Budget Section

March 3, 2016
Senate Chamber, State Capitol
Bismarck, North Dakota

Presentation by Adam Tescher
Assistant Director - School Finance and Organization
Department of Public Instruction

State School Aid Funding Update

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DEPARTMENT OF PUBLIC INSTRUCTION
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FOUNDATION AID STATUS **NORTH DAKOTA DEPARTMENT OF PUBLIC INSTRUCTION** **02-2016**

FISCAL YEAR 2015-2016	A Biennial Appropriation 2015-2017	B Yearly Appropriation 2015-2016	C Actual Obligations to date 2015-2016	D Estimated Additional Obligations 2015-2016	E Estimated Total Obligations 2015-2016 (Col C + Col D)	F Variance Est. to Actual 2015-2016 (Col B - Col E)	G Amount Available 2016-2017 (Col A - Col E)
State Aid Formula Payments	1,906,558,245.00	931,777,018.00	920,448,999.51	362,365.23	920,811,364.74	10,965,653.26	985,746,880.26
State Child Placement - Public	4,630,075.00	2,280,825.00	272,139.21	2,008,685.79	2,280,825.00	-	2,349,250.00
State Child Placement - Non-public	4,651,680.00	2,291,468.00	-	2,291,468.00	2,291,468.00	-	2,360,212.00
Gifted and Talented	800,000.00	400,000.00	-	400,000.00	400,000.00	-	400,000.00
State School Aid	1,916,640,000.00	936,749,311.00	920,721,138.72	5,062,519.02	925,783,657.74	10,965,653.26	990,856,342.26
Transportation	57,000,000.00	28,500,000.00	28,291,794.33	-	28,291,794.33	208,205.67	28,708,205.67
Special Education Contracts	17,300,000.00	8,500,000.00	1,820,915.29	6,679,084.71	8,500,000.00	-	8,800,000.00
TOTAL	**1,990,940,000.00**	973,749,311.00	950,833,848.34 950,833,848.34	11,741,603.73	962,575,452.07	11,173,858.93	1,028,364,547.93

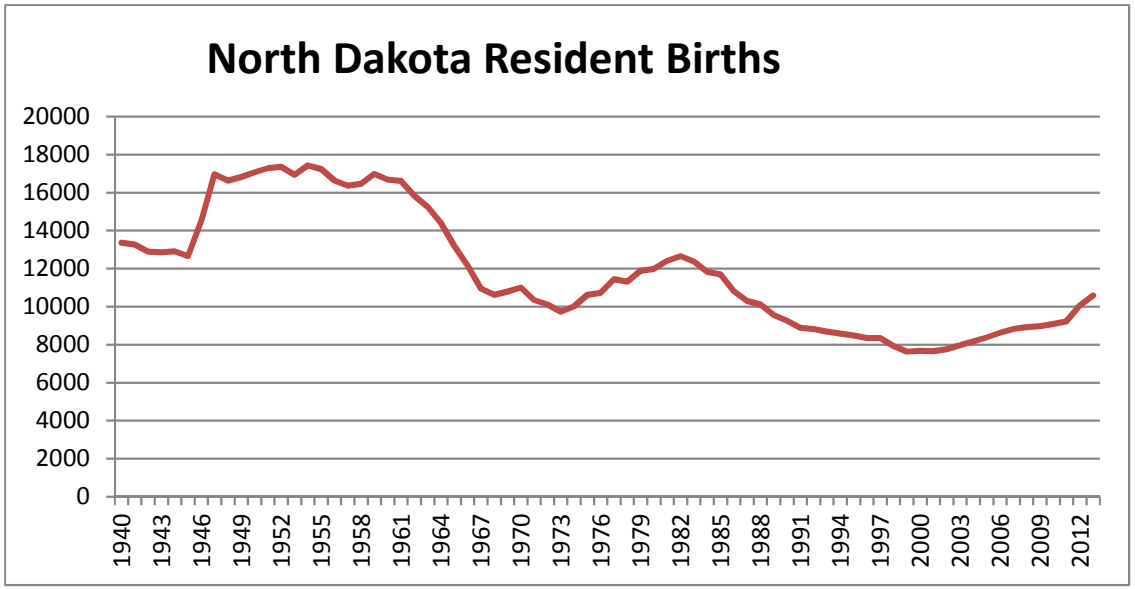
FISCAL YEAR 2016-2017	H Amount Available 2016-2017 (From Col G)	I Yearly Appropriation 2016-2017	J Actual Obligations to date 2016-2017	K Estimated Additional Obligations 2016-2017	L Estimated Total Obligations 2016-2017 (Col J + Col K)	M Variance Est. to Actual 2016-2017 (Col I - Col L)	N Remaining Balance (Col H - Col L)
State Aid Formula Payments	985,746,880.26	974,781,227.00		965,460,065.27	965,460,065.27	9,321,161.73	20,286,814.99
State Child Placement - Public	2,349,250.00	2,349,250.00		2,349,250.00	2,349,250.00	-	-
State Child Placement - Non-public	2,360,212.00	2,360,212.00		2,360,212.00	2,360,212.00	-	-
Gifted and Talented	400,000.00	400,000.00		400,000.00	400,000.00	-	-
State School Aid	990,856,342.26	979,890,689.00	-	970,569,527.27	970,569,527.27	9,321,161.73	20,286,814.99
Transportation	28,708,205.67	28,500,000.00		28,500,000.00	28,500,000.00	-	208,205.67
Special Education Contracts	8,800,000.00	8,800,000.00		8,800,000.00	8,800,000.00	-	-
TOTAL	1,028,364,547.93	1,017,190,689.00	- -	1,007,869,527.27	1,007,869,527.27	9,321,161.73	**20,495,020.66**

