

April 7, 2003

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2154

In lieu of the admendments adopted by the House as printed on pages 1200-1214 of the House Journal Engrossed Senate Bill No. 2154 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15.1-07 and a new section to chapter 15.1-12 of the North Dakota Century Code, relating to school district plans and changes and interim funds; to amend and reenact sections 15.1-16-02, 15.1-27-04, 15.1-27-06, 15.1-27-07, 15.1-27-37, and 15.1-27-39 of the North Dakota Century Code, relating to per student payments, weighting factors, teacher compensation, and teacher compensation reimbursement; to provide for a legislative council study; to provide for contingent payments; to provide an appropriation; and to provide an effective date.

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

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

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

1. Between January first and June thirtieth of every even-numbered year, the board of each school district shall invite the public to participate in a planning process addressing the effects that demographics might have on the district in the ensuing five-year and ten-year periods, and specifically addressing potential effects on:
  - a. Academic, athletic, and extracurricular programs;
  - b. Instructional and administrative staffing;
  - c. Facility needs and utilization; and
  - d. District tax levies.
2. At the conclusion of the planning process, the board shall prepare a report, publish a notice in the official newspaper of the district indicating that the report is available, and make the report available upon request.

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

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

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

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

**Interim fund.**

1. The board of a school district may include in its budget an item to be known as the "interim fund". The interim fund must be carried over to the ensuing fiscal year to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended for that portion of the fiscal year prior to the receipt of taxes.
2. The amount in the interim fund may not exceed the lesser of:
  - a. The amount reasonably required to finance the school district for the first nine months of the ensuing fiscal year; or
  - b. Fifty percent of the current annual appropriation for all purposes other than debt retirement and appropriations financed from bond sources plus twenty thousand dollars.

**SECTION 4.** A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

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

**SECTION 5. AMENDMENT.** Section 15.1-16-02 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-16-02. Education factfinding commission - Appointment - Terms - Quorum.**

1. The education factfinding commission consists of three members ~~experienced in educational activities~~, at least one of whom must be a teacher or a retired teacher and at least one of whom must have served as a member of a school board. One member is appointed by the governor, one member is appointed by the superintendent of public instruction, and one member is appointed by the attorney general. The member appointed by the superintendent of public instruction shall serve as the chairman of the commission.
2. The term of each commission member is three years staggered.
3. If a vacancy occurs, the individual who appointed the member to be succeeded shall appoint a new member to serve only the unexpired term of the member to be succeeded.
4. Two members of the commission constitute a quorum.

**SECTION 6. AMENDMENT.** Section 15.1-27-04 of the North Dakota Century Code is amended and reenacted as follows:

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

**SECTION 7. AMENDMENT.** Section 15.1-27-06 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-06. Per student payments - Weighting factors - High school students.** The superintendent of public instruction shall make payments each year, as provided for in this section, to each school district operating a high school and to each school district contracting to educate high school students in a federal school, subject to adjustment as provided in section 15.1-27-21.

1. Each district having under seventy-five students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor 1.625 adjusted by ~~seventy five~~ eighty percent of the difference between 1.625 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.625 adjusted by eighty-five percent of the difference between 1.625 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.
2. Each district having at least seventy-five but fewer than one hundred fifty students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor 1.335 adjusted by ~~seventy five~~ eighty percent of the difference between 1.335 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.335 adjusted by eighty-five percent of the difference between 1.335 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.
3. Each district having at least one hundred fifty but fewer than five hundred fifty students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor 1.24 adjusted by ~~seventy five~~ eighty percent of the difference between 1.24 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.24 adjusted by eighty-five percent of the difference between 1.24 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.
4. Each district having at least five hundred fifty students in average daily membership in grades nine through twelve is entitled to receive the amount of money that results from multiplying the factor 1.14 adjusted by ~~seventy five~~ eighty percent of the difference between 1.14 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in grades nine through twelve who are registered in that district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.14 adjusted by eighty-five percent of the difference between 1.14 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.

5. Each district having an approved alternative high school education program is entitled to receive the amount of money that results from multiplying the factor in:
  - a. Subsection 1 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if fewer than seventy-five students in average daily membership are enrolled in the alternative education program.
  - b. Subsection 2 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least seventy-five but fewer than one hundred fifty students in average daily membership are enrolled in the alternative education program.
  - c. Subsection 3 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least one hundred fifty but fewer than five hundred fifty students in average daily membership are enrolled in the alternative education program.
  - d. Subsection 4 by the number of students registered in the alternative education program, times the per student payment provided for in section 15.1-27-04, if at least five hundred fifty students in average daily membership are enrolled in the alternative education program.
6. In order to be eligible for enumeration under this section, a student:
  - a. Must have completed the work of the eighth grade;
  - b. Must not have completed the work of the twelfth grade; and
  - c. Must be a resident of this state or a nonresident attending a school in this state under the auspices of a foreign student exchange program.

