

**FIRST ENGROSSMENT
with House Amendments**Fifty-eighth
Legislative Assembly
of North Dakota**ENGROSSED SENATE BILL NO. 2421**

Introduced by

Education Committee

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact four new sections to chapter 15.1-07, a new section to
2 chapter 15.1-12, and a new section to chapter 15.1-27 of the North Dakota Century Code,
3 relating to school district plans, reorganizations, ending balances, and joint powers
4 agreements; to amend and reenact subsection 5 of section 15.1-09-36, section 15.1-21-02,
5 subsection 6 of section 15.1-27-01, sections 15.1-27-04, 15.1-27-05, 15.1-27-06, and
6 15.1-27-07, subsection 1 of section 15.1-27-10, section 15.1-27-11, subsection 4 of section
7 15.1-27-19, subsection 4 of section 15.1-27-21, sections 15.1-27-34, 15.1-27-37, 15.1-27-39,
8 and 15.1-29-01, subsection 4 of section 15.1-29-06, sections 15.1-29-13 and 15.1-29-14,
9 subsection 1 of section 15.1-30-01, section 15.1-30-05, subsection 2 of section 15.1-30-15, and
10 sections 15.1-31-05, 15.1-31-06, and 15.1-32-16 of the North Dakota Century Code, relating to
11 per student payments, weighting factors, transportation aid, teacher compensation, teacher
12 compensation reimbursement, and high school units; to repeal sections 15.1-27-26,
13 15.1-27-27, 15.1-27-28, 15.1-27-29, 15.1-27-30, and 15.1-27-31 of the North Dakota Century
14 Code, relating to state transportation aid payments; to provide for the distribution of
15 transportation grants; to provide for a legislative council study; to provide for data envelopment
16 analysis completion; to provide for No Child Left Behind Act of 2001 cost estimates; to provide
17 for teacher compensation efforts; to provide for contingent payments; to provide an
18 appropriation; and to provide an effective date.

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

20 **SECTION 1.** A new section to chapter 15.1-07 of the North Dakota Century Code is
21 created and enacted as follows:

22 **School district demographics - Long-term planning process.**

23 1. Between January first and June thirtieth of every even-numbered year, the board
24 of each school district shall invite the public to participate in a planning process

- 1 addressing the effects that demographics might have on the district in the ensuing
2 three-year and five-year periods, and specifically addressing potential effects on:
3 a. Academic and extracurricular programs;
4 b. Instructional and administrative staffing;
5 c. Facility needs and utilization; and
6 d. District tax levies.
7 2. At the conclusion of the planning process, the board shall prepare a report, publish
8 a notice in the official newspaper of the district indicating that the report is
9 available, and make the report available upon request.

10 **SECTION 2.** A new section to chapter 15.1-07 of the North Dakota Century Code is
11 created and enacted as follows:

12 **High school district - Change to elementary district - Prohibited.**

- 13 1. Beginning July 2, 2003, a high school district may not become an elementary
14 district.
15 2. Subsection 1 does not apply to school districts participating in cooperative
16 agreements approved by the superintendent of public instruction.

17 **SECTION 3.** A new section to chapter 15.1-07 of the North Dakota Century Code is
18 created and enacted as follows:

19 **Joint powers agreement - Approval by superintendent of public instruction -**

20 **Criteria.** If school districts participating in joint powers agreements under chapter 54-40.3 wish
21 to receive reimbursement for expenses, as provided in section 19 of this Act, the school
22 districts must request that the superintendent of public instruction approve their joint powers
23 agreement. In order for the superintendent of public instruction to approve a joint powers
24 agreement, the superintendent shall determine and annually verify that:

- 25 1. a. The participating school districts are contiguous; and
26 b. (1) The total land mass of the participating school districts exceeds four
27 thousand square miles [1035995 hectares];
28 (2) The total land mass of the participating school districts exceeds two
29 thousand five hundred square miles [647497 hectares] and the
30 participating school districts number at least six; or

- 1 (3) The total land mass of the participating school districts exceeds two
2 thousand five hundred square miles [1035995 hectares] and the total
3 number of students in average daily membership in the participating
4 school districts exceeds two thousand five hundred.
- 5 2. The joint powers agreement provides that a school district contiguous to any
6 school district already participating in the joint powers agreement may become a
7 participant in the agreement at any time.
- 8 3. The joint powers agreement requires that the participating school districts agree to
9 maintain a joint operating fund, agree to share administrative functions, or agree to
10 implement various common requirements; provided that:
- 11 a. If the participating school districts agree to establish a joint operating fund, the
12 joint powers agreement must require that during the first school year following
13 approval, the participating school districts shall establish a joint operating fund
14 equal to at least two percent of the participating districts' total expenditures for
15 the school year ending on the June thirtieth preceding the date of approval;
16 during the second school year following approval, the participating school
17 districts shall establish a joint operating fund equal to at least four percent of
18 the participating districts' total expenditures for the school year ending on the
19 June thirtieth preceding the date of approval; and during the fifth school year
20 following approval, the participating school districts shall establish a joint
21 operating fund equal to at least six percent of the participating districts' total
22 expenditures for the school year ending on the June thirtieth preceding the
23 date of approval;
- 24 b. If the participating school districts agree to share administrative functions, the
25 joint powers agreement must require that during the first school year following
26 approval, all of the participating districts shall share in the administration of at
27 least three services; during the third school year following approval, all of the
28 participating districts shall share in the administration of at least five services;
29 and during the fifth school year following approval, all of the participating
30 districts shall share in the administration of at least seven services; and that

1 the list from which the participating districts must select the services to be
2 shared consists of:

- 3 (1) Federal title program management;
- 4 (2) Staff development;
- 5 (3) Special education delivery;
- 6 (4) Curriculum development or delivery;
- 7 (5) Career and technical education delivery;
- 8 (6) Student instructional support;
- 9 (7) Media and technology;
- 10 (8) Business management;
- 11 (9) Distance learning;
- 12 (10) Student counseling;
- 13 (11) Food and nutrition;
- 14 (12) Facility safety and health;
- 15 (13) School accreditation and improvement; and
- 16 (14) Transportation; and

17 c. If the participating school districts agree to implement various common
18 requirements, the joint powers agreement must require that during the first
19 school year following approval, all of the participating districts shall implement
20 at least three requirements; during the third school year following approval, all
21 of the participating districts shall implement at least six requirements; and
22 during the fifth school year following approval, all of the participating districts
23 shall implement at least eight requirements; and that the list from which the
24 participating districts must select the requirements to be implemented
25 consists of:

- 26 (1) A common school calendar;
- 27 (2) A common class schedule;
- 28 (3) A common intranet communication system;
- 29 (4) A common class registration process for grades seven through twelve;
- 30 (5) A common curriculum for each grade level from kindergarten through
31 six;

- 1 (6) A common student data system;
- 2 (7) A common school improvement and staff development process;
- 3 (8) Common services, as set forth in a five-year plan;
- 4 (9) A school facilities plan; and
- 5 (10) Joint funding of dual credit and advance placement courses.
- 6 4. The joint powers agreement provides for the employment and compensation of a
- 7 chief administrator and other staff necessary to carry out the provisions of the
- 8 agreement and the requirements of this section and section 15.1-27-37.