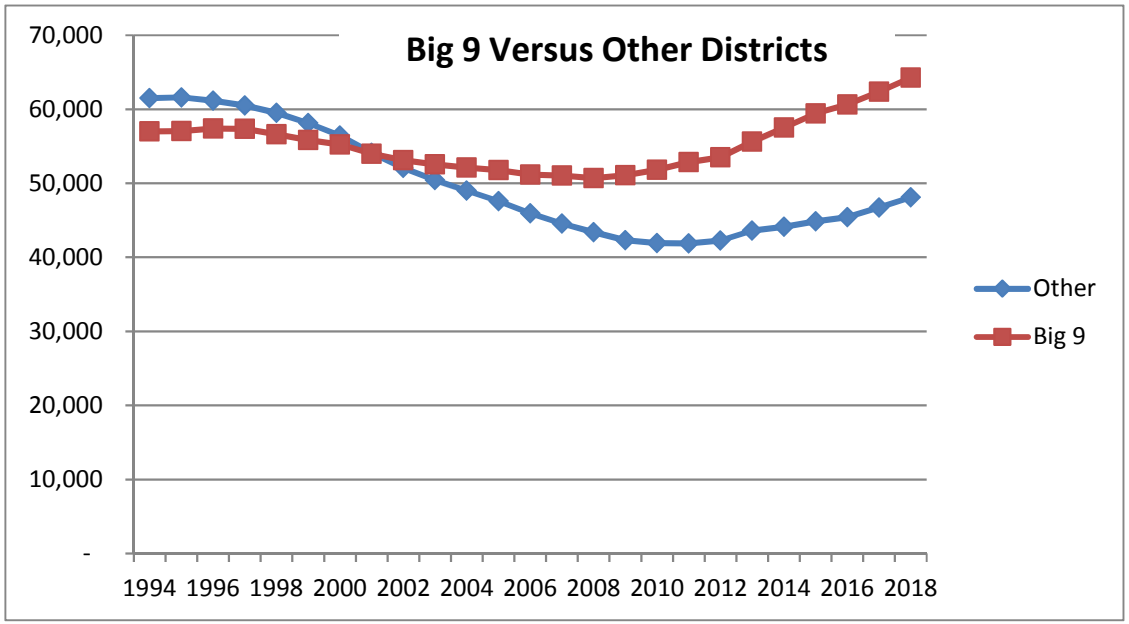
Statewide Statistical Summary
North Dakota Department of Public Instruction
Office of School Finance
2015-17 Budget to Actual

