minot 1	0	8,387.23	8,453.84	8,556.92	9,646.00	9,839.00	10,036.00	-	-
51-004	Nedrose 4	0	589.38	634.49	644.18	10,433.58	10,433.58	10,433.58	26,821.40	3,852.53
51-007	United 7	0	718.73	720.00	729.42	9,646.00	9,839.00	10,036.00	-	-
51-016	Sawyer 16	1	41.64	60.98	61.87	31,542.96	24,963.02	24,603.92	-	-
51-028	Kenmare 28	0	372.15	372.92	374.96	9,646.00	9,839.00	10,036.00	-	-

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51-041	Surrey 41	0	443.79	450.83	454.87	9,646.00	9,839.00	10,036.00	-	-
51-070	South Prairie 70	0	465.48	500.34	506.99	9,646.00	9,839.00	10,036.00	-	-
51-161	Lewis and Clark 161	0	441.51	444.29	448.46	11,080.78	11,080.78	11,080.78	3,452.14	4,356.73
52-025	Fessenden-Bowdon 25	0	214.13	223.42	223.31	12,234.97	12,234.97	12,234.97	22,258.60	-
52-038	Harvey 38	0	463.88	445.30	443.92	9,967.42	9,967.42	10,036.00	-	-
53-001	Williston 1	0	4,510.97	4,811.02	5,178.57	9,646.00	9,839.00	10,036.00	-	0.00
53-002	Nesson 2	0	395.59	413.07	434.64	9,646.00	9,839.00	10,036.00	-	-
53-006	Eight Mile 6	0	364.03	373.51	391.14	9,646.00	9,839.00	10,036.00	-	-
53-008	Williams County 8	0	533.23	706.70	770.10	17,416.61	17,416.61	17,416.61	1,314,487.87	467,930.62
53-015	Tioga 15	0	490.09	514.34	554.98	12,025.37	12,025.37	12,025.37	53,019.42	80,847.92
53-099	Grenora 99	0	246.60	245.75	262.24	11,858.41	11,858.41	11,858.41	-	30,051.55
									2,406,574.04	1,020,233.67

Total State Savings: \$3,426,807.71

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SB 2265 Testimony

Chairman Owens and members of the committee, for the record my name is Brandt Dick, Superintendent of Underwood School District, North Dakota Small Organized Schools's Board President, and North Dakota Association of School Administrators Legislative Focus Group finance member. I am here to speak in support of SB 2265 with concerns for those school districts that are not on the formula.

It is appreciated that this bill provides a 2% increase in the baseline funding for the 2019-20 school year, and a 3% increase for the 2010-21 school year. It is also good that for 2020-21 school year, this bill provides on-time funding.

The concerns come with the reality that this is the first time that an increase in the per pupil payment does not increase transition minimums. With my testimony, I have provided Underwood's payment worksheet showing how funding is generated for school's not on the formula.

In line 15 on page 5 of the bill, 2265 mentions 108% because each of the last four years that the per pupil payment increased by 3%, the baseline funding increased by 2% for those that were on the transition minimum amount. This was to slowly get schools on the formula. The result of this language as well as language in line 1 on page 6 means that for those districts that are not on the formula (roughly 75 school districts, 20% of students) will see 4 years of no increase, and year 5 will see a 5% decrease in amount above what they would get if they were on the formula.

A better way to deal with the transition minimum schools is to assure that any new students that these districts educate, will generate the per pupil rate set by the state. Right now, any additional students are paid at the transition minimum rate. On the payment worksheet of Underwood, line 66 would show that for Underwood, this would be \$11,019.75. As you can see on the "State School Aid Adequacy Formula" worksheet, each of the 75 districts not on the formula generate a different hold harmless amount. As we go forward, we would need to reset the baseline, and assure any new students generate the state approved formula amount. This would be a larger savings to the state (at least \$3.4 million compared to \$2.1 million) than a 5% cut that is presently in the bill.

In addition, to be consistent with prior practice, a 1% increase for the transition minimum schools for both years, is what is being proposed in an amendment. This would add an additional \$5.3 million to the fiscal note of 2265.

Without these amendments, one of the main challenges of holding these 75 districts to present funding is that the ability to provide increases in salaries will be difficult, and will cause us to fall farther behind in salaries to larger school districts who will see new money they can put towards salaries. This will make it that much more difficult to find applicants for teaching positions than what is our present reality.

I do understand the equity argument of school districts on the formula compared to those that are not on the formula, and do feel a study is the best way to address these concerns and allow time for those districts to adjust their budgets. I will stand for questions.



STATE AID TO SCHOOLS PAYMENT WORKSHEET

North Dakota Department of Public Instruction
Office of School Finance and Organization

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District Name Underwood 8	County District Number 28-008	Payment Month February	School Year 2018-19
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A. STATE AID FORMULA:

Student membership includes regular school year average daily membership (ADM). ADM for students attending school in Montana and Minnesota (NDCC 15.1-29.01), South Dakota students attending school in North Dakota (NDCC 15.1-29-02.1) under cross border attendance agreements, and students in private or out-of-state placements for purposes other than education (NDCC 15.1-29-14) are also included.

Student Membership

	ADM	Weighting Factor	Weighted ADM
1 Pk Special Education	3.50	1.000	3.50
2 Kindergarten	26.16	1.000	26.16
3 Grade 1-6	89.92	1.000	89.92
4 Grade 7-8	38.13	1.000	38.13
5 Grade 9-12	50.09	1.000	50.09
6 Alternate High School	0.00	1.000	0.00
7 Total Average Daily Membership (ADM)			207.80

Other Program Membership

8 Alt High School (from line 6)	0.00	0.250	0.00
9 Special Ed ADM (from line 7)	207.80	0.082	17.04
10 PK Special Ed ADM (from line 1)	3.50	0.170	0.60
11 Regional Educational Association (if member from line 7)	207.80	0.002	0.42
12 ELL Level 1	0.00	0.400	0.00
13 ELL Level 2	0.00	0.280	0.00
14 ELL Level 3	0.00	0.070	0.00
15 At Risk	49.66	0.025	1.24
16 Home-Education (district supervised)	0.00	0.200	0.00
17 Alt Middle School	0.00	0.150	0.00
Summer Programs			
18 Summer School	1.23	0.600	0.74
19 Special Ed ESY	0.00	1.000	0.00
Isolated School District			
20 > 275 sq miles and < 100 ADM	0.00	0.100	0.00
21 > 600 sq miles and < 50 ADM	0.00	1.100	0.00

22 Total Weighted Average Daily Membership (Add Lines 7 through 21)	227.84
23 School District Size Weighting Factor	1.2300
24 Total Weighted Student Units	280.24
25 Per Student Payment Rate	9,646.00
26 Total Formula Payment	2,703,195.04

Formula Adjustments

27 Transition Maximum Adjustment (from line 65)	4,003,188.61	0.00
28 Transition Minimum Adjustment (from line 70)	3,088,174.07	384,979.03
29 Total Adjusted Formula Amount (total lines 26, 27 and 28)		3,088,174.07
30 Contribution from Property Tax (from line 45)		785,259.72
31 Contribution from Other Local Revenue (from line 39)		208,873.07
32 State Aid Payment (line 29 minus lines 30 and 31)		2,094,041.28

State School Aid Summary

	Entitlement	EFB Offset	Net Entitlement
1 State Aid Formula Payment (from line 32)	2,094,041.28	-	2,094,041.28
2 Transportation (from line 61)	67,003.62	-	67,003.62
3 State Child Placement	-	-	-
4 Special Education Contracts - Agency	-	-	-
5 Special Education Contracts - School Placed	-	-	-
6 Special Education - Boarding	-	-	-
7 Special Education - Gifted and Talented	-	-	-
Total State Aid	2,161,044.90	-	2,161,044.90
Excess Fund Balance Offset (from line 49)		-	

SUPPORTING CALCULATIONS

2018-19

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B. CONTRIBUTION FROM OTHER LOCAL REVENUE

	Total Revenue	Percent	
33 1300 Tuition	20,099.00	75%	15,074.25
34 2999 County	159,500.16	75%	119,625.12
35 US Flood	1,981.36	75%	1,486.02
36 Electric Generation, Distribution and Transmission Tax	12,758.98	75%	9,569.24
37 Mobile Home and Other In-Lieu Taxes	39,684.35	100%	39,684.35
38 Telecommunications	23,434.09	100%	23,434.09
39 Contribution from Other Local Revenue			208,873.07

C. CONTRIBUTION FROM PROPERTY TAX

40 District Taxable Valuation		13,087,662.00
41 Contribution Mill Rate		60.00
42 Contribution from Property Tax (line 40 times line 41 divided by 1000)		785,259.72
43 Minimum Local Effort Adjustment (NDCC 15.1-27-04.2)	-	-
44 Maximum Contribution Increase Adjustment (NDCC 15.1-27-04.1.4.a.)	863,969.57	-
45 Adjusted Contribution from Property Tax (total lines 42, 43 and 44)		785,259.72

D. EXCESS FUND BALANCE OFFSET

46 General Fund Ending Balance	979,803.08
47 General Fund Expenditures	3,277,690.73
48 35% of General Fund Expenditures + \$50,000	1,197,191.76
49 Excess Fund Balance Offset (line 46 minus line 48, if less than zero enter zero)	-

E. TRANSPORTATION WORKSHEET

Transportation Statistics	Rate	Miles	Rides	Total
50 Small Bus Miles	0.520	37,820.0		19,666.40
51 Large Bus Miles	1.110	32,712.0		36,310.32
52 Rural Rides	0.300		14,459	4,337.70
53 Small In-City Miles	0.520	-		-
54 Large In-City Miles	1.110	1,360.0		1,509.60
55 In-City Rides	0.300		5,702	1,710.60
56 Family - To School	0.250	13,876.0		3,469.00
57 Family - To Bus	0.250	-		-
58 Not Reimbursable	-			
59 Total Transportation Reimbursement				67,003.62
60 Reimbursement Cap --- 90% of transportation expenditures				158,894.33
61 Block Grant Total (lesser of 90% cap or total)				67,003.62

F. BASELINE FUNDING - MINIMUM AND MAXIMUM PAYMENTS

62 Baseline Funding (2012-13 State Aid Formula Payment, MLRG, GF levies and 75%-100% In-lieu)	2,619,945.96
63 Baseline Weighted Student Units (2012-13)	256.77
64 Baseline Funding Rate	\$10,203.47

Adjustment for Maximum	Baseline Funding Rate	Maximum Percent	Weighted Student Units	
65 Maximum Increase Amount	\$10,203.47	140%	280.24	4,003,188.61

Adjustment for Minimum	Baseline Funding Rate	Minimum Percent	Weighted Student Units	
66 Minimum Increase Per Student	\$10,203.47	108%	280.24	3,088,174.07
67 Baseline Funding (from line 62)				2,619,945.96
68 Minimum Funding Percentage				100%
69 Minimum Funding Amount				2,619,945.96
70 Minimum Increase Amount (greater of line 66 and 69)				3,088,174.07

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Testimony
66th Legislative Assembly
House Education Committee
Senate Bill 2265
February 27, 2019

Chairman Owens and members of the Education Committee, thank you for the opportunity to provide information regarding the North Dakota Reading Corps program. I am Jolene Garty, Director of Student Services at the South East Education Cooperative (SEEC) and I oversee North Dakota Reading Corps.

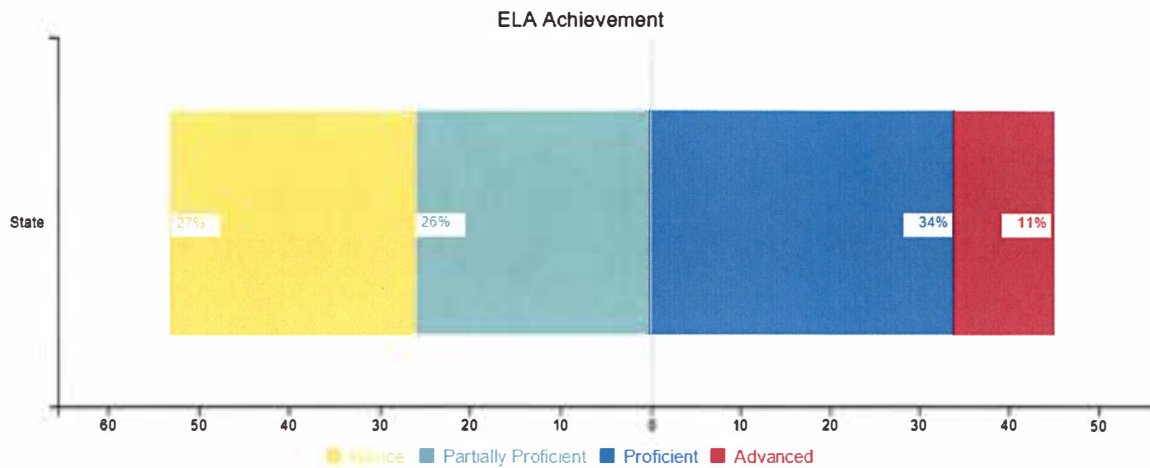
SEEC is one of the eight Regional Education Associations or REAs in North Dakota. We are based out of Fargo and serve 36 public schools, 3 private schools and more than 2,800 teachers and 33,500 students.

Reading Corps combines the power of national service through AmeriCorps with literacy science to help struggling readers transform into confident students. Students served by Reading Corps score below proficiency on district reading assessments but are not yet low enough to make them eligible to receive special education for Title I reading services. These “bubble kids” are at-risk for reading failure, but schools do not typically have staff capacity to work one on one with these students until they score low enough for support services. By that point, the gap is wider, and it takes more intensive and expensive intervention to get these students to proficiency. The goal of Reading Corps is to catch those students before they fall low enough to need assistance from district staff. By doing so, the district can focus its staff and resources on students who have more intensive needs.

Research tells us that students who are reading proficiently by 3rd grade are 4 times more likely to graduate from high school. The 2017-18 NDSA English Language Arts (ELA) Achievement data shows that 53% of 3rd graders are only novice or partially proficient in reading. Third grade marks the transition from “learning to read” to “reading to learn”.

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Reading Corps is a cost-effective way to close the literacy gap in North Dakota to help achieve the State’s Strategic Vision Framework goal of increasing the number of 3rd graders reading proficiently.



How Reading Corps Works

In partnership with participating school districts and the Missouri River Education Cooperative (MREC), Reading Corps recruits individuals to commit to a year of service through AmeriCorps (often known as the domestic version of the Peace Corps), trains them to deliver research-based literacy interventions to students in Kindergarten through 3rd grade. Our tutors come from all walks of life and many are parents, retirees, or college students. Some have experience working in education and others do not. Tutors are placed in an elementary building part-time to work one-on-one with students 20 minutes a day, 5 days a week.

K-3 Tutoring Dosage by Grade

Grade	Students Tutored	Total Tutoring Minutes	Total Tutoring Sessions	Average Tutoring Sessions	Average Tutoring Weeks	Average Tutoring Minutes Per Week
Grade K	228	170,319	8,643	37.9	11.3	66.0
Grade 1	184	193,719	9,771	53.1	15.3	68.6
Grade 2	175	213,706	10,815	61.8	17.9	68.1
Grade 3	172	192,437	9,769	56.8	17.0	65.8
Total	759	770,181	38,998	51.4	15.1	67.2

Tutors use research-based interventions tailored to student need based on assessment data to boost early literacy skills like letter names, letter sounds, phoneme blending, letter sound correspondence, and connected text skills like fluency, expression, and comprehension. Student progress is monitored weekly to track growth and provide data for decision-making. Students "graduate" from the program on a rolling basis when they demonstrate that they have acquired the literacy skills required to "catch up" with their grade-level peers. A new student is then placed in that spot to receive services. During the 2017-18 school year, 77% of students served had a weekly growth rate above their grade level target; meaning they made more than a years' worth of growth within a year's time to close the gap.

Participant Average Growth

	Grade K	Grade 1	Grade 1*	Grade 2	Grade 3	
	Test of Letter Sounds	Test of Nonsense Words (Eng.)	CBM Reading			Total
Average Growth per Week	3.22	3.00	2.34	2.23	2.05	
Target Growth per Week	1.21	1.59	1.88	1.61	1.06	
Number of Students**	193	145	97	154	164	753
Number of Students Above Target Growth	172	111	60	107	133	583
Percentage of Students Above Target Growth	89.12%	76.55%	61.86%	69.48%	81.10%	77.42%

* Students in this group may have also participated in Grade 1 Test of Nonsense Words (Eng.).

** Students must have at least 6 progress monitoring data points to be included in the growth rate calculations.

One of the reasons for Reading Corp's success is its focus on fidelity, which is achieved through a multi-layered training and coaching support model. Reading Corps tutors receive 5 days of training on the assessments and literacy interventions used with students. They also have an on-site Internal Coach, a district employee, who observes tutoring sessions using a fidelity checklist and

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provides coaching in any areas needing support. The tutor and Internal Coach meet monthly with a Master Coach who reviews student progress data and observes tutoring sessions to ensure fidelity in the delivery of the program. The Master Coach is employed by SEEC or MREC.

Fidelity of K-3 Intervention Implementation

Intervention	Total Checks Completed	Range	Average	Percentage of Checks with 100% Accuracy
Blending Words	186	56-100%	97%	77%
Duet Reading	343	78-100%	99%	87%
Great Leaps: Any	175	63-100%	95%	66%
Letter Sound Correspondence	150	46-100%	95%	73%
Newscaster Reading	67	86-100%	99%	93%
Pencil Tap	7	100%	100%	100%
Phoneme Blending	60	40-100%	94%	73%
Phoneme Segmenting	45	60-100%	96%	80%

The Scope of ND Reading Corps

This school year we are partnering with the following 8 school districts: Bismarck, Fargo, Jamestown, Kidder County, Northern Cass, Roosevelt Public Schools (Carson), West Fargo, and Wilton to deliver Reading Corps services. We have 50 tutors currently serving 800 elementary students who may not otherwise have access effective literacy support, and even if they did it would be much more expensive to deliver. During the school year, we anticipate that 560, or 70%, of those students will make more than a years' worth of growth to catch up to their peers.

Number of K-3 Students Participating 2017-18

District	Gr K	Gr 1	Gr 2	Gr 3	Total
Bismarck Public Schools	66	44	36	23	169
Fargo Public Schools	48	59	74	71	252
Garrison Public Schools	11	3	1	6	21
Jamestown Public Schools	21	15	15	18	69
Kidder County School District	6	7	7	6	26
Northern Cass Public Schools	0	7	9	6	22
West Fargo Public Schools	74	46	28	36	184
Wilton Public School	2	3	5	6	16
Total	228	184	175	172	759

Cost Savings

Through AmeriCorps we're able to train tutors to serve as part-time interventionists with each tutor receiving an annual stipend for their service of \$4,150 or \$6,200 each year. We're able to leverage \$237,000 in federal AmeriCorps funding which comes to us through the North Dakota Department of Commerce. With the combination of our grants and a low fee from school districts for each tutor, we're able to deliver effective intervention services for around \$800 per student which is a significantly lower price per student than other programs. For example, Reading Recovery, has an estimated cost of \$4,000-\$5,000 per student. In fact, a study conducted in Minnesota found that the average cost to deliver special education, once the gap is wide enough for a student to need that level of intervention, is over \$10,000 per student.

Proven Results

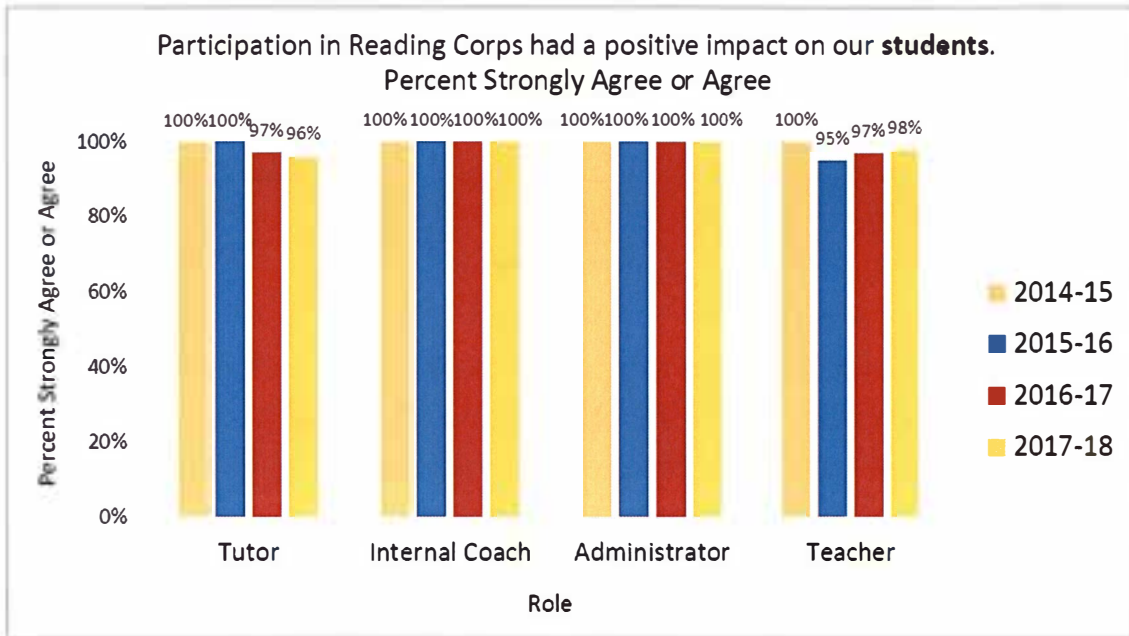
Our North Dakota program is a replication of Minnesota Reading Corps, which began in 2003. A randomized control trial (RCT), the gold standard of evaluation, conducted by NORC at the University of Chicago in 2014 found that elementary students tutored by Minnesota Reading Corps achieved significantly higher literacy levels than students without such tutors, and that the impacts were statistically significant even among students at higher risk of academic failure including students of various ethnicities, students on Free/Reduced-Price Lunch and English Learners. Reading Corps programs are now in 11 other states and Washington D.C. Minnesota currently invests nearly \$7 million of state funding annually in Minnesota Reading Corps.

North Dakota Reading Corps is currently working with West Fargo Public Schools to complete our own impact study, comparing outcomes using a matched-comparison of students receiving Reading Corps and similar students who are not receiving Reading Corps services.

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Finally, last year 93% of school principals agreed with the statement “Reading Corps supports our school in implementing a rigorous, aligned, and developmentally appropriate system of literacy interventions and assessments”. And 100% of principals surveyed said they would recommend the program to other administrators.

Survey Respondent Opinion Regarding the Impact on their Students



Support SB2265

In closing, I'd like to thank the committee again for the opportunity to testify in support of SB2265. North Dakota Reading Corps is a research-based literacy intervention program with a proven track record of helping students close the proficiency gap. With state funding, Reading Corps will have the opportunity to have the start-up funds needed to expand beyond the south east and south central regions of the state so additional school districts can participate.

Supporting this bill is a fiscally responsible way to help achieve North Dakota's vision to increase the number of students who demonstrate reading proficiency in 3rd grade. I'm happy to answer any questions you may have. Thank you.

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NDCEL
Testimony in support of SB 2265 – School Funding

Good morning members of the committee, I am here representing NDCEL and school leaders by supporting SB2265. NDCEL is an organization that represents all school leaders including Superintendents, Principals, Business Officials, County Superintendents, etc.

This bill acknowledges challenges within our school funding model currently with regard to on-time funding while caring for our declining enrollment districts, an attempt at increasing the per-pupil payment, and it does also encourages a much needed study on a portion of our school funding formula.

In the past biennium due to funding challenges, the per-pupil payment remained the same. During that time, schools experienced a myriad of challenges along with that, including for example, increasing staffing costs by honoring contracts already in place, increased costs due to behavioral and mental health challenges, many districts with increasing enrollment and still experiencing a funding mechanism that doesn't recognize those students until the next year.

While the 2% per pupil payment increase doesn't solve all the problems it is a much needed shot in the arm of school district funding. The added piece of legislators finding the methodology and the dollars to get schools to a funding model where we can fund our schools on time while subsequently care for our declining enrollment districts is a goal potentially met that has been almost 10 years in coming. This model ensures that there are none of the "phantom students" that were a problem of the past as well.

It is worth emphasizing that this bill also begins to crack open the door regarding our schools that have been held harmless. These districts will see a 5% decrease in their amount above the formula in their held harmless category. I hope we can all recognize that this will be very challenging for these districts. Many of these districts struggle to survive even in their held harmless modality, so taking a cut will be significant.

Because of this struggle, the Legislative Focus Group spent time in the past weeks focusing on a different approach toward still having impact on the "held harmless" group – the "transition minimums" but doing it in such a way that it could potentially even generate information that precludes the study. Further, this amendment corrects a problem in the formula that occurred due to simple oversight – and should've never happened – putting this correction in place actually saves the state over \$3million (rather than approx. \$2M with the 5% reduction). What this amendment does is it adjusts how districts that are held harmless are paid when they grow or decline in students. Since 2013, districts that are held harmless had been growing or declining at their held harmless amounts – that could mean growth of \$12k, \$14k per student, for example. This amendment would have the district grow or decline by the statewide per-pupil amount.

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In the larger scheme of things, what does this amendment do?

- Gets our schools closer to getting on the formula,
- Walks us into the interim study.

The Legislative Focus Group has been studying the formula and has recognized that if there is a true goal to get all schools on the formula, a deep dive study is needed on a variety of fronts to get us there equitably. Included in this study should likely be weighting factors, in-lieu, transition minimums and maximums, and getting all schools to be on pace with the 60 mill deduct so the funding model works as it should and the legislature through a strong economy can be able to support the needed ongoing adjustment to the per-pupil dollar amount. We believe that with a pragmatic approach and an understanding that the adjustments will need to be made over time, we will likely be able to arrive at solutions in the interim.

We've appreciated partnering with the legislature in these important conversations and we respectfully request that we be at the table again if this is a selected study.

NDCEL recommends a DO PASS of SB2265.

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NDSBA
NORTH DAKOTA SCHOOL
BOARDS ASSOCIATION

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SB 2265
Testimony of Alexis Baxley
House Education Committee
February 27, 2019

Chairman Owens and members of the House Education Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 178 North Dakota public school districts and their boards. I am here today in support of SB 2265.

The two- and three-percent increase in per pupil payments would be significant for all of our districts after being held even for a number of years. Additionally, we believe the move towards on-time funding will help many of our growing districts better meet the needs of their students, while the proposed amendments will help lessen the blow to our smaller or declining enrollment schools.

For this reason, NDSBA stands in support of SB 2265 and encourages this committee to give it a do pass recommendation. I would be happy to answer any questions the committee may have.

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Daniel Ludvigson - superintendent of Elgin/New Leipzig

This past year Elgin/New Leipzig passed a building levy by 1 vote. This will increase the number of mills our districts tax payers pay by about 11 mills. This was to compensate for lost of revenue from declining enrollment and take pressure off the general fund from annual payment for the new boiler of \$206,000 dollars. A boiler that had to be replaced or the school would of been shut down. Even with this increase of funding we are still looking at a decrease in funding due to declining enrollment. Because of declining enrollment we have cut down on auxiliary staff and plan to do so further to try and cut expenses. We have kept expenses supplies and building repairs at a minimum and have largely funded our professional development through grants we receive. The current version of 2265 would cut ENL funding by roughly 8 thousand dollars in 2020-2021. I appreciate the work already done on this bill to reduce its impact on those small rural schools receiving transition payments. ENL receives 11,123 currently per pupil due to this number.

