

K12 Student Funding Formula

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NORTH DAKOTA DEPARTMENT OF
PUBLIC INSTRUCTION

Foundation Aid

- Current formula was implemented in the 2013-15 biennium
- The legislature contracted with Picus-Odden to conduct a recalibration study to confirm the adequacy of the base level support
- Funded with a combination of state and local taxes
- The formula is student driven
- Uses various weights to account for the increased costs associated with students with special needs

Transition Adjustments

- Transition Adjustments were included in the funding formula beginning the 13-15 biennium to minimize budget impacts that inevitably occur when making major changes
 - Transition minimum adjustments began to be reduced in the 2021-22 school year (Passed in the 2019 legislative session)
 - Scheduled to be reduced 15% each year
 - Transition maximum adjustment changes will begin in the 2023-24 school year

K-12 School Funding Formula

<i>Part One: Calculate Base Funding Amount</i>		Example
	Student Membership (ADM)	300
+	<u>Other Program Weighted ADM</u>	<u>30</u>
=	Weighted ADM	330
x	<u>School District Size Factor</u>	<u>1.13</u>
=	Weighted Student Units	373
x	<u>Per Student Rate</u>	<u>9,092</u>
=	Total Formula Amount	3,391,316
+/-	<u>Transition Adjustments</u>	<u>-</u>
=	Total Adjusted Formula Amount	3,391,316
<i>Part Two: Determine State Aid Payment</i>		
Local Share	60 mills times taxable valuation	600,000
	<u>75%-100% of other local in-lieu revenue</u>	<u>60,000</u>
State Share	Difference is State Aid Payment	2,731,316

State Aid to Schools

	Biennial Appropriation 2011-2013	Biennial Appropriation 2013-2015	Biennial Appropriation 2015-2017	Biennial Appropriation 2017-2019	Biennial Appropriation 2019-2021	Biennial Appropriation 2021-2023
*Grants - State school aid	918,459,478	1,752,100,000	1,915,332,000	1,935,204,163	2,098,202,429	2,131,825,000
Grants - Transportation	48,500,000	53,500,000	57,108,000	55,400,000	56,500,000	58,100,000
Grants - Special education aid	16,000,000	16,500,000	18,500,000	19,300,000	24,000,000	27,000,000
Grants - Teacher compensation payments						
Grants - Tuition apportionment						
Grants - Revenue supplement payments						
Grants - Supplemental operations						
K-12 State Aid Formula Payments	982,959,478	1,822,100,000	1,990,940,000	2,009,904,163	2,178,702,429	2,216,925,000

State Aid to Schools

	2013-15	2015-17	2017-19	2019-21	2021-23
State School Aid Program	Appropriation	Appropriation	Appropriation	Appropriation	Appropriation
State School Aid - Integrated Formula Payments	1,752,100,000	1,916,640,000	1,935,204,163	2,098,202,429	2,131,825,000
Transportation	53,500,000	57,000,000	55,400,000	56,500,000	58,100,000
Rapid Enrollment Grants	13,600,000	14,800,000	6,000,000	3,000,000	-
Special Education - Contracts	16,500,000	18,500,000	19,300,000	24,000,000	27,000,000
Total - State School Aid Program	1,835,700,000	2,006,940,000	2,015,904,163	2,181,702,429	2,216,925,000
General Fund	1,695,374,000	1,787,806,000	1,409,357,258	1,690,938,429	1,640,450,500
State Tuition Fund	140,326,000	219,134,000	305,546,905	377,764,000	433,020,000
Foundation Aid Stabilization Fund	-	-	301,000,000	113,000,000	143,454,500
Total - State School Aid Program	1,835,700,000	2,006,940,000	2,015,904,163	2,181,702,429	2,216,925,000

Payment Schedule

- State Aid Formula and Transportation
 - The August 1, September 1 payments are based on 10% of estimated entitlement.
 - The October payment is based on 20% of estimated entitlement.
 - The November 1 payment adjusts payments to 60% of actual entitlement for the school year.
 - The December 1 (68%), January 1 (76%), February 1 (84%), March 1 (92%), and April 1 (100%) payments are approximately 1/5 of the total remaining entitlement.
 - A final year-end clean-up payment is made June 30.

Redirected Payments

- The funding generated from the REA factor is deducted from the district and paid directly to the REA on the same payment schedule as State Formula Aid and Transportation. The amount is shown as an adjustment to State Aid.
- Upon request, Special Education funding generated in the funding formula is paid directly to the Special Education Unit on behalf of member school districts. The amount is shown as an adjustment to State Aid.

