

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 sections 15.1-16-02, 15.1-27-04, 15.1-27-06,  
4 15.1-27-07, 15.1-27-37, and 15.1-27-39 of the North Dakota Century Code, relating to per  
5 student payments, weighting factors, teacher compensation, and teacher compensation  
6 reimbursement; to provide for a legislative council study; to provide for contingent payments; to  
7 provide an appropriation; and to provide an effective date.

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

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

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

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

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

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

2           1.   Beginning July 2, 2003, a high school district may not become an elementary  
3           district.

4           2.   Subsection 1 does not apply to elementary school districts participating in  
5           cooperative agreements approved by the superintendent of public instruction.

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

8           **Interim fund.**

9           1.   The board of a school district may include in its budget an item to be known as the  
10           "interim fund". The interim fund must be carried over to the ensuing fiscal year to  
11           meet the cash requirements of all funds or purposes to which the credit of the  
12           school district may be legally extended for that portion of the fiscal year prior to the  
13           receipt of taxes.

14          2.   The amount in the interim fund may not exceed the lesser of:

15           a.   The amount reasonably required to finance the school district for the first nine  
16           months of the ensuing fiscal year; or

17           b.   Fifty percent of the current annual appropriation for all purposes other than  
18           debt retirement and appropriations financed from bond sources plus twenty  
19           thousand dollars.

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

22           **State board of public school education - Approval of elementary districts**

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

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

27           **15.1-16-02. Education factfinding commission - Appointment - Terms - Quorum.**

28           1.   The education factfinding commission consists of three members ~~experienced in~~  
29           educational activities, at least one of whom must be a teacher or a retired teacher  
30           and at least one of whom must have served as a member of a school board. One  
31           member is appointed by the governor, one member is appointed by the

1 superintendent of public instruction, and one member is appointed by the attorney  
2 general. The member appointed by the superintendent of public instruction shall  
3 serve as the chairman of the commission.

4 2. The term of each commission member is three years staggered.

5 3. If a vacancy occurs, the individual who appointed the member to be succeeded  
6 shall appoint a new member to serve only the unexpired term of the member to be  
7 succeeded.

8 4. Two members of the commission constitute a quorum.

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

11 **15.1-27-04. Per student payment.** The per student payment to which each school  
12 district is entitled for the first year of the biennium is two thousand ~~two~~ four hundred  
13 ~~eighty-seven~~ eighty dollars. The per student payment to which each school district is entitled  
14 for the second year of the biennium is two thousand ~~three~~ five hundred ~~forty-seven~~ sixty-nine  
15 dollars. The per student amount is the basis for calculating state payments to school districts,  
16 as provided in sections 15.1-27-06 and 15.1-27-07.

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

19 **15.1-27-06. Per student payments - Weighting factors - High school students.**

20 The superintendent of public instruction shall make payments each year, as provided for in this  
21 section, to each school district operating a high school and to each school district contracting to  
22 educate high school students in a federal school, subject to adjustment as provided in section  
23 15.1-27-21.

24 1. Each district having under seventy-five students in average daily membership in  
25 grades nine through twelve is entitled to receive the amount of money that results  
26 from multiplying the factor 1.625 adjusted by ~~seventy-five~~ eighty percent of the  
27 difference between 1.625 and the factor representing the five-year average cost of  
28 education per student for this category, as determined by the superintendent of  
29 public instruction, by the number of students in grades nine through twelve who  
30 are registered in that district, times the per student payment provided for in section  
31 15.1-27-04. Beginning July 1, 2004, the factor is 1.625 adjusted by eighty-five