The reason I give you this information is because we would have to make cuts and already are looking at a decrease of state aid to the tune of roughly \$160,000 with those additional 11 mills from the approved building fund levy only generating about \$113,000. In the past three years we have gone from 82 mills to 86 and now 97. We are already leaning on our tax payers for more revenue, in one of the poorest counties in North Dakota. I understand the desire to get all schools on the funding formula but we are already struggling financially. Even with level funding we would be looking at cuts just due to the rising costs a wide variety of expenses.

We presently struggle to attract new teachers to our rural district. With less resources we do not have the same bells and whistles other schools can afford and we can not hope to match the salaries of larger schools. Due to these reasons we often ask our rural teachers to wear many hats and fulfill many duties outside of there regular teaching duties. These issues make attracting new teachers and keeping them difficult when they can go elsewhere and encounter less of these issues. Continuing to ask us to do more with less and less is not feasible.

Daniel Ludvigson
Elgin/New Leipzig
Superintendent & Elementary Principal
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#1

Prior to 2012-13



- Districts were provided funding on the basis of property value (taxable valuation). It was a combination of local and state effort to arrive at school funding.
- As you can imagine, not all districts had the same ability to generate funds on the basis of high variability of property value.

Transition time - 2013 -



- After lawsuits the legislature shifted the school funding mechanism to provide more equity in school funding transitioning the funding to a mechanism that paid based on Pupil #'s rather than on land.

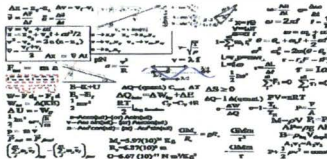
When this transition took place, it created a funding model that would've required significant budget reductions for many of our property rich yet rather rural districts.

We ended up with THREE groups



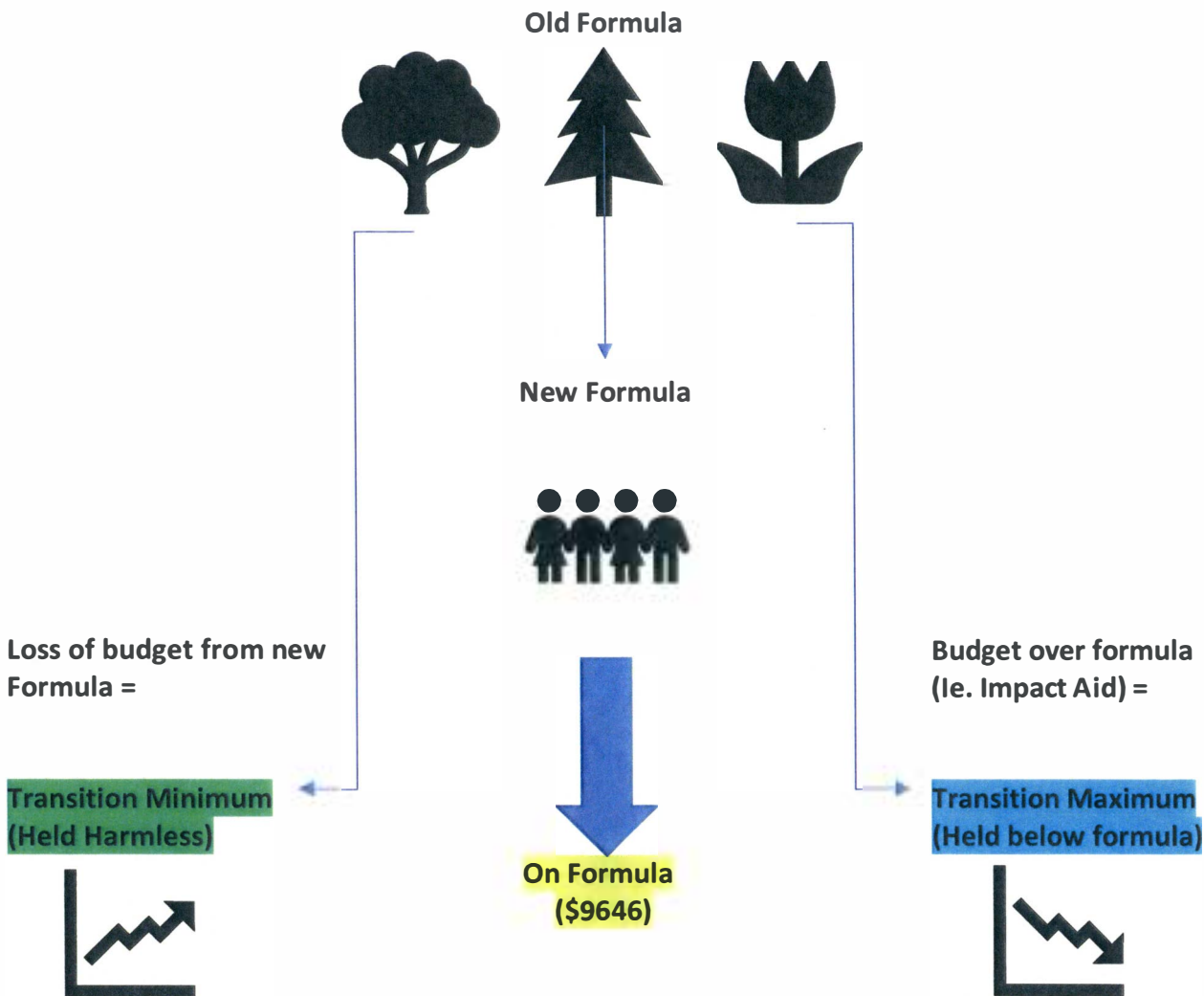
#1 - TRANSITION MINIMUM - Held Harmless Districts (Current 86 districts) - Districts that would've had to take a large budget cut to be put on the formula. For those districts, their baseline funding was held as a "minimum" amount that they'd receive. For these districts their baseline funding was held as a "minimum" amount that they'd receive.

#2 TRANSITION MAXIMUM - (13 School Districts) Districts are limited to a maximum amount that they can receive as well. This primarily impacted our schools that receive impact aid - the per-pupil support from the state has been reduced by retrieving 75% of their impact aid tuition support and providing an assumption that the rest of the impact aid would supplant that additional dollars from the state thereby providing to them at least that \$9646. Some challenges with this are lack of predictability of the arrival of impact aid dollars leaving these districts attempting to operate at an amount far below the \$9646.



#3. ON THE FORMULA - (76 School Districts). Districts are currently operating on the formula.

Take a look at your spreadsheet. I've highlighted districts with corresponding colors so that you can look and see what districts are in which category.



Property-tax savings

- Our currently formula contains within it a property tax relief for ND citizens whereby the state provides a larger portion of the per-pupil payment providing an assurance of a minimum amount of funding per student which is inclusive of state and local effort.
 - Currently that amount is \$9646
 - This does not mean the state provides \$9646, rather, the state ensures that between local and state that each school receives that minimum amount for each student.
 - Due to mill levy limitations locally, this forces the state into a scenario where they provide a greater share than local – the range falls between 65% - 80% depending upon the school district.

W

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State School Aid Adequacy Formula
North Dakota Department of Public Instruction
School Finance

School Year 2018-2019
Payment Month March

\$9,646 140% 108% 60 75%-100%

CoDist	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition Maximum	Transition Minimum	Contribution from Property Tax	Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
01-013	Hettinger 13	279.97	361.88	39,732	3,490,694	-	-	(862,688)	(240,845)	-	2,387,161	3,490,694	9,646
02-002	Valley City 2	1,080.54	1,191.23	30,855	11,490,605	-	-	(2,205,303)	(140,216)	-	9,145,085	11,490,605	9,646
02-007	Barnes County North 7	250.50	328.19	89,306	3,165,721	-	1,357,757	(1,758,566)	(221,185)	-	2,543,727	4,523,477	13,783
02-046	Litchville-Marion 46	112.25	166.62	94,440	1,607,217	-	662,619	(944,133)	(23,830)	-	1,301,873	2,269,836	13,623
03-005	Minnewaukan 5	245.54	331.43	10,238	3,196,974	(269,720)	-	(203,589)	(37,584)	-	2,686,081	2,927,254	8,832
03-006	Leeds 6	130.63	191.21	56,914	1,844,412	-	98,863	(652,957)	(22,610)	-	1,267,708	1,943,275	10,163
03-009	Maddock 9	124.03	183.83	51,432	1,773,224	-	94,658	(567,290)	(26,466)	-	1,274,126	1,867,882	10,161
03-016	Oberon 16	55.81	77.38	29,704	746,407	-	-	(137,909)	(7,454)	-	601,044	746,407	9,646
03-029	Warwick 29	221.92	300.22	8,870	2,895,922	(612,914)	-	(159,782)	(13,984)	-	2,109,242	2,283,008	7,604
03-030	Ft Totten 30	159.85	229.47	7,226	2,211,668	(858,456)	-	(99,488)	(13,736)	-	1,440,787	1,554,012	6,772
04-001	Billings Co 1	73.21	108.55	180,897	1,056,719	-	761,457	(863,283)	(934,893)	-	0	1,818,176	16,597
05-001	Bottineau 1	673.68	751.89	45,880	7,252,731	-	300,137	(2,089,784)	(591,057)	-	4,892,027	7,552,868	10,045
05-017	Westhope 17	120.40	177.63	43,632	1,713,419	-	194,292	(449,024)	(110,483)	-	1,332,201	1,907,711	10,740
05-054	Newburg-United 54	76.56	124.74	73,064	1,203,242	-	892,878	(546,844)	(52,186)	-	1,497,090	2,096,120	16,804
06-001	Bowman Co 1	476.64	532.91	42,950	5,140,450	-	1,258,636	(1,373,309)	(1,331,244)	-	3,694,533	6,399,086	12,008
06-033	Scranton 33	123.76	182.94	47,759	1,764,639	-	177,377	(524,232)	(251,273)	-	1,166,521	1,942,016	10,616
07-014	Bowbells 14	73.01	118.61	67,559	1,144,112	-	557,098	(480,788)	(289,079)	-	931,343	1,701,210	14,343
07-027	Powers Lake 27	186.64	252.23	36,679	2,433,011	-	393,600	(404,853)	(680,805)	-	1,740,952	2,826,610	11,206
07-036	Burke Central 36	96.58	157.37	74,708	1,517,991	-	253,093	(705,404)	(412,102)	-	653,579	1,771,084	11,254
08-001	Bismarck 1	12,846.30	14,454.35	32,455	139,523,120	-	-	(21,166,419)	(2,430,993)	-	108,925,688	139,523,120	9,646
08-025	Naughton 25	8.91	12.08	53,467	116,524	-	105,848	(38,753)	(2,287)	-	181,333	222,372	18,408
08-028	Wing 28	87.53	142.43	33,902	1,373,880	-	-	(290,489)	(40,151)	-	1,043,240	1,373,880	9,646
08-033	Wenckan 33	58.75	52.58	80,852	507,187	-	108,855	(191,575)	(13,194)	-	410,873	616,042	11,716
08-035	Stirling 35	20.68	28.45	182,140	274,429	-	258,255	(310,913)	(21,803)	-	199,908	532,684	18,724
08-039	Apple Creek 39	56.02	75.90	67,777	732,131	-	-	(308,657)	(20,281)	-	403,193	732,131	9,646
08-045	Manning 45	13.77	18.68	24,706	180,187	-	-	(27,691)	(13,405)	-	139,091	180,187	9,646
09-001	Fargo 1	11,408.71	12,796.99	29,173	123,439,766	-	-	(22,399,571)	(2,406,494)	-	98,633,700	123,439,766	9,646
09-002	Kindred 2	786.78	887.87	79,588	8,176,818	-	-	(1,502,850)	(107,920)	-	5,566,048	8,176,818	9,646
09-004	Maple Valley 4	204.47	274.87	74,861	2,651,396	-	814,975	(2,234,622)	(67,866)	-	2,253,883	3,566,371	12,975
09-006	West Fargo 6	10,578.06	11,829.16	29,547	114,104,077	-	-	(19,218,812)	(1,160,581)	-	11,770,881	114,104,077	9,646
09-007	Mapleton 7	105.97	147.24	60,054	1,420,277	-	337,827	(501,757)	(22,430)	-	1,233,916	1,758,104	11,940
09-017	Central Cass 17	890.10	991.93	27,271	9,568,157	-	-	(1,623,043)	(197,290)	-	7,747,824	9,568,157	9,646
09-080	Page 80	101.38	138.10	65,416	1,332,113	-	496,348	(542,036)	(23,846)	(32,246)	1,230,378	1,796,315	13,007
09-097	Northern Cass 97	621.77	688.86	31,377	6,644,744	-	-	(1,296,878)	(95,096)	-	5,268,770	6,644,744	9,646
10-019	Munich 19	96.91	156.90	79,829	1,513,457	-	726,090	(751,512)	(10,837)	-	1,477,198	2,239,547	14,274
10-023	Langdon Area 23	380.76	436.18	78,008	4,207,392	-	288,170	(2,062,457)	(52,428)	-	2,380,678	4,495,562	10,307
11-040	Ellendale 40	332.59	403.91	42,495	3,896,116	-	47,330	(1,029,847)	(51,756)	-	2,861,843	3,943,445	9,763
11-041	Oakes 41	482.96	548.26	36,867	5,288,516	-	-	(1,212,756)	(56,997)	-	4,018,762	5,288,516	9,646

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CoDist	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition		Contribution from Property Tax	Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
						Maximum	Minimum						
					\$9,646		140%	108%	60	75%-100%			
12-001	Divide County 1	368.09	428.92	76,895	4,137,362	-	101,939	(1,706,011)	(1,502,049)	-	1,031,241	4,239,301	9,884
13-016	Killdeer 16	493.39	551.49	77,577	5,319,673	-	773,368	(1,522,407)	(1,958,683)	-	2,611,951	6,093,040	11,041
13-019	Halliday 19	26.38	43.51	147,778	419,697	-	284,029	(299,806)	(111,994)	(44,355)	247,572	659,372	15,154
13-037	Twin Buttes 37	47.54	65.91	7,226	635,768	(146,784)	-	(25,725)	(103,909)	-	359,350	488,984	7,419
14-002	New Rockford-Sheyenne 2	292.74	364.94	39,025	3,520,211	-	-	(854,502)	(54,802)	-	2,610,907	1,520,211	9,646
15-006	Hazleton-Moffit-Braddock 6	118.42	176.82	58,886	1,703,606	-	194,498	(184,966)	(24,369)	-	1,260,769	1,900,104	10,746
15-010	Bakker 10	8.43	11.40	331,092	109,964	-	135,501	(186,608)	(3,961)	(33,225)	21,672	212,241	18,618
15-015	Strasburg 15	126.55	185.83	45,509	1,792,516	-	-	(463,954)	(38,972)	-	1,289,589	1,792,516	9,646
15-036	Linton 36	251.53	335.84	38,383	3,239,513	-	-	(696,493)	(38,306)	-	2,504,713	3,239,513	9,646
16-049	Carrington 49	493.80	551.40	46,252	5,318,804	-	-	(1,530,187)	(79,923)	-	3,708,695	5,318,804	9,646
17-003	Beach 3	281.72	358.96	31,338	3,462,528	-	-	(657,839)	(467,088)	-	2,337,601	3,462,528	9,646
17-006	Lone Tree 6	29.56	41.59	90,595	401,177	-	1,036	(226,071)	(63,365)	(1,810)	160,967	450,404	10,830
18-001	Grand Forks 1	7,514.37	8,479.82	27,473	81,796,344	-	-	(13,977,925)	(3,664,712)	-	64,153,707	81,796,344	9,646
18-044	Larimore 44	369.62	432.25	33,785	4,169,484	-	-	(876,226)	(108,941)	-	3,184,316	4,169,484	9,646
18-061	Thompson 61	518.18	577.90	22,557	5,574,423	-	-	(782,155)	(112,061)	-	4,680,207	5,574,423	9,646
18-125	Manvel 125	150.24	201.79	32,418	1,965,758	(140,105)	-	(196,352)	(39,157)	-	1,390,145	1,825,653	8,959
18-127	Emerado 127	102.46	142.01	28,096	1,369,828	-	24,855	(239,301)	(40,097)	-	1,115,196	1,394,684	9,821
18-128	Midway 128	154.08	227.04	48,947	2,190,028	-	508,699	(666,781)	(54,091)	-	1,977,855	2,698,727	11,887
18-129	Northwood 129	296.33	371.28	29,544	3,581,367	-	-	(658,155)	(36,363)	-	2,886,850	3,581,367	9,646
19-018	Roosevelt 18	48.88	73.14	75,741	706,473	-	494,271	(332,843)	(12,900)	-	844,992	1,200,744	16,395
19-049	Elgin-New Leipzig 49	172.55	242.29	41,263	2,337,129	-	357,804	(599,859)	(45,483)	-	2,049,591	2,694,933	11,123
20-007	Midkota 7	171.00	236.75	54,272	2,283,691	-	878,310	(770,927)	(15,968)	-	2,355,106	3,162,001	13,356
20-018	Griggs County Central 18	251.37	333.30	41,985	3,215,012	-	294,081	(819,620)	(79,482)	-	2,590,023	3,509,095	10,528
21-001	Mott-Regent 1	212.60	286.63	64,703	2,764,833	-	160,420	(1,112,754)	(43,594)	-	1,868,905	3,025,253	10,555
21-009	New England 9	260.42	342.76	38,371	3,306,263	-	341,336	(785,123)	(405,086)	(49,359)	2,404,012	3,598,240	10,498
22-001	Kidder County 1	350.66	417.05	42,931	4,022,864	-	-	(1,074,260)	(110,607)	-	2,837,996	4,022,864	9,646
23-003	Edgeley 3	132.27	116.32	43,692	1,041,223	-	49,883	(829,247)	(31,096)	-	2,240,741	3,101,086	9,804
23-007	Malm 7	124.60	186.14	58,676	1,795,506	-	511,238	(655,312)	(24,780)	-	1,626,673	2,306,745	12,393
23-008	LaMoure 8	299.02	375.18	41,015	3,618,986	-	-	(923,275)	(34,840)	-	2,660,871	3,618,986	9,646
24-002	Napoleon 2	250.83	329.96	30,065	3,182,794	-	-	(595,224)	(24,914)	-	2,562,656	3,182,794	9,646
24-056	Gackle-Streeter 56	96.85	157.64	66,282	1,520,595	-	89,964	(626,919)	(31,432)	-	932,209	1,590,560	10,090
25-001	Velva 1	475.05	531.50	31,196	5,126,849	-	-	(994,850)	(145,956)	-	3,986,043	5,126,849	9,646
25-014	Anamoose 14	98.38	135.44	29,350	1,306,454	-	-	(238,508)	(27,270)	-	1,040,676	1,306,454	9,646
25-057	Drake 57	80.99	132.82	56,138	1,281,182	-	147,820	(447,376)	(77,922)	-	923,704	1,449,001	10,910
25-060	TGU 60	311.36	377.66	49,824	3,642,908	-	821,529	(1,128,992)	(140,493)	(3,930)	3,191,022	4,460,507	11,811
26-004	Zeeland 4	29.83	44.34	103,012	427,704	-	320,744	(274,053)	(21,184)	-	453,210	748,448	16,880
26-009	Ashley 9	138.32	200.59	38,867	1,934,891	-	76,934	(467,775)	(30,131)	-	1,513,919	2,011,825	10,030
26-019	Wishek 19	190.23	259.43	34,567	2,502,462	-	-	(538,067)	(127,478)	-	1,836,917	2,502,462	9,646

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\$9,646 140% 108% 60 75%-100%

CoDist	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition Maximum	Transition Minimum	Contribution from Property Tax	Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
27-001	McKenzie Co 1	1,548.59	1,711.27	110,235	16,506,910	-	-	(3,174,542)	(3,990,461)	-	9,341,908	16,506,910	9,646
27-002	Alexander 2	220.44	294.95	112,018	2,845,088	-	120,024	(929,867)	(1,060,277)	-	975,768	2,965,912	10,056
27-014	Yellowstone 14	104.07	141.70	45,623	1,366,838	-	-	(299,338)	(201,598)	-	865,902	1,366,838	9,646
27-018	Earl 18	4.80	6.49	231,299	62,603	(56,575)	-	(6,027)	-	-	-	6,027	929
27-032	Horse Creek 32	8.97	12.14	403,139	117,102	-	14,569	(68,404)	(53,148)	(10,118)	-	121,553	10,013
27-036	Mandaree 36	220.87	298.79	32,503	2,882,128	(686,373)	-	(135,241)	(392,382)	-	1,668,132	2,195,755	7,349
28-001	Wilton 1	222.17	296.09	42,055	2,856,084	-	-	(747,123)	(166,283)	-	1,942,678	2,856,084	9,646
28-004	Washburn 4	303.37	373.70	37,425	3,604,710	-	-	(839,153)	(233,473)	-	2,532,085	3,604,710	9,646
28-008	Underwood 8	207.80	280.24	46,702	2,703,195	-	384,979	(785,260)	(208,873)	-	2,094,041	3,088,174	11,020
28-050	Max 50	188.78	257.25	36,359	2,481,434	-	-	(561,203)	(103,363)	(49,265)	1,767,602	2,432,168	9,454
28-051	Garrison 51	380.63	437.53	48,106	4,220,414	-	393,222	(1,262,870)	(329,018)	-	3,021,748	4,613,636	10,545
28-072	Turtle Lake-Mercer 72	177.69	244.21	53,390	2,355,650	-	180,463	(782,302)	(153,828)	-	1,599,983	2,536,113	10,385
28-085	White Shield 85	140.51	104.93	7,226	1,976,755	(268,893)	-	(88,849)	(96,624)	-	1,522,388	1,707,862	8,334
29-003	Hazen 3	555.34	627.25	24,537	6,050,454	-	-	(923,438)	(698,427)	-	4,428,589	6,050,454	9,646
29-027	Beulah 27	706.62	782.91	37,947	7,551,950	-	-	(1,673,113)	(941,435)	-	4,936,402	7,551,950	9,646
30-001	Mandan 1	3,723.13	4,178.10	29,816	40,301,953	-	-	(7,193,352)	(900,293)	-	32,208,308	40,301,953	9,646
30-004	Little Heart 4	20.00	27.10	83,426	261,407	-	109,488	(98,537)	(5,806)	-	163,551	267,895	13,575
30-013	Hebron 13	156.61	223.55	39,273	2,156,363	-	-	(526,769)	(136,357)	-	1,493,238	2,156,363	9,646
30-017	Sweet Briar 17	20.00	27.10	37,535	261,407	-	-	(61,032)	(1,394)	-	199,981	261,407	9,646
30-039	Flasher 39	218.02	292.58	26,083	2,822,227	-	-	(457,879)	(57,669)	-	2,306,678	2,822,227	9,646
30-048	Glen Ullin 48	135.89	204.71	51,756	1,974,633	-	-	(616,261)	(158,115)	-	1,200,057	1,974,633	9,646
30-049	New Salem-Almont 49	328.32	393.05	36,827	3,791,360	-	-	(788,467)	(272,584)	-	2,730,310	3,791,360	9,646
31-001	New Town 1	977.45	1,112.77	32,485	10,728,474	-	7,711,967	(1,288,889)	(1,490,409)	(1,042,590)	12,641,433	17,397,511	15,642
31-002	Stanley 2	674.96	745.37	92,356	7,189,839	-	1,017,977	(1,963,576)	(836,052)	-	4,408,188	8,207,816	11,012
31-003	Parshall 3	273.88	355.60	48,974	3,430,118	-	-	(1,044,905)	(301,257)	-	2,083,955	3,430,118	9,646
32-001	Dakota Prairie 1	271.34	353.71	81,274	3,411,887	-	1,067,307	(1,300,395)	(92,441)	-	2,086,358	4,479,194	12,663
32-066	Lakota 66	161.17	225.54	43,737	2,175,559	-	170,675	(591,866)	(39,041)	-	1,715,127	2,346,234	10,403
33-001	Center-Stanton 1	215.60	288.09	35,548	2,778,916	-	328,492	(614,455)	(352,364)	-	2,140,589	3,107,408	10,786
34-006	Cavalier 6	401.89	454.97	33,237	4,388,641	-	22,381	(907,313)	(110,719)	-	3,992,990	4,411,022	9,695
34-019	Drayton 19	171.82	237.95	44,359	2,295,266	-	434,396	(633,316)	(34,030)	-	2,062,116	2,729,662	11,472
34-043	St Thomas 43	48.14	76.42	78,104	737,147	-	357,338	(358,123)	(20,403)	-	715,959	1,094,485	14,327
34-100	North Border 100	312.50	377.75	70,744	3,643,777	-	2,156,770	(1,603,420)	(74,900)	-	4,122,227	5,800,547	15,356
34-118	Valley-Edinburg 118	172.22	238.48	57,174	2,300,378	-	725,000	(818,091)	(43,868)	-	2,163,419	3,025,378	12,686
35-001	Wolford 1	41.30	61.59	63,424	594,097	-	154,888	(134,876)	(9,846)	-	504,773	748,995	12,161
35-005	Rugby 5	589.34	658.26	37,835	6,349,576	-	-	(1,494,300)	(143,064)	-	4,712,211	6,349,576	9,646
36-001	Devils Lake 1	1,676.40	1,863.19	22,367	17,972,331	-	-	(2,500,485)	(254,212)	-	15,217,634	17,972,331	9,646
36-002	Edmore 2	56.55	91.87	102,069	890,178	-	177,010	(562,626)	(70,982)	-	629,580	1,263,188	13,750
36-044	Starkweather 44	50.49	81.86	72,287	789,627	-	138,270	(355,044)	(13,126)	-	659,721	1,027,891	12,557