9 **SECTION 4.** A new section to chapter 15.1-07 of the North Dakota Century Code is
10 created and enacted as follows:

11 **Ending fund balance - Amount.**

- 12 1. The board of a school district may carryover moneys to the ensuing fiscal year to
- 13 meet the cash requirements of all funds or purposes to which the credit of the
- 14 school district may be legally extended.
- 15 2. For taxable years beginning after December 31, 2003, and ending on
- 16 December 31, 2007, the amount carried over by a school district may not exceed
- 17 fifty percent of the current annual budget for all purposes other than debt
- 18 retirement and amounts financed from bond sources plus twenty thousand dollars.
- 19 3. For taxable years beginning after December 31, 2007, the amount carried over by
- 20 a school district may not exceed forty-five percent of the current annual budget for
- 21 all purposes other than debt retirement and amounts financed from bond sources
- 22 plus twenty thousand dollars.

23 **SECTION 5. AMENDMENT.** Subsection 5 of section 15.1-09-36 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 5. If a board charges fees not authorized by law and refuses to discontinue the
- 26 charges when directed to do so by the superintendent of public instruction, the
- 27 superintendent shall withhold the ~~per student and transportation~~ state aid
- 28 payments to which the district is entitled for each student charged an unauthorized
- 29 fee.

30 **SECTION 6.** A new section to chapter 15.1-12 of the North Dakota Century Code is
31 created and enacted as follows:

1 **State board of public school education - Approval of elementary districts**

2 **prohibited.** The state board of public school education may not approve any reorganization
3 plan that would result in the creation of an elementary district.

4 **SECTION 7. AMENDMENT.** Section 15.1-21-02 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-21-02. High schools - Required units.**

- 7 1. In order to be approved by the superintendent of public instruction, each public and
8 nonpublic high school shall make available to each student:
- 9 ~~4.~~ a. Four units of English- language arts;
- 10 ~~2.~~ b. ~~Three~~ Four units of mathematics-;
- 11 ~~3.~~ c. Four units of science-;
- 12 ~~4.~~ d. ~~Three~~ Four units of social studies, including one of world history and one of
13 United States history, ~~both of which must emphasize geography;~~
- 14 ~~5.~~ e. ~~One~~ One-half unit of health ~~and during each school year;~~
- 15 f. One-half unit of physical education- during each school year;
- 16 ~~6.~~ g. ~~One unit of~~ Two units of fine arts, at least one of which must be music-;
- 17 ~~7.~~ ~~Any six units selected from business education, economics and the free enterprise~~
18 ~~system, foreign language, American sign language, and vocational courses~~
19 ~~including family and consumer sciences, agriculture, business and office~~
20 ~~technology, marketing, diversified occupations, trade and industrial education,~~
21 ~~technology education, and health careers. The vocational courses may be offered~~
22 ~~through cooperative arrangements approved by the state board for vocational and~~
23 ~~technical education.~~
- 24 h. Two units of the same foreign language; and
- 25 i. Two units of vocational education.
- 26 2. Each unit which must be made available under subsection 1 must meet or exceed
27 the state content standards.
- 28 3. For purposes of this section, unless the context otherwise requires, "make
29 available" means that:

- 1 a. Each public high school and nonpublic high school shall allow students to
2 select units over the course of a high school career from a list that includes at
3 least all the units provided in subsection 1;
- 4 b. If a student selects a unit from the list required by subsection 1, the public
5 high school or the nonpublic high school shall provide the unit to the student;
6 and
- 7 c. The unit may be provided to the student through any delivery method not
8 contrary to state law and may include classroom or individual instruction and
9 distance learning options, including interactive video, computer instruction,
10 correspondence courses, and postsecondary enrollment under chapter
11 15.1-25.
- 12 4. The board of a school district may not impose any fees or charges upon a student
13 for the provision of or participation in units as provided in this section, other than
14 the fees permitted by section 15.1-09-36.
- 15 5. If in order to meet the minimum requirements of this section a school district
16 includes academic courses offered by a postsecondary institution under chapter
17 15.1-25, the school district shall:
- 18 a. Pay all costs of the student's attendance, except those fees that are
19 permissible under section 15.1-09-36; and
- 20 b. Transport the student to and from the location at which the course is offered
21 or provide mileage reimbursement to the student if transportation is provided
22 by the student or the student's family.
- 23 6. The requirements of this section do not apply to alternative high schools or
24 alternative high school education programs.

25 **SECTION 8. AMENDMENT.** Subsection 6 of section 15.1-27-01 of the North Dakota
26 Century Code is amended and reenacted as follows:

- 27 6. If funds appropriated for distribution to districts as ~~per student and transportation~~
28 state aid become available after April first, the superintendent of public instruction
29 shall distribute the newly available payments on or before June thirtieth.

30 **SECTION 9. AMENDMENT.** Section 15.1-27-04 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **15.1-27-04. Per student payment.** The per student payment to which each school
2 district is entitled for the first year of the biennium is two thousand ~~two~~ five hundred
3 ~~eighty-seven~~ nine dollars. The per student payment to which each school district is entitled for
4 the second year of the biennium is two thousand ~~three~~ six hundred ~~forty-seven~~ twenty-three
5 dollars. The per student amount is the basis for calculating state payments to school districts,
6 as provided in sections 15.1-27-06 and 15.1-27-07.

7 **SECTION 10. AMENDMENT.** Section 15.1-27-05 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-27-05. (Effective through June 30, 2004) School district equalization factor.**

10 To determine the amount of payments due a school district, the superintendent of public
11 instruction shall add the tuition apportionment payments, per student payments, special
12 education aid, ~~transportation aid~~, and teacher compensation payments for which a school
13 district is eligible and from that total subtract the following:

- 14 1. The product of ~~thirty-two~~ thirty-four mills times the ~~latest available net assessed~~
15 ~~and equalized~~ taxable valuation of property in the district; and
- 16 2. The amount by which the unobligated general fund balance of the district on the
17 preceding June thirtieth is in excess of seventy-five percent of its actual
18 expenditures plus twenty thousand dollars.

19 **(Effective after June 30, 2004) School district equalization factor.**

20 1. To determine the amount of payments due a school district, the superintendent of
21 public instruction shall add the tuition apportionment payments, per student
22 payments, special education aid, ~~transportation aid~~, and teacher compensation
23 payments for which a school district is eligible and from that total subtract the
24 following:

- 25 ~~4.~~ a. The product of ~~thirty-two~~ thirty-six mills times the ~~latest available net~~
26 ~~assessed and equalized~~ taxable valuation of property in the district; and
- 27 ~~2.~~ b. The amount by which the unobligated general fund balance of the district on
28 the preceding June thirtieth is in excess of fifty percent of its actual
29 expenditures, plus twenty thousand dollars; and
- 30 c. If the mills levied by the district for general fund purposes, plus the mills levied
31 for high school transportation and high school tuition purposes are fewer than

1 one hundred forty, the number of mills by which the district's levies are below
2 one hundred forty multiplied by the taxable valuation of property in the district.
3 2. Beginning July 1, 2006, and each year thereafter, the number of mills used by the
4 superintendent of public instruction in determining the product required by
5 subdivision a of subsection 1 must be increased by two over the number of mills
6 used in determining the product required by that subdivision the previous year.

