

HOUSE BILL NO. 1464

Introduced by

Representatives Longmuir, Heinert, Jonas, Pyle, Richter, Schreiber-Beck, Strinden

Senators Rust, Schaible

1 A BILL for an Act to amend and reenact sections 15.1-27-04.1, 15.1-32-01, 15.1-32-14, and
2 15.1-32-18 of the North Dakota Century Code, relating to high-cost students.

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

4 **SECTION 1. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**
7 **through June 30, 2025)**

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

11 a. All state aid received by the district in accordance with chapter 15.1-27 during the
12 2018-19 school year;

13 b. An amount equal to the property tax deducted by the superintendent of public
14 instruction to determine the 2018-19 state aid payment;

15 c. An amount equal to seventy-five percent of the revenue received by the school
16 district during the 2017-18 school year for the following revenue types:

17 (1) Revenue reported under code 2000 of the North Dakota school district
18 financial accounting and reporting manual, as developed by the

19 superintendent of public instruction in accordance with section 15.1-02-08;

20 (2) Mineral revenue received by the school district through direct allocation from
21 the state treasurer and not reported under code 2000 of the North Dakota

22 school district financial accounting and reporting manual, as developed by

23 the superintendent of public instruction in accordance with section

24 15.1-02-08;

- 1 (3) Tuition reported under code 1300 of the North Dakota school district
- 2 financial accounting and reporting manual, as developed by the
- 3 superintendent of public instruction in accordance with section 15.1-02-08,
- 4 with the exception of revenue received specifically for the operation of an
- 5 educational program provided at a residential treatment facility, tuition
- 6 received for the provision of an adult farm management program, and
- 7 beginning in the 2021-22 school year, seventeen percent of tuition received
- 8 under an agreement to educate students from a school district on an
- 9 air force base with funding received through federal impact aid, and an
- 10 additional seventeen percent of tuition received under an agreement to
- 11 educate students from a school district on an air force base with funding
- 12 received through federal impact aid each school year thereafter, until the
- 13 2024-25 school year when sixty-eight percent of tuition received under an
- 14 agreement to educate students from a school district on an air force base
- 15 with funding received through federal impact aid must be excluded from the
- 16 tuition calculation under this paragraph;
- 17 (4) Revenue from payments in lieu of taxes on the distribution and transmission
- 18 of electric power;
- 19 (5) Revenue from payments in lieu of taxes on electricity generated from
- 20 sources other than coal; and
- 21 (6) Revenue from the leasing of land acquired by the United States for which
- 22 compensation is allocated to the state under 33 U.S.C. 701(c)(3);
- 23 d. An amount equal to the total revenue received by the school district during the
- 24 2017-18 school year for the following revenue types:
- 25 (1) Mobile home tax revenue;
- 26 (2) Telecommunications tax revenue; and
- 27 (3) Revenue from payments in lieu of taxes and state reimbursement of the
- 28 homestead credit and disabled veterans credit; and
- 29 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
- 30 baseline funding for any school district that becomes an elementary district
- 31 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must

1 be proportional to the number of weighted student units in the grades that are
2 offered through another school district relative to the total number of weighted
3 student units the school district offered in the year before the school district
4 became an elementary district. The reduced baseline funding applies to the
5 calculation of state aid for the first school year in which the school district
6 becomes an elementary district and for each year thereafter. For districts that
7 become an elementary district prior to the 2020-21 school year, the
8 superintendent shall use the reduced baseline funding to calculate state aid for
9 the 2020-21 school year and for each year thereafter.

- 10 2. a. The superintendent shall divide the district's baseline funding determined in
11 subsection 1 by the district's 2017-18 weighted student units to determine the
12 district's baseline funding per weighted student unit.
- 13 b. For any school district that becomes an elementary district pursuant to section
14 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
15 district's baseline funding per weighted student unit used to calculate state aid.
16 The superintendent shall divide the district's baseline funding determined in
17 subsection 1 by the district's weighted student units after the school district
18 becomes an elementary district to determine the district's adjusted baseline
19 funding per weighted student unit. The superintendent shall use the district's
20 adjusted baseline funding per weighted student unit in the calculation of state aid
21 for the first school year in which the school district becomes an elementary
22 district and for each year thereafter.
- 23 c. Beginning with the 2021-22 school year and for each school year thereafter, the
24 superintendent shall reduce the district's baseline funding per weighted student
25 unit. Each year the superintendent shall calculate the amount by which the
26 district's baseline funding per weighted student unit exceeds the payment per
27 weighted student unit provided in subsection 3. The superintendent shall reduce
28 the district's baseline funding per weighted student unit by fifteen percent of the
29 amount by which the district's baseline funding per weighted student unit exceeds
30 the payment per weighted student unit for the 2021-22 school year. For each
31 year thereafter, the reduction percentage is increased by an additional fifteen

