

HOUSE BILL NO. 1388

Introduced by

Representative Owens

Senator Schaible

1 A BILL for an Act to amend and reenact sections 15.1-27-03.2 and 15.1-27-04.1 of the North
2 Dakota Century Code, relating to adjustments to school district size weighting factors and the
3 education foundation aid funding formula transition maximum and payment rates.

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

5 **SECTION 1. AMENDMENT.** Section 15.1-27-03.2 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15.1-27-03.2. School district size weighting factor - Weighted student units.**

8 1. For each high school district in the state, the superintendent of public instruction shall
9 assign a baseline school district size weighting factor of:

- 10 a. 1.36 if the students in average daily membership number fewer than 110;
- 11 b. 1.35 if the students in average daily membership number at least 110 but fewer
12 than 125;
- 13 c. 1.34 if the students in average daily membership number at least 125 but fewer
14 than 130;
- 15 d. 1.33 if the students in average daily membership number at least 130 but fewer
16 than 135;
- 17 e. 1.32 if the students in average daily membership number at least 135 but fewer
18 than 140;
- 19 f. 1.31 if the students in average daily membership number at least 140 but fewer
20 than 145;
- 21 g. 1.30 if the students in average daily membership number at least 145 but fewer
22 than 150;
- 23 h. 1.29 if the students in average daily membership number at least 150 but fewer
24 than 155;

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- 1 i. 1.28 if the students in average daily membership number at least 155 but fewer
2 than 160;
- 3 j. 1.27 if the students in average daily membership number at least 160 but fewer
4 than 165;
- 5 k. 1.26 if the students in average daily membership number at least 165 but fewer
6 than 175;
- 7 l. 1.25 if the students in average daily membership number at least 175 but fewer
8 than 185;
- 9 m. 1.24 if the students in average daily membership number at least 185 but fewer
10 than 200;
- 11 n. 1.23 if the students in average daily membership number at least 200 but fewer
12 than 215;
- 13 o. 1.22 if the students in average daily membership number at least 215 but fewer
14 than 230;
- 15 p. 1.21 if the students in average daily membership number at least 230 but fewer
16 than 245;
- 17 q. 1.20 if the students in average daily membership number at least 245 but fewer
18 than 260;
- 19 r. 1.19 if the students in average daily membership number at least 260 but fewer
20 than 270;
- 21 s. 1.18 if the students in average daily membership number at least 270 but fewer
22 than 275;
- 23 t. 1.17 if the students in average daily membership number at least 275 but fewer
24 than 280;
- 25 u. 1.16 if the students in average daily membership number at least 280 but fewer
26 than 285;
- 27 v. 1.15 if the students in average daily membership number at least 285 but fewer
28 than 290;
- 29 w. 1.14 if the students in average daily membership number at least 290 but fewer
30 than 295;

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- 1 x. 1.13 if the students in average daily membership number at least 295 but fewer
2 than 300;
- 3 y. 1.12 if the students in average daily membership number at least 300 but fewer
4 than 305;
- 5 z. 1.11 if the students in average daily membership number at least 305 but fewer
6 than 310;
- 7 aa. 1.10 if the students in average daily membership number at least 310 but fewer
8 than 320;
- 9 bb. 1.09 if the students in average daily membership number at least 320 but fewer
10 than 335;
- 11 cc. 1.08 if the students in average daily membership number at least 335 but fewer
12 than 350;
- 13 dd. 1.07 if the students in average daily membership number at least 350 but fewer
14 than 360;
- 15 ee. 1.06 if the students in average daily membership number at least 360 but fewer
16 than 370;
- 17 ff. 1.05 if the students in average daily membership number at least 370 but fewer
18 than 380;
- 19 gg. 1.04 if the students in average daily membership number at least 380 but fewer
20 than 390;
- 21 hh. 1.03 if the students in average daily membership number at least 390 but fewer
22 than 400;
- 23 ii. 1.02 if the students in average daily membership number at least 400 but fewer
24 than 600;
- 25 jj. 1.01 if the students in average daily membership number at least 600 but fewer
26 than 900; and
- 27 kk. 1.00 if the students in average daily membership number at least 900.
- 28 2. ~~For each elementary district in the state~~Beginning with the 2021-22 school year and
29 each school year thereafter until the 2027-28 school year, the superintendent of public
30 instruction shall assign a school district size weighting factor determined by increasing
31 the baseline weighting factor under subsection 1 each year by fourteen and