7 **(Effective after June 30, 2008) School district equalization factor.**

8 1. To determine the amount of payments due a school district, the superintendent of
9 public instruction shall add the tuition apportionment payments, per student
10 payments, special education aid, ~~transportation aid~~, and teacher compensation
11 payments for which a school district is eligible and from that total subtract the
12 following:

13 4. a. The product of ~~thirty two mills~~ the number of mills prescribed in subsection 2
14 times the latest available net assessed and equalized taxable valuation of
15 property in the district;

16 2. b. The amount by which the unobligated general fund balance of the district on
17 the preceding June thirtieth is in excess of ~~fifty~~ forty-five percent of its actual
18 expenditures, plus twenty thousand dollars; and

19 c. If the mills levied by the district for general fund purposes, plus the mills levied
20 for high school transportation and high school tuition purposes are fewer than
21 one hundred forty, the number of mills by which the district's levies are below
22 one hundred forty multiplied by the taxable valuation of property in the district.

23 2. The number of mills used by the superintendent of public instruction in determining
24 the product required by subdivision a of subsection 1 must be increased by two
25 over the number of mills used in determining the product required by that
26 subdivision the previous year.

27 **SECTION 11. AMENDMENT.** Section 15.1-27-06 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **15.1-27-06. Per student payments - Weighting factors - High school students.**

30 The superintendent of public instruction shall make payments each year, as provided for in this
31 section, to each school district operating a high school and to each school district contracting to

1 educate high school students in a federal school, subject to adjustment as provided in section
2 15.1-27-21.

3 1. Each district having under seventy-five students in average daily membership in
4 grades nine through twelve is entitled to receive the amount of money that results
5 from multiplying the factor 1.625 adjusted by ~~seventy-five~~ eighty-five percent of the
6 difference between 1.625 and the factor representing the five-year average cost of
7 education per student for this category, as determined by the superintendent of
8 public instruction, by the number of students in grades nine through twelve who
9 are registered in that district, times the per student payment provided for in section
10 15.1-27-04. Beginning July 1, 2004, the factor is that which represents the
11 five-year average cost of education per student in this category, as determined by
12 the superintendent of public instruction.

13 2. Each district having at least seventy-five but fewer than one hundred fifty students
14 in average daily membership in grades nine through twelve is entitled to receive
15 the amount of money that results from multiplying the factor 1.335 adjusted by
16 ~~seventy-five~~ eighty-five percent of the difference between 1.335 and the factor
17 representing the five-year average cost of education per student for this category,
18 as determined by the superintendent of public instruction, by the number of
19 students in grades nine through twelve who are registered in that district, times the
20 per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,
21 the factor is that which represents the five-year average cost of education per
22 student in this category, as determined by the superintendent of public instruction.

23 3. Each district having at least one hundred fifty but fewer than five hundred fifty
24 students in average daily membership in grades nine through twelve is entitled to
25 receive the amount of money that results from multiplying the factor 1.24 adjusted
26 by ~~seventy-five~~ eighty-five percent of the difference between 1.24 and the factor
27 representing the five-year average cost of education per student for this category,
28 as determined by the superintendent of public instruction, by the number of
29 students in grades nine through twelve who are registered in that district, times the
30 per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,

- 1 the factor is that which represents the five-year average cost of education per
2 student in this category, as determined by the superintendent of public instruction.
- 3 4. Each district having at least five hundred fifty students in average daily
4 membership in grades nine through twelve is entitled to receive the amount of
5 money that results from multiplying the factor 1.14 adjusted by ~~seventy-five~~
6 eighty-five percent of the difference between 1.14 and the factor representing the
7 five-year average cost of education per student for this category, as determined by
8 the superintendent of public instruction, by the number of students in grades nine
9 through twelve who are registered in that district, times the per student payment
10 provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is that which
11 represents the five-year average cost of education per student in this category, as
12 determined by the superintendent of public instruction.
- 13 5. Each district having an approved alternative high school education program is
14 entitled to receive the amount of money that results from multiplying the factor in:
- 15 a. Subsection 1 by the number of students registered in the alternative
16 education program, times the per student payment provided for in section
17 15.1-27-04, if fewer than seventy-five students in average daily membership
18 are enrolled in the alternative education program.
- 19 b. Subsection 2 by the number of students registered in the alternative
20 education program, times the per student payment provided for in section
21 15.1-27-04, if at least seventy-five but fewer than one hundred fifty students in
22 average daily membership are enrolled in the alternative education program.
- 23 c. Subsection 3 by the number of students registered in the alternative
24 education program, times the per student payment provided for in section
25 15.1-27-04, if at least one hundred fifty but fewer than five hundred fifty
26 students in average daily membership are enrolled in the alternative
27 education program.
- 28 d. Subsection 4 by the number of students registered in the alternative
29 education program, times the per student payment provided for in section
30 15.1-27-04, if at least five hundred fifty students in average daily membership
31 are enrolled in the alternative education program.

- 1 6. In order to be eligible for enumeration under this section, a student:
2 a. Must have completed the work of the eighth grade;
3 b. Must not have completed the work of the twelfth grade; and
4 c. Must be a resident of this state or a nonresident attending a school in this
5 state under the auspices of a foreign student exchange program.

6 **SECTION 12. AMENDMENT.** Section 15.1-27-07 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-07. Per student payments - Weighting factors - Elementary school**

9 **students.** The superintendent of public instruction shall make payments each year, as
10 provided for in this section, to each school district operating an elementary school and to each
11 school district contracting to educate elementary students in a federal school, subject to
12 adjustment as provided in section 15.1-27-21.