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CoDis	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition Maximum	Transition Minimum	Contribution from Property Tax		Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
								140%	108%					
37-006	Ft Ransom 6	26.88	36.68	102,585	353,815	-	100,042	(225,768)	(2,974)	-	-	225,115	453,857	12,373
37-019	Lisbon 19	599.07	675.72	26,131	6,517,995	-	-	(1,059,426)	(39,360)	-	-	5,419,209	6,517,995	9,646
37-024	Enderlin Area 24	299.92	376.56	40,679	3,632,298	-	-	(919,082)	(67,479)	-	-	2,645,737	3,632,298	9,646
38-001	Mohall-Larsofvs-Sherwood 1	323.80	389.28	55,907	3,754,995	-	509,173	(1,305,798)	(316,243)	(4,690)	-	2,637,437	4,259,478	10,942
38-026	Glenburn 26	258.22	340.40	29,335	3,283,498	-	-	(599,134)	(265,644)	-	-	2,418,720	3,283,498	9,646
39-008	Hankinson 8	252.28	332.16	34,709	3,204,015	-	-	(691,734)	(128,510)	-	-	2,383,772	3,204,015	9,646
39-018	Fairmount 11	99.76	150.63	38,311	1,452,977	-	141,735	(346,250)	(22,721)	-	-	1,225,741	1,594,712	10,587
39-028	Lidgerwood 28	193.22	271.21	26,056	2,616,092	-	-	(424,007)	(31,232)	-	-	2,160,853	2,616,092	9,646
39-037	Wahpeton 37	1,193.43	1,339.15	25,718	12,917,441	-	-	(2,066,401)	(259,013)	-	-	10,592,026	12,917,441	9,646
39-042	Wyndmere 42	236.09	316.80	38,416	3,055,853	-	-	(730,220)	(24,641)	-	-	2,300,992	3,055,853	9,646
39-044	Richland 44	249.59	331.01	32,625	3,192,922	-	-	(647,946)	(33,063)	-	-	2,511,914	3,192,922	9,646
40-001	Dunseith 1	753.83	852.61	7,226	8,224,276	(1,738,317)	-	(343,874)	(29,947)	-	-	6,117,138	6,440,959	7,613
40-003	St John 3	384.30	443.24	7,226	4,275,493	(887,646)	-	(192,171)	(154,849)	-	-	3,040,827	3,387,847	7,643
40-004	Mt Pleasant 4	242.34	322.88	40,284	3,114,500	-	-	(780,415)	(356,920)	-	-	1,977,165	3,114,500	9,646
40-007	Belcourt 7	1,958.74	2,198.15	7,226	21,204,320	(5,097,304)	-	(953,073)	-	-	-	14,153,943	15,107,016	6,872
40-029	Rolette 29	167.74	233.45	23,332	2,251,859	-	-	(326,816)	(30,952)	-	-	1,894,090	2,251,859	9,646
41-002	Milnor 2	221.99	302.19	23,635	2,914,925	-	-	(428,528)	(22,683)	-	-	2,463,714	2,914,925	9,646
41-003	North Sargent 3	214.51	293.61	25,345	2,832,162	-	-	(404,444)	(49,093)	-	-	2,378,625	2,832,162	9,646
41-006	Sargent Central 6	166.59	229.84	74,526	2,217,037	-	792,561	(1,027,746)	(50,620)	-	-	1,931,233	3,009,598	13,094
42-016	Goodrich 16	23.46	35.24	105,754	339,925	-	287,129	(223,606)	(20,147)	-	-	383,301	627,054	17,794
42-019	McClusky 19	87.75	143.17	42,492	1,381,018	-	71,179	(365,014)	(31,304)	-	-	1,055,879	1,452,197	10,143
43-003	Solen 3	173.91	243.03	8,660	2,344,267	(169,556)	-	(112,674)	(24,153)	-	-	2,037,885	2,174,711	8,948
43-004	Ft Yates 4	134.83	200.83	7,226	1,937,206	(555,618)	534,816	(87,072)	(9,901)	-	-	1,819,431	1,916,403	9,542
43-008	Selfridge 8	82.66	135.95	20,522	1,311,374	-	-	(167,397)	(4,832)	-	-	1,139,144	1,311,374	9,646
44-012	Marmarth 12	21.78	32.24	80,120	310,987	-	-	(154,984)	(62,805)	(93,197)	-	-	217,790	6,755
44-032	Central Egan 32	-	-	-	-	-	140,206	-	(43,855)	(58,350)	-	-	41,855	#DIV/0!
45-001	Dickinson 1	3,704.23	4,114.04	40,302	39,684,030	-	-	(7,590,836)	(2,144,571)	-	-	29,948,623	39,684,030	9,646
45-009	South Heart 9	339.96	403.22	46,608	3,889,460	-	-	(784,758)	(618,398)	-	-	2,486,304	3,889,460	9,646
45-013	Belfield 13	257.39	338.62	30,890	3,266,329	-	-	(603,041)	(434,625)	-	-	2,228,662	3,266,329	9,646
45-034	Richardton-Taylor 34	327.92	391.81	32,324	3,779,399	-	-	(759,892)	(678,698)	-	-	2,340,809	3,779,399	9,646
46-010	Hope 10	59.00	87.71	131,333	846,051	-	977,711	(891,154)	(37,797)	-	-	1,094,380	1,823,332	20,788
46-019	Finley-Sharon 19	82.52	133.51	78,030	1,287,837	-	805,433	(625,071)	(30,102)	-	-	1,438,098	2,093,271	15,679
47-001	Jamestown 1	2,145.05	2,396.37	27,483	23,115,385	-	-	(3,951,623)	(373,504)	-	-	18,790,258	23,115,385	9,646
47-003	Medina 3	148.94	215.41	35,211	3,077,845	-	4,922	(455,154)	(88,272)	-	-	1,589,341	2,082,767	9,669
47-010	Pingree-Buchanan 10	139.44	202.38	39,303	1,952,157	-	-	(477,252)	(58,684)	-	-	1,416,222	1,952,157	9,646
47-014	Montpelier 14	117.62	175.32	35,425	1,691,137	-	-	(372,640)	(9,730)	-	-	1,308,767	1,691,137	9,646
47-019	Kemal 19	77.26	40.45	124,099	390,181	-	324,984	(301,189)	(28,112)	(88,344)	-	337,519	666,820	16,485
48-010	North Star 10	265.81	346.36	49,599	3,340,989	-	-	(1,030,755)	(21,784)	-	-	2,288,450	3,340,989	9,646

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State School Aid Adequacy Formula
North Dakota Department of Public Instruction
School Finance

School Year 2018-2019
Payment Month March

						\$9,646	140%	108%	60	75%-100%			
CoDist	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition Maximum	Transition Minimum	Contribution from Property Tax	Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
49-003	Central Valley 3	203.11	273.64	46,554	2,639,531	-	38,581	(764,350)	(74,090)	-	1,839,672	2,678,113	9,787
49-007	Hatton Eielson 7	176.58	244.56	33,560	2,359,026	-	-	(492,447)	(35,503)	-	1,831,075	2,359,026	9,646
49-009	Hillsboro 9	478.11	536.35	34,586	5,173,632	-	416,428	(1,125,885)	(96,752)	-	4,367,423	5,590,060	10,422
49-014	May-Port CG 14	482.82	540.86	40,511	5,217,136	-	5,778	(1,314,659)	(79,095)	-	3,899,160	5,292,914	9,786
50-003	Grafton 3	848.69	972.47	16,457	9,380,446	-	-	(960,218)	(134,209)	-	8,286,018	9,380,446	9,646
50-005	Fordville-Larkin 5	35.09	53.11	105,649	512,299	-	79,792	(336,661)	(13,575)	-	741,855	1,092,091	20,563
50-008	Park River Area 8	408.11	469.49	29,859	4,528,701	-	-	(841,119)	(83,551)	-	3,604,031	4,528,701	9,646
50-020	Minto 20	250.15	332.87	19,994	3,210,864	-	-	(399,324)	(26,198)	-	2,785,342	3,210,864	9,646
51-001	Minot 1	7,566.24	8,387.23	25,869	80,903,221	-	-	(13,017,901)	(5,536,295)	-	62,349,024	80,903,221	9,646
51-004	Nedrose 4	524.91	589.38	39,453	5,685,159	-	464,182	(1,395,172)	(71,793)	-	4,682,377	6,149,342	10,434
51-007	United 7	649.50	718.73	26,266	6,932,870	-	-	(1,132,708)	(111,145)	-	5,689,017	6,932,870	9,646
51-016	Sawyer 16	27.73	41.64	163,247	401,659	-	1,120,585	(407,855)	(35,778)	(208,796)	869,815	1,313,449	31,543
51-028	Kenmare 28	302.73	372.15	49,493	3,589,759	-	-	(1,105,140)	(136,611)	-	2,348,008	3,589,759	9,646
51-041	Surrey 41	389.92	443.79	22,432	4,280,798	-	-	(597,300)	(58,613)	-	3,624,886	4,280,798	9,646
51-070	South Prairie 70	416.72	465.48	28,357	4,490,020	-	-	(791,990)	(113,636)	-	3,584,394	4,490,020	9,646
51-161	Lewis and Clark 161	391.20	441.51	67,812	4,258,805	-	633,469	(1,796,369)	(188,579)	-	2,907,326	4,892,274	11,081
52-025	Fessenden-Bowdon 25	152.27	214.13	76,381	2,065,498	-	554,377	(981,325)	(14,223)	-	1,624,328	2,619,875	12,235
52-038	Harvey 38	414.45	463.88	43,767	4,474,586	-	149,099	(1,218,156)	(87,044)	-	3,318,485	4,623,685	9,967
53-001	Williston 1	4,075.18	4,510.97	25,241	43,512,817	-	-	(5,725,604)	(3,865,992)	-	33,921,220	43,512,817	9,646
53-002	Nesson 2	332.06	395.59	89,437	3,815,861	-	-	(1,108,554)	(520,967)	-	2,186,340	3,815,861	9,646
53-006	Eight Mile 6	284.75	364.03	29,833	3,511,433	-	-	(292,831)	(372,186)	-	2,846,416	3,511,433	9,646
53-008	Williams County 8	486.38	533.23	247,957	5,143,537	-	4,143,512	(3,177,325)	(1,049,608)	-	4,960,125	9,287,059	17,417
53-015	Tioga 15	438.11	490.09	140,835	4,727,408	-	1,166,104	(1,747,409)	(990,649)	-	3,155,455	5,893,513	12,025
53-099	Grenora 99	179.63	246.60	68,498	2,378,704	-	545,581	(750,730)	(421,033)	-	1,748,521	2,924,284	11,858
Statewide		110,226.56	128,065.25	26,685	1,235,317,402	(12,284,261)	47,543,986	(250,447,803)	(58,869,837)	(1,720,215)	959,539,272	1,268,856,911	9,908
Counts						13	86	175	174	14	171		

Notes:

- CoDist District State Issued ID
- Entity Name District Name
- ADM Average Daily Membership
- wsu Weighted students units generated in the state school aid formula.
- Tax Base per wsu The school district's taxable valuation divided by wsu, if less than 20% of the state average Tax Base per wsu then the state average is used.
- Total Formula Amount \$9,646 adequacy rate times wsu.
- Transition Maximum Maximum funding per weighted student unit adjustment based on the baseline State/Local funding level.
- Transition Minimum Minimum funding per weighted student unit adjustment based on the baseline State/Local funding level. Cannot be less than baseline state/local funding.
- Contribution from Property Tax 60 mill assumed contribution times Taxable Valuation.



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#1



State School Aid Adequacy Formula
North Dakota Department of Public Instruction
School Finance

School Year 2018-2019
Payment Month March

\$9,646 140% 108% 60 75%-100%

CoDist	Entity Name	ADM	wsu	Tax Base per wsu	Total Formula Amount	Transition Maximum	Transition Minimum	Contribution from Property Tax	Contribution from In-Lieu	EFB Offset	Total State Aid	Total State/Local Funding	State /Local Funding per wsu
	Contribution from In-Lieu	75%-100% of Tuition, County, REC, Telecommunications, Mobile Home and Other Local In-lieu revenue.											
	EFB Offset	Excess Ending Fund Balance offset.											
	Total State Aid	Total State Aid payment.											
	Total State/Local Funding	Total State Aid, Contribution from Property Tax and Contribution from In-Lieu											
	State/Local Funding per wsu	Total State/Local Funding divided by wsu.											

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School Funding/SB 2265

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Side by side comparison

Current version of 2265 (5000)	Proposed Amended Version (5001)
2% / 3% increase	No Change
Rapid Enrollment Grants First Year	No Change
On Tim Funding Second Year	No Change
Literacy Intervention Funding	No Change
Study	No Change
Transition MAX schools (Impact Aid) 5% increase	No Change
In-Lieu at 75%	No Change
2012-13 Baseline Year	2018-19 Baseline Year
Transition Minimums (held harmless) -5%	Transition Minimums adjust to simply grow and decline at statewide baseline. They do NOT take a decrease.
No Increase for Transition Minimums	1% increase in funding each year

Proposed Funding Changes Per Pupil

2018-19: \$9646 (Current)

2019-20: \$9839

2020-21: \$10,134

SB 2265 – the 66th Legislative Session K12 Funding Bill (Current version 5000***)

Impacts of Bill – what is included:

On Time Funding – this is in Section 1, (n)

Why is this important? Currently in the formula, schools are paid for their ADM from the *previous* school year. For districts that are growing, they are then being asked to educate those new students with no new dollars. In some districts, the growth is so rapid that they are building a new school every few years and in some instances every year. Can you imagine staffing a new school established for 300+ students with no new money to do so? Further with no authority in law to ask for more dollars locally?

- **Prior to 2007, our state was able to manage operations by having DPI calculate the ADM on the basis of the larger number (previous spring count or current fall count)?**
- **The ability to do that is put into this bill.**
- **Why is spring/ or fall count important?** The fall count is critical for growing districts – this is where we get the on-time funding. Last spring count is critical for our declining enrollment districts so that they have a little budgetary leeway to manage their schools. For example, in a school the size of Strasburg with an ADM of 128, if they lose 8 students, it is a budgetary impact of nearly \$80K and their overhead costs did not likely decrease.

Protection against “phantom students” – This is in Section 1, (o)

- **In the previous formula, there was concern about schools being overpaid for students who were in the fall count but did not remain in school throughout the year (example: migrant worker student).** In this scenario, the number in the spring is reflected against the fall number for “on-time” districts and if *that* number has declined, that number of students will be deducted from their subsequent fall count ensuring the dollars even out.

the requirements of chapter 10.1, section 1.2.

5 n. 1.00 the number of students by which the district's September tenth enrollment
6 report exceeds the number of students in the prior year's average daily
7 membership; and

8 o. For districts paid based on September tenth enrollment in the prior year, 1.00 the
9 number of students determined by deducting the number of students in the prior
10 year's September tenth enrollment from the prior year's average daily
11 membership. If the prior year's September tenth enrollment exceeds the prior
12 year's average daily membership, then a deduction of 1.00 the number of excess
students.

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Section 2 – Baseline Funding Increase – **In-lieu** & **per-pupil**

In-lieu tax revenue –

- This is revenue that school districts may glean as tax revenue in replacement of property tax revenue when that property comes off the regular property tax calculation. These areas are in mineral revenue, tuition, transmission of electric power, electricity generated from sources other than coal, mobile home tax revenue and telecommunication tax.
- Because of past equity issues and legal issues, schools are not able to keep all of their in-lieu of dollars, instead, they are imputed (gathered back at the state) and are redistributed in the per-pupil funding formula – (it helps fund the formula fairly).
- Currently, the % at which different types of in-lieu of tax revenues are imputed is different. **This bill equalizes all categories to be deducted at 75%**
- This means the school district gets to keep 25% of that revenue and the other 75% goes back to the state to help fund the formula.

3 An amount equal to seventy-five percent of the revenue received by the school
 4 district during the 2012-13 school year for the following revenue types:
 5 (1) Seventy-five percent of all revenue received by the school district
 6 and revenue reported under code 2000 of the North Dakota school district
 7 financial accounting and reporting manual, as developed by the
 8 superintendent of public instruction in accordance with section 15.1-02-08;
 9 (2) Seventy-five percent of all mineral revenue received by the school
 10 district through direct allocation from the state treasurer and not reported
 11 under code 2000 of the North Dakota school district financial accounting
 12 and reporting manual, as developed by the superintendent of public
 13 instruction in accordance with section 15.1-02-08;
 14 (3) Seventy-five percent of all tuition received by the school district and tuition
 15 reported under code 1300 of the North Dakota school district financial
 16 accounting and reporting manual, as developed by the superintendent of
 17 public instruction in accordance with section 15.1-02-08, with the exception
 18 of revenue received specifically for the operation of an educational program
 19 provided at a residential treatment facility and tuition received for the
 20 provision of an adult farm management program;
 21 (4) Seventy-five percent of all revenue received by the school district revenue
 22 from payments in lieu of taxes on the distribution and transmission of
 23 electric power;
 24 (5) Seventy-five percent of all revenue received by the school district revenue
 25 from payments in lieu of taxes on electricity generated from sources other
 26 than coal;
 27 (6) All revenue received by the school district from mobile home taxes;
 28 (7) Seventy-five percent of all revenue received by the school district revenue
 29 from the leasing of land acquired by the United States for which
 30 compensation is allocated to the state under 33 U.S.C. 701(c)(3),
 31 (8) All telecommunications and

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Sixty-sixth
 Legislative Assembly

1 g. An amount equal to the total revenue received by the school district during the
 2 2012-13 school year for the following revenue types:
 3 (1) Mobile home tax revenue;
 4 (2) Telecommunications tax revenue received by the school district; and
 5 (3) All revenue received by the school district revenue from payments in lieu of
 6 taxes and state reimbursement of the homestead credit and disabled
 7 veterans credit.

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Per Pupil Funding Increase

This bill includes within it a 2% increase for the first year of the biennium and a 3% increase in the second year. It does have some caveats in it that are requested in the coming amendment.

11 3. a. In 2017-18 2019-20, the superintendent shall multiply the district's weighted
 12 student units by nine thousand six hundred ~~forty-six~~ ~~thirty-nine~~ dollars.
 13 (4) The superintendent shall adjust the product to ensure the product is at least
 14 equal to the greater of:
 15 (e)(1) ~~One hundred percent of the~~ the district's baseline funding per weighted
 16 student unit, as established in subsection 2, multiplied by the district's
 17 weighted student units from the previous school year; or
 18 ~~One hundred percent of the~~ The district's baseline funding as established in
 19 subsection 1.
 20 (2) ~~The superintendent also shall adjust the product to ensure the product does~~
 21 ~~not exceed one hundred forty percent of the district's baseline funding per~~
 22 ~~weighted student unit multiplied by the district's weighted student units from~~
 23 ~~the previous school year, as established in subsection 2.~~
 24 b. In 2018-19 2020-21 and each school year thereafter, the superintendent shall
 25 ~~multiply the~~ calculate ~~the~~ ~~greater of~~:
 26 (1) The district's weighted student units multiplied by nine thousand six
 27 hundred ~~forty-six~~ ~~thirty-four~~ dollars.
 28 (1) The superintendent shall adjust the product to ensure the product is at least
 29 equal to the greater of: ~~or~~
 30 (2) ~~The amount in paragraph 1 plus the greater of~~

Current per pupil payment: \$9646
Year one 2% increase: \$9839

This section deals with our Transition minimums – no change in their percent above 108% means no increase for these schools (they have not had an increase since 2016...resulting in no possibility for increase until 2021...5 years of no increase. It is worth noting however, that the century code language did not indicate that after their baseline year that they'd grow at the per pupil – so the held harmless grew and declined at their larger per pupil amount – during a time of growth – that has widened the gap between the transition minimums and the formula schools.

Year two 3% increase: \$10,134

Sbty-sbdt
Legislative Assembly

1 (a) One hundred eight percent of the district's baseline funding per
 2 weighted student unit, as established in subsection 2, multiplied by
 3 the district's weighted student units from the previous school year
 4 less the amount in paragraph 1 with the difference reduced by five
 5 percent in 2020-21 and fifteen percent each year thereafter; or
 6 (b) ~~One hundred percent of the~~ The district's baseline funding as
 7 established in subsection 1 ~~less the amount in paragraph 1 with the~~
 8 ~~difference reduced by five percent in 2020-21 and fifteen percent each~~
 9 ~~year thereafter.~~

This section further reduces the transition minimum districts by 5% in the second year of the biennium, and then 15% each year thereafter.

***Remember to take a look at the spreadsheet and see the districts this impacts....

Rapid Enrollment Grants

- In the first year of the biennium, (Prior to the implementation of ON-TIME FUNDING which is 2nd year) there is implementation of Rapid Enrollment Grants. These have been utilized as an attempt at some help for the rapidly growing districts since 2013.

SECTION 3. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION
 FOUNDATION AID STABILIZATION FUND - ONE-TIME FUNDING. There is appropriated out
 of any money in the foundation aid stabilization fund in the state treasury, not otherwise
 appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, in the
 department of public instruction for the purpose of providing rapid enrollment grants to school
 districts for the biennium beginning July 1, 2018, and ending June 30, 2021. The funding
 provided in this section is considered a one-time funding item. The superintendent of public
 instruction shall award rapid enrollment grants to eligible districts only during the first year of the
 biennium's implementation of this section.

1. A district is eligible to receive a grant under this section if the number of students
 reflected in the district's September tenth enrollment report exceeds the number of
 students in the prior year September tenth enrollment report. The increase must be at
 least four percent or one hundred fifty students and must be at least twenty students.

2. The superintendent of public instruction shall calculate the amount in which an eligible
 district is entitled as follows:

(a) Determine the actual percentage increase in the number of students and students
 per square mile for the district as determined by the district's enrollment report
 submitted to all state departments
 (b) Multiply the percentage increase by the amount appropriated in this section
 (c) Divide the result by the number of eligible districts in the district

3. If the amount of the appropriation provided for in this section is insufficient to meet the
 obligations of this subsection, the superintendent of public instruction shall prorate the
 payment based on the percentage of the total amount to which each school district is
 entitled.

School Funding/SB 2265

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So....then what does the amendment do and why?

In 2265 there has been significant conversation about the transition minimum schools. In the bill version 5000, the 5% cut to the transition minimum schools coupled with no increase is very challenging. However, we needed to find a way to still begin this conversation on the held harmless schools, have impact, but not do it in such a drastic way. The Focus Group met about this issue and proposed an outside of the box concept – we believe it accomplishes the goals of the legislature and protects our school funding.

Let's walk through the amendment – then we will look at a side by side comparison:

Section 2 – Baseline Funding.

The amendment draws a new baseline being the 2018-19 school year. That new baseline year is carried forward throughout the bill.

- funding consists of:
- 22 a. All state aid received by the district in accordance with chapter 15.1-27 during the
 - 23 ~~2012-13~~2018-19 school year;
 - 24 b. ~~The district's 2012-13 mill levy reduction grant, as determined in accordance with~~
 - 25 ~~chapter 57-64, as it existed on June 30, 2013;~~
 - 26 ——— An amount equal to that raised by the district's 2012 general fund levy or that
 - 27 raised by one hundred ten mills of the ~~district's 2012 general fund levy, whichever~~
 - 28 ~~is less the property tax deducted by the superintendent of public instruction to~~
 - 29 ~~determine the 2018-19 state aid payment;~~
 - 30 ——— ~~An amount equal to that raised by the district's 2012 long distance learning and~~
 - 31 ~~educational technology levy.~~

Sixty-sixth
Legislative Assembly

- 1 ——— e An amount equal to that raised by the district's 2012 alternative education
- 2 program levy; and
- 3 f. c. An amount equal to seventy-five percent of the revenue received by the school
- 4 district during the 2012-13 2017-18 school year for the following revenue types:

The language also then indicates that moving forward when transition minimum schools grow or decline – they would do so at the statewide baseline per pupil RATHER THAN their held harmless per-pupil amount. This will naturally pull these schools closer to the formula over time.

8 2. The superintendent shall divide the district's total baseline funding by the district's
9 ~~2012-13~~2017-18 weighted student units to determine the district's baseline funding per
10 weighted student unit.

11 3 a. In ~~2017-18~~2019-20, the superintendent shall ~~multiply the~~calculate state aid as the
12 greater of

13 (1) The district's weighted student units multiplied by nine thousand ~~six~~eight
14 hundred ~~forty-six~~thirty-nine dollars.

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

17 ~~(a)~~(2) One hundred ~~sixty~~eightone percent of the district's baseline funding per
18 weighted student unit, as established in subsection 2, multiplied by the
19 district's weighted student units ~~from the previous school year, not to exceed~~
20 the district's 2017-18 baseline weighted student units, plus any weighted
21 student units in excess of the 2017-18 baseline weighted student units
22 multiplied by nine thousand eight hundred thirty-nine dollars; or

23 ~~(b)~~(3) ~~One hundred percent of the~~The district's baseline funding as established in
24 subsection 1.

The amendment also brings back into the bill the past practice of providing the transition minimum schools an increase. Traditionally their increase is less than those districts on the formula. An increase is still important as operating costs do increase over time. However, their increase is less as over time this should pull them closer to the formula.

- In the current law the transition minimum school increases are reflected in the amounts over 100%. You can see that since the old 2012-13 baseline their % is currently at 108%. When the amendment draws the new baseline, however, they are now back to 100%. You'll see the bill provides for these schools ½ of the projected increase and that is reflected by 101%. In the second year it is reflected as 102% again giving a 1% increase.

5 (2) ~~The amount in paragraph 1 plus the greater of~~

6 ~~(a)~~ One hundred ~~eight~~two percent of the district's baseline funding per
7 weighted student unit, as established in subsection 2, multiplied by
8 the district's weighted student units ~~from the previous school year~~
9 less the amount in paragraph 1, with the difference reduced by five
10 percent in 2020-21 and fifteen percent each year thereafter, not to
11 exceed the district's 2017-18 base line weighted student units, plus
12 any weighted student units in excess of the 2017-18 baseline
13 weighted student units multiplied by ten thousand one hundred
14 thirty-four dollars; or

The amendment also eliminates the 5% reduction in the second year of this biennium, but it does keep the 15% reduction starting in 21-22. This reduction would be after the interim study so any recommendations could be managed the next time the legislature meets – however it certainly does hold our feet to the fire to come together on the study and find solutions.

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- (b) (3) ~~One hundred percent of the~~The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~five~~fifteen percent in ~~2020-21~~2021-22 and fifteen percent each year thereafter, and then the difference added to the amount determined in paragraph 1.
- c. ~~The superintendent also shall adjust state aid determined in this subsection:~~
 - (1) In 2019-20, to ensure the amount does not exceed one hundred ~~forty~~ ~~thirty~~ percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.
 - (2) ~~The superintendent also shall adjust the product~~In 2020-21, to ensure the ~~product~~amount does not exceed one hundred ~~forty~~ ~~thirty~~ percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.

Finally the original bill also included increases for our transition maximum schools of 5% each year. Because the baseline years have been redrawn, their total is now reflected as 105% and 110%.

What about those schools who aren't at the full 60 mill deduct???

These are NOT the schools we are referring to in SB 2265 regarding "held harmless", "Transition Minimum," or "Transition Maximum." They are a separate set of circumstances entirely. What has happened here is that the state is holding local taxpayers taxes down through the formula. This is not a reason to cut budgets on these schools – it is a taxpayer equity issue, yes, but not one that the schools created.

When the formula was introduced, the state instructed NDDPI to deduct 60 mills from their property taxes levied and that money was redistributed into the formula.

Schools are capped on increasing their dollars at 12% per year. As property valuations increase, the amount of mills that a school is able to levy is less because property values have increased the value of the mill. When schools are only able to increase in DOLLARS by 12% the pace at which property values grew was faster than the 12% cap allowed schools to get those dollars.

NDDPI is only able to deduct those mills that schools are ABLE to generate based on that 12% cap, so the amount that the state has been able to capture from areas of the state where property value increases have outpaced the 12% dollar cap has resulted in the state only being able to deduct a lesser mill# because that is all that school is able to levy according to law.

To be clear – the schools didn't do anything wrong, this is simply a product of how law was written at that time and good economic times hitting our state at the same time. It is a result of outstanding economic growth of our state.

We are at a place now where we have a number of districts where their mill deduct is far below 60 mills...however those district's taxpayers have also seen dramatic increases in taxes just based on valuation growth as well.

We fully acknowledge that for taxpayer equity issues, this needs to be addressed, but it is our contention that it must be done thoughtfully and over a period of time so the burden on the taxpayer isn't insurmountable. These communities that have experienced tremendous growth also are dealing with the inherent challenges with that such as the need for infrastructure growth, new schools, etc.

