School District Costs in Western North Dakota

By MORRIS H. TAYLOR[1]

1. Local people should make tax-saving reorganizations of school districts in good years; they should not wait for the bad years.
2. The county unit of school administration might be able to equalize school taxes and educational opportunity throughout a county.
3. If a county unit of administration is to be provided by law it is suggested that an optional enabling act would permit the local people of any given county to make their own choice as to the system of school administration they desire.
4. The best measure of the cost of operating a school district is the "cost per pupil day" that is, the number of cents per day it costs to keep each pupil in school for the days the pupil attends. Table 1 shows that this cost ranged from a low of 32 cents to a high of $1.11 for consolidated elementary schools, and from a low of 35 cents to a high of 88 cents for one-room elementary schools in suthwestern North Dakota for 1938-39. Consult Table 1 for further information.

Crops were good in 1942 and farm prices were high. Current and back taxes were being paid and the financial situation of local government is improving, including counties, school districts and townships. Needed changes in schools and other phases of local government can be more easily made when those units of local government are free of debt. Poor crop years and low prices emphasized the need for changes in local government which should not be forgotten in periods of good crops and high prices. In addition, there is now need to use the reduced teaching force to best advantage and economize on equipment and supplies.

The financial status of local governmental units is closely related to farm income in North Dakota. Over one-half of all property taxes are levied on rural real estate and rural personal property. In fact, many local taxing units are almost entirely dependent for revenue on taxation of farm property, so the financial history of local government reflects the extreme ups and downs of crop yields and farm prices. In many ways local government is not adapted to the agricultural conditions in the western part of the

[1]Formerly Associate Agricultural Economist, Bureau Agricultural Economics, and formerly Assistant Agricultural Economist of the North Dakota Agricultural Experiment Station.

Table 1.—**Relation of type of school district and average daily attendance per school to the total cost per pupil, southwestern North Dakota, school year 1938-39**

Type of district	Average number of pupils per school in daily attendance		Number of districts	Number of schools	Average length of term	Total cost per pupil day
	Range	Average				
	Number	Number	Number	Number	Days	Dollars
Elementary Schools						
1 one-room	Less than 11	6.3	53	54	165	.88
	11 or more	14.2	26	26	154	.64
2 one-room	Less than 11	7.9	49	98	155	.66
	11 or more	12.9	30	60	158	.47
3 one-room	Less than 11	7.9	36	108	162	.64
	11 or more	13.1	30	90	161	.37
4 one-room	Less than 11	8.3	15	60	162	.60
	11 or more	13.9	27	108	152	.35
5 one-room	Less than 11	9.2	4	20	164	.54
	11 or more	13.4	4	20	165	.38
6 or more one-room	Less than 11	7.6	5	56	162	.63
	11 or more	12.3	4	26	151	.39
Consolidated	Less than 11	8.0	3	3	180	1.11
	11 - 20	15.7	6	6	180	.79
	21 - 31	23.2	8	8	179	.78
	31 or more	78.1	6	6	173	.32
Combination	Less than 11	8.3	15	38	159	.61
	11 or more	13.6	10	35	169	.40
High Schools						
Classified	Less than 201	124.8	6	6	180	.45
	201 - 300	277.5	5	5	180	.44
	301 or more	393.0	5	5	180	.38
Consolidated	Less than 51	34.2	12	12	178	.74
	51 - 100	77.9	7	7	180	.49
	101 - 150	128.9	7	7	180	.48
	151 or more	189.1	6	6	180	.49
Combination	Less than 51	28.4	12	42	174	.44
	51 or more	133.7	11	29	175	.49

State because it has failed to keep pace with changes in land use and in population pattern. Taxes continue to be high and at times they are so burdensome as to result in farmers losing their land through tax deed foreclosure.

Considerable progress has been made in providing methods for reducing the cost of county, school district, and township government. The North Dakota legislature has enacted laws for alternative forms of county government, county disorganization, county consolidation, combination of school districts, transfer of pupils to schools outside of the district in which they live, transportation of pupils, and disorganization of civil townships.