- 13 1. a. Each district having only a one-room rural school is entitled to receive the
14 amount of money that results from multiplying the factor 1.28 adjusted by
15 ~~seventy five~~ eighty-five percent of the difference between 1.28 and the factor
16 representing the five-year average cost of education per student for this
17 category, as determined by the superintendent of public instruction, by the
18 number of students in average daily membership in grades one through eight
19 in that school, times the per student payment provided for in section
20 15.1-27-04. Beginning July 1, 2004, the factor is that which represents the
21 five-year average cost of education per student in this category, as
22 determined by the superintendent of public instruction. The payment level
23 provided for in this subdivision is applicable only to the first sixteen students.
24 b. If the one-room rural school has more than sixteen students in average daily
25 membership in grades one through eight, the district in which the school is
26 located is entitled to receive ninety percent of the per student payment
27 provided for in section 15.1-27-04 for each additional student. The district is
28 not entitled to any payment for more than twenty students in average daily
29 membership.
30 c. If a one-room rural school is located in a district having another elementary
31 school, the weighting factor for the students in grades one through six must

- 1 be based on the average daily membership in the district in grades one
2 through six, as provided in this section.
- 3 d. If a one-room rural school is located in a school district with another school
4 that has students in grade seven or eight, the weighting factor for the students
5 in grade seven or eight must be the same as that provided for in subsection 5.
- 6 2. Except as provided in subsection 1, each school district having fewer than one
7 hundred students in average daily membership in grades one through six is
8 entitled to receive the amount of money that results from multiplying the factor 1.09
9 adjusted by ~~seventy-five~~ eighty-five percent of the difference between 1.09 and the
10 factor representing the five-year average cost of education per student for this
11 category, as determined by the superintendent of public instruction, by the number
12 of students in average daily membership in grades one through six in the district,
13 times the per student payment provided for in section 15.1-27-04. Beginning
14 July 1, 2004, the factor is that which represents the five-year average cost of
15 education per student in this category, as determined by the superintendent of
16 public instruction. The payment provided for in this subsection is applicable only to
17 the first twenty-five students in average daily membership per classroom or per
18 teacher.
- 19 3. Each school district having at least one hundred students but fewer than one
20 thousand students in average daily membership in grades one through six is
21 entitled to receive the amount of money that results from multiplying the factor .905
22 adjusted by ~~seventy-five~~ eighty-five percent of the difference between .905 and the
23 factor representing the five-year average cost of education per student for this
24 category, as determined by the superintendent of public instruction, by the number
25 of students in average daily membership in grades one through six in the district,
26 times the per student payment provided for in section 15.1-27-04. Beginning
27 July 1, 2004, the factor is that which represents the five-year average cost of
28 education per student in this category, as determined by the superintendent of
29 public instruction. The payment provided for in this subsection is applicable only to
30 the first thirty students in average daily membership per classroom or per teacher.

- 1 4. Each school district having at least one thousand students in average daily
2 membership in grades one through six is entitled to receive the amount of money
3 that results from multiplying the factor .95 adjusted by ~~seventy-five~~ eighty-five
4 percent of the difference between .95 and the factor representing the five-year
5 average cost of education per student for this category, as determined by the
6 superintendent of public instruction, by the number of students in average daily
7 membership in grades one through six in the district, times the per student
8 payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is
9 that which represents the five-year average cost of the education per student in
10 this category, as determined by the superintendent of public instruction. The
11 payment provided for in this subsection is applicable only to the first thirty students
12 in average daily membership per classroom or per teacher.
- 13 5. Each school district having students in grades seven and eight is entitled to
14 receive the amount of money that results from multiplying the factor 1.01 adjusted
15 by ~~seventy-five~~ eighty-five percent of the difference between 1.01 and the factor
16 representing the five-year average cost of education per student for this category,
17 as determined by the superintendent of public instruction, by the number of
18 students in average daily membership in grades seven and eight in the district,
19 times the per student payment provided for in section 15.1-27-04. Beginning
20 July 1, 2004, the factor is that which represents the five-year average cost of
21 education per student in this category, as determined by the superintendent of
22 public instruction. The payment provided for in this subsection is applicable only to
23 the first thirty students in average daily membership per classroom or per teacher.
24 The payments provided for in this subsection are not available for students who
25 attend a one-room rural school if that school is the only one in the district that
26 offers educational services to students in grades seven and eight.
- 27 6. Each school district having a special education program approved by the director
28 of special education is entitled to receive, for each student who is enrolled in the
29 program and who is at least three years of age but less than the compulsory age
30 for school attendance, the amount of money that results from multiplying the factor
31 1.01 adjusted by ~~seventy-five~~ eighty-five percent of the difference between 1.01

1 and the factor representing the five-year average cost of education per student for
2 this category, as determined by the superintendent of public instruction, by the
3 number of special education students in average daily membership in the program
4 who are at least three years of age but less than the compulsory age for school
5 attendance, times the per student payment provided for in section 15.1-27-04.
6 Beginning July 1, 2004, the factor is that which represents the five-year average
7 cost of education per student in this category, as determined by the superintendent
8 of public instruction.

9 7. a. Each school district operating a kindergarten as provided for in section
10 15.1-22-02 is entitled to receive the amount of money that results from
11 multiplying the factor .50 adjusted by ~~seventy-five~~ eighty-five percent of the
12 difference between .50 and the factor representing the five-year average cost
13 of education per student for this category, as determined by the
14 superintendent of public instruction, by the number of kindergarten students in
15 average daily membership in the district, times the per student payment
16 provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is that
17 which represents the five-year average cost of education per student in this
18 category, as determined by the superintendent of public instruction. The
19 payment provided for in this subsection is applicable only to the first
20 twenty-five students in average daily membership per classroom or per
21 teacher.

22 b. In order to receive the full per student payment available under this section, a
23 district must operate a kindergarten program that provides the equivalent of
24 ninety full days of classroom instruction during a twelve-month period. A
25 district is entitled to a prorated payment under this section if it operates a
26 kindergarten program of shorter duration.

27 8. Each school district that educates students who are also enrolled in nonpublic
28 schools is entitled to receive proportionate payments under this section.

29 9. Each school district is entitled to receive as much in total payments for elementary
30 students as it would have received if it had the highest number of students in the
31 next lower category.

- 1 10. A school district is not entitled to any payments provided for by this chapter unless
2 each teacher employed by the district:
- 3 a. Holds a teaching license issued by the education standards and practices
4 board; or
- 5 b. Has been approved to teach by the education standards and practices board.

6 **SECTION 13. AMENDMENT.** Subsection 1 of section 15.1-27-10 of the North Dakota
7 Century Code is amended and reenacted as follows:

- 8 1. Except as provided in subsection 2, each biennium the superintendent of public
9 instruction shall distribute moneys appropriated by the legislative assembly for per
10 student special education payments to each school district in the state on the basis
11 of students in average daily membership. The superintendent of public instruction
12 shall forward the payments, as calculated under section 15.1-27-05, to eligible
13 school districts in the same manner and at the same time that the superintendent
14 distributes ~~per student and transportation~~ state aid payments. For purposes of this
15 section, "special education" means the provision of special services to students
16 who have special needs, including students who are gifted and talented.
17 Expenditures under this section may not conflict with nonsupplanting and
18 maintenance of effort provisions under the Individuals With Disabilities Education
19 Act, 20 United States Code 1400 et seq.

20 **SECTION 14. AMENDMENT.** Section 15.1-27-11 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **15.1-27-11. High school districts - Supplemental payments.**

- 23 1. The superintendent of public instruction shall calculate the average valuation of
24 property per student by dividing the number of students in average daily
25 membership in grades one through twelve in a high school district into the sum of:
- 26 a. The district's latest available net assessed and equalized taxable valuation of
27 property-; plus
- 28 b. All tuition payments and county and unrestricted federal revenue received by
29 the district, divided by the total of the district's general fund levy, high school
30 transportation levy, and high school tuition levy.

