

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

SENATE BILL NO. 2284
(Senators Schaible, Elkin)
(Representatives Heinert, Nathe)

AN ACT to create and enact a new section to chapter 15.1-21 of the North Dakota Century Code, relating to permitting private tutors on public school premises; to amend and reenact section 15.1-07-26, subsection 8 of section 15.1-15-02, subsections 2 and 6 of section 15.1-19-10, section 15.1-27-03.1, subsection 4 of section 15.1-27-03.2, section 15.1-27-04.1, and subsection 5 of section 15.1-36-08 of the North Dakota Century Code, relating to school district enrollment, the definition of "probationary teacher", a school district's policy governing possession of a weapon, the definition of "dangerous weapon", modification of weighting factors, transition maximums and an increase in per student payments, and the school construction revolving loan fund; to provide for a legislative management study; to provide a legislative management report; to provide an appropriation; to provide for an exemption; to provide for a transfer; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-07-26 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-26. School district demographics and enrollment - ~~Long-term planning process~~Review - Report.

1. Between January first and June thirtieth of every even-numbered year, the board of each school district ~~shall~~may invite the public to participate in a ~~planning process~~review addressing the effects that demographics ~~might~~and changing enrollment will have on the district in the ensuing three-year and five-year periods, and specifically addressing potential effects on:
 - a. Academic and extracurricular programs achievement, as it relates to the local strategic plan, including progress toward state academic goals adopted by the statewide prekindergarten through grade twelve education strategic vision steering committee;
 - b. Instructional and administrative, and ancillary staffing;
 - c. Co-curricular or extracurricular programs;
 - d. Facility needs and utilization; and
 - d.e. District property tax levies.
2. At the conclusion of the ~~planning process~~review, the board ~~shall~~is encouraged to prepare a report, ~~publish a notice in the official newspaper of the district indicating that the report is available~~make the report available on the district website, and make the report available upon request.

SECTION 2. AMENDMENT. Subsection 8 of section 15.1-15-02 of the North Dakota Century Code is amended and reenacted as follows:

8. For purposes of this section, "probationary teacher" means an individual teaching for less than two years in the school district.

SECTION 3. AMENDMENT. Subsection 2 of section 15.1-19-10 of the North Dakota Century Code is amended and reenacted as follows:

2. The policy must ~~prohibit~~:
 - a. ~~Prohibit~~ the possession of a dangerous weapon or a firearm by a student on school property and at school functions and provide for the punishment of any student found to be in violation. ~~Punishment must include immediate suspension from school and expulsion. A~~
 - b. Require a student who possesses a firearm in violation of this section ~~must~~to be expelled for at least one year. ~~The school district firearms policy must authorize~~
 - c. Authorize the school district superintendent or the school principal, if the school district does not have a superintendent, to modify an expulsion for firearms possession under this section on a case-by-case basis in accordance with criteria established by the board. Before expelling a student, a school board or its designated hearing officer, within ten days of the student's suspension, shall provide the student with a hearing at which time the school board or its designated hearing officer shall take testimony and consider evidence, including the existence of mitigating circumstances. If a designated hearing officer orders that a student be expelled, the student may seek a review of the decision by the school board, based on the record of the expulsion hearing.
 - d. Include a referral mechanism to the criminal justice or juvenile delinquency system for a student who possesses a firearm in violation of this subsection.

SECTION 4. AMENDMENT. Subsection 6 of section 15.1-19-10 of the North Dakota Century Code is amended and reenacted as follows:

6. For purposes of this section:
 - a. "Dangerous weapon" has the meaning provided in 18 U.S.C. 930(g)(2).
 - b. "Firearm" has the meaning provided in Public Law No. 90-351 [82 Stat. 197; 18 U.S.C. 921].
 - ~~b.c.~~ "School property" includes all land within the perimeter of the school site and all school buildings, structures, facilities, and school vehicles, whether owned or leased by a school district, and the site of any school-sponsored event or activity.

SECTION 5. A new section to chapter 15.1-21 of the North Dakota Century Code is created and enacted as follows:

Private tutors.