1 percent. However, the district's baseline funding per weighted student unit, after
2 the reduction, may not be less than the payment per weighted student unit
3 provided in subsection 3.

4 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
5 greater of:

6 (1) The district's weighted student units multiplied by ten thousand one hundred
7 thirty-six dollars;

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

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

17 b. For the 2022-23 school year and each school year thereafter, the superintendent
18 shall calculate state aid as the greater of:

19 (1) The district's weighted student units multiplied by ten thousand two hundred
20 thirty-seven dollars;

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

27 (3) The district's baseline funding as established in subsection 1 less the
28 amount in paragraph 1, with the difference reduced by thirty percent for the
29 2022-23 school year and the reduction percentage increasing by fifteen
30 percent each school year thereafter until the difference is reduced to zero,
31 and then the difference added to the amount determined in paragraph 1.

- 1 c. The superintendent also shall adjust state aid determined in this subsection to
2 ensure the amount does not exceed the transition maximum as follows:
- 3 (1) For the 2021-22 school year, the transition maximum rate is one hundred
4 ten percent of the district's baseline funding per weighted student unit, as
5 established in subsection 2, multiplied by the district's weighted student
6 units from the previous school year.
- 7 (2) For the 2022-23 school year, the transition maximum rate is one hundred
8 ten percent of the district's baseline funding per weighted student unit, as
9 established in subsection 2, multiplied by the district's weighted student
10 units from the previous school year.
- 11 (3) For the 2023-24 school year, the transition maximum rate is one hundred
12 ten percent of the district's baseline funding per weighted student unit, as
13 established in subsection 2, plus twenty percent of the difference between
14 the rate under paragraph 1 of subdivision b of this subsection and
15 one hundred ten percent of the district's baseline funding per weighted
16 student unit. The transition maximum is determined by multiplying the
17 transition maximum rate, which may not exceed the rate under paragraph 1
18 of subdivision b of this subsection, by the district's weighted student units
19 from the previous school year.
- 20 (4) For the 2024-25 school year, the transition maximum rate is one hundred
21 ten percent of the district's baseline funding per weighted student unit, as
22 established in subsection 2, plus forty percent of the difference between the
23 rate under paragraph 1 of subdivision b of this subsection and one hundred
24 ten percent of the district's baseline funding per weighted student unit. The
25 transition maximum is determined by multiplying the transition maximum
26 rate, which may not exceed the rate under paragraph 1 of subdivision b of
27 this subsection, by the district's weighted student units from the previous
28 school year.
- 29 (5) For the 2025-26 school year, the transition maximum rate is one hundred
30 ten percent of the district's baseline funding per weighted student unit, as
31 established in subsection 2, plus sixty percent of the difference between the

1 rate under paragraph 1 of subdivision b of this subsection and one hundred
2 ten percent of the district's baseline funding per weighted student unit. The
3 transition maximum is determined by multiplying the transition maximum
4 rate, which may not exceed the rate under paragraph 1 of subdivision b of
5 this subsection, by the district's weighted student units from the previous
6 school year.

7 (6) For the 2026-27 school year, the transition maximum rate is one hundred
8 ten percent of the district's baseline funding per weighted student unit, as
9 established in subsection 2, plus eighty percent of the difference between
10 the rate under paragraph 1 of subdivision b of this subsection and
11 one hundred ten percent of the district's baseline funding per weighted
12 student unit. The transition maximum is determined by multiplying the
13 transition maximum rate, which may not exceed the rate under paragraph 1
14 of subdivision b of this subsection, by the district's weighted student units
15 from the previous school year.

