

SELECTED COMPONENTS OF ELEMENTARY AND SECONDARY EDUCATION FINANCE - BRIEF DESCRIPTIONS

Per student payments - North Dakota Century Code Section 15.1-27-04 sets the per student payments at \$2,509 for the first year of the biennium and at \$2,623 for the second year of the biennium.

Weighting factors - North Dakota Century Code Sections 15.1-27-06 and 15.1-27-07, respectively, set the high school and elementary school weighting factors at 85 percent of the difference between a specific factor and the categorical five-year average cost of education per student for the first year of the biennium and at the factor representing the five-year average cost of education per student for the second year of the biennium.

Equalization factors - North Dakota Century Code Section 15.1-27-04 sets the "mill deduct" at 34 mills through June 30, 2004, at 36 mills for the period July 1, 2004, through June 30, 2006, and provides for a two-mill increase each year thereafter. It further provides that if the mills levied by a district for general fund purposes, plus the mills levied for high school transportation and high school tuition purposes are fewer than 140, the Superintendent of Public Instruction must also deduct, beginning July 1, 2004, the number of mills by which the district's levies are below 140 multiplied by the taxable valuation of property in the district.

Supplemental payments - North Dakota Century Code Section 15.1-27-11 provides a formula by which the Superintendent of Public Instruction must determine supplemental payments to high school districts. It directs the Superintendent to calculate the average valuation of property per student by dividing the number of students in average daily membership into the sum of the district's latest available net assessed and equalized taxable valuation of property plus all tuition payments and county and unrestricted federal revenue received by the district, divided by the total of the district's general fund levy, high school transportation levy, and high school tuition levy. If the quotient is less than the latest available statewide average taxable valuation per student and if the district's educational expenditure per student is below the most recent available statewide average cost of education per student, the Superintendent must:

- a. Determine the difference between the latest available statewide average taxable valuation per student and the average taxable valuation per student in the high school district;
- b. Multiply the result determined under subdivision a by the number of students in average daily membership in grades

one through twelve in the high school district;

- c. Multiply the result determined under subdivision b by the number of general fund mills levied by the district in excess of one hundred fifty, provided that any mills levied by the district which are in excess of two hundred ten may not be used in this calculation; and
- d. Multiply the result determined under subdivision c by a factor calculated by the superintendent of public instruction to result in the expenditure, over the course of the biennium, of the full amount provided for the purpose of this section.

Mill levy caps - North Dakota Century Code Section 57-15-14 caps school district levies at the dollar amount levied for the prior school year plus 18 percent up to a general fund levy of 185 mills. This provision does not apply if the district has unlimited taxing authority, if the district's population exceeds 4,000 and a higher number of mills has been approved by a majority of the electorate, and if the district's population is less than 4,000 but a higher number of mills has been approved by 55 percent of the electorate.

Teacher compensation payments - North Dakota Century Code Section 15.1-27-37 makes reimbursements available to school districts that at least maintain the level of compensation provided to teachers during the previous school year. The level of reimbursement may not exceed \$3,000 per full-time equivalent for the 2003-04 school year and for the 2004-05 school year. The reimbursement level for first year teachers is set at \$1,000.

Annual minimum teacher salaries - North Dakota Century Code Section 15.1-27-39 establishes a minimum salary of \$21,000 for the 2003-04 school year and \$21,500 for the 2004-05 school year.

Tuition apportionment - North Dakota Century Code Section 15.1-28-03 provides for proportional state tuition fund payments to school districts based upon the number of school-age children residing in the district.

Vocational education - North Dakota Century Code Chapters 15-20.1 and 15-20.2 address, respectively, vocational education, now referred to as career and technical education, and area career and technology centers. House Bill No. 1020 (2003) appropriated \$25,547,974 to the Board for Career and Technical Education. Of that amount, \$10,648,542 was federal money; \$225,958 was special funds; and

the remaining \$14,673,474 was from the general fund.

Joint powers agreements - North Dakota Century Code Section 15.1-07-28 sets parameters that school districts participating in joint powers agreements must meet if they wish to be reimbursed for certain expenses under North Dakota Century Code Section 15.1-27-40. The participating school districts must be contiguous and:

1. The total land mass must exceed 4,000 square miles;
2. The total land mass must exceed 2,500 square miles and at least six districts must participate; or
3. The total land mass must exceed 2,500 square miles and at least 2,500 students must attend school in the participating districts.

The participating districts must also agree to maintain a joint operating fund, agree to share administrative functions, or agree to implement various common requirements. Reimbursements may not exceed the

lesser of the actual expenses or \$50,000. (Senate Bill No. 2421 (2003) appropriated \$250,000 from any amount remaining after completion of the per student and transportation payments for this purpose.)

Nonoperating districts - North Dakota Century Code Section 15.1-27-33 provides that a district operating on July 1, 1999, may become a nonoperating district, provided it closes all its public schools, it arranges for the education of all its kindergarten through grade 12 students in other school districts, and pays the full per student cost of education to each district educating its students. A nonoperating district receives an amount equal to the per student payment multiplied by the number of students aged 6 to 17 residing in the district, less 32 mills times the latest available net assessed and equalized valuation of property of the school district. After no more than three years, the district must, through reorganization or dissolution, become part of one or more operating school districts. It may not revert to an independent operating district.