

STATE AID TO SCHOOL DISTRICTS - SUMMARY OF ENGROSSED SENATE BILL NO. 2200 (AS AGREED TO BY THE CONFERENCE COMMITTEE ON APRIL 21, 2007)

Section 1 - Requires the Superintendent of Public Instruction to include the number of students in weighted average daily membership (ADM) in the annual report on the financial condition of school districts.

Section 2 - Provides that, beginning with the 2008-09 school year, a full day of kindergarten instruction will consist of 5.5 hours.

Section 3 - Provides that students who receive home education are included in the determination of ADM only for those days or portions of days that the students attend a public school.

Section 4 - Continues the current timetable for the Superintendent of Public Instruction to make payments to school districts. The payments are based on "estimates" of the amount to which districts are entitled during the current year, rather than payments made during the previous fiscal year.

Section 5 - Requires filing of a June 30 student membership and attendance report and a September 10 fall enrollment report.

Section 6 - Establishes the factors to be used in determining weighted ADM. The factors are applicable to students enrolled in migrant summer programs, extended educational programs, summer education programs, home-based education programs, alternative high schools, isolated elementary and high schools, bordering states, early childhood special education programs, new immigrant and English language learner programs, and special education.

Section 7 - Establishes weighting factors for high school districts and elementary districts based on ADM. The school district size weighting factor multiplied by a district's weighted ADM equals the district's weighted student units. Section 7 also contains a hold harmless provision related to the assignment of the factor.

Section 8 - Provides that the per student payment rate is \$3,250 for the first year and \$3,325 for the second year of the biennium. The rate is multiplied by weighted student units to determine the state aid payment to which each school district is entitled.

Section 9 - Provides that full-day kindergarten payments for the 2008-09 school year will be based on the 2008 kindergarten fall enrollment. (Payments under this bill are based on a school district's prior year ADM, and full-time kindergarten is a new program.)

Section 10 - Contains the formula for determining each school district's baseline funding. For 2007-08, the baseline minimum per weighted student unit is

103.5 percent and for 2008-09, the baseline minimum per weighted student unit is 106 percent.

Section 11 - Provides for a reduction of \$200 per student in ADM if a high school remains unaccredited for a second year and provides for a further reduction in subsequent years.

Section 12 - Provides for a reduction of \$200 per student in ADM if an elementary school remains unaccredited for a second year and provides for a further reduction in subsequent years.

Section 13 - Eliminates the current per student special education payments.

Section 14 - Establishes the formula for determining equity payments to school districts and establishes a threshold of 88.5 percent for 2007-08 and a threshold of 90 percent for 2008-09 and thereafter. The section defines "imputed taxable valuation" and provides that it includes an amount determined by dividing a district's mineral and tuition revenue by 60 percent of the district's general fund mill levy during 2007-08 and by 70 percent during 2008-09 and thereafter.

Section 15 - Provides that an elementary school is isolated if it has fewer than 50 students in ADM and at least 15 percent of those students would have to travel beyond a 15-mile radius from their residences in order to attend another school. An isolated elementary school is presumed to have at least 15 students in ADM. The section provides that a high school is isolated if it has fewer than 35 students in ADM and at least 15 percent of those students would have to travel beyond a 15-mile radius from their residences in order to attend another school. An isolated high school is presumed to have at least 20 students in ADM.

Section 16 - Requires the Superintendent of Public Instruction to create and assign a separate weighting factor to certain cooperating school districts so that each district may receive a payment rate equivalent to that which it would have received but for the cooperative agreement for a period of four years.

Section 17 - Requires the Superintendent of Public Instruction to create and assign a separate weighting factor to a reorganized school district so that it may receive a payment rate equivalent to that which the participating districts would have received but for the reorganization for a period of four years. The Superintendent of Public Instruction is also required to make proportionate adjustments in the factor during the fifth and sixth years after the date of the reorganization.

Section 18 - Removes hold harmless language that pertained to current weighting categories.

Section 19 - Establishes the conditions under which a district may receive payment for students attending a summer program.

Section 20 - Removes language pertaining to the manner in which claims are currently filed for state aid payments and requires school districts claiming payments to provide the necessary information at the time and in the manner requested by the Superintendent of Public Instruction.

Section 21 - Provides for a subtraction from state aid if a district's general fund mill levy is less than 150 mills during the first year of the 2007-09 biennium and less than 155 mills during each year thereafter.

Section 22 - Provides for a subtraction from state aid if a district's imputed taxable valuation per student is greater than 150 percent of the state average imputed taxable valuation per student.

Section 23 - Provides for the manner in which ADM is calculated. It provides payment for full-day kindergarten beginning with the 2008-09 school year and also allows the Superintendent of Public Instruction to define the number of hours necessary to constitute a full-time early childhood special education program.

Section 24 - Provides for the manner in which ADM is calculated if there is a reduction in the number of grade levels that a school district offers.

Section 25 - Authorizes the Superintendent of Public Instruction to amend the ADM of any school district that enrolls students who attended a dissolved school district during the school year prior to the dissolution.

Section 26 - Requires the Superintendent of Public Instruction to subtract from a school district's state aid the amount by which the district's ending fund balance exceeds 50 percent of its actual expenditures, plus \$20,000. Beginning July 1, 2008, the subtraction is the amount by which the district's ending fund balance exceeds 45 percent of its actual expenditures, plus \$20,000.