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

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

23 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
24 paragraphs 1, 2, 4, 5, and 6 of subdivisions~~subdivision~~ c of subsection 1 and
25 subdivision d of subsection 1. Before determining the deduction for seventy-five
26 percent of ~~all these~~ revenue types, the superintendent of public instruction shall
27 ~~adjust revenues as follows:~~

28 ~~(1) Tuition revenue shall be adjusted as follows:~~

29 ~~(a) In addition to deducting tuition revenue received specifically for the~~
30 ~~operation of an educational program provided at a residential~~
31 ~~treatment facility, tuition revenue received for the provision of an adult~~

1 farm management program, and tuition received under an agreement
2 to educate students from a school district on an air force base with
3 funding received through federal impact aid as directed each school
4 year in paragraph 3 of subdivision c of subsection 1, the
5 superintendent of public instruction also shall reduce the total tuition
6 reported by the school district by the amount of tuition revenue
7 received for the education of students not residing in the state and for
8 which the state has not entered a cross-border education contract;
9 and

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

15 (2) After adjusting tuition revenue as provided in paragraph 1, the
16 superintendent shall reduce all remaining revenues from all revenue types
17 by the percentage of mills levied in 2020 by the school district for sinking
18 and interest relative to the total mills levied in 2020 by the school district for
19 all purposes.

- 20 5. The amount remaining after the computation required under subsection 4 is the
21 amount of state aid to which a school district is entitled, subject to any other statutory
22 requirements or limitations.
- 23 6. On or before June thirtieth of each year, the school board shall certify to the
24 superintendent of public instruction the final average daily membership for the current
25 school year.
- 26 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration
27 with the school districts, shall report the following to the superintendent of public
28 instruction on an annual basis:
- 29 a. The amount of revenue received by each school district in the county during the
30 previous school year for each type of revenue identified in subdivisions c and d of
31 subsection 1;

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

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

- 7 1. To determine the amount of state aid payable to each district, the superintendent of
8 public instruction shall establish each district's baseline funding. A district's baseline
9 funding consists of:
- 10 a. All state aid received by the district in accordance with chapter 15.1-27 during the
11 2018-19 school year;
- 12 b. An amount equal to the property tax deducted by the superintendent of public
13 instruction to determine the 2018-19 state aid payment;
- 14 c. An amount equal to seventy-five percent of the revenue received by the school
15 district during the 2017-18 school year for the following revenue types:
- 16 (1) Revenue reported under code 2000 of the North Dakota school district
17 financial accounting and reporting manual, as developed by the
18 superintendent of public instruction in accordance with section 15.1-02-08;
- 19 (2) Mineral revenue received by the school district through direct allocation from
20 the state treasurer and not reported under code 2000 of the North Dakota
21 school district financial accounting and reporting manual, as developed by
22 the superintendent of public instruction in accordance with section
23 15.1-02-08;
- 24 (3) Tuition reported under code 1300 of the North Dakota school district
25 financial accounting and reporting manual, as developed by the
26 superintendent of public instruction in accordance with section 15.1-02-08,
27 with the exception of revenue received specifically for the operation of an
28 educational program provided at a residential treatment facility, tuition
29 received for the provision of an adult farm management program, and
30 beginning in the 2025-26 school year, eighty-five percent of tuition received
31 under an agreement to educate students from a school district on an

- 1 air force base with funding received through federal impact aid, until the
2 2026-27 school year, and each school year thereafter, when all tuition
3 received under an agreement to educate students from a school district on
4 an air force base with funding received through federal impact aid must be
5 excluded from the tuition calculation under this paragraph;
- 6 (4) Revenue from payments in lieu of taxes on the distribution and transmission
7 of electric power;
- 8 (5) Revenue from payments in lieu of taxes on electricity generated from
9 sources other than coal; and
- 10 (6) Revenue from the leasing of land acquired by the United States for which
11 compensation is allocated to the state under 33 U.S.C. 701(c)(3); and
- 12 d. An amount equal to the total revenue received by the school district during the
13 2017-18 school year for the following revenue types:
- 14 (1) Mobile home tax revenue;
- 15 (2) Telecommunications tax revenue; and
- 16 (3) Revenue from payments in lieu of taxes and state reimbursement of the
17 homestead credit and disabled veterans credit.
- 18 e. Beginning with the 2020-21 school year, the superintendent shall reduce the
19 baseline funding for any school district that becomes an elementary district
20 pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must
21 be proportional to the number of weighted student units in the grades that are
22 offered through another school district relative to the total number of weighted
23 student units the school district offered in the year before the school district
24 became an elementary district. The reduced baseline funding applies to the
25 calculation of state aid for the first school year in which the school district
26 becomes an elementary district and for each year thereafter. For districts that
27 become an elementary district prior to the 2020-21 school year, the
28 superintendent shall use the reduced baseline funding to calculate state aid for
29 the 2020-21 school year and for each year thereafter.

