

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1388

Introduced by

Representative Owens

Senator Schaible

1 A BILL for an Act to amend and reenact sections 15.1-01-04, 15.1-27-03.2, and 15.1-27-04.1 of
2 the North Dakota Century Code, relating to membership of the kindergarten through grade
3 twelve education coordination council, adjustments to school district size weighting factors, and
4 the education foundation aid funding formula transition maximum and payment rates; and to
5 provide an appropriation.

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

7 **SECTION 1. AMENDMENT.** Section 15.1-01-04 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **15.1-01-04. Kindergarten through grade twelve education coordination council.**

- 10 1. The state board of public school education shall oversee the creation and ongoing
11 operation of the kindergarten through grade twelve education coordination council.
- 12 2. The council consists of:
- 13 a. Three members of the legislative assembly, one member of the majority party
14 from each chamber of the legislative assembly, selected by the respective
15 majority leader of the chamber, and one member of the minority party selected
16 through collaboration between the respective minority leaders of each chamber;
- 17 b. The governor or the governor's designee;
- 18 c. The superintendent of public instruction or the superintendent's designee;
- 19 d. The president of the state board for career and technical education or the
20 president's designee;
- 21 e. The president of the board of the North Dakota council of educational leaders or
22 the president's designee;
- 23 f. The president of the board of North Dakota united or the president's designee;

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- 1 g. The president of the board of the North Dakota school boards association or the
2 president's designee;
- 3 h. The president of the board of the North Dakota small organized schools or the
4 president's designee;
- 5 i. The president of the board of the North Dakota school counselor association or
6 the president's designee; and
- 7 j. The president of the North Dakota special education study council or the
8 president's designee;
- 9 k. The president of the North Dakota regional education association or the
10 president's designee; and
- 11 l. The following gubernatorial appointees:
- 12 (1) An individual representing the statewide longitudinal data system
13 committee;
- 14 (2) An individual representing a tribal school; and
- 15 (3) ~~An individual employed as a public school administrator;~~
- 16 (4) ~~An individual employed as a public school principal;~~
- 17 (5) An individual employed as a public school teacher;
- 18 (6) ~~A director of a special education unit; and~~
- 19 (7) ~~A director of a regional education association.~~
- 20 3. The term of office for a member appointed by the governor is four years. The governor
21 may stagger the initial appointments to the council so no more than three members'
22 terms expire in any year.
- 23 4. The council shall select a presiding officer annually from among its members.
- 24 5. A member of the council who is a member of the legislative assembly is entitled to
25 receive per diem compensation at the rate provided under section 54-35-10 for each
26 day performing official duties of the council and to reimbursement for travel and
27 expenses as provided by law, to be paid by the legislative council. A member of the
28 council who is not a state employee is entitled to receive as compensation sixty-two
29 dollars and fifty cents per day and to reimbursement of expenses as provided by law
30 for state officers while attending meetings of the council, to be paid by the state board
31 of public school education. A state employee who is a member of the council is entitled

1 to receive that employee's regular salary and is entitled to reimbursement for mileage
2 and expenses, to be paid by the employing agency.

3 6. The council may hire an executive director.

4 7. The council shall:

5 a. Assist in the implementation, dissemination, and communication of the statewide
6 strategic vision and evaluate progress toward meeting the identified goals and
7 strategies.

8 b. Perform a continuous review of the effectiveness and efficiency of access and
9 delivery of education services and programs in the state.

10 c. Identify opportunities for increased collaboration among state education entities
11 and stakeholders.

12 d. Identify gaps or duplications in education services and programs and provide
13 recommendations for addressing those gaps or duplications.

14 e. Study and evaluate new and emerging educational initiatives and trends and
15 provide recommendations for policy changes to state entities or the legislative
16 assembly if necessary.

17 f. Support the implementation, dissemination, and communication of local or
18 regional educational initiatives and practices, including innovative education
19 programs, on a statewide level.

20 g. ~~Establish a one-stop communication and~~Coordinate and communicate
21 information hub available on state websites to provide the public and interested
22 parties with seamless access to state entities that deliver education services and
23 programs.

24 h. Develop and utilize subcommittees as needed.