1 twenty-nine hundredths percent of the difference between the weighting factor under
2 this subsection and the baseline weighting factor under subsection 1 for the same
3 school district size. For the 2027-28 school year and each school year thereafter, the
4 superintendent of public instruction shall assign a school district size weighting factor

5 of:

- 6 a. 4.251.72 if the students in average daily membership number fewer than 425110;
7 b. 4.171.68 if the students in average daily membership number at least 425110 but
8 fewer than 200125; and
9 c. 4.001.64 if the students in average daily membership number at least 200125 but
10 fewer than 130;
11 d. 1.60 if the students in average daily membership number at least 130 but fewer
12 than 135;
13 e. 1.56 if the students in average daily membership number at least 135 but fewer
14 than 140;
15 f. 1.52 if the students in average daily membership number at least 140 but fewer
16 than 145;
17 g. 1.49 if the students in average daily membership number at least 145 but fewer
18 than 150;
19 h. 1.45 if the students in average daily membership number at least 150 but fewer
20 than 155;
21 i. 1.42 if the students in average daily membership number at least 155 but fewer
22 than 160;
23 j. 1.39 if the students in average daily membership number at least 160 but fewer
24 than 165;
25 k. 1.36 if the students in average daily membership number at least 165 but fewer
26 than 175;
27 l. 1.33 if the students in average daily membership number at least 175 but fewer
28 than 185;
29 m. 1.30 if the students in average daily membership number at least 185 but fewer
30 than 200;

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- 1 n. 1.27 if the students in average daily membership number at least 200 but fewer
2 than 215;
- 3 o. 1.25 if the students in average daily membership number at least 215 but fewer
4 than 230;
- 5 p. 1.22 if the students in average daily membership number at least 230 but fewer
6 than 245;
- 7 q. 1.20 if the students in average daily membership number at least 245 but fewer
8 than 260;
- 9 r. 1.19 if the students in average daily membership number at least 260 but fewer
10 than 270;
- 11 s. 1.18 if the students in average daily membership number at least 270 but fewer
12 than 275;
- 13 t. 1.17 if the students in average daily membership number at least 275 but fewer
14 than 280;
- 15 u. 1.16 if the students in average daily membership number at least 280 but fewer
16 than 285;
- 17 v. 1.15 if the students in average daily membership number at least 285 but fewer
18 than 290;
- 19 w. 1.14 if the students in average daily membership number at least 290 but fewer
20 than 295;
- 21 x. 1.13 if the students in average daily membership number at least 295 but fewer
22 than 300;
- 23 y. 1.12 if the students in average daily membership number at least 300 but fewer
24 than 305;
- 25 z. 1.11 if the students in average daily membership number at least 305 but fewer
26 than 310;
- 27 aa. 1.10 if the students in average daily membership number at least 310 but fewer
28 than 320;
- 29 bb. 1.09 if the students in average daily membership number at least 320 but fewer
30 than 335;

