

**SECOND ENGROSSMENT  
with House Amendments**Fifty-eighth  
Legislative Assembly  
of North Dakota**REENGROSSED SENATE BILL NO. 2154**

Introduced by

Education Committee

(At the request of the Office of Management and Budget)

1 A BILL for an Act to create and enact three new sections to chapter 15.1-07 and a new section  
2 to chapter 15.1-12 of the North Dakota Century Code, relating to school district plans and  
3 changes and interim funds; to amend and reenact subsection 5 of section 15.1-09-36, section  
4 15.1-16-02, subsection 6 of section 15.1-27-01, sections 15.1-27-04, 15.1-27-05, 15.1-27-06,  
5 and 15.1-27-07, subsection 1 of section 15.1-27-10, subsection 4 of section 15.1-27-19,  
6 subsection 4 of section 15.1-27-21, sections 15.1-27-34, 15.1-27-37, 15.1-27-39, and  
7 15.1-29-01, subsection 4 of section 15.1-29-06, sections 15.1-29-13 and 15.1-29-14,  
8 subsection 1 of section 15.1-30-01, section 15.1-30-05, subsection 2 of section 15.1-30-15, and  
9 sections 15.1-31-05, 15.1-31-06, and 15.1-32-16 of the North Dakota Century Code, relating to  
10 per student payments, weighting factors, transportation aid, teacher compensation, and teacher  
11 compensation reimbursement; to provide for a legislative council study; to provide for  
12 contingent payments; to repeal sections 15.1-27-26, 15.1-27-27, 15.1-27-28, 15.1-27-29,  
13 15.1-27-30, and 15.1-27-31 of the North Dakota Century Code, relating to state transportation  
14 aid payments; to provide an appropriation; and to provide an effective date.

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

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

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

- 19 1. Between January first and June thirtieth of every even-numbered year, the board  
20 of each school district shall invite the public to participate in a planning process  
21 addressing the effects that demographics might have on the district in the ensuing  
22 five-year and ten-year periods, and specifically addressing potential effects on:  
23 a. Academic, athletic, and extracurricular programs;  
24 b. Instructional and administrative staffing;

- 1           c. Facility needs and utilization; and  
2           d. District tax levies.  
3           2. At the conclusion of the planning process, the board shall prepare a report, publish  
4           a notice in the official newspaper of the district indicating that the report is  
5           available, and make the report available upon request.

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

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

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

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

15           **Interim fund.**

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

27           **SECTION 4. AMENDMENT.** Subsection 5 of section 15.1-09-36 of the North Dakota  
28 Century Code is amended and reenacted as follows:

- 29           5. If a board charges fees not authorized by law and refuses to discontinue the  
30           charges when directed to do so by the superintendent of public instruction, the  
31           superintendent shall withhold the ~~per student and transportation~~ state aid

1           payments to which the district is entitled for each student charged an unauthorized  
2           fee.

3           **SECTION 5.** A new section to chapter 15.1-12 of the North Dakota Century Code is  
4 created and enacted as follows:

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

8           **SECTION 6. AMENDMENT.** Section 15.1-16-02 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10          **15.1-16-02. Education factfinding commission - Appointment - Terms - Quorum.**

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

23          **SECTION 7. AMENDMENT.** Subsection 6 of section 15.1-27-01 of the North Dakota  
24 Century Code is amended and reenacted as follows:

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

28          **SECTION 8. AMENDMENT.** Section 15.1-27-04 of the North Dakota Century Code is  
29 amended and reenacted as follows:

30          **15.1-27-04. Per student payment.** The per student payment to which each school  
31 district is entitled for the first year of the biennium is two thousand ~~two~~ five hundred

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

5 **SECTION 9. AMENDMENT.** Section 15.1-27-05 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **15.1-27-05. (Effective through June 30, 2004) School district equalization factor.**

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

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

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

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

- 23 ~~4.~~ a. The product of ~~thirty-two~~ thirty-six mills times the latest available net  
24 assessed and equalized valuation of property in the district.
- 25 ~~2.~~ b. The amount by which the unobligated general fund balance of the district on  
26 the preceding June thirtieth is in excess of fifty percent of its actual  
27 expenditures, plus twenty thousand dollars.
- 28 2. Beginning July 1, 2005, and each year thereafter, the number of mills used by the  
29 superintendent of public instruction in determining the product required by  
30 subdivision a of subsection 1 must be increased by two over the number of mills  
31 used in determining the product required by that subdivision the previous year,

1           until the number of mills used by the superintendent of public instruction reaches  
2           an equity index equal to twenty-five percent of the state average school district  
3           general fund mill levy. Upon reaching the equity index, the superintendent of  
4           public instruction shall annually adjust the number of mills in order to remain at the  
5           equity index.

