

Testimony in support of SB 2328

Ian Grande
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Chairman Heinert and Members of the House Education Committee,

My name is Ian Grande and I am blessed to be the Superintendent and Secondary Principal in the Hope-Page School District. I am here in support of Senate Bill 2328. Our school district proudly educates 165 students from Pre-K-12, our district is located in four separate counties with a total land mass of 465 square miles. The school district operates an elementary building in Page and middle school/high school building in Hope - just under 15 miles apart. There were previously six operating school districts within the current footprint of the Hope-Page School District.

I recall vividly the horror stories from administrators and teachers when they had to operate with the same level of funding for three years when there was no increase to the per-pupil payment a handful of years ago. I believed every single administrator and teacher when they told the stories about how stressful it was during those three years. I got a very strong sense from listening to teachers, administrators, and legislators as those three years went on that nobody ever wanted to go back to that again. In my opinion, everyone was completely justified in their reaction. Trying to operate a school district with the same level of funding for three years as costs continue to rise would be an incredibly difficult task.

If Senate bill 2328 doesn't pass, the Hope-Page School District would be slated to receive 25% less funding in 2038 than it did in 2020 this actually assumes a 1% annual increase to the per pupil payment and a slight increase in the number of students in the district. With those same assumptions, it would take 49 years (until 2069) for Hope-Page's funding level to eclipse the 2020 funding level. Effectively, Hope-Page would need to go without an increase in funding for nearly five decades.

The Hope-Page School District is slated to see its state funding drop by 39% or \$1,458,599 (or \$2,917,198 per biennium) in the year 2027-2028 when compared to 2020-2021 - despite a small increase in the number of students that the district serves. The situation becomes even more ominous when we consider the current inflationary environment we find ourselves in. Costs are likely going to be substantially higher in 2028 than they were in 2020 due to high inflation. Compounding the problem further is a shortage in labor. While the shortage of teachers in rural North Dakota is not a new phenomenon, the problem appears to be getting even worse in recent years. During the previous hiring cycle, the Hope-Page School District received zero applicants from North America for an open science position - two applicants eventually emerged from the Philippines.

Senate Bill 2328 was designed as a way to help schools like Hope-Page get onto the funding formula in a sustainable way. It is important to note that if Senate Bill 2328 were to pass it would still take a significant commitment and sacrifice from the school district and taxpayers to bridge

that gap but this would be a step in the right direction for the Hope-Page School District to continue providing the best possible education for the students in our school district.

Senate Bill 2328 currently features a single amendment to the Century Code. The adjustment would allow school districts with multiple K-12 school buildings or multiple buildings with non-duplicated grades that are at least 14 miles apart to count their plants independently when calculating their weighting factor. This adjustment acknowledges the additional cost of operating two plants in separate communities that are at least 14 miles apart. Currently, there is a disincentive in place for rural remote school districts to explore consolidation - this adjustment to century code would help to reduce that disincentive. Lastly, this adjustment acknowledges that persistent inflation has caused a large spike in construction costs, making this an extremely poor time to pass a bond referendum for an addition to one of the buildings. The reception to the remaining section in SB 2328 has been very positive in the hundreds of conversations I have had both inside and outside of the legislature. Senate Bill 2328 passed the Senate unanimously (47-0) after receiving an extremely positive recommendation from both the Education Committee and Appropriation Committee.

All six schools that would be positively affected by this bill in its current form are slated to see their funding drop precipitously between 2020-2021 to 2027-2028 due to a loss in transition minimum funding. Collectively, this group of six schools is slated to experience a cumulative reduction in funding during that seven-year stretch of \$28,124,006 when compared to what their funding would have been if they simply maintained their 2020-2021 funding level - Hope-Page alone is slated to see a cumulative loss in funding of \$6,053,185 during that same time frame. When this is flipped around and viewed from the opposite direction the state will see a savings of \$28,124,006 during that seven-year time period. Every biennium going forward after 2027-2028, the state of North Dakota will realize an additional \$13,553,738 in savings when compared to the 2020-2021 funding level. This is significant for two reasons. First, the fiscal note from this bill is covered by the reduction in funding that this group is slated to experience - with plenty of room to spare. Second, the group's collective funding will still be lower in 2027-2028 than it was in 2020-2021 even if the bill is passed exactly as it is written.

My primary motivation for coming here today is to advocate for the students in the Hope-Page School District and the communities that make up our district. My wife and I are proud parents of three young boys ages 5, 2, and 5 months. Our school district provides high-quality education to all of our students and Senate Bill 2328 would be a step in the right direction for us to continue doing that.

Before I close I want to leave you with one final note:

The Hope-Page School District is similar to most districts in that approximately 75% of the budget is labor, with the overwhelming majority of that being non-administrative labor after the combination of the superintendent and secondary principal positions. The other 25% of the budget is made up mainly of transportation, maintenance, curriculum and operating costs to keep the lights on. One of my favorite policy inclusions last biennium was a provision that required 70% of the per pupil payment increase to go toward non-administrative staff salary increases. This group absolutely deserves to be treated well and financially supporting them was and is a

fantastic idea. A similar idea has been proposed this session and it is getting strong support once again, which is awesome- those employees absolutely deserve financial support.

However, this creates a unique scenario that is actually a bit of a paradox. Everyone admits that inflation has pushed transportation, maintenance, and operating costs up significantly, this in turn makes it difficult, if not impossible, to make significant cuts to the non-labor portion of the budget. In addition, the school district is mandated to increase salaries for non-administrative personnel (which I fully support) - making it virtually impossible to cut the labor portion of the budget. At the same time, the school district is slated to have \$1,458,599 less in funding in 2027-2028 than it did in 2020.

This was the reality that our school district faced over the past two years. Sharp increase in non-labor costs due to inflation. Higher labor costs as a result of the mandate to increase non-administrative wages (which I fully support). And a substantial drop in funding while we saw a slight increase in the number of students we educate.

As we look towards the next biennium, not a whole lot has changed, inflation is still a major issue, and all indications suggest that the legislature and governor's office are once again stepping up to help our non-administrative staff by mandating a much needed and well-deserved pay increase to help combat skyrocketing inflation. The only thing that has changed is our funding will be \$720,000 lower in 2023-2024 and \$950,000/year lower in 2024-2025.

I pride myself on being a very optimistic person, but to be frank, there is no way to make this math work without intervention. SB 2328 is a much needed step in the right direction and I am committed to working with the legislature as we move forward. We ask for a do pass recommendation on SB 2328.