A board of a school district may adopt a policy to permit private tutors to provide tutoring services on school premises.

SECTION 6. AMENDMENT. Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

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

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - b. 0.60 the number of full-time equivalent students enrolled in a summer education program, including a migrant summer education program;
 - c. 0.40 the number of full-time equivalent students who:

- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- d. 0.28 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- e. 0.25 the number of full-time equivalent students under the age of twenty-one enrolled in grades nine through twelve in an alternative high school;
- f. 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
- g. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- h. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
- i. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- j. ~~0.0820~~0.088 the number of students enrolled in average daily membership, in order to support the provision of special education services;
- k. 0.07 the number of full-time equivalent students who:
- (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- l. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- m. 0.002 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1;

- n. ~~0.60~~1.0 the number of students by which the district's September tenth enrollment report exceeds the number of students in the prior year's average daily membership ~~increasing the factor annually by 0.10, not to exceed 1.00~~; and
 - o. For districts paid based on September tenth enrollment in the prior year, ~~0.50~~0.70 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, increasing the factor annually by 0.10, not to exceed 1.00. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of 0.50 the number of excess students, increasing the factor annually by 0.10, not to exceed 1.00.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

SECTION 7. AMENDMENT. Subdivision o of subsection 1 of section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

- o. For districts paid based on September tenth enrollment in the prior year, ~~0.70~~1.00 the number of students determined by deducting the number of students in the prior year's September tenth enrollment from the prior year's average daily membership, ~~increasing the factor annually by 0.10, not to exceed 1.00~~. If the prior year's September tenth enrollment exceeds the prior year's average daily membership, then a deduction of ~~0.50~~1.00 the number of excess students, ~~increasing the factor annually by 0.10, not to exceed 1.00~~.

SECTION 8. AMENDMENT. Subsection 4 of section 15.1-27-03.2 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units. For ~~the 2022-23 school year~~, for school districts that operate multiple kindergarten through grade twelve buildings at least ~~nineteen~~fourteen miles [~~30.58~~22.53 kilometers] apart, or multiple buildings at least ~~nineteen~~fourteen miles [~~30.58~~22.53 kilometers] apart with no replicated grades, the superintendent of public instruction shall determine the school size weighting factor for each building separately, with no adjustment for elementary schools. The superintendent of public instruction shall multiply the school size weighting factor for each building by the school district's weighted average daily membership to determine each building's weighted student units. The superintendent of public instruction shall combine the weighted student units of all buildings in the school district to determine the school district's weighted student units.

SECTION 9. AMENDMENT. Subsection 4 of section 15.1-27-03.2 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units. For for school districts that operate multiple kindergarten through grade twelve buildings at least ~~fourteen~~ miles [~~22.53~~ kilometers] apart, or multiple buildings at least ~~fourteen~~ miles [~~22.53~~ kilometers] apart with no replicated grades, the superintendent of public instruction shall determine the school size weighting factor for each building separately, ~~with no adjustment for elementary schools~~. The superintendent of public instruction shall multiply the school size weighting factor for each building by the school district's weighted average daily membership to determine each building's weighted student units. The superintendent of public instruction shall combine the weighted student units of all buildings in the school district to determine the school district's weighted student units.

SECTION 10. AMENDMENT. Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

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

1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:
 - a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;
 - b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;
 - c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:
 - (1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2021-22 school year, seventeen percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid, and an additional seventeen percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid each school year thereafter, until the 2024-25 school year when sixty-eight percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid must be excluded from the tuition calculation under this paragraph;
 - (4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;
 - (5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and
 - (6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);
 - d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:
 - (1) Mobile home tax revenue;
 - (2) Telecommunications tax revenue; and

- (3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit; and
- e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter.
2. a. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's 2017-18 weighted student units to determine the district's baseline funding per weighted student unit.
- b. For any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the district's baseline funding per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter.
- c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. The superintendent shall reduce the district's baseline funding per weighted student unit by fifteen percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.
3. a. For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ten thousand ~~one hundred thirty-six~~six hundred forty-six dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand ~~one hundred thirty-six~~six hundred forty-six dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~fifteen~~forty-five percent and then the difference added to the amount determined in paragraph 1.