6           3. Whenever the legislative assembly considers changes in state aid to education,  
7           the legislative assembly shall also review the rate established by subsection 2 for  
8           reaching the equity index and determine whether that rate should be adjusted  
9           proportionately.

10           **SECTION 10. AMENDMENT.** Section 15.1-27-06 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12           **15.1-27-06. Per student payments - Weighting factors - High school students.**

13           The superintendent of public instruction shall make payments each year, as provided for in this  
14 section, to each school district operating a high school and to each school district contracting to  
15 educate high school students in a federal school, subject to adjustment as provided in section  
16 15.1-27-21.

17           1. Each district having under seventy-five students in average daily membership in  
18 grades nine through twelve is entitled to receive the amount of money that results  
19 from multiplying the factor 1.625 adjusted by ~~seventy-five~~ eighty-five percent of the  
20 difference between 1.625 and the factor representing the five-year average cost of  
21 education per student for this category, as determined by the superintendent of  
22 public instruction, by the number of students in grades nine through twelve who  
23 are registered in that district, times the per student payment provided for in section  
24 15.1-27-04. Beginning July 1, 2004, the factor is that which represents the  
25 five-year average cost of education per student in this category, as determined by  
26 the superintendent of public instruction.

27           2. Each district having at least seventy-five but fewer than one hundred fifty students  
28 in average daily membership in grades nine through twelve is entitled to receive  
29 the amount of money that results from multiplying the factor 1.335 adjusted by  
30 ~~seventy-five~~ eighty-five percent of the difference between 1.335 and the factor  
31 representing the five-year average cost of education per student for this category,

- 1 as determined by the superintendent of public instruction, by the number of  
2 students in grades nine through twelve who are registered in that district, times the  
3 per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,  
4 the factor is that which represents the five-year average cost of education per  
5 student in this category, as determined by the superintendent of public instruction.
- 6 3. Each district having at least one hundred fifty but fewer than five hundred fifty  
7 students in average daily membership in grades nine through twelve is entitled to  
8 receive the amount of money that results from multiplying the factor 1.24 adjusted  
9 by ~~seventy-five~~ eighty-five percent of the difference between 1.24 and the factor  
10 representing the five-year average cost of education per student for this category,  
11 as determined by the superintendent of public instruction, by the number of  
12 students in grades nine through twelve who are registered in that district, times the  
13 per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,  
14 the factor is that which represents the five-year average cost of education per  
15 student in this category, as determined by the superintendent of public instruction.
- 16 4. Each district having at least five hundred fifty students in average daily  
17 membership in grades nine through twelve is entitled to receive the amount of  
18 money that results from multiplying the factor 1.14 adjusted by ~~seventy-five~~  
19 eighty-five percent of the difference between 1.14 and the factor representing the  
20 five-year average cost of education per student for this category, as determined by  
21 the superintendent of public instruction, by the number of students in grades nine  
22 through twelve who are registered in that district, times the per student payment  
23 provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is that which  
24 represents the five-year average cost of education per student in this category, as  
25 determined by the superintendent of public instruction.
- 26 5. Each district having an approved alternative high school education program is  
27 entitled to receive the amount of money that results from multiplying the factor in:  
28 a. Subsection 1 by the number of students registered in the alternative  
29 education program, times the per student payment provided for in section  
30 15.1-27-04, if fewer than seventy-five students in average daily membership  
31 are enrolled in the alternative education program.

- 1           b. Subsection 2 by the number of students registered in the alternative  
2           education program, times the per student payment provided for in section  
3           15.1-27-04, if at least seventy-five but fewer than one hundred fifty students in  
4           average daily membership are enrolled in the alternative education program.
- 5           c. Subsection 3 by the number of students registered in the alternative  
6           education program, times the per student payment provided for in section  
7           15.1-27-04, if at least one hundred fifty but fewer than five hundred fifty  
8           students in average daily membership are enrolled in the alternative  
9           education program.
- 10          d. Subsection 4 by the number of students registered in the alternative  
11          education program, times the per student payment provided for in section  
12          15.1-27-04, if at least five hundred fifty students in average daily membership  
13          are enrolled in the alternative education program.
- 14          6. In order to be eligible for enumeration under this section, a student:  
15           a. Must have completed the work of the eighth grade;  
16           b. Must not have completed the work of the twelfth grade; and  
17           c. Must be a resident of this state or a nonresident attending a school in this  
18           state under the auspices of a foreign student exchange program.