- 1 2. If the quotient is less than the latest available statewide average taxable valuation
2 per student and if the district's educational expenditure per student is below the
3 most recent available statewide average cost of education per student, the
4 superintendent of public instruction shall:
- 5 4. a. Determine the difference between the latest available statewide average
6 taxable valuation per student and the average taxable valuation per student in
7 the high school district;
- 8 2. b. Multiply the result determined under ~~subsection 4~~ subdivision a by the
9 number of students in average daily membership in grades one through
10 twelve in the high school district;
- 11 3. c. Multiply the result determined under ~~subsection 2~~ subdivision b by the
12 number of general fund mills levied by the district in excess of one hundred
13 fifty, provided that any mills levied by the district which are in excess of two
14 hundred ten may not be used in this calculation; and
- 15 4. d. Multiply the result determined under ~~subsection 3~~ by thirty percent
16 subdivision c by a factor calculated by the superintendent of public instruction
17 to result in the expenditure, over the course of the biennium, of the full
18 amount provided for the purpose of this section.
- 19 e. The result is the supplemental payment to which a high school district is
20 entitled, in addition to any other amount provided under chapter 15.1-27.

21 **SECTION 15. AMENDMENT.** Subsection 4 of section 15.1-27-19 of the North Dakota
22 Century Code is amended and reenacted as follows:

- 23 4. Proportionate payments made under this section during a biennium for summer
24 school courses or programs may not exceed one and one-half percent of the total
25 amount appropriated by the legislative assembly for ~~per student and transportation~~
26 state aid payments during the biennium, or eight million dollars, whichever is less.
27 No more than seventy-five percent of the amount made available under this
28 subsection may be used to support summer school courses at the high school
29 level and no more than twenty-five percent of the amount made available under
30 this subsection may be used to support remedial summer school programs at the
31 elementary level.

1 **SECTION 16. AMENDMENT.** Subsection 4 of section 15.1-27-21 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 4. The superintendent of public instruction shall pay the amount due under this
4 section within the limits of legislative appropriations for ~~per student~~ state aid
5 payments ~~and transportation aid~~.

6 **SECTION 17. AMENDMENT.** Section 15.1-27-34 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-27-34. Transfer of funds prohibited - Youth correctional center.** The
9 superintendent of public instruction may not transfer any portion of the funds appropriated for
10 ~~per student state aid~~ payments ~~and transportation aid~~ to the youth correctional center to
11 support the provision of educational services by the youth correctional center.

12 **SECTION 18. AMENDMENT.** Section 15.1-27-37 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **15.1-27-37. Compensation of teachers - Claim for reimbursement - Rules.**

15 1. On or before October first of each year or within thirty days after the conclusion of
16 the negotiation process provided for in chapter 15.1-16, the board of a school
17 district may file a claim with the superintendent of public instruction for the
18 reimbursement of moneys to be expended by the district during the school year to
19 ~~increase the~~ at least maintain the level of compensation ~~of~~ provided to teachers
20 employed by the district during the 2002-03 school year.

21 2. The claim must include:

22 a. The number of full-time equivalent teachers employed by the district as of
23 September fifteenth;

24 b. The number of full-time equivalent teachers ~~who will receive an increase in~~
25 ~~compensation over the amount paid during the previous~~ whose level of
26 compensation will be at least equal to that provided during the 2002-03
27 school year; and

28 c. The total amount of ~~the increase in~~ any compensation increases provided to
29 full-time equivalent teachers over the level of compensation provided during
30 the 2002-03 school year.

1 **Approved joint powers agreement - Reimbursement by superintendent of public**
2 **instruction.**

- 3 1. The individual employed as a chief administrator for the purpose of carrying out the
4 provisions of a joint powers agreement and any requirements under section 3 of
5 this Act shall submit to the superintendent of public instruction, at the time and in
6 the manner designated by the superintendent, receipts for expenses incurred
7 during a school year in delivering services and programs under section 3 of this
8 Act.
- 9 2. The superintendent of public instruction, upon verifying the receipts, shall
10 reimburse the chief administrator of the joint powers agreement for any expenses
11 incurred in delivering services and programs under the auspices of the joint
12 powers agreement as provided in section 3 of this Act. The reimbursement may
13 not exceed the lesser of:
- 14 a. The total expenses incurred in delivering services and programs under
15 section 3 of this Act; or
- 16 b. Fifty thousand dollars.
- 17 3. The chief administrator shall deposit any moneys received under subsection 2 in
18 the participating districts' joint operating fund.
- 19 4. The superintendent of public instruction may not provide any reimbursement to a
20 chief administrator under this section unless the joint powers agreement under
21 which the services and programs are delivered has been approved by the
22 superintendent.

23 **SECTION 20. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15.1-27-39. Annual salary - Minimum amount.**

- 26 1. Beginning with the ~~2001-02~~ 2003-04 school year, the board of each school district
27 shall provide to each full-time teacher, under contract for a period of nine months,
28 a minimum salary level of salary for the contract period equal to at least ~~eighteen~~
29 twenty-one thousand five hundred dollars.
- 30 2. Beginning with the ~~2002-03~~ 2004-05 school year, the board of each school district
31 shall provide to each full-time teacher, under contract for a period of nine months,

1 a ~~base~~ minimum salary level for the contract period equal to at least ~~twenty~~
2 twenty-one thousand five hundred dollars.

3 **SECTION 21. AMENDMENT.** Section 15.1-29-01 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15.1-29-01. Education of students in bordering states - Payment of tuition.**

- 6 1. Students may attend a school in a bordering state in accordance with section
7 15.1-29-02 under the following circumstances:
- 8 a. A student who lives within forty miles [64.37 kilometers] of another state or in
9 a county bordering on another state may, with the approval of the school
10 board, attend a public school in a bordering state.
 - 11 b. A student who has attended a school district in a bordering state since, and
12 including, the 1990-91 school year must be permitted to continue attending
13 school in the district in the bordering state.
 - 14 c. A student whose sibling attended an out-of-state school during or before the
15 1990-91 school year must be permitted to attend school in the district the
16 sibling attended in the bordering state.
- 17 2. If the school board of the district in which the student resides denies a request for
18 a student's attendance in and payment of tuition to another state, the student's
19 parent may appeal the decision to the three-member committee referenced in
20 section 15.1-29-06.
- 21 a. If the three-member committee determines that the student meets the terms
22 of subdivision b or c of subsection 1, the student may attend school in the
23 bordering state and the board of the student's school district of residence
24 shall pay the tuition.
 - 25 b. If the three-member committee determines the student falls within the terms
26 of subdivision a of subsection 1, then the three-member committee shall
27 make its decision using the criteria specified in section 15.1-29-06.
 - 28 c. Notwithstanding the provisions of this section, if a student's school district of
29 residence does not provide for the education of kindergarten students, the
30 district may not pay tuition for a kindergarten student to attend school in a
31 bordering state.