**SECTION 8. AMENDMENT.** Section 15.1-27-07 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-07. Per student payments - Weighting factors - Elementary school students.** The superintendent of public instruction shall make payments each year, as provided for in this section, to each school district operating an elementary school and to each school district contracting to educate elementary students in a federal school, subject to adjustment as provided in section 15.1-27-21.

1. a. Each district having only a one-room rural school is entitled to receive the amount of money that results from multiplying the factor 1.28 adjusted by ~~seventy-five~~ eighty percent of the difference between 1.28 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades one through eight in that school, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.28 adjusted by eighty-five percent of the difference between 1.28 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction. The payment level provided for in this subdivision is applicable only to the first sixteen students.

- b. If the one-room rural school has more than sixteen students in average daily membership in grades one through eight, the district in which the school is located is entitled to receive ninety percent of the per student payment provided for in section 15.1-27-04 for each additional student. The district is not entitled to any payment for more than twenty students in average daily membership.
  - c. If a one-room rural school is located in a district having another elementary school, the weighting factor for the students in grades one through six must be based on the average daily membership in the district in grades one through six, as provided in this section.
  - d. If a one-room rural school is located in a school district with another school that has students in grade seven or eight, the weighting factor for the students in grade seven or eight must be the same as that provided for in subsection 5.
2. Except as provided in subsection 1, each school district having fewer than one hundred students in average daily membership in grades one through six is entitled to receive the amount of money that results from multiplying the factor 1.09 adjusted by ~~seventy-five~~ eighty percent of the difference between 1.09 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades one through six in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.09 adjusted by eighty-five percent of the difference between 1.09 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first twenty-five students in average daily membership per classroom or per teacher.
3. Each school district having at least one hundred students but fewer than one thousand students in average daily membership in grades one through six is entitled to receive the amount of money that results from multiplying the factor .905 adjusted by ~~seventy-five~~ eighty percent of the difference between .905 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades one through six in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is .905 adjusted by eighty-five percent of the difference between .905 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first thirty students in average daily membership per classroom or per teacher.
4. Each school district having at least one thousand students in average daily membership in grades one through six is entitled to receive the amount of money that results from multiplying the factor .95 adjusted by ~~seventy-five~~ eighty percent of the difference between .95 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades one through six in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is .95 adjusted by eighty-five percent of the difference between .95 and the factor that represents the five-year average cost of the education per student in this category, as determined

by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first thirty students in average daily membership per classroom or per teacher.

5. Each school district having students in grades seven and eight is entitled to receive the amount of money that results from multiplying the factor 1.01 adjusted by ~~seventy-five~~ eighty percent of the difference between 1.01 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of students in average daily membership in grades seven and eight in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.01 adjusted by eighty-five percent of the difference between 1.01 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first thirty students in average daily membership per classroom or per teacher. The payments provided for in this subsection are not available for students who attend a one-room rural school if that school is the only one in the district that offers educational services to students in grades seven and eight.
6. Each school district having a special education program approved by the director of special education is entitled to receive, for each student who is enrolled in the program and who is at least three years of age but less than the compulsory age for school attendance, the amount of money that results from multiplying the factor 1.01 adjusted by ~~seventy-five~~ eighty percent of the difference between 1.01 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of special education students in average daily membership in the program who are at least three years of age but less than the compulsory age for school attendance, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.01 adjusted by eighty-five percent of the difference between 1.01 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction.
7. a. Each school district operating a kindergarten as provided for in section 15.1-22-02 is entitled to receive the amount of money that results from multiplying the factor .50 adjusted by ~~seventy-five~~ eighty percent of the difference between .50 and the factor representing the five-year average cost of education per student for this category, as determined by the superintendent of public instruction, by the number of kindergarten students in average daily membership in the district, times the per student payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is .50 adjusted by eighty-five percent of the difference between .50 and the factor that represents the five-year average cost of education per student in this category, as determined by the superintendent of public instruction. The payment provided for in this subsection is applicable only to the first twenty-five students in average daily membership per classroom or per teacher.
  - b. In order to receive the full per student payment available under this section, a district must operate a kindergarten program that provides the equivalent of ninety full days of classroom instruction during a twelve-month period. A district is entitled to a prorated payment under this section if it operates a kindergarten program of shorter duration.

8. Each school district that educates students who are also enrolled in nonpublic schools is entitled to receive proportionate payments under this section.
9. Each school district is entitled to receive as much in total payments for elementary students as it would have received if it had the highest number of students in the next lower category.
10. A school district is not entitled to any payments provided for by this chapter unless each teacher employed by the district:
  - a. Holds a teaching license issued by the education standards and practices board; or
  - b. Has been approved to teach by the education standards and practices board.