19           **SECTION 11. AMENDMENT.** Section 15.1-27-07 of the North Dakota Century Code is  
20 amended and reenacted as follows:

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

- 26          1. a. Each district having only a one-room rural school is entitled to receive the  
27           amount of money that results from multiplying the factor 1.28 adjusted by  
28           ~~seventy-five~~ eighty-five percent of the difference between 1.28 and the factor  
29           representing the five-year average cost of education per student for this  
30           category, as determined by the superintendent of public instruction, by the  
31           number of students in average daily membership in grades one through eight

- 1 in that school, times the per student payment provided for in section  
2 15.1-27-04. Beginning July 1, 2004, the factor is that which represents the  
3 five-year average cost of education per student in this category, as  
4 determined by the superintendent of public instruction. The payment level  
5 provided for in this subdivision is applicable only to the first sixteen students.
- 6 b. If the one-room rural school has more than sixteen students in average daily  
7 membership in grades one through eight, the district in which the school is  
8 located is entitled to receive ninety percent of the per student payment  
9 provided for in section 15.1-27-04 for each additional student. The district is  
10 not entitled to any payment for more than twenty students in average daily  
11 membership.
- 12 c. If a one-room rural school is located in a district having another elementary  
13 school, the weighting factor for the students in grades one through six must  
14 be based on the average daily membership in the district in grades one  
15 through six, as provided in this section.
- 16 d. If a one-room rural school is located in a school district with another school  
17 that has students in grade seven or eight, the weighting factor for the students  
18 in grade seven or eight must be the same as that provided for in subsection 5.
- 19 2. Except as provided in subsection 1, each school district having fewer than one  
20 hundred students in average daily membership in grades one through six is  
21 entitled to receive the amount of money that results from multiplying the factor 1.09  
22 adjusted by ~~seventy-five~~ eighty-five percent of the difference between 1.09 and the  
23 factor representing the five-year average cost of education per student for this  
24 category, as determined by the superintendent of public instruction, by the number  
25 of students in average daily membership in grades one through six in the district,  
26 times the per student payment provided for in section 15.1-27-04. Beginning  
27 July 1, 2004, the factor is that which represents the five-year average cost of  
28 education per student in this category, as determined by the superintendent of  
29 public instruction. The payment provided for in this subsection is applicable only to  
30 the first twenty-five students in average daily membership per classroom or per  
31 teacher.



- 1           3. Each school district having at least one hundred students but fewer than one  
2           thousand students in average daily membership in grades one through six is  
3           entitled to receive the amount of money that results from multiplying the factor .905  
4           adjusted by ~~seventy-five~~ eighty-five percent of the difference between .905 and the  
5           factor representing the five-year average cost of education per student for this  
6           category, as determined by the superintendent of public instruction, by the number  
7           of students in average daily membership in grades one through six in the district,  
8           times the per student payment provided for in section 15.1-27-04. Beginning  
9           July 1, 2004, the factor is that which represents the five-year average cost of  
10           education per student in this category, as determined by the superintendent of  
11           public instruction. The payment provided for in this subsection is applicable only to  
12           the first thirty students in average daily membership per classroom or per teacher.
- 13           4. Each school district having at least one thousand students in average daily  
14           membership in grades one through six is entitled to receive the amount of money  
15           that results from multiplying the factor .95 adjusted by ~~seventy-five~~ eighty-five  
16           percent of the difference between .95 and the factor representing the five-year  
17           average cost of education per student for this category, as determined by the  
18           superintendent of public instruction, by the number of students in average daily  
19           membership in grades one through six in the district, times the per student  
20           payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is  
21           that which represents the five-year average cost of the education per student in  
22           this category, as determined by the superintendent of public instruction. The  
23           payment provided for in this subsection is applicable only to the first thirty students  
24           in average daily membership per classroom or per teacher.
- 25           5. Each school district having students in grades seven and eight is entitled to  
26           receive the amount of money that results from multiplying the factor 1.01 adjusted  
27           by ~~seventy-five~~ eighty-five percent of the difference between 1.01 and the factor  
28           representing the five-year average cost of education per student for this category,  
29           as determined by the superintendent of public instruction, by the number of  
30           students in average daily membership in grades seven and eight in the district,  
31           times the per student payment provided for in section 15.1-27-04. Beginning