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- 1 cc. 1.08 if the students in average daily membership number at least 335 but fewer
2 than 350;
- 3 dd. 1.07 if the students in average daily membership number at least 350 but fewer
4 than 360;
- 5 ee. 1.06 if the students in average daily membership number at least 360 but fewer
6 than 370;
- 7 ff. 1.05 if the students in average daily membership number at least 370 but fewer
8 than 380;
- 9 gg. 1.04 if the students in average daily membership number at least 380 but fewer
10 than 390;
- 11 hh. 1.03 if the students in average daily membership number at least 390 but fewer
12 than 400;
- 13 ii. 1.02 if the students in average daily membership number at least 400 but fewer
14 than 600;
- 15 jj. 1.01 if the students in average daily membership number at least 600 but fewer
16 than 900; and
- 17 kk. 1.00 if the students in average daily membership number at least 900.
- 18 3. The superintendent of public instruction shall impute an average daily membership for
19 each school district that does not include a high school and use the imputed average
20 daily membership to determine the school district size weighting factor under this
21 section. To determine the imputed average daily membership, the superintendent of
22 public instruction shall divide the school district's average daily membership by 0.60.
23 The superintendent of public instruction shall adjust the school district size weighting
24 factor for each school district that does not include a high school by multiplying the
25 school district size weighting factor determined under subsection 2 by ninety-two
26 percent.
- 27 4. The school district size weighting factor determined under this section and multiplied
28 by a school district's weighted average daily membership equals the district's weighted
29 student units.
- 30 4-5. Notwithstanding the provisions of this section, the school district size weighting factor
31 assigned to a district may not be less than the factor arrived at when the highest

1 number of students possible in average daily membership is multiplied by the school
2 district size weighting factor for the subdivision immediately preceding the district's
3 actual subdivision and then divided by the district's average daily membership.

4 **SECTION 2. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
7 **through June 30, 2025)**

8 1. To determine the amount of state aid payable to each district, the superintendent of
9 public instruction shall establish each district's baseline funding. A district's baseline
10 funding consists of:

- 11 a. All state aid received by the district in accordance with chapter 15.1-27 during the
12 2018-19 school year;
- 13 b. An amount equal to the property tax deducted by the superintendent of public
14 instruction to determine the 2018-19 state aid payment;
- 15 c. An amount equal to seventy-five percent of the revenue received by the school
16 district during the 2017-18 school year for the following revenue types:
- 17 (1) Revenue reported under code 2000 of the North Dakota school district
18 financial accounting and reporting manual, as developed by the
19 superintendent of public instruction in accordance with section 15.1-02-08;
- 20 (2) Mineral revenue received by the school district through direct allocation from
21 the state treasurer and not reported under code 2000 of the North Dakota
22 school district financial accounting and reporting manual, as developed by
23 the superintendent of public instruction in accordance with section
24 15.1-02-08;
- 25 (3) Tuition reported under code 1300 of the North Dakota school district
26 financial accounting and reporting manual, as developed by the
27 superintendent of public instruction in accordance with section 15.1-02-08,
28 with the exception of revenue received specifically for the operation of an
29 educational program provided at a residential treatment facility and tuition
30 received for the provision of an adult farm management program;

- 1 (4) Revenue from payments in lieu of taxes on the distribution and transmission
2 of electric power;
- 3 (5) Revenue from payments in lieu of taxes on electricity generated from
4 sources other than coal;
- 5 (6) Revenue from the leasing of land acquired by the United States for which
6 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 7 d. An amount equal to the total revenue received by the school district during the
8 2017-18 school year for the following revenue types:
- 9 (1) Mobile home tax revenue;
- 10 (2) Telecommunications tax revenue; and
- 11 (3) Revenue from payments in lieu of taxes and state reimbursement of the
12 homestead credit and disabled veterans credit; and
- 13 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
14 baseline funding for any school district that becomes an elementary district
15 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
16 be proportional to the number of weighted student units in the grades that are
17 offered through another school district relative to the total number of weighted
18 student units the school district offered in the year before the school district
19 became an elementary district. The reduced baseline funding applies to the
20 calculation of state aid for the first school year in which the school district
21 becomes an elementary district and for each year thereafter. For districts that
22 become an elementary district prior to the 2020-21 school year, the
23 superintendent shall use the reduced baseline funding to calculate state aid for
24 the 2020-21 school year and for each year thereafter.
- 25 2. a. The superintendent shall divide the district's baseline funding determined in
26 subsection 1 by the district's 2017-18 weighted student units to determine the
27 district's baseline funding per weighted student unit.
- 28 b. For any school district that becomes an elementary district pursuant to section
29 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
30 district's baseline funding per weighted student unit used to calculate state aid.
31 The superintendent shall divide the district's baseline funding determined in

1 subsection 1 by the district's weighted student units after the school district
2 becomes an elementary district to determine the district's adjusted baseline
3 funding per weighted student unit. The superintendent shall use the district's
4 adjusted baseline funding per weighted student unit in the calculation of state aid
5 for the first school year in which the school district becomes an elementary
6 district and for each year thereafter.