Sixty-sixth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2265

Introduced by

Senators Schaible, Davison, Rust

Representatives Owens, Schreiber-Beck

Amendment

1 A BILL for an Act to amend and reenact sections 15.1-27-03.1 and 15.1-27-04.1 of the North
2 Dakota Century Code, relating to the determination of weighted average daily membership and
3 state aid payable to school districts; to provide for a legislative management study; to provide
4 an appropriation; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-03.1. Weighted average daily membership - Determination.**

- 9 1. For each school district, the superintendent of public instruction shall multiply by:
- 10 a. 1.00 the number of full-time equivalent students enrolled in an extended
11 educational program in accordance with section 15.1-32-17;
- 12 b. 0.60 the number of full-time equivalent students enrolled in a summer education
13 program, including a migrant summer education program;
- 14 c. 0.40 the number of full-time equivalent students who:
- 15 (1) On a test of English language proficiency approved by the superintendent of
16 public instruction are determined to be least proficient and placed in the first
17 of six categories of proficiency; and
- 18 (2) Are enrolled in a program of instruction for English language learners;
- 19 d. 0.28 the number of full-time equivalent students who:
- 20 (1) On a test of English language proficiency approved by the superintendent of
21 public instruction are determined to be more proficient than students placed
22 in the first of six categories of proficiency and therefore placed in the second
23 of six categories of proficiency; and
- 24 (2) Are enrolled in a program of instruction for English language learners;

- 1 e. 0.25 the number of full-time equivalent students under the age of twenty-one
2 enrolled in grades nine through twelve in an alternative high school;
- 3 f. 0.20 the number of full-time equivalent students enrolled in a home-based
4 education program and monitored by the school district under chapter 15.1-23;
- 5 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
6 special education program;
- 7 h. 0.15 the number of full-time equivalent students in grades six through eight
8 enrolled in an alternative education program for at least an average of fifteen
9 hours per week;
- 10 i. 0.10 the number of students enrolled in average daily membership, if the district
11 has fewer than one hundred students enrolled in average daily membership and
12 the district consists of an area greater than two hundred seventy-five square
13 miles [19424.9 hectares], provided that any school district consisting of an area
14 greater than six hundred square miles [155399 hectares] and enrolling fewer than
15 fifty students in average daily membership must be deemed to have an
16 enrollment equal to fifty students in average daily membership;
- 17 j. 0.082 the number of students enrolled in average daily membership, in order to
18 support the provision of special education services;
- 19 k. 0.07 the number of full-time equivalent students who:
- 20 (1) On a test of English language proficiency approved by the superintendent of
21 public instruction are determined to be more proficient than students placed
22 in the second of six categories of proficiency and therefore placed in the
23 third of six categories of proficiency;
- 24 (2) Are enrolled in a program of instruction for English language learners; and
- 25 (3) Have not been in the third of six categories of proficiency for more than
26 three years;
- 27 l. 0.025 the number of students representing that percentage of the total number of
28 students in average daily membership which is equivalent to the three-year
29 average percentage of students in grades three through eight who are eligible for
30 free or reduced lunches under the Richard B. Russell National School Lunch Act
31 [42 U.S.C. 1751 et seq.]; and

- 1 m. 0.002 the number of students enrolled in average daily membership in a school
2 district that is a participating member of a regional education association meeting
3 the requirements of chapter 15.1-09.1-;
- 4 n. 1.00 the number of students by which the district's September tenth enrollment
5 report exceeds the number of students in the prior year's average daily
6 membership; and
- 7 o. For districts paid based on September tenth enrollment in the prior year, 1.00 the
8 number of students determined by deducting the number of students in the prior
9 year's September tenth enrollment from the prior year's average daily
10 membership. If the prior year's September tenth enrollment exceeds the prior
11 year's average daily membership, then a deduction of 1.00 the number of excess
12 students.
- 13 2. The superintendent of public instruction shall determine each school district's weighted
14 average daily membership by adding the products derived under subsection 1 to the
15 district's average daily membership.

16 **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

- 19 1. To determine the amount of state aid payable to each district, the superintendent of
20 public instruction shall establish each district's baseline funding. A district's baseline
21 funding consists of:
- 22 a. All state aid received by the district in accordance with chapter 15.1-27 during the
23 ~~2012-13~~ 2018-19 school year;
- 24 b. ~~The district's 2012-13 mill levy reduction grant, as determined in accordance with~~
25 ~~chapter 57-64, as it existed on June 30, 2013;~~
- 26 ~~c. An amount equal to that raised by the district's 2012 general fund levy or that~~
27 ~~raised by one hundred ten mills of the district's 2012 general fund levy, whichever~~
28 ~~is less~~ the property tax deducted by the superintendent of public instruction to
29 determine the 2018-19 state aid payment;
- 30 ~~d. An amount equal to that raised by the district's 2012 long distance learning and~~
31 ~~educational technology levy;~~

- 1 ~~e.~~ An amount equal to that raised by the district's 2012 alternative education
2 program levy; and
- 3 ~~f.c.~~ An amount equal to seventy-five percent of the revenue received by the school
4 district during the ~~2012-13~~2017-18 school year for the following revenue types:
- 5 (1) ~~Seventy five percent of all revenue received by the school district~~
6 and Revenue reported under code 2000 of the North Dakota school district
7 financial accounting and reporting manual, as developed by the
8 superintendent of public instruction in accordance with section 15.1-02-08;
- 9 (2) ~~Seventy five percent of all mineral~~Mineral revenue received by the school
10 district through direct allocation from the state treasurer and not reported
11 under code 2000 of the North Dakota school district financial accounting
12 and reporting manual, as developed by the superintendent of public
13 instruction in accordance with section 15.1-02-08;
- 14 (3) ~~Seventy five percent of all tuition received by the school district and~~Tuition
15 reported under code 1300 of the North Dakota school district financial
16 accounting and reporting manual, as developed by the superintendent of
17 public instruction in accordance with section 15.1-02-08, with the exception
18 of revenue received specifically for the operation of an educational program
19 provided at a residential treatment facility and tuition received for the
20 provision of an adult farm management program;
- 21 (4) ~~Seventy five percent of all revenue received by the school district~~Revenue
22 from payments in lieu of taxes on the distribution and transmission of
23 electric power;
- 24 (5) ~~Seventy five percent of all revenue received by the school district~~Revenue
25 from payments in lieu of taxes on electricity generated from sources other
26 than coal;
- 27 (6) ~~All revenue received by the school district from mobile home taxes;~~
- 28 (7) ~~Seventy five percent of all revenue received by the school district~~Revenue
29 from the leasing of land acquired by the United States for which
30 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 31 (8) ~~All telecommunications~~ and

- 1 g.d. An amount equal to the total revenue received by the school district during the
2 2012-132017-18 school year for the following revenue types:
- 3 (1) Mobile home tax revenue;
4 (2) Telecommunications tax revenue received by the school district; and
5 (9)(3) All revenue received by the school districtRevenue from payments in lieu of
6 taxes and state reimbursement of the homestead credit and disabled
7 veterans credit.
- 8 2. The superintendent shall divide the district's total baseline funding by the district's
9 2012-132017-18 weighted student units to determine the district's baseline funding per
10 weighted student unit.
- 11 3. a. In 2017-182019-20, the superintendent shall multiply thecalculate state aid as the
12 greater of:
- 13 (1) The district's weighted student units multiplied by nine thousand sixeight
14 hundred forty sixthirty-nine dollars.
- 15 ~~(1) The superintendent shall adjust the product to ensure the product is at least~~
16 ~~equal to the greater of:~~
- 17 ~~(a)(1)(2)~~ One hundred eightone percent of the district's baseline funding per
18 weighted student unit, as established in subsection 2, multiplied by the
19 district's weighted student units from the previous school year, not to exceed
20 the district's 2017-18 baseline weighted student units, plus any weighted
21 student units in excess of the 2017-18 baseline weighted student units
22 multiplied by nine thousand eight hundred thirty-nine dollars; or
- 23 ~~(b)(2)(3)~~ One hundred percent of theThe district's baseline funding as established in
24 subsection 1.
- 25 (2) ~~The superintendent also shall adjust the product to ensure the product does~~
26 ~~not exceed one hundred forty percent of the district's baseline funding per~~
27 ~~weighted student unit multiplied by the district's weighted student units from~~
28 ~~the previous school year, as established in subsection 2.~~
- 29 b. In 2018-192020-21 and each school year thereafter, the superintendent shall
30 multiply thecalculate state aid as the greater of:

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- 1 (1) The district's weighted student units multiplied by nineteen thousand sixone
2 hundred forty sixthirty-four dollars-
- 3 (4) The superintendent shall adjust the product to ensure the product is at least
4 equal to the greater of: or
- 5 (2) The amount in paragraph 1 plus the greater of:
- 6 ~~(a)~~ One hundred eighttwo percent of the district's baseline funding per
7 weighted student unit, as established in subsection 2, multiplied by
8 the district's weighted student units from the previous school year
9 less the amount in paragraph 1, with the difference reduced by five
10 percent in 2020-21 and fifteen percent each year thereafter, not to
11 exceed the district's 2017-18 baseline weighted student units, plus
12 any weighted student units in excess of the 2017-18 baseline
13 weighted student units multiplied by ten thousand one hundred
14 thirty-four dollars; or
- 15 (b) (3) One hundred percent of theThe district's baseline funding as established in
16 subsection 1 less the amount in paragraph 1, with the difference reduced by
17 fivefifteen percent in 2020-212021-22 and fifteen percent each year
18 thereafter, and then the difference added to the amount determined in
19 paragraph 1.
- 20 c. The superintendent also shall adjust state aid determined in this subsection:
- 21 (1) In 2019-20, to ensure the amount does not exceed one hundred
22 forty fivefive percent of the district's baseline funding per weighted student
23 unit, as established in subsection 2, multiplied by the district's weighted
24 student units from the previous school year.
- 25 (2) The superintendent also shall adjust the productIn 2020-21, to ensure the
26 productamount does not exceed one hundred fortyfiftyten percent of the
27 district's baseline funding per weighted student unit, as established in
28 subsection 2, multiplied by the district's weighted student units from the
29 previous school year.
- 30 4. After determining the product in accordance with subsection 3, the superintendent of
31 public instruction shall:

1 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
2 school district, except the amount in dollars subtracted for purposes of this
3 subdivision may not exceed the previous year's amount in dollars subtracted for
4 purposes of this subdivision by more than twelve percent; and

5 b. Subtract an amount equal to seventy-five percent of all revenues revenue types
6 listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one
7 hundred percent of all revenues listed in paragraphs 6, 8, and 9 of
8 subdivision f subdivisions f and g of subsection 1.

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

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

15 **SECTION 3. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION**

16 **FOUNDATION AID STABILIZATION FUND - ONE-TIME FUNDING.** There is appropriated out
17 of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise
18 appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the
19 department of public instruction for the purpose of providing rapid enrollment grants to school
20 districts, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding
21 provided in this section is considered a one-time funding item. The superintendent of public
22 instruction shall award rapid enrollment grants to eligible districts only during the first year of the
23 2019-21 biennium based on the following criteria:

24 1. A district is eligible to receive a grant under this section if the number of students
25 reflected in the district's September tenth enrollment report exceeds the number of
26 students in the prior year September tenth enrollment report. The increase must be at
27 least four percent or one hundred fifty students and must be at least twenty students.

28 2. The superintendent of public instruction shall calculate the amount to which an eligible
29 district is entitled as follows:

30 a. Determine the actual percentage increase in the number of students and subtract
31 two from the percentage calculated;

- 1 b. Determine the number of students represented by the difference determined in
- 2 subdivision a of this subsection;
- 3 c. Multiply the number of students determined in subdivision b of this subsection by
- 4 \$4,000.
- 5 3. If the amount of the appropriation provided for in this section is insufficient to meet the
- 6 obligations of this subsection, the superintendent of public instruction shall prorate the
- 7 payment based on the percentage of the total amount to which each school district is
- 8 entitled.
- 9 4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
- 10 eligible to receive a grant under this section.

11 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general
12 fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the
13 sum as may be necessary, to the department of commerce for the purpose of providing funding
14 to an organization providing research-based literacy intervention services to students below
15 grade four who score below proficient in reading as matching funds for AmeriCorps funding, for
16 the biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend
17 the appropriated funds only as authorized in this section.

18 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the
19 legislative management shall consider studying minimum and maximum payments to school
20 districts included in the state school aid formula, including how school districts could be
21 transitioned from the minimum and maximum payments and the effects on school districts of
22 transitioning from the minimum and maximum payments. The legislative management shall
23 report its findings and recommendations, together with any legislation required to implement the
24 recommendations, to the sixty-seventh legislative assembly.

25 **SECTION 6. EFFECTIVE DATE.** Section 1 of this Act is effective July 1, 2020.

March 1, 2019

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PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, line 13, overstrike "The superintendent shall adjust the product to ensure the product is at least"

Page 5, overstrike line 14 and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

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Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter" with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-four dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "2020-21" with "2021-22"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 16, replace "fifty" with "ten"

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 1, line 1, after "Act" insert "to create and enact section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort;"

Page 1, line 1, after "sections" insert "15.1-06-04, 15.1-07-34,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training,"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies"

Page 1, line 4, remove "and"

Page 1, line 4, remove the second "an"

Page 1, line 4, replace "date" with "dates; and to provide an expiration date"

Page 1, after line 5, insert:

"SECTION 1. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy five days nine hundred sixty two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board ~~in consultation with district teachers~~ from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~three days of professional development.
2. a. A~~For the first two days of professional development required by subsection 1, a day of professional development must consist of:~~

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- (1) Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - (2) Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - (3) Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. If a school district offers a four-hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one-half day of instruction to students. This subdivision does not apply unless the one-half day of instruction equals at least one-half of the time required for a full day of instruction, as defined in this section.
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction.
4. For purposes of this section, a full day of instruction consists of:
- a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and
 - b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. Any school district intending to operate under a four-day week must file and be approved for a waiver with the superintendent of public instruction.

SECTION 2. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;

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- e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
 3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

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

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- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];

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- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
 - n. ~~0.50~~0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

- Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"
- Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"
- Page 3, overstrike line 25
- Page 3, line 26, overstrike "c."
- Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"
- Page 3, overstrike line 27
- Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"
- Page 3, overstrike lines 29 and 30
- Page 4, overstrike line 1
- Page 4, line 2, overstrike "program levy;"
- Page 4, line 3, overstrike "f." and insert immediately thereafter "c."
- Page 4, line 4, replace "2012-13" with "2017-18"
- Page 5, line 1, replace "g." with "d."
- Page 5, line 2, replace "2012-13" with "2017-18"
- Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"
- Page 5, line 11, overstrike "In"
- Page 5, line 11, after "~~2017-18~~" insert "For the"
- Page 5, line 11, after "2019-20" insert "school year"

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Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, remove the overstrike over "~~eight~~"

Page 5, line 12, remove the overstrike over "~~hundred~~"

Page 5, line 12, remove the overstrike over "~~thirty nine~~"

Page 5, line 12, remove the overstrike "~~dollars~~"

Page 5, overstrike lines 13 and 14

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 29, replace "; or" with an underscored semicolon

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty-four dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

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Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in the previous calendar year by the school district for sinking and interest relative to the total mills levied in the previous calendar year by the school district for all purposes."

Page 7, after line 6, insert:

"7. For purposes of the calculation in subsection 4, each county auditor shall report the following to the superintendent of public instruction on an annual basis:

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

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- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 6. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 7. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

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SECTION 8. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar;~~
 - b. ~~One hundred eighty two.~~
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. The ~~two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 9. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the

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superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.

2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~
6. A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.

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7-6. Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.

8-7. Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 10. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.
 - d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
 - e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;

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- (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 11. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

- 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
- 4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
- 5. Nothing in this section limits the board of a school district from levying:

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- a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
- b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 12. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

- 1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 14. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - STATE AUTOMATED REPORTING SYSTEM. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,200,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of updating and redesigning the state automated reporting system application used to gather school district information, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$1,750,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall provide funding to each school district based on the prior year average daily membership and no more than one-half of the appropriation may be awarded each year of the biennium. School districts may use the music education grants for instruments, equipment, and supplies related to music education. The funding may not be used for salaries and wages. The funding provided in this section is considered a one-time funding item."

Page 8, line 3, after "**APPROPRIATION**" insert "**- DEPARTMENT OF COMMERCE - GENERAL FUND - LITERACY INTERVENTION**"

Page 8, line 9, after the period insert "The funding provided in this section is considered a one-time item."

Page 8, after line 9, insert:

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"SECTION 17. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - GENERAL FUND - STUDENT BEHAVIORAL HEALTH. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,300,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing grants to school districts to address student behavioral health needs, for the biennium beginning July 1, 2019, and ending June 30, 2021. To be eligible to receive a grant, a school district must submit a plan to the department detailing the school district's collaboration with other school districts in the region regarding student behavioral health needs and the use of grant funding to develop student behavioral health interventions. The department shall award student behavioral health grants only during the second year of the 2019-21 biennium. A grant to an eligible school district is limited to an amount equal to the nonfederal portion of Medicaid reimbursement received by the school during the first year of the biennium."

Page 8, line 17, after the boldfaced period insert "Section 11 of this Act is effective for taxable years beginning after December 31, 2018."

Page 8, line 17, replace "1" with "3"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

Page 8, line 17, after the second period insert "Section 4 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for taxable years beginning after December 31, 2024. Section 6 of this Act becomes effective on July 1, 2025."

Page 8, after line 17, insert:

"SECTION 20. EXPIRATION DATE. Section 7 of this Act is effective through June 30, 2025, and after that date is ineffective."

Renumber accordingly

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Sixty-sixth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2265

Introduced by

Senators Schaible, Davison, Rust

Representatives Owens, Schreiber-Beck

1 A BILL for an Act to create and enact section 15.1-27-04.3 of the North Dakota Century Code,
 2 relating to state school aid local property tax effort; to amend and reenact sections 15.1-06-04,
 3 15.1-07-34, 15.1-27-03.1 and, 15.1-27-04.1, 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and
 4 57-15-14.2 of the North Dakota Century Code, relating to teacher professional development
 5 days in the school calendar, youth behavioral health training, the determination of weighted
 6 average daily membership ~~and,~~ state aid payable to school districts, the calculation of average
 7 daily membership, a cross-border attendance contract with South Dakota, the determination of
 8 tuition payments, and school district levies; to provide for a legislative management study; to
 9 provide an appropriation; ~~and~~ to provide ~~an~~ effective ~~dated~~ dates; and to provide an expiration
 10 date.

11 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

12 **SECTION 1. AMENDMENT.** Section 15.1-06-04 of the North Dakota Century Code is
 13 amended and reenacted as follows:
 14 **15.1-06-04. School calendar - Length.**
 15 1. A school district shall provide for a school calendar that includes:
 16 a. At least ~~one hundred seventy five days~~ nine hundred sixty-two and one-half hours
 17 of instruction for elementary school students and one thousand fifty hours of
 18 instruction for middle and high school students;
 19 b. Three holidays, as selected by the board ~~in consultation with district teachers~~
 20 from the list provided for in subdivisions b through j of subsection 1 of section
 21 15.1-06-02;
 22 c. No more than two days for:
 23 (1) Parent-teacher conferences; or

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- 1 (2) Compensatory time for parent-teacher conferences held outside of regular
2 school hours; and
- 3 d. At least ~~two~~three days of professional development.
- 4 2. a. AFor the first two days of professional development required by subsection 1, a
5 day of professional development must consist of:
- 6 (1) Six hours of professional development, exclusive of meals and other breaks,
7 conducted within a single day;
- 8 (2) Six hours of cumulative professional development conducted under the
9 auspices of a professional learning community; or
- 10 (3) Two four-hour periods of professional development, exclusive of meals and
11 other breaks, conducted over two days.
- 12 b. If a school district offers a four-hour period of professional development, as
13 permitted in this subsection, the school district may schedule instruction during
14 other available hours on that same day and be credited with providing one-half
15 day of instruction to students. This subdivision does not apply unless the one-half
16 day of instruction equals at least one-half of the time required for a full day of
17 instruction, as defined in this section.
- 18 3. If because of weather a school must dismiss before completing a full day of
19 instruction, the school is responsible for making up only those hours and portions of an
20 hour between the time of early dismissal and the conclusion of a full day of classroom
21 instruction.
- 22 4. For purposes of this section, a full day of instruction consists of:
- 23 a. At least five and one-half hours for kindergarten and elementary students, during
24 which time the students are required to be in attendance for the purpose of
25 receiving curricular instruction; and
- 26 b. At least six hours for high school students, during which time the students are
27 required to be in attendance for the purpose of receiving curricular instruction.
- 28 5. Any school district intending to operate under a four-day week must file and be
29 approved for a waiver with the superintendent of public instruction.

30 **SECTION 2. AMENDMENT.** Section 15.1-07-34 of the North Dakota Century Code is
31 amended and reenacted as follows:

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1 **15.1-07-34. Provision of youth behavioral health training to teachers, administrators,**
2 **and ancillary staff.**

3 1. Every two years, each school district shall provide a minimum of eight hours of
4 professional development on youth behavioral health to elementary, middle, and high
5 school teachers, and administrators. Each school district shall encourage ancillary and
6 support staff to participate in the professional development. Based on the annual
7 needs assessment of the school district, these hours must be designated from the
8 following categories:

- 9 a. Trauma;
10 b. Social and emotional learning, including resiliency;
11 c. Suicide prevention;
12 d. Bullying;
13 e. Understanding of the prevalence and impact of youth behavioral health wellness
14 on family structure, education, juvenile services, law enforcement, and health
15 care and treatment providers;
16 f. Knowledge of behavioral health symptoms, and risks;
17 g. Awareness of referral sources and evidence-based strategies for appropriate
18 interventions;~~or~~
19 h. Other evidence-based strategies to reduce risk factors for students; or
20 i. Current or new evidence-based behavior prevention or mitigation techniques.

21 2. Each school district shall report the professional development hours to the department
22 of public instruction.

23 3. The superintendent of public instruction shall collaborate with regional education
24 associations to disseminate information, training materials, and notice of training
25 opportunities to school districts and nonpublic schools.

26 **SECTION 3. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15.1-27-03.1. Weighted average daily membership - 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;

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 c. 0.40 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. 0.28 the number of full-time equivalent students who:
9 (1) On a test of English language proficiency approved by the superintendent of
10 public instruction are determined to be more proficient than students placed
11 in the first of six categories of proficiency and therefore placed in the second
12 of six categories of proficiency; and
13 (2) Are enrolled in a program of instruction for English language learners;
- 14 e. 0.25 the number of full-time equivalent students under the age of twenty-one
15 enrolled in grades nine through twelve in an alternative high school;
- 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;

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- 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.]; ~~and~~
- 14 m. 0.002 the number of students enrolled in average daily membership in a school
- 15 district that is a participating member of a regional education association meeting
- 16 the requirements of chapter 15.1-09.1; and
- 17 n. ~~1.00~~0.50 the number of students by which the district's September tenth
- 18 enrollment report exceeds the number of students in the prior year's average
- 19 daily membership; ~~and~~
- 20 ~~e. For districts paid based on September tenth enrollment in the prior year, 1.00 the~~
- 21 ~~number of students determined by deducting the number of students in the prior~~
- 22 ~~year's September tenth enrollment from the prior year's average daily~~
- 23 ~~membership. If the prior year's September tenth enrollment exceeds the prior~~
- 24 ~~year's average daily membership, then a deduction of 1.00 the number of excess~~
- 25 ~~students.~~
- 26 2. The superintendent of public instruction shall determine each school district's weighted
- 27 average daily membership by adding the products derived under subsection 1 to the
- 28 district's average daily membership.

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than

- 1 fifty students in average daily membership must be deemed to have an
2 enrollment equal to fifty students in average daily membership;
- 3 j. 0.082 the number of students enrolled in average daily membership, in order to
4 support the provision of special education services;
- 5 k. 0.07 the number of full-time equivalent students who:
6 (1) On a test of English language proficiency approved by the superintendent of
7 public instruction are determined to be more proficient than students placed
8 in the second of six categories of proficiency and therefore placed in the
9 third of six categories of proficiency;
- 10 (2) Are enrolled in a program of instruction for English language learners; and
11 (3) Have not been in the third of six categories of proficiency for more than
12 three years;
- 13 l. 0.025 the number of students representing that percentage of the total number of
14 students in average daily membership which is equivalent to the three-year
15 average percentage of students in grades three through eight who are eligible for
16 free or reduced lunches under the Richard B. Russell National School Lunch Act
17 [42 U.S.C. 1751 et seq.];
- 18 m. 0.002 the number of students enrolled in average daily membership in a school
19 district that is a participating member of a regional education association meeting
20 the requirements of chapter 15.1-09.1; ~~and~~
- 21 n. ~~0.500~~.60 the number of students by which the district's September tenth
22 enrollment report exceeds the number of students in the prior year's average
23 daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
- 24 o. For districts paid based on September tenth enrollment in the prior year, 0.50 the
25 number of students determined by deducting the number of students in the prior
26 year's September tenth enrollment from the prior year's average daily
27 membership, increasing the factor annually by 0.10, not to exceed 1.00. If the
28 prior year's September tenth enrollment exceeds the prior year's average daily
29 membership, then a deduction of 0.50 the number of excess students, increasing
30 the factor annually by 0.10, not to exceed 1.00.

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- 1 and reporting manual, as developed by the superintendent of public
- 2 instruction in accordance with section 15.1-02-08;
- 3 (3) ~~Seventy five percent of all tuition received by the school district and~~ Tuition
- 4 reported under code 1300 of the North Dakota school district financial
- 5 accounting and reporting manual, as developed by the superintendent of
- 6 public instruction in accordance with section 15.1-02-08, with the exception
- 7 of revenue received specifically for the operation of an educational program
- 8 provided at a residential treatment facility and tuition received for the
- 9 provision of an adult farm management program;
- 10 (4) ~~Seventy five percent of all revenue received by the school district~~ Revenue
- 11 from payments in lieu of taxes on the distribution and transmission of
- 12 electric power;
- 13 (5) ~~Seventy five percent of all revenue received by the school district~~ Revenue
- 14 from payments in lieu of taxes on electricity generated from sources other
- 15 than coal;
- 16 (6) ~~All revenue received by the school district from mobile home taxes;~~
- 17 ~~(7) Seventy five percent of all revenue received by the school district~~ Revenue
- 18 from the leasing of land acquired by the United States for which
- 19 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 20 ~~(8) All telecommunications and~~
- 21 g.d. An amount equal to the total revenue received by the school district during the
- 22 2012-13 2017-18 school year for the following revenue types:
- 23 (1) Mobile home tax revenue;
- 24 (2) Telecommunications tax revenue received by the school district; and
- 25 ~~(9)(3) All revenue received by the school district~~ Revenue from payments in lieu of
- 26 taxes and state reimbursement of the homestead credit and disabled
- 27 veterans credit.
- 28 2. The superintendent shall divide the district's total baseline funding by the district's
- 29 2012-13 2017-18 weighted student units to determine the district's baseline funding per
- 30 weighted student unit.

