



NORTH DAKOTA

Description of the Formula

North Dakota adopted a new K-12 funding formula in 2013-14 designed to provide each school district with a base amount of funding to ensure an adequate education regardless of taxable valuation available in the district. The base per student rates were established at \$8,810 (2013-14) and \$9,092 (for 2014-15). A uniform local contribution from local tax sources is required with state taxes funding the remainder. Weighting factors are used to reflect additional costs of educating students based on factors such as school size, special education and limited English proficiency.

District-Based Components

Density/Sparsity of Small Schools

A weighting factor of .10 is applied for school districts greater than 275 square miles in size and less than 100 students in average daily membership (ADM). In addition, school districts greater than 600 square miles in size and less than 50 students in ADM are guaranteed funding at 50 ADM. Presently no school districts meet the second test.

Grade Level Differences and Pupil Weights for District/School Size

The weighting factors are applied based on school district size. Districts with ADM less than 125 receive a factor of 1.35. Districts with ADM between 125 and 900 receive a factor ranging from 1.35 down to 1.0. The factor for districts over 900 ADM are not adjusted, e.g., their factor is 1.0.

There are no adjustments for grade level differences.

Declining Enrollment or Growth

All data used in the main funding formula are from the previous school year. The main funding formula has a provision that no district can receive less in dollars than the baseline funding they received for the 2012-13 school year. In addition, the legislature appropriated funding for supplemental grants to school districts experiencing enrollment increases of four percent or more.

Capital Outlay and/or Debt Service

Capital projects for North Dakota school districts are ultimately funded solely by local property taxes. For major projects, the local school board may request authority from the voters to issue bonds. A supermajority (60%) of the qualified voters voting on the proposed project is necessary for approval. Total outstanding bonds cannot exceed 10% of the total assessed valuation in the district. The voters confer authority to incur indebtedness at a specified amount, to then sell bonds to raise funding for the proposed project, and finally to establish a sinking and interest fund and associated levy to raise revenue to pay interest and amortize the outstanding principal (N.D. CENT. CODE § 21-03). School boards may also secure authority from the voters to establish and maintain a building fund (N.D. CENT. CODE § 57-15-16). This authority may be approved to a maximum of 20 mills per year. Since 1985, school boards have had the authority on their own initiative to sell bonds and then pay interest and amortize the principal from proceeds of the building fund levy. A number of restrictions and requirements apply to such action (N.D. CENT. CODE § 21-03).

Transportation

Funding for transportation is provided to a maximum of 90% of actual expenditures under a rate schedule that includes the number of miles transported, rides provided and the type of vehicle used. Where district transportation is not available, school districts may reimburse parents and then claim 50 cents per mile per day. Transportation payments are based on prior year statistics.

Charter Schools

Does not apply.

Student-Based Components

Special Education

Special education funding is recognized through a factor in the main funding formula based on the total number of students in average daily membership. There are also factors for students age 3-5 on IEPs and extended year special education programs. These factors add an additional 7% for special education services to the base funding amount. Additional funding is set aside at the state level to reimburse school districts with extremely high cost special education students. Where students are placed by external agencies for purposes other than education, districts are reimbursed for allowable costs exceeding the state average cost per pupil. Educational placements are reimbursed for allowable costs exceeding 4 times the state average cost per pupil. Transportation and equipment are not included in allowable costs.

Low Income / Comp Ed / At-Risk

The funding formula includes a factor of .025 for at-risk students. The factor is applied to the percentage of free and reduced price lunch students (grades 3-8) in ADM.

English Language Learner/Bilingual Education

Funding for students with limited English skills is provided through factors in the main funding formula. The factors are applied to student ADM in the top three assessment levels.

Gifted and Talented Education

\$800,000 is appropriated for the 2011-13 biennium for gifted and talented programs.

Career and Technical Education

Career and technical education programs are funded in part through the State Board for Career and Technical Education, an agency that is involved also in funding programs at designated post-secondary institutions. Local school districts are expected to provide a major portion of funding and career and technical education programs are augmented by federal aid. The state provides approximately one third of vocational funding.

Preschool Education

Does not apply.

Other

State funding for regional education associations (REAs) is provided through a factor in the main funding formula. REAs provide educational support services to member school districts. The funding generated by the factor is forwarded directly to the REA. The state also provides each REA a \$50,000 base grant annually to assist in compensating for the services of a 12 month regional coordinator.

Revenue and Expenditure Information**State Mandates Restricting Revenue or Expenditure Increases**

Does not apply.

Property Assessment Ratios Used/Legal Standards For Property Assessment

Property tax in North Dakota is applied only to real property, except both real and personal property of public utilities is taxable. Property is given an assessed value of 50% of the true and full value. Once the assessed value had been determined, an assessment ratio is applied. The current assessment ratio is 9% for residential property, and 10% for other types of property, or 4.5% and 5%, respectively, of true and full value. Roughly two percent of district tax revenue is generated through alternative assessment methods.

Measure of Local Ability To Support Schools

The measure for local ability to support schools is property valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

All school districts are fiscally independent.

Taxing limits in North Dakota include caps on individual levies, general fund levies, total indebtedness, and allowable general fund balances.

The 2013 legislature implemented the new funding formula tied to the cost of providing an adequate education and funded it with a combination of state and local taxes. Local property tax

levy authority was decreased and state funding was increased to provide the funding. This effort reduced the local share of the cost of education funded from property taxes to about 20%.

There is no maximum allowable fund balance for the general fund although a provision in the school finance formula reduces state aid by the amount a district's general fund balance exceeds 45% of its general fund expenditure plus \$20,000.

State Support for Nonpublic Schools

Does not apply.