

FISCAL NOTE
Requested by Legislative Council
02/19/2015

Amendment to: HB 1216

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

House Bill 1216 provides for a legislative management study of school district enrollment determinations for purposes of the elementary and secondary education funding formula.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact estimated for the study.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Jerry Coleman

Agency: Public Instruction

Telephone: 701-328-4051

Date Prepared: 02/20/2015

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1216

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$66,700,000			
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts		\$66,700,000	
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

House Bill 1216 relates to supplemental payments for increased school district enrollment.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

House Bill 1216 provides for supplemental payments to school districts whose fall enrollment is higher than the previous June thirtieth average daily membership (ADM) after application of all pertinent provisions of chapter 15.1-27 (the state aid formula).

The payment is adjusted in the following year for the change in fall enrollment to actual average daily membership. The fiscal note is based on data supporting the current school year state school aid payment and the official K-12 fall enrollment count.

- 1,727 is the difference between K-12 Fall enrollment and the previous June 30 ADM (for foundation aid purposes.

- 2,964 is the higher of K-12 Fall enrollment or the previous June 30 ADM (for foundation aid purposes.

- 3,468 is the estimate for the increased weighted student units.

- \$9,092 is the per payment rate for the current school year.

\$9,092 per student payment rate times 3,468 weighted student units equals \$31,529,965 for one year.

The cost will vary directly with changes in student enrollment and changes to the state school aid formula.

For purposes of this note, the biennium cost is projected to be \$66,700,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation has been identified for this bill. The Executive Budget has \$14,800,000 designated for rapid enrollment grants.

Name: Jerry Coleman

Agency: Public Instruction

Telephone: 701-328-4051

Date Prepared: 01/16/2015

2015 HOUSE EDUCATION

HB 1216

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

HB 1216

1/19/2015

22108

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Donna Whetham

Explanation or reason for introduction of bill/resolution:

Relating to supplemental payments for increased school district enrollment.

Attachment #1-8

Minutes:

Chairman Nathe: Opened the hearing on HB 1216.

Rep Ben Koppelman: Introduced the HB 1216. District 16 (1:40-4:15) (See Attachment #1)

Chairman Nathe: Can you walk us through how the adjustment works again?

Rep Ben Koppelman: Currently we collect enrollment in districts in September, if that number is greater than the previous year, when they get their fall payment it would be based on that estimate. Then in the spring when the ADM is calculated, that would be reconcile. So districts would benefit ADM was higher than last years they would get this year's count. That would be applied to all parts of the funding formula. Under the current system everything is measured under the previous year's numbers.

Chairman Nathe: How does it work I they get paid on the fall numbers and then they start losing students?

Rep Ben Koppelman: If you are you saying in a current year they went from growth to shrink in one year, and if they got paid by Sept 10 and had 100 students and then the ADM was 95, they would have been overpaid for the year, and they would make it right with the next payment, is how the bill is worded. If you are talking year over year and you went from 90 students to 100 students and back to 90 students, you would be paid on this year's number of 100 because you grew, and then the next year you would be paid on the 90 students.

Chairman Nathe: Back to the first example if you go from 100 to 95 then does the school pay for it or do they take the hit the following year?

Rep Ben Koppelman: The overpayment is deducted from their next payment they are due.

Rep Hunsakor: In the second paragraph you talk about growing or declining, this bill really doesn't address the problem that we heard on declining enrollment.

Rep Ben Koppelman: The idea of this bill is to be a reform of how we count kids so it is elastic enough so if your district is declining and growing five years from now so we have a system that it is designed takes both into account. The current system gives the declining district a safety net.

Chairman Nathe: I don't see where the safety net is?

Rep Ben Koppelman: The safety net is built in the current system, that you get paid on last year's enrollment.

Chairman Nathe: But if they are overpaid they have to pay it back.

Rep Ben Koppelman: That is only a mechanism for payment the real gold standard in this bill is ADM. I tried to write this bill so we are only making payments at the same time the current system makes payments. When you make the comparison in some numbers that are used in education we include preschool numbers.

Rep Kelsh: DPI determines which is the highest payment based on the reports the school districts sent in. Say your falling enrollment is a 100 students compared to the 90 last year and you end up with 105 will they get an additional payment in the spring instead of a deduction? Is that the case?

Rep Ben Koppelman: With their next payment they receive, whenever that would be, they would get an increase .

Senator David Rust: in support of HB 1216. (See Attachment #2). (11:54-15:57).

Rep Meier: You used to have ADM or be paid for the previous year do you want to explain?