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- 1 3. a. ~~In 2017-18~~ For the 2019-20 school year, the superintendent shall ~~multiply~~
2 ~~the~~ calculate state aid as the greater of:
3 (1) The district's weighted student units multiplied by nine thousand ~~six~~eight
4 hundred ~~forty-six~~thirty-nine dollars;
5 ~~(1) The superintendent shall adjust the product to ensure the product is at least~~
6 ~~equal to the greater of:~~
7 ~~(a)(1)(2)~~ One hundred ~~eight~~one percent of the district's baseline funding per
8 weighted student unit, as established in subsection 2, multiplied by the
9 district's weighted student units ~~from the previous school year~~, not to exceed
10 the district's 2017-18 baseline weighted student units, plus any weighted
11 student units in excess of the 2017-18 baseline weighted student units
12 multiplied by nine thousand eight hundred thirty-nine dollars; or
13 ~~(b)(2)(3)~~ One hundred percent of the The district's baseline funding as established in
14 subsection 1.
15 ~~(2) The superintendent also shall adjust the product to ensure the product does~~
16 ~~not exceed one hundred forty percent of the district's baseline funding per~~
17 ~~weighted student unit multiplied by the district's weighted student units from~~
18 ~~the previous school year, as established in subsection 2.~~
19 b. ~~In 2018-19~~ For the 2020-21 school year and each school year thereafter, the
20 superintendent shall ~~multiply the~~ calculate state aid as the greater of:
21 (1) The district's weighted student units multiplied by ~~nineteen~~ thousand ~~six~~one
22 hundred ~~forty-six~~thirty-four dollars;
23 ~~(1) The superintendent shall adjust the product to ensure the product is at least~~
24 ~~equal to the greater of:~~ or:
25 (2) The amount in paragraph 1 plus the greater of:
26 ~~(a)~~ One hundred ~~eight~~two percent of the district's baseline funding per
27 weighted student unit, as established in subsection 2, multiplied by
28 the district's weighted student units ~~from the previous school year~~ less
29 the amount in paragraph 1, with the difference reduced by five percent
30 in 2020-21 and fifteen percent each year thereafter, not to exceed the
31 district's 2017-18 baseline weighted student units, plus any weighted

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- 1 student units in excess of the 2017-18 baseline weighted student units
2 multiplied by ten thousand one hundred thirty-four dollars; or
3 ~~(b)(3)~~ One hundred percent of the ~~The~~ district's baseline funding as established in
4 subsection 1 less the amount in paragraph 1, with the difference reduced by
5 five fifteen percent in 2020-21 for the 2021-22 school year and fifteen percent
6 each school year thereafter, and then the difference added to the amount
7 determined in paragraph 1.
- 8 c. The superintendent also shall adjust state aid determined in this subsection:
- 9 (1) ~~In~~ For the 2019-20 school year, to ensure the amount does not exceed one
10 hundred forty five five percent of the district's baseline funding per weighted
11 student unit, as established in subsection 2, multiplied by the district's
12 weighted student units from the previous school year.
- 13 (2) ~~The superintendent also shall adjust the product~~ In For the 2020-21 school
14 year and each school year thereafter, to ensure the product amount does not
15 exceed one hundred forty fifty ten percent of the district's baseline funding
16 per weighted student unit, as established in subsection 2, multiplied by the
17 district's weighted student units from the previous school year.
- 18 4. After determining the product in accordance with subsection 3, the superintendent of
19 public instruction shall:
- 20 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
21 school district, except the amount in dollars subtracted for purposes of this
22 subdivision may not exceed the previous year's amount in dollars subtracted for
23 purposes of this subdivision by more than twelve percent, adjusted pursuant to
24 section 15.1-27-04.3; and
- 25 b. Subtract an amount equal to seventy-five percent of all revenues revenue types
26 listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one
27 hundred percent of all revenues listed in paragraphs 6, 8, and 9 of
28 subdivision f subdivisions fc and gd of subsection 1. Before determining the
29 deduction for seventy-five percent of all revenue types, the superintendent of
30 public instruction shall adjust revenues as follows:
- 31 (1) Tuition revenue shall be adjusted as follows:

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1 (a) In addition to deducting tuition revenue received specifically for the
2 operation of an educational program provided at a residential
3 treatment facility and tuition revenue received for the provision of an
4 adult farm management program as directed in paragraph 3 of
5 subdivision c of subsection 1, the superintendent of public instruction
6 also shall reduce the total tuition reported by the school district by the
7 amount of tuition revenue received for the education of students not
8 residing in the state and for which the state has not entered a cross-
9 border education contract; and

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

15 (2) After adjusting tuition revenue as provided in paragraph 1, the
16 superintendent shall reduce all remaining revenues from all revenue types
17 by the percentage of mills levied in the previous calendar year by the school
18 district for sinking and interest relative to the total mills levied in the previous
19 calendar year by the school district for all purposes.

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

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

26 7. For purposes of the calculation in subsection 4, each county auditor shall report the
27 following to the superintendent of public instruction on an annual basis:

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

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

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

5 **SECTION 6. AMENDMENT.** Subdivision a of subsection 4 of section 15.1-27-04.1 of the
6 North Dakota Century Code is amended and reenacted as follows:

7 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
8 school district, ~~except the amount in dollars subtracted for purposes of this~~
9 ~~subdivision may not exceed the previous year's amount in dollars subtracted for~~
10 ~~purposes of this subdivision by more than twelve percent, adjusted pursuant to~~
11 ~~section 15.1-27-04.3; and~~

12 **SECTION 7.** Section 15.1-27-04.3 of the North Dakota Century Code is created and
13 enacted as follows:

14 **15.1-27-04.3. Adjustment to state aid - Local property tax effort.**

15 If the amount subtracted from a school district's state aid payment under subdivision a of
16 subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the
17 superintendent of public instruction shall adjust the amount subtracted as follows:

18 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to
19 ten percent of the difference between the amount generated by sixty mills and the
20 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
21 before adjustment under this section;

22 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to
23 twenty percent of the difference between the amount generated by sixty mills and the
24 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
25 before adjustment under this section;

26 3. For the 2022-23 school year, increase the amount subtracted by an amount equal to
27 forty percent of the difference between the amount generated by sixty mills and the
28 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
29 before adjustment under this section;

30 4. For the 2023-24 school year, increase the amount subtracted by an amount equal to
31 sixty percent of the difference between the amount generated by sixty mills and the

- 1 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
2 before adjustment under this section; and
3 5. For the 2024-25 school year, increase the amount subtracted by an amount equal to
4 eighty percent of the difference between the amount generated by sixty mills and the
5 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
6 before adjustment under this section.

7 **SECTION 8. AMENDMENT.** Section 15.1-27-35 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-27-35. Average daily membership - Calculation.**

- 10 1. Average daily membership is calculated at the conclusion of the school year by adding
11 the total number of days that each student in a given grade, school, or school district is
12 in attendance during a school calendar and the total number of days that each student
13 in a given grade, school, or school district is absent during a school calendar, and then
14 dividing the sum by the ~~greater of:~~
15 ~~a. The school district's calendar; or~~
16 ~~b. One hundred eighty two.~~
17 2. For purposes of calculating average daily membership, all students are deemed to be
18 in attendance on:
19 a. The three holidays listed in subdivisions b through j of subsection 1 of section
20 15.1-06-02 and selected by the school board in consultation with district
21 teachers;
22 b. The ~~two~~three days set aside for professional development activities under section
23 15.1-06-04; and
24 c. The two full days, or portions thereof, during which parent-teacher conferences
25 are held or which are deemed by the board of the district to be compensatory
26 time for parent-teacher conferences held outside regular school hours.
27 3. For purposes of calculating average daily membership:
28 a. A student enrolled full time in any grade from one through twelve may not exceed
29 an average daily membership of 1.00. The membership may be prorated for a
30 student who is enrolled less than full time.

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1 b. A student enrolled full time in an approved regular education kindergarten
2 program may not exceed an average daily membership of 1.00. The membership
3 may be prorated for a student who is enrolled less than full time.

4 c. A student enrolled full time, as defined by the superintendent of public instruction,
5 in an approved early childhood special education program may not exceed an
6 average daily membership of 1.00. The membership may be prorated for a
7 student who is enrolled less than full time.

8 **SECTION 9. AMENDMENT.** Section 15.1-29-02.1 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **15.1-29-02.1. Cross-border attendance - Contract with South Dakota.**

- 11 1. A student who resides in a North Dakota school district contiguous to the South
12 Dakota border may attend school in South Dakota, and a student who resides in a
13 South Dakota school district contiguous to the North Dakota border may attend school
14 in North Dakota, provided the superintendent of public instruction has entered into a
15 contract with the secretary of the South Dakota department of education for the
16 cross-border attendance of eligible students.
- 17 2. A contract entered under subsection 1 must set forth:
- 18 a. An application procedure;
- 19 b. Causes for denial of an application; and
- 20 c. The manner and notification of acceptance.
- 21 3. A contract entered under subsection 1 must authorize the superintendent of public
22 instruction to count any South Dakota student participating in cross-border attendance
23 under this section for the purposes of determining the amount of state aid to which a
24 school district in this state is entitled. The superintendent of public instruction may not
25 count a North Dakota student participating in cross-border attendance in accordance
26 with the contract for purposes of determining the amount of state aid to which a school
27 district in this state is entitled.
- 28 4. A contract entered under subsection 1 must provide that if there are more students
29 from North Dakota than South Dakota participating in cross-border attendance under
30 this section, the superintendent of public instruction shall forward to the secretary of
31 the South Dakota department of education, on behalf of each excess student, an

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1 amount annually agreed to by the superintendent and the secretary as reflecting the
2 average cost of education per student in the school districts participating in
3 cross-border attendance in accordance with the contract. The contract must also
4 provide that if there are more students from South Dakota than North Dakota
5 participating in cross-border attendance under this section, the secretary shall forward
6 to the superintendent, on behalf of each excess student, an amount annually agreed
7 to by the superintendent and the secretary as reflecting the average cost of education
8 per student in the school districts participating in cross-border attendance in
9 accordance with the contract. The superintendent shall pay the cost of cross-border
10 attendance from funds appropriated by the legislative assembly for state aid to
11 schools. Payments received by the superintendent under this subsection shall be
12 deposited in the general fund.

13 ~~5. The superintendent of public instruction shall annually reconcile the number of~~
14 ~~students from each school district in this state who participate in cross-border~~
15 ~~attendance under this section with the number of students from school districts in~~
16 ~~South Dakota who participate in cross-border attendance under this section. The~~
17 ~~superintendent of public instruction shall withhold from each school district's state aid~~
18 ~~an amount equal to the cost incurred by the state on the part of the school district in~~
19 ~~permitting the cross-border attendance of students under this section.~~

20 ~~6.~~ A student who requires special education services may participate in cross-border
21 attendance under this section, provided the contract entered under subsection 1 sets
22 forth each school district's and each state's responsibilities for payment of any excess
23 costs incurred as a result of providing the services to the student.

24 7.6. Each school district may provide transportation to students participating in
25 cross-border attendance under this section. However, the superintendent of public
26 instruction may include only transportation provided within this state for purposes of
27 determining the state transportation aid to which a district is entitled.

28 ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in
29 cross-border attendance under this section.

30 **SECTION 10. AMENDMENT.** Section 15.1-29-12 of the North Dakota Century Code is
31 amended and reenacted as follows:

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1 **15.1-29-12. Tuition payments - Determination.**

2 1. Except as provided in section 15.1-29-13, a school district sending a student to
3 another district for purposes of education shall pay the full cost of education per
4 student incurred by the admitting district.

5 2. a. The admitting district shall determine the cost of education per student for its
6 kindergarten, elementary, and high school students on the basis of its average
7 daily membership and those expenditures permitted in determining the cost of
8 education per student in section 15.1-27-03.

9 b. To the cost of education per student, the admitting district shall add the latest
10 available statewide average per student cost for extracurricular activities and the
11 state average capital outlay per student. The state average capital outlay per
12 student is determined by dividing the total of all school districts' annual
13 expenditures for sinking and interest funds, tax receipts to the building funds, and
14 general fund expenditures for capital outlay by the average daily membership of
15 the state.

16 c. The admitting district shall subtract the following from the amount arrived at
17 under subdivision b:

- 18 (1) The per student payment multiplied by the admitting district's school size
19 weighting factor; and
20 (2) Any credit for taxes paid to the admitting district by the student's parent.

21 d. The amount remaining is the full cost of education per student incurred by the
22 admitting district. The tuition amount payable for the individual student is the
23 lesser of:

- 24 (1) The full cost of education per student incurred by the admitting district; or
25 (2) One hundred fifty percent of the state average full cost of education per
26 student.

27 e. Admitting school districts shall charge the tuition amount payable determined in
28 subdivision d multiplied by two hundred percent or four thousand dollars,
29 whichever is greater, if the admitting school district:

- 30 (1) Is located in an oil-producing county;
31 (2) Is eligible to receive gross production tax revenue in lieu of property taxes;

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- 1 (3) Is located in cities with populations over twenty-four thousand;
- 2 (4) Has a tax base fewer than twenty square miles;
- 3 (5) Levies greater than sixty mills for local property taxes;
- 4 (6) Has student enrollments of greater than four thousand;
- 5 (7) Has average student growth of over two hundred per year over the
6 preceding five years;
- 7 (8) Uses portable classrooms; and
- 8 (9) Has enrollment exceeding school facility capacity.

9 3. This section does not affect the right of a school board to charge and collect tuition
10 from students who are not residents of this state, in accordance with section
11 15.1-29-02.

12 **SECTION 11. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-15-14.2. School district levies.**

- 15 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not
16 exceeding the amount in dollars that the school district levied for the prior year, plus
17 twelve percent and the dollar amount of the adjustment required in section
18 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for
19 any purpose related to the provision of educational services. The proceeds of this levy
20 must be deposited into the school district's general fund and used in accordance with
21 this subsection. The proceeds may not be transferred into any other fund.
- 22 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than
23 twelve mills on the taxable valuation of the district, for miscellaneous purposes and
24 expenses. The proceeds of this levy must be deposited into a special fund known as
25 the miscellaneous fund and used in accordance with this subsection. The proceeds
26 may not be transferred into any other fund.
- 27 3. The board of a school district may levy no more than three mills on the taxable
28 valuation of the district for deposit into a special reserve fund, in accordance with
29 chapter 57-19.
- 30 4. The board of a school district may levy no more than the number of mills necessary,
31 on the taxable valuation of the district, for the payment of tuition, in accordance with

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1 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund
2 known as the tuition fund and used in accordance with this subsection. The proceeds
3 may not be transferred into any other fund.

4 5. Nothing in this section limits the board of a school district from levying:

- 5 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
6 b. Mills necessary to pay principal and interest on the bonded debt of the district,
7 including the mills necessary to pay principal and interest on any bonded debt
8 incurred under section 57-15-17.1 before July 1, 2013.

9 **SECTION 12. AMENDMENT.** Subsection 1 of section 57-15-14.2 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 1. The board of a school district may levy a tax not exceeding sixty mills. For school
12 districts that levied at or above sixty mills the prior year, the levy may not exceed the
13 amount in dollars that the school district levied for the prior year, plus twelve percent
14 and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy
15 of seventy mills on the taxable valuation of the district, for any purpose related to the
16 provision of educational services. The proceeds of this levy must be deposited into the
17 school district's general fund and used in accordance with this subsection. The
18 proceeds may not be transferred into any other fund.

19 **SECTION 13. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION**
20 **FOUNDATION AID STABILIZATION FUND - RAPID ENROLLMENT GRANT ONE-TIME**

21 **FUNDING.** There is appropriated out of any moneys in the foundation aid stabilization fund in
22 the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as
23 may be necessary, to the department of public instruction for the purpose of providing rapid
24 enrollment grants to school districts, for the biennium beginning July 1, 2019, and ending
25 June 30, 2021. The funding provided in this section is considered a one-time funding item. The
26 superintendent of public instruction shall award rapid enrollment grants to eligible districts only
27 during the first year of the 2019-21 biennium based on the following criteria:

- 28 1. A district is eligible to receive a grant under this section if the number of students
29 reflected in the district's September tenth enrollment report exceeds the number of
30 students in the prior year September tenth enrollment report. The increase must be at
31 least four percent or one hundred fifty students and must be at least twenty students.

- 1 2. The superintendent of public instruction shall calculate the amount to which an eligible
- 2 district is entitled as follows:
- 3 a. Determine the actual percentage increase in the number of students and subtract
- 4 two from the percentage calculated;
- 5 b. Determine the number of students represented by the difference determined in
- 6 subdivision a of this subsection;
- 7 c. Multiply the number of students determined in subdivision b of this subsection by
- 8 \$4,000.
- 9 3. If the amount of the appropriation provided for in this section is insufficient to meet the
- 10 obligations of this subsection, the superintendent of public instruction shall prorate the
- 11 payment based on the percentage of the total amount to which each school district is
- 12 entitled.
- 13 4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
- 14 eligible to receive a grant under this section.

15 **SECTION 14. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION -**
16 **FOUNDATION AID STABILIZATION FUND - STATE AUTOMATED REPORTING SYSTEM.**

17 There is appropriated out of any moneys in the foundation aid stabilization fund in the state
18 treasury, not otherwise appropriated, the sum of \$1,200,000, or so much of the sum as may be
19 necessary, to the department of public instruction for the purpose of updating and redesigning
20 the state automated reporting system application used to gather school district information, for
21 the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this
22 section is considered a one-time funding item.

23 **SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION -**
24 **FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS.** There is

25 appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not
26 otherwise appropriated, the sum of \$1,750,000, or so much of the sum as may be necessary, to
27 the department of public instruction for the purpose of providing music education grants, for the
28 biennium beginning July 1, 2019, and ending June 30, 2021. The department shall provide
29 funding to each school district based on the prior year average daily membership and no more
30 than one-half of the appropriation may be awarded each year of the biennium. School districts
31 may use the music education grants for instruments, equipment, and supplies related to music

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1 education. The funding may not be used for salaries and wages. The funding provided in this
2 section is considered a one-time funding item.

3 **SECTION 16. APPROPRIATION - DEPARTMENT OF COMMERCE - GENERAL FUND -**
4 **LITERACY INTERVENTION.** There is appropriated out of any moneys in the general fund in
5 the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as
6 may be necessary, to the department of commerce for the purpose of providing funding to an
7 organization providing research-based literacy intervention services to students below grade
8 four who score below proficient in reading as matching funds for AmeriCorps funding, for the
9 biennium beginning July 1, 2019, and ending June 30, 2021. The department may spend the
10 appropriated funds only as authorized in this section. The funding provided in this section is
11 considered a one-time item.

12 **SECTION 17. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES - GENERAL**
13 **FUND - STUDENT BEHAVIORAL HEALTH.** There is appropriated out of any moneys in the
14 general fund in the state treasury, not otherwise appropriated, the sum of \$1,300,000, or so
15 much of the sum as may be necessary, to the department of human services for the purpose of
16 providing grants to school districts to address student behavioral health needs, for the biennium
17 beginning July 1, 2019, and ending June 30, 2021. To be eligible to receive a grant, a school
18 district must submit a plan to the department detailing the school district's collaboration with
19 other school districts in the region regarding student behavioral health needs and the use of
20 grant funding to develop student behavioral health interventions. The department shall award
21 student behavioral health grants only during the second year of the 2019-21 biennium. A grant
22 to an eligible school district is limited to an amount equal to the nonfederal portion of Medicaid
23 reimbursement received by the school during the first year of the biennium.

24 **SECTION 18. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the
25 legislative management shall consider studying minimum and maximum payments to school
26 districts included in the state school aid formula, including how school districts could be
27 transitioned from the minimum and maximum payments and the effects on school districts of
28 transitioning from the minimum and maximum payments. The legislative management shall
29 report its findings and recommendations, together with any legislation required to implement the
30 recommendations, to the sixty-seventh legislative assembly.

1 **SECTION 19. EFFECTIVE DATE.** Section 11 of this Act is effective for taxable years
2 beginning after December 31, 2018. Section ~~13~~ of this Act ~~is~~ becomes effective on July 1, 2020.
3 Section 4 of this Act becomes effective on July 1, 2021. Section 12 of this Act is effective for
4 taxable years beginning after December 31, 2024. Section 6 of this Act becomes effective on
5 July 1, 2025.
6 **SECTION 20. EXPIRATION DATE.** Section 7 of this Act is effective through June 30, 2025,
7 and after that date is ineffective.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15.1-02 of the North Dakota Century Code, relating to credentialing of title I certified teachers and coordinators; to"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1."

Page 8, line 17, replace "1" with "2"

Page 8, line 17, replace "is" with "becomes"

Renumber accordingly

Adam Tescher
DPI

SB 2265
3-26-19
#1

Senate Passed
19.0614.04001

House
Amendments

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Per Pupil rate increase	72,760,971
5% & 5% Transition Maximum increase	4,331,460
Adjust Transition Minimum	(2,031,496)
2020-21 On Time Funding (WSU)	36,999,559
75% In Lieu Adjustment	5,756,023
Total Expenditures	<u>2,106,646,054</u>
Increase over 2017-19 Base Level Funding	171,441,891
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
Total Expenses	2,109,846,054
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,134
*Includes student projections and taxable valuation changes	

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
New Students at Per Pupil Rate	(7,683,575)
Rate Adjustments	78,533,685
On Time Funding Yr 2 (.5 weighting factor)	17,709,901
75% In Lieu	5,757,243
Sinking and Interest Deducted From In Lieu	12,335,458
Tuition Adjustments	311,537
Increase Contribution from Property Tax Phase In	(2,032,062)
Total Expenditures	<u>2,108,868,352</u>
Increase over 2017-19 Base Level Funding	173,664,189
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
SD Cross Border Payment	350,000
State Reporting System Rebuild	1,200,000
Music Education Grants	1,750,000
DHS Behavior Health	1,300,000
Total Expenses	2,116,668,352

Senate Passed
19.0614.04001

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Per Pupil rate increase	72,760,971
5% & 5% Transition Maximum increase	4,331,460
Adjust Transition Minimum	(2,031,496)
2020-21 On Time Funding (WSU)	36,999,559
75% In Lieu Adjustment	5,756,023
Total Expenditures	2,106,646,054
Increase over 2017-19 Base Level Funding	171,441,891
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
Total Expenses	2,109,846,054
Formula per student rates	
Year 1	\$9,839
Year 2	\$10,134

*Includes student projections and taxable valuation changes

House
Amendments

2017-19 Base Level - Integrated Formula Payments	1,935,204,163
Cost to Continue*	53,625,374
Reset Baseline	15,106,628
New Students at Per Pupil Rate	(7,683,575) <i>NEW</i>
Rate Adjustments	78,533,685 <i>2% + 3%</i>
On Time Funding Yr 2 (.5 weighting factor)	17,709,901
75% In Lieu	5,757,243
Sinking and Interest Deducted From In Lieu	12,335,458 <i>1365 609</i>
Tuition Adjustments	311,537
Increase Contribution from Property Tax Phase In	(2,032,062) <i>2nd year 10% diff</i>
Total Expenditures	2,108,868,352
Increase over 2017-19 Base Level Funding	173,664,189
	<i>2.2 mill</i>
Rapid Enrollment Grants	3,000,000
Research Based Literacy Intervention	200,000
SD Cross Border Payment	350,000 ✓
State Reporting System Rebuild	1,200,000
Music Education Grants	1,750,000
DHS Behavior Health	1,300,000
Total Expenses	2,116,668,352
	<i>6.8 mill</i>

17.7
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3/28/19
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4/4/19

Fiscal Note SB 2265

	Senate 19.0614.04001		House Amendments	House Appr. Amendments 2% & 2%	Increase (Decrease) from Senate
2017-19 Base Level - Integrated Formula Payments	1,935,204,163	2017-19 Base Level - Integrated Formula Payments	1,935,204,163	1,935,204,163	
Cost to Continue*	53,625,374	Cost to Continue*	53,625,374	53,625,374	
Per Pupil rate increase	72,760,971	Reset Baseline	15,106,628	15,106,628	15,106,628
5% & 5% Transition Maximum increase	4,331,460	New Students at Per Pupil Rate	(7,683,575)	(7,683,575)	(7,683,575)
Adjust Transition Minimum	(2,031,496)	Rate Adjustments **	78,533,685	78,533,685	
2020-21 On Time Funding (WSU)	36,999,559	On Time Funding Yr 2 (.5 weighting factor)	17,709,901	17,709,901	(19,289,658)
75% In Lieu Adjustment	5,756,023	75% In Lieu	5,757,243	5,757,243	
		Sinking and Interest Deducted From In Lieu	12,335,458	12,335,458	12,335,458
		Tuition Adjustments/Minimum adjustments	311,537	311,537	3,785,507
		Increase Contribution from Property Tax Phase In	(2,032,062)	(2,032,062)	(2,032,062)
		SD Cross Border Payment	350,000	350,000	350,000
		Decrease Rate Adjustment to 2% and 2%		(10,615,923)	(10,615,923)
Total Expenditures	<u>2,106,646,054</u>	Total Expenditures	<u>2,109,218,352</u>	<u>2,098,602,429</u>	<u>(8,043,625)</u>
Increase over 2015-17 Base Level Funding	171,441,891	Increase over 2015-17 Base Level Funding	174,014,189	163,398,266	
Rapid Enrollment Grants	3,000,000	Rapid Enrollment Grants	3,000,000	3,000,000	
Research Based Literacy Intervention	200,000	Research Based Literacy Intervention	200,000		(200,000)
Total Expenses	2,109,846,054	State Reporting System Rebuild	1,200,000		
		Music Education Grants	1,750,000	600,000	600,000
		DHS Behavior Health	1,300,000		
		Total Expenses	2,116,668,352	2,102,202,429	

April 22, 2019

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4-23-19
AH #1
P10519

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

That the House recede from its amendments as printed on pages 1385-1397 of the Senate Journal and pages 1582-1594 of the House Journal and that Reengrossed Senate Bill No. 2265 be amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04 and 15.1-07-34, the new section to chapter 15.1-09, as created by section 1 of Senate Bill 2230, as approved by the sixty-sixth legislative assembly, and sections 15.1-18-10, 15.1-21-03, 15.1-27-02,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-23 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training, school board membership, teaching licenses, per student payments"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", weather emergencies, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies; to repeal section 15.1-06-05 of the North Dakota Century Code, relating to applications for reconfiguration of instructional days"

Page 1, line 3, replace "a legislative management study" with "studies; to provide for a report to legislative management"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; to provide an expiration date, and to declare an emergency"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018, and continue the process in perpetuity. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

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SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. At least one hundred seventy five days nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. At least ~~two~~ three days of professional development not including meals or breaks.
2. a. For the first three days of professional development required under subdivision d of subsection 1, a day of professional development must consist of:
 - ~~(1)~~ a. Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - ~~(2)~~ b. Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - ~~(3)~~ c. Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
- b. ~~If a school district offers a four hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one half day of instruction to students. This subdivision does not apply unless the one half day of instruction equals at least one half of the time required for a full day of instruction, as defined in this section.~~
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction if the dismissal will result in the school failing to meet the requirements of subdivision a of subsection 1.
4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and

- b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.
5. If a school district intends to operate under a school calendar that consists of four days of instruction per week, the school district shall apply and be approved for a waiver by the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; or
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools.

SECTION 4. AMENDMENT. The new section to chapter 15.1-09, as created by section 1 of Senate Bill 2230, as approved by the sixty-sixth legislative assembly, is amended and reenacted as follows:

School board membership - Prohibition.

If a tribal government has prescribed by tribal law or resolution qualifications for eligibility for ~~candidates for public office~~ relating to criminal convictions which are more restrictive than the laws of this state, the qualifications of ~~candidates for eligibility for membership of a public school board of a school district located on tribal land~~ may not be less restrictive than the qualifications for eligibility prescribed by tribal law or resolution for public office relating to criminal convictions. For purposes of this section, "tribal land" means that portion of the land within the exterior boundaries of an Indian reservation which is located in the state.

SECTION 5. AMENDMENT. Section 15.1-18-10 of the North Dakota Century Code is amended and reenacted as follows:

15.1-18-10. Specialty areas - Teacher qualification.

Notwithstanding the requirements of this chapter:

1. An individual may teach art, business education, computer education, a foreign language, music, physical education, special education, and technology education at any grade level from kindergarten through grade eight, provided the individual:
 - a. Is licensed to teach by the education standards and practices board;
 - b. Is approved to teach in that area by the education standards and practices board; and
 - c. Meets all requirements set forth in rule by the superintendent of public instruction.
2. An individual may teach Native American languages provided the individual is an eminence-credentialed teacher.
3. An individual may teach in the areas of trade, industry, technical occupations, or health occupations, provided the individual has been issued a license to teach in such areas by the education standards and practices board.
4. An individual may teach in any subject, except elementary education, special education, mathematics, science, language arts, and social studies, if the individual:
 - a. Has a permit issued by the board;
 - b. Has a high school diploma; and
 - (1) Possesses at least four thousand hours over five years of relevant work experience in the subject area to be taught;
 - (2) Possesses a certificate, license, or degree in the subject area to be taught; or
 - (3) Achieves a passing score on the Praxis content test.