	Budget Year 2015-16 Statewide		Budget Year 2016-17 Statewide		Actual @ Feb 2016 Year 2015-16 Statewide		Projected - February 2016 Year 2016-17 Statewide	
Student Membership	Weighted ADM	Entitlement	Weighted ADM	Entitlement	Weighted ADM	Entitlement	Weighted ADM	Entitlement
1 Pk Special Education	936.82	8,773,319	936.82	9,036,566	993.84	9,307,312	993.84	9,586,581
2 Kindergarten	9,138.00	85,577,370	9,316.02	89,862,329	9,036.15	84,623,545	9,028.00	87,084,088
3 Grade 1-6	50,138.00	469,542,370	52,372.95	505,189,476	50,025.74	468,491,055	51,540.00	497,154,840
4 Grade 7-8	15,370.00	143,940,050	15,950.61	153,859,584	15,350.34	143,755,934	15,707.00	151,509,722
5 Grade 9-12	29,522.76	276,480,647	29,811.70	287,563,658	29,059.57	272,142,873	29,738.81	286,860,561
6 Alternative High School	770.24	7,213,298	770.24	7,429,735	729.19	6,828,864	729.19	7,033,767
7 Total Average Daily Membership (ADM)	105,875.82	991,527,054	109,158.34	1,052,941,348	105,194.83	985,149,583	107,736.84	1,039,229,559
Other Program Membership								
8 Alt High School	192.54	1,803,137	192.54	1,857,241	182.31	1,707,333	182.31	1,758,562
9 Special Ed ADM	8,681.79	81,304,963	8,950.95	86,340,864	8,626.03	80,782,771	8,834.44	85,217,008
10 PK Special Ed ADM	159.25	1,491,376	159.25	1,536,126	169.01	1,582,779	169.01	1,630,270
11 Regional Education Association	204.11	1,911,490	210.07	2,026,335	203.47	1,905,497	208.36	2,009,841
12 ELL Level 1	75.67	708,650	75.67	729,913	65.21	610,692	65.21	629,016
13 ELL Level 2	73.10	684,582	73.10	705,123	65.16	610,223	65.16	628,533
14 ELL Level 3	55.70	521,631	55.70	537,282	54.56	510,954	54.56	526,286
15 At Risk	921.78	8,632,470	947.26	9,137,270	897.85	8,408,365	919.23	8,866,893
16 Home-Education (district supervised)	8.51	79,696	8.51	82,087	12.41	116,220	12.41	119,707
17 Alternative Middle School	1.77	16,576	1.77	17,073	1.39	13,017	1.39	13,408
Summer Programs								
18 - Summer School	1,205.95	11,293,722	1,205.95	11,632,594	1,179.23	11,043,489	1,179.23	11,374,853
19 - Special Ed ESY	38.47	360,272	38.47	371,082	39.04	365,610	39.04	376,580
Isolated Schools								
20 >275 sq miles and < 100 ADM	94.26	882,745	108.22	1,043,890	95.83	897,448	101.48	978,876
21 > 600 sq miles and < 50 ADM	-	-	-	-	-	-	-	-
22 Total Weighted Average Daily Membershi	117,588.72	1,101,218,363	121,185.80	1,168,958,227	116,786.33	1,093,703,980	119,568.67	1,153,359,391
23 School Size Adjustment Factor	5,318.27	49,805,599	5,224.74	50,397,842	5,385.21	50,432,492	5,304.90	51,171,065
24 Total Weighted Student Units	122,906.99		126,410.54		122,171.54		124,873.57	
Per Student Payment Rate	**$9,365**		**$9,646**		$9,365		$9,646	
Rate Increase								
Total Formula Amount		1,151,023,961		1,219,356,069		1,144,136,472		1,204,530,456
Transition Maximum Adjustment	1.30	(13,927,618)	1.40	(12,721,691)	1.30	(13,791,063)	1.40	(12,662,329)
Transition Minimum Adjustment	1.06	42,610,336	1.08	42,623,616	1.06	42,390,037	1.08	43,321,189
Adjusted Formula Amount		1,179,706,679		1,249,257,994		1,172,735,446		1,235,189,316
Contribution from Property Tax	60	(200,464,757)	60	(219,387,155)	60	(200,372,189)	60	(219,703,794)
Contribution from In-Lieu of Property T	75%-100%	(53,650,349)	75%-100%	(61,210,253)	75%-100%	(50,491,948)	75%-100%	(50,486,325)
Ending Fund Balance Offset	40%		40%		40%	(1,581,680)	40%	-
State Aid Payment		925,591,573		968,660,586		920,289,629		964,999,197
2015-17 Budget to Actual				1,894,252,159				1,885,288,826
Difference								8,963,333