However, the local interest in making changes is now subsiding because this year's (1942) crop is one of the largest in the state's history; prices are high and taxes are being paid. Unfortunately many mistake the high yields and prices of this year for a permanently prosperous era. All talk of changes in local government is over-shadowed by the immediate favorable outlook. It is easy now to forget that North Dakota is in an area that is characterized by wet and dry cycles. As surely as there was sufficient moisture in 1942, there will be a drought sometime in the future.

Need for changes in local government is not reduced by the present good crops and high farm prices. In fact, this present favorable time is the most desirable time for making changes. Taxes are being paid and local government debt is being reduced, so counties, school districts and townships will probably be in the best financial condition, during the coming year, of any time in the last decade.

Local government studies of 14 counties in southwestern North Dakota, plus Burke and Ward Counties in the Northwest, emphasize the need for changes and reorganization.[2] Information from these studies is here summarized.

Operation of School Districts in Southwestern North Dakota

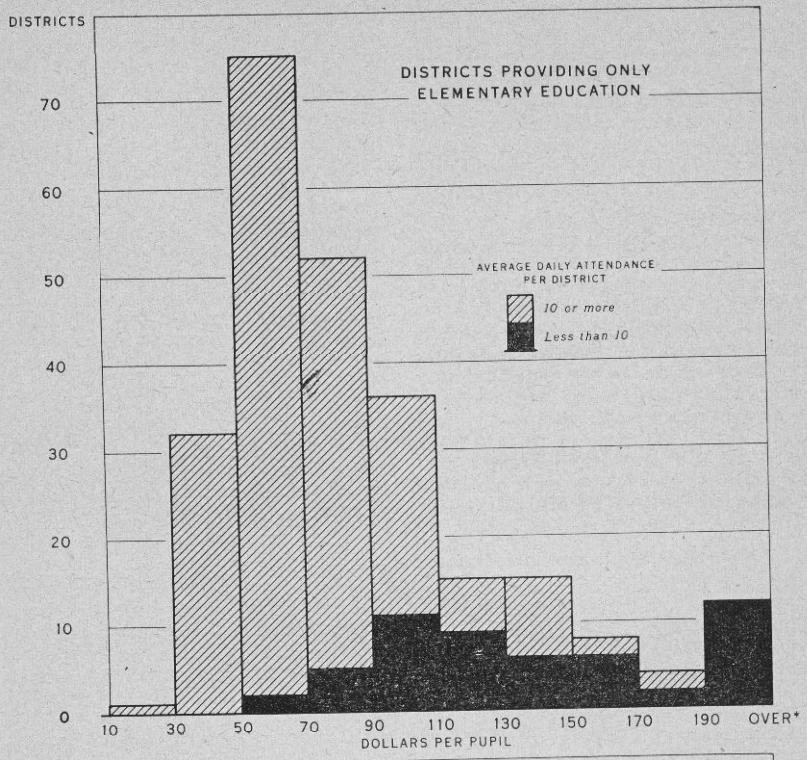
School districts in North Dakota are organized as elementary, consolidated or high school districts. Usually the elementary school districts are small and operate one or several one-room schools which provide only elementary schooling—up to and including the eighth grade. Consolidated school districts may provide only elementary schools, but they often provide high school as well. A consolidated district usually operates at least one school with more than one teacher. Classified high school districts have both elementary and high schools; each operates a high school with perhaps one or more one-room elementary schools.

Number of Schools and Enrollment

There were 420 organized school districts in the 14 counties of Southwestern North Dakota in 1938-39. A majority, or 331 of the districts, provided only elementary schooling, and 18 districts did not operate any schools. The 402 school districts operated 940 schools, of which 725 were one-teacher schools. (Table 1).

Elementary districts operated from one to seven one-room schools, except Grail school district in McKenzie County, which had 30 one-room schools. Seventy-nine elementary districts operated one one-room school each. Of these, 26 schools had an average daily attendance of 11 or more, 35 districts had from 5 to 10 pupils, while 18 districts had five or less pupils. The average daily attendance of 395 one-room schools operated by 162 districts was 10 or less pupils per school. The teacher-pupil ratio ranged from less than five pupils per teacher in rural elementary school districts to

[2]Statistics used in this article grew out of a project entitled, "Local Government in Southwestern North Dakota," carried on by Messrs. Peter L. Hansen, Archie B. Goodman and Morris H. Taylor. See also "Some Data On Local Government Organization and Finance in Burke County, North Dakota," by Morris Taylor, August, 1941, and "Preliminary Report on Land Use and Cost of Local Government in Ward County, North Dakota," by Peter L. Hansen and Archie B. Goodman, June, 1940.