25 i. Seek advice and input from interested parties not appointed to the council as
26 needed.

27 8. The council shall meet at least four times per calendar year.

28 9. The council shall prepare and present an annual report of council activities to the state
29 board of public school education and to the legislative management.

30 **SECTION 2. AMENDMENT.** Section 15.1-27-03.2 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **15.1-27-03.2. School district size weighting factor - Weighted student units.**

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

4 a. 1.36 if the students in average daily membership number fewer than 110;

5 b. 1.35 if the students in average daily membership number at least 110 but fewer
6 than 125;

7 c. 1.34 if the students in average daily membership number at least 125 but fewer
8 than 130;

9 d. 1.33 if the students in average daily membership number at least 130 but fewer
10 than 135;

11 e. 1.32 if the students in average daily membership number at least 135 but fewer
12 than 140;

13 f. 1.31 if the students in average daily membership number at least 140 but fewer
14 than 145;

15 g. 1.30 if the students in average daily membership number at least 145 but fewer
16 than 150;

17 h. 1.29 if the students in average daily membership number at least 150 but fewer
18 than 155;

19 i. 1.28 if the students in average daily membership number at least 155 but fewer
20 than 160;

21 j. 1.27 if the students in average daily membership number at least 160 but fewer
22 than 165;

23 k. 1.26 if the students in average daily membership number at least 165 but fewer
24 than 175;

25 l. 1.25 if the students in average daily membership number at least 175 but fewer
26 than 185;

27 m. 1.24 if the students in average daily membership number at least 185 but fewer
28 than 200;

29 n. 1.23 if the students in average daily membership number at least 200 but fewer
30 than 215;

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- 1 o. 1.22 if the students in average daily membership number at least 215 but fewer
2 than 230;
- 3 p. 1.21 if the students in average daily membership number at least 230 but fewer
4 than 245;
- 5 q. 1.20 if the students in average daily membership number at least 245 but fewer
6 than 260;
- 7 r. 1.19 if the students in average daily membership number at least 260 but fewer
8 than 270;
- 9 s. 1.18 if the students in average daily membership number at least 270 but fewer
10 than 275;
- 11 t. 1.17 if the students in average daily membership number at least 275 but fewer
12 than 280;
- 13 u. 1.16 if the students in average daily membership number at least 280 but fewer
14 than 285;
- 15 v. 1.15 if the students in average daily membership number at least 285 but fewer
16 than 290;
- 17 w. 1.14 if the students in average daily membership number at least 290 but fewer
18 than 295;
- 19 x. 1.13 if the students in average daily membership number at least 295 but fewer
20 than 300;
- 21 y. 1.12 if the students in average daily membership number at least 300 but fewer
22 than 305;
- 23 z. 1.11 if the students in average daily membership number at least 305 but fewer
24 than 310;
- 25 aa. 1.10 if the students in average daily membership number at least 310 but fewer
26 than 320;
- 27 bb. 1.09 if the students in average daily membership number at least 320 but fewer
28 than 335;
- 29 cc. 1.08 if the students in average daily membership number at least 335 but fewer
30 than 350;

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- 1 dd. 1.07 if the students in average daily membership number at least 350 but fewer
2 than 360;
- 3 ee. 1.06 if the students in average daily membership number at least 360 but fewer
4 than 370;
- 5 ff. 1.05 if the students in average daily membership number at least 370 but fewer
6 than 380;
- 7 gg. 1.04 if the students in average daily membership number at least 380 but fewer
8 than 390;
- 9 hh. 1.03 if the students in average daily membership number at least 390 but fewer
10 than 400;
- 11 ii. 1.02 if the students in average daily membership number at least 400 but fewer
12 than 600;
- 13 jj. 1.01 if the students in average daily membership number at least 600 but fewer
14 than 900; and
- 15 kk. 1.00 if the students in average daily membership number at least 900.
- 16 2. ~~For each elementary district in the state~~Beginning with the 2021-22 school year and
17 each school year thereafter until the 2027-28 school year, the superintendent of public
18 instruction shall assign a school district size weighting factor determined by increasing
19 the baseline weighting factor under subsection 1 each year by fourteen and
20 twenty-nine hundredths percent of the difference between the weighting factor under
21 this subsection and the baseline weighting factor under subsection 1 for the same
22 school district size. For the 2027-28 school year and each school year thereafter, the
23 superintendent of public instruction shall assign a school district size weighting factor
24 of:
- 25 a. ~~1.25~~1.72 if the students in average daily membership number fewer than ~~125~~110;
- 26 b. ~~1.17~~1.68 if the students in average daily membership number at least ~~125~~110 but
27 fewer than ~~200~~125; and
- 28 c. ~~1.00~~1.64 if the students in average daily membership number at least ~~200~~125 but
29 fewer than 130;
- 30 d. 1.60 if the students in average daily membership number at least 130 but fewer
31 than 135;