- 1           July 1, 2004, the factor is that which represents the five-year average cost of  
2           education per student in this category, as determined by the superintendent of  
3           public instruction. The payment provided for in this subsection is applicable only to  
4           the first thirty students in average daily membership per classroom or per teacher.  
5           The payments provided for in this subsection are not available for students who  
6           attend a one-room rural school if that school is the only one in the district that  
7           offers educational services to students in grades seven and eight.
- 8           6. Each school district having a special education program approved by the director  
9           of special education is entitled to receive, for each student who is enrolled in the  
10           program and who is at least three years of age but less than the compulsory age  
11           for school attendance, the amount of money that results from multiplying the factor  
12           1.01 adjusted by ~~seventy-five~~ eighty-five percent of the difference between 1.01  
13           and the factor representing the five-year average cost of education per student for  
14           this category, as determined by the superintendent of public instruction, by the  
15           number of special education students in average daily membership in the program  
16           who are at least three years of age but less than the compulsory age for school  
17           attendance, times the per student payment provided for in section 15.1-27-04.  
18           Beginning July 1, 2004, the factor is that which represents the five-year average  
19           cost of education per student in this category, as determined by the superintendent  
20           of public instruction.
- 21           7. a. Each school district operating a kindergarten as provided for in section  
22           15.1-22-02 is entitled to receive the amount of money that results from  
23           multiplying the factor .50 adjusted by ~~seventy-five~~ eighty-five percent of the  
24           difference between .50 and the factor representing the five-year average cost  
25           of education per student for this category, as determined by the  
26           superintendent of public instruction, by the number of kindergarten students in  
27           average daily membership in the district, times the per student payment  
28           provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is that  
29           which represents the five-year average cost of education per student in this  
30           category, as determined by the superintendent of public instruction. The  
31           payment provided for in this subsection is applicable only to the first

- 1                   twenty-five students in average daily membership per classroom or per  
2                   teacher.
- 3                   b. In order to receive the full per student payment available under this section, a  
4                   district must operate a kindergarten program that provides the equivalent of  
5                   ninety full days of classroom instruction during a twelve-month period. A  
6                   district is entitled to a prorated payment under this section if it operates a  
7                   kindergarten program of shorter duration.
- 8                   8. Each school district that educates students who are also enrolled in nonpublic  
9                   schools is entitled to receive proportionate payments under this section.
- 10                  9. Each school district is entitled to receive as much in total payments for elementary  
11                  students as it would have received if it had the highest number of students in the  
12                  next lower category.
- 13                  10. A school district is not entitled to any payments provided for by this chapter unless  
14                  each teacher employed by the district:
- 15                   a. Holds a teaching license issued by the education standards and practices  
16                   board; or
- 17                   b. Has been approved to teach by the education standards and practices board.

18                  **SECTION 12. AMENDMENT.** Subsection 1 of section 15.1-27-10 of the North Dakota  
19 Century Code is amended and reenacted as follows:

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

1           **SECTION 13. AMENDMENT.** Subsection 4 of section 15.1-27-19 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3           4. Proportionate payments made under this section during a biennium for summer  
4 school courses or programs may not exceed one and one-half percent of the total  
5 amount appropriated by the legislative assembly for ~~per student and transportation~~  
6 state aid payments during the biennium, or eight million dollars, whichever is less.  
7 No more than seventy-five percent of the amount made available under this  
8 subsection may be used to support summer school courses at the high school  
9 level and no more than twenty-five percent of the amount made available under  
10 this subsection may be used to support remedial summer school programs at the  
11 elementary level.

12           **SECTION 14. AMENDMENT.** Subsection 4 of section 15.1-27-21 of the North Dakota  
13 Century Code is amended and reenacted as follows:

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

17           **SECTION 15. AMENDMENT.** Section 15.1-27-34 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **15.1-27-34. Transfer of funds prohibited - Youth correctional center.** The  
20 superintendent of public instruction may not transfer any portion of the funds appropriated for  
21 ~~per student state aid~~ state aid payments ~~and transportation aid~~ to the youth correctional center to  
22 support the provision of educational services by the youth correctional center.

23           **SECTION 16. AMENDMENT.** Section 15.1-27-37 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25           **15.1-27-37. Compensation of teachers - Claim for reimbursement - Rules.**

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

- 1           2.    The claim must include:
- 2           a.    The number of full-time equivalent teachers employed by the district as of
- 3                 September fifteenth;
- 4           b.    The number of full-time equivalent teachers ~~who will receive an increase in~~
- 5                 ~~compensation over the amount paid during the previous~~ whose level of
- 6                 compensation will be at least equal to that provided during the 2002-03
- 7                 school year; and
- 8           c.    The total amount of ~~the increase in~~ any compensation increases provided to
- 9                 full-time equivalent teachers over the level of compensation provided during
- 10                the 2002-03 school year.
- 11          3.    a.    For the ~~2001-02~~ 2003-04 school year, the reimbursement provided for in this
- 12                section may not exceed ~~one thousand dollars multiplied by the number of~~
- 13                ~~full-time equivalent teachers employed by the district as of September 15,~~
- 14                ~~2001.~~
- 15           b.    ~~Except as provided in subdivision c, for the 2002-03 school year, the~~
- 16                ~~reimbursement provided for in this section may not exceed~~ three thousand
- 17                dollars multiplied by the number of full-time equivalent teachers employed by
- 18                the district as of September 15, ~~2002~~ 2003.
- 19           b.    For the 2004-05 school year, the reimbursement provided for in this section
- 20                may not exceed three thousand dollars multiplied by the number of full-time
- 21                equivalent teachers employed by the district as of September 15, 2004.
- 22           c.    For the ~~2002-03~~ 2003-04 school year, the reimbursement under this section
- 23                for each individual employed as of September 15, ~~2002~~ 2003, as a full-time
- 24                equivalent teacher for the first school year since becoming licensed to teach
- 25                by the education standards and practices board or approved to teach by the
- 26                education standards and practices board, may not exceed one thousand
- 27                dollars.
- 28           d.    For the 2003-04 school year, the reimbursement under this section for each
- 29                individual employed as of September 15, 2004, as a full-time equivalent
- 30                teacher for the first school year since becoming licensed to teach by the
- 31                education standards and practices board or approved to teach by the

