

REENGROSSED HOUSE BILL NO. 1540

Chairperson and members of the committee,

Thank you for the opportunity to present my testimony today. I am here to express my opposition to the proposed bill concerning the establishment and funding of education savings accounts (ESAs) starting with the 2026-27 school year.

While the goal of offering families more educational choices is commendable, I have several significant concerns with this bill that I believe could have unintended negative consequences for our public education system and for the families it aims to serve.

1. Impact on Public School Funding:

One of the primary concerns with this bill is the potential erosion of funding for public schools. By diverting 50% of the statewide average per-student funding into education savings accounts, this bill could reduce the resources available for public schools that are already struggling to meet the needs of their students. Public schools serve all children, including those with special needs, students from low-income backgrounds, and those who face additional challenges. Public schools in North Dakota educate 93% of the state's student population. Diverting funds away from these institutions could lead to larger class sizes, fewer resources for students, and a decline in the quality of education for the majority of North Dakota's students who rely on public schools for their education.

2. Lack of Accountability and Oversight:

The bill allows parents to use ESA funds for qualified expenses, but there is little mention of rigorous oversight or accountability to ensure that these funds are being used effectively for educational purposes. Without strong accountability measures, there is a risk that ESA funds could be misused or spent on non-educational expenses, undermining the original intent of the program. Additionally, the lack of oversight could lead to a lack of transparency, which could erode public trust in how educational funds are allocated and spent.

3. Disproportionate Benefit to Wealthier Families:

Education savings accounts are often portrayed as a tool for giving all families more choice in their children's education. However, in practice, ESAs tend to benefit wealthier families who can afford to supplement the ESA funds with their own resources for private school tuition, tutors, or other educational services. Families who are already struggling financially may not have the means to take full advantage of the program, and as a result, the bill could exacerbate existing educational inequities in our state. Public schools are a common good, and we should focus on strengthening and equitably funding them so that all students, regardless of their family's financial status, have access to high-quality education.

4. Potential Harm to Students with Disabilities:

Another concern is the bill's provision that requires parents to acknowledge that enrolling their child with a disability in the ESA program constitutes a parental placement under the Individuals with Disabilities Education Act (IDEA). This could limit students with disabilities' access to necessary services that are provided in the public school system. Many public schools are equipped to offer

specialized services for students with disabilities, and by moving these students to private options or homeschooling, there is a risk that they will not receive the comprehensive services they require. This provision could unintentionally harm students with disabilities by limiting their access to necessary support systems.

5. No Guarantee of Better Educational Outcomes:

Finally, there is no compelling evidence to suggest that ESAs lead to better educational outcomes for students. While proponents of the bill may argue that giving parents more control over their child's education will improve outcomes, studies on similar programs in other states have shown mixed results. The idea that simply redirecting funds to private or homeschooling options will result in better outcomes is not substantiated by data. In fact, it may lead to more fragmentation in our education system, making it harder to ensure that every child, regardless of background, receives a high-quality education.

Conclusion:

While the intent behind this bill may be to offer families more educational options, the potential consequences outlined above suggest that this program could inadvertently harm public education in North Dakota, widen the achievement gap, and create unintended challenges for students with disabilities. Instead of diverting public funds into education savings accounts, we should focus on strengthening our public schools, ensuring they are adequately funded and equipped to meet the needs of all students, especially since 93% of North Dakota's students attend public schools.

For these reasons, I urge the committee to reconsider this bill and explore alternative ways to improve education in North Dakota without undermining the vital role of public schools.

Thank you for your time and consideration.

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