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- 1 e. 1.56 if the students in average daily membership number at least 135 but fewer
2 than 140;
- 3 f. 1.52 if the students in average daily membership number at least 140 but fewer
4 than 145;
- 5 g. 1.49 if the students in average daily membership number at least 145 but fewer
6 than 150;
- 7 h. 1.45 if the students in average daily membership number at least 150 but fewer
8 than 155;
- 9 i. 1.42 if the students in average daily membership number at least 155 but fewer
10 than 160;
- 11 j. 1.39 if the students in average daily membership number at least 160 but fewer
12 than 165;
- 13 k. 1.36 if the students in average daily membership number at least 165 but fewer
14 than 175;
- 15 l. 1.33 if the students in average daily membership number at least 175 but fewer
16 than 185;
- 17 m. 1.30 if the students in average daily membership number at least 185 but fewer
18 than 200;
- 19 n. 1.27 if the students in average daily membership number at least 200 but fewer
20 than 215;
- 21 o. 1.25 if the students in average daily membership number at least 215 but fewer
22 than 230;
- 23 p. 1.22 if the students in average daily membership number at least 230 but fewer
24 than 245;
- 25 q. 1.20 if the students in average daily membership number at least 245 but fewer
26 than 260;
- 27 r. 1.19 if the students in average daily membership number at least 260 but fewer
28 than 270;
- 29 s. 1.18 if the students in average daily membership number at least 270 but fewer
30 than 275;

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- 1 t. 1.17 if the students in average daily membership number at least 275 but fewer
2 than 280;
- 3 u. 1.16 if the students in average daily membership number at least 280 but fewer
4 than 285;
- 5 v. 1.15 if the students in average daily membership number at least 285 but fewer
6 than 290;
- 7 w. 1.14 if the students in average daily membership number at least 290 but fewer
8 than 295;
- 9 x. 1.13 if the students in average daily membership number at least 295 but fewer
10 than 300;
- 11 y. 1.12 if the students in average daily membership number at least 300 but fewer
12 than 305;
- 13 z. 1.11 if the students in average daily membership number at least 305 but fewer
14 than 310;
- 15 aa. 1.10 if the students in average daily membership number at least 310 but fewer
16 than 320;
- 17 bb. 1.09 if the students in average daily membership number at least 320 but fewer
18 than 335;
- 19 cc. 1.08 if the students in average daily membership number at least 335 but fewer
20 than 350;
- 21 dd. 1.07 if the students in average daily membership number at least 350 but fewer
22 than 360;
- 23 ee. 1.06 if the students in average daily membership number at least 360 but fewer
24 than 370;
- 25 ff. 1.05 if the students in average daily membership number at least 370 but fewer
26 than 380;
- 27 gg. 1.04 if the students in average daily membership number at least 380 but fewer
28 than 390;
- 29 hh. 1.03 if the students in average daily membership number at least 390 but fewer
30 than 400;