1                   education standards and practices board, may not exceed one thousand  
2                   dollars.

3           4.   For purposes of this section, the claim of a district may include proportionate  
4           expenditures made by the district to compensate individuals employed as teachers  
5           by the special education unit or the area vocational and technology center to which  
6           the district belongs.

7           5.   The superintendent of public instruction may adopt rules regarding claims for and  
8           the payment of reimbursements under this section.

9           **SECTION 17. AMENDMENT.** Section 15.1-27-39 of the North Dakota Century Code is  
10          amended and reenacted as follows:

11           **15.1-27-39. Annual salary - Minimum amount.** Beginning with the ~~2001-02~~ 2003-04  
12          school year, the board of each school district shall provide to each full-time teacher, under  
13          contract for a period of nine months, a base salary level ~~of salary~~ for the contract period equal  
14          to at least ~~eighteen~~ twenty-one thousand ~~five hundred~~ dollars. Beginning with the ~~2002-03~~  
15          2004-05 school year, the board of each school district shall provide to each full-time teacher,  
16          under contract for a period of nine months, a base salary level for the contract period equal to  
17          at least ~~twenty~~ twenty-two thousand five hundred dollars.

18           **SECTION 18. AMENDMENT.** Section 15.1-29-01 of the North Dakota Century Code is  
19          amended and reenacted as follows:

20           **15.1-29-01. Education of students in bordering states - Payment of tuition.**

21           1.   Students may attend a school in a bordering state in accordance with section  
22           15.1-29-02 under the following circumstances:

23           a.   A student who lives within forty miles [64.37 kilometers] of another state or in  
24           a county bordering on another state may, with the approval of the school  
25           board, attend a public school in a bordering state.

26           b.   A student who has attended a school district in a bordering state since, and  
27           including, the 1990-91 school year must be permitted to continue attending  
28           school in the district in the bordering state.

29           c.   A student whose sibling attended an out-of-state school during or before the  
30           1990-91 school year must be permitted to attend school in the district the  
31           sibling attended in the bordering state.

- 1           2. If the school board of the district in which the student resides denies a request for  
2           a student's attendance in and payment of tuition to another state, the student's  
3           parent may appeal the decision to the three-member committee referenced in  
4           section 15.1-29-06.
- 5           a. If the three-member committee determines that the student meets the terms  
6           of subdivision b or c of subsection 1, the student may attend school in the  
7           bordering state and the board of the student's school district of residence  
8           shall pay the tuition.
- 9           b. If the three-member committee determines the student falls within the terms  
10          of subdivision a of subsection 1, then the three-member committee shall  
11          make its decision using the criteria specified in section 15.1-29-06.
- 12          c. Notwithstanding the provisions of this section, if a student's school district of  
13          residence does not provide for the education of kindergarten students, the  
14          district may not pay tuition for a kindergarten student to attend school in a  
15          bordering state.
- 16          d. Any decision by the three-member committee regarding the payment of tuition  
17          for high school, elementary, or kindergarten students may be appealed by the  
18          school board or by the student's parent to the state board of public school  
19          education. A decision by the state board is final.
- 20          3. a. The superintendent of public instruction shall forward all ~~per student and~~  
21          ~~transportation~~ state aid payments for a student attending an out-of-state  
22          school to the student's school district of residence.
- 23          b. The student's district of residence may reduce any tuition payment it must  
24          make to an out-of-state school by an amount commensurate with the tuition  
25          costs the district would be entitled to receive as compensation for a student  
26          from the out-of-state district enrolled in its school.
- 27          e. ~~Transportation payments for a student attending school in a bordering state~~  
28          ~~must be determined as provided in section 15.1-27-27.~~
- 29          4. Nothing in this section requires that a school district of residence provide student  
30          transportation or payments in lieu of transportation for students attending  
31          out-of-state schools.

