

The background of the slide features a silhouette of a construction site at sunset. A large crane is positioned on the left, with its long jib extending towards the top right. In the center, a worker is silhouetted against the bright orange and yellow sky, standing on a structure. To the right, several other workers are visible on different levels of the building's steel framework. The sky is filled with soft, wispy clouds, and the sun is low on the horizon, creating a strong backlighting effect on the construction elements.

Overcoming Challenges for Financing School Construction in North Dakota: Looking for a Solution HB1604

Rep. Eric J. Murphy
District 43, Grand Forks

Proposal for State Assistance Program for School Construction

How does a school qualify for this program:

1. Assessment of physical plant provided by an engineering firm that is approved by DPI at the district's cost.
2. Determined that the cost to renovate is greater than 60% of new construction
3. A failed referendum between July 1, 2021, and July 1, 2025, for funding before June 30, 2026
4. A failed referendum after July 1, 2025, for funding after July 1, 2026
5. Must have funds in place for their share of the costs
6. Sufficient plan for funding on going maintenance

Sliding scale is based upon the value of a mill in the district

If 40% or more is paid by the state, the state will manage the construction and purchase materials, and provide architectural drawings

Encourage consolidation for smaller school districts by waiving qualifying requirements.

Value of Mill	% State Payment	
<\$5,000	95	} 58 #Districts
\$5,001-10,000	90	
\$10,001-15,000	80	} 80
\$15,001-25,000	70	
\$25,001-35,000	60	} 17
\$35,001-50,000	50	
\$50,001-65,000	40	} 7
\$65,001-95,000	20	
>95,001	5	9

What is the Value of a Mill Across North Dakota School Districts?

Value of One Mill	#SD		
<\$1000	6	} 26 School Districts	1 MILL = \$4006.97 \$20,000,000 bond \$1841.80 per year for \$100,000 residential value
\$1000-5000	20		
\$5001-10,000	32	} 129 School Districts	1 MILL = \$16,488.99 \$20,000,000 bond \$447.60 per year for \$100,000 residential value
\$10,001-15,000	38		
\$15,001-25,000	42		
\$25,001-50,000	17		
\$50,001-90,000	7	} 16 School Districts	1 MILL = \$265,669.76 \$20,000,000 bond \$27.80 per year for \$100,000 residential value
\$150,000-300,000	6		
\$400,000-600,000	3		

Lowest*	Twin Buttes	\$39	ADM 50
Median	Mapleton	\$13,650	ADM 200
Average	Washburn	\$15,426	ADM 326
Highest	Bismarck	\$575,472	ADM 14,340

*Does not include Grand Forks AFB or Minot AFB

How can many of our school districts with aging physical plants pay for either refurbishment or new construction? **The State of North Dakota must step in for partial funding on a sliding scale.**

