

Government Finance Committee

August 5, 2014
Harvest Room, State Capitol
Bismarck, North Dakota

Presentation by Jerry Coleman
Director of School Finance
Department of Public Instruction

State School Aid Funding Update

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DEPARTMENT OF PUBLIC INSTRUCTION
Kirsten Baesler, State Superintendent
600 East Boulevard Avenue Dept. 201
Bismarck, North Dakota 58505-0440

FOUNDATION AID STATUS

NORTH DAKOTA DEPARTMENT OF PUBLIC INSTRUCTION

08-2014

	A	B	C	D	E	F	G
	Biennial	Yearly	Actual	Estimated	Estimated Total	Variance	Amount
FISCAL YEAR 2013-2014	Appropriation	Appropriation	Obligations	Additional	Obligations	Est. to Actual	Available
	2013-2015	2013-2014	to date	Obligations	2013-2014	2013-2014	2014-2015
			2013-2014	2013-2014	(Col C + Col D)	(Col B - Col E)	(Col A - Col E)
State Aid Formula Payments	1,743,031,207.00	845,413,120.00	833,970,688.04	3,614,244.68	837,584,932.72	7,828,187.28	905,446,274.28
State Child Placement - Public	4,364,289.00	2,149,896.00	1,657,501.46	-	1,657,501.46	492,394.54	2,706,787.54
State Child Placement - Non-public	4,384,654.00	2,159,928.00	1,581,053.53	-	1,581,053.53	578,874.47	2,803,600.47
Gifted and Talented	800,000.00	400,000.00	400,000.00	-	400,000.00	-	400,000.00
State School Aid	1,752,580,150.00	850,122,944.00	837,609,243.03	3,614,244.68	841,223,487.71	8,899,456.29	911,356,662.29
Transportation	53,500,000.00	26,750,000.00	26,223,401.49	-	26,223,401.49	526,598.51	27,276,598.51
Special Education Contracts	16,500,000.00	8,250,000.00	7,875,392.49	-	7,875,392.49	374,607.51	8,624,607.51
TOTAL	1,822,580,150.00	885,122,944.00	871,708,037.01 870,126,983.48	3,614,244.68	875,322,281.69	9,800,662.31	947,257,868.31
	H	I	J	K	L	M	N
FISCAL YEAR 2014-2015	Amount	Yearly	Actual	Estimated	Estimated Total	Variance	Remaining
	Available	Appropriation	Obligations	Additional	Obligations	Est. to Actual	Balance
	2014-2015	2014-2015	to date	Obligations	2014-2015	2014-2015	(Col H - Col L)
	(From Col G)	2014-2015	2014-2015	2014-2015	(Col J + Col K)	(Col I - Col L)	(Col H - Col L)
State Aid Formula Payments	905,446,274.28	897,618,087.00	882,894,547.78	4,641,056.16	887,535,603.94	10,082,483.06	17,910,670.34
State Child Placement - Public	2,706,787.54	2,214,393.00	2,214,393.00	2,214,393.00	2,214,393.00	-	492,394.54
State Child Placement - Non-public	2,803,600.47	2,224,726.00	2,224,726.00	2,224,726.00	2,224,726.00	-	578,874.47
Gifted and Talented	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	-	-
State School Aid	911,356,662.29	902,457,206.00	882,894,547.78	9,480,175.16	892,374,722.94	10,082,483.06	18,981,939.35
Transportation	27,276,598.51	26,750,000.00	26,166,367.47	583,632.53	26,750,000.00	-	526,598.51
Special Education Contracts	8,624,607.51	8,250,000.00	215,525.62	8,034,474.38	8,250,000.00	-	374,607.51
TOTAL	947,257,868.31	937,457,206.00	909,276,440.87 909,276,440.87	18,098,282.07	927,374,722.94	10,082,483.06	19,883,145.37

HB 1013 Section 44 School Construction Projects – Loans

The 2013 legislature increased the loan fund to \$200 million by authorizing an additional \$150 million from the Strategic Investment and Improvements Fund.