1           **SECTION 19. AMENDMENT.** Subsection 4 of section 15.1-29-06 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3           4. A school district of residence may provide transportation to a student for whom  
4 tuition is paid under this section. If a school district of residence does not provide  
5 transportation to the student, it may be provided by the admitting district ~~and the~~  
6 ~~admitting district is then entitled to state payments for the transportation of the~~  
7 ~~student.~~

8           **SECTION 20. AMENDMENT.** Section 15.1-29-13 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10           **15.1-29-13. Tuition payments - Nonresident students.**

- 11           1. a. Except as provided in this subsection, the board of a school district that  
12 admits a nonresident student shall charge and collect tuition for the student.  
13 Either the student's district of residence shall pay the tuition to the admitting  
14 district in accordance with section 15.1-29-12 or the student's parent shall pay  
15 the tuition to the admitting district in accordance with section 15.1-29-07.
- 16           b. A board may charge tuition for nonresident students enrolled in an approved  
17 alternative education program.
- 18           c. Except as otherwise provided, if a school district fails to charge and collect  
19 tuition for a nonresident student, the districts shall forfeit any ~~per student~~  
20 ~~payment and transportation~~ state aid otherwise payable for the nonresident  
21 student.
- 22           2. a. The board of a school district may admit a nonresident student from another  
23 district in this state offering the same grade level as that in which the student  
24 is enrolled without a charge and collection of tuition if the sending and  
25 admitting districts have entered into a written contract regarding the student's  
26 admission.
- 27           b. For purposes of determining whether the same grade level is offered, two or  
28 more school districts cooperating with each other for the joint provision of  
29 educational services under a plan approved by the superintendent of public  
30 instruction must be considered to be a single district.



- 1           c. The contract must specify whether transportation is to be provided and, if so,  
2           by which district. If a school district of residence does not provide  
3           transportation to the student, it may be provided by the admitting district and  
4           the admitting district is then entitled to state payments for the transportation of  
5           the student.
- 6           d. A contract is not necessary if the nonresident student is enrolled in an  
7           approved alternative education program for which no tuition is charged.
- 8           e. A school district may admit a nonresident student described in section  
9           15.1-31-07 from another school district in this state without a charge and  
10          collection of tuition and without a written agreement.
- 11          3. A school district may not charge or collect from a nonresident student, the  
12          student's parent, or the student's district of residence any fees or charges not  
13          otherwise assessed to all resident students.

14          **SECTION 21. AMENDMENT.** Section 15.1-29-14 of the North Dakota Century Code is  
15          amended and reenacted as follows:

16          **15.1-29-14. Student placement for noneducational purposes - Residency**  
17          **determination - Payment of tuition.**

- 18          1. For purposes of applying this chapter, a student's school district of residence is the  
19          district in which the student resides:
- 20          a. At the time that a state court, tribal court, juvenile supervisor, or the division of  
21          juvenile services issues an order requiring the student to stay for a prescribed  
22          period at a state-licensed foster home or at a state-licensed child care home  
23          or facility;
- 24          b. At the time a county or state social service agency places the student, with  
25          the consent of the student's parent or legal guardian, at a state-licensed foster  
26          home or at a state-licensed child care home or facility;
- 27          c. At the time the student is initially placed in a state-operated institution, even if  
28          the student is later placed at a state-licensed foster home or at a  
29          state-licensed child care home or facility; or
- 30          d. At the time the student is voluntarily admitted to a state-operated institution or  
31          to a state-licensed child care home or facility.

- 1           2.    The student's school district of residence is obligated to pay:
- 2           a.    All charges for tuition upon claim of the admitting district; and
- 3           b.    All charges for tutoring services upon claim of an admitting facility, provided
- 4                 that the tutoring services are delivered by an individual who is licensed to
- 5                 teach by the education standards and practices board or approved to teach
- 6                 by the education standards and practices board.
- 7           3.    a.    If, after a student placement is made as provided for under subsection 1, the
- 8                 student's custodial parent establishes residency in another school district in
- 9                 this state, the school district in which the custodial parent has established
- 10                residency becomes the student's school district of residence for purposes of
- 11                paying tuition and tutoring charges under subsection 2.
- 12           b.    The state shall pay the tuition and tutoring charges under subsection 2 from
- 13                funds appropriated by the legislative assembly for ~~per student and~~
- 14                ~~transportation~~ state aid to schools:
- 15                (1)    If, after a student placement is made as provided for under
- 16                         subsection 1, the student's custodial parent establishes residency
- 17                         outside this state; or
- 18                (2)    If a court orders a termination of parental rights with respect to the
- 19                         student's parents.
- 20           4.    If the student is voluntarily admitted to a state-licensed child care home or facility,
- 21                 or to a state-operated institution, the student's parent or, if one has been
- 22                 appointed, the student's legal guardian may appeal a determination under section
- 23                 15.1-29-05 regarding the payment of tuition by filing a petition with the county
- 24                 superintendent of schools. Within fifteen days of receiving the petition, the
- 25                 three-member committee established under section 15.1-29-06 shall consult with
- 26                 the boards of the affected school districts and with the student's parent or legal
- 27                 guardian and render a decision regarding responsibility for the payment of tuition
- 28                 charges.
- 29           5.    If the student's district of residence does not pay the required tuition, the admitting
- 30                 district or facility shall notify the superintendent of public instruction. Upon
- 31                 verification that tuition payments are due and unpaid, the superintendent shall