- 1           percent of the difference between 1.625 and the factor that represents the  
2           five-year average cost of education per student in this category, as determined by  
3           the superintendent of public instruction.
- 4           2. Each district having at least seventy-five but fewer than one hundred fifty students  
5           in average daily membership in grades nine through twelve is entitled to receive  
6           the amount of money that results from multiplying the factor 1.335 adjusted by  
7           ~~seventy-five~~ eighty percent of the difference between 1.335 and the factor  
8           representing the five-year average cost of education per student for this category,  
9           as determined by the superintendent of public instruction, by the number of  
10          students in grades nine through twelve who are registered in that district, times the  
11          per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,  
12          the factor is 1.335 adjusted by eighty-five percent of the difference between 1.335  
13          and the factor that represents the five-year average cost of education per student  
14          in this category, as determined by the superintendent of public instruction.
- 15          3. Each district having at least one hundred fifty but fewer than five hundred fifty  
16          students in average daily membership in grades nine through twelve is entitled to  
17          receive the amount of money that results from multiplying the factor 1.24 adjusted  
18          by ~~seventy-five~~ eighty percent of the difference between 1.24 and the factor  
19          representing the five-year average cost of education per student for this category,  
20          as determined by the superintendent of public instruction, by the number of  
21          students in grades nine through twelve who are registered in that district, times the  
22          per student payment provided for in section 15.1-27-04. Beginning July 1, 2004,  
23          the factor is 1.24 adjusted by eighty-five percent of the difference between 1.24  
24          and the factor that represents the five-year average cost of education per student  
25          in this category, as determined by the superintendent of public instruction.
- 26          4. Each district having at least five hundred fifty students in average daily  
27          membership in grades nine through twelve is entitled to receive the amount of  
28          money that results from multiplying the factor 1.14 adjusted by ~~seventy-five~~ eighty  
29          percent of the difference between 1.14 and the factor representing the five-year  
30          average cost of education per student for this category, as determined by the  
31          superintendent of public instruction, by the number of students in grades nine

1 through twelve who are registered in that district, times the per student payment  
2 provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is 1.14  
3 adjusted by eighty-five percent of the difference between 1.14 and the factor that  
4 represents the five-year average cost of education per student in this category, as  
5 determined by the superintendent of public instruction.

- 6 5. Each district having an approved alternative high school education program is  
7 entitled to receive the amount of money that results from multiplying the factor in:
- 8 a. Subsection 1 by the number of students registered in the alternative  
9 education program, times the per student payment provided for in section  
10 15.1-27-04, if fewer than seventy-five students in average daily membership  
11 are enrolled in the alternative education program.
  - 12 b. Subsection 2 by the number of students registered in the alternative  
13 education program, times the per student payment provided for in section  
14 15.1-27-04, if at least seventy-five but fewer than one hundred fifty students in  
15 average daily membership are enrolled in the alternative education program.
  - 16 c. Subsection 3 by the number of students registered in the alternative  
17 education program, times the per student payment provided for in section  
18 15.1-27-04, if at least one hundred fifty but fewer than five hundred fifty  
19 students in average daily membership are enrolled in the alternative  
20 education program.
  - 21 d. Subsection 4 by the number of students registered in the alternative  
22 education program, times the per student payment provided for in section  
23 15.1-27-04, if at least five hundred fifty students in average daily membership  
24 are enrolled in the alternative education program.
- 25 6. In order to be eligible for enumeration under this section, a student:
- 26 a. Must have completed the work of the eighth grade;
  - 27 b. Must not have completed the work of the twelfth grade; and
  - 28 c. Must be a resident of this state or a nonresident attending a school in this  
29 state under the auspices of a foreign student exchange program.

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

1           **15.1-27-07. Per student payments - Weighting factors - Elementary school**

2 **students.** The superintendent of public instruction shall make payments each year, as  
3 provided for in this section, to each school district operating an elementary school and to each  
4 school district contracting to educate elementary students in a federal school, subject to  
5 adjustment as provided in section 15.1-27-21.