Eligibility criteria is based on district taxable valuation per pupil:

- Less than 80% ... 90% of the project up to \$20 million ... up to a 4 ½% discount.
- Between 80% and 90% ... 80% of the project up to \$15 million ... up to 3 ½% discount.
- Greater than 90% ... 70% of the project up to \$10 million ... up to 3% discount.

The minimum interest rate is 1%. Loans backed by oil and gas production taxes are excluded from the district's debt limitation.

The entire amount of funding available has been committed with a waiting list for funding as it becomes available.

House Bill 1261 Rapid Growth Enrollment Grants

The legislature appropriated \$13.6 million for grants to school districts demonstrating rapid enrollment growth. In order to be eligible, school districts must have had 4% or more growth and at least a 20 student increase. The growth is measured by the increase in the fall K-12 enrollment count over Foundation Aid ADM.

The grant amount is determined by multiplying the student increase over 2% times \$3,900.

In 2013-14, seventeen school districts enrolling 1,585 new students qualified for grants totaling \$4,948,402. Information on these grants is published on the DPI website at <http://www.dpi.state.nd.us/finance/finance/rapid-enrollment-grants2013-14.pdf>. DPI anticipates that a similar amount will be used to fund the grants for 2014-15.

Senate Bill 2267 Safety Grants

The ND Legislature, through Senate Bill 2267, provided \$3,000,000 in matching grants for projects that improve school safety.

For purposes of the bill, an eligible school district is a school district that:

- Is not precluded from receiving state aid by NDCC 15.1-27-35.3;
- Provides an equal monetary match for any amount received under this grant program; and
- As of June 30, 2013, has an ending general fund balance that does not exceed 25 percent of the district's total general fund expenditures.

Authorized expenditures for projects to improve school safety may include the purchase, installation, and maintenance of alarms, cameras, electronic door locks, emergency response call buttons, intercom systems, key or pass cards, metal detectors, and other similar equipment designed to minimize the potential for a crisis and maximize the safety of students and staff in the event of a life-threatening situation. A district cannot use grant funds for personnel or contracts for the provision of security services.