- 1           withhold an amount equal to the unpaid tuition from ~~per student payments and~~  
2           ~~transportation~~ state aid otherwise payable to the student's school district of  
3           residence until the tuition due has been fully paid.
- 4           6. An amount equal to the state average per student elementary or high school cost,  
5           depending on the student's grade of enrollment, is payable to the admitting district  
6           or facility as part of the cost of educating the student for the school year. The  
7           payment may not exceed the actual per student cost incurred by the admitting  
8           district or facility. The remainder of the actual cost of educating the student not  
9           covered by other payments or credits must be paid by the state, within the limits of  
10          legislative appropriations, from funds appropriated for special education in the  
11          case of a student with disabilities or from ~~funds appropriated for per student~~ state  
12          aid payments ~~and transportation aid to schools~~ in all other cases.
- 13          7. If a student with disabilities placed in accordance with this section reaches age  
14          eighteen and continues to receive special education and related services, the  
15          student's school district of residence is deemed to be the same as that of the  
16          student's custodial parent until the special education services are concluded. If the  
17          student's custodial parent establishes residency outside this state, or if a court  
18          orders a termination of parental rights with respect to the student's parents, the  
19          state shall pay the tuition and tutoring charges under subsection 2 from funds  
20          appropriated by the legislative assembly for ~~per student and transportation~~ state  
21          aid to schools.
- 22          8. a. The placing agency shall provide written notice regarding an initial placement  
23              and all subsequent placements of a student, by registered mail, to the  
24              superintendent of the student's school district of residence and to the  
25              superintendent of the admitting district:
- 26              (1) Within five working days after a placement is made under court order;  
27              (2) Within five working days after an emergency placement is made; or  
28              (3) At least ten working days prior to any other placement.
- 29          b. The written notice must include any information requested by the  
30          superintendent of public instruction for purposes of determining payment  
31          responsibility.

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

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

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

10           **SECTION 22. AMENDMENT.** Subsection 1 of section 15.1-30-01 of the North Dakota  
11 Century Code is amended and reenacted as follows:

12           1.    The board of a school district may:  
13                   a.    Provide for the transportation of a student to and from school; or  
14                   b.    If acceptable to the student's parent, reimburse the parent for expenses  
15                   incurred in providing meals and lodging to the student outside the student's  
16                   home, ~~provided that the reimbursement may not exceed the amount~~  
17                   ~~permitted under subsection 4 of section 15.1-27-27.~~

18           **SECTION 23. AMENDMENT.** Section 15.1-30-05 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20           **15.1-30-05. Schoolbus transportation services - Optional fee.** The board of a  
21 school district that has not been reorganized may charge a fee for the provision of schoolbus  
22 transportation service to students. ~~If the service began before July 1, 1981, the total fees~~  
23 ~~charged may not exceed an amount equal to the difference between the state transportation~~  
24 ~~payment and the lesser of the state average cost for transportation or the district's cost during~~  
25 ~~the preceding school year. If the service started on or after July 1, 1981, the total fees charged~~  
26 ~~may not exceed an amount equal to the difference between the state transportation payment~~  
27 ~~and the school district's cost of transportation during the preceding school year. A district that~~  
28 ~~has not previously provided transportation to students shall base its fees on estimated costs~~  
29 ~~during the first year transportation is provided.~~

30           **SECTION 24. AMENDMENT.** Subsection 2 of section 15.1-30-15 of the North Dakota  
31 Century Code is amended and reenacted as follows:



1                   or the student's family, in order to encourage participation in the open  
2                   enrollment program.

3                   b. For purposes of this subsection, directly exerting influence means providing  
4                   information about the school district to individuals who are not residents of  
5                   that district unless the information is requested.

6                   c. If the members of the board of a school district believe that another school  
7                   district has violated this subsection, the board may file a complaint with the  
8                   superintendent of public instruction. Upon receipt of a complaint alleging a  
9                   violation of this subsection, the superintendent of public instruction shall hold  
10                  a hearing and accept testimony and evidence regarding the complaint. If the  
11                  superintendent finds that a school district has violated this subsection, the  
12                  superintendent may withhold some or all of the ~~transportation~~ state aid  
13                  payments to which the district would be otherwise entitled for a period of one  
14                  year from the date of the finding. A decision by the superintendent under this  
15                  subsection is appealable to the state board of public school education. A  
16                  decision by the state board of public school education is final.

