

School Finance

New Member Seminar – October 26, 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

- Average Daily Membership (ADM)
- Weighted ADM/Weighting Factors (add-ons)
- School Size Factor (1.00 – 1.36)
- Weighted Student Units (wsu)
- Per Student Rate = 9,646 – **State & Local**
- Taxable Valuation
- Mill = .001
- Budget Hearing

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**.

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

North Dakota K-12 School Funding Formula

In 2013, the state implemented a K-12 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 significantly with statewide taxes making up the difference. Statewide taxes are now funding approximately 75% of the cost of education.

The local share is 60 mills on taxable valuation and 75%-100% of other local in-lieu of property tax revenue. The state funds the remainder up to the adequate amount.

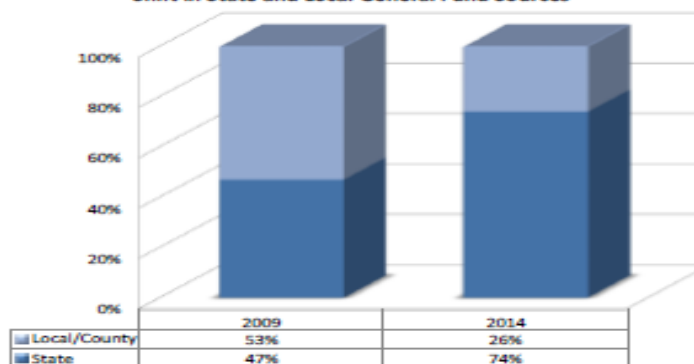
The formula is student driven and uses various weights to account for the increased costs associated with school district size and serving students with special needs. A base per student funding rate is set by the legislature designed to generate the resources necessary to educate students to state standards. In addition, there are transitional adjustments included to minimize budget impacts that inevitably occur when making major changes.

In the end, North Dakota's K-12 funding formula provides a base of financial support per student sufficient to provide an adequate education by school districts, regardless of where the student lives or what the taxable valuation is of the district.

The Legislature, through the interim Education Funding Committee, contracted with Picus-Odden and Associates to conduct a recalibration study to confirm the adequacy of that base level of support.

The consultants use an evidenced – based (EB) model to determine the resources necessary to educate students to college and career ready proficiency. Included in the model are all of the components necessary to meet the standards. This includes core staffing, administration, operations, professional development, technology and instruction materials. Their report was presented to the Interim Education Funding Committee in June, 2014. The report can be found in the meeting minutes at <http://www.legis.nd.gov/assembly/63-2013/interim/15-5088-03000-meeting-minutes.pdf?20141016152129>.

Shift in State and Local General Fund Sources



K-12 School Funding Formula		
<i>Part One: Calculate Base Funding Amount</i>		
	Student Membership (ADM)	Example 300
+	Other Program Weighted ADM	30
=	Weighted ADM	330
x	School District Size Factor	1.13
=	Weighted Student Units	373
x	Per Student Rate	9,092
=	Total Formula Amount	3,391,316
+/-	Transition Adjustments	-
=	Total Adjusted Formula Amount	3,391,316
<i>Part Two: Determine State Aid Payment</i>		
Local Share	60 mills times taxable valuation	600,000
	75%-100% of other local in-lieu revenue	60,000
State Share	Difference is State Aid Payment	2,731,316

Factor Tables

K-12 Weighting Factors - High School

	ADM	Factor	Amount
Tier 1	0-110	1.36	12,736.40
Tier 2	110-125	1.35	12,642.75
	125-130	1.34	12,549.10
	130-135	1.33	12,455.45
	135-140	1.32	12,361.80
	140-145	1.31	12,268.15
	145-150	1.30	12,174.50
	150-155	1.29	12,080.85
	155-160	1.28	11,987.20
	160-165	1.27	11,893.55
	165-175	1.26	11,799.90
	175-185	1.25	11,706.25
	185-200	1.24	11,612.60
	200-215	1.23	11,518.95
	215-230	1.22	11,425.30
	230-245	1.21	11,331.65
	245-260	1.20	11,238.00
	260-270	1.19	11,144.35
	270-275	1.18	11,050.70
	275-280	1.17	10,957.05
	280-285	1.16	10,863.40
	285-290	1.15	10,769.75
	290-295	1.14	10,676.10
	295-300	1.13	10,582.45
	300-305	1.12	10,488.80
	305-310	1.11	10,395.15
	310-320	1.10	10,301.50
	320-335	1.09	10,207.85
	335-350	1.08	10,114.20
	350-360	1.07	10,020.55
	360-370	1.06	9,926.90
370-380	1.05	9,833.25	
380-390	1.04	9,739.60	
390-400	1.03	9,645.95	
400-600	1.02	9,552.30	
600-900	1.01	9,458.65	
Tier 3	Over 900	1.00	9,365.00

