

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

HOUSE BILL NO. 1238  
(Representatives Schreiber-Beck, Nathe)  
(Senators Elkin, Kreun)

AN ACT to amend and reenact section 15.1-27-35.3 of the North Dakota Century Code, relating to extending the moratorium on the unobligated general fund balance deductions from state aid formula payments; and to provide for a legislative management study regarding the impact of the ending fund balance on school credit and school efficacy.

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

**SECTION 1. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. Payments to school districts - Unobligated general fund balance.**

1. a. Except as provided in subdivision b, beginning July 1, ~~2023~~2027, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus fifty thousand dollars.
- b. The superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus one hundred thousand dollars if the school district is in a cooperative agreement with another school district to share academic resources, and the school districts are considering reorganization under chapter 15.1-12. An eligible school district may receive payments under this provision for a maximum of two years.
2. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2, but does not include federal impact aid funding.

**SECTION 2. LEGISLATIVE MANAGEMENT STUDY - IMPLEMENTATION OF PARAMETERS FOR SCHOOL DISTRICT ENDING FUND BALANCES.**

1. During the 2023-24 interim, the legislative management shall study the implementation of effective parameters for the ending fund balance for a school district so a school district is able to achieve credit scores sufficient to bond at a reduced cost to taxpayers while ensuring equitable and adequate education. The study must include:
  - a. Identification of efficient ways to analyze information on district expenditures;
  - b. A review of the ending fund balance's impact on a district's short- and long-range planning, related facilities, staffing, and programming;
  - c. An evaluation of possible trends between state investment, district expenditures, and student performance; and
  - d. A review of the dramatic increase in behavioral and mental health issues of students, which are addressed by schools with school budgets, in addition to the traditional scope of academic preparation.

2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

Dennis Shan  
Speaker of the House

Tammy Miller  
President of the Senate

Bull T. Reich  
Chief Clerk of the House

Brandi Morgan  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1238.

House Vote:      Yeas 84                  Nays 5                  Absent 5

Senate Vote:      Yeas 46                  Nays 1                  Absent 0

Bull T. Reich  
Chief Clerk of the House

Received by the Governor at 9:43 AM on March 15, 2023.

Approved at 7:32 P.M. on March 15, 2023.

Doug Burgum  
Governor

Filed in this office this 16th day of March, 2023,  
at 10:50 o'clock A. M.

Michael Howe  
Secretary of State