

1 Wednesday, January 15, 2025

2 Levi Bachmeier, Business Manager, West Fargo Public Schools

3 Support for HB 1163

4 Good morning Chairman Heinert and members of the House Education
5 Committee. My name is Levi Bachmeier; I am the Business Manager at West
6 Fargo Public Schools. I am here today to speak to you in support of House Bill
7 1163.

8 House Bill 1163 represents an additional tool for school districts, modeled off of
9 legislation passed last session to invest Legacy Fund dollars in North Dakota, to
10 help address the challenges facing our state's school districts when it comes to
11 school facilities. This bill is not intended to replace BND's current school
12 construction loan fund but to complement it, recognizing the realities of limited
13 resources and escalating costs.

14 Currently, the existing school construction loan fund does an admirable job of
15 supporting districts, but the reality is that there simply isn't enough money
16 revolving annually to meet the needs of every school with voter-approved
17 projects. By creating an additional funding mechanism, House Bill 1163 ensures
18 that all districts—large and small—have access to affordable financing options to
19 address their infrastructure needs.

20 The savings for taxpayers can be profound. An analysis conducted by our
21 financial consultant, PFM, which has executed the sale of municipal bonds for
22 West Fargo in the past, revealed a \$100 million 1% Legacy Fund loan would
23 accrue interest of \$10,830,630 compared to current market interest of
24 \$49,700,438. This represents taxpayer savings of \$38,869,808 without
25 permanently spending a dollar of the Legacy Fund. For smaller schools accessing

1 a \$10 million loan, the savings could still be nearly \$4,000,000—equating to
2 almost \$18,000 per student for a median district with fewer than 1,000 students in
3 grades K-12. For a large district like West Fargo Public Schools, the savings
4 would be nearly \$4,000 per student.

5 The goal of this legislation is not to disrupt or overhaul the current system but to
6 provide additional tools to meet the demands of growing populations, needed
7 renovations, and the rising costs of construction.

8 This bill aligns and expands the Legislature’s past actions to leverage Legacy
9 Fund dollars for investments within the state. Providing more low interest loan
10 options to school districts would save property taxpayers money today without
11 requiring a single dime to be permanently spent from the legacy fund’s earnings.
12 It is a prudent and tested approach.

13 Additionally, this proposal is particularly timely given the passage of Measure 3.
14 Measure 3 has opened the door for Legacy Fund dollars to be invested in ways
15 that directly benefit North Dakotans while maintaining the integrity of the fund
16 itself. Investing in school construction projects achieves precisely this goal.

17 It’s also important to acknowledge that inflation has significantly impacted every
18 sector, and public school construction is no exception. Higher construction costs
19 mean larger loans are needed to complete essential projects, further straining the
20 existing loan fund. By providing an additional financing option with low interest
21 costs, House Bill 1163 helps cushion the impact of these rising costs, helping
22 offset increased constuction costs to reduce the burdens on taxpayers by
23 leveraging the state’s balance sheet to provide another form of property tax relief.

24 Thank you for your time. I am happy to answer any questions.