- 1 ii. 1.02 if the students in average daily membership number at least 400 but fewer
2 than 600;
3 jj. 1.01 if the students in average daily membership number at least 600 but fewer
4 than 900; and
5 kk. 1.00 if the students in average daily membership number at least 900.
6 3. The superintendent of public instruction shall impute an average daily membership for
7 each school district that does not include a high school and use the imputed average
8 daily membership to determine the school district size weighting factor under this
9 section. To determine the imputed average daily membership, the superintendent of
10 public instruction shall divide the school district's average daily membership by 0.60.
11 The superintendent of public instruction shall adjust the school district size weighting
12 factor for each school district that does not include a high school by multiplying the
13 school district size weighting factor determined under subsection 2 by ninety-two
14 percent.
15 4. The school district size weighting factor determined under this section and multiplied
16 by a school district's weighted average daily membership equals the district's weighted
17 student units.
18 4.5. Notwithstanding the provisions of this section, the school district size weighting factor
19 assigned to a district may not be less than the factor arrived at when the highest
20 number of students possible in average daily membership is multiplied by the school
21 district size weighting factor for the subdivision immediately preceding the district's
22 actual subdivision and then divided by the district's average daily membership.

23 **SECTION 3. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
26 **through June 30, 2025)**

- 27 1. To determine the amount of state aid payable to each district, the superintendent of
28 public instruction shall establish each district's baseline funding. A district's baseline
29 funding consists of:
30 a. All state aid received by the district in accordance with chapter 15.1-27 during the
31 2018-19 school year;

- 1 b. An amount equal to the property tax deducted by the superintendent of public
2 instruction to determine the 2018-19 state aid payment;
- 3 c. An amount equal to seventy-five percent of the revenue received by the school
4 district during the 2017-18 school year for the following revenue types:
- 5 (1) Revenue reported under code 2000 of the North Dakota school district
6 financial accounting and reporting manual, as developed by the
7 superintendent of public instruction in accordance with section 15.1-02-08;
- 8 (2) Mineral revenue received by the school district through direct allocation from
9 the state treasurer and not reported under code 2000 of the North Dakota
10 school district financial accounting and reporting manual, as developed by
11 the superintendent of public instruction in accordance with section
12 15.1-02-08;
- 13 (3) Tuition reported under code 1300 of the North Dakota school district
14 financial accounting and reporting manual, as developed by the
15 superintendent of public instruction in accordance with section 15.1-02-08,
16 with the exception of revenue received specifically for the operation of an
17 educational program provided at a residential treatment facility and tuition
18 received for the provision of an adult farm management program;
- 19 (4) Revenue from payments in lieu of taxes on the distribution and transmission
20 of electric power;
- 21 (5) Revenue from payments in lieu of taxes on electricity generated from
22 sources other than coal;
- 23 (6) Revenue from the leasing of land acquired by the United States for which
24 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 25 d. An amount equal to the total revenue received by the school district during the
26 2017-18 school year for the following revenue types:
- 27 (1) Mobile home tax revenue;
- 28 (2) Telecommunications tax revenue; and
- 29 (3) Revenue from payments in lieu of taxes and state reimbursement of the
30 homestead credit and disabled veterans credit; and

1 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
2 baseline funding for any school district that becomes an elementary district
3 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
4 be proportional to the number of weighted student units in the grades that are
5 offered through another school district relative to the total number of weighted
6 student units the school district offered in the year before the school district
7 became an elementary district. The reduced baseline funding applies to the
8 calculation of state aid for the first school year in which the school district
9 becomes an elementary district and for each year thereafter. For districts that
10 become an elementary district prior to the 2020-21 school year, the
11 superintendent shall use the reduced baseline funding to calculate state aid for
12 the 2020-21 school year and for each year thereafter.

13 2. a. The superintendent shall divide the district's baseline funding determined in
14 subsection 1 by the district's 2017-18 weighted student units to determine the
15 district's baseline funding per weighted student unit.

16 b. For any school district that becomes an elementary district pursuant to section
17 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
18 district's baseline funding per weighted student unit used to calculate state aid.
19 The superintendent shall divide the district's baseline funding determined in
20 subsection 1 by the district's weighted student units after the school district
21 becomes an elementary district to determine the district's adjusted baseline
22 funding per weighted student unit. The superintendent shall use the district's
23 adjusted baseline funding per weighted student unit in the calculation of state aid
24 for the first school year in which the school district becomes an elementary
25 district and for each year thereafter.