DATA FROM ANNUAL REPORTS STATE OFFICE OF PUBLIC INSTRUCTION

*COSTS RANGED TO 474 DOLLARS PER PUPIL

†COSTS RANGED TO 360 DOLLARS PER PUPIL. THESE THREE DISTRICTS HAD LESS THAN 25 PUPILS IN AVERAGE ATTENDANCE

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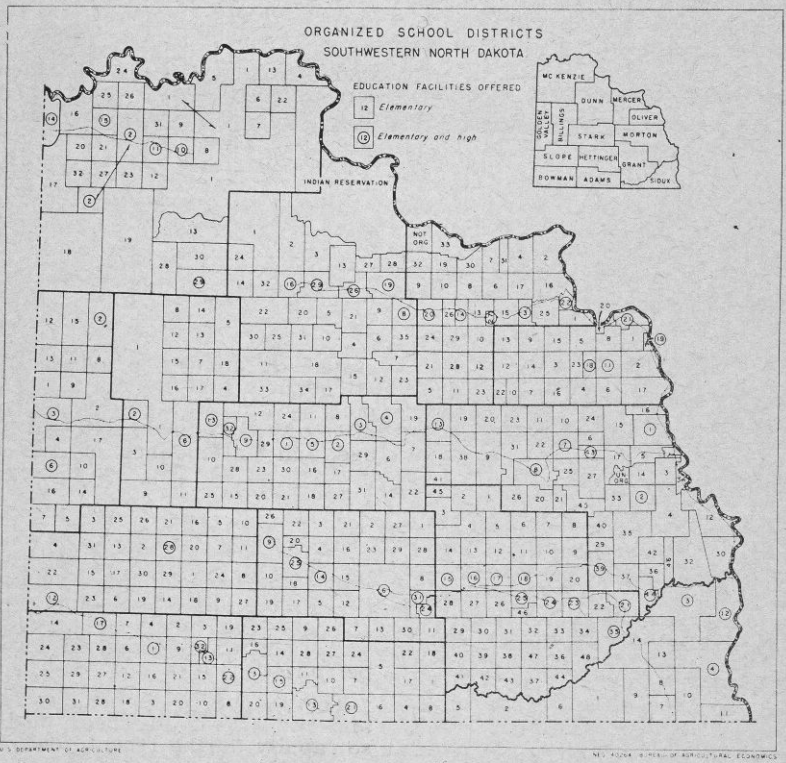
32 pupils per teacher in classified high school districts. The majority of districts had a teacher-pupil ratio of less than 1:30. This ratio is especially significant now because of the shortage of teachers, and the absence of a plan for selecting schools to be operated according to number and distribution of pupils and available teachers.

Only 15 percent of the average daily attendance in one-room schools were privileged to attend school for a full nine months' term, while 20 percent received only the seven months' minimum. Even more important, however, is the fact that the greater the number of elementary schools operated per district, the greater is the number of pupils who have only the shorter school term. That many elementary districts did not make an effort to obtain funds for a longer term is evidenced by the number whose tax rates were below the legal maximum.

Variation in Taxable Wealth

Differences in taxable wealth among school districts is one of the chief problems in providing equal educational opportunities for all children. It is becoming generally recognized that equal opportunities cannot be provided under the present organization of school districts which divides the taxable wealth among districts without regard to their needs. The equalization law has been set up to equalize financial support among school districts, but the extreme range in taxable valuations in Southwestern North Dakota from $25,000 to over $2,000,000 cannot be equalized entirely by distribution of money for current operations. Furthermore, under the



present equalization law a school district must make the maximum tax levy if it is to qualify for state aid. In some districts almost 100 percent of the taxes must be levied on farm property, while other districts can levy on public utility property (railroads, power companies and others) as well as farms. The fact that there are large amounts of public utility property in some districts and none in others accounts for much of the variation in taxable wealth and accounts for the differences in tax burden on farm land.

