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**HB 1540**  
**Testimony of Amy De Kok**  
**House Education Committee**  
**February 5, 2025**

Chairman Heinert and members of the House Education Committee, thank you for the opportunity to provide testimony today. My name is Amy De Kok, and I serve as the executive director for the North Dakota School Boards Association. Thank you for the opportunity to testify today. I am here to express opposition to HB 1540, which proposes the creation of an Education Savings Account (ESA) voucher program that diverts public funds to private and home-school education without requiring the same accountability and transparency that public schools must adhere to. This bill would allow state education funds to be spent on a wide array of expenses with inadequate oversight, and it represents a significant financial burden on the state with the potential to weaken the foundation of North Dakota's public education system.

**Public Funds Should Require Public Accountability**

HB 1540 would allocate taxpayer dollars to private education providers, homeschooling families, and education service vendors that do not have to meet the same transparency and performance standards as public schools. Public schools must follow state-approved curricula, administer standardized assessments, and publicly report student achievement data to ensure accountability for the use of public funds. In contrast, HB 1540 allows ESA funds to flow to private and home education providers that are not subject to these requirements. There is no mechanism to ensure students receiving state-funded private education are receiving a quality education, nor is there any requirement that these students meet minimum academic benchmarks.

While public schools are overseen by elected school boards, private schools and education service providers receiving ESA funds operate independently, with no requirement to disclose financial statements, academic results, or how state funds are being spent. This means taxpayer dollars could be funding ineffective or even predatory education providers with no consequences for poor performance or financial mismanagement.

In addition, nonpublic schools can refuse to admit or provide adequate services for students with disabilities, English learners, and others who require increased resources for an equitable education, meaning these students are more frequently educated in public schools. Parents may also return their children to public schools when they realize they are not receiving the essential services and legal protections available there. Public schools require increased resources to serve students with elevated needs, even as public funds are diverted to pay for vouchers. The bill would also divert public funds to support private education and home education regardless of the mission or the nature of the curriculum these dollars would support.

Voucher programs, like HB 1540, do not simply shift funds that would have been spent on public school students to pay for their private education. When states establish voucher programs, families already paying for or planning to use private education often participate. Data from several states shows that 70-80% of their voucher students were already attending private schools. This means that public dollars are subsidizing private education for families who were already covering these costs, rather than expanding educational opportunities for low-income students.

#### **Broad Range of Approved Expenses with Weak Audit Requirements**

Another troubling aspect of HB 1540 is the extensive list of allowable expenses that ESA funds can be used for, coupled with a lack of meaningful financial safeguards to prevent misuse or fraud. Under this bill, ESA funds can be spent on:

- Private school tuition and fees
- Textbooks and curriculum purchases
- Private tutoring services
- Online education programs
- College tuition and required books
- Computers, software, and technology
- Transportation fees to private education providers

While these expenses may seem education-related, the bill lacks strong audit and enforcement measures to ensure funds are being used as intended. In states with similar ESA programs, there have been widespread cases of misuse, including parents using ESA funds for personal items, vacations, and unapproved services.

In addition, the bill includes vague language about “random audits” by the Bank of North Dakota, but it does not mandate comprehensive, independent financial audits of the program. Without clear enforcement measures, North Dakota risks experiencing the same financial abuses seen in other states,

where ESA funds have been spent on non-educational purchases such as beauty supplies, theme park tickets, and high-end electronics. The bill also allows ESA recipients to roll over unspent funds to the following year, but there is no system in place to ensure that money is actually being used for education. If a family misuses ESA funds, there is no clear process for recovering those dollars, leaving taxpayers to foot the bill for waste and fraud.

HB 1540 imposes a significant financial burden on the state and directly harms public schools. The funding mechanism in this bill siphons money away from public schools by allocating 80% of per-pupil state funding to private and home education while providing only 20% back to public school districts. Once an ESA program is in place, enrollment is likely to grow as more families seek to take advantage of state funding. While HB 1540 does not impose income limits on eligibility, similar programs in other states have led to substantial cost increases over time, diverting millions of dollars from public education budgets. North Dakota taxpayers would ultimately bear the cost of this program, which has no built-in financial cap or sunset provision to prevent unsustainable spending growth.

For these reasons, I urge this committee to reject this bill in favor of policies that maintain strong financial accountability and protect public education as the cornerstone of our communities.