North Dakota Public K-12 Enrollment

School Year	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	44,839	59,439	104,278
2016	45,423	60,647	106,070
2017	46,704	62,356	109,060
2018	48,105	64,267	112,372





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

Prepared by School Finance, 01/2016

2017 and 2018 projected using 5 year cohort survival routine

ND Public K-12 Enrollment Cohorts
Unduplicated Fall Enrollment Count

													---> projected	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kindergarten	6,663	6,578	6,648	6,729	7,214	7,470	7,445	8,236	8,575	8,822	9,033	8,925	9,078	9,270
Grade 1	7,130	6,907	6,704	6,827	6,744	7,147	7,478	7,517	8,366	8,605	8,901	9,051	9,027	9,180
Grade 2	6,965	6,916	6,747	6,511	6,748	6,725	7,195	7,487	7,707	8,401	8,642	8,871	9,140	9,119
Grade 3	7,052	6,913	6,907	6,787	6,541	6,839	6,914	7,225	7,723	7,853	8,417	8,663	9,007	9,278
Grade 4	7,079	7,014	6,929	6,931	6,812	6,547	6,972	7,025	7,379	7,817	7,989	8,433	8,815	9,173
Grade 5	7,323	7,077	7,001	6,983	6,962	6,904	6,675	7,023	7,291	7,531	7,953	7,984	8,591	8,997
Grade 6	7,703	7,299	7,130	7,036	7,074	7,089	7,140	6,884	7,338	7,462	7,809	8,096	8,252	8,903
Grade 7	8,002	7,877	7,465	7,289	7,218	7,249	7,367	7,320	7,254	7,585	7,661	7,948	8,374	8,544
Grade 8	8,106	7,987	7,868	7,467	7,360	7,301	7,297	7,421	7,496	7,335	7,638	7,694	8,053	8,491
Grade 9	8,534	8,461	8,262	8,045	7,670	7,572	7,578	7,462	7,796	7,776	7,672	7,931	8,013	8,367
Grade 10	8,499	8,235	8,174	8,002	7,855	7,683	7,682	7,517	7,515	7,707	7,678	7,607	7,890	7,978
Grade 11	8,186	7,992	7,961	7,802	7,620	7,563	7,415	7,354	7,414	7,414	7,458	7,434	7,417	7,691
Grade 12	8,120	7,864	7,804	7,643	7,588	7,626	7,563	7,308	7,338	7,348	7,427	7,433	7,403	7,381
Total	99,362	97,120	95,600	94,052	93,406	93,715	94,721	95,779	99,192	101,656	104,278	106,070	109,060	112,372
Change		(2,242)	(1,520)	(1,548)	(646)	309	1,006	1,058	3,413	2,464	2,622	1,792	2,990	3,312