26 c. Beginning with the 2021-22 school year and for each school year thereafter, the
27 superintendent shall reduce the district's baseline funding per weighted student
28 unit. Each year the superintendent shall calculate the amount by which the
29 district's baseline funding per weighted student unit exceeds the payment per
30 weighted student unit provided in subsection 3. The superintendent shall reduce
31 the district's baseline funding per weighted student unit by fifteen percent of the

1 amount by which the district's baseline funding per weighted student unit exceeds
2 the payment per weighted student unit for the 2021-22 school year. For each
3 year thereafter, the reduction percentage is increased by an additional fifteen
4 percent. However, the district's baseline funding per weighted student unit, after
5 the reduction, may not be less than the payment per weighted student unit
6 provided in subsection 3.

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

9 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~
10 ~~hundred thirty-nine~~ ten thousand one hundred thirty-six dollars;

11 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted
12 student unit, as established in subsection 2, multiplied by the district's
13 weighted student units, not to exceed the district's 2017-18 baseline
14 weighted student units, plus any weighted student units in excess of the
15 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~
16 ~~hundred thirty-nine~~ ten thousand one hundred thirty-six dollars; or

17 (3) The district's baseline funding as established in subsection 1 less the
18 amount in paragraph 1, with the difference reduced by fifteen percent and
19 then the difference added to the amount determined in paragraph 1.

20 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the
21 superintendent shall calculate state aid as the greater of:

22 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two-
23 hundred thirty-seven dollars;

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

30 (3) The district's baseline funding as established in subsection 1 less the
31 amount in paragraph 1, with the difference reduced by ~~fifteen~~thirty percent

1 for the ~~2021-22~~2022-23 school year and the reduction percentage
2 increasing by fifteen percent each school year thereafter until the difference
3 is reduced to zero, and then the difference added to the amount determined
4 in paragraph 1.

5 c. The superintendent also shall adjust state aid determined in this subsection to ensure the amount does not exceed the transition maximum as follows:

- 6
- 7 (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~
8 ~~exceed~~the transition maximum rate is one hundred fivefifteen percent of the
9 district's baseline funding per weighted student unit, as established in
10 subsection 2, ~~multiplied~~plus fifteen percent of the difference between the
11 rate under paragraph 1 of subdivision a of this subsection and one hundred
12 fifteen percent of the district's baseline funding per weighted student unit.
13 The transition maximum is determined by multiplying the transition
14 maximum rate, which may not exceed the rate under paragraph 1 of
15 subdivision a of this subsection, by the district's weighted student units from
16 the previous school year.
- 17 (2) For the ~~2020-21~~2022-23 school year and ~~each school year thereafter,~~ ~~to~~
18 ~~ensure the amount does not exceed~~the transition maximum rate is one
19 hundred ~~ten~~twenty percent of the district's baseline funding per weighted
20 student unit, as established in subsection 2, ~~multiplied~~plus thirty percent of
21 the difference between the rate under paragraph 1 of subdivision b of this
22 subsection and one hundred twenty percent of the district's baseline funding
23 per weighted student unit. The transition maximum is determined by
24 multiplying the transition maximum rate, which may not exceed the rate
25 under paragraph 1 of subdivision b of this subsection, by the district's
26 weighted student units from the previous school year.
- 27 (3) For the 2023-24 school year, the transition maximum rate is one hundred
28 twenty percent of the district's baseline funding per weighted student unit,
29 as established in subsection 2, plus forty-five percent of the difference
30 between the rate under paragraph 1 of subdivision b of this subsection and
31 one hundred twenty percent of the district's baseline funding per weighted

1 student unit. The transition maximum is determined by multiplying the
2 transition maximum rate, which may not exceed the rate under paragraph 1
3 of subdivision b of this subsection, by the district's weighted student units
4 from the previous school year.

5 (4) For the 2024-25 school year, the transition maximum rate is one hundred
6 twenty percent of the district's baseline funding per weighted student unit,
7 as established in subsection 2, plus sixty percent of the difference between
8 the rate under paragraph 1 of subdivision b of this subsection and one
9 hundred twenty percent of the district's baseline funding per weighted
10 student unit. The transition maximum is determined by multiplying the
11 transition maximum rate, which may not exceed the rate under paragraph 1
12 of subdivision b of this subsection, by the district's weighted student units
13 from the previous school year.

