



TURTLE MOUNTAIN COMMUNITY SCHOOL BELCOURT SCHOOL DISTRICT NO. 7

PO Box 440

Belcourt, ND 58316-440

Phone: (701) 477-6471

Fax: (701) 477-6470

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March 15, 2021

Senator Don Schaible
Senate Education Committee
600 East Boulevard Avenue
Bismarck ND, 58505-0001

**Subject: Testimony on North Dakota Education Funding Formula – HB1388 Transition Maximum
By Duane Poitra, Belcourt School District #7 Business Manager**

Greetings Senator Don Schaible and Education Committee Members,

I wish provide testimony today in support of HB1388 as it relates to the North Dakota Education funding formula, specifically on the "Transition Maximum" portion of the formula with "add-on" revenue that decreases the transition maximum deduction in revenue as specified in the bill's draft language. Transition Maximum pertains to School Districts receiving less funding than calculated by the current funding formula.

In addition, I would like to mention HB 1388 was adjusted in the House of Representatives prior to "crossover"; in the adjustment, HB1388 is to have no increase in the per pupil payment. I ask for consideration that the original form of the bill, which included a 1% increase on the per pupil payment be reinstated. The increase is necessary for school districts to be able to negotiate with teachers in offering sustainable salary and benefits.

Transition Maximum was established in the North Dakota Education funding formula back in the 2013 biennium as a funding formula mechanism to allow school districts that were "under formula", based on actual formula calculation, to "get on formula" at a reasonable pace; which was anticipated then to be no more than 6 - 8 years.

A baseline per pupil amount was determined in the 2013 biennium for each District affected by Transition Maximum that would be multiplied by a per pupil waiting factor of 110% to which the resulting weighted baseline per pupil amount would be multiplied by the weighted average daily membership (ADM) of the District to determine a maximum District payment amount.

If a district had a baseline per pupil payment rate less than the established per pupil payment rate for 2013-14, the district received a transition maximum adjustment to their formula calculation to prevent significant swings in district budgets due to a funding formula change.

The education funding formula would also determine a "normal" formula payment for Districts. The difference between the "normal" formula payment calculation and the maximum payment calculation is called the Transition Maximum Adjustment, which in the calculation is a deduction from the "normal" formula payment.

In the 2013 biennium, there were 41 Districts that were affected by Transition Maximum. The goal of a Transition Maximum Districts is to get on "normal" formula. As of the 2020-21 school year, there are 11 Transition Maximum Districts, of which 10 of the School Districts primarily serve a Native American population.

The aforementioned per pupil weighting factor is a very important factor in the formula; it was intended to increase each year by 10%; this has not been the case as the history of the weighting factor has been as follows:

110% for 2013-14;	120% for 2014-15;	130% for 2015-16;	140% for 2016-17;
140% for 2017-18;	140% for 2018-19;	105% for 2019-20;	110% for 2020-21.

I recognize the diligent effort of the Interim Education Funding Review Committee through a pandemic, especially Representative Mark Owens and Senator Don Schaible in drafting some complex language that addresses and lessens the negative impact that transition maximum has on property poor Tribal School Districts.

I find the Interim Education Funding Formula Review Committee in HB1388 desire to continue to maintain current baseline funding rates and to continue to increase the (transition) maximum percentage by only 5% as understandable due to declining State tax revenues likely caused in part by the corona virus pandemic.

The interim committee recognized the issue in length of time it is taking to get the Transition Maximum Districts on formula as being much longer than expected as there is the language in HB1388 to include a revenue add-on calculation component to reduce the transition maximum deduction by 15%. This is a huge step in the right direction for the Transition Maximum Districts.

In closing, I wish to be clear that my testimony today supports this "add-on" language in HB1388 as it allows a mechanism in the formula for the Transition Maximum Districts to gain revenue that lessens the effect of the Transition Maximum deduction in the state education funding formula. I am certain, all other 11 Transition Maximum Districts would also be in support of this language also.

I thank you for your time and consideration on this important matter.

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Duane Poitra,
Business Manager
Belcourt School District #7