

House Education Committee
Chairman, The Honorable Senator Donald Schaible
March 10, 2021

HB 1246

Chairman Schaible and members of the Senate Education Committee, my name is Mark Vollmer. I proudly serve as Superintendent of Minot Public School District #1 and Minot Air Force Base #160. I stand in front of you today to offer my support for HB 1246.

I realize this bill has generated a lot of excitement, so I will keep my comments brief.

As we have established, Federal Impact Aid is in lieu payment, provided by the federal government to offset the cost of education for students who live on federal lands. Simply put, Federal Impact Aid is the federal government's property tax bill.

Federal Impact Aid funds transferred to Minot Public School District #1 in the form of tuition payments are imputed at 75%. In other words, school districts see only 25% of the proposed funding.

In most simple terms, a district receiving Federal Impact Aid sees a funding increase of just .25 cents for every dollar received.

While Minot Public Schools has an understanding of the equity basis of the foundation aid formula, we also recognize that equity in funding goes far beyond funding. Let me explain the "unique" role of education children who live on military bases throughout the United States.

- Currently, 85% of all military dependent children in the United States are educated in public schools.
- Minot Air Force Base School District #160 is a coterminous school district. The district pays tuition to Minot Public School District #1 to educate military-dependent students who live on the Minot Air Force Base.

- Apx. 1,000 students live on Minot Air Force Base, and are educated in at 2 elementary schools and 1 middle school on base. High School students are transported to Minot to access high school programming.
- Military personnel who live on federal owned installations do not pay property tax. Since school buildings are typically constructed through bond sales guaranteed through property tax, the construction, maintenance and repair of school buildings are left to the tax paying members of the school district.
- The Federal Impact Aid program has offered competitive construction grants in past years. Most recently, the federal program set aside 22.25 million dollars to offset construction for Impact Aid Schools throughout the United States. ***Point of reference:*** *Our most recent elementary school cost 26 million to construct, so we could anticipate this amount of funding would build about 1 elementary school, ½ of a large middle school, or about 1/3 of a new high school.*
- The education of military dependent children often results in addition costs, including additional transportation costs, services and programming.

The Federal Impact Aid program was designed to support, in a large part, the education of military dependent students – students who live on federal properties, the children of our soldiers and airmen who live in public housing, do not pay property taxes, and cannot vote in bond issues to support the education of their own children. Again, Federal Impact Aid is paid to local school districts in lieu of property tax – it is not a hand-out, and it is not a “cash cow”. It is our federal government’s tax bill, plain and simple.

HB 1246 is not about dodging the equity issue in our current funding process – it is about taking a new look at equity. Equity in education goes far beyond an imputed figure on the bottom of a spread sheet. Equity ensures that we are able to provide the services necessary to educate our students, to ensure we can educate these students in adequate buildings, and that we can provide quality services to the children of those who serve our nation.

HB 1246 allows the opportunity to adequately support the education of the students on federally impacted lands. Therefore, I encourage a “DO PASS” recommendation.

I thank you for your time, and will stand for any questions you may have.

Federal Impact Aid - Minot Public Schools

Impact Aid is a federal education program that reimburses school districts for the lost revenue and additional costs associated with the presence of nontaxable federal property. Because most public school districts are funded largely through local taxes and fees, and because federal land is exempt from taxation, as are many of the businesses and facilities located on that land, districts containing federal property are at a financial disadvantage in funding their schools. Impact Aid is the federal government paying its taxes — if it did not exist, local taxpayers would be burdened to make up the difference or students would have to go without the resources and opportunities the funding provides.

Impact Aid funding for construction and facilities has totaled \$22.25 million for each of the last five years for all 1,016 impacted school districts. **Divided evenly amongst the districts, the average would be \$21,900 per year.** In 1950 (and in 1950 dollars), the impact aid construction and facilities allocation was \$99 million. Minot received \$180,901 during the 2019-2020 year. Minot received \$171,065 in the 2018-2019 year.

	Minot Public School District #1 City of Minot	Minot Public School District #1 MAFB	
General Fund Mill Levy:			
General Fund Property Tax Levy	69.04	-	
Tuition Fund Levy	4.77	-	
Miscellaneous Fund Levy	11.58	-	
Total General Fund Mills	85.39	-	
Special Reserve Levy	2.99	-	
Building Fund Levy (Up to 20 mills allowable)	-	-	} As a federally impacted school district, MAFB School District has no bonding capacity for construction or capital improvements
Mills Related to Referendum Bonding (Potential Referendum June 2021)			
Special Assessments Levy	1.00	-	
Total Capital Projects Levy	1.00	-	
Sinking and Interest Levy	19.95	-	
Total Mill Levy	109.33	-	

Minot Public Schools Federal Impact Payments 2019-2020			
*Funding Received		\$	7,659,649
MAFB Instruction Costs Paid to Minot Dist. #1	\$	5,000,000	
75% State Aid Reduction for Tuition	\$	(3,750,000)	\$ (3,750,000)
Net Federal Impact Aid Payment		\$	3,909,649

*Separate annual Federal Impact Aid payments related to students with disabilities vary between \$78,000 and \$140,000

North Dakota deducts 75% of Federal Impact Aid payments used as tuition payments to local school districts in determining ND per pupil payments

Timing of Federal payments can be variable - some payments are received one to two fiscal years later