14 (5) For the 2025-26 school year, the transition maximum rate is one hundred
15 twenty percent of the district's baseline funding per weighted student unit,
16 as established in subsection 2, plus seventy-five percent of the difference
17 between the rate under paragraph 1 of subdivision b of this subsection and
18 one hundred twenty percent of the district's baseline funding per weighted
19 student unit. The transition maximum is determined by multiplying the
20 transition maximum rate, which may not exceed the rate under paragraph 1
21 of subdivision b of this subsection, by the district's weighted student units
22 from the previous school year.

23 (6) For the 2026-27 school year, the transition maximum rate is one hundred
24 twenty percent of the district's baseline funding per weighted student unit,
25 as established in subsection 2, plus ninety percent of the difference
26 between the rate under paragraph 1 of subdivision b of this subsection and
27 one hundred twenty percent of the district's baseline funding per weighted
28 student unit. The transition maximum is determined by multiplying the
29 transition maximum rate, which may not exceed the rate under paragraph 1
30 of subdivision b of this subsection, by the district's weighted student units
31 from the previous school year.

1 (7) For the 2027-28 school year, the transition maximum rate is one hundred
2 twenty percent of the district's baseline funding per weighted student unit,
3 as established in subsection 2, plus the difference between the rate under
4 paragraph 1 of subdivision b of this subsection and one hundred twenty
5 percent of the district's baseline funding per weighted student unit. The
6 transition maximum is determined by multiplying the transition maximum
7 rate, which may not exceed the rate under paragraph 1 of subdivision b of
8 this subsection, by the district's weighted student units from the previous
9 school year.

10 4. After determining the product in accordance with subsection 3, the superintendent of
11 public instruction shall:

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

17 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
18 subdivisions c and d of subsection 1. Before determining the deduction for
19 seventy-five percent of all revenue types, the superintendent of public instruction
20 shall adjust revenues as follows:

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

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

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

6 (2) After adjusting tuition revenue as provided in paragraph 1, the
7 superintendent shall reduce all remaining revenues from all revenue types
8 by the percentage of mills levied in ~~2018~~2020 by the school district for
9 sinking and interest relative to the total mills levied in ~~2018~~2020 by the
10 school district for all purposes.

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

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

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

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

23 b. The total number of mills levied in the previous calendar year by each school
24 district for all purposes; and

25 c. The number of mills levied in the previous calendar year by each school district
26 for sinking and interest fund purposes.

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

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

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- 1 a. All state aid received by the district in accordance with chapter 15.1-27 during the
- 2 2018-19 school year;
- 3 b. An amount equal to the property tax deducted by the superintendent of public
- 4 instruction to determine the 2018-19 state aid payment;
- 5 c. An amount equal to seventy-five percent of the revenue received by the school
- 6 district during the 2017-18 school year for the following revenue types:
- 7 (1) Revenue reported under code 2000 of the North Dakota school district
- 8 financial accounting and reporting manual, as developed by the
- 9 superintendent of public instruction in accordance with section 15.1-02-08;
- 10 (2) Mineral revenue received by the school district through direct allocation from
- 11 the state treasurer and not reported under code 2000 of the North Dakota
- 12 school district financial accounting and reporting manual, as developed by
- 13 the superintendent of public instruction in accordance with section
- 14 15.1-02-08;
- 15 (3) Tuition reported under code 1300 of the North Dakota school district
- 16 financial accounting and reporting manual, as developed by the
- 17 superintendent of public instruction in accordance with section 15.1-02-08,
- 18 with the exception of revenue received specifically for the operation of an
- 19 educational program provided at a residential treatment facility and tuition
- 20 received for the provision of an adult farm management program;
- 21 (4) Revenue from payments in lieu of taxes on the distribution and transmission
- 22 of electric power;
- 23 (5) Revenue from payments in lieu of taxes on electricity generated from
- 24 sources other than coal;
- 25 (6) Revenue from the leasing of land acquired by the United States for which
- 26 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 27 d. An amount equal to the total revenue received by the school district during the
- 28 2017-18 school year for the following revenue types:
- 29 (1) Mobile home tax revenue;
- 30 (2) Telecommunications tax revenue; and

1 (3) Revenue from payments in lieu of taxes and state reimbursement of the
2 homestead credit and disabled veterans credit.

