

# FundEd: North Dakota Report

## A Detailed Look at North Dakota's Funding Policies



## North Dakota

### Funding Basics

#### Formula Type

North Dakota has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.

The categories of students generating supplemental funding in North Dakota are English-language learners, low-income students, and students in sparsely populated or small districts. Services for students with disabilities, students identified as gifted, and students enrolled in career and technical education programs are funded through program-specific allocations.

#### Base Amount

North Dakota has a fixed base funding amount per student. For FY2018, the per-student base amount was \$9,646.

This means that an average student with no special needs or disadvantages would be funded at that level. Amounts are set on a biennial basis.

### Local Revenue

#### Expected Local Share

North Dakota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and its revenue from other local sources: Each district is expected to contribute \$60.00 for every \$1,000 of assessed local property wealth and revenue from a number of other sources, including mobile home taxes, telecommunications taxes, and taxes on the distribution and transmission of electric power.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. However, the final determination of state aid makes adjustments for districts with very low property values; for districts whose property values have increased significantly from the prior year; for districts with very high end-of-year fund balances; and for changes to the district's calculated aid amount since FY2013.

## Property Tax Floors and Ceilings

North Dakota sets a level above which local property tax rates require voter approval. School districts may not impose more than \$70.00 for every \$1,000 in assessed local property wealth for general purposes without voter approval. School districts are also limited in imposing local property taxes for other purposes.

School districts may impose up to \$70.00 for every \$1,000 in local taxable property wealth for general purposes without voter approval. Districts are also limited to a 12% increase from the previous year, which limits some districts below \$70.00 for every \$1,000 assessed local property wealth. School districts may also impose additional property taxes beyond \$70.00 for every \$1,000 in assessed local property wealth for specific purposes, most of which are limited. These include taxes for the building fund (up to \$20.00 for every \$1,000 in assessed local property wealth, or \$35.00 for Fargo, with voter approval), the special reserve fund (up to \$3.00 for every \$1,000 in assessed local property wealth), and the miscellaneous fund (up to \$12.00 for every \$1,000 in assessed local property wealth).

School districts are not limited in the rate they impose for tuition, judgments, bond sinking and interest, or in special assessment districts for certain capital projects.

## Other Local Taxes for Education

School districts in North Dakota receive local revenue only from property taxes.

## District Characteristics

### Grade Level

North Dakota does not differentiate most kinds of education funding based on students' grade levels. However, the state provides additional funding for small school districts on two sliding scales, one for elementary (K-8) districts and one for districts including all grades (referred to in the state as "high school districts").

After first adjusting the base per-pupil amount for certain student characteristics, North Dakota applies a further multiplier to the state funding allocation to increase funding for small school districts, defined as elementary districts with fewer than 200 students and high school districts with fewer than 900 students. The multiplier is determined based on a sliding scale, which ranges from 1.17 to 1.25 for elementary districts and 1.01 to 1.36 for high school districts, with the precise multiplier for each district chosen based on student enrollment. (See "Sparsity" for a more detailed description of this allocation.)

### English-Language Learner

North Dakota provides increased funding for English-language learners (ELLs). It does so by applying a multiplier to the base per-pupil amount for these students. The multiplier used varies depending on the student's level of English proficiency.

Only students enrolled in ELL programs are eligible for supplemental funding. For the least English-proficient students, a multiplier of 1.4 is applied to the base amount; for students in the second-least proficient category, a multiplier of 1.28 is applied; and for students in the third-least proficient category, a multiplier of 1.07 is applied, though students in this category may not receive supplemental funding for more than three years.

## Poverty

North Dakota provides increased funding for students from low-income households. It does so by applying a multiplier of 1.025 to the base per-pupil amount for these students.

The number of students eligible for the supplemental funding is determined by taking the average percentage of students in grades 3-8 who have qualified for free or reduced priced lunch under the National School Lunch Program over the previous three years and applying that percentage to the total number of students in the district.

## Special Education

North Dakota funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

The state provides this funding by multiplying districts' actual enrollment by 1.082 and then providing the state's regular per-student funding on the basis of each district's inflated count rather than its true student population. In order to receive this supplemental funding, districts must file a plan with the state indicating what special needs services will be provided. The state also provides funding for individual students whose costs exceed four times the state average education cost per student and for districts spending more than 2% of their annual budgets on the provision of special education to any one student.

Additionally, school districts can be reimbursed for 80% of room and board costs for a student with disabilities who is placed in a residential facility.

## Gifted

North Dakota provides increased funding for gifted and talented students. It does so by reimbursing eligible districts and special education units for the cost of their gifted and talented programs.

In order to receive reimbursement, a district must submit an application that describes its program and provides assurances that they have credentialed staff for gifted and talented programs. State aid for this purpose totals approximately \$400,000 for each FY2018 and FY2019.

## Career and Technical Education

North Dakota provides increased funding for career and technical education (CTE) by appropriating funds for a Department of Career and Technical Education at the state level, which is separate from the Department of Public Instruction. In the 2017-2019 biennium, the state appropriated a budget of \$41.6 million for this department.

This funding covers partial reimbursements to districts and Area Career and Technology Centers for CTE instructional salaries, contracts, travel, and other approved costs; support funding for new and expanded program offerings; and workforce training grants.

## Sparsity and/or Small Size

North Dakota provides increased funding for sparse school districts. It does so by applying a multiplier of 1.1 to base per-pupil amount for students in these districts, and for small districts, which it does by applying a multiplier to the base per-pupil amount that can range from 1.0 to 1.36, depending on the district's total student enrollment.

School districts eligible for supplemental sparsity funding are those with fewer than one hundred students and an area greater than 275 square miles. (Districts with fewer than fifty students receive additional funding.) School districts eligible for small district funding are K-12 districts with fewer than 900 students and K-8 districts with fewer than 200 students.

The multiplier applied for students in small school districts varies based on district type and size. For K-12 districts, a multiplier of 1.36 is applied to the base amount for each student in school districts with enrollment less than 110, and the multiplier decreases by 0.01 for each statutorily determined enrollment grouping. For K- 8 districts, a multiplier of 1.25 is applied to the base amount for each student in districts with enrollment less than 125, and a multiplier of 1.17 is applied for each student in districts with enrollment between 125 and 200.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