K-8 Weighting Factors - Elementary

	ADM	Factor	Amount
Tier 1	0-125	1.25	11,706.25
Tier 2	125-200	1.17	10,957.05
Tier 3	Over 200	1.00	9,365.00

Student Membership

District Name	County District Number	School Year
Jamestown 1	47-001	2017-2018

A STATE AID FORMULA:

Student membership includes regular school year average daily membership (ADM). ADM for students attending school in Montana and Minnesota (NDCC 15.1-29.01), South Dakota students attending school in North Dakota (NDCC 15.1-29-02.1) under cross border attendance agreements, and students in private or out-of-state placements for purposes other than education (NDCC 15.1-29-14) are also included.

Student Membership	ADM	Weighting Factor	Weighted ADM
1 Pk Special Education	12.40	1.000	12.40
2 Kindergarten	166.80	1.000	166.80
3 Grade 1-6	988.39	1.000	988.39
4 Grade 7-8	334.74	1.000	334.74
5 Grade 9-12	648.65	1.000	648.65
6 Alternative High School	15.85	1.000	15.85
7 Total Average Daily Membership (ADM)			2,166.83

Other Program Membership

Other Program Membership				
8	Alt High School (from line 6)	15.85	0.250	3.96
9	Special Ed ADM (from line 7)	2,166.83	0.082	177.68
10	PK Special Ed ADM (from line 1)	12.40	0.170	2.11
11	Regional Education Association (if member from line 7)	2,166.83	0.002	4.33
12	ELL Level 1	0.53	0.400	0.21
13	ELL Level 2	5.63	0.280	1.58
14	ELL Level 3	4.32	0.070	0.30
15	At Risk	914.40	0.025	22.86
16	Home-Education (district supervised)	-	0.200	-
17	Alt Middle School	-	0.150	-
Summer Programs				
18	Summer School	57.56	0.600	34.54
19	Special Ed ESY	2.26	1.000	2.26
Isolated School District				
20	>275 sq miles and <100 ADM	-	0.100	-
21	>600 sq miles and <50 ADM	-	1.100	-
22	Total Weighted Average Daily Membership (add lines 7 through 21)			2,416.66
23	School District Size Weighting Factor			1.0000
24	Total Weighted Student Units			2,416.66
25	Per Student Payment Rate			\$9,646.00
26	Total Formula Payment			23,311,102.36

*Weighted Student Units (Line 22) is the ADM multiplied by a weighting factor

Formula Adjustments

Formula Adjustments			
27	Transition Maximum Adjustment (from line 65)	28,233,601.95	-
28	Transition Minimum Adjustment (from line 70)	21,780,207.22	-
29	Total Adjusted Formula Amount (total lines 26, 27 and 28)		23,311,102.36
30	Contribution from Property Tax (from line 45)		3,768,683.34
31	Contribution from Other Local Revenue (from line 39)		426,055.25
32	State Aid Payment (line 29 minus lines 30 and 31)		19,116,363.77

B CONTRIBUTION FROM OTHER LOCAL REVENUE		Total Revenue	Percent	
33	1300 Tuition	223,385.39	75%	167,539.04
34	2999 County	12,361.48	75%	9,271.11
35	US Flood	-	75%	-
36	Electric Generation, Distribution and Transmission Tax	15,824.30	75%	11,868.23
37	Mobile Home and Other In-Lieu Taxes	145,172.33	100%	145,172.33
38	Telecommunications	92,204.54	100%	92,204.54
39	Contribution from Other Local Revenue			426,055.25

C CONTRIBUTION FROM PROPERTY TAX			
40	District Taxable Valuation		62,811,389
41	Contribution Mill Rate		60
42	Contribution from Property Tax (line 41 times line 42 divided by 1000)		3,768,683.34
43	Minimum Local Effort Adjustment (NDCC 15.1-27-04.2)	-	-
44	Maximum Contribution Increase Adjustment (NDCC 15.1-27-04.1.4.a.)	3,898,807.89	-
45	Adjusted Contribution from Property Tax (total lines 42, 43 and 44)		3,768,683.34

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.

Important Dates

- October 10th – [Certificate of Levy](#)
(Final)/Budget Due
 - Note: Budget Revisions can be made at anytime, but the levies cannot change after October 10th
- November 1st – Foundation Aid Payments
 - Note: Final Numbers Available

Question and Answers