

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, and provides increased funding to educate specific categories of students. The categories of students considered in North Dakota's funding policy are English-language learners, students from low-income households, students with disabilities, students identified as gifted, students enrolled in career and technical education (CTE) programs, and students in sparsely populated or small districts.

North Dakota expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and the proceeds from other local taxes. Districts in North Dakota are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners, students from low-income households, and students in sparsely populated or small districts is generated through the application of multipliers to the base amount. Services for students with disabilities, students identified as gifted, and students enrolled in CTE programs are funded through program-specific allocations.

Base Amount

North Dakota has a fixed base funding amount per student. For FY2022, the per-student base amount was $10,136.

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 taxable local property wealth and 75% of revenue from several other sources, including mineral revenues, 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 is adjusted 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 districts' calculated aid amount since FY2013. Beginning in FY2025, all districts will be expected to contribute $60.00 for every $1,000 of assessed local property wealth and 75% of revenue from other sources.

School districts that are currently expected to contribute less than $60.00 for every $1,000 of assessed local property wealth will have their expected local contribution gradually increased until they contribute $60.00 for every $1,000 of assessed local property wealth by FY2025.

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 in 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. Purposes 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); the miscellaneous fund (up to $12.00 for every $1,000 in assessed local property wealth); and the safety plan fund (up to $5.00 for every $1,000 in assessed local property wealth with voter approval).

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 and from specified payments received in lieu of property taxes.

Student Characteristics

Grade Level

North Dakota does not differentiate most kinds of education funding based on students' grade levels.

English-Language Learner

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

Only students enrolled in English-language learner 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, which assumes that a set percentage of students in each district will require special education services and then uses each district's full enrollment count to determine the amount of special education funding required.

The state calculates 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 which 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.

To receive reimbursement, a district must submit an application that describes its program and provides assurances that it has credentialed staff for gifted and talented programs. State aid for this purpose totals approximately $400,000 for each FY2022 and FY2023.

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 2021-23 biennium, the state appropriated a budget of $41.7 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, as well as support funding for new and expanded program offerings.

District Characteristics

Concentrated Poverty

North Dakota does not provide increased funding for districts based on the concentrations of students from low-income households that they serve. However, North Dakota does provide funding for individual students from low-income households (for more information, see "Poverty").

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 the base per-pupil amount for students in these districts; for small districts, it applies 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 100 students and an area greater than 275 square miles. School districts are eligible for small district funding if they have fewer than 900 students. The multiplier applied for students in small school districts varies based on district size. A multiplier of 1.36 is applied to the base amount for each student in school districts with enrollment under 110, and the multiplier decreases by 0.01 for each statutorily determined enrollment grouping. However, beginning with the 2021-22 school year, the multiplier will increase until the 2027-28 school year, at which point a multiplier of 1.72 will be applied for districts with fewer than 110 students, with the multiplier decreasing as school district size increases.

For the 2022-23 school year, school districts that operate multiple K-12 buildings (or multiple buildings with no replicated grades) at least 19 miles apart will receive supplemental funding through a separate formula. The Superintendent of Public Instruction will determine the multiplier for each building separately by multiplying the school size weighting factor for each building by the school district's weighted average student count and then combining them for all buildings in the school district.

Charter Funding

North Dakota does not have a law establishing charter schools.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