SECTION 6. AMENDMENT. Section 15.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-03. High school unit - Instructional time.

1. Except as provided in subsection 2, each unit must consist of at least one hundred twenty hours of instruction, professional development, and collaboration per school calendar.
2. The following units must consist of at least one hundred fifty hours of instruction, professional development, and collaboration per school calendar: natural sciences, agriculture, business and office technology, marketing, diversified occupations, trade and industrial education, technology education, and health careers.
3. The hour requirements of this section are subject to reductions resulting from the holidays and nonstudent contact days provided for in section 15.1-06-04.
4. This section does not apply to schools or school districts having block schedules approved by the superintendent of public instruction.

SECTION 7. AMENDMENT. Section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-02. Per student payments - Required reports.

1. The superintendent of public instruction may not forward state aid payments to a school district beyond the September payment unless the district has filed the September tenth fall enrollment report with the superintendent.
2. The superintendent of public instruction may not forward state aid payments to a school district beyond the October payment unless the district has filed the following with the superintendent:
 - a. The June thirtieth student membership and attendance report;
 - b. An annual school district financial report; and
 - c. ~~The September tenth fall enrollment report; and~~
 - d. The personnel report forms for licensed and nonlicensed employees.
- ~~2-3.~~ On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students

in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; and
 - n. ~~0.50~~ 0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, after line 7, insert;

"e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that eliminates grades nine through twelve after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades eliminated relative to the total number of weighted student units in kindergarten through grade twelve in the year before grades nine through twelve were eliminated. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district no longer offers grades nine through twelve and for each year thereafter. For districts that eliminated grades nine through twelve prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter."

Page 5, line 8, after "2." insert "a."

Page 5, line 8, overstrike "total"

Page 5, line 8, after "funding" insert "determined in subsection 1"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, after line 10, insert:

"b. For any school district that eliminates grades nine through twelve after the 2017-18 school year, the superintendent shall adjust the district's baseline funding per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's weighted student units after the elimination of grades nine through twelve to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district no longer offers grades nine through twelve and for each year thereafter."

C. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. The superintendent shall reduce the district's baseline funding per weighted student unit by fifteen percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3."

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The"

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter "not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 11. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. ~~Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and~~

SECTION 12. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount

generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 13. AMENDMENT. Section 15.1-27-23 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid payments to school districts.

1. ~~The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.~~
2.
 - a. ~~The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.~~
 - b. ~~The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.~~
3. ~~If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction establish the length of a period, day, and week in accordance with the requirements of section 15.1-06-04. If a public school or school district is closed or provides less than a full day of instruction, the public school or school district shall reschedule those hours to ensure students receive at least the minimum number of instructional hours required by subdivision a of subsection 1 of section 15.1-06-04.~~

- 4.2. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.
5. ~~The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.~~

SECTION 14. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of ~~days~~hours that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of ~~days~~hours that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar~~Nine hundred sixty-two hours for elementary school students; or
 - b. ~~One hundred eighty-two~~One thousand fifty hours for middle and high school students.
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
 - a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
 - b. The ~~two~~three days set aside for professional development activities under section 15.1-06-04; and
 - c. The two full days, or portions thereof, during which parent teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program

may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 15. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in~~

~~cross-border attendance under this section with the number of students from school districts in South Dakota who participate in cross-border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross-border attendance of students under this section.~~

- ~~6.~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7.6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 16. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

- 1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
- 2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.

- d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
- (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
- e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
- (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 17. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 18. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding sixty mills. For school districts that levied at or above sixty mills the prior year, the levy may not exceed the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

SECTION 19. REPEAL. Section 15.1-06-05 of the North Dakota Century Code is repealed."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 21. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. At the beginning of the biennium, each eligible school may receive a grant disbursement for kindergarten through grade five based on the average daily membership of the school. Upon request, the department of public instruction shall award an eligible school a music education grant. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, line 5, replace "funding" with "matching funds"

Page 8, line 7, remove "as matching funds for AmeriCorps funding"

Page 8, line 10, replace "**LEGISLATIVE MANAGEMENT**" with "**EDUCATION FUNDING FORMULA** -"

Page 8, line 10, after the second boldfaced period insert "There is created an education funding formula review committee."

Page 8, line 11, replace "legislative management" with "education funding formula review committee"

Page 8, line 11, remove "consider studying minimum and maximum payments to schools"

Page 8, line 12, replace "districts included in the state school aid" with "study the kindergarten through grade twelve education funding"

Page 8, line 12, remove "how school districts could be"

Page 8, remove line 13

Page 8, line 14, replace "transitioning from the minimum and maximum payments" with "the components, adjustments, and weighting factors of the formula. The membership of the committee consists of the chairmen of the standing education committees of the house of representatives and the senate; three additional members of the senate, two of which must be appointed by the majority leader of the senate and one of which must be appointed by the minority leader of the senate; and three additional members of the house of representatives, two of which must be appointed by the majority leader of the house of representatives and one of which must be appointed by the minority leader of the house of representatives. Members appointed to the committee must have a secure knowledge of the current kindergarten through grade twelve funding formula"

Page 8, line 14, replace "legislative management" with "committee"

Page 8, after line 16 insert:

"SECTION 24. STUDY- EFFECT OF IMPACT AIDE ON THE FUNDING FORMULA. During the 2019-20 interim, the department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council, shall study the effect of impact aide on the funding formula to reservation schools. The department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council shall report their findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 25. ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE MANAGEMENT. The education standards and practices board shall provide the legislative management a status report during the 2019-20 interim and during the 2021-22 interim regarding the number of teacher permits issued under an alternative teacher certification program, the effectiveness of the program, the quality of instruction provided under the program, and whether the program is accomplishing desired objectives. The report must include a recommendation regarding continuation of the program."

Page 8, line 17, replace "1" with "8"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

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Page 8, line 17, after the period insert "Section 9 of this Act becomes effective on July 1, 2021.
Section 17 of this Act is effective for taxable years beginning after December 31, 2018.
Section 18 of this Act is effective for taxable years beginning after December 31, 2024.
Section 11 of this Act becomes effective on July 1, 2025.

SECTION 27. EXPIRATION DATE. Section 12 of this Act is effective through June 30, 2025, and after that date is ineffective.

SECTION 28. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

Sixty-sixth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2265

Introduced by

Senators Schaible, Davison, Rust

Representatives Owens, Schreiber-Beck

1 A BILL for an Act to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3
2 of the North Dakota Century Code, relating to state school aid local property tax effort and
3 credentialing of title I certified teachers and coordinators; to amend and reenact sections
4 15.1-06-04 and 15.1-07-34, the new section to chapter 15.1-09, as created by section 1 of
5 Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, and sections
6 15.1-18-10, 15.1-21-03, 15.1-27-02, 15.1-27-03.1 and, 15.1-27-04.1, 15.1-27-23, 15.1-27-35,
7 15.1-29-02.1, 15.1-29-12, and 57-15-14.2 of the North Dakota Century Code, relating to teacher
8 professional development days in the school calendar, youth behavioral health training, school
9 board membership, teaching licenses, high school unit instructional time, per student payments,
10 the determination of weighted average daily membership and, state aid payable to school
11 districts, weather emergencies, the calculation of average daily membership, a cross-border
12 attendance contract with South Dakota, the determination of tuition payments, and school
13 district levies; to repeal section 15.1-06-05 of the North Dakota Century Code, relating to
14 applications for reconfiguration of instructional days; to provide for a legislative management
15 study studies; to provide for a report to legislative management; to provide an appropriation; and
16 to provide a n effective date; to provide an expiration date, and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018, and continue the process in perpetuity. A school district may advertise employment for a title I certified teacher each year until the

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1 position is filled. The board of a school district may authorize the hiring of a teacher who is not
2 certified as a title I teacher for the school year if the school district fails to receive applications
3 from qualified applicants to fill the advertised position by July 1.

4 **SECTION 2. AMENDMENT.** Section 15.1-06-04 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-06-04. School calendar - Length.**

7 1. A school district shall provide for a school calendar that includes:

8 a. ~~At least one hundred seventy-five days~~nine hundred sixty-two and one-half hours
9 of instruction for elementary school students and one thousand fifty hours of
10 instruction for middle and high school students;

11 b. Three holidays, as selected by the board in consultation with district teachers
12 from the list provided for in subdivisions b through j of subsection 1 of section
13 15.1-06-02;

14 c. No more than two days for:

15 (1) Parent-teacher conferences; or

16 (2) Compensatory time for parent-teacher conferences held outside of regular
17 school hours; and

18 d. ~~At least two~~three days of professional development not including meals or
19 breaks.

20 2. ~~a.~~ A For the first three days of professional development required under
21 subdivision d of subsection 1, a day of professional development must consist of:

22 ~~(1)~~a. Six hours of professional development, exclusive of meals and other breaks,
23 conducted within a single day;

24 ~~(2)~~b. Six hours of cumulative professional development conducted under the auspices
25 of a professional learning community; or

26 ~~(3)~~c. Two four-hour periods of professional development, exclusive of meals and other
27 breaks, conducted over two days;

28 ~~b.~~ If a school district offers a four hour period of professional development, as

29 permitted in this subsection, the school district may schedule instruction during
30 other available hours on that same day and be credited with providing one-half

31 day of instruction to students. ~~This subdivision does not apply unless the one-half~~

1 day of instruction equals at least one-half of the time required for a full day of
2 instruction, as defined in this section.

3 3. If because of weather a school must dismiss before completing a full day of
4 instruction, the school is responsible for making up only those hours and portions of an
5 hour between the time of early dismissal and the conclusion of a full day of classroom
6 instruction if the dismissal will result in the school failing to meet the requirements of
7 subdivision a of subsection 1.

8 4. For purposes of this section, a full day of instruction consists of:

9 a. At least five and one-half hours for kindergarten and elementary students, during
10 which time the students are required to be in attendance for the purpose of
11 receiving curricular instruction; and

12 b. At least six hours for high school students, during which time the students are
13 required to be in attendance for the purpose of receiving curricular instruction.

14 5. If a school district intends to operate under a school calendar that consists of four days
15 of instruction per week, the school district shall apply and be approved for a waiver by
16 the superintendent of public instruction.

17 **SECTION 3. AMENDMENT.** Section 15.1-07-34 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **15.1-07-34. Provision of youth behavioral health training to teachers, administrators,**
20 **and ancillary staff.**

21 1. Every two years, each school district shall provide a minimum of eight hours of
22 professional development on youth behavioral health to elementary, middle, and high
23 school teachers, and administrators. Each school district shall encourage ancillary and
24 support staff to participate in the professional development. Based on the annual
25 needs assessment of the school district, these hours must be designated from the
26 following categories:

27 a. Trauma;

28 b. Social and emotional learning, including resiliency;

29 c. Suicide prevention;

30 d. Bullying;

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- 1 e. Understanding of the prevalence and impact of youth behavioral health wellness
 - 2 on family structure, education, juvenile services, law enforcement, and health
 - 3 care and treatment providers;
 - 4 f. Knowledge of behavioral health symptoms, and risks;
 - 5 g. Awareness of referral sources and evidence-based strategies for appropriate
 - 6 interventions; ~~or~~
 - 7 h. Other evidence-based strategies to reduce risk factors for students; or
 - 8 i. Current or new evidence-based behavior prevention or mitigation techniques.
- 9 2. Each school district shall report the professional development hours to the department
 - 10 of public instruction.
 - 11 3. The superintendent of public instruction shall collaborate with regional education
 - 12 associations to disseminate information, training materials, and notice of training
 - 13 opportunities to school districts and nonpublic schools.

14 **SECTION 4. AMENDMENT.** The new section to chapter 15.1-09, as created by section 1 of
15 Senate Bill No. 2230, as approved by the sixty-sixth legislative assembly, is amended and
16 reenacted as follows:

17 **School board membership - Prohibition.**

18 If a tribal government has prescribed by tribal law or resolution qualifications for eligibility for
19 candidates for public office relating to criminal convictions which are more restrictive than the
20 laws of this state, the qualifications of candidates for eligibility for membership of a public school
21 board of a school district located on tribal land may not be less restrictive than the qualifications
22 for eligibility prescribed by tribal law or resolution for public office relating to criminal convictions.
23 For purposes of this section, "tribal land" means that portion of the land within the exterior
24 boundaries of an Indian reservation which is located in the state.

25 **SECTION 5. AMENDMENT.** Section 15.1-18-10 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **15.1-18-10. Specialty areas - Teacher qualification.**

28 Notwithstanding the requirements of this chapter:

- 29 1. An individual may teach art, business education, computer education, a foreign
- 30 language, music, physical education, special education, and technology education at
- 31 any grade level from kindergarten through grade eight, provided the individual:

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- 1 a. Is licensed to teach by the education standards and practices board;
- 2 b. Is approved to teach in that area by the education standards and practices board;
- 3 and
- 4 c. Meets all requirements set forth in rule by the superintendent of public instruction.
- 5 2. An individual may teach Native American languages provided the individual is an
- 6 eminence-credentialed teacher.
- 7 3. An individual may teach in the areas of trade, industry, technical occupations, or health
- 8 occupations, provided the individual has been issued a license to teach in such areas
- 9 by the education standards and practices board.
- 10 4. An individual may teach in any subject, except elementary education, special
- 11 education, mathematics, science, language arts, and social studies, if the individual:
- 12 a. Has a permit issued by the board;
- 13 b. Has a high school diploma; and
- 14 (1) Possesses at least four thousand hours over five years of relevant work
- 15 experience in the subject area to be taught;
- 16 (2) Possesses a certificate, license, or degree in the subject area to be taught;
- 17 or
- 18 (3) Achieves a passing score on the Praxis content test.

19 **SECTION 6. AMENDMENT.** Section 15.1-21-03 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15.1-21-03. High school unit - Instructional time.**

- 22 1. Except as provided in subsection 2, each unit must consist of at least one hundred
- 23 twenty hours of instruction, professional development, and collaboration per school
- 24 calendar.
- 25 2. The following units must consist of at least one hundred fifty hours of instruction,
- 26 professional development, and collaboration per school calendar: natural sciences,
- 27 agriculture, business and office technology, marketing, diversified occupations, trade
- 28 and industrial education, technology education, and health careers.
- 29 3. The hour requirements of this section are subject to reductions resulting from the
- 30 holidays and nonstudent contact days provided for in section 15.1-06-04.

1 4. This section does not apply to schools or school districts having block schedules
2 approved by the superintendent of public instruction.

3 **SECTION 7. AMENDMENT.** Section 15.1-27-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15.1-27-02. Per student payments - Required reports.**

6 1. The superintendent of public instruction may not forward state aid payments to a
7 school district beyond the September payment unless the district has filed the
8 September tenth fall enrollment report with the superintendent.

9 2. The superintendent of public instruction may not forward state aid payments to a
10 school district beyond the October payment unless the district has filed the following
11 with the superintendent:

- 12 a. The June thirtieth student membership and attendance report;
- 13 b. An annual school district financial report; and
- 14 c. ~~The September tenth fall enrollment report; and~~
- 15 ~~d. The personnel report forms for licensed and nonlicensed employees.~~

16 ~~2.3.~~ On or before December fifteenth, each school district shall file with the superintendent
17 of public instruction the taxable valuation and mill levy certifications. If a district fails to
18 file the taxable valuation and mill levy certifications by the required date, the
19 superintendent of public instruction may not forward to the district any state aid
20 payments to which the district is entitled, until the taxable valuation and mill levy
21 certifications are filed.

22 **SECTION 8. AMENDMENT.** Section 15.1-27-03.1 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **15.1-27-03.1. Weighted average daily membership - Determination.**

- 25 1. For each school district, the superintendent of public instruction shall multiply by:
 - 26 a. 1.00 the number of full-time equivalent students enrolled in an extended
 - 27 educational program in accordance with section 15.1-32-17;
 - 28 b. 0.60 the number of full-time equivalent students enrolled in a summer education
 - 29 program, including a migrant summer education program;
 - 30 c. 0.40 the number of full-time equivalent students who:

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

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- 1 in the second of six categories of proficiency and therefore placed in the
2 third of six categories of proficiency;
- 3 (2) Are enrolled in a program of instruction for English language learners; and
4 (3) Have not been in the third of six categories of proficiency for more than
5 three years;
- 6 l. 0.025 the number of students representing that percentage of the total number of
7 students in average daily membership which is equivalent to the three-year
8 average percentage of students in grades three through eight who are eligible for
9 free or reduced lunches under the Richard B. Russell National School Lunch Act
10 [42 U.S.C. 1751 et seq.]; and
- 11 m. 0.002 the number of students enrolled in average daily membership in a school
12 district that is a participating member of a regional education association meeting
13 the requirements of chapter 15.1-09.1-; and
- 14 n. ~~4.000.50 the number of students by which the district's September tenth~~
15 ~~enrollment report exceeds the number of students in the prior year's average~~
16 ~~daily membership; and~~
- 17 ~~e. For districts paid based on September tenth enrollment in the prior year, 1.00 the~~
18 ~~number of students determined by deducting the number of students in the prior~~
19 ~~year's September tenth enrollment from the prior year's average daily~~
20 ~~membership. If the prior year's September tenth enrollment exceeds the prior~~
21 ~~year's average daily membership, then a deduction of 1.00 the number of excess~~
22 ~~students.~~
- 23 2. The superintendent of public instruction shall determine each school district's weighted
24 average daily membership by adding the products derived under subsection 1 to the
25 district's average daily membership.

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

28 **15.1-27-03.1. Weighted average daily membership - 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;

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- 1 b. 0.60 the number of full-time equivalent students enrolled in a summer education
2 program, including a migrant summer education program;
- 3 c. 0.40 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. 0.28 the number of full-time equivalent students who:
9 (1) On a test of English language proficiency approved by the superintendent of
10 public instruction are determined to be more proficient than students placed
11 in the first of six categories of proficiency and therefore placed in the second
12 of six categories of proficiency; and
13 (2) Are enrolled in a program of instruction for English language learners;
- 14 e. 0.25 the number of full-time equivalent students under the age of twenty-one
15 enrolled in grades nine through twelve in an alternative high school;
- 16 f. 0.20 the number of full-time equivalent students enrolled in a home-based
17 education program and monitored by the school district under chapter 15.1-23;
- 18 g. 0.17 the number of full-time equivalent students enrolled in an early childhood
19 special education program;
- 20 h. 0.15 the number of full-time equivalent students in grades six through eight
21 enrolled in an alternative education program for at least an average of fifteen
22 hours per week;
- 23 i. 0.10 the number of students enrolled in average daily membership, if the district
24 has fewer than one hundred students enrolled in average daily membership and
25 the district consists of an area greater than two hundred seventy-five square
26 miles [19424.9 hectares], provided that any school district consisting of an area
27 greater than six hundred square miles [155399 hectares] and enrolling fewer than
28 fifty students in average daily membership must be deemed to have an
29 enrollment equal to fifty students in average daily membership;
- 30 j. 0.082 the number of students enrolled in average daily membership, in order to
31 support the provision of special education services;

- 1 k. 0.07 the number of full-time equivalent students who:
- 2 (1) On a test of English language proficiency approved by the superintendent of
- 3 public instruction are determined to be more proficient than students placed
- 4 in the second of six categories of proficiency and therefore placed in the
- 5 third of six categories of proficiency;
- 6 (2) Are enrolled in a program of instruction for English language learners; and
- 7 (3) Have not been in the third of six categories of proficiency for more than
- 8 three years;
- 9 l. 0.025 the number of students representing that percentage of the total number of
- 10 students in average daily membership which is equivalent to the three-year
- 11 average percentage of students in grades three through eight who are eligible for
- 12 free or reduced lunches under the Richard B. Russell National School Lunch Act
- 13 [42 U.S.C. 1751 et seq.];
- 14 m. 0.002 the number of students enrolled in average daily membership in a school
- 15 district that is a participating member of a regional education association meeting
- 16 the requirements of chapter 15.1-09.1; and
- 17 n. ~~0.50~~ 0.60 the number of students by which the district's September tenth
- 18 enrollment report exceeds the number of students in the prior year's average
- 19 daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
- 20 ~~o. For districts paid based on September tenth enrollment in the prior year, 0.50 the~~
- 21 ~~number of students determined by deducting the number of students in the prior~~
- 22 ~~year's September tenth enrollment from the prior year's average daily~~
- 23 ~~membership, increasing the factor annually by 0.10, not to exceed 1.00. If the~~
- 24 ~~prior year's September tenth enrollment exceeds the prior year's average daily~~
- 25 ~~membership, then a deduction of 0.50 the number of excess students, increasing~~
- 26 ~~the factor annually by 0.10, not to exceed 1.00.~~
- 27 2. The superintendent of public instruction shall determine each school district's weighted
- 28 average daily membership by adding the products derived under subsection 1 to the
- 29 district's average daily membership.

30 **SECTION 10. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is

31 amended and reenacted as follows:

1 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.**

2 1. To determine the amount of state aid payable to each district, the superintendent of
3 public instruction shall establish each district's baseline funding. A district's baseline
4 funding consists of:

5 a. All state aid received by the district in accordance with chapter 15.1-27 during the
6 ~~2012-13~~2018-19 school year;

7 b. ~~The district's 2012-13 mill levy reduction grant, as determined in accordance with~~
8 ~~chapter 57-64, as it existed on June 30, 2013;~~

9 ~~c. An amount equal to that raised by the district's 2012 general fund levy or that~~
10 ~~raised by one hundred ten mills of the district's 2012 general fund levy, whichever~~
11 ~~is less the property tax deducted by the superintendent of public instruction to~~
12 ~~determine the 2018-19 state aid payment;~~

13 ~~d. An amount equal to that raised by the district's 2012 long distance learning and~~
14 ~~educational technology levy;~~

15 ~~e. An amount equal to that raised by the district's 2012 alternative education~~
16 ~~program levy; and~~

17 f.c. An amount equal to seventy-five percent of the revenue received by the school
18 district during the ~~2012-13~~2017-18 school year for the following revenue types:

19 (1) ~~Seventy five percent of all revenue received by the school district~~
20 and Revenue reported under code 2000 of the North Dakota school district
21 financial accounting and reporting manual, as developed by the
22 superintendent of public instruction in accordance with section 15.1-02-08;

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

28 (3) ~~Seventy five percent of all tuition received by the school district and~~Tuition
29 reported under code 1300 of the North Dakota school district financial
30 accounting and reporting manual, as developed by the superintendent of
31 public instruction in accordance with section 15.1-02-08, with the exception

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- 1 of revenue received specifically for the operation of an educational program
2 provided at a residential treatment facility and tuition received for the
3 provision of an adult farm management program;
- 4 ~~(4) Seventy five percent of all revenue received by the school district~~ Revenue
5 from payments in lieu of taxes on the distribution and transmission of
6 electric power;
- 7 ~~(5) Seventy five percent of all revenue received by the school district~~ Revenue
8 from payments in lieu of taxes on electricity generated from sources other
9 than coal;
- 10 ~~(6) All revenue received by the school district from mobile home taxes;~~
11 ~~(7) Seventy five percent of all revenue received by the school district~~ Revenue
12 from the leasing of land acquired by the United States for which
13 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 14 ~~(8) All telecommunications and~~
15 g.d. An amount equal to the total revenue received by the school district during the
16 2012-13 2017-18 school year for the following revenue types:
- 17 (1) Mobile home tax revenue;
18 (2) Telecommunications tax revenue received by the school district; and
19 ~~(9)(3) All revenue received by the school district~~ Revenue from payments in lieu of
20 taxes and state reimbursement of the homestead credit and disabled
21 veterans credit.
- 22 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
23 baseline funding for any school district that eliminates grades nine through twelve
24 after the 2012-13 school year. The reduction must be proportional to the number
25 of weighted student units in the grades eliminated relative to the total number of
26 weighted student units in kindergarten through grade twelve in the year before
27 grades nine through twelve were eliminated. The reduced baseline funding
28 applies to the calculation of state aid for the first school year in which the school
29 district no longer offers grades nine through twelve and for each year thereafter.
30 For districts that eliminated grades nine through twelve prior to the 2020-21

1 school year, the superintendent shall use the reduced baseline funding to
2 calculate state aid for the 2020-21 school year and for each year thereafter.

3 2. a. The superintendent shall divide the district's ~~total~~ baseline funding determined in
4 subsection 1 by the district's 2012-13~~2017-18~~ weighted student units to
5 determine the district's baseline funding per weighted student unit.

6 b. For any school district that eliminates grades nine through twelve after the
7 2017-18 school year, the superintendent shall adjust the district's baseline
8 funding per weighted student unit used to calculate state aid. The superintendent
9 shall divide the district's baseline funding determined in subsection 1 by the
10 district's weighted student units after the elimination of grades nine through
11 twelve to determine the district's adjusted baseline funding per weighted student
12 unit. The superintendent shall use the district's adjusted baseline funding per
13 weighted student unit in the calculation of state aid for the first school year in
14 which the school district no longer offers grades nine through twelve and for each
15 year thereafter.

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

28 3. a. ~~In 2017-18~~For the 2019-20 school year, the superintendent shall multiply
29 the calculate state aid as the greater of:
30 (1) The district's weighted student units multiplied by nine thousand ~~six~~eight
31 hundred ~~forty-six~~thirty-nine dollars-

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- 1 (1) The superintendent shall adjust the product to ensure the product is at least
2 equal to the greater of:
- 3 ~~(a)(1)(2)~~ One hundred ~~eight~~one percent of the district's baseline funding per
4 weighted student unit, as established in subsection 2, multiplied by the
5 district's weighted student units ~~from the previous school year, not to exceed~~
6 the district's 2017-18 baseline weighted student units, plus any weighted
7 student units in excess of the 2017-18 baseline weighted student units
8 multiplied by nine thousand eight hundred thirty-nine dollars; or
- 9 ~~(b)(2)(3)~~ One hundred percent of the ~~The~~ district's baseline funding as established in
10 subsection 1.
- 11 (2) The superintendent also shall adjust the product to ensure the product does
12 not ~~exceed one hundred forty percent of the district's baseline funding per~~
13 weighted student unit multiplied by the district's weighted student units from
14 the previous school year, as established in subsection 2.
- 15 b. ~~In 2018-19~~For the 2020-21 school year and each school year thereafter, the
16 superintendent shall ~~multiply the~~calculate state aid as the greater of:
- 17 (1) ~~The~~ district's weighted student units multiplied by ~~nineteen~~ thousand ~~six~~one
18 hundred ~~forty six~~thirty fourthirty-six dollars.
- 19 (1) The superintendent shall adjust the product to ensure the product is at least
20 equal to the greater of: ~~or~~
- 21 (2) ~~The amount in paragraph 1 plus the greater of:~~
- 22 ~~(a)~~ One hundred ~~eight~~two percent of the district's baseline funding per
23 weighted student unit, as established in subsection 2, multiplied by
24 the district's weighted student units ~~from the previous school year less~~
25 the amount in paragraph 1, with the difference reduced by five percent
26 in 2020-21 and fifteen percent each year thereafter, not to exceed the
27 district's 2017-18 baseline weighted student units, plus any weighted
28 student units in excess of the 2017-18 baseline weighted student units
29 multiplied by ten thousand thirty-six dollars; or
- 30 ~~(b)(3)~~ One hundred percent of the ~~The~~ district's baseline funding as established in
31 subsection 1 less the amount in paragraph 1, with the difference reduced by

1 fivefifteen percent in 2020-21 for the 2021-22 school year and fifteen percent
2 each school year thereafter, and then the difference added to the amount
3 determined in paragraph 1.