- b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:
- (1) The district's weighted student units multiplied by ~~teneleven~~ thousand ~~two hundred thirty-seven~~seventy-two dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ~~teneleven~~ thousand ~~two hundred thirty-seven~~seventy-two dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~thirtysixty~~ percent for the ~~2022-23~~2024-25 school year and the reduction percentage increasing by fifteen percent each school year thereafter until the difference is reduced to zero, and then the difference added to the amount determined in paragraph 1.
- e. ~~The superintendent also shall adjust state aid determined in this subsection to ensure the amount does not exceed the transition maximum as follows:~~
- (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - (3) ~~For the 2023-24 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus twenty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - (4) ~~For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - (5) ~~For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

- (6) ~~For the 2026-27 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus eighty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:
 - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and
 - b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
 - (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and
 - (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.
 - (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2020~~2022 by the school district for sinking and interest relative to the total mills levied in ~~2020~~2022 by the school district for all purposes.
5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.
6. On or before June thirtieth of each year, the school board shall certify to the superintendent of public instruction the final average daily membership for the current school year.
7. For purposes of the calculation in subsection 4, each county auditor, in collaboration with the school districts, shall report the following to the superintendent of public instruction on an annual basis:

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

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

1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:
 - a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;
 - b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;
 - c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:
 - (1) Revenue reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (2) Mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (3) Tuition reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition received for the provision of an adult farm management program, and beginning in the 2025-26 school year, eighty-five percent of tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid, until the 2026-27 school year, and each school year thereafter, when all tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid must be excluded from the tuition calculation under this paragraph;
 - (4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;
 - (5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and
 - (6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
 - d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:
 - (1) Mobile home tax revenue;

- (2) Telecommunications tax revenue; and
 - (3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit.
- e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter.
2. a. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's 2017-18 weighted student units to determine the district's baseline funding per weighted student unit.
 - b. For any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the district's baseline funding per weighted student unit used to calculate state aid. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter.
 - c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. The superintendent shall reduce the district's baseline funding per weighted student unit by fifteen percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.
3. a. For the ~~2021-22~~2023-24 school year, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ten thousand ~~one hundred thirty-six~~six hundred forty-six dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand ~~one hundred thirty-six~~six hundred forty-six dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~fifteen~~forty-five percent and then the difference added to the amount determined in paragraph 1.

- b. For the ~~2022-23~~2024-25 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:
- (1) The district's weighted student units multiplied by ~~teneleven~~ thousand ~~two hundred thirty-seven~~seventy-two dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ~~teneleven~~ thousand ~~two hundred thirty-seven~~seventy-two dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by ~~thirtysixty~~ percent for the ~~2022-23~~2024-25 school year and the reduction percentage increasing by fifteen percent each school year thereafter until the difference is reduced to zero, and then the difference added to the amount determined in paragraph 1.
- e. ~~The superintendent also shall adjust state aid determined in this subsection to ensure the amount does not exceed the transition maximum as follows:~~
- (1) ~~For the 2021-22 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - (2) ~~For the 2022-23 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.~~
 - (3) ~~For the 2023-24 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus twenty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - (4) ~~For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
 - (5) ~~For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

- (6) ~~For the 2026-27 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus eighty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~
4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:
 - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district; and
 - b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
 - (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and
 - (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.
 - (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2020~~2022 by the school district for sinking and interest relative to the total mills levied in ~~2020~~2022 by the school district for all purposes.
5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.
6. On or before June thirtieth of each year, the school board shall certify to the superintendent of public instruction the final average daily membership for the current school year.
7. For purposes of the calculation in subsection 4, each county auditor, in collaboration with the school districts, shall report the following to the superintendent of public instruction on an annual basis:
 - a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;

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

SECTION 11. AMENDMENT. Subsection 5 of section 15.1-36-08 of the North Dakota Century Code is amended and reenacted as follows:

- 5. If the superintendent of public instruction approves the loan, the Bank of North Dakota shall issue a loan from the school construction assistance revolving loan fund. For a loan made under this section:
 - a. ~~The~~ If the school construction project totals less than seventy-five million dollars, the maximum loan amount for which a school district may qualify is ~~ten~~fifteen million dollars. However, if a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the loan amount under this section may not exceed eighty percent of the project's cost up to a maximum loan amount of ~~eight~~twelve million dollars;
 - b. If the school construction project totals seventy-five million dollars or more, the maximum loan amount for which a school district may qualify is thirty million dollars. However, if a school district's unobligated general fund balance on the preceding June thirtieth exceeds the limitation under section 15.1-27-35.3, the loan amount under this section may not exceed eighty percent of the project's cost up to a maximum loan amount of twenty-four million dollars;
 - c. The term of the loan is twenty years, unless the board of the school district requests a shorter term in the written loan application; and
 - ~~e.~~d. The interest rate of the loan may not exceed two percent per year.
 - e. A district with a school construction loan secured on the open bond market may apply to refinance the loan when callable with the school construction assistance revolving loan fund under this subsection.
 - f. A district that qualifies for a loan under subdivision a, which was approved for a loan of up to ten million dollars for a construction project bid after January 1, 2021, and before June 30, 2024, may apply for a loan in an amount equal to the difference between fifteen million dollars and the amount of the approved loan. Districts qualifying under this subdivision may submit an application for additional funding to the superintendent of public instruction before August 1, 2023.
 - g. A district that qualifies for a loan under subdivision b, which was approved for a loan of up to ten million dollars for a construction project bid after January 1, 2021, and before June 30, 2024, may apply for a loan in an amount equal to the difference between thirty million dollars and the amount of the approved loan. Districts qualifying under this subdivision may submit an application for additional funding to the superintendent of public instruction before August 1, 2023.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - COMPOSITION OF THE STATE BOARD OF PUBLIC SCHOOL EDUCATION.

- 1. During the 2023-24 interim, the legislative management shall consider studying the composition of the state board of public school education. The study must include:
 - a. An analysis of the state board of public school education boundaries, including a comparison of methodologies for creating the boundaries;

- b. An analysis of the inclusion of representatives from small, large, urban, and rural schools on the board;
 - c. An evaluation of term limits for board members, including staggering terms to ensure continuity of knowledge;
 - d. An evaluation of the benefits and consequences of requiring the composition of the board to include two school district superintendents, two members of a board of a school district, and two citizens at large;
 - e. An evaluation of the benefits and consequences of requiring a minimum or maximum number of candidates to be submitted to the governor and permitting the governor to request a new list of potential candidates once; and
 - f. An analysis of the role and practices of the county superintendent of schools.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 13. LEGISLATIVE MANAGEMENT STUDY - SCHOOL CHOICE MODELS.

1. During the 2023-24 interim, the legislative management shall study school choice models implemented nationally for kindergarten through grade twelve schools, including charter schools, magnet schools, private schools, voucher systems, and home schools. The study must include input from stakeholders, including public and nonpublic teachers and administrators, parents of students, representatives from the department of public instruction, a representative from the governor's office, and representatives from regional education associations. The study also must include the following, supported by quantitative data:
 - a. A review of regulations implemented by state regulatory agencies to ensure accountability for various school choice models;
 - b. A comparison of nontraditional school choice models implemented by other states;
 - c. An analysis of the impact of enrollment fluctuation, including the impact on state aid;
 - d. A review of the state's student population and enrollment capacity and tuition costs of nonpublic schools; and
 - e. A review of services nonpublic schools are able to offer students with special needs.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 14. LEGISLATIVE MANAGEMENT STUDY - TEACHER SHORTAGE AND MILITARY FAMILY WORKFORCE. During the 2023-24 interim, the legislative management shall consider studying employer recruitment needs, applicable state regulations, and benefit options for kindergarten through grade twelve educators within the state, including potential barriers to military personnel and spouses teaching in the classroom. The study should identify immediate and long-term public policy strategies to address teacher shortages and support for military families and spouses. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 15. LEGISLATIVE MANAGEMENT STUDY - VIRTUAL INSTRUCTION IN LIEU OF STORM DAYS. During the 2023-24 interim, the legislative management shall consider studying the feasibility, desirability, and impact of replacing storm days with virtual instruction days. The study must include input from the department of public instruction, public school administrators and teachers, and other stakeholders. The study also must include a review of relevant statutes, plans approved by school boards, and current practices related to storm days. The legislative management shall report its findings