- 1 d. Any decision by the three-member committee regarding the payment of tuition
2 for high school, elementary, or kindergarten students may be appealed by the
3 school board or by the student's parent to the state board of public school
4 education. A decision by the state board is final.
- 5 3. a. The superintendent of public instruction shall forward all ~~per student and~~
6 ~~transportation~~ state aid payments for a student attending an out-of-state
7 school to the student's school district of residence.
- 8 b. The student's district of residence may reduce any tuition payment it must
9 make to an out-of-state school by an amount commensurate with the tuition
10 costs the district would be entitled to receive as compensation for a student
11 from the out-of-state district enrolled in its school.
- 12 e. ~~Transportation payments for a student attending school in a bordering state~~
13 ~~must be determined as provided in section 15.1-27-27.~~
- 14 4. Nothing in this section requires that a school district of residence provide student
15 transportation or payments in lieu of transportation for students attending
16 out-of-state schools.

17 **SECTION 22. AMENDMENT.** Subsection 4 of section 15.1-29-06 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 4. A school district of residence may provide transportation to a student for whom
20 tuition is paid under this section. If a school district of residence does not provide
21 transportation to the student, it may be provided by the admitting district ~~and the~~
22 ~~admitting district is then entitled to state payments for the transportation of the~~
23 ~~student.~~

24 **SECTION 23. AMENDMENT.** Section 15.1-29-13 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **15.1-29-13. Tuition payments - Nonresident students.**

- 27 1. a. Except as provided in this subsection, the board of a school district that
28 admits a nonresident student shall charge and collect tuition for the student.
29 Either the student's district of residence shall pay the tuition to the admitting
30 district in accordance with section 15.1-29-12 or the student's parent shall pay
31 the tuition to the admitting district in accordance with section 15.1-29-07.

- 1 b. A board may charge tuition for nonresident students enrolled in an approved
2 alternative education program.
- 3 c. Except as otherwise provided, if a school district fails to charge and collect
4 tuition for a nonresident student, the districts shall forfeit any ~~per student~~
5 ~~payment and transportation~~ state aid otherwise payable for the nonresident
6 student.
- 7 2. a. The board of a school district may admit a nonresident student from another
8 district in this state offering the same grade level as that in which the student
9 is enrolled without a charge and collection of tuition if the sending and
10 admitting districts have entered into a written contract regarding the student's
11 admission.
- 12 b. For purposes of determining whether the same grade level is offered, two or
13 more school districts cooperating with each other for the joint provision of
14 educational services under a plan approved by the superintendent of public
15 instruction must be considered to be a single district.
- 16 c. The contract must specify whether transportation is to be provided and, if so,
17 by which district. If a school district of residence does not provide
18 transportation to the student, it may be provided by the admitting district and
19 the admitting district is then entitled to state payments for the transportation of
20 the student.
- 21 d. A contract is not necessary if the nonresident student is enrolled in an
22 approved alternative education program for which no tuition is charged.
- 23 e. A school district may admit a nonresident student described in section
24 15.1-31-07 from another school district in this state without a charge and
25 collection of tuition and without a written agreement.
- 26 3. A school district may not charge or collect from a nonresident student, the
27 student's parent, or the student's district of residence any fees or charges not
28 otherwise assessed to all resident students.

29 **SECTION 24. AMENDMENT.** Section 15.1-29-14 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **15.1-29-14. Student placement for noneducational purposes - Residency**
2 **determination - Payment of tuition.**

- 3 1. For purposes of applying this chapter, a student's school district of residence is the
4 district in which the student resides:
- 5 a. At the time that a state court, tribal court, juvenile supervisor, or the division of
6 juvenile services issues an order requiring the student to stay for a prescribed
7 period at a state-licensed foster home or at a state-licensed child care home
8 or facility;
- 9 b. At the time a county or state social service agency places the student, with
10 the consent of the student's parent or legal guardian, at a state-licensed foster
11 home or at a state-licensed child care home or facility;
- 12 c. At the time the student is initially placed in a state-operated institution, even if
13 the student is later placed at a state-licensed foster home or at a
14 state-licensed child care home or facility; or
- 15 d. At the time the student is voluntarily admitted to a state-operated institution or
16 to a state-licensed child care home or facility.
- 17 2. The student's school district of residence is obligated to pay:
- 18 a. All charges for tuition upon claim of the admitting district; and
- 19 b. All charges for tutoring services upon claim of an admitting facility, provided
20 that the tutoring services are delivered by an individual who is licensed to
21 teach by the education standards and practices board or approved to teach
22 by the education standards and practices board.
- 23 3. a. If, after a student placement is made as provided for under subsection 1, the
24 student's custodial parent establishes residency in another school district in
25 this state, the school district in which the custodial parent has established
26 residency becomes the student's school district of residence for purposes of
27 paying tuition and tutoring charges under subsection 2.
- 28 b. The state shall pay the tuition and tutoring charges under subsection 2 from
29 funds appropriated by the legislative assembly for ~~per student and~~
30 ~~transportation~~ state aid to schools:

- 1 (1) If, after a student placement is made as provided for under
2 subsection 1, the student's custodial parent establishes residency
3 outside this state; or
4 (2) If a court orders a termination of parental rights with respect to the
5 student's parents.
- 6 4. If the student is voluntarily admitted to a state-licensed child care home or facility,
7 or to a state-operated institution, the student's parent or, if one has been
8 appointed, the student's legal guardian may appeal a determination under section
9 15.1-29-05 regarding the payment of tuition by filing a petition with the county
10 superintendent of schools. Within fifteen days of receiving the petition, the
11 three-member committee established under section 15.1-29-06 shall consult with
12 the boards of the affected school districts and with the student's parent or legal
13 guardian and render a decision regarding responsibility for the payment of tuition
14 charges.
- 15 5. If the student's district of residence does not pay the required tuition, the admitting
16 district or facility shall notify the superintendent of public instruction. Upon
17 verification that tuition payments are due and unpaid, the superintendent shall
18 withhold an amount equal to the unpaid tuition from ~~per student payments and~~
19 ~~transportation~~ state aid otherwise payable to the student's school district of
20 residence until the tuition due has been fully paid.
- 21 6. An amount equal to the state average per student elementary or high school cost,
22 depending on the student's grade of enrollment, is payable to the admitting district
23 or facility as part of the cost of educating the student for the school year. The
24 payment may not exceed the actual per student cost incurred by the admitting
25 district or facility. The remainder of the actual cost of educating the student not
26 covered by other payments or credits must be paid by the state, within the limits of
27 legislative appropriations, from funds appropriated for special education in the
28 case of a student with disabilities or from ~~funds appropriated for per student~~ state
29 aid payments and transportation aid to schools in all other cases.
- 30 7. If a student with disabilities placed in accordance with this section reaches age
31 eighteen and continues to receive special education and related services, the

1 student's school district of residence is deemed to be the same as that of the
2 student's custodial parent until the special education services are concluded. If the
3 student's custodial parent establishes residency outside this state, or if a court
4 orders a termination of parental rights with respect to the student's parents, the
5 state shall pay the tuition and tutoring charges under subsection 2 from funds
6 appropriated by the legislative assembly for ~~per student and transportation~~ state
7 aid to schools.