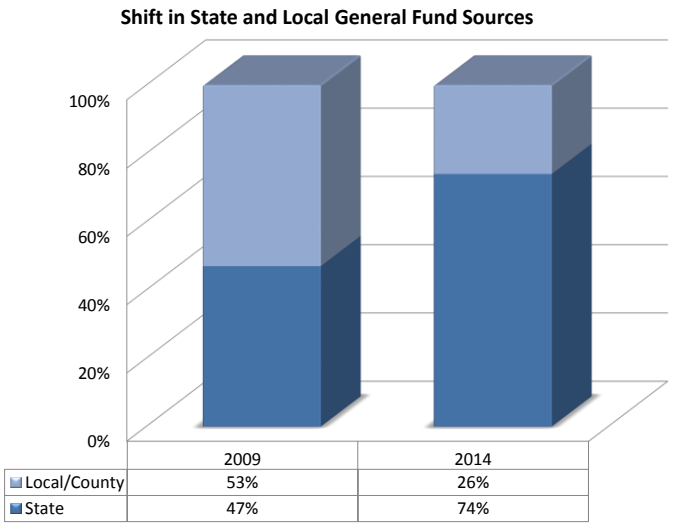
North Dakota Resident Births

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	10 year average
ADAMS	25	17	22	17	29	19	20	30	27	19	**23**
BARNES	101	107	100	111	112	112	113	117	130	102	**111**
BENSON	153	168	149	147	122	131	143	162	137	160	**147**
BILLINGS	8	7	9	NR	7	NR	7	10	19	16	**10**
BOTTINEAU	64	63	65	64	64	62	75	60	73	83	**67**
BOWMAN	27	28	38	39	37	38	37	45	44	48	**38**
BURKE	18	24	15	20	20	21	25	36	32	42	**25**
BURLEIGH	956	1017	1055	1024	1069	1086	1134	1211	1224	1371	**1,115**
CASS	1934	2006	2055	2096	2170	2156	2239	2363	2463	2569	**2,205**
CAVALIER	36	37	29	27	34	37	49	31	45	48	**37**
DICKEY	76	75	68	78	68	54	26	62	68	62	**64**
DIVIDE	13	20	18	9	19	18	26	23	33	32	**21**
DUNN	37	28	33	32	32	41	41	48	62	71	**43**
EDDY	22	27	27	21	23	24	19	27	28	26	**24**
EMMONS	34	29	34	24	22	33	20	25	29	29	**28**
FOSTER	50	46	39	27	32	28	25	38	39	39	**36**
GOLDEN VALLEY	8	16	11	22	17	19	19	23	20	23	**18**
GRAND FORKS	883	950	956	994	908	978	904	965	959	1062	**956**
GRANT	20	22	11	20	21	22	23	22	33	25	**22**
GRIGGS	20	23	26	15	25	23	19	17	23	16	**21**
HETTINGER	16	17	15	20	21	27	30	25	41	29	**24**
KIDDER	29	22	28	21	24	32	21	29	31	29	**27**
LAMOURE	47	41	53	35	28	38	23	48	46	50	**41**
LOGAN	15	17	17	18	17	18	16	22	18	24	**18**
McHENRY	50	49	57	55	55	63	58	83	63	76	**61**
McINTOSH	34	20	27	25	24	33	14	25	30	30	**26**
McKENZIE	60	64	60	80	91	53	109	114	176	228	**104**
McLEAN	78	73	67	76	82	101	102	128	99	134	**94**
MERCER	69	93	66	74	107	99	92	99	102	116	**92**
MORTON	340	350	367	364	390	362	401	431	424	457	**389**
MOUNTRAIL	88	115	108	127	113	128	143	160	142	159	**128**
NELSON	17	29	19	22	28	32	33	29	33	32	**27**
OLIVER	19	7	24	18	18	16	20	18	26	21	**19**
PEMBINA	85	70	84	65	81	73	78	74	70	93	**77**
PIERCE	44	32	43	53	41	37	43	51	58	45	**45**
RAMSEY	138	154	139	162	141	167	172	141	143	180	**154**
RANSOM	69	60	70	70	54	61	61	73	53	69	**64**
RENVILLE	20	24	13	25	34	32	32	29	33	37	**28**
RICHLAND	213	190	206	203	184	191	95	183	190	189	**184**
ROLETTE	305	317	289	319	299	311	297	292	313	302	**304**
SARGENT	48	31	44	49	31	38	23	38	42	44	**39**
SHERIDAN	7	6	11	7	9	12	7	11	18	10	**10**
SIOUX	122	118	103	97	98	87	98	107	80	117	**103**
SLOPE	6	0	9	6	16	11	7	8	12	6	**8**
STARK	256	265	290	289	306	301	339	398	484	543	**347**
STEELE	18	21	13	24	12	19	19	25	17	19	**19**
STUTSMAN	218	218	236	219	222	232	216	227	255	235	**228**
TOWNER	18	20	16	19	18	14	19	32	30	29	**22**
TRAILL	84	95	100	98	91	91	103	89	100	94	**95**
WALSH	144	138	139	146	132	122	114	144	149	149	**138**
WARD	968	968	1003	1039	1028	998	1070	1109	1210	1266	**1,066**
WELLS	35	36	36	30	43	29	43	44	35	42	**37**
WILLIAMS	236	246	306	284	305	353	372	471	580	655	**381**
Total	8381	8616	8818	8931	8974	9083	9234	10072	10591	11352	**9405**
Change	202	235	202	113	43	109	151	838	519	761	