MILLS Required for \$1,000,000 Bond per \$100,000 Residential Value

Taxable Value	Mill Value	Bonding Amount	Debt Service	Mills Req.	Annual Tax Impact \$100K Residential Value
Menoken 33 \$ 4,006,970.00	\$ 4,006.97	\$1,000,000	\$82,000	20.4643	\$92.09
Starkweather 44 \$ 6,647,335.00	\$ 6,647.34	\$1,000,000	\$82,000	12.3358	\$55.51
Strasburg 15 \$ 9,312,759.00	\$ 9,312.76	\$1,000,000	\$82,000	8.8051	\$39.62
Surrey 41 \$ 11,525,054.00	\$ 11,525.05	\$1,000,000	\$82,000	7.1149	\$32.02
Thompson 61 \$ 16,488,994.00	\$ 16,488.99	\$1,000,000	\$82,000	4.9730	\$22.38
Lisbon 19 \$ 21,136,384.00	\$ 21,136.38	\$1,000,000	\$82,000	3.8796	\$17.46
Nedrose 4 \$ 25,426,066.00	\$ 25,426.07	\$1,000,000	\$82,000	3.2250	\$14.51
Wahpeton 37 \$ 44,987,443.00	\$ 44,987.44	\$1,000,000	\$82,000	1.8227	\$8.20
Jamestown 1 \$ 83,621,144.00	\$ 83,621.14	\$1,000,000	\$82,000	0.9806	\$4.41
Tioga 15 \$ 89,759,726.00	\$ 89,759.73	\$1,000,000	\$82,000	0.9136	\$4.11
Mandan 1 \$ 165,041,991.00	\$ 165,041.99	\$1,000,000	\$82,000	0.4968	\$2.24
Dickinson 1 \$ 165,561,391.00	\$ 165,561.39	\$1,000,000	\$82,000	0.4953	\$2.23
Minot 1 \$ 229,176,009.00	\$ 229,176.01	\$1,000,000	\$82,000	0.3578	\$1.61
Williston Basin 7 \$ 241,978,487.00	\$ 241,978.49	\$1,000,000	\$82,000	0.3389	\$1.52
Grand Forks 1 \$ 265,669,759.00	\$ 265,669.76	\$1,000,000	\$82,000	0.3087	\$1.39
West Fargo 6 \$ 511,926,682.00	\$ 511,926.68	\$1,000,000	\$82,000	0.1602	\$0.72
Bismarck 1 \$ 575,472,477.00	\$ 575,472.48	\$1,000,000	\$82,000	0.1425	\$0.64

The Value of 1 Mill is not the Only Consideration

School District	1 Mill	Fed Funds	ADM
Ft. Totten	\$220	\$5.2M	200
Belcourt	\$984	\$18.4M	1,772
Ft. Yates	\$1,545	\$2.5M	200
St. John	\$2,373	\$6.1M	436
Oberon	\$2,658	\$1.6M	53
Warwick	\$3,133	\$4.5M	217
Dunseith	\$3,179	\$5.3M	556
Minnewaukon	\$4,072	\$2.5M	272
Milnor	\$8,766	\$4.5M	210
Mandree	\$13,324	\$2.9M	196
New Town	\$60,552	\$28.4M	956
Grand Forks AFB	\$4	\$3.8M	-
Minot AFB	\$0	\$6.8M	-

Schools on Native American Reservations and our USAF Bases have access to other federal mechanisms for funding school construction.

Not all of the Federal funds in this table are necessarily Title 1 funds.

Federal funding for new school Construction must be obtained prior to requesting state assistance and is limited to 12.5% of total costs.



Bismarck Public Schools: Elk Ridge Elementary School
24 classrooms, 2 music rooms, kitchen, gym,
commons/cafeteria, library, 2 playgrounds