- 7 c. Beginning with the 2021-22 school year and for each school year thereafter, the
8 superintendent shall reduce the district's baseline funding per weighted student
9 unit. Each year the superintendent shall calculate the amount by which the
10 district's baseline funding per weighted student unit exceeds the payment per
11 weighted student unit provided in subsection 3. The superintendent shall reduce
12 the district's baseline funding per weighted student unit by fifteen percent of the
13 amount by which the district's baseline funding per weighted student unit exceeds
14 the payment per weighted student unit for the 2021-22 school year. For each
15 year thereafter, the reduction percentage is increased by an additional fifteen
16 percent. However, the district's baseline funding per weighted student unit, after
17 the reduction, may not be less than the payment per weighted student unit
18 provided in subsection 3.

- 19 3. a. For the ~~2019-20~~2021-22 school year, the superintendent shall calculate state aid
20 as the greater of:

- 21 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~
22 ~~hundred thirty-nineteen thousand one hundred thirty-six~~ dollars;
23 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted
24 student unit, as established in subsection 2, multiplied by the district's
25 weighted student units, not to exceed the district's 2017-18 baseline
26 weighted student units, plus any weighted student units in excess of the
27 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~
28 ~~hundred thirty-nineteen thousand one hundred thirty-six~~ dollars; or
29 (3) The district's baseline funding as established in subsection 1 less the
30 amount in paragraph 1, with the difference reduced by fifteen percent and
31 then the difference added to the amount determined in paragraph 1.

- 1 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the
2 superintendent shall calculate state aid as the greater of:
- 3 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two
4 hundred thirty-seven dollars;
- 5 (2) One hundred two percent of the district's baseline funding per weighted
6 student unit, as established in subsection 2, multiplied by the district's
7 weighted student units, not to exceed the district's 2017-18 baseline
8 weighted student units, plus any weighted student units in excess of the
9 2017-18 baseline weighted student units multiplied by ten thousand
10 ~~thirty-six~~two hundred thirty-seven dollars; or
- 11 (3) The district's baseline funding as established in subsection 1 less the
12 amount in paragraph 1, with the difference reduced by ~~fifteen~~thirty percent
13 for the ~~2021-22~~2022-23 school year and the reduction percentage
14 increasing by fifteen percent each school year thereafter until the difference
15 is reduced to zero, and then the difference added to the amount determined
16 in paragraph 1.
- 17 c. The superintendent also shall adjust state aid determined in this subsection to
18 ensure the amount does not exceed the transition maximum as follows:
- 19 (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~
20 ~~exceed~~the transition maximum rate is one hundred fivefifteen percent of the
21 district's baseline funding per weighted student unit, as established in
22 subsection 2, ~~multiplied~~plus fifteen percent of the difference between the
23 rate under paragraph 1 of subdivision a of this subsection and one hundred
24 fifteen percent of the district's baseline funding per weighted student unit.
25 The transition maximum is determined by multiplying the transition
26 maximum rate, which may not exceed the rate under paragraph 1 of
27 subdivision a of this subsection, by the district's weighted student units from
28 the previous school year.
- 29 (2) For the ~~2020-21~~2022-23 school year and ~~each school year thereafter,~~ ~~to~~
30 ~~ensure the amount does not exceed~~the transition maximum rate is one
31 hundred ~~ten~~twenty percent of the district's baseline funding per weighted

1 student unit, as established in subsection 2, multiplied plus thirty percent of
2 the difference between the rate under paragraph 1 of subdivision b of this
3 subsection and one hundred twenty percent of the district's baseline funding
4 per weighted student unit. The transition maximum is determined by
5 multiplying the transition maximum rate, which may not exceed the rate
6 under paragraph 1 of subdivision b of this subsection, by the district's
7 weighted student units from the previous school year.