- 6           1.    a.    Each district having only a one-room rural school is entitled to receive the  
7                   amount of money that results from multiplying the factor 1.28 adjusted by  
8                   ~~seventy-five~~ eighty percent of the difference between 1.28 and the factor  
9                   representing the five-year average cost of education per student for this  
10                  category, as determined by the superintendent of public instruction, by the  
11                  number of students in average daily membership in grades one through eight  
12                  in that school, times the per student payment provided for in section  
13                  15.1-27-04. Beginning July 1, 2004, the factor is 1.28 adjusted by eighty-five  
14                  percent of the difference between 1.28 and the factor that represents the  
15                  five-year average cost of education per student in this category, as  
16                  determined by the superintendent of public instruction. The payment level  
17                  provided for in this subdivision is applicable only to the first sixteen students.  
18                b.    If the one-room rural school has more than sixteen students in average daily  
19                   membership in grades one through eight, the district in which the school is  
20                   located is entitled to receive ninety percent of the per student payment  
21                   provided for in section 15.1-27-04 for each additional student. The district is  
22                   not entitled to any payment for more than twenty students in average daily  
23                   membership.  
24                c.    If a one-room rural school is located in a district having another elementary  
25                   school, the weighting factor for the students in grades one through six must  
26                   be based on the average daily membership in the district in grades one  
27                   through six, as provided in this section.  
28                d.    If a one-room rural school is located in a school district with another school  
29                   that has students in grade seven or eight, the weighting factor for the students  
30                   in grade seven or eight must be the same as that provided for in subsection 5.

- 1           2. Except as provided in subsection 1, each school district having fewer than one  
2           hundred 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 1.09  
4           adjusted by ~~seventy-five~~ eighty percent of the difference between 1.09 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 1.09 adjusted by eighty-five percent of the difference  
10           between 1.09 and the factor that represents the five-year average cost of  
11           education per student in this category, as determined by the superintendent of  
12           public instruction. The payment provided for in this subsection is applicable only to  
13           the first twenty-five students in average daily membership per classroom or per  
14           teacher.
- 15           3. Each school district having at least one hundred students but fewer than one  
16           thousand students in average daily membership in grades one through six is  
17           entitled to receive the amount of money that results from multiplying the factor .905  
18           adjusted by ~~seventy-five~~ eighty percent of the difference between .905 and the  
19           factor representing the five-year average cost of education per student for this  
20           category, as determined by the superintendent of public instruction, by the number  
21           of students in average daily membership in grades one through six in the district,  
22           times the per student payment provided for in section 15.1-27-04. Beginning  
23           July 1, 2004, the factor is .905 adjusted by eighty-five percent of the difference  
24           between .905 and the factor that represents the five-year average cost of  
25           education per student in this category, as determined by the superintendent of  
26           public instruction. The payment provided for in this subsection is applicable only to  
27           the first thirty students in average daily membership per classroom or per teacher.
- 28           4. Each school district having at least one thousand students in average daily  
29           membership in grades one through six is entitled to receive the amount of money  
30           that results from multiplying the factor .95 adjusted by ~~seventy-five~~ eighty percent  
31           of the difference between .95 and the factor representing the five-year average

1 cost of education per student for this category, as determined by the  
2 superintendent of public instruction, by the number of students in average daily  
3 membership in grades one through six in the district, times the per student  
4 payment provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is  
5 .95 adjusted by eighty-five percent of the difference between .95 and the factor  
6 that represents the five-year average cost of the education per student in this  
7 category, as determined by the superintendent of public instruction. The payment  
8 provided for in this subsection is applicable only to the first thirty students in  
9 average daily membership per classroom or per teacher.