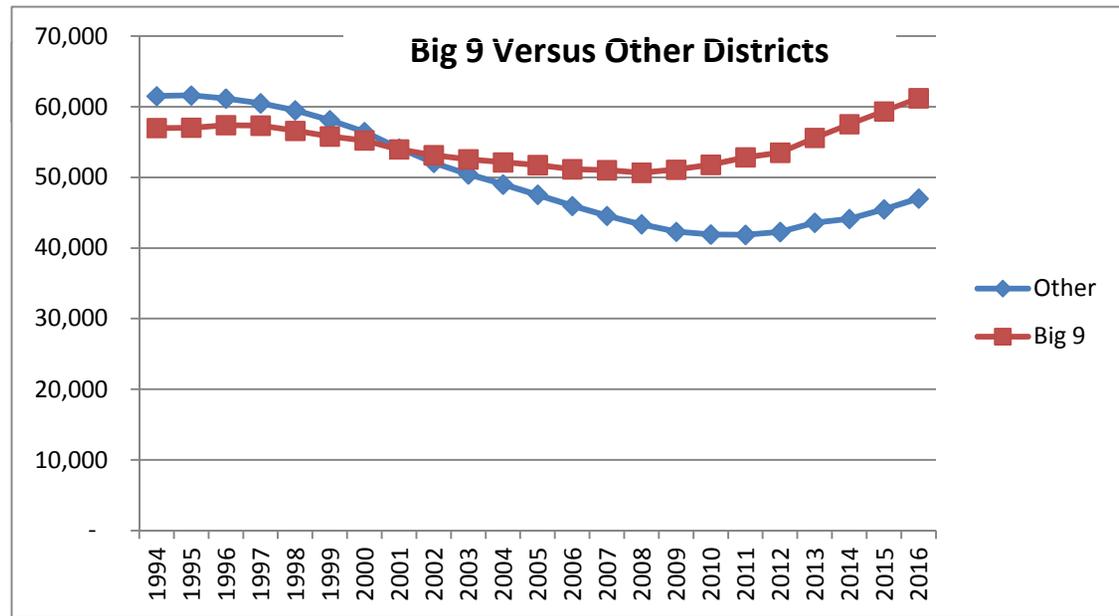
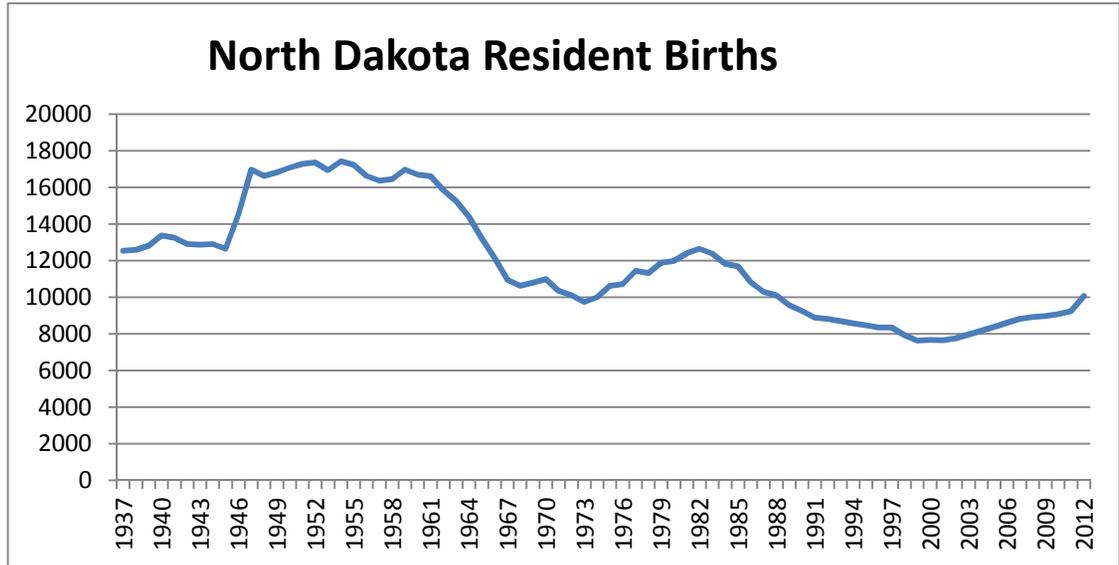
Expenditures to date are approximately \$500,000. Information on these grants is published on the DPI website at <http://www.dpi.state.nd.us/finance/finance/SB2267-safety-grant-allocation.pdf>. DPI expects the full appropriation will be utilized.

ND Population Historical Overview

1930	680,845
1940	641,935
1950	619,636
1960	632,446
1970	617,761
1980	652,717
1990	638,800
2000	642,200
2010	672,591
2013 (est.)	723,393

North Dakota Public K-12 Enrollment

School Year	Sum of DENK12 Column Labels		
	Other	Big 9	Grand Total
1994	61,515	56,997	118,512
1995	61,604	57,045	118,649
1996	61,158	57,407	118,565
1997	60,484	57,332	117,816
1998	59,504	56,599	116,103
1999	58,111	55,818	113,929
2000	56,460	55,245	111,705
2001	54,120	53,974	108,094
2002	52,082	53,135	105,217
2003	50,444	52,569	103,013
2004	49,000	52,137	101,137
2005	47,568	51,756	99,324
2006	45,958	51,162	97,120
2007	44,560	51,040	95,600
2008	43,379	50,678	94,057
2009	42,306	51,100	93,406
2010	41,914	51,801	93,715
2011	41,878	52,851	94,729
2012	42,274	53,504	95,778
2013	43,590	55,602	99,192
2014	44,116	57,540	101,656
2015	45,476	59,352	104,827
2016	47,005	61,223	108,228



Big 9 - Fargo, Bismarck, Grand Forks, West Fargo, Minot, Mandan, Dickinson, Williston, Jamestown (enr. over 2,000).