8 (3) For the 2023-24 school year, the transition maximum rate is one hundred
9 twenty percent of the district's baseline funding per weighted student unit,
10 as established in subsection 2, plus forty-five percent of the difference
11 between the rate under paragraph 1 of subdivision b of this subsection and
12 one hundred twenty percent of the district's baseline funding per weighted
13 student unit. The transition maximum is determined by multiplying the
14 transition maximum rate, which may not exceed the rate under paragraph 1
15 of subdivision b of this subsection, by the district's weighted student units
16 from the previous school year.

17 (4) For the 2024-25 school year, the transition maximum rate is one hundred
18 twenty percent of the district's baseline funding per weighted student unit,
19 as established in subsection 2, plus sixty percent of the difference between
20 the rate under paragraph 1 of subdivision b of this subsection and one
21 hundred twenty percent of the district's baseline funding per weighted
22 student unit. The transition maximum is determined by multiplying the
23 transition maximum rate, which may not exceed the rate under paragraph 1
24 of subdivision b of this subsection, by the district's weighted student units
25 from the previous school year.

26 (5) For the 2025-26 school year, the transition maximum rate is one hundred
27 twenty percent of the district's baseline funding per weighted student unit,
28 as established in subsection 2, plus seventy-five percent of the difference
29 between the rate under paragraph 1 of subdivision b of this subsection and
30 one hundred twenty percent of the district's baseline funding per weighted
31 student unit. The transition maximum is determined by multiplying the

- 1 transition maximum rate, which may not exceed the rate under paragraph 1
2 of subdivision b of this subsection, by the district's weighted student units
3 from the previous school year.
- 4 (6) For the 2026-27 school year, the transition maximum rate is one hundred
5 twenty percent of the district's baseline funding per weighted student unit,
6 as established in subsection 2, plus ninety percent of the difference
7 between the rate under paragraph 1 of subdivision b of this subsection and
8 one hundred twenty percent of the district's baseline funding per weighted
9 student unit. The transition maximum is determined by multiplying the
10 transition maximum rate, which may not exceed the rate under paragraph 1
11 of subdivision b of this subsection, by the district's weighted student units
12 from the previous school year.
- 13 (7) For the 2027-28 school year, the transition maximum rate is one hundred
14 twenty percent of the district's baseline funding per weighted student unit,
15 as established in subsection 2, plus the difference between the rate under
16 paragraph 1 of subdivision b of this subsection and one hundred twenty
17 percent of the district's baseline funding per weighted student unit. The
18 transition maximum is determined by multiplying the transition maximum
19 rate, which may not exceed the rate under paragraph 1 of subdivision b of
20 this subsection, by the district's weighted student units from the previous
21 school year.
- 22 4. After determining the product in accordance with subsection 3, the superintendent of
23 public instruction shall:
- 24 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
25 school district, except the amount in dollars subtracted for purposes of this
26 subdivision may not exceed the previous year's amount in dollars subtracted for
27 purposes of this subdivision by more than twelve percent, adjusted pursuant to
28 section 15.1-27-04.3; and
- 29 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
30 subdivisions c and d of subsection 1. Before determining the deduction for

1 seventy-five percent of all revenue types, the superintendent of public instruction
2 shall adjust revenues as follows:

3 (1) Tuition revenue shall be adjusted as follows:

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

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

18 (2) After adjusting tuition revenue as provided in paragraph 1, the
19 superintendent shall reduce all remaining revenues from all revenue types
20 by the percentage of mills levied in 2018 by the school district for sinking
21 and interest relative to the total mills levied in 2018 by the school district for
22 all purposes.

23 5. The amount remaining after the computation required under subsection 4 is the
24 amount of state aid to which a school district is entitled, subject to any other statutory
25 requirements or limitations.