- 1 2. a. The superintendent shall divide the district's baseline funding determined in
2 subsection 1 by the district's 2017-18 weighted student units to determine the
3 district's baseline funding per weighted student unit.
- 4 b. For any school district that becomes an elementary district pursuant to section
5 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the
6 district's baseline funding per weighted student unit used to calculate state aid.
7 The superintendent shall divide the district's baseline funding determined in
8 subsection 1 by the district's weighted student units after the school district
9 becomes an elementary district to determine the district's adjusted baseline
10 funding per weighted student unit. The superintendent shall use the district's
11 adjusted baseline funding per weighted student unit in the calculation of state aid
12 for the first school year in which the school district becomes an elementary
13 district and for each year thereafter.
- 14 c. Beginning with the 2021-22 school year and for each school year thereafter, the
15 superintendent shall reduce the district's baseline funding per weighted student
16 unit. Each year the superintendent shall calculate the amount by which the
17 district's baseline funding per weighted student unit exceeds the payment per
18 weighted student unit provided in subsection 3. The superintendent shall reduce
19 the district's baseline funding per weighted student unit by fifteen percent of the
20 amount by which the district's baseline funding per weighted student unit exceeds
21 the payment per weighted student unit for the 2021-22 school year. For each
22 year thereafter, the reduction percentage is increased by an additional fifteen
23 percent. However, the district's baseline funding per weighted student unit, after
24 the reduction, may not be less than the payment per weighted student unit
25 provided in subsection 3.
- 26 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
27 greater of:
- 28 (1) The district's weighted student units multiplied by ten thousand one hundred
29 thirty-six dollars;
- 30 (2) One hundred two percent of the district's baseline funding per weighted
31 student unit, as established in subsection 2, multiplied by the district's

- 1 weighted student units, not to exceed the district's 2017-18 baseline
2 weighted student units, plus any weighted student units in excess of the
3 2017-18 baseline weighted student units multiplied by ten thousand
4 one hundred thirty-six dollars; or
- 5 (3) The district's baseline funding as established in subsection 1 less the
6 amount in paragraph 1, with the difference reduced by fifteen percent and
7 then the difference added to the amount determined in paragraph 1.
- 8 b. For the 2022-23 school year and each school year thereafter, the superintendent
9 shall calculate state aid as the greater of:
- 10 (1) The district's weighted student units multiplied by ten thousand two hundred
11 thirty-seven dollars;
- 12 (2) One hundred two percent of the district's baseline funding per weighted
13 student unit, as established in subsection 2, multiplied by the district's
14 weighted student units, not to exceed the district's 2017-18 baseline
15 weighted student units, plus any weighted student units in excess of the
16 2017-18 baseline weighted student units multiplied by ten thousand
17 two hundred thirty-seven dollars; or
- 18 (3) The district's baseline funding as established in subsection 1 less the
19 amount in paragraph 1, with the difference reduced by thirty percent for the
20 2022-23 school year and the reduction percentage increasing by fifteen
21 percent each school year thereafter until the difference is reduced to zero,
22 and then the difference added to the amount determined in paragraph 1.
- 23 c. The superintendent also shall adjust state aid determined in this subsection to
24 ensure the amount does not exceed the transition maximum as follows:
- 25 (1) For the 2021-22 school year, the transition maximum rate is one hundred
26 ten percent of the district's baseline funding per weighted student unit, as
27 established in subsection 2, multiplied by the district's weighted student
28 units from the previous school year.
- 29 (2) For the 2022-23 school year, the transition maximum rate is one hundred
30 ten percent of the district's baseline funding per weighted student unit, as

1 established in subsection 2, multiplied by the district's weighted student
2 units from the previous school year.