Observations

- ND Demographics are changing.
- Enrollment in public schools declined by 25,000 students over a 15 year period ending 2010.
- School Districts declined by 70 over the same period.
- Teachers did not experience the same decline.
- Births reached a record low in 2001 and have been rising since then.
- Grades K-2 average 8,600, Grades 3-12 average 7,600.
- Statewide projections show moderate enrollment increases over the next decade. We expect enrollments to increase by 3,500 annually.
- 60% of ND students are served in ND's major cities where enrollments are expected to remain steady or increase slightly.
- Many small rural school districts will continue to experience declines.
- Impact from rapid oil development is still a big unknown.

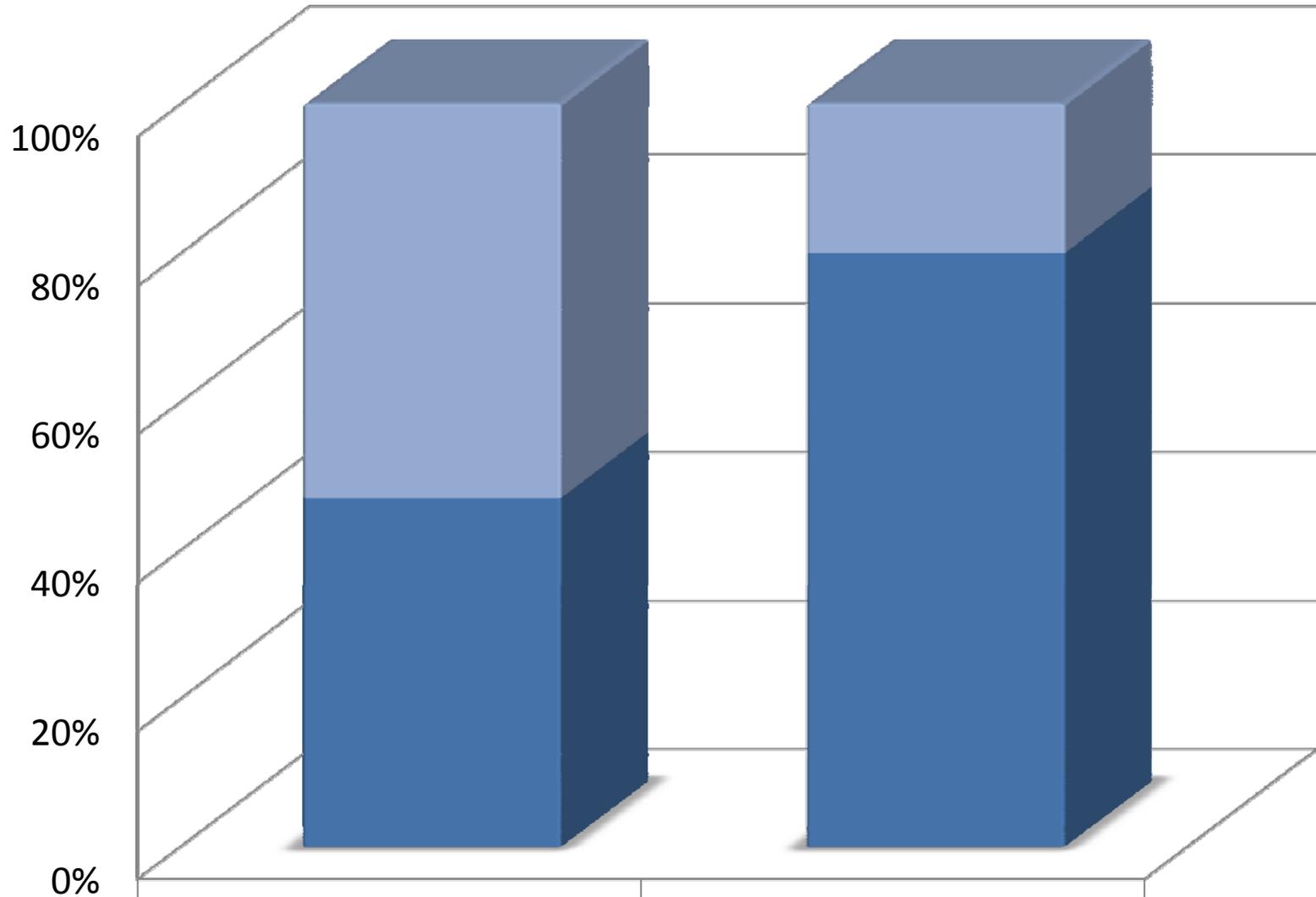
Foundation Aid Formula

- K-12 Education Equity and Adequacy
- Permanent Property Tax Relief
- Main principle – every student in elementary and secondary education in North Dakota should have a base of financial support that is adequate to allow the district to provide a quality education, regardless of where the student lives or how much taxable valuation is available to the local school district.
- Per student rates: \$8,810 and \$9,092

