

1 **Amendment to HB 1369: Addressing Declining Enrollment with a 3-Year Rolling**
2 **Average of Weighted Student Units**

3 Good morning, Chairman Heinert, members of the House Education Committee. My
4 name is Mike McNeff, and I serve as the superintendent of Rugby Public School District.
5 I am here to propose an amendment to HB 1369 that addresses the challenges faced
6 by school districts experiencing declining enrollment. This amendment seeks to
7 implement a 3-year rolling average for Weighted Student Units, or WSU, to ensure
8 greater stability and predictability in school funding.

9 Weighted Student Units are an essential metric in school funding formulas designed to
10 reflect the varying costs of educating different student populations. Unlike Average Daily
11 Membership (ADM), which simply counts total enrollment, WSU assigns additional
12 weight to students who require specialized programs or resources. These include
13 students in special education, English language learners, at-risk populations, alternative
14 education programs, and even those impacted by school size. This approach ensures
15 that funding is distributed more equitably and reflects the diverse needs of districts.

16 The proposed amendment would allow districts to calculate funding based on the
17 greater of a 3-year rolling average WSU or the previous year's WSU if they experienced
18 a decline in ADM from the prior year. This adjustment prevents districts from
19 experiencing sudden reductions in funding due to enrollment declines, while still
20 allowing them to benefit from growth if enrollment stabilizes or increases. By applying
21 the current per-pupil payment to the higher of these two figures, the formula becomes
22 more adaptable to district realities.

23 Let's use Rugby as an example to illustrate how the proposed amendment would work.
24 In the 2024-2025 fiscal year, Rugby's Weighted Student Units (WSU) is 642.48. In the
25 previous two years, Rugby's WSU was 655.77 in 2023-2024 and 642.97 in 2022-2023.
26 When averaged over these three years, the rolling WSU comes out to 647.07. Now, if
27 Rugby's projected WSU for 2025-2026 drops further to the projected 640, the funding
28 formula under this amendment would use the higher figure of 647.07 (the 3-year rolling
29 average) instead of the projected 640. This ensures the district receives funding based
30 on a more stable and representative figure, rather than an abrupt reduction. This
31 adjustment helps mitigate the financial impact of declining enrollment, allowing the
32 district to maintain critical programming, staffing, and resources without making
33 immediate and drastic cuts.

34 Without this adjustment, districts facing declining ADM encounter serious challenges. A
35 drop in ADM leads to a loss of funding, even though fixed costs such as transportation,
36 facilities, and staffing remain constant. This creates a misalignment between financial

37 reality and community expectations. Teachers, for instance, often hear about a 3%
38 increase in per-pupil funding and understandably anticipate salary or benefit increases.
39 However, for districts with declining ADM, those increases are absorbed by the loss of
40 enrollment, creating a financial disconnect. Additionally, abrupt drops in WSU force
41 districts to make sudden cuts to programs and staff, disrupting services and negatively
42 impacting student outcomes.

43 I reached out to Adam Tescher to request detailed information for all school districts in
44 North Dakota. Using the data he provided, I created a spreadsheet to determine the
45 fiscal note for the previous two fiscal years, which I will share at this [link](#). Based on my
46 analysis, approximately 80 districts experienced a decline in ADM over the past two
47 fiscal years (FY24 and FY25). This summary highlights my findings and outlines the
48 potential fiscal impact if the proposed amendment had been in effect during this period.

49 Projected Fiscal Impact for FY24 and FY25

	<u>FY24</u>	<u>FY25</u>
51 # of 3-year average WSU Districts	31	54
52 # Prior Year WSU Districts	52	29
53 Impact to Total Formula Payment	<u>\$3,014,521.36</u>	<u>\$8,576,371.20</u>

54 Based on my analysis, the fiscal impact for the previous two fiscal years would have
55 been \$11,590,892.

56 In conclusion, the proposed amendment to HB 1369 provides a practical and equitable
57 solution to the challenges of declining enrollment. By allowing funding to be calculated
58 using the greater of a 3-year rolling WSU average or the previous year's WSU, it
59 ensures stability and predictability for districts while allowing them time to "right size"
60 and adjust their budgets accordingly. I urge you to support this amendment and help
61 build a more sustainable and equitable funding system for schools across North Dakota.
62 Thank you for your time and consideration. I am happy to answer any questions.