**SECTION 9. AMENDMENT.** Section 15.1-27-37 of the North Dakota Century Code is amended and reenacted as follows:

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

1. On or before October first of each year or within thirty days after the conclusion of the negotiation process provided for in chapter 15.1-16, the board of a school district may file a claim with the superintendent of public instruction for the reimbursement of moneys to be expended by the district during the school year to ~~increase the~~ at least maintain the level of compensation of provided to teachers employed by the district during the 2002-03 school year.
2. The claim must include:
  - a. The number of full-time equivalent teachers employed by the district as of September fifteenth;
  - b. The number of full-time equivalent teachers ~~who will receive an increase in compensation over the amount paid during the previous~~ whose level of compensation will be at least equal to that provided during the 2002-03 school year; and
  - c. The total amount of ~~the increase in any compensation increases~~ provided to full-time equivalent teachers over the level of compensation provided during the 2002-03 school year.
3.
  - a. For the ~~2001-02~~ 2003-04 school year, the reimbursement provided for in this section may not exceed ~~one thousand dollars multiplied by the number of full-time equivalent teachers employed by the district as of September 15, 2001.~~
  - b. ~~Except as provided in subdivision c, for the 2002-03 school year, the reimbursement provided for in this section may not exceed three thousand dollars multiplied by the number of full-time equivalent teachers employed by the district as of September 15, 2002~~ 2003.
  - b. For the 2004-05 school year, the reimbursement provided for in this section may not exceed three thousand dollars multiplied by the number of full-time equivalent teachers employed by the district as of September 15, 2004.

- c. For the ~~2002-03~~ 2003-04 school year, the reimbursement under this section for each individual employed as of September 15, ~~2002~~ 2003, as a full-time equivalent teacher for the first school year since becoming licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board, may not exceed one thousand dollars.
  - d. For the 2003-04 school year, the reimbursement under this section for each individual employed as of September 15, 2004, as a full-time equivalent teacher for the first school year since becoming licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board, may not exceed one thousand dollars.
4. For purposes of this section, the claim of a district may include proportionate expenditures made by the district to compensate individuals employed as teachers by the special education unit or the area vocational and technology center to which the district belongs.
  5. The superintendent of public instruction may adopt rules regarding claims for and the payment of reimbursements under this section.

**SECTION 10. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-39. Annual salary - Minimum amount.** Beginning with the ~~2001-02~~ 2003-04 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a ~~base salary level of salary~~ base salary level for the contract period equal to at least ~~eighteen~~ twenty-one thousand ~~five hundred~~ dollars. Beginning with the ~~2002-03~~ 2004-05 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a base salary level for the contract period equal to at least ~~twenty~~ twenty-two thousand ~~five hundred~~ dollars.

**SECTION 11. LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider studying the manner in which elementary and secondary education is funded in this state and the feasibility and desirability of instituting alternative funding methods. If the legislative council conducts this study, the legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly.

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

**SECTION 13. CONTINGENT PAYMENTS - ADDITIONAL PER STUDENT PAYMENTS.** If the superintendent of public instruction determines that the amount appropriated for per student payments and transportation payments in the grants - state school aid line item in Senate Bill No. 2013 will exceed the total of all statutory obligations for per student and transportation payments during the biennium beginning July 1, 2003, and ending June 30, 2005, the superintendent shall distribute the remaining funds as additional per student payments on a prorated basis, according to average daily membership of each school district during the 2004-05 school year.

**SECTION 14. CONTINGENT PAYMENTS - TEACHER COMPENSATION REIMBURSEMENT PAYMENTS - ADDITIONAL PER STUDENT PAYMENTS.** If the



superintendent of public instruction determines that the amount appropriated for teacher compensation payments in the grants - teacher compensation payments line item in Senate Bill No. 2013 will exceed the total of all statutory obligations for teacher compensation reimbursement payments during the biennium beginning July 1, 2003, and ending June 30, 2005, the superintendent shall distribute the remaining funds as additional per student payments on a prorated basis, according to the average daily membership of each school district during the 2004-05 school year.

**SECTION 15. STATE AID PAYMENTS - INCREASE - TEACHER COMPENSATION.** Notwithstanding the provisions of any other law, if a school district receives more in state aid for per student payments and transportation payments during the 2003-05 biennium than the district received for per student payments and transportation payments during the 2001-03 biennium, the district must dedicate an amount equal to at least seventy percent of the increase for the exclusive purpose of teacher compensation increases.

**SECTION 16. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of providing supplemental payments to school districts under section 15.1-27-11, for the biennium beginning July 1, 2003, and ending June 30, 2005.

**SECTION 17. EFFECTIVE DATE.** Section 3 of this Act is effective for taxable years beginning after December 31, 2003."

Renumber accordingly