4 c. The superintendent also shall adjust state aid determined in this subsection:

5 (1) InFor the 2019-20 school year, to ensure the amount does not exceed one
6 hundred forty fivefive percent of the district's baseline funding per weighted
7 student unit, as established in subsection 2, multiplied by the district's
8 weighted student units from the previous school year.

9 (2) The superintendent also shall adjust the productInFor the 2020-21 school
10 year and each school year thereafter, to ensure the productamount does not
11 exceed one hundred fortyfiftyten percent of the district's baseline funding
12 per weighted student unit, as established in subsection 2, multiplied by the
13 district's weighted student units from the previous school year.

14 4. After determining the product in accordance with subsection 3, the superintendent of
15 public instruction shall:

16 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
17 school district, except the amount in dollars subtracted for purposes of this
18 subdivision may not exceed the previous year's amount in dollars subtracted for
19 purposes of this subdivision by more than twelve percent, adjusted pursuant to
20 section 15.1-27-04.3; and

21 b. Subtract an amount equal to seventy-five percent of all revenuesrevenue types
22 listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one
23 hundred percent of all revenues listed in paragraphs 6, 8, and 9 of
24 subdivision fsubdivisions fc and gd of subsection 1. Before determining the
25 deduction for seventy-five percent of all revenue types, the superintendent of
26 public instruction shall adjust revenues as follows:

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

28 (a) In addition to deducting tuition revenue received specifically for the
29 operation of an educational program provided at a residential
30 treatment facility and tuition revenue received for the provision of an
31 adult farm management program as directed in paragraph 3 of

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- 1 subdivision c of subsection 1, the superintendent of public instruction
2 also shall reduce the total tuition reported by the school district by the
3 amount of tuition revenue received for the education of students not
4 residing in the state and for which the state has not entered a cross-
5 border education contract; and
6 (b) The superintendent of public instruction also shall reduce the total
7 tuition reported by admitting school districts meeting the requirements
8 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
9 of tuition revenue received for the education of students residing in an
10 adjacent school district.
11 (2) After adjusting tuition revenue as provided in paragraph 1, the
12 superintendent shall reduce all remaining revenues from all revenue types
13 by the percentage of mills levied in 2018 by the school district for sinking
14 and interest relative to the total mills levied in 2018 by the school district for
15 all purposes.
16 5. The amount remaining after the computation required under subsection 4 is the
17 amount of state aid to which a school district is entitled, subject to any other statutory
18 requirements or limitations.
19 6. On or before June thirtieth of each year, the school board shall certify to the
20 superintendent of public instruction the final average daily membership for the current
21 school year.
22 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
23 with the school districts, shall report the following to the superintendent of public
24 instruction on an annual basis:
25 a. The amount of revenue received by each school district in the county during the
26 previous school year for each type of revenue identified in subdivisions c and d of
27 subsection 1;
28 b. The total number of mills levied in the previous calendar year by each school
29 district for all purposes; and
30 c. The number of mills levied in the previous calendar year by each school district
31 for sinking and interest fund purposes.

1 **SECTION 11. AMENDMENT.** Subdivision a of subsection 4 of section 15.1-27-04.1 of the
2 North Dakota Century Code is amended and reenacted as follows:

- 3 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
4 school district; ~~except the amount in dollars subtracted for purposes of this~~
5 ~~subdivision may not exceed the previous year's amount in dollars subtracted for~~
6 ~~purposes of this subdivision by more than twelve percent, adjusted pursuant to~~
7 ~~section 15.1-27-04.3; and~~

8 **SECTION 12.** Section 15.1-27-04.3 of the North Dakota Century Code is created and
9 enacted as follows:

10 **15.1-27-04.3. Adjustment to state aid - Local property tax effort.**

11 If the amount subtracted from a school district's state aid payment under subdivision a of
12 subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the
13 superintendent of public instruction shall adjust the amount subtracted as follows:

- 14 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to
15 ten percent of the difference between the amount generated by sixty mills and the
16 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
17 before adjustment under this section;
- 18 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to
19 twenty percent of the difference between the amount generated by sixty mills and the
20 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
21 before adjustment under this section;
- 22 3. For the 2022-23 school year, increase the amount subtracted by an amount equal to
23 forty percent of the difference between the amount generated by sixty mills and the
24 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
25 before adjustment under this section;
- 26 4. For the 2023-24 school year, increase the amount subtracted by an amount equal to
27 sixty percent of the difference between the amount generated by sixty mills and the
28 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
29 before adjustment under this section; and
- 30 5. For the 2024-25 school year, increase the amount subtracted by an amount equal to
31 eighty percent of the difference between the amount generated by sixty mills and the

1 amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1
2 before adjustment under this section.

3 **SECTION 13. AMENDMENT.** Section 15.1-27-23 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid**
6 **payments to school districts.**

7 1. The board of each school district shall include in the school calendar days that may be
8 used for the rescheduling of instructional time lost as a result of severe weather or
9 other emergency conditions.

10 ~~2. a. The number of days required under subsection 1 must equal the average number~~
11 ~~of days per school year, as calculated using the previous five school years,~~
12 ~~during which the school district remained closed or provided less than a full day~~
13 ~~of instruction because of severe weather or other emergency conditions.~~

14 ~~b. The number of days determined under subdivision a may be included within the~~
15 ~~calendar no earlier than the month of January.~~

16 ~~3. If the number of days during which a public school or school district is closed or~~
17 ~~provides less than a full day of instruction exceeds the number of days determined~~
18 ~~under subdivision a of subsection 2, the public school or school district shall make~~
19 ~~every effort to reschedule the remaining classes, so that students receive at least the~~
20 ~~number of full instructional days required by section 15.1-06-04 or an equivalent~~
21 ~~period of instructional time, as determined by the superintendent of public~~
22 ~~instruction establish the length of a period, day, and week in accordance with the~~
23 ~~requirements of section 15.1-06-04. If a public school or school district is closed or~~
24 ~~provides less than a full day of instruction, the public school or school district shall~~
25 ~~reschedule those hours to ensure students receive at least the minimum number of~~
26 ~~instructional hours required by subdivision a of subsection 1 of section 15.1-06-04.~~

27 ~~4.2.~~ Any public school or school district for which the rescheduling of classes would create
28 undue hardship may request that, for purposes of calculating state aid payments to the
29 school district, the governor waive the rescheduling in whole or in part.

30 ~~5.~~ The governor may not grant a waiver for less than a full day of instruction. However, if
31 a public school or school district closes for only a portion of its regular schoolday, the

1 hours during which the school or school district is closed may be added together to
2 determine the number of additional full days of instruction that may be waived under
3 this section.

4 **SECTION 14. AMENDMENT.** Section 15.1-27-35 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-27-35. Average daily membership - Calculation.**

7 1. Average daily membership is calculated at the conclusion of the school year by adding
8 the total number of dayshours that each student in a given grade, school, or school
9 district is in attendance during a school calendar and the total number of dayshours
10 that each student in a given grade, school, or school district is absent during a school
11 calendar, and then dividing the sum by the greater of:

12 a. ~~The school district's calendar~~ Nine hundred sixty-two and one half hours for
13 elementary school students; or

14 b. ~~One hundred eighty-two thousand fifty hours for middle and high school students.~~

15 2. ~~For purposes of calculating average daily membership, all students are deemed to be~~
16 ~~in attendance on:~~

17 ~~a. The three holidays listed in subdivisions b through j of subsection 1 of section~~
18 ~~15.1-06-02 and selected by the school board in consultation with district~~
19 ~~teachers;~~

20 ~~b. The two days set aside for professional development activities under section~~
21 ~~15.1-06-04; and~~

22 ~~e. The two full days, or portions thereof, during which parent teacher conferences~~
23 ~~are held or which are deemed by the board of the district to be compensatory~~
24 ~~time for parent teacher conferences held outside regular school hours.~~

25 ~~3. For purposes of calculating average daily membership:~~

26 a. A student enrolled full time in any grade from one through twelve may not exceed
27 an average daily membership of 1.00. The membership may be prorated for a
28 student who is enrolled less than full time.

29 b. A student enrolled full time in an approved regular education kindergarten
30 program may not exceed an average daily membership of 1.00. The membership
31 may be prorated for a student who is enrolled less than full time.

- 1 c. A student enrolled full time, as defined by the superintendent of public instruction,
2 in an approved early childhood special education program may not exceed an
3 average daily membership of 1.00. The membership may be prorated for a
4 student who is enrolled less than full time.

5 **SECTION 15. AMENDMENT** Section 15.1-29-02.1 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15.1-29-02.1. Cross-border attendance - Contract with South Dakota.**

- 8 1. A student who resides in a North Dakota school district contiguous to the South
9 Dakota border may attend school in South Dakota, and a student who resides in a
10 South Dakota school district contiguous to the North Dakota border may attend school
11 in North Dakota, provided the superintendent of public instruction has entered into a
12 contract with the secretary of the South Dakota department of education for the
13 cross-border attendance of eligible students.
- 14 2. A contract entered under subsection 1 must set forth:
- 15 a. An application procedure;
- 16 b. Causes for denial of an application; and
- 17 c. The manner and notification of acceptance.
- 18 3. A contract entered under subsection 1 must authorize the superintendent of public
19 instruction to count any South Dakota student participating in cross-border attendance
20 under this section for the purposes of determining the amount of state aid to which a
21 school district in this state is entitled. The superintendent of public instruction may not
22 count a North Dakota student participating in cross-border attendance in accordance
23 with the contract for purposes of determining the amount of state aid to which a school
24 district in this state is entitled.
- 25 4. A contract entered under subsection 1 must provide that if there are more students
26 from North Dakota than South Dakota participating in cross-border attendance under
27 this section, the superintendent of public instruction shall forward to the secretary of
28 the South Dakota department of education, on behalf of each excess student, an
29 amount annually agreed to by the superintendent and the secretary as reflecting the
30 average cost of education per student in the school districts participating in
31 cross-border attendance in accordance with the contract. The contract must also

1 provide that if there are more students from South Dakota than North Dakota
2 participating in cross-border attendance under this section, the secretary shall forward
3 to the superintendent, on behalf of each excess student, an amount annually agreed
4 to by the superintendent and the secretary as reflecting the average cost of education
5 per student in the school districts participating in cross-border attendance in
6 accordance with the contract. The superintendent shall pay the cost of cross-border
7 attendance from funds appropriated by the legislative assembly for state aid to
8 schools. Payments received by the superintendent under this subsection shall be
9 deposited in the general fund.

10 ~~5.—The superintendent of public instruction shall annually reconcile the number of~~
11 ~~students from each school district in this state who participate in cross-border~~
12 ~~attendance under this section with the number of students from school districts in~~
13 ~~South Dakota who participate in cross-border attendance under this section. The~~
14 ~~superintendent of public instruction shall withhold from each school district's state aid~~
15 ~~an amount equal to the cost incurred by the state on the part of the school district in~~
16 ~~permitting the cross-border attendance of students under this section.~~

17 ~~6.~~ A student who requires special education services may participate in cross-border
18 attendance under this section, provided the contract entered under subsection 1 sets
19 forth each school district's and each state's responsibilities for payment of any excess
20 costs incurred as a result of providing the services to the student.

21 ~~7.6.~~ Each school district may provide transportation to students participating in
22 cross-border attendance under this section. However, the superintendent of public
23 instruction may include only transportation provided within this state for purposes of
24 determining the state transportation aid to which a district is entitled.

25 ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in
26 cross-border attendance under this section.

27 **SECTION 16. AMENDMENT.** Section 15.1-29-12 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **15.1-29-12. Tuition payments - Determination.**

2 1. Except as provided in section 15.1-29-13, a school district sending a student to
3 another district for purposes of education shall pay the full cost of education per
4 student incurred by the admitting district.

5 2. a. The admitting district shall determine the cost of education per student for its
6 kindergarten, elementary, and high school students on the basis of its average
7 daily membership and those expenditures permitted in determining the cost of
8 education per student in section 15.1-27-03.

9 b. To the cost of education per student, the admitting district shall add the latest
10 available statewide average per student cost for extracurricular activities and the
11 state average capital outlay per student. The state average capital outlay per
12 student is determined by dividing the total of all school districts' annual
13 expenditures for sinking and interest funds, tax receipts to the building funds, and
14 general fund expenditures for capital outlay by the average daily membership of
15 the state.

16 c. The admitting district shall subtract the following from the amount arrived at
17 under subdivision b:

18 (1) The per student payment multiplied by the admitting district's school size
19 weighting factor; and

20 (2) Any credit for taxes paid to the admitting district by the student's parent.

21 d. The amount remaining is the full cost of education per student incurred by the
22 admitting district. The tuition amount payable for the individual student is the
23 lesser of:

24 (1) The full cost of education per student incurred by the admitting district; or

25 (2) One hundred fifty percent of the state average full cost of education per
26 student.

27 e. Admitting school districts shall charge the tuition amount payable determined in
28 subdivision d multiplied by two hundred percent or four thousand dollars,

29 whichever is greater, if the admitting school district:

30 (1) Is located in an oil-producing county;

31 (2) Is eligible to receive gross production tax revenue in lieu of property taxes;

- 1 (3) Is located in cities with populations over twenty-four thousand;
- 2 (4) Has a tax base fewer than twenty square miles;
- 3 (5) Levies greater than sixty mills for local property taxes;
- 4 (6) Has student enrollments of greater than four thousand;
- 5 (7) Has average student growth of over two hundred per year over the
6 preceding five years;
- 7 (8) Uses portable classrooms; and
- 8 (9) Has enrollment exceeding school facility capacity.

9 3. This section does not affect the right of a school board to charge and collect tuition
10 from students who are not residents of this state, in accordance with section
11 15.1-29-02.

12 **SECTION 17. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **57-15-14.2. School district levies.**

- 15 1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not
16 exceeding the amount in dollars that the school district levied for the prior year, plus
17 twelve percent and the dollar amount of the adjustment required in section
18 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for
19 any purpose related to the provision of educational services. The proceeds of this levy
20 must be deposited into the school district's general fund and used in accordance with
21 this subsection. The proceeds may not be transferred into any other fund.
- 22 2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than
23 twelve mills on the taxable valuation of the district, for miscellaneous purposes and
24 expenses. The proceeds of this levy must be deposited into a special fund known as
25 the miscellaneous fund and used in accordance with this subsection. The proceeds
26 may not be transferred into any other fund.
- 27 3. The board of a school district may levy no more than three mills on the taxable
28 valuation of the district for deposit into a special reserve fund, in accordance with
29 chapter 57-19.
- 30 4. The board of a school district may levy no more than the number of mills necessary,
31 on the taxable valuation of the district, for the payment of tuition, in accordance with

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1 section 15.1-29-15. The proceeds of this levy must be deposited into a special fund
2 known as the tuition fund and used in accordance with this subsection. The proceeds
3 may not be transferred into any other fund.

- 4 5. Nothing in this section limits the board of a school district from levying:
- 5 a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - 6 b. Mills necessary to pay principal and interest on the bonded debt of the district,
7 including the mills necessary to pay principal and interest on any bonded debt
8 incurred under section 57-15-17.1 before July 1, 2013.

9 **SECTION 18. AMENDMENT.** Subsection 1 of section 57-15-14.2 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 1. The board of a school district may levy a tax not exceeding sixty mills. For school
12 districts that levied at or above sixty mills the prior year, the levy may not exceed the
13 amount in dollars that the school district levied for the prior year, plus twelve percent
14 and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy
15 of seventy mills on the taxable valuation of the district, for any purpose related to the
16 provision of educational services. The proceeds of this levy must be deposited into the
17 school district's general fund and used in accordance with this subsection. The
18 proceeds may not be transferred into any other fund.

19 **SECTION 19. REPEAL.** Section 15.1-06-05 of the North Dakota Century Code is repealed.

20 **SECTION 20. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION**

21 **FOUNDATION AID STABILIZATION FUND - RAPID ENROLLMENT GRANT ONE-TIME**

22 **FUNDING.** There is appropriated out of any moneys in the foundation aid stabilization fund in
23 the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as
24 may be necessary, to the department of public instruction for the purpose of providing rapid
25 enrollment grants to school districts, for the biennium beginning July 1, 2019, and ending
26 June 30, 2021. The funding provided in this section is considered a one-time funding item. The
27 superintendent of public instruction shall award rapid enrollment grants to eligible districts only
28 during the first year of the 2019-21 biennium based on the following criteria:

- 29 1. A district is eligible to receive a grant under this section if the number of students
30 reflected in the district's September tenth enrollment report exceeds the number of

- 1 students in the prior year September tenth enrollment report. The increase must be at
2 least four percent or one hundred fifty students and must be at least twenty students.
- 3 2. The superintendent of public instruction shall calculate the amount to which an eligible
4 district is entitled as follows:
- 5 a. Determine the actual percentage increase in the number of students and subtract
6 two from the percentage calculated;
- 7 b. Determine the number of students represented by the difference determined in
8 subdivision a of this subsection;
- 9 c. Multiply the number of students determined in subdivision b of this subsection by
10 \$4,000.
- 11 3. If the amount of the appropriation provided for in this section is insufficient to meet the
12 obligations of this subsection, the superintendent of public instruction shall prorate the
13 payment based on the percentage of the total amount to which each school district is
14 entitled.
- 15 4. Any district that is precluded from receiving state aid under section 15.1-27-35.3 is not
16 eligible to receive a grant under this section.

17 **SECTION 21. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION -**
18 **FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS.** There is
19 appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not
20 otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to
21 the department of public instruction for the purpose of providing music education grants, for the
22 biennium beginning July 1, 2019, and ending June 30, 2021. At the beginning of the biennium,
23 each eligible school may receive a grant disbursement for kindergarten through grade five
24 based on the average daily membership of the school. Upon request, the department of public
25 instruction shall award an eligible school a music education grant. The department must report
26 to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including
27 the program's impact on student behavior and mental health. The funding provided in this
28 section is considered a one-time funding item.

29 **SECTION 22. APPROPRIATION.** There is appropriated out of any moneys in the general
30 fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the
31 sum as may be necessary, to the department of commerce for the purpose of providing

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1 ~~fundings matching funds~~ to an organization providing research-based literacy intervention
2 services to students below grade four who score below proficient in reading ~~as matching funds~~
3 ~~for AmeriCorps funding~~, for the biennium beginning July 1, 2019, and ending June 30, 2021.
4 The department may spend the appropriated funds only as authorized in this section.

5 **SECTION 23. LEGISLATIVE MANAGEMENT EDUCATION FUNDING FORMULA -**

6 **STUDY.** ~~There is created an education funding formula review committee.~~ During the 2019-20
7 interim, the ~~legislative management education funding formula review committee~~ shall consider
8 ~~studying minimum and maximum payments to school districts included in the state school~~
9 ~~aid study the kindergarten through grade twelve education funding formula, including how school~~
10 ~~districts could be transitioned from the minimum and maximum payments and the effects on~~
11 ~~school districts of transitioning from the minimum and maximum payments the components,~~
12 ~~adjustments, and weighting factors of the formula. The membership of the committee consists~~
13 ~~of the chairmen of the standing education committees of the house of representatives and the~~
14 ~~senate; three additional members of the senate, two of which must be appointed by the majority~~
15 ~~leader of the senate and one of which must be appointed by the minority leader of the senate;~~
16 ~~and three additional members of the house of representatives, two of which must be appointed~~
17 ~~by the majority leader of the house of representatives and one of which must be appointed by~~
18 ~~the minority leader of the house of representatives. Members appointed to the committee must~~
19 ~~have a secure knowledge of the current kindergarten through grade twelve funding formula. The~~
20 ~~legislative management committee~~ shall report its findings and recommendations, together with
21 any legislation required to implement the recommendations, to the sixty-seventh legislative
22 assembly.

23 **SECTION 24. STUDY- EFFECT OF IMPACT AIDE ON THE FUNDING FORMULA.** During
24 the 2019-20 interim, the department of public instruction, the Indian affairs commission, and the
25 kindergarten through grade twelve coordinating council, shall study the effect of impact aide on
26 the funding formula to reservation schools. The department of public instruction, the Indian
27 affairs commission, and the kindergarten through grade twelve coordinating council shall report
28 their findings and recommendations, together with any legislation required to implement the
29 recommendations, to the sixty-seventh legislative assembly.

30 **SECTION 25. ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO**

31 **LEGISLATIVE MANAGEMENT.** The education standards and practices board shall provide the

1 legislative management a status report during the 2019-20 interim and during the 2021-22
2 interim regarding the number of teacher permits issued under an alternative teacher certification
3 program, the effectiveness of the program, the quality of instruction provided under the
4 program, and whether the program is accomplishing desired objectives. The report must include
5 a recommendation regarding continuation of the program.

6 **SECTION 26. EFFECTIVE DATE.** Section 48 of this Act ~~is becomes~~ effective on July 1,
7 2020. Section 9 of this Act becomes effective on July 1, 2021. Section 17 of this Act is effective
8 for taxable years beginning after December 31, 2018. Section 18 of this Act is effective for
9 taxable years beginning after December 31, 2024. Section 11 of this Act becomes effective on
10 July 1, 2025.

11 **SECTION 27. EXPIRATION DATE.** Section 12 of this Act is effective through June 30,
12 2025, and after that date is ineffective.

13 **SECTION 28. EMERGENCY.** Section 4 of this Act is declared to be an emergency
14 measure.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2265

The schedule below provides a summary of the proposed changes in amendments [19.0614.05016] to Reengrossed Senate Bill No. 2265. Unless noted, sections are effective July 1, 2019.

Section	Amendment
Section 1	Creates a new section in North Dakota Century Code Chapter 15.1-02 related to credentials for teachers and coordinators of Title I.
Section 2	Amends Section 15.1-06-04 related to the school calendar length to provide minimum education hours, increase professional days from 2 days to eighteen hours, and require a waiver for a 4-day week.
Section 3	Amends Section 15.1-07-34 related to youth behavioral health training for teachers, administrators, and ancillary staff.
Section 4	Amends a new section to chapter 15.1-09 related to prohibiting certain individuals from serving on school boards that was enacted through 2019 Senate Bill No. 2230.
Section 5	Amends Section 15.1-18-10 related to teacher qualifications in specialty areas to allow, under certain circumstances, individuals to teach any subject, except elementary education, special education, mathematics, science, language arts, and social studies.
Section 6	Amends Section 15.1-21-03 related to high school unit instructional time to account for professional development and collaboration.
Section 7	Amends Section 15.1-27-02 related to per student payments and required reports to prohibit the Superintendent of Public Instruction from forwarding state aid payments to school districts beyond the September payment until the district files their September tenth fall enrollment report.
Section 8 (Effective July 1, 2020)	Amends Section 15.1-27-03.1 related to weighted student units to add a factor of 0.50 for the number of students by which the district's fall enrollment exceeds the prior year's average daily membership.
Section 9 (Effective July 1, 2021)	Amends Section 15.1-27-03.1 related to weighted student units to increase the factor for the number of students by which the district's fall enrollment exceeds the prior year's average daily membership to 0.60 and provide for annual increases in the factor, up to 1.00. Also adds a 0.50 factor adjustment beginning with the 2021-22 school year for any over/under payment of the 2020-21 state school aid. The amendment also provides for the adjustment factor to increase annually up to 1.00.
Section 10	Amends Section 15.1-27-04.1 related to state aid as follows: <ul style="list-style-type: none"> • Reorganizes the base calculation by grouping in lieu of revenues and adjusts school district baseline funding to the 2018-19 school year. • Provides, beginning with the 2020-21 school year, the baseline funding level for a school district that eliminates grades 9 through 12 is reduced proportionately. The baseline funding level for districts that eliminated grades 9 through 12 after the 2012-13 school year will be reduced for the 2020-21 school year. • Provides for the adjustment of baseline funding per weighted student unit when a district eliminates grades 9 through 12. • Provides, beginning with the 2021-22 school year, for a 15 percent reduction of the amount by which the district's baseline funding per weighted student unit exceeds the payment provided per weighted student unit. For each year thereafter, the reduction percentage is increased by an additional 15 percent until it is equal to the payment provided per weighted student unit. • Increases the per pupil payment by 2 percent, to provide \$9,839 per weighted student unit in 2019-20, and 2 percent, to provide \$10,036 per weighted student unit in 2020-21.

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Section	Amendment
	<ul style="list-style-type: none"> • Adjusts the calculation of transition minimum payments to provide a 1 percent increase over the new baseline in the 1st year of the biennium and a 2 percent increase over the new baseline in the 2nd year of the biennium. In addition, the amendment provides weighted student units over the baseline weighted student units are reimbursed at the formula payment rate, instead of the baseline rate. Provisions are added to begin phasing out the dollar amount transition minimum during the 2021-22 school year. • Increases transition maximum payments by 5 percent in 2019-20 and 5 percent in 2020-21. • Provides for an adjustment to increase the local property tax deduction calculation each year beginning in 2020-21 to transition all districts to a deduction of 60 mills in the 2025-26 school year. • Reduces the deduction for in lieu of revenue to 75 percent for all revenue types listed and: <ul style="list-style-type: none"> Exempts tuition from nonresident students residing in a state with which the state has not entered a cross-border education contract. Exempts tuition received from an adjacent school district by certain accepting school districts. Reduces all in lieu of revenue types listed by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018. • Requires county auditors to report certain information to the Superintendent of Public Instruction.
Section 11 (Effective July 1, 2025)	Amends Section 15.1-27-04.1 related to state aid to require the deduction of 60 mills from the state school aid formula beginning in the 2025-26 school year.
Section 12 (Effective July 1, 2019 through June 30, 2025)	Creates Section 15.1-27-04.3 to increase the deduction for local property tax in the state school aid formula, each year over a 5-year period, beginning with the 2020-21 school year. The deduction is increased by a percentage of the difference between the amount calculated under current law and the amount based on 60 mills.
Section 13	Amends Section 15.1-27-23 related closure of schools for weather emergencies to allow a school to determine the length of a period, day, and week in accordance with the requirements of Section 15.1-06-04 (Section 2 of the bill), require schools to reschedule hours if they fall below the minimum requirements due to closures, and removes a waiver.
Section 14	Amends Section 15.1-27-35 to change the calculation for average daily membership based on hours rather than days in accordance with the changes provided in Section 15.1-06-04 (Section 2 of the bill) and to remove the section related to average daily membership for holidays and professional days.
Section 15	Amends Section 15.1-29-02.1 related to a cross-border attendance contract with South Dakota to provide the Superintendent of Public Instruction use funding provided for state aid to pay South Dakota if more North Dakota students attend South Dakota schools. If South Dakota students exceed North Dakota students, the payment received by the Superintendent must be deposited in the general fund. Language requiring the Superintendent to withhold school districts' state aid for students attending South Dakota schools is removed.
Section 16	Amends Section 15.1-29-12 related to tuition payments to require admitting school districts meeting certain criteria to charge 200 percent of the tuition payment calculated in the section or \$4,000, whichever is greater.
Section 17 (Effective for taxable years beginning after December 31, 2018)	Amends Section 57-15-14.2 to allow school districts to levy additional tax to recover the increase in the deduction in the state school aid formula pursuant to Section 15.1-27-04.3 and the phasing in of the 60 mill deduction from state school aid.
Section 18 (Effective for taxable years beginning after December 31, 2024)	Amends Section 57-15-14.2 to remove the additional levy authority when Section 15.1-27-04.3 expires and all districts are levying and deducting 60 mills in the state school aid formula.
Section 19	Repeals Section 15.1-06-05 related to the reconfiguration of instructional days.