10 5. Each school district having students in grades seven and eight is entitled to  
11 receive the amount of money that results from multiplying the factor 1.01 adjusted  
12 by ~~seventy-five~~ eighty percent of the difference between 1.01 and the factor  
13 representing the five-year average cost of education per student for this category,  
14 as determined by the superintendent of public instruction, by the number of  
15 students in average daily membership in grades seven and eight in the district,  
16 times the per student payment provided for in section 15.1-27-04. Beginning  
17 July 1, 2004, the factor is 1.01 adjusted by eighty-five percent of the difference  
18 between 1.01 and the factor that represents the five-year average cost of  
19 education per student in this category, as determined by the superintendent of  
20 public instruction. The payment provided for in this subsection is applicable only to  
21 the first thirty students in average daily membership per classroom or per teacher.  
22 The payments provided for in this subsection are not available for students who  
23 attend a one-room rural school if that school is the only one in the district that  
24 offers educational services to students in grades seven and eight.

25 6. Each school district having a special education program approved by the director  
26 of special education is entitled to receive, for each student who is enrolled in the  
27 program and who is at least three years of age but less than the compulsory age  
28 for school attendance, the amount of money that results from multiplying the factor  
29 1.01 adjusted by ~~seventy-five~~ eighty percent of the difference between 1.01 and  
30 the factor representing the five-year average cost of education per student for this  
31 category, as determined by the superintendent of public instruction, by the number



1 of special education students in average daily membership in the program who are  
2 at least three years of age but less than the compulsory age for school attendance,  
3 times the per student payment provided for in section 15.1-27-04. Beginning  
4 July 1, 2004, the factor is 1.01 adjusted by eighty-five percent of the difference  
5 between 1.01 and the factor that represents the five-year average cost of  
6 education per student in this category, as determined by the superintendent of  
7 public instruction.

8 7. a. Each school district operating a kindergarten as provided for in section  
9 15.1-22-02 is entitled to receive the amount of money that results from  
10 multiplying the factor .50 adjusted by ~~seventy-five~~ eighty percent of the  
11 difference between .50 and the factor representing the five-year average cost  
12 of education per student for this category, as determined by the  
13 superintendent of public instruction, by the number of kindergarten students in  
14 average daily membership in the district, times the per student payment  
15 provided for in section 15.1-27-04. Beginning July 1, 2004, the factor is .50  
16 adjusted by eighty-five percent of the difference between .50 and the factor  
17 that represents the five-year average cost of education per student in this  
18 category, as determined by the superintendent of public instruction. The  
19 payment provided for in this subsection is applicable only to the first  
20 twenty-five students in average daily membership per classroom or per  
21 teacher.

22 b. In order to receive the full per student payment available under this section, a  
23 district must operate a kindergarten program that provides the equivalent of  
24 ninety full days of classroom instruction during a twelve-month period. A  
25 district is entitled to a prorated payment under this section if it operates a  
26 kindergarten program of shorter duration.

27 8. Each school district that educates students who are also enrolled in nonpublic  
28 schools is entitled to receive proportionate payments under this section.

29 9. Each school district is entitled to receive as much in total payments for elementary  
30 students as it would have received if it had the highest number of students in the  
31 next lower category.

- 1           10. A school district is not entitled to any payments provided for by this chapter unless  
2                   each teacher employed by the district:
- 3                   a. Holds a teaching license issued by the education standards and practices  
4                   board; or
- 5                   b. Has been approved to teach by the education standards and practices board.

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

8           **15.1-27-37. Compensation of teachers - Claim for reimbursement - Rules.**

- 9           1. On or before October first of each year or within thirty days after the conclusion of  
10                   the negotiation process provided for in chapter 15.1-16, the board of a school  
11                   district may file a claim with the superintendent of public instruction for the  
12                   reimbursement of moneys to be expended by the district during the school year to  
13                   ~~increase the~~ at least maintain the level of compensation ~~of~~ provided to teachers  
14                   employed by the district during the 2002-03 school year.
- 15           2. The claim must include:
- 16                   a. The number of full-time equivalent teachers employed by the district as of  
17                   September fifteenth;
- 18                   b. The number of full-time equivalent teachers ~~who will receive an increase in~~  
19                   ~~compensation over the amount paid during the previous~~ whose level of  
20                   compensation will be at least equal to that provided during the 2002-03  
21                   school year; and
- 22                   c. The total amount of ~~the increase in~~ any compensation increases provided to  
23                   full-time equivalent teachers over the level of compensation provided during  
24                   the 2002-03 school year.
- 25           3. a. For the ~~2001-02~~ 2003-04 school year, the reimbursement provided for in this  
26                   section may not exceed ~~one thousand dollars multiplied by the number of~~  
27                   ~~full-time equivalent teachers employed by the district as of September 15,~~  
28                   ~~2001.~~
- 29                   b. ~~Except as provided in subdivision c, for the 2002-03 school year, the~~  
30                   ~~reimbursement provided for in this section may not exceed three thousand~~