3 (3) For the 2023-24 school year, the transition maximum rate is one hundred
4 ten percent of the district's baseline funding per weighted student unit, as
5 established in subsection 2, plus twenty percent of the difference between
6 the rate under paragraph 1 of subdivision b of this subsection and
7 one hundred ten percent of the district's baseline funding per weighted
8 student unit. The transition maximum is determined by multiplying the
9 transition maximum rate, which may not exceed the rate under paragraph 1
10 of subdivision b of this subsection, by the district's weighted student units
11 from the previous school year.

12 (4) For the 2024-25 school year, the transition maximum rate is one hundred
13 ten percent of the district's baseline funding per weighted student unit, as
14 established in subsection 2, plus forty percent of the difference between the
15 rate under paragraph 1 of subdivision b of this subsection and one hundred
16 ten percent of the district's baseline funding per weighted student unit. The
17 transition maximum is determined by multiplying the transition maximum
18 rate, which may not exceed the rate under paragraph 1 of subdivision b of
19 this subsection, by the district's weighted student units from the previous
20 school year.

21 (5) For the 2025-26 school year, the transition maximum rate is one hundred
22 ten percent of the district's baseline funding per weighted student unit, as
23 established in subsection 2, plus sixty percent of the difference between the
24 rate under paragraph 1 of subdivision b of this subsection and one hundred
25 ten percent of the district's baseline funding per weighted student unit. The
26 transition maximum is determined by multiplying the transition maximum
27 rate, which may not exceed the rate under paragraph 1 of subdivision b of
28 this subsection, by the district's weighted student units from the previous
29 school year.

30 (6) For the 2026-27 school year, the transition maximum rate is one hundred
31 ten percent of the district's baseline funding per weighted student unit, as

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

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

10 a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the
11 school district; and

12 b. Subtract an amount equal to seventy-five percent of all revenue types listed in
13 paragraphs 1, 2, 4, 5, and 6 of subdivisions~~subdivision c of subsection 1 and~~
14 subdivision d of subsection 1. Before determining the deduction for seventy-five
15 percent of ~~all these~~ revenue types, the superintendent of public instruction shall
16 ~~adjust revenues as follows:~~

17 ~~(1) Tuition revenue shall be adjusted as follows:~~

18 ~~(a) In addition to deducting tuition revenue received specifically for the~~
19 ~~operation of an educational program provided at a residential~~
20 ~~treatment facility, tuition revenue received for the provision of an adult~~
21 ~~farm management program, and tuition received under an agreement~~
22 ~~to educate students from a school district on an air force base with~~
23 ~~funding received through federal impact aid as directed each school~~
24 ~~year in paragraph 3 of subdivision c of subsection 1, the~~
25 ~~superintendent of public instruction also shall reduce the total tuition~~
26 ~~reported by the school district by the amount of tuition revenue~~
27 ~~received for the education of students not residing in the state and for~~
28 ~~which the state has not entered a cross-border education contract;~~
29 ~~and~~

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

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

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

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

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

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

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

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

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

25 **SECTION 2. AMENDMENT.** Section 15.1-32-01 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **15.1-32-01. Definitions.**

28 As used in this chapter:

29 1. "Major life activities" include learning, walking, talking, breathing, and caring for
30 oneself.