Property Tax Component

- Ends the mill levy buy down program yet provides an additional **50** mills of property tax relief on top of the 75 mills currently provided.
- Severs the relationship with property valuation changes.
- Provides a base level of funding necessary to educate students to state standards from a combination of state and local taxes.

Shift in State and Local General Fund Resources



	2009	2014 est
Local/County	53%	20%
State	47%	80%



Statewide Statistical Summary

North Dakota Department of Public Instruction
Office of School Finance
Weighted ADM Projection

	----- Projected @ June, 2014 -----			----- Budgeted -----		
	2013-14 Actual	2014-15 Projected	Biennium Projected	2015-16 Budget	2016-17 Budget	Biennium Budget
Student Membership						
1 Pk Special Education	910.18	910.18	1,820.36	910.18	910.18	1,820.36
2 Kindergarten	8,622.35	8,918.00	17,540.35	9,087.89	9,183.71	18,271.60
3 Grade 1-6	46,063.37	48,073.00	94,136.37	50,497.44	52,831.43	103,328.87
4 Grade 7-8	14,814.68	14,998.00	29,812.68	15,551.29	16,115.61	31,666.90
5 Grade 9-12	28,869.03	29,506.08	58,375.11	29,563.91	29,993.91	59,557.82
6 Alternative High School	796.92	796.92	1,593.84	796.92	796.92	1,593.84
7 Total Average Daily Membership (ADM)	100,076.53	103,202.18	203,278.71	106,407.63	109,831.76	216,239.39
Other Program Membership						
8 Alt High School	199.26	199.26	398.52	199.26	199.26	398.52
9 Special Ed ADM	8,206.30	8,462.63	16,668.93	8,725.44	9,006.25	17,731.69
10 PK Special Ed ADM	154.75	154.75	309.50	154.75	154.75	309.50
11 Data Collection	292.68	301.82	594.50	311.06	321.03	632.09
12 Regional Education Association	194.29	199.92	394.21	205.86	212.30	418.16
13 ELL Level 1	54.32	51.96	106.28	51.96	51.96	103.92
14 ELL Level 2	63.24	63.68	126.92	63.68	63.68	127.36
15 ELL Level 3	53.44	54.68	108.12	54.68	54.68	109.36
16 At Risk	893.75	919.42	1,813.17	946.29	975.32	1,921.61
17 Home-Education (district supervised)	11.90	11.90	23.80	11.90	11.90	23.80
18 Cross Border Attendance (MN, MT)	20.37	19.22	39.59	19.22	19.22	38.44
19 Alternative Middle School	2.67	0.79	3.46	0.79	0.79	3.46
Summer Programs						
20 - Summer School	1,171.07	1,169.20	2,340.27	1,169.20	1,169.20	2,338.40
21 - Migrant Summer	32.74	32.74	65.48	32.74	32.74	65.48
22 - Special Ed ESY	34.99	34.99	69.98	34.99	34.99	69.98
Isolated Schools						
23 >275 sq miles and < 100 ADM	89.93	95.46	185.39	118.70	113.71	232.41
24 >600 sq miles and < 50 ADM	-	-	-	-	-	-
25 Total Weighted Average Daily Membership	111,552.23	114,974.60	226,526.83	118,508.15	122,253.54	240,760.11
26 School District Size Adjustment Factor	5,429.34	5,377.20	10,806.54	5,311.75	5,203.52	10,515.27
27 Total Weighted Student Units	116,981.57	120,351.80	237,333.37	123,819.90	127,457.06	251,275.38
						13,942.01