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SB 2165
Senate Education Committee
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Testimony of Alexis Baxley

Good morning Chairman Schaible and members of the Senate Education Committee. My name is Alexis Baxley, and I serve as the executive director of the North Dakota School Boards Association. NDSBA represents the elected school boards of all 175 public school districts and several special education units in North Dakota.

I appear today in support of SB 2165. The North Dakota School Boards Association understands why the carry over limitations were put in place. However, over the years, a handful of issues have arisen.

Since 1950, Congress has provided financial assistance to some local school districts through the Impact Aid Program. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children. Impact Aid provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

School districts use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs.

It is my understanding that the carryover limitations were put in place by this body to ensure a local district did not continue to levy tax on its citizens or accept state funds while sitting on larger than necessary reserves. Because Impact Aid is provided by the Federal government to districts whose ability to levy local taxes has been harmed by the federal government or who face increased costs due to federally connected children, NDSBA believes it is inappropriate to count these dollars towards the carryover limitation. Removing these funds from that calculation will help these districts to be better able to plan for the future, maintain a reasonable reserve, and be better stewards of all taxpayer dollars.

In addition to our support for the removal of impact aid from consideration, we also support the amendments proposed earlier today that would put a moratorium on the carryover limitations for the biennium. The COVID-19 pandemic has created a multitude of challenges for local districts. These challenges have included increased costs in some areas, but less-than anticipated costs elsewhere. In addition, federal relief funds were distributed in the spring and came with rules on how the money may or may not be spent. The combination of these factors created a unique situation of needed, yet excess funds right before the end of the fiscal year. Even some of the most prudent districts found themselves in a tough spot. While you will soon consider legislation that would alleviate this issue for some of these districts, we anticipate continued impacts in this area. Putting a moratorium on the carryover limitations for the next biennium would allow school districts to continue to be good stewards of taxpayer dollars, better plan for the future, and be more able to deal with any new challenges that may arise from this pandemic.

For these reasons, NDSBA supports SB 2165 and the proposed amendments. I will stand for any questions.