Section 27 - Provides that the June 30, 2007, contingent per student distribution will not be included in determining a district's ending fund balance at the conclusion of the 2006-07 school year.

Section 28 - Continues the requirement that the Office of Management and Budget certifies, on certain dates, the amount of the state tuition fund to the Superintendent of Public Instruction and then requires the Superintendent to use those amounts in determining each district's state aid.

Section 29 - Provides that a student attending school in a bordering state, under the provisions of North Dakota Century Code (NDCC) Section 15.1-29-01, is considered to be enrolled in the student's school district of residence for purposes of determining ADM.

Section 30 - Removes references to tuition apportionment payments.

Section 31 - Removes a reference to the current weighting factors.

Section 32 - Clarifies the responsibility for tutoring charges on behalf of students who are placed for noneducational purposes.

Section 33 - Clarifies that a school board may levy an amount sufficient to meet the tuition and tutoring payments required under NDCC Chapter 15.1-29.

Section 34 - Removes references to tuition apportionment payments.

Section 35 - Removes a reference to the current manner of reimbursing school districts for the provision of special education to students who are open-enrolled. It provides that the student's district of residence is to pay all costs to the admitting district and that the student's school district of residence is to be reimbursed for all excess costs.

Section 36 - Removes a reference to tuition apportionment payments.

Section 37 - Provides that a district may offer special education services singly, as a member of a multidistrict special education unit, or as a member of a regional education association.

Section 38 - Provides that a student's school district of residence is liable for the cost of providing special education if the student must be placed in another school district.

Section 39 - Provides that a student's school district of residence is liable for the cost of providing special education if the student must be placed in a private institution located within or outside this state or in a public school located outside this state. The student is deemed to be enrolled in the student's school district of residence for purposes of determining ADM.

Section 40 - Removes a reference to state reimbursement for transportation services provided to a student with disabilities.

Section 41 - Establishes the manner by which school districts are to be reimbursed for the excess costs of providing special education and related services. It provides a supplemental payment to a school district that expends more than two percent of its annual budget for the provision of services to one student.

Section 42 - Removes language that limits school districts to providing special education services singly or as a member of a multidistrict special education unit because Section 37 allows the provision of those services by a regional education association.

Section 43 - Provides the parameters under which a school district may be eligible to receive a school construction loan and increases the total that may be loaned from the coal development trust fund from \$40 million to \$50 million.

Section 44 - Provides an interest rate buydown for school districts that prepare a reorganization plan and agree to pursue a construction project.

Section 45 - Defines an English language learner as a student who comes from an environment in which a language other than English significantly impacts the student's level of English proficiency and who has difficulty speaking, reading, writing, and

understanding English as evidenced by an approved language proficiency test.

Section 46 - Defines a new immigrant English language learner as an English language learner who was not born in the United States and who has not attended school in the United States for more than three school years.

Section 47 - Removes references to a section that allows mill levy increases to make up for losses based on the current mill levy deduct.

Section 48 - Sets state transportation rates at 51.5 cents per mile for schoolbuses having a capacity of 10 or more passengers and transporting students within city limits, at 73.5 cents per mile for schoolbuses having a capacity of 10 or more passengers and transporting students in rural areas, and at 40 cents per mile for vehicles having a capacity of nine or fewer passengers and transporting students in rural areas.

Section 49 - Provides \$100,000 for reorganization planning grants. A grant may not exceed \$25,000 and may not be awarded unless the student enrollment of the participating districts exceeds 360.

Section 50 - Provides \$5,000,000 for deferred maintenance grants. Eligible school districts must levy at least 150 mills, may not be precluded from receiving state aid as a result of their ending fund balance, and must provide an equal monetary match.

Section 51 - Provides for the membership and duties of the North Dakota Commission on Education Improvement and provides that the members may be reimbursed for their actual and necessary expenses.

Section 52 - Requires the board of each school district to use at least 70 percent of all new money received for per student payments to increase teacher compensation. "New money" does not include either equity payments or contingency distributions.

Section 53 - Provides that if the board of a military school district assumes responsibility for the direct provision of education to its students, the

Superintendent of Public Instruction is to include those students in the district's ADM for purposes of determining state aid and equity payments.

Section 54 - Provides that the State Board for Vocational and Technical Education is to use \$1,200,000 to establish at least two new area career and technology centers and to use \$800,000 to increase cost-share incentives for area career and technology centers.

Section 55 - Establishes the 2007-09 contingent payments if any money remains after statutory payment obligations. Contingent funds are to be used in the following order: \$1,000,000 for excess special education contract charges, \$2,000,000 for regional education associations, \$550,000 for English language learners and new immigrant English language learners, and \$200,000 for adult education programs. Any amounts remaining are to be distributed as additional per student payments.

Section 56 - Provides that if there are insufficient funds with which to reimburse school districts for the excess costs incurred in providing special education, the shortfall is to be made up by a transfer from the Bank of North Dakota and that a bill to return the transferred amount is to be introduced in the 2009 legislative session.

Section 57 - Repeals the provision requiring that a school district census be conducted.

Section 58 - Repeals provisions relating to the mill deduct, weighting factors, payments for English language learners, weighting factors for students attending school out of state, adjustments in taxable valuation stemming from the reclassification of real property as personal property, the distribution of certain per student special education payments, and teacher compensation payments.

Section 59 - Provides that Section 27 is effective only through June 30, 2007.

Section 60 - Declares Sections 27, 51, 57, and 59 to be an emergency measure.