3 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
4 baseline funding for any school district that becomes an elementary district
5 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
6 be proportional to the number of weighted student units in the grades that are
7 offered through another school district relative to the total number of weighted
8 student units the school district offered in the year before the school district
9 became an elementary district. The reduced baseline funding applies to the
10 calculation of state aid for the first school year in which the school district
11 becomes an elementary district and for each year thereafter. For districts that
12 become an elementary district prior to the 2020-21 school year, the
13 superintendent shall use the reduced baseline funding to calculate state aid for
14 the 2020-21 school year and for each year thereafter.

15 2. a. The superintendent shall divide the district's baseline funding determined in
16 subsection 1 by the district's 2017-18 weighted student units to determine the
17 district's baseline funding per weighted student unit.

18 b. For any school district that becomes an elementary district pursuant to section
19 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
20 district's baseline funding per weighted student unit used to calculate state aid.
21 The superintendent shall divide the district's baseline funding determined in
22 subsection 1 by the district's weighted student units after the school district
23 becomes an elementary district to determine the district's adjusted baseline
24 funding per weighted student unit. The superintendent shall use the district's
25 adjusted baseline funding per weighted student unit in the calculation of state aid
26 for the first school year in which the school district becomes an elementary
27 district and for each year thereafter.

28 c. Beginning with the 2021-22 school year and for each school year thereafter, the
29 superintendent shall reduce the district's baseline funding per weighted student
30 unit. Each year the superintendent shall calculate the amount by which the
31 district's baseline funding per weighted student unit exceeds the payment per

1 weighted student unit provided in subsection 3. The superintendent shall reduce
2 the district's baseline funding per weighted student unit by fifteen percent of the
3 amount by which the district's baseline funding per weighted student unit exceeds
4 the payment per weighted student unit for the 2021-22 school year. For each
5 year thereafter, the reduction percentage is increased by an additional fifteen
6 percent. However, the district's baseline funding per weighted student unit, after
7 the reduction, may not be less than the payment per weighted student unit
8 provided in subsection 3.

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

11 (1) The district's weighted student units multiplied by ~~nine thousand eight-~~
12 ~~hundred thirty-nineteen thousand~~ one hundred thirty-six dollars;

13 (2) One hundred ~~one~~two percent of the district's baseline funding per weighted
14 student unit, as established in subsection 2, multiplied by the district's
15 weighted student units, not to exceed the district's 2017-18 baseline
16 weighted student units, plus any weighted student units in excess of the
17 2017-18 baseline weighted student units multiplied by ~~nine thousand eight-~~
18 ~~hundred thirty-nineteen thousand~~ one hundred thirty-six dollars; or

19 (3) The district's baseline funding as established in subsection 1 less the
20 amount in paragraph 1, with the difference reduced by fifteen percent and
21 then the difference added to the amount determined in paragraph 1.

22 b. For the ~~2020-21~~2022-23 school year and each school year thereafter, the
23 superintendent shall calculate state aid as the greater of:

24 (1) The district's weighted student units multiplied by ten thousand ~~thirty-six~~two-
25 hundred thirty-seven dollars;

26 (2) One hundred two percent of the district's baseline funding per weighted
27 student unit, as established in subsection 2, multiplied by the district's
28 weighted student units, not to exceed the district's 2017-18 baseline
29 weighted student units, plus any weighted student units in excess of the
30 2017-18 baseline weighted student units multiplied by ten thousand
31 ~~thirty-six~~two hundred thirty-seven 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~~thirty percent
3 for the ~~2021-22~~2022-23 school year and the reduction percentage
4 increasing by fifteen percent each school year thereafter until the difference
5 is reduced to zero, and then the difference added to the amount determined
6 in paragraph 1.

7 c. The superintendent also shall adjust state aid determined in this subsection to
8 ensure the amount does not exceed the transition maximum as follows:

9 (1) For the ~~2019-20~~2021-22 school year, ~~to ensure the amount does not~~
10 ~~exceed~~the transition maximum rate is one hundred fivefifteen percent of the
11 district's baseline funding per weighted student unit, as established in
12 subsection 2, ~~multiplied~~plus fifteen percent of the difference between the
13 rate under paragraph 1 of subdivision a of this subsection and one hundred
14 fifteen percent of the district's baseline funding per weighted student unit.
15 The transition maximum is determined by multiplying the transition
16 maximum rate, which may not exceed the rate under paragraph 1 of
17 subdivision a of this subsection, by the district's weighted student units from
18 the previous school year.