8 8. a. The placing agency shall provide written notice regarding an initial placement
9 and all subsequent placements of a student, by registered mail, to the
10 superintendent of the student's school district of residence and to the
11 superintendent of the admitting district:

12 (1) Within five working days after a placement is made under court order;

13 (2) Within five working days after an emergency placement is made; or

14 (3) At least ten working days prior to any other placement.

15 b. The written notice must include any information requested by the
16 superintendent of public instruction for purposes of determining payment
17 responsibility.

18 c. The placing agency shall afford the student's school district of residence
19 reasonable opportunity to participate in permanency planning for the student.

20 9. Notwithstanding this section, educational services provided to a student by the
21 youth correctional center are not subject to the payment of tuition by either the
22 student's school district of residence or the superintendent of public instruction.

23 10. For purposes of this section, "custodial parent" means the parent who has been
24 awarded sole legal and physical custody of the student in a legal proceeding or, if
25 there is currently no operative custody order, the parent with whom the student
26 resides. If the student resides with both parents, then both are custodial parents.

27 **SECTION 25. AMENDMENT.** Subsection 1 of section 15.1-30-01 of the North Dakota
28 Century Code is amended and reenacted as follows:

29 1. The board of a school district may:

30 a. Provide for the transportation of a student to and from school; or

- 1 b. If acceptable to the student's parent, reimburse the parent for expenses
2 incurred in providing meals and lodging to the student outside the student's
3 home, ~~provided that the reimbursement may not exceed the amount~~
4 ~~permitted under subsection 4 of section 15.1-27-27.~~

5 **SECTION 26. AMENDMENT.** Section 15.1-30-05 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15.1-30-05. Schoolbus transportation services - Optional fee.** The board of a
8 school district that has not been reorganized may charge a fee for the provision of schoolbus
9 transportation service to students. ~~If the service began before July 1, 1981, the total fees~~
10 ~~charged may not exceed an amount equal to the difference between the state transportation~~
11 ~~payment and the lesser of the state average cost for transportation or the district's cost during~~
12 ~~the preceding school year. If the service started on or after July 1, 1981, the total fees charged~~
13 ~~may not exceed an amount equal to the difference between the state transportation payment~~
14 ~~and the school district's cost of transportation during the preceding school year. A district that~~
15 ~~has not previously provided transportation to students shall base its fees on estimated costs~~
16 ~~during the first year transportation is provided.~~

17 **SECTION 27. AMENDMENT.** Subsection 2 of section 15.1-30-15 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 2. a. The board of a school district that provides transportation to its students may
20 contract with other local, state, or federal government entities for the joint
21 provision and integration of transportation services to the public.
22 b. A contract under this section must provide for the observation of all safety
23 requirements otherwise imposed by law on schoolbuses, on school vehicles,
24 and on schoolbus drivers when students are being transported.
25 ~~e. Transportation services to students provided pursuant to this subsection~~
26 ~~qualify for state transportation aid under chapter 15.1-27. However, no~~
27 ~~payments may be made from state funds for any costs incurred as a result of~~
28 ~~a deviation from established schoolbus routes necessitated by a contract~~
29 ~~pursuant to this subsection.~~

30 **SECTION 28. AMENDMENT.** Section 15.1-31-05 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **15.1-31-05. Open enrollment - Transportation.** A school district of residence may
2 provide transportation to a student participating in open enrollment. If a district of residence
3 does not provide transportation to a student participating in open enrollment, transportation
4 may be provided by the admitting district, ~~and the admitting district is then entitled to state~~
5 ~~payments for the transportation of that student.~~

6 **SECTION 29. AMENDMENT.** Section 15.1-31-06 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15.1-31-06. Open enrollment - School boards - Standards.**

- 9 1. The board of each school district shall set standards for the acceptance and denial
10 of applications for admittance under open enrollment as provided in section
11 15.1-31-01. The standards may address the capacity of a program, class, grade
12 level, or school building. The standards may not address previous academic
13 achievement, participation in extracurricular activities, disabilities, English
14 language proficiency, or previous disciplinary proceedings.
- 15 2. A board may also determine that applications for admittance under open
16 enrollment, in accordance with this chapter, will not be considered.
- 17 3. a. A school district participating in an open enrollment program may not give or
18 offer to give a student remuneration, or directly exert influence on the student
19 or the student's family, in order to encourage participation in the open
20 enrollment program.
- 21 b. For purposes of this subsection, directly exerting influence means providing
22 information about the school district to individuals who are not residents of
23 that district unless the information is requested.
- 24 c. If the members of the board of a school district believe that another school
25 district has violated this subsection, the board may file a complaint with the
26 superintendent of public instruction. Upon receipt of a complaint alleging a
27 violation of this subsection, the superintendent of public instruction shall hold
28 a hearing and accept testimony and evidence regarding the complaint. If the
29 superintendent finds that a school district has violated this subsection, the
30 superintendent may withhold some or all of the ~~transportation~~ state aid
31 payments to which the district would be otherwise entitled for a period of one

1 year from the date of the finding. A decision by the superintendent under this
2 subsection is appealable to the state board of public school education. A
3 decision by the state board of public school education is final.

4 **SECTION 30. AMENDMENT.** Section 15.1-32-16 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-32-16. Transportation services - State reimbursement.** If a student's
7 individualized education program or services plan requires the provision of transportation
8 services, the student's school district of residence shall provide the services by any reasonably
9 prudent means, including a regularly scheduled schoolbus, public transit, commercial
10 transportation, chartered or other contracted transportation, and transportation provided by the
11 student's parent or other responsible party. ~~The school district is entitled to state~~
12 ~~reimbursement for the provision of transportation services to the student. If transportation is~~
13 ~~provided by a student's parent, the superintendent may reimburse the school district only for~~
14 ~~mileage costs.~~

15 **SECTION 31. TRANSPORTATION GRANTS - DISTRIBUTION.**

- 16 1. The superintendent of public instruction shall distribute from the grants - state
17 school aid line item in Senate Bill No. 2013, as approved by the fifty-eighth
18 legislative assembly, to each school district in the state an amount equal to the
19 state transportation aid payments received by the school district during the
20 2001-03 biennium.
- 21 2. If two or more school districts reorganize into a single district on or after July 1,
22 2003, the superintendent of public instruction shall forward to the newly
23 reorganized district an amount equal to the transportation payments received by
24 each of the districts participating in the reorganization during the 2001-03
25 biennium.
- 26 3. If a school district that received transportation payments during the 2001-03
27 biennium dissolves on or after July 1, 2003, the superintendent of public instruction
28 shall forward a percentage of the amount equal to that which the dissolved district
29 received for transportation aid payments during the 2001-03 biennium to each
30 school district that enrolls students who attended the dissolved school district
31 during its final year of operation. Each school district eligible for payment under

1 this subsection is entitled to receive that percentage of the total amount payable
2 which is the same as the percentage that the number of district's students who
3 attended the dissolved school district during its final year of operation bears to the
4 total number of students who attended the dissolved school district during its final
5 year of operation.

