

FISCAL NOTE
HOUSE BILL NO. 1540
LC# 25.1055.05000
04/08/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$36,398,852		\$72,316,674	
Appropriations			\$40,000,000			

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

Relating to an education savings account program for nonpublic and home schooled students.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The estimated number of students enrolled in nonpublic schools for the 2026-2027 school year is 7,986. If all students enroll in the education savings account program, the education savings account funding would be \$32,598,852 at \$4,082 per student. NDDPI is assuming that there are no students that switch from public to private school in the estimate. When other states have implemented education savings accounts, enrollments in nonpublic schools have increased as much as 10% annually or approximately 800 students for North Dakota. If 800 students would switch from public school to nonpublic school, the increased cost for the education savings account is an

additional \$3,265,600. The 800 students that would transition from the public school could decrease spending out of foundation aid by \$8,857,600.

The \$4,082 is calculated by dividing the total state spending in foundation aid by the number of weighted student units calculated in the integrated formula payment. The \$4,082 will change annually depending on several factors including public school enrollment, taxable valuation, in lieu of property tax contribution such as oil and gas production tax, and potential increases to the per pupil payment.

The fiscal cost to administer the education savings account program between the Bank of North Dakota and the Department of Public Instruction is \$3.8 million for the 2025-2027 biennium. The costs include 2 FTEs for the Bank of North Dakota and 1 FTE for the Department of Public Instruction, a multimedia marketing campaign, a consultant to setup rules and program, audits, website updates, contracting with a 3rd party administrator for the program, and student enrollment collections with Infinite Campus. (See Attached).

The estimated cost for the 2027-2029 biennium education savings account distributions is \$67,166,674 which assumes a 2% increase in enrollment each year of the biennium and \$5.15 million to administer the program.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

If enacted, the total cost of the education savings account program for the 2025-2027 biennium is \$36,698,852 for administration and funding the education savings accounts. The cost for the 2027-2029 biennium is \$72,316,674. The total fiscal impact will depend on several variables that are listed above.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Section 2 of HB 1540 appropriates \$40 million for the purposes of funding the education savings account program. This appropriation does not cover the administration of the program. The administration costs would need to be split out from the current appropriation, or an additional appropriation would be needed.

Contact Information

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Date Prepared: 04/07/2025

BND Costs	Year 1	Biennium
FTE		
Internal Auditing	\$105,000	\$ 216,300.00
Program Manager internally	\$140,000	\$ 288,400.00
Marketing	\$450,000	\$ 225,000.00
Consultant to setup Rules and Program	\$300,000	\$ 100,000.00
State Auditor	\$100,000	\$ 200,000.00
Website Update with Hyperlinks from BND and/or DPI	\$50,000	\$ 20,000.00
implementation	\$750,000	
Admin fee	\$1,517,340	\$ 3,469,000.00
DPI FTE	\$90,000	\$ 185,400.00
DPI Insights	\$15,000	
Infinite Campus	\$121,787	\$ 250,881.22
Professional services fees DPI	\$100,000	\$ 200,000.00
	\$ 3,739,127.00	\$ 5,154,981.22