26 6. On or before June thirtieth of each year, the school board shall certify to the
27 superintendent of public instruction the final average daily membership for the current
28 school year.

29 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
30 with the school districts, shall report the following to the superintendent of public
31 instruction on an annual basis:

- 1 a. The amount of revenue received by each school district in the county during the
2 previous school year for each type of revenue identified in subdivisions c and d of
3 subsection 1;
4 b. The total number of mills levied in the previous calendar year by each school
5 district for all purposes; and
6 c. The number of mills levied in the previous calendar year by each school district
7 for sinking and interest fund purposes.

8 **Baseline funding - Establishment - Determination of state aid. (Effective after**
9 **June 30, 2025)**

- 10 1. To determine the amount of state aid payable to each district, the superintendent of
11 public instruction shall establish each district's baseline funding. A district's baseline
12 funding consists of:
13 a. All state aid received by the district in accordance with chapter 15.1-27 during the
14 2018-19 school year;
15 b. An amount equal to the property tax deducted by the superintendent of public
16 instruction to determine the 2018-19 state aid payment;
17 c. An amount equal to seventy-five percent of the revenue received by the school
18 district during the 2017-18 school year for the following revenue types:
19 (1) Revenue reported under code 2000 of the North Dakota school district
20 financial accounting and reporting manual, as developed by the
21 superintendent of public instruction in accordance with section 15.1-02-08;
22 (2) Mineral revenue received by the school district through direct allocation from
23 the state treasurer and not reported under code 2000 of the North Dakota
24 school district financial accounting and reporting manual, as developed by
25 the superintendent of public instruction in accordance with section
26 15.1-02-08;
27 (3) Tuition reported under code 1300 of the North Dakota school district
28 financial accounting and reporting manual, as developed by the
29 superintendent of public instruction in accordance with section 15.1-02-08,
30 with the exception of revenue received specifically for the operation of an

- 1 educational program provided at a residential treatment facility and tuition
2 received for the provision of an adult farm management program;
- 3 (4) Revenue from payments in lieu of taxes on the distribution and transmission
4 of electric power;
- 5 (5) Revenue from payments in lieu of taxes on electricity generated from
6 sources other than coal;
- 7 (6) Revenue from the leasing of land acquired by the United States for which
8 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 9 d. An amount equal to the total revenue received by the school district during the
10 2017-18 school year for the following revenue types:
- 11 (1) Mobile home tax revenue;
- 12 (2) Telecommunications tax revenue; and
- 13 (3) Revenue from payments in lieu of taxes and state reimbursement of the
14 homestead credit and disabled veterans credit.
- 15 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
16 baseline funding for any school district that becomes an elementary district
17 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
18 be proportional to the number of weighted student units in the grades that are
19 offered through another school district relative to the total number of weighted
20 student units the school district offered in the year before the school district
21 became an elementary district. The reduced baseline funding applies to the
22 calculation of state aid for the first school year in which the school district
23 becomes an elementary district and for each year thereafter. For districts that
24 become an elementary district prior to the 2020-21 school year, the
25 superintendent shall use the reduced baseline funding to calculate state aid for
26 the 2020-21 school year and for each year thereafter.
- 27 2. a. The superintendent shall divide the district's baseline funding determined in
28 subsection 1 by the district's 2017-18 weighted student units to determine the
29 district's baseline funding per weighted student unit.
- 30 b. For any school district that becomes an elementary district pursuant to section
31 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the

1 district's baseline funding per weighted student unit used to calculate state aid.

2 The superintendent shall divide the district's baseline funding determined in
3 subsection 1 by the district's weighted student units after the school district
4 becomes an elementary district to determine the district's adjusted baseline
5 funding per weighted student unit. The superintendent shall use the district's
6 adjusted baseline funding per weighted student unit in the calculation of state aid
7 for the first school year in which the school district becomes an elementary
8 district and for each year thereafter.