6 4. During each year of the 2003-05 biennium, the superintendent of public instruction
7 shall distribute one-half of the payments required by this section to school districts
8 at the same time and in the same manner as required for state aid payments under
9 section 15.1-27-01.

10 **SECTION 32. LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider
11 studying the manner in which elementary and secondary education is funded in this state and
12 the feasibility and desirability of instituting alternative funding methods, including consideration
13 of the amount of local contribution on a per resident basis. If the legislative council conducts
14 this study, the legislative council shall report its findings and recommendations, together with
15 any legislation required to implement the recommendations, to the fifty-ninth legislative
16 assembly.

17 **SECTION 33. NO CHILD LEFT BEHIND - COST ESTIMATE.** The superintendent of
18 public instruction shall confer with the United States secretary of education, the education
19 commission of the states, and other public and nonpublic entities to determine the estimated
20 costs that are likely to be incurred by this state during the ensuing eight years in order to meet
21 the requirements of the No Child Left Behind Act of 2001. The superintendent of public
22 instruction shall provide the information obtained to an interim committee designated by the
23 legislative council.

24 **SECTION 34. DATA ENVELOPMENT ANALYSIS - COMPLETION DATE - REPORT.**
25 The superintendent of public instruction shall complete the data envelopment analysis project,
26 as set forth in Senate Bill No. 2032, as approved by the fifty-eighth legislative assembly, on or
27 before September 1, 2004, and shall report any findings and conclusions to a committee
28 designated by the legislative council, as soon after that date as practicable.

29 **SECTION 35. SUPPLEMENTAL PAYMENTS - DISTRIBUTION.** The superintendent
30 of public instruction shall distribute from the grants - state school aid line item in Senate Bill
31 No. 2013, as approved by the fifty-eighth legislative assembly, an amount for supplemental

1 payments under section 15.1-27-11 equal to the amount that payments to school districts have
2 been reduced as a result of the application of subdivision c of subsection 1 of section
3 15.1-27-05, as it is in effect after June 30, 2004.

4 **SECTION 36. DISTRIBUTION OF DIFFERENCE IN PAYMENTS - HOLD HARMLESS**
5 **PAYMENTS.**

- 6 1. If funds appropriated by the legislative assembly to the grants - teacher
7 compensation line item in Senate Bill No. 2013, as approved by the fifty-eighth
8 legislative assembly, remain after completion of all statutory obligations, to the
9 extent of legislative appropriations, the superintendent of public instruction shall:
- 10 a. Calculate the payment to which a school district is entitled during the 2003-05
11 biennium under this Act; and
- 12 b. Calculate the payment to which a school district would have been entitled
13 during the 2003-05 biennium under this Act if the per student payments
14 established in section 15.1-27-04 had included the total amount appropriated
15 to the grants - teacher compensation payments line item in Senate Bill
16 No. 2013, as approved by the fifty-eighth legislative assembly, and further
17 provided that no requirements for teacher compensation were placed on
18 school districts by section 15.1-27-37.
- 19 2. If the amount to which a school district is entitled during the biennium under this
20 Act is less than the amount to which a school district would have been entitled
21 under the parameters of subdivision b of subsection 1, the superintendent of public
22 instruction shall forward the difference between the amounts to the school district
23 on or before June 30, 2005. If insufficient moneys exist to fully meet the
24 requirements of this subsection, the superintendent of public instruction shall
25 prorate the payments according to that percentage of the amount available to
26 which a school district is entitled.
- 27 3. If any moneys remain after the superintendent of public instruction completes the
28 requirements of subsections 1 and 2, the superintendent of public instruction shall
29 use the remaining moneys to provide additional per student payments on a
30 prorated basis, according to the average daily membership of each school district
31 during the 2004-05 school year.

1 **SECTION 37. CONTINGENT PAYMENTS - DISTRIBUTION.** If any moneys
2 appropriated for per student payments and transportation payments in the grants - state school
3 aid line item in Senate Bill No. 2013 remain after payment of all statutory obligations for per
4 student and transportation payments during the biennium beginning July 1, 2003, and ending
5 June 30, 2005, the superintendent of public instruction shall distribute the remaining moneys as
6 follows:

- 7 1. The superintendent of public instruction shall use the first \$250,000, or so much of
8 that amount as is necessary, for the purpose of providing reimbursements to the
9 chief administrators of joint powers agreements pursuant to section 19 of this Act.
- 10 2. The superintendent of public instruction shall use the next \$1,000,000, or so much
11 of that amount as is necessary, for the purpose of providing reorganization
12 bonuses, pursuant to section 15.1-12-11.1, to school districts having
13 reorganizations effective after July 1, 2003, and before July 1, 2005. If insufficient
14 moneys exist to fully meet the requirements of this subsection, the superintendent
15 of public instruction shall prorate the payments according to that percentage of the
16 amount available to which a school district is entitled.
- 17 3. The superintendent of public instruction shall use the remainder of the moneys to
18 provide additional per student payments on a prorated basis, according to the
19 average daily membership of each school district during the 2004-05 school year.

20 **SECTION 38. TEACHER COMPENSATION.**

- 21 1. During the 2003-05 biennium, the board of each school district shall use an
22 amount equal to at least seventy percent of all new moneys received for per
23 student payments under section 15.1-27-04 and tuition apportionment payments
24 under section 15.1-28-03 for the purpose of increasing the compensation paid to
25 teachers and for the purpose of providing compensation to teachers who begin
26 employment with the district on or after July 1, 2003.
- 27 2. For purposes of this section, "new moneys" means any increase in the amount
28 received by a district for per student payments under section 15.1-27-04 and
29 tuition apportionment payments under section 15.1-28-03 between the 2001-03
30 biennium and the 2003-05 biennium.

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

15 **SECTION 39. APPROPRIATION - REORGANIZATION BONUSES.** There is
16 appropriated out of any moneys in the general fund in the state treasury, not otherwise
17 appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the
18 superintendent of public instruction for the purpose of providing a reorganization bonus to any
19 school district having a reorganization effective on July 1, 2003, pursuant to section
20 15.1-12-11.1, for the biennium beginning July 1, 2003, and ending June 30, 2005.

21 **SECTION 40. APPROPRIATION.** There is appropriated out of any moneys in the
22 general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so
23 much of the sum as may be necessary, to the superintendent of public instruction for the
24 purpose of providing supplemental payments to school districts under section 15.1-27-11, for
25 the biennium beginning July 1, 2003, and ending June 30, 2005.

26 **SECTION 41. REPEAL.** Sections 15.1-27-26, 15.1-27-27, 15.1-27-28, 15.1-27-29,
27 15.1-27-30, and 15.1-27-31 of the North Dakota Century Code are repealed.

28 **SECTION 42. EFFECTIVE DATE.** Sections 1 through 6 and sections 8 through 41 of
29 this Act become effective on July 1, 2003. Section 7 of this Act becomes effective on July 1,
30 2005.