

LEWIS & CLARK SCHOOL DISTRICT #161

Lewis & Clark—Berthold
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Berthold, North Shore Plaza Schools
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2/6/23

Chairman Sorvaag and Members of the Senate Appropriations Committee,

For the record my name is Marc Ritteman. I am the superintendent of the Lewis and Clark School District which is located northwestern ND, just a little west of Minot. The district is made up of two K-12 schools located 30 miles apart: One in Berthold and one in Plaza. Each school has an enrollment of about 200 students.

I am here today to speak in favor of Senate Bill 2328. This bill is not only good for our district, but also a step in the right direction for all North Dakota districts looking to become more efficient. The current funding formula disincentivizes consolidation. If this formula existed twenty years ago, the Lewis and Clark School District would NOT have been formed despite the possible cost savings.

In 2003, three school districts, North Shore, Berthold, and Plaza consolidated to form the Lewis and Clark School District. This type of consolidation was incentivized by the state at the time. Interestingly, part of the pitch was eliminating multiple administrative positions. So twenty years ago, LCSD did voluntarily what HB 1251 is trying to do by force today.

There were initially four school buildings in the District.

- An elementary in Ryder
- An elementary in Plaza
- A high school in Makoti
- And a K-12 in Berthold

Over the years, the schools in Ryder and Makoti were closed and a high school was added to the building in Plaza. The consolidation enabled the district to reduce costs through the sharing of resources and staff.

As I mentioned earlier, each of our schools has an enrollment of about 200. According the most recent version of DPI's Finance Facts, there are 52 districts with an enrollment of 200 students or fewer. The Lewis and Clark School District has a lower average per pupil cost than 49 of them. There are 42 districts with an enrollment of 390 or greater including Lewis and Clark. LCSD ranks 34th with an average per pupil cost of \$13,630. The 33 districts in front of LCSD have an average per pupil cost of \$11,524. So even though we are extremely efficient when compared to districts with 200 or fewer students per building (**like us**), we still cannot be as efficient as districts with all students located in the same community and/or building (**not like us**, but how we are funded).

The problem stems from a couple things:

- 1) the distance between the district's remaining K-12 schools in Berthold and Plaza
- 2) and one component of the state funding formula called the "School District Size Weighting Factor"

The legislature has acknowledged that "smaller school districts do not benefit from the [same] economies of scale [as] larger school districts". District size weighting factors exist to account for this inefficiency and ensure small and large districts are funded at a level that leads to an adequate and equitable education for all students. So basically, if you are a small district, you are less efficient. Here's one example: if a

school has a 7-12 of 150 students with 25 in each class this school can probably get by with a single social studies teacher. However, another school with a 7-12 of 90 students and 15 per grade would also need a single social studies teacher. There are many examples of this type of efficiency gap when comparing costs in large and small school districts.

Let's look at a few examples of districts with different "School District Weighting Size Factors". According to the enrollments from the 2022 version of Finance Facts, Thompson, Surrey, Hillsboro, Mayport CG, Lewis and Clark and Rugby all have enrollments between 400-600 and therefore are assigned a district size weighting factor of 1.02. This is based on a district's assumed ability to operate efficiently based on its number of students. Thompson is the most efficient school in the state with an average cost of per student of \$9,058. But with an enrollment to area ratio of 6-1 it makes sense. All of their students are in a single facility, they don't have to maintain multiple plants, transportation costs are going to be low because they don't have to bus students great distances, and their staff to student ratio is going to create the efficiencies I mentioned earlier with the social studies example.

I'm not going to speculate on what accounts for the differences in the average cost per student between the other schools, but I know Lewis and Clark's ability to get lower is going to be impacted by our inability to share basic offerings like math, socials studies, and kindergarten between our schools. We need to maintain those individual teachers in our buildings and we can't share them without severely degrading the educational experience of our kids. It's possible that we could create an elementary in Berthold and a high school in Plaza and bus kids 2+ hours in the morning and 2+ hours in the afternoon. In that scenario we could get by with a single social studies or grade level teacher, but we shouldn't have to do that. School District Weighting Size Factors are designed to ensure all students in North Dakota have access to an equitable education. In that scenario our kids would not have access to an equitable and adequate education.

The districts circled in yellow on this second map are a lot more like Lewis and Clark. Underwood, Turtle Lake, Mott-Regent, and Elgin-New Leipzig. Let's look more closely at Underwood and Turtle Lake. They are 14 miles apart. If they were to consolidate their enrollment would be 388 and their area would be 730 square miles. Even though they are likely to become more efficient and save the taxpayers money by consolidating, they shouldn't do it because they would lose a significant amount of state aid - \$934,324.85.

Their district size weighting factor would be 1.04 instead of 1.25 and 1.28 respectively and the money they saved by consolidating would not make up for the money lost due to the change in weighting factor. It's the same story for Mott-Regent and Elgin-New Leipzig. If they consolidated, the new district would receive \$829,768.22 less than if they remained separate. And Mott and Elgin are *only* 24 miles apart. I say *only* because if you remember, Berthold and Plaza and 30 miles apart.

Lewis and Clark ranks 83rd out of 147 school districts in average per student cost. Surrey is 123 out of 147 and spends almost exactly \$2000 per student less than us despite have almost the same enrollment. To get to their level, Lewis and Clark would have to cut \$800,000 out of our budget. The idea that these two districts should reach the same level of efficiency because they happen to have the same enrollment doesn't add up.

The formation of the Lewis and Clark School District should be a success story. Three school districts consolidate because of a state incentive, they reduce costs, become more efficient, and save money. If SB 2328 isn't passed, LCSD, TGU, North Border, Hope Page, and others like us will be a cautionary tale rather than an exemplar. Passage SB 2328 encourages future consolidation even if the resulting district maintains more than one facility. In the long run, this saves money for North Dakota taxpayers because smaller schools can be more efficient when they are consolidated under a single district umbrella. It also keeps these same schools open, which is so important to the health and vitality of rural North Dakota communities.

I will now stand for questions.