Senator Rust: Yes that is how it used to work, this got changed with the equity payment in 2009. You used to have the choice, then at the end of the year they would look at your reports and if the end was less than the fall enrollment then an adjustment was made.

Rep Ben Koppelman: The bill presumes you would get the higher of the payments because none of the superintendents would choose less money?

Senator Rust: What would happen is, whatever is beneficial to that school district, is the one DPI would do.

Chairman Nathe: The Fiscal Note is \$66.7 million dollars, the way the bill is written the state would pay for every student increase from student one, shouldn't there be some point where the district should shoulder some of the student increase? We have the governor's rapid enrollment bill.

Senator Rust: The rapid enrollment bill is not the same dollar amount per student, there is a large difference in the amount. When you talk about state pay it is an inaccurate way to say it. It is a partnership that involves 60 mills of local property tax dollars, 75-100% revenue that they get and the state makes up the difference. It is a partnership for funding students.

Chairman Nathe: Rapid enrollment has two tiers, the first is \$4000 per student for 4% growth the other is \$2000 per student or 2% growth or 75 students whichever is less.

Senator Rust: I was referring to the current numbers.

Chairman Nathe: I look at the bill and they are figuring the \$9092 per student.

Senator Rust: When it hurts you the most, is when you are just on the bubble of having too many kids in a room.

Chairman Nathe: How would this play with the surge Bill?

Senator Rust: The only part of the surge bill that affects schools is the dollars that were lost because of a provision that was removed that guarantee that they would not be hurt from the formula, that went from 35% to 5%, If a county receives \$1.00 less than \$5million dollars from gross oil production tax that the schools in that county get \$1,750,000 if the schools in those same counties they dropped \$250,000 dollars so the difference in \$2.00 increase in taxes can make a big difference. The whole idea of HB 1558 was to give more money to political subdivisions not less money. So the surge bill tries to correct that situation.

Rep Ben Koppelman: Would this reform is as important as increasing the per pupil payment to many of the districts in out state?

Senator Rust: For those schools that are increasing in population, the funding program is very student rich, if you have an increasing or stabilized population that is a good bill for you but when you start losing students you get hit about \$10,000 a student. For a small school it can really hurt your financial situation.

Representative Lisa Meier: District 32 in support of HB 1216. It is a fair bill which makes sense to me, it allows schools to operate in a more accurate budget.

Dr. Aimee Copas: Executive Director for the North Dakota Council of Educational Leader,

In support of HB 1216. (See Attachment #3). (27:45-32:58)

Chairman Nathe: Why shouldn't the school districts shoulder some of the burden for increasing enrollments?

Dr. Aimee Copas: Why not? The local and the state provided fair access and fair dollar to provide for every student. It is more than just the child it is building new schools , staffing, textbooks, and the schools still do have skin in the game at the local level.

Chairman Nathe: We heard a bill today that wants the state to pay for declining enrollment and now the increasing enrollment where does it stop?

Dr. Aimee Copas: The reality is we need to pay for every single student, bring students back in. The rationale for supporting this we are trying to keep things with in the formula as much as possible.

Chairman Nathe: How do you answer the critics that say the state just increased the state funding tremendously last session and now they want more money?

Dr. Aimee Copas: We are taking care of each student in an equitable manner. The state and the local taxpayers in partnership are going to assure that the dollars are there to provide the best possible education we can.

Rep Olson: The state is shouldering the full burden of each of these new students in the next payment so the purpose of this bill is to see that the payment is made today rather than next year. We are taking the liability the state has occurred for next year and paying this year when they need it the most.

Dr. Aimee Copas: That is correct. We have our districts taking hits from different angles. Being sound managers of schools we need to make sure that we have the up to date technology for our students. We are asking the state to partner with us on the front end.

Rep Olson: It really isn't new spending, but taking next year's spending which at present.

Rep Rohr: What is the ND school study council on the Blue sheet of your handout?

Dr. Aimee Copas: It is an organization of our twenty largest school superintendents.

Rep Kelsh: The state boasts we 80% of school funding,if the school district is picking up more of the funding locally we are no longer doing that. Do you have a copy of what each school district gets across the state?

Dr. Aimee Copas: I will be happy to provide that for the committee.

Dr. David Flowers: Superintendent of West Fargo Public Schools. (See Attachment #4 &5) (42:19)-(50:54:) in support of HB 1216.

Rep Meier: With enrollments, how you decide on the size for the schools you are building?

Dr. David Flowers: We built 4 schools since 2011, and are building another school this year.

Chairman Nathe: Do you the math on the rapid enrollment grant?

Dr. David Flowers: It would be an improvement