- 9 c. Beginning with the 2021-22 school year and for each school year thereafter, the
10 superintendent shall reduce the district's baseline funding per weighted student
11 unit. Each year the superintendent shall calculate the amount by which the
12 district's baseline funding per weighted student unit exceeds the payment per
13 weighted student unit provided in subsection 3. The superintendent shall reduce
14 the district's baseline funding per weighted student unit by fifteen percent of the
15 amount by which the district's baseline funding per weighted student unit exceeds
16 the payment per weighted student unit for the 2021-22 school year. For each
17 year thereafter, the reduction percentage is increased by an additional fifteen
18 percent. However, the district's baseline funding per weighted student unit, after
19 the reduction, may not be less than the payment per weighted student unit
20 provided in subsection 3.

- 21 3. a. For the ~~2019-20~~2021-22 school year, the superintendent shall calculate state aid
22 as the greater of:

- 23 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~
24 ~~hundred thirty-nineteen~~ thousand one hundred thirty-six dollars;
25 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted
26 student unit, as established in subsection 2, multiplied by the district's
27 weighted student units, not to exceed the district's 2017-18 baseline
28 weighted student units, plus any weighted student units in excess of the
29 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~
30 ~~hundred thirty-nineteen~~ thousand one hundred thirty-six dollars; or

- 1 (3) The district's baseline funding as established in subsection 1 less the
2 amount in paragraph 1, with the difference reduced by fifteen percent and
3 then the difference added to the amount determined in paragraph 1.
- 4 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the
5 superintendent shall calculate state aid as the greater of:
- 6 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two
7 hundred thirty-seven dollars;
- 8 (2) One hundred two percent of the district's baseline funding per weighted
9 student unit, as established in subsection 2, multiplied by the district's
10 weighted student units, not to exceed the district's 2017-18 baseline
11 weighted student units, plus any weighted student units in excess of the
12 2017-18 baseline weighted student units multiplied by ten thousand
13 ~~thirty-six~~two hundred thirty-seven dollars; or
- 14 (3) The district's baseline funding as established in subsection 1 less the
15 amount in paragraph 1, with the difference reduced by ~~fifteen~~thirty percent
16 for the ~~2021-22~~2022-23 school year and the reduction percentage
17 increasing by fifteen percent each school year thereafter until the difference
18 is reduced to zero, and then the difference added to the amount determined
19 in paragraph 1.
- 20 c. The superintendent also shall adjust state aid determined in this subsection to
21 ensure the amount does not exceed the transition maximum as follows:
- 22 (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~
23 ~~exceed~~the transition maximum rate is one hundred ~~five~~fifteen percent of the
24 district's baseline funding per weighted student unit, as established in
25 subsection 2, ~~multiplied~~plus fifteen percent of the difference between the
26 rate under paragraph 1 of subdivision a of this subsection and one hundred
27 fifteen percent of the district's baseline funding per weighted student unit.
28 The transition maximum is determined by multiplying the transition
29 maximum rate, which may not exceed the rate under paragraph 1 of
30 subdivision a of this subsection, by the district's weighted student units from
31 the previous school year.