Capacity: 500 students

Price: ~\$18M

1 Mill = \$575,472

58

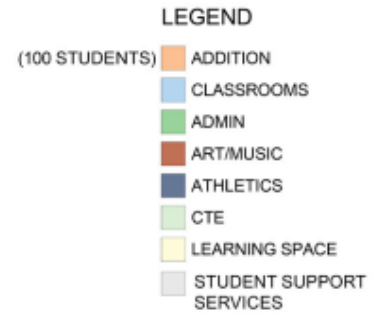
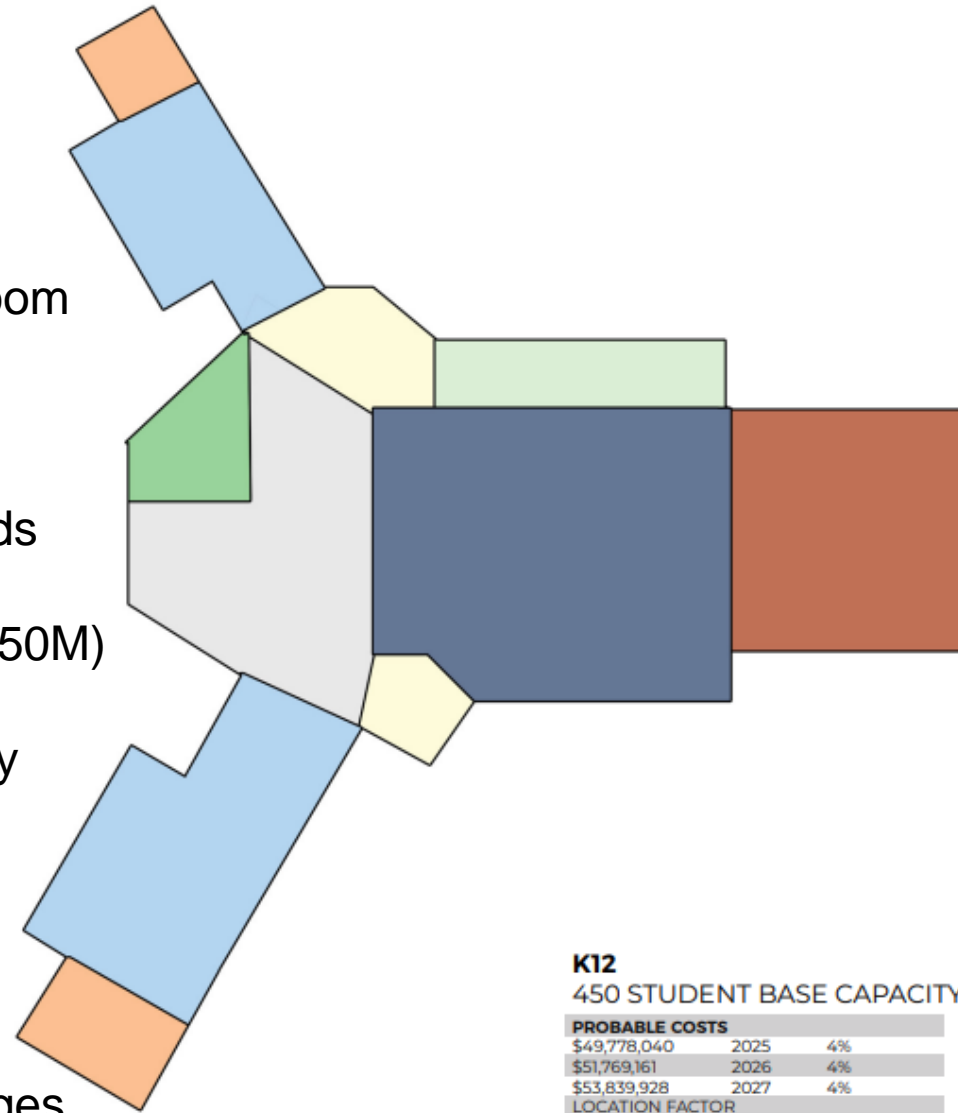


Putative K12 School Design for 450 Students

- Divided into K-6 and 7-12 sides
- CTE space for 7-12
- Music performance space and music room
- Gym for competition and education
- Expandable on the ends as needed
- Design is for 450 students
- Scale up or down depending upon needs
- Secure school entrances
- Price for 450 students ~\$50,000,000 (\$50M)

- Need to scale this up or more than likely down to meet needs of school districts with enrollments less than 450.

Economy of scale comes into play when considering construction costs via bulk purchasing of materials, limited plan changes, and construction management.



Advance planning reduces the location factor.

Overcoming the Challenges of Financing School Construction

- Sliding scale based upon number of students, value of a mill, and access to federal funding.
- Scale for funding ranges from 5-95%
- All districts must have money in the process and demonstrate funds on hand to fund their share of the costs
- Funding of 40% or more requires use of state approved plans, bulk purchasing, and construction management.
- Preserve local control for finishes and some exterior design, but these are limited to preserve cost savings.
- Control labor costs via awards for school construction to firms willing to manage these costs, but there is a reality of increased labor costs based upon locality.
- Assessment criteria for additions/refurbishment vs new construction at 60% of the cost of new construction.
- Triage building schedule based upon needs either due to enrollment increases or engineering report demonstrating unsafe conditions that preclude continued use of the building.
- Not the Kansas model or the Wyoming model, really a unique model for North Dakota

OPTION: Did we consider reach back program? YES, but this would be too costly.

Must carefully consider how we move forward with low enrollment school districts <75 or <50 students, hence consolidation is encouraged of smaller school districts if a central location is operable.