19 (2) For the ~~2020-21~~2022-23 school year ~~and each school year thereafter,~~ ~~to~~
20 ~~ensure the amount does not exceed~~the transition maximum rate is one
21 hundred tentwenty percent of the district's baseline funding per weighted
22 student unit, as established in subsection 2, ~~multiplied~~plus thirty percent of
23 the difference between the rate under paragraph 1 of subdivision b of this
24 subsection and one hundred twenty percent of the district's baseline funding
25 per weighted student unit. The transition maximum is determined by
26 multiplying the transition maximum rate, which may not exceed the rate
27 under paragraph 1 of subdivision b of this subsection, by the district's
28 weighted student units from the previous school year.

29 (3) For the 2023-24 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 forty-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 (4) For the 2024-25 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 sixty percent of the difference between
10 the rate under paragraph 1 of subdivision b of this subsection and one
11 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 (5) For the 2025-26 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 seventy-five percent of the difference
19 between the rate under paragraph 1 of subdivision b of this subsection and
20 one hundred twenty percent of the district's baseline funding per weighted
21 student unit. The transition maximum is determined by multiplying the
22 transition maximum rate, which may not exceed the rate under paragraph 1
23 of subdivision b of this subsection, by the district's weighted student units
24 from the previous school year.

25 (6) For the 2026-27 school year, the transition maximum rate is one hundred
26 twenty percent of the district's baseline funding per weighted student unit,
27 as established in subsection 2, plus ninety percent of the difference
28 between the rate under paragraph 1 of subdivision b of this subsection and
29 one hundred twenty percent of the district's baseline funding per weighted
30 student unit. The transition maximum is determined by multiplying the
31 transition maximum rate, which may not exceed the rate under paragraph 1

1 of subdivision b of this subsection, by the district's weighted student units
2 from the previous school year.

3 (7) For the 2027-28 school year, the transition maximum rate is one hundred
4 twenty percent of the district's baseline funding per weighted student unit,
5 as established in subsection 2, plus the difference between the rate under
6 paragraph 1 of subdivision b of this subsection and one hundred twenty
7 percent of the district's baseline funding per weighted student unit. The
8 transition maximum is determined by multiplying the transition maximum
9 rate, which may not exceed the rate under paragraph 1 of subdivision b of
10 this subsection, by the district's weighted student units from the previous
11 school year.

12 4. After determining the product in accordance with subsection 3, the superintendent of
13 public instruction shall:

- 14 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
15 school district; and
16 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
17 subdivisions c and d of subsection 1. Before determining the deduction for
18 seventy-five percent of all revenue types, the superintendent of public instruction
19 shall adjust revenues as follows:

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

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

- 30 (b) The superintendent of public instruction also shall reduce the total
31 tuition reported by admitting school districts meeting the requirements

1 of subdivision e of subsection 2 of section 15.1-29-12 by the amount
2 of tuition revenue received for the education of students residing in an
3 adjacent school district.

4 (2) After adjusting tuition revenue as provided in paragraph 1, the
5 superintendent shall reduce all remaining revenues from all revenue types
6 by the percentage of mills levied in ~~2018~~2020 by the school district for
7 sinking and interest relative to the total mills levied in ~~2018~~2020 by the
8 school district for all purposes.

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

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

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

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

21 b. The total number of mills levied in the previous calendar year by each school
22 district for all purposes; and

23 c. The number of mills levied in the previous calendar year by each school district
24 for sinking and interest fund purposes.

25 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general
26 fund in the state treasury, not otherwise appropriated, the sum of \$260,000, or so much of the
27 sum as may be necessary, to the department of public instruction for the purpose of providing
28 funding for the operations of the kindergarten through grade twelve education coordination
29 council, for the biennium beginning July 1, 2021, and ending June 30, 2023.