- 1 (2) ~~For the 2020-21~~2022-23 school year and each school year thereafter, to-
- 2 ensure ~~the amount does not exceed~~the transition maximum rate is one
- 3 hundred ~~ten~~twenty percent of the district's baseline funding per weighted
- 4 student unit, as established in subsection 2, ~~multiplied~~plus thirty percent of
- 5 the difference between the rate under paragraph 1 of subdivision b of this
- 6 subsection and one hundred twenty percent of the district's baseline funding
- 7 per weighted student unit. The transition maximum is determined by
- 8 multiplying the transition maximum rate, which may not exceed the rate
- 9 under paragraph 1 of subdivision b of this subsection, by the district's
- 10 weighted student units from the previous school year.
- 11 (3) For the 2023-24 school year, the transition maximum rate is one hundred
- 12 twenty percent of the district's baseline funding per weighted student unit,
- 13 as established in subsection 2, plus forty-five percent of the difference
- 14 between the rate under paragraph 1 of subdivision b of this subsection and
- 15 one hundred twenty percent of the district's baseline funding per weighted
- 16 student unit. The transition maximum is determined by multiplying the
- 17 transition maximum rate, which may not exceed the rate under paragraph 1
- 18 of subdivision b of this subsection, by the district's weighted student units
- 19 from the previous school year.
- 20 (4) For the 2024-25 school year, the transition maximum rate is one hundred
- 21 twenty percent of the district's baseline funding per weighted student unit,
- 22 as established in subsection 2, plus sixty percent of the difference between
- 23 the rate under paragraph 1 of subdivision b of this subsection and one
- 24 hundred twenty percent of the district's baseline funding per weighted
- 25 student unit. The transition maximum is determined by multiplying the
- 26 transition maximum rate, which may not exceed the rate under paragraph 1
- 27 of subdivision b of this subsection, by the district's weighted student units
- 28 from the previous school year.
- 29 (5) For the 2025-26 school year, the transition maximum rate is one hundred
- 30 twenty percent of the district's baseline funding per weighted student unit,
- 31 as established in subsection 2, plus seventy-five percent of the difference

1 between the rate under paragraph 1 of subdivision b of this subsection and
2 one hundred twenty percent of the district's baseline funding per weighted
3 student unit. The transition maximum is determined by multiplying the
4 transition maximum rate, which may not exceed the rate under paragraph 1
5 of subdivision b of this subsection, by the district's weighted student units
6 from the previous school year.

7 (6) For the 2026-27 school year, the transition maximum rate is one hundred
8 twenty percent of the district's baseline funding per weighted student unit,
9 as established in subsection 2, plus ninety percent of the difference
10 between the rate under paragraph 1 of subdivision b of this subsection and
11 one hundred twenty percent of the district's baseline funding per weighted
12 student unit. The transition maximum is determined by multiplying the
13 transition maximum rate, which may not exceed the rate under paragraph 1
14 of subdivision b of this subsection, by the district's weighted student units
15 from the previous school year.

16 (7) For the 2027-28 school year, the transition maximum rate is one hundred
17 twenty percent of the district's baseline funding per weighted student unit,
18 as established in subsection 2, plus the difference between the rate under
19 paragraph 1 of subdivision b of this subsection and one hundred twenty
20 percent of the district's baseline funding per weighted student unit. The
21 transition maximum is determined by multiplying the transition maximum
22 rate, which may not exceed the rate under paragraph 1 of subdivision b of
23 this subsection, by the district's weighted student units from the previous
24 school year.

- 25 4. After determining the product in accordance with subsection 3, the superintendent of
26 public instruction shall:
- 27 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
28 school district; and
 - 29 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
30 subdivisions c and d of subsection 1. Before determining the deduction for

1 seventy-five percent of all revenue types, the superintendent of public instruction
2 shall adjust revenues as follows:

3 (1) Tuition revenue shall be adjusted as follows:

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

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

18 (2) After adjusting tuition revenue as provided in paragraph 1, the
19 superintendent shall reduce all remaining revenues from all revenue types
20 by the percentage of mills levied in 2018 by the school district for sinking
21 and interest relative to the total mills levied in 2018 by the school district for
22 all purposes.

23 5. The amount remaining after the computation required under subsection 4 is the
24 amount of state aid to which a school district is entitled, subject to any other statutory
25 requirements or limitations.

26 6. On or before June thirtieth of each year, the school board shall certify to the
27 superintendent of public instruction the final average daily membership for the current
28 school year.

29 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
30 with the school districts, shall report the following to the superintendent of public
31 instruction on an annual basis:

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- 1 a. The amount of revenue received by each school district in the county during the
- 2 previous school year for each type of revenue identified in subdivisions c and d of
- 3 subsection 1;
- 4 b. The total number of mills levied in the previous calendar year by each school
- 5 district for all purposes; and
- 6 c. The number of mills levied in the previous calendar year by each school district
- 7 for sinking and interest fund purposes.