



NDSBA
NORTH DAKOTA SCHOOL
BOARDS ASSOCIATION

P.O. Box 7128
Bismarck ND 58507-7128
1-800-932-8791 • (701)255-4127
www.ndsba.org

HB 1028
Testimony of Alexis Baxley
Senate Education Committee
February 10, 2021

Chairman Schaible and members of the Senate Education Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 175 North Dakota public school districts and their boards. NDSBA stands in support of HB 1028.

By Executive Orders dated March 15, 2020 and March 19, 2020, Governor Doug Burgum declared a state of emergency and ordered the closure of all North Dakota public schools for instructional purposes until further notice, as a safeguard against the further spread of COVID-19. During the first few months of the pandemic, school districts were forced to make abrupt and significant changes to the method, manner and delivery of K-12 educational services. These changes in education services delivery and additional public health and safety measures brought significant unanticipated costs that continue even to this day. Districts received federal CARES Act dollars to be utilized for specific purposes relating to their response to the pandemic. These funds were received in late May/early June of 2020 just prior to the close of the 19-20 school year and budget season. Districts became increasingly concerned about their ability to comply with the carryover and ending fund balance requirements set forth in NDCC 15.1-07-29 and 15.1-27-35.3 and whether doing so would prevent or hinder their ability to use the CARES Act funds for the benefit of K-12 education and to cover the significant unanticipated costs that accompanied the pandemic.

As a result, many districts decided that the state of emergency that existed at the time and the uncertainty of their needs in the upcoming school year, made it prudent for savings and appropriate money management purposes for the district to make a transfer from the general fund to the school building fund in an amount not to exceed the amount that would be required, in whole or in part, to meet the ending fund balance limitations set forth in NDCC § 15.1-07-29. Districts that made such transfers did so also with the underlying goal of being good and responsible stewards of taxpayer dollars. For most of those districts, these moneys are still being held in their school building fund.

North Dakota law only allows moneys in a district's school building fund to be used for specific, limited purposes. In addition, under current law, moneys held in the school building fund cannot be transferred to

the general fund of the school district unless those moneys have remained in the building fund for ten years or more. HB 1028, if passed, would permit a school district who transferred moneys from the general fund of the school district to the building fund anytime between March 13, 2020 and July 1, 2020 to return those funds back to the general fund of the school district. This would be a one-time transfer made no later than June 30, 2021, and would only apply to funds previously transferred from the general fund to the school building fund during the time period specified in the bill. This would give districts the flexibility to use those funds for general fund purposes (as originally earmarked), rather than solely for the limited uses permitted by law for moneys in the school building fund.

NDSBA urges the Committee to make a do pass recommendation on HB 1028. Thank you for your attention, and I would be happy to stand for any questions.