source: Vital Records

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.

K-12 School Funding Formula		
Part One: Calculate Base Funding Amount		Example
	Student Membership (ADM)	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
Part Two: Determine State Aid Payment		
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

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.

Statewide Statistical Summary
North Dakota Department of Public Instruction
Office of School Finance
Foundation Aid - Fnd Aid 1.0c

For discussion purposes only

		Actual		Status @ February 2016		Preliminary Budget Projections				
		Year 2015-16 Statewide		Year 2016-17 Statewide		Year 2017-18 Statewide		Year 2018-19 Statewide		
	Student Membership	Weighted ADM	Entitlement	Weighted ADM	Entitlement	Weighted ADM	Entitlement	Weighted ADM	Entitlement	
1	Pk Special Education	993.84	9,307,312	993.84	9,586,581	993.84	9,586,581	993.84	9,586,581	
2	Kindergarten	9,036.15	84,623,545	9,028.00	87,084,088	9,181.56	88,565,328	9,372.58	90,407,907	
3	Grade 1-6	50,025.74	468,491,055	51,540.00	497,154,840	53,283.07	513,968,493	55,113.72	531,626,943	
4	Grade 7-8	15,350.34	143,755,934	15,707.00	151,509,722	16,489.48	159,057,524	17,104.74	164,992,322	
5	Grade 9-12	29,059.57	272,142,873	29,738.81	286,860,561	30,061.21	289,970,432	30,764.08	296,750,316	
6	Alternative High School	729.19	6,828,864	729.19	7,033,767	729.19	7,033,767	729.19	7,033,767	
7	Total Average Daily Membership (ADM)	105,194.83	985,149,583	107,736.84	1,039,229,559	110,738.35	1,068,182,124	114,078.15	1,100,397,835	7%
				2.4%		2.8%		3.0%		6%
	Other Program Membership									
8	Alt High School	182.31	1,707,333	182.31	1,758,562	182.31	1,758,562	182.31	1,758,562	
9	Special Ed ADM	8,626.03	80,782,771	8,834.44	85,217,008	9,080.52	87,590,696	9,354.37	90,232,253	
10	PK Special Ed ADM	169.01	1,582,779	169.01	1,630,270	169.01	1,630,270	169.01	1,630,270	
11	Regional Education Association	203.47	1,905,497	208.36	2,009,841	213.90	2,063,279	220.14	2,123,470	
12	ELL Level 1	65.21	610,692	65.21	629,016	79.04	762,420	79.04	762,420	
13	ELL Level 2	65.16	610,223	65.16	628,533	82.94	800,039	82.94	800,039	
14	ELL Level 3	54.56	510,954	54.56	526,286	54.56	526,286	54.56	526,286	
15	At Risk	897.85	8,408,365	919.23	8,866,893	944.15	9,107,271	971.89	9,374,851	
16	Home-Education (district supervised)	12.41	116,220	12.41	119,707	12.41	119,707	12.41	119,707	
17	Alternative Middle School	1.39	13,017	1.39	13,408	1.39	13,408	1.39	13,408	
	Summer Programs									