Cost Sharing Reimbursement

- Section 22 of HB 1013 - Cost Sharing reimbursement
 - School districts that enter into a cooperative agreement after June 30, 2022
 - Must jointly employ a superintendent and business manager
 - 2 schools cooperating = 10% of combined salaries
 - 3 schools cooperating = 15% of combined salaries
 - 4 schools cooperating = 20% of combined salaries
 - 5 or more cooperating = 25% of combined salaries
 - Expires June 30, 2024

Open Enrollment

- N.D.C.C. 15.1-31
- Open Enrollment Application
 - SFN 19378
 - Must be filed by March 1st
 - Admitting must act on application by April 1st
 - Application dates may be waived if a student together with the student's parents move into a new district
- If the deadline is missed, both school districts can agree to a tuition contract/tuition waiver
- If the resident district does not sign the tuition contract, the student's parents can pay tuition

Open Enrollment State Aid

- The state aid payment will always follow the student
 - The student must remain in the admitting district until
 - The student graduates;
 - The student relocates to another district;
 - The student's parent applies for enrollment in another school district; or
 - The student's parent notifies the student's school district of residence that the student will attend school in the school district of residence the following year
 - Special Education expenditures are the responsibility of the resident district
 - Transportation may be provided by the resident or educating district

Open Enrollment, cont'd

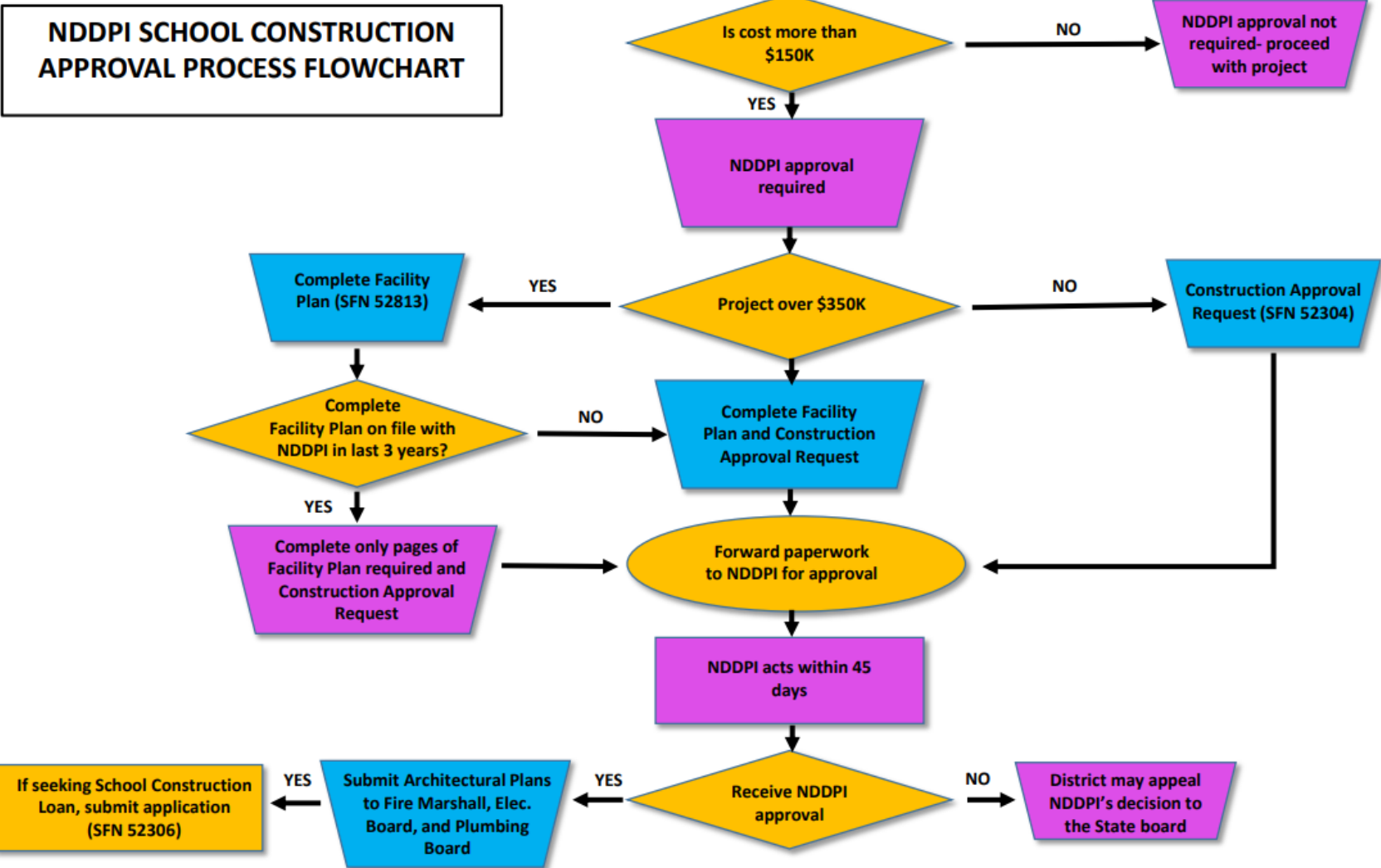
- A school district shall set standards for acceptance and denial of open enrollment application
 - May consider capacity of a program, class, grade level, or school building
 - May not consider
 - Academic Achievement
 - Extracurricular activities
 - Disabilities
 - English Language Proficiency
 - Previous Disciplinary Proceedings

School Construction & Loan Programs

Ref: NDCC 15.1-36

- Superintendent of public instruction shall approve the construction, purchase, repair, improvement, modernization, or renovation of any public school building or facility before commencement of the project if the cost of the project, as estimated by the school board, is in excess of one hundred fifty thousand dollars.
- Must demonstrate:
 - Need for the project
 - Stable enrollment
 - If enrollment is declining, No feasible alternatives
 - Capacity to pay for project

School Construction & Loan Programs



School Construction & Loan Programs, cont'd

- Coal Development Trust Fund (CDTF)
 - Administered by the board of university and school lands
 - Minimum \$250K, Maximum \$2M
 - 20-year term, 2% IR
 - Eligibility
 - Receive project approval from NDDPI
 - must demonstrate a need based on an unanticipated construction project
 - unanticipated replacement project
 - or an emergency repair
 - Does NOT require a bond vote

School Construction & Loan Programs, cont'd

- School Construction Assistance Revolving Loan Fund (SCARLF)
 - Administered by the Bank of ND
 - Minimum \$1M, Maximum \$10M
 - 20 year term, 2% IR
 - Eligibility
 - Receive project approval from NDDPI
 - Publish in official newspaper, estimated additional millage (IAW 21-03-13)
 - Post on district website preceding date of election, bond election and authorization
 - Receive authorization for a bond issue (bond vote 60% approval)

School Construction & Loan Programs, cont'd

- School Construction Assistance Revolving Loan Fund (SCARLF)
 - Submit SFN 52306 Loan Application by April 1st.
 - Applications are prioritized by:
 - Student occupancy and academic needs in the district
 - Age of existing structures to be replaced or remodeled
 - Safety and vulnerability assessments
 - Community support
 - Cost
 - Prioritized list is sent to the Bank of ND

School Transportation

- Districts are reimbursed miles and rides transporting students to and from school, special education routes, and CTE routes
- Removed state reimbursement for miles for students that are open enrolled or tuition waived.
- Reimbursement for the 2021-23 biennium will be at a minimum the reimbursement received in 2019-20 (2018-19 miles and rides)
 - Subject to the appropriation for transportation

School District Budget

- School District must provide a preliminary budget statement to the county auditor by August 10th.
- School District's are required to have a public hearing on its property tax levy no earlier than September 7th.
- Final budget is due to the county by October 10th
 - School districts are allowed to increase or decrease their budget from the preliminary budget

General Fund Levy Authority

- General Fund Levy
 - 12% increase in dollars up to a levy of 70 mills
 - District's that are unable to get to at least 60 mills due to increased taxable valuation will get an additional adjustment calculated by DPI to go above and beyond the 12%.
 - Voters can authorize a specified levy rate for up to 10 years
 - NDCC 57-15-14
 - 60 mills is considered local contribution in the funding formula

General Fund Levy Authority

<u>Purpose</u>	<u>Max. Rate</u>	<u>References</u>
Tuition	None	15.1-29-15; 57-15-14.2(4);
Judgments	None	21-03-06(7)
Special Assessments	None	57-15-41
Building Fund	20 mills	57-15-14.2(6)(a); 57-15-16;15.1-09-49
Bond Sinking & Interest	None	21-03-15; 57-15-14.2(6)(b)
Special Reserve	3 Mills	57-19-01; 57-15-14.2(3)
Miscellaneous Fund	12 Mills	57-15-14.2(2)
Safety Fund	5 Mills	57-15-15.1; 57-15-14.2

Questions?

Questions can be directed to:

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