Most of the school districts were organized before or soon after 1920, when taxable valuations were high. However, taxable valuations of school districts have declined more than 60 percent since 1921, yet an attempt is made to finance that same governmental structure.

Variation in Tax Rates

Tax rates for school purposes differ from district to district, and these differences in tax rates result from the differences in taxable resources and the needs for tax revenue. The underlying cause of these differences is the unnecessarily large number of small school districts. This variation in tax rates is also influenced by the amount and maturity schedule of outstanding bonded indebtedness. Tax rates for debt service in districts with a bonded debt, in Southwestern North Dakota, varied from less than 1 to 56 mills in 1939.

School District Receipts

Property taxes accounted for 54 percent of the receipts of school districts in Southwestern North Dakota in 1938-39. Receipts from state aids accounted for 26 percent, Federal aid for vocational agricultural education 2 percent, sale of bonds and certificates of indebtedness 11 percent, and miscellaneous items for 7 percent. As borrowings must ultimately be paid from property taxes, it may be said that 65 percent of the total receipts came from property taxes.

The proportion of revenue from these various sources has changed considerably in the last 3 years. Property taxes will furnish a larger proportion this year because farmers will be better able to pay their taxes. State aids will be increased so there will undoubtedly be sufficient funds to meet current obligations, and fewer certificates of indebtedness and bonds will be sold to obtain revenue.

State aid money paid to school districts through the "equalization fund" is derived from income to the permanent school fund and from a part of the State sales tax collections. During 1938-39 this fund was split in three ways: (1) aids for elementary and high school districts on basis of need, (2) payment of high school tuition for pupils from districts not providing this service, and (3) aid on a per teacher unit basis. In 1941 the equalization law was amended to make distribution of aid on the basis of need dependent upon each district making the maximum levy. In some respects this is an improvement.

School District Expenditures

Cost of elementary and high school education in Southwestern North Dakota during 1938-39 amounted to $1,744,180, of which 79 percent was for operating expenditures and 21 percent for debt service. This sum does not include the $35,261 spent by the county offices of superintendent of schools. Cost of instruction was 53 percent, plant operation 19 percent and transportation 7 percent.

Among school districts that have only elementary schools, there is a wide range in the cost, because of differences in number of schools operated, differences in average daily attendance, and in administrative policies. The average cost per pupil of one-room schools with an average daily attendance of less than six pupils was $217 compared with $99 per pupil in schools with 11 or more pupils. This relationship between cost per pupil and number of pupils in average daily attendance can be more clearly seen on a per pupil day basis—with every increase in number of pupils per school, there is a reduction in cost per pupil.

The number of pupils per school and per district has been declining so rapidly during recent years in so many instances that districts have been unable to make the needed changes to meet the situation. Since 79 districts were operating 1 one-room school in 1938-39, a decline in

pupils below the number necessary for economical operation will necessitate a reorganization of several school districts to obtain an attendance per school that will keep costs within bounds.

Indebtedness of School Districts

Total net debt of school districts in Southwestern North Dakota was $1,301,649 on June 30, 1939. Of this, 71 percent was bonded debt and the balance was certificate of indebtedness and outstanding warrants. Only 202 of the 420 school districts had bonded indebtedness. High school districts accounted for 78 percent, because of the greater need for buildings and equipment when both elementary and high schools are provided. Moreover, these districts are much larger, from the standpoint of both taxable valuation and number of pupils. In several instances, the bonded debt had been incurred in the early 20's when taxable valuations were much higher, so payment has been especially difficult during the period of declining valuation. Recent reports, however, indicate that indebtedness of all units of local government is rapidly being retired with the collection of back taxes and sale of tax deed land.

NEEDED CHANGES

Need for changes in school district organization is shown by (1) inequalities among districts in taxable valuations, tax rates and educational opportunities; (2) high cost per pupil in schools with a low average daily attendance; and (3) inadequate financial programs. Some changes can be made within the existing organization in number and kind of schools being operated, to reduce cost of education and to improve its quality. But many of the internal changes would bring only temporary relief to school districts. Districts that now operate only 1 one-room school must seek other means of relief from their high costs. Their ultimate solution may be a considerable change in the organization of the districts themselves.