18	- Summer School	1,179.23	11,043,489	1,179.23	11,374,853	1,179.23	11,374,853	1,179.23	11,374,853	
19	- Special Ed ESY	39.04	365,610	39.04	376,580	39.04	376,580	39.04	376,580	
	Isolated Schools									
20	>275 sq miles and < 100 ADM	95.83	897,448	101.48	978,876	115.78	1,116,814	90.01	868,236	
21	> 600 sq miles and < 50 ADM	-	-	-	-	-	-	-	-	
22	Total Weighted Average Daily Membership	116,786.33	1,093,703,980	119,568.67	1,153,359,391	122,892.63	1,185,422,309	126,514.49	1,220,358,771	
23	School Size Adjustment Factor	5,385.21	50,432,492	5,304.90	51,171,065	5,228.95	50,438,452	5,193.65	50,097,948	
24	Total Weighted Student Units	122,171.54		124,873.57		128,121.58		131,708.14		5%
	Per Student Payment Rate	$9,365		$9,646		**$9,646**		**$9,646**		
	Rate Increase									
	Total Formula Amount		1,144,136,472		1,204,530,456		1,235,860,761		1,270,456,718	7%
	Transition Maximum Adjustment	1.30	(13,791,063)	1.40	(12,662,329)	1.40	(13,005,113)	1.40	(13,352,962)	0%
	Transition Minimum Adjustment	1.06	42,390,037	1.08	43,321,189	1.08	45,110,378	1.08	46,801,402	7%
	Adjusted Formula Amount		1,172,735,446		1,235,189,316		1,267,966,025		1,303,905,159	7%
	Contribution from Property Tax	60	(200,372,189)	60	(219,703,794)	60	(240,714,938)	60	(263,843,567)	20%
	Contribution from In-Lieu of Property Tax	75%-100%	(50,491,948)	75%-100%	(50,486,325)	75%-100%	(50,471,814)	75%-100%	(50,475,886)	0%
	Ending Fund Balance Offset	45%	(1,581,680)	45%	-	40%		40%		
	State Aid Payment		920,289,629		964,999,197		976,779,274		989,585,706	4%
					4.9%		1.2%		1.3%	

Projection Notes
1. ADM is projected using a 5 five year cohort survival routine with 2015-16 fall enrollment as the base.
2. Taxable valuation increases were projected based on the change from taxable year 2014 to 2015.
3. Other In-lieu revenue was projected as follows:
- Tuition revenue was held constant.
- Mineral tax allocations were held constant
- U.S. Flood was held constant
- Other in-lieu revenue was held constant.
4. Other statistical data was based on data supporting the 2015-16 payment year.

Cost to Continue … Increase Estimates
For discussion purposes only

	State	Local	Total
2nd year rate, students, taxable valuation increase	25,044,911	37,692,533	62,737,444
Add 2017-19 student, taxable valuation increase	56,031,242	45,177,735	101,208,977
Cost to Continue - 2017-19	81,076,153	82,870,268	163,946,421
*Add formula adjustments	105,769,918	23,767	105,793,685
	186,846,071	82,894,035	269,740,106

* Increase per student rate 3%, transition minimum rate 2%, transition maximum rate 10% … same method as for the 2015-17 biennium