- 1 2. "Related services" means transportation and developmental and corrective or
2 supportive services required to assist a student with disabilities to benefit from special
3 education.
- 4 2-3. "Special education" means instruction designed to meet the needs of a student with
5 disabilities, transportation, and corrective and supporting services required to assist a
6 student with disabilities in taking advantage of, or responding to, educational programs
7 and opportunities.
- 8 3-4. "Student who is gifted" means an individual who is identified by qualified professionals
9 as being capable of high performance and who needs educational programs and
10 services beyond those normally provided in a regular education program.
- 11 4-5. a. "Student with a disability" means an individual who is at least three years of age
12 but who has not reached the age of twenty-one before August first of the year in
13 which the individual turns twenty-one and who requires special education and
14 related services because of:
- 15 (1) An intellectual disability;
16 (2) A hearing impairment, including deafness;
17 (3) Deaf-blindness;
18 (4) A speech or language impairment;
19 (5) A visual impairment, including blindness;
20 (6) An emotional disturbance;
21 (7) An orthopedic impairment;
22 (8) Autism;
23 (9) A traumatic brain injury;
24 (10) Other health impairment; or
25 (11) A specific learning disability.
- 26 b. "Student with a disability" includes a student age eighteen through twenty-one
27 who is incarcerated in an adult correctional facility and who, in the last
28 educational placement prior to incarceration, was identified as being a student
29 with a disability and did not have an individualized education program or was
30 identified as being a student with a disability and had an individualized education
31 program.

1 6. "Student with a significant medical condition" means a student with a physical or
2 mental impairment, whether permanent or temporary, which substantially limits one or
3 more major life activities and who is not entitled to special education and related
4 services.

5 **SECTION 3. AMENDMENT.** Section 15.1-32-14 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **15.1-32-14. ~~Special education students – Contracts for placement~~High-cost students.**

- 8 1. If in the opinion of an individualized education program team or a services plan team a
9 student with a disability or a student with a significant medical condition is unable to
10 attend a public school in the ~~special education unit to which the student's school~~
11 district of residence belongs, the student's school district of residence shall
12 ~~contract~~release the student at the time deemed necessary to begin attendance with
13 another public school that:
- 14 a. ~~Does not belong to the same special education unit;~~
 - 15 b. Is located in this state;
 - 16 ~~e.b.~~ Is willing to admit the student; and
 - 17 ~~d.c.~~ Is able to provide appropriate services to the student.
- 18 2. ~~The superintendent of public instruction shall approve in advance the terms of the~~
19 ~~contract and the services to be provided by the admitting school.~~
- 20 3. ~~The contract must provide that the student's school district of residence~~receiving
21 district educating the student is entitled to receive all state aid in association with the
22 student and is liable for the cost of educating the student.
- 23 4. ~~Upon being notified by the district in which the student receives services that the~~
24 ~~student's school district of residence has not paid for services that were provided to~~
25 ~~the student, the superintendent of public instruction, after verification, shall withhold all~~
26 ~~state aid payments to which the student's school district of residence is entitled, until~~
27 ~~the required payments have been made.~~

28 **SECTION 4. AMENDMENT.** Section 15.1-32-18 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **15.1-32-18. Cost - Liability of school district for special education and other high-cost**
2 **services.**

- 3 1. Each year the superintendent of public instruction shall identify the approximately one
4 percent of ~~special education~~ students with a disability and students with a significant
5 medical condition statewide who are not eligible for cost reimbursement under section
6 15.1-29-14 and who require the greatest school district expenditures ~~in order to~~
7 provide them with education and services including special education and related
8 services. This percentage represents the number of students that would qualify for
9 excess cost reimbursement beyond the multiplier that is established in subsection 3.
- 10 2. The excess costs of providing ~~special education and related~~ services to these students
11 are the responsibility of the state and the superintendent of public instruction shall
12 reimburse the school districts for any excess costs incurred in the provision of ~~special-~~
13 ~~education and related~~the services to the identified students.
- 14 3. "Excess costs" are those that exceed four times the state average cost of education
15 per student and which are incurred by the ~~special education~~ students identified in
16 subsection 1.
- 17 4. All costs of providing ~~special education and related~~ services to those students
18 identified in subsection 1, other than excess costs reimbursed by the state, are the
19 responsibility of the ~~student's school district of residence~~admitting district educating
20 the student.
- 21 5. In addition to any other reimbursements provided under this section, if a school district
22 expends more than two percent of its annual budget for the provision of ~~special-~~
23 ~~education and related~~ services to one student with a disability or significant medical
24 condition, the district shall notify the superintendent of public instruction. Upon
25 verification, the superintendent shall reimburse the district for the difference between:
26 a. Two percent of the district's annual budget; and
27 b. The lesser of:
28 (1) The amount actually expended by the district for the provision of special
29 education and related services to that student; or
30 (2) The amount representing four times the state average cost of education per
31 student.