

# School Finance

Lunch & Learn

Dr. Paul Stremick – Walhalla, ND

June 15, 2022 9:00am

# 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

# Student Membership

Student Membership	ADM	Factor	Weighted ADM
1 Pk Special Education	6.72	1.000	6.72
2 Kindergarten	138.00	1.000	138.00
3 Grade 1-6	934.00	1.000	934.00
4 Grade 7-8	380.00	1.000	380.00
5 Grade 9-12	721.30	1.000	721.30
6 Alternative High School	13.70	1.000	13.70
7 Total Average Daily Membership (ADM)			2,193.72

# Other Program Membership

Other Program Membership					
8	Alt High School (from line 6)		13.70	0.250	3.43
9	Special Ed ADM (from line 7)		2,193.72	0.082	179.89
10	PK Special Ed ADM (from line 1)		6.72	0.170	1.14
11	Regional Education Association (if member from line 7)		2,193.72	0.002	4.39
12	2022 Fall Enrollment above 2021 ADM			0.600	-
13	Spring 2022 ADM Adjustment			0.500	-
14	ELL Level 1		3.00	0.400	1.20
15	ELL Level 2		9.13	0.280	2.56
16	ELL Level 3		14.52	0.070	1.02
17	At Risk		761.22	0.025	19.03
18	Home-Education (district supervised)		-	0.200	-
19	Alt Middle School		-	0.150	-
Summer Programs					
20	Summer School		63.51	0.600	38.11
21	Special Ed ESY		1.90	1.000	1.90
Isolated School District					
22	>275 sq miles and <100 ADM		-	0.100	-
23	>600 sq miles and <50 ADM		-	1.100	-

After calculating enrollment, the formula goes through a series of equity and adequacy adjustments to provide a base level of financial support.

You add up the total enrollment (Line 7) with all weighted ADM to get a TOTAL WEIGHTED ADM

# Weighting for School Size

24	Total Weighted Average Daily Membership (add lines 7 through 23)			2,446.39
25	School District Size Weighting Factor			1.0000
	Elementary Adjustment			0%
	Adjusted Weighting Factor			1.0000
26	Total Weighted Student Units			2,446.39
27	Per Student Payment Rate			10,136.00
28	Total Formula Payment			24,796,609.04


- ▶ Once you add up Lines 7-23, you have a weighted ADM (2,446.39), but the formula also recognizes that there is a greater efficiency for larger schools. As a result, the formula adds a school size weighting factor that provides an adjustment based on enrollment.
- ▶ Weighting factors are controlled by policy and any change have a direct result on many students and programs (especially our rural schools).
- ▶ It is the total weighted ADM that is taken by the per student payment (\$10,136 in 2021/2022 and \$10,237 in 2022/2023) to get a total formula payment. It is important to understand, however, that the total formula payment (Line 28) is designed to be inclusive of state AND local revenue. A handful of adjustments (i.e. deductions) are still needed so Line 28 is not the amount of funding you receive from the state.

# Equity Adjustments

Formula Adjustments				
29	Transition Maximum Adjustment (from line 68)		27,137,559.63	-
30	Transition Minimum Adjustment (from line 74)		24,084,695.44	-
	Adjustment Factor			85%
	Transition Minimum Adjustment Reduced			-
31	Total Adjusted Formula Amount (total lines 28, 29 and 30)			24,796,609.04
32	Contribution from Property Tax (from line 48)			4,559,000.94
33	Contribution from Other Local Revenue (from line 41)			314,379.08
34	State Aid Payment (line 31 minus lines 32 and 33)			19,923,229.02

To limit the differences between districts, there are a series of equity adjustments (Contribution from Property Tax and Contribution from Other Local Revenue) that attempt to even the playing field between “wealthy” districts and “poor” districts to ensure that students have similar opportunities.

After these adjustments, you will see in Line 34 the total State Aid Payment. This is the funding you actually receive for foundation aid.



# On the Formula vs Off the Formula (Line 29 and Line 30)

- 94 school districts in North Dakota are currently “off the formula” as transition minimum school districts. Districts that are transition minimum school districts are those that receive more than the formula generates for those districts.
- In an attempt to get more districts “on the formula”, the baseline was reset to the 2018/2019 school year for the 2019/2020 school year and beyond. The escalation was amended to be 1% and 5% respectively for the minimum and maximum.
- For those 94 school districts, the amount in line 30 will be reduced by 15% for the 2021-22 school year, and will see an additional 15% cut each ensuing year, until all school districts are on the formula by 2027-28.

# Formula Adjustments

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B CONTRIBUTION FROM OTHER LOCAL REVENUE				
	Total Revenue	Apportioned Revenue	Percent	
35	1300 Tuition	101,607.08	75%	76,205.31
36	2999 County	12,383.24	75%	9,287.43
37	US Flood	-	75%	-
38	Electric Generation, Distribution and Transmission	19,426.57	75%	14,569.93
39	Mobile Home and Other In-Lieu Taxes	193,550.67	75%	145,163.00
40	Telecommunications	92,204.54	75%	69,153.41
41	Contribution from Other Local Revenue			314,379.08
	S & I Levy	Total Levy	Non S & I Percentage	
	-	100.00	100.00%	

C CONTRIBUTION FROM PROPERTY TAX				
42	District Taxable Valuation			75,983,349
43	Contribution Mill Rate			60
44	Contribution from Property Tax (line 43 times line 44 divided by 1000)			4,559,000.94
45	Minimum Local Effort Adjustment (NDCC 15.1-27-04.2)		-	-
46	Maximum Contribution Increase Adjustment (NDCC 15.1-27-04.1.4.a.)		4,854,618.92	-
47	Local Effort Adjustment NDCC 15.1-27-04.3			-
48	Adjusted Contribution from Property Tax (total lines 44, 45 and 46)			4,559,000.94



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# North Dakota School Fund Formula

Example: Jamestown School District 2021/2022

2021-2022 State Per-Pupil Guarantee \$10,136\*

\*inclusive of state and local revenue

State Assumed Local Contribution (60 Mills) (\$ 1,864)

Contribution from Other Local Revenue (\$ 129)

Actual State Per-Pupil Payment to Jamestown \$ 8,143

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Since these adjustments generate a different amount of revenue in every ND school district and since each school district enrollment is unique, **the actual state per pupil payment is different in every school district and will vary from year to year.**



# Changes to Funding Formula in the 2021 Legislative Session

- ▶ Increases weighting factors for those school districts that are under 245 in ADM.
- ▶ Provides a formula for K-6 and K-8 School Districts to use weighting factors. Divide ADM by .6, multiply the weighting factor determined by these numbers by .92.
- ▶ Increase per pupil payments \$10,136 in 2021/2022 and \$10,237 in 2022/2023
- ▶ Adjusts Transition Maximum School Districts and increases their payments to get them “on the formula” in 7 years.
- ▶ On-Time funding increases by 10% each year of the biennium, 60% for 2021-22 and 70% for 2022-23 payment for new students.
- ▶ Adjustments to get all school districts to 60 mill deduction remains in place.

# 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 Tuition
  - Miscellaneous Levy = up to 12 mills
  - **School Safety Plan Levy** = voter approved, up to 5 mills (reauthorized every five years)
- **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

# Question and Answers