Obstacles to Reorganization Under Existing Laws

Reorganization is hindered by real and assumed privileges attached to the local school or district. Many people fear that reorganization would mean they could not take part in local government. Differences in tax rates and misunderstandings regarding school district debt in case of consolidation delay reorganization unnecessarily. Many small schools have been closed in North Dakota, but district boundaries have often prevented further changes. Apparently the present legal framework is not adequate to meet existing needs.

County Unit of School Administration

In a county unit system there is only one school district in each county. The district is managed by a single board elected by the people of the county. This type of administration is a plan to equalize school taxes and educational opportunities throughout the county. It provides the flexibility needed in North Dakota so that changes can be made readily in number and location of schools operated. The county unit system would not necessarily eliminate all small schools, but it would eliminate unnecessary schools. In addition, the county unit could economize by buying supplies and equipment in larger quantities. Fewer teachers and less equipment would be needed for the county as a whole; a shortage of teachers is already apparent in several counties and can be expected to become progressively more severe as the war continues. A county unit is large enough to make possible an economical use of present transportation facilities during the time of rubber and gas shortages.

The county unit plan of school administration is not a "cure-all." Reduction in costs would necessarily be small, probably not to exceed 10 percent. Savings may also be limited for a time by a public desire for improvement in education.

The county unit system may be established as the standard school system for all counties or it can be made optional with any county upon vote of the people. The county unit has been the standard system of school administration in 12 states, which have demonstrated its workability. Utah, which adopted the system in 1905, is noted for its high educational standards at comparatively low cost per pupil. Other states, such as Oregon and Minne-

sota, have made the county unit system optional with each county. One county in Minnesota and three in Oregon have adopted it.

Adoption of the county unit as the standard system of school organization accomplishes the desired change at the same time in all counties of the State. But it is difficult to secure passage of such an act without doing a great deal of informational work about it throughout the State. The optional enabling act, on the other hand, is easier to adopt, since it does not force any county to accept something it does not want. Furthermore, the optional plan conforms to the policy established by the North Dakota Legislature in related matter of local governmental organization; namely, providing alternatives and permitting the local people to make their own choice of the type of governmental organization they wish to adopt.

For these reasons, it would seem advisable that the county unit be advanced as an optional rather than as a compulsory plan. The procedure for exercising the county's option under an enabling act should be simple and democratic, with safeguards to insure that the will of the majority of voters in the county prevails.

FLAX FACTS

Estimated production in flaxseed in North Dakota was placed at 8,192,000 bushels from 1,024,000 acres, or 8 bushels per acre, according to the September 1 Crop Report of the Office of the Agricultural Statistician, Bureau of Agricultural Economics, U. S. Department of Agriculture. The 1944 North Dakota production is only about half of what it was in 1943, when we harvested 15,042,000 bushels from 2,007,000 acres, yielding 7.5 bushels to the acre. The 1933-1942 average annual production was only 3,078,000 bushels from an average acreage of only 546,000 acres, yielding on the average only 5 bushels to the acre.

The 1944 United States production of flaxseed is placed at 25,878,000 bushels on 3,079,000 acres, yielding 8.4 bushels per acre. North Dakota accounted for 31.6 percent of the national production in 1944, 28.9 percent in 1943, and only 17.9 percent as an annual average of the period 1933-1942. North Dakota sharply reduced its acreage of flaxseed in 1944 to practically half its 1943 acreage, but it increased its yield.

The monthly publication "The Fats and Oils Situation" of the Bureau of Agricultural Economics, U. S. Department of Agriculture, August, 1944, contains the following statement about the recent increase in ceiling price for flaxseed:

"The maximum price for flaxseed at Minneapolis and other Northwestern terminal basing points was increased on August 14 to $3.10 per bushel, 5 cents over the former ceiling. This action was taken in Amendment 5 to Maximum Price Regulation 397. The other basing points affected were Duluth and Red Wing, Minnesota; Milwaukee, Wisconsin; Chicago, Illinois; and Portland, Oregon. Maximum prices at basing points in Kansas, Texas, and California were not changed. These maximums had enabled some mills to bid successfully for flaxseed beyond their normal areas of supply. Prices at Minneapolis increased on August 14 to the full extent permitted by the new ceiling.