



Kidder County Public School District#1

**High School Principal**

Michael Wachter

Elementary Principal

Ryan Larson

Business Manager

Sonya Larson

Secretary

Darci Mittleider

RICHARD DIEGEL, Superintendent**Administrative Office**PO Box 380 / 101 4th St SE

Steele, ND 58482

Phone: 701.475.2243

Fax: 701.475.2737

Board of Education:

Jason Schmidt, President

Ty DeWitz, Vice President

Jeff Schmidt, Director

Joni Magstadt, Director

Tom Binder, Director

Jamie Pfaff, Director

Shawn Nix, Director

Tuesday, January 19, 2021**Testimony to the Senate Education Committee Regarding SB 2165****Chair - Senator Don Schaible**

Good Afternoon Chairman Schaible, Vice-Chair Elkins & Members of the Committee,

I am Rick Diegel, the Superintendent at Kidder County School in Steele. This is my 33rd year in education, and I have served as a Superintendent for the past 22 years, 16 years in Edgeley and this is my 6th year at Kidder County. I am here today to speak in favor of an amendment to SB 2165 that will provide a 2 year moratorium of the penalty for exceeding the 35% + \$50,000 ending fund balance.

The rationale for eliminating the penalty for 2 years is very simple, and that is the amount of COVID relief money in the form of ESSER I Grant, Education Corps Grant, Resiliency Grant and the new ESSER 2 Grants, it is pushing schools ending fund balances to and past the 35% + \$50,000 maximum. In Kidder County, these grants funds have so far totaled over \$333,000, and we expect to receive an additional \$350,000 with the ESSER 2 funds, so overall, Kidder County will receive approximately \$680,000 in revenue. However, as you know, we have specific items that we are allowed to spend these funds on, so they do not take the place of funds that are needed for the day to day operation of our schools.

Since for the ESSER 1 and 2 grants we have until at least September, 2022 to spend these funds, this could pose a problem with pushing our ending fund balances past the allowable 35% + \$50,000 threshold.

I believe where you will see the greatest impact of affecting the ending fund balances are in small schools across North Dakota. The rule of thumb, and what I tell my school board in Kidder County, is that the smaller your school, the larger percentage is your ending fund balance. While a Bismarck probably has a goal of a 10% ending fund balance, a school the size of Kulm probably has a goal of 32-34%. In Kidder County, our goal is a 25% ending fund balance, and we set our budget each year with that number in mind. Last year we had a 26% ending fund balance, but if we added an additional \$680,000 to our funds because we didn't spend the new ESSER funds immediately, that would have increased our ending fund balance to 39%, exceeding the maximum. It is my belief that since this money must be used on specific items, and we have a timeframe of nearly 2 years to spend it, we don't want to simply spend it to get our ending fund balance down and not be

penalized, we want to have an opportunity to spend it wisely on items that will benefit our school long after COVID is off our radar.

In conclusion, I would ask that you consider removing the penalty for exceeding the 35% + \$50,000 ending fund balance for 2 years, since there is a considerable amount of unexpected COVID relief money coming to schools, and we want to take our time and make wise spending decisions on this money.

Thank you and I stand for any questions.