17                  **SECTION 27. AMENDMENT.** Section 15.1-32-16 of the North Dakota Century Code is  
18                  amended and reenacted as follows:

19                  **15.1-32-16. Transportation services - State reimbursement.** If a student's  
20                  individualized education program or services plan requires the provision of transportation  
21                  services, the student's school district of residence shall provide the services by any reasonably  
22                  prudent means, including a regularly scheduled schoolbus, public transit, commercial  
23                  transportation, chartered or other contracted transportation, and transportation provided by the  
24                  student's parent or other responsible party. ~~The school district is entitled to state~~  
25                  ~~reimbursement for the provision of transportation services to the student. If transportation is~~  
26                  ~~provided by a student's parent, the superintendent may reimburse the school district only for~~  
27                  ~~mileage costs.~~

28                  **SECTION 28. TRANSPORTATION GRANTS - DISTRIBUTION.**

29                  1. The superintendent of public instruction shall distribute from the grants - state  
30                  school aid line item in Senate Bill No. 2013, as approved by the fifty-eighth  
31                  legislative assembly, to each school district in the state an amount equal to the

- 1 state transportation aid payments received by the school district during the  
2 2001-03 biennium.
- 3 2. If two or more school districts reorganize into a single district on or after July 1,  
4 2003, the superintendent of public instruction shall forward to the newly  
5 reorganized district an amount equal to the transportation payments received by  
6 each of the districts participating in the reorganization during the 2001-03  
7 biennium.
- 8 3. If a school district that received transportation payments during the 2001-03  
9 biennium dissolves on or after July 1, 2003, the superintendent of public instruction  
10 shall forward a percentage of the amount equal to that which the dissolved district  
11 received for transportation aid payments during the 2001-03 biennium to each  
12 school district that enrolls students who attended the dissolved school district  
13 during its final year of operation. Each school district eligible for payment under  
14 this subsection is entitled to receive that percentage of the total amount payable  
15 which is the same as the percentage that the number of district's students who  
16 attended the dissolved school district during its final year of operation bears to the  
17 total number of students who attended the dissolved school district during its final  
18 year of operation.
- 19 4. During each year of the 2003-05 biennium, the superintendent of public instruction  
20 shall distribute one-half of the payments required by this section to school districts  
21 at the same time and in the same manner as required for state aid payments under  
22 section 15.1-27-01.

23 **SECTION 29. LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider  
24 studying the manner in which elementary and secondary education is funded in this state and  
25 the feasibility and desirability of instituting alternative funding methods. If the legislative council  
26 conducts this study, the legislative council shall report its findings and recommendations,  
27 together with any legislation required to implement the recommendations, to the fifty-ninth  
28 legislative assembly.

29 **SECTION 30. APPROPRIATION - REORGANIZATION BONUSES.** There is  
30 appropriated out of any moneys in the general fund in the state treasury, not otherwise  
31 appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the

1 superintendent of public instruction for the purpose of providing a reorganization bonus to any  
2 school district having a reorganization effective on July 1, 2003, pursuant to section  
3 15.1-12-11.1, for the biennium beginning July 1, 2003, and ending June 30, 2005.

4 **SECTION 31. CONTINGENT PAYMENTS - ADDITIONAL PER STUDENT**

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

12 **SECTION 32. CONTINGENT PAYMENTS - TEACHER COMPENSATION**

13 **REIMBURSEMENT PAYMENTS - ADDITIONAL PER STUDENT PAYMENTS.** If the  
14 superintendent of public instruction determines that the amount appropriated for teacher  
15 compensation payments in the grants - teacher compensation payments line item in Senate Bill  
16 No. 2013 will exceed the total of all statutory obligations for teacher compensation  
17 reimbursement payments during the biennium beginning July 1, 2003, and ending June 30,  
18 2005, the superintendent shall distribute the remaining funds as additional per student  
19 payments on a prorated basis, according to the average daily membership of each school  
20 district during the 2004-05 school year.

21 **SECTION 33. APPROPRIATION.** There is appropriated out of any moneys in the

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

26 **SECTION 34. REPEAL.** Sections 15.1-27-26, 15.1-27-27, 15.1-27-28, 15.1-27-29,

27 15.1-27-30, and 15.1-27-31 of the North Dakota Century Code are repealed.

28 **SECTION 35. EFFECTIVE DATE.** Section 3 of this Act is effective for taxable years

29 beginning after December 31, 2003.