and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 16. APPROPRIATION - UNIVERSITY OF NORTH DAKOTA - SCHOOL TRANSPORTATION STUDY - ONE-TIME FUNDING. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000, or so much of the sum as may be necessary, to the university of North Dakota for the purpose of a school transportation study, for the biennium beginning July 1, 2023, and ending June 30, 2025. The funding provided in this section is considered a one-time funding item.

SECTION 17. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION - GRANTS FOR FREE MEALS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing grants to school districts to defray the expenses of providing meals, free of charge, for all students enrolled in public or nonpublic school at or below two hundred percent of the federal poverty guideline, for the biennium beginning July 1, 2023, and ending June 30, 2025. The superintendent of public instruction shall develop guidelines and reporting requirements for the grants.

SECTION 18. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF PUBLIC INSTRUCTION - SCIENCE OF READING - REPORT. There is appropriated out of any moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of supporting professional learning related to the science of reading and implementing systematic direct literacy instruction, for the biennium beginning July 1, 2023, and ending June 30, 2025. The superintendent of public instruction shall collaborate with the regional education associations to ensure continuity of access to science of reading training opportunities and develop support processes to deepen science of reading implementation. The superintendent of public instruction shall provide quarterly reports to the legislative management on the implementation and effectiveness of this appropriation on improving educational outcomes, including the number of teachers trained, an anticipated timeline of results trends, and any results trends available.

SECTION 19. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF PUBLIC INSTRUCTION - DYSLEXIA IDENTIFICATION TRAINING. There is appropriated out of any moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum of \$279,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing training in identification of dyslexia characteristics for the biennium beginning July 1, 2023, and ending June 30, 2025. Each school that instructs students in kindergarten through third grade may apply to the department for funding to train at least one educator in the identification of dyslexia characteristics.

SECTION 20. APPROPRIATION - PUBLIC INSTRUCTION FUND - DEPARTMENT OF PUBLIC INSTRUCTION - READING LEARNING PLATFORM TRAINING. There is appropriated out of any moneys in the public instruction fund in the state treasury, not otherwise appropriated, the sum of \$558,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of providing training in a reading learning platform approved by the superintendent of public instruction, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 21. EXEMPTION - TRANSFER - PUBLIC INSTRUCTION FUND. Notwithstanding section 54-44.1-11, if, after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2021-23 biennium, any moneys remain in the integrated formula payments line item in subdivision 1 of section 1 of chapter 13 of the 2021 Session Laws, the lesser of \$1,837,000 or the remaining amount must be continued into the 2023-25 biennium and the office of management and budget shall transfer this amount into the public instruction fund for the purpose of funding professional learning related to the science of reading and implementing systematic direct literacy instruction, training in identification of dyslexia characteristics, and reading training for kindergarten through grade three teachers as appropriated in this Act.

SECTION 22. TRANSFER - FOUNDATION AID STABILIZATION FUND TO SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND. The office of management and budget shall transfer the sum of \$75,000,000 from the foundation aid stabilization fund to the school construction assistance revolving loan fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 23. EFFECTIVE DATE. Section 7 of this Act becomes effective on July 1, 2024. Section 9 of this Act becomes effective on July 1, 2028.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2284.

Senate Vote: Yeas 42 Nays 4 Absent 1

House Vote: Yeas 77 Nays 15 Absent 2

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,

at _____ o'clock _____ M.

Secretary of State