Section	Amendment
Section 20	Provides a one-time \$3 million appropriation from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants in the 1 st year of the biennium only.
Section 21	Provides a one-time \$800,000 appropriation from the foundation aid stabilization fund to the Department of Public Instruction for music education grants.
Section 22	Provides a one-time \$200,000 appropriation from the general fund to the Department of Commerce for providing research-based literacy intervention services to students.
Section 23	Creates a one-time Education Funding Formula Review Committee to study the kindergarten through grade twelve funding formula and report back to the 67 th Legislative Assembly.
Section 24	Directs the Department of Public Instruction, the Indian Affairs Commission, and the kindergarten through grade twelve coordinating council to study the effect of impact aide on the funding formula to reservation schools.
Section 25	Requires the Education Standards and Practices Board to provide status reports to Legislative Management during the 2019-20 interim and the 2021-22 interim regarding the number of teacher permits issued under an alternative teacher certification program and to provide a recommendation regarding the continuation of the program.
Section 26	Provides various effective dates.
Section 27	Provides an expiration date of June 30, 2025, for Section 15.1-27-04.3 related to phasing in the 60 mill deduction in the state school aid formula.
Section 28	Declares Section 4 of the bill, related to prohibiting certain individuals from serving on school boards, to be an emergency.

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23^d
Wednesday, April 20th, 2019
HB 1346 Additional Days to Hours Amendment

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Section 6

15.1-21-03.

High school unit - Instructional time.

1. Except as provided in subsection 2, each unit must consist of at least one hundred twenty hours of instruction student engagement, professional development and collaboration per school calendar.
2. The following units must consist of at least one hundred fifty hours of instruction student engagement, professional development and collaboration per school calendar: natural sciences, agriculture, business and office technology, marketing, diversified occupations, trade and industrial education, technology education, and health careers.
3. The hour requirements of this section are subject to reductions resulting from the holidays and nonstudent contact days provided for in section 15.1-06-04.
4. This section does not apply to schools or school districts having block schedules approved by the superintendent of public instruction.

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p10f1

2265 Amendment

Section Five

15.1-18-10 – Specialty Areas – Teacher Qualification

An individual may teach in any subject, except elementary education, special education, mathematics, science, language arts, and social studies, if the individual:

- a. Has a permit issued by the board;
- b. Has a high school diploma;
- e. ~~(1)~~ Possesses at least four thousand hours over five years of relevant work experience in the subject area to be taught; ~~and~~ ~~or~~
 - ~~(1)~~ ~~(2)~~ Possesses a certificate, license, or degree in the subject area to be taught; or
 - ~~(2)~~ ~~(3)~~ Achieves a passing score on the Praxis content test.

Section Two

ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE MANAGEMENT.

The education standards and practices board shall provide the legislative management a status report during the 2019-20 interim and during the 2021-22 interim regarding the number of teacher licenses ~~permits~~ issued under an alternative teacher certification program, the effectiveness of the program, the quality of instruction provided under the program, and whether the program is accomplishing desired objectives. The report must include a recommendation regarding continuation of the program.

April 23, 2019

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2265

That the House recede from its amendments as printed on pages 1385-1397 of the Senate Journal and pages 1582-1594 of the House Journal and that Reengrossed Senate Bill No. 2265 be amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 15.1-02 and section 15.1-27-04.3 of the North Dakota Century Code, relating to state school aid local property tax effort and credentialing of title I certified teachers and coordinators;"

Page 1, line 1, after "sections" insert "15.1-06-04 and 15.1-07-34, the new section to chapter 15.1-09, as created by section 1 of Senate Bill 2230, as approved by the sixty-sixth legislative assembly, and sections 15.1-18-10, 15.1-21-03, 15.1-27-02,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 1, after "15.1-27-04.1" insert ", 15.1-27-23 15.1-27-35, 15.1-29-02.1, 15.1-29-12, and 57-15-14.2"

Page 1, line 2, after "to" insert "teacher professional development days in the school calendar, youth behavioral health training, school board membership, teaching licenses, per student payments"

Page 1, line 2, replace "and" with a comma

Page 1, line 3, after "districts" insert ", weather emergencies, the calculation of average daily membership, a cross-border attendance contract with South Dakota, the determination of tuition payments, and school district levies; to repeal section 15.1-06-05 of the North Dakota Century Code, relating to applications for reconfiguration of instructional days"

Page 1, line 3, replace "a legislative management study" with "studies; to provide for a report to legislative management"

Page 1, line 4, remove "and"

Page 1, line 4, after "date" insert "; to provide an expiration date, and to declare an emergency"

Page 1, after line 5, insert:

"**SECTION 1.** A new section to chapter 15.1-02 of the North Dakota Century Code is created and enacted as follows:

Credentials for teachers and coordinators of title I.

The superintendent of public instruction shall create a process to reinstate and recertify title I credentials for individuals in the state who held a valid certification, issued by the department of public instruction, as of July 1, 2018, and continue the process in perpetuity. A school district may advertise employment for a title I certified teacher each year until the position is filled. The board of a school district may authorize the hiring of a teacher who is not certified as a title I teacher for the school year if the school district fails to receive applications from qualified applicants to fill the advertised position by July 1.

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SECTION 2. AMENDMENT. Section 15.1-06-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-06-04. School calendar - Length.

1. A school district shall provide for a school calendar that includes:
 - a. ~~At least one hundred seventy five days~~nine hundred sixty-two and one-half hours of instruction for elementary school students and one thousand fifty hours of instruction for middle and high school students;
 - b. Three holidays, as selected by the board in consultation with district teachers from the list provided for in subdivisions b through j of subsection 1 of section 15.1-06-02;
 - c. No more than two days for:
 - (1) Parent-teacher conferences; or
 - (2) Compensatory time for parent-teacher conferences held outside of regular school hours; and
 - d. ~~At least two~~three days of professional development not including meals or breaks.
 2. ~~a.~~ a. ~~For the first three days of professional development required under subdivision d of subsection 1, a day of professional development must consist of:~~
 - ~~(1)~~a. Six hours of professional development, exclusive of meals and other breaks, conducted within a single day;
 - ~~(2)~~b. Six hours of cumulative professional development conducted under the auspices of a professional learning community; or
 - ~~(3)~~c. Two four-hour periods of professional development, exclusive of meals and other breaks, conducted over two days.
 - ~~b.~~ b. ~~If a school district offers a four hour period of professional development, as permitted in this subsection, the school district may schedule instruction during other available hours on that same day and be credited with providing one half day of instruction to students. This subdivision does not apply unless the one half day of instruction equals at least one half of the time required for a full day of instruction, as defined in this section.~~
3. If because of weather a school must dismiss before completing a full day of instruction, the school is responsible for making up only those hours and portions of an hour between the time of early dismissal and the conclusion of a full day of classroom instruction if the dismissal will result in the school failing to meet the requirements of subdivision a of subsection 1.
 4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction; and

- b. At least six hours for high school students, during which time the students are required to be in attendance for the purpose of receiving curricular instruction.

5. If a school district intends to operate under a school calendar that consists of four days of instruction per week, the school district shall apply and be approved for a waiver by the superintendent of public instruction.

SECTION 3. AMENDMENT. Section 15.1-07-34 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-34. Provision of youth behavioral health training to teachers, administrators, and ancillary staff.

1. Every two years, each school district shall provide a minimum of eight hours of professional development on youth behavioral health to elementary, middle, and high school teachers, and administrators. Each school district shall encourage ancillary and support staff to participate in the professional development. Based on the annual needs assessment of the school district, these hours must be designated from the following categories:
 - a. Trauma;
 - b. Social and emotional learning, including resiliency;
 - c. Suicide prevention;
 - d. Bullying;
 - e. Understanding of the prevalence and impact of youth behavioral health wellness on family structure, education, juvenile services, law enforcement, and health care and treatment providers;
 - f. Knowledge of behavioral health symptoms, and risks;
 - g. Awareness of referral sources and evidence-based strategies for appropriate interventions; ~~or~~
 - h. Other evidence-based strategies to reduce risk factors for students; or
 - i. Current or new evidence-based behavior prevention or mitigation techniques.
2. Each school district shall report the professional development hours to the department of public instruction.
3. The superintendent of public instruction shall collaborate with regional education associations to disseminate information, training materials, and notice of training opportunities to school districts and nonpublic schools.

SECTION 4. AMENDMENT. The new section to chapter 15.1-09, as created by section 1 of Senate Bill 2230, as approved by the sixty-sixth legislative assembly, is amended and reenacted as follows:

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School board membership - Prohibition.

If a tribal government has prescribed by tribal law or resolution qualifications for eligibility for ~~candidates for public office~~ relating to criminal convictions which are more restrictive than the laws of this state, the qualifications ~~of candidates for eligibility for membership of a public school board of a school district located on tribal land~~ may not be less restrictive than the qualifications for eligibility prescribed by tribal law or resolution for public office relating to criminal convictions. For purposes of this section, "tribal land" means that portion of the land within the exterior boundaries of an Indian reservation which is located in the state.

SECTION 5. AMENDMENT. Section 15.1-18-10 of the North Dakota Century Code is amended and reenacted as follows:

15.1-18-10. Specialty areas - Teacher qualification.

Notwithstanding the requirements of this chapter:

1. An individual may teach art, business education, computer education, a foreign language, music, physical education, special education, and technology education at any grade level from kindergarten through grade eight, provided the individual:
 - a. Is licensed to teach by the education standards and practices board;
 - b. Is approved to teach in that area by the education standards and practices board; and
 - c. Meets all requirements set forth in rule by the superintendent of public instruction.
2. An individual may teach Native American languages provided the individual is an eminence-credentialed teacher.
3. An individual may teach in the areas of trade, industry, technical occupations, or health occupations, provided the individual has been issued a license to teach in such areas by the education standards and practices board.
4. An individual may teach in any subject, except elementary education, special education, mathematics, science, language arts, and social studies, if the individual:
 - a. Has a permit issued by the board and has a high school diploma; or
 - b. (1) Possesses at least four thousand hours over five years of relevant work experience in the subject area to be taught;
 (2) Possesses a certificate, permit, or degree in the subject area to be taught; or
 (3) Achieves a passing score on the Praxis content test.

SECTION 6. AMENDMENT. Section 15.1-21-03 of the North Dakota Century Code is amended and reenacted as follows:

15.1-21-03. High school unit - Instructional time.

1. Except as provided in subsection 2, each unit must consist of at least one hundred twenty hours of instruction student engagement per school calendar.
2. The following units must consist of at least one hundred fifty hours of instruction student engagement per school calendar: natural sciences, agriculture, business and office technology, marketing, diversified occupations, trade and industrial education, technology education, and health careers.
3. The hour requirements of this section are subject to reductions resulting from the holidays and nonstudent contact days provided for in section 15.1-06-04.
4. This section does not apply to schools or school districts having block schedules approved by the superintendent of public instruction.

SECTION 7. AMENDMENT. Section 15.1-27-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-02. Per student payments - Required reports.

1. The superintendent of public instruction may not forward state aid payments to a school district beyond the September payment unless the district has filed the September tenth fall enrollment report with the superintendent.
2. The superintendent of public instruction may not forward state aid payments to a school district beyond the October payment unless the district has filed the following with the superintendent:
 - a. The June thirtieth student membership and attendance report;
 - b. An annual school district financial report; and
 - c. ~~The September tenth fall enrollment report; and~~
 - d. The personnel report forms for licensed and nonlicensed employees.
- ~~2.3.~~ On or before December fifteenth, each school district shall file with the superintendent of public instruction the taxable valuation and mill levy certifications. If a district fails to file the taxable valuation and mill levy certifications by the required date, the superintendent of public instruction may not forward to the district any state aid payments to which the district is entitled, until the taxable valuation and mill levy certifications are filed."

Page 3, line 3, after the underscored semicolon insert "and"

Page 3, line 4, replace "1.00" with "0.50"

Page 3, line 6, remove "; and"

Page 3, remove lines 7 through 11

Page 3, line 12, remove "students"

Page 3, after line 15, insert:

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

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - d. 0.28 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
 - f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students

in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

- j. 0.082 the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - k. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1; ~~and~~
 - n. ~~0.50~~ 0.60 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership increasing the factor annually by 0.10, not to exceed 1.00; and
 - o. For districts paid based on September tenth enrollment in the prior year, 0.50 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership."

Page 3, line 23, overstrike "2012-13" and insert immediately thereafter "2018-19"

Page 3, line 24, overstrike "The district's 2012-13 mill levy reduction grant, as determined in accordance with"

Page 3, overstrike line 25

Page 3, line 26, overstrike "c."

Page 3, line 26, overstrike "that raised by the district's 2012 general fund levy or that"

Page 3, overstrike line 27

Page 3, line 28, overstrike "is less" and insert immediately thereafter "the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment"

Page 3, overstrike lines 29 and 30

Page 4, overstrike line 1

Page 4, line 2, overstrike "program levy;"

Page 4, line 3, overstrike "f." and insert immediately thereafter "c."

Page 4, line 4, replace "2012-13" with "2017-18"

Page 5, line 1, replace "g." with "d."

Page 5, line 2, replace "2012-13" with "2017-18"

Page 5, after line 7, insert;

"e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter."

Page 5, line 8, after "2." insert "a."

Page 5, line 8, overstrike "total"

Page 5, line 8, after "funding" insert "determined in subsection 1"

Page 5, line 9, overstrike "2012-13" and insert immediately thereafter "2017-18"

Page 5, after line 10, insert:

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

- C. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. The superintendent shall reduce the district's baseline funding per weighted student unit by fifteen percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3."

Page 5, line 11, overstrike "In"

Page 5, line 11, after "~~2017-18~~" insert "For the"

Page 5, line 11, after "2019-20" insert "school year"

Page 5, line 11, overstrike "multiply the" and insert immediately thereafter "calculate state aid as the greater of:

(1) The

Page 5, line 12, after "units" insert "multiplied"

Page 5, line 12, overstrike the period

Page 5, overstrike line 13

Page 5, line 14, overstrike "equal to the greater of:" and insert immediately thereafter an underscored semicolon

Page 5, line 15, replace "(1)" with "(2)"

Page 5, line 15, overstrike "eight" and insert immediately thereafter "one"

Page 5, line 17, overstrike "from the previous school year" and insert immediately thereafter ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars"

Page 5, line 18, replace "(2)" with "(3)"

Page 5, line 24, overstrike "In"

Page 5, line 24, after "~~2018-19~~" insert "For the"

Page 5, line 24, after "2020-21" insert "school year"

Page 5, line 26, remove "one"

Page 5, line 27, overstrike "hundred"

Page 5, line 27, replace "thirty-four" with "thirty-six"

Page 5, line 29, remove "or"

Page 5, line 30, remove "The amount in paragraph 1 plus the greater of:"

Page 6, line 1, overstrike "(a)"

Page 6, line 1, overstrike "eight" and insert immediately thereafter "two"

Page 6, line 3, overstrike "from the previous school year"

Page 6, remove line 4

Page 6, line 5, replace "percent in 2020-21 and fifteen percent each year thereafter." with ", not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars"

Page 6, line 6, overstrike "(b)" and insert immediately thereafter "(3)"

Page 6, line 8, replace "five" with "fifteen"

Page 6, line 8, replace "in 2020-21" with "for the 2021-22 school year"

Page 6, line 8, after "each" insert "school"

Page 6, line 9, after "thereafter" insert ", and then the difference added to the amount determined in paragraph 1"

Page 6, line 11, replace "In" with "For the"

Page 6, line 11, after "2019-20" insert "school year"

Page 6, line 11, replace "forty-five" with "five"

Page 6, line 15, replace "In" with "For the"

Page 6, line 15, after "2020-21" insert "school year and each school year thereafter"

Page 6, line 16, replace "fifty" with "ten"

Page 6, line 25, after "percent" insert ", adjusted pursuant to section 15.1-27-04.3"

Page 6, line 29, replace "f" with "c"

Page 6, line 29, replace "g" with "d"

Page 6, line 29, after the period insert: "Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:

(1) Tuition revenue shall be adjusted as follows:

(a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and

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

(2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in 2018 by the school district for sinking and interest relative to the total mills levied in 2018 by the school district for all purposes."

Page 7, after line 6, insert:

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

- a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;
- b. The total number of mills levied in the previous calendar year by each school district for all purposes; and
- c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.

SECTION 11. AMENDMENT. Subdivision a of subsection 4 of section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

- a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, ~~except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3;~~ and

SECTION 12. Section 15.1-27-04.3 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.3. Adjustment to state aid - Local property tax effort.

If the amount subtracted from a school district's state aid payment under subdivision a of subsection 4 of section 15.1-27-04.1 is less than the amount generated by sixty mills, the superintendent of public instruction shall adjust the amount subtracted as follows:

- 1. For the 2020-21 school year, increase the amount subtracted by an amount equal to ten percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
- 2. For the 2021-22 school year, increase the amount subtracted by an amount equal to twenty percent of the difference between the amount

generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;

3. For the 2022-23 school year, increase the amount subtracted by an amount equal to forty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section;
4. For the 2023-24 school year, increase the amount subtracted by an amount equal to sixty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section; and
5. For the 2024-25 school year, increase the amount subtracted by an amount equal to eighty percent of the difference between the amount generated by sixty mills and the amount determined pursuant to subdivision a of subsection 4 of section 15.1-27-04.1 before adjustment under this section.

SECTION 13. AMENDMENT. Section 15.1-27-23 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-23. Weather or other emergency conditions - Closure of schools - State aid payments to school districts.

1. ~~The board of each school district shall include in the school calendar days that may be used for the rescheduling of instructional time lost as a result of severe weather or other emergency conditions.~~
2. ~~a. The number of days required under subsection 1 must equal the average number of days per school year, as calculated using the previous five school years, during which the school district remained closed or provided less than a full day of instruction because of severe weather or other emergency conditions.~~
~~b. The number of days determined under subdivision a may be included within the calendar no earlier than the month of January.~~
3. ~~If the number of days during which a public school or school district is closed or provides less than a full day of instruction exceeds the number of days determined under subdivision a of subsection 2, the public school or school district shall make every effort to reschedule the remaining classes, so that students receive at least the number of full instructional days required by section 15.1-06-04 or an equivalent period of instructional time, as determined by the superintendent of public instruction establish the length of a period, day, and week in accordance with the requirements of section 15.1-06-04. If a public school or school district is closed or provides less than a full day of instruction, the public school or school district shall reschedule those hours to ensure students receive at least the minimum number of instructional hours required by subdivision a of subsection 1 of section 15.1-06-04.~~

4.2. Any public school or school district for which the rescheduling of classes would create undue hardship may request that, for purposes of calculating state aid payments to the school district, the governor waive the rescheduling in whole or in part.

5. ~~The governor may not grant a waiver for less than a full day of instruction. However, if a public school or school district closes for only a portion of its regular schoolday, the hours during which the school or school district is closed may be added together to determine the number of additional full days of instruction that may be waived under this section.~~

SECTION 14. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. Average daily membership is calculated at the conclusion of the school year by adding the total number of days hours that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days hours that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
 - a. ~~The school district's calendar~~ Nine hundred sixty-two hours for elementary school students; or
 - b. ~~One hundred eighty two~~ One thousand fifty hours for middle and high school students.
2. ~~For purposes of calculating average daily membership, all students are deemed to be in attendance on:~~
 - a. ~~The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;~~
 - b. ~~The two~~ three ~~days set aside for professional development activities under section 15.1-06-04; and~~
 - e. ~~The two full days, or portions thereof, during which parent teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent teacher conferences held outside regular school hours.~~
3. For purposes of calculating average daily membership:
 - a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
 - c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program

may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 15. AMENDMENT. Section 15.1-29-02.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-02.1. Cross-border attendance - Contract with South Dakota.

1. A student who resides in a North Dakota school district contiguous to the South Dakota border may attend school in South Dakota, and a student who resides in a South Dakota school district contiguous to the North Dakota border may attend school in North Dakota, provided the superintendent of public instruction has entered into a contract with the secretary of the South Dakota department of education for the cross-border attendance of eligible students.
2. A contract entered under subsection 1 must set forth:
 - a. An application procedure;
 - b. Causes for denial of an application; and
 - c. The manner and notification of acceptance.
3. A contract entered under subsection 1 must authorize the superintendent of public instruction to count any South Dakota student participating in cross-border attendance under this section for the purposes of determining the amount of state aid to which a school district in this state is entitled. The superintendent of public instruction may not count a North Dakota student participating in cross-border attendance in accordance with the contract for purposes of determining the amount of state aid to which a school district in this state is entitled.
4. A contract entered under subsection 1 must provide that if there are more students from North Dakota than South Dakota participating in cross-border attendance under this section, the superintendent of public instruction shall forward to the secretary of the South Dakota department of education, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The contract must also provide that if there are more students from South Dakota than North Dakota participating in cross-border attendance under this section, the secretary shall forward to the superintendent, on behalf of each excess student, an amount annually agreed to by the superintendent and the secretary as reflecting the average cost of education per student in the school districts participating in cross-border attendance in accordance with the contract. The superintendent shall pay the cost of cross-border attendance from funds appropriated by the legislative assembly for state aid to schools. Payments received by the superintendent under this subsection shall be deposited in the general fund.
5. ~~The superintendent of public instruction shall annually reconcile the number of students from each school district in this state who participate in~~

~~cross border attendance under this section with the number of students from school districts in South Dakota who participate in cross border attendance under this section. The superintendent of public instruction shall withhold from each school district's state aid an amount equal to the cost incurred by the state on the part of the school district in permitting the cross border attendance of students under this section.~~

- ~~6.~~ A student who requires special education services may participate in cross-border attendance under this section, provided the contract entered under subsection 1 sets forth each school district's and each state's responsibilities for payment of any excess costs incurred as a result of providing the services to the student.
- ~~7.6.~~ Each school district may provide transportation to students participating in cross-border attendance under this section. However, the superintendent of public instruction may include only transportation provided within this state for purposes of determining the state transportation aid to which a district is entitled.
- ~~8.7.~~ Sections 15.1-29-01 through 15.1-29-13 do not apply to students participating in cross-border attendance under this section.

SECTION 16. AMENDMENT. Section 15.1-29-12 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-12. Tuition payments - Determination.

1. Except as provided in section 15.1-29-13, a school district sending a student to another district for purposes of education shall pay the full cost of education per student incurred by the admitting district.
2.
 - a. The admitting district shall determine the cost of education per student for its kindergarten, elementary, and high school students on the basis of its average daily membership and those expenditures permitted in determining the cost of education per student in section 15.1-27-03.
 - b. To the cost of education per student, the admitting district shall add the latest available statewide average per student cost for extracurricular activities and the state average capital outlay per student. The state average capital outlay per student is determined by dividing the total of all school districts' annual expenditures for sinking and interest funds, tax receipts to the building funds, and general fund expenditures for capital outlay by the average daily membership of the state.
 - c. The admitting district shall subtract the following from the amount arrived at under subdivision b:
 - (1) The per student payment multiplied by the admitting district's school size weighting factor; and
 - (2) Any credit for taxes paid to the admitting district by the student's parent.

- d. The amount remaining is the full cost of education per student incurred by the admitting district. The tuition amount payable for the individual student is the lesser of:
 - (1) The full cost of education per student incurred by the admitting district; or
 - (2) One hundred fifty percent of the state average full cost of education per student.
- e. Admitting school districts shall charge the tuition amount payable determined in subdivision d multiplied by two hundred percent or four thousand dollars, whichever is greater, if the admitting school district:
 - (1) Is located in an oil-producing county;
 - (2) Is eligible to receive gross production tax revenue in lieu of property taxes;
 - (3) Is located in cities with populations over twenty-four thousand;
 - (4) Has a tax base fewer than twenty square miles;
 - (5) Levies greater than sixty mills for local property taxes;
 - (6) Has student enrollments of greater than four thousand;
 - (7) Has average student growth of over two hundred per year over the preceding five years;
 - (8) Uses portable classrooms; and
 - (9) Has enrollment exceeding school facility capacity.
3. This section does not affect the right of a school board to charge and collect tuition from students who are not residents of this state, in accordance with section 15.1-29-02.

SECTION 17. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. School district levies.

1. ~~For taxable years after 2013, the~~The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent and the dollar amount of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. ~~For taxable years after 2013, the~~The board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

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3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.

SECTION 18. AMENDMENT. Subsection 1 of section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent ~~and the dollar amount of the adjustment required in section 15.1-27-04.3,~~ up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.

SECTION 19. REPEAL. Section 15.1-06-05 of the North Dakota Century Code is repealed."

Page 7, line 8, after the first boldfaced hyphen insert "**RAPID ENROLLMENT GRANT**"

Page 8, after line 2, insert:

"SECTION 21. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - FOUNDATION AID STABILIZATION FUND - MUSIC EDUCATION GRANTS. There is appropriated out of any moneys in the foundation aid stabilization fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing music education grants, for the biennium beginning July 1, 2019, and ending June 30, 2021. At the beginning of the biennium, each eligible school may receive a grant disbursement for kindergarten through grade five based on the average daily membership of the school. Upon request, the department of public instruction shall award an eligible school a music education grant. The department must report to the sixty-seventh legislative assembly regarding the grants awarded and outcomes, including the program's impact on student behavior and mental health. The funding provided in this section is considered a one-time funding item."

Page 8, line 5, replace "funding" with "matching funds"

Page 8, line 7, remove "as matching funds for AmeriCorps funding"

Page 8, line 10, replace "**LEGISLATIVE MANAGEMENT**" with "**EDUCATION FUNDING FORMULA** -"

Page 8, line 10, after the second boldfaced period insert "There is created an education funding formula review committee."

Page 8, line 11, replace "legislative management" with "education funding formula review committee"

Page 8, line 11, remove "consider studying minimum and maximum payments to schools"

Page 8, line 12, replace "districts included in the state school aid" with "study the kindergarten through grade twelve education funding"

Page 8, line 12, remove "how school districts could be"

Page 8, remove line 13

Page 8, line 14, replace "transitioning from the minimum and maximum payments" with "the components, adjustments, and weighting factors of the formula. The membership of the committee consists of the chairmen of the standing education committees of the house of representatives and the senate; three additional members of the senate, two of which must be appointed by the majority leader of the senate and one of which must be appointed by the minority leader of the senate; and three additional members of the house of representatives, two of which must be appointed by the majority leader of the house of representatives and one of which must be appointed by the minority leader of the house of representatives. Members appointed to the committee must have a secure knowledge of the current kindergarten through grade twelve funding formula"

Page 8, line 14, replace "legislative management" with "committee"

Page 8, after line 16 insert:

"SECTION 24. STUDY- EFFECT OF IMPACT AIDE ON THE FUNDING FORMULA. During the 2019-20 interim, the department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council, shall study the effect of impact aide on the funding formula to reservation schools. The department of public instruction, the Indian affairs commission, and the kindergarten through grade twelve coordinating council shall report their findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 25. ALTERNATIVE TEACHER CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE MANAGEMENT. The education standards and practices board shall provide the legislative management a status report during the 2019-20 interim and during the 2021-22 interim regarding the number of teacher permits issued under an alternative teacher certification program, the effectiveness of the program, the quality of instruction provided under the program, and whether the program is accomplishing desired objectives. The report must include a recommendation regarding continuation of the program."

Page 8, line 17, replace "1" with "8"

Page 8, line 17, replace "is" with "becomes"

Page 8, line 17, after "effective" insert "on"

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Page 8, line 17, after the period insert "Section 9 of this Act becomes effective on July 1, 2021. ~~Att #1~~
Section 17 of this Act is effective for taxable years beginning after December 31, 2018.
Section 18 of this Act is effective for taxable years beginning after December 31, 2024.
Section 11 of this Act becomes effective on July 1, 2025.

SECTION 27. EXPIRATION DATE. Section 12 of this Act is effective through June 30, 2025, and after that date is ineffective.

SECTION 28. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly