

School Finance 101

North Dakota School Boards Association

Annual Convention – October 27, 2017

Dr. Paul Stremick, Superintendent, North Border School District

Session Objectives

- At the end of this session, participants will be able to:
 - Recognize **Key Terms** Associated with School Finance
 - Define the Components in the **State Funding Formula**.
 - Define the Elements of Local Funding and the **Mill Levies** in your District.

Terms

- Open Enrollment
- Mill Levies
- Other Funds
- Taxable Valuation
- Mill = .001
- Budget Hearing
- Ending Fund Balance

State Aid Payment Determination

- State Payments are determined through a number of different calculations based on the following categories:
 - Student Membership
 - Other Program Membership
 - Formula Adjustments
 - Contribution from Other Local Revenue
 - Contribution from Property Tax
 - Baseline Funding

Open Enrollment

- When a student wishes to attend another school district other than the district of residence.
- Deadlines
 - Filed Prior to March 1st with admitting district
 - the year prior to enrollment
 - Acted on by April 1st by admitting district
 - Waiver of Deadline (moved)
 - Funding is a year late (based on prior year enrollment)

Revenue – State

Foundation Aid Overview

- The majority of school funding comes through state foundation aid. With the recent levy and **cap limits** to local levy authority school districts have become **exceedingly reliant** on state foundation aid.
- The foundation aid formula has moved from being **property-centric to student-centric**.

Decrease of Local Levy Authority

- The **local levy authority** has dwindled in the last decade from **185 mills to 110 mills to 70 mills** (60 general fund + 10 board discretionary). **Note: These 70 mills are limited by 12% growth.**
- There is also a **12-mill miscellaneous levy** that has put into place in the last legislative session, which combined separate levies (i.e. technology, asbestos, etc.) into one combined levy. The miscellaneous levy is not governed by the 12% growth rule.

Mill Levies

- **Fund Group 1 – General Fund**
 - General Fund Property Tax Levy = 60*-70* mills (limited to 12% increase in dollars each year)
 - High School Tuition Levy = amount needed for HS Tuition
 - Miscellaneous Levy = up to 12 mills
- **Fund Group 2 – Special Reserve**
 - Special Reserve = up to 3 mills (total in fund must not exceed the equivalent of 15 mills)
- **Fund Group 3 – Capital Projects**
 - **Building Fund Levy** = voter approved (cap is 20 mills, or other approved amount)
 - Special Assessment Levy – amount needed to make payment
- **Fund Group 4 – Debt Service**
 - **Sinking & Interest Levy*** – voter approved, amount needed to make payment plus 10%
 - Judgment Bonding Levy – amount needed to make payment

Ending Fund Balance

- School Districts are limited to the amount they can carryover in their General Fund without reducing the amount of State Aid. For the 2017-18 school year and forward, districts may carry forward 35% of General Fund Expenditures + \$50,000. **This is based on the carryover at the end of the prior year (June 30th).**
- **Exception:** School Districts involved in a cooperative agreement and considering reorganization may carry forward 35% of General Fund Expenditures + \$100,000 (2 years).

Question and Answers