1 dollars multiplied by the number of full-time equivalent teachers employed by  
2 the district as of September 15, ~~2002~~ 2003.

3 b. For the 2004-05 school year, the reimbursement provided for in this section  
4 may not exceed three thousand dollars multiplied by the number of full-time  
5 equivalent teachers employed by the district as of September 15, 2004.

6 c. For the ~~2002-03~~ 2003-04 school year, the reimbursement under this section  
7 for each individual employed as of September 15, ~~2002~~ 2003, as a full-time  
8 equivalent teacher for the first school year since becoming licensed to teach  
9 by the education standards and practices board or approved to teach by the  
10 education standards and practices board, may not exceed one thousand  
11 dollars.

12 d. For the 2003-04 school year, the reimbursement under this section for each  
13 individual employed as of September 15, 2004, as a full-time equivalent  
14 teacher for the first school year since becoming licensed to teach by the  
15 education standards and practices board or approved to teach by the  
16 education standards and practices board, may not exceed one thousand  
17 dollars.

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

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

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

26 **15.1-27-39. Annual salary - Minimum amount.** Beginning with the ~~2004-02~~ 2003-04  
27 school year, the board of each school district shall provide to each full-time teacher, under  
28 contract for a period of nine months, a base salary level ~~of salary~~ for the contract period equal  
29 to at least ~~eighteen~~ twenty-one thousand ~~five hundred~~ dollars. Beginning with the ~~2002-03~~  
30 2004-05 school year, the board of each school district shall provide to each full-time teacher,

1 under contract for a period of nine months, a base salary level for the contract period equal to  
2 at least ~~twenty~~ twenty-two thousand five hundred dollars.

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

9 **SECTION 12. APPROPRIATION - REORGANIZATION BONUSES.** There is  
10 appropriated out of any moneys in the general fund in the state treasury, not otherwise  
11 appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the  
12 superintendent of public instruction for the purpose of providing a reorganization bonus to any  
13 school district having a reorganization effective on July 1, 2003, pursuant to section  
14 15.1-12-11.1, for the biennium beginning July 1, 2003, and ending June 30, 2005.

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

23 **SECTION 14. CONTINGENT PAYMENTS - TEACHER COMPENSATION**  
24 **REIMBURSEMENT PAYMENTS - ADDITIONAL PER STUDENT PAYMENTS.** If the  
25 superintendent of public instruction determines that the amount appropriated for teacher  
26 compensation payments in the grants - teacher compensation payments line item in Senate Bill  
27 No. 2013 will exceed the total of all statutory obligations for teacher compensation  
28 reimbursement payments during the biennium beginning July 1, 2003, and ending June 30,  
29 2005, the superintendent shall distribute the remaining funds as additional per student  
30 payments on a prorated basis, according to the average daily membership of each school  
31 district during the 2004-05 school year.

1           **SECTION 15. STATE AID PAYMENTS - INCREASE - TEACHER COMPENSATION.**

2   Notwithstanding the provisions of any other law, if a school district receives more in state aid for  
3   per student payments and transportation payments during the 2003-05 biennium than the  
4   district received for per student payments and transportation payments during the 2001-03  
5   biennium, the district must dedicate an amount equal to at least seventy percent of the increase  
6   for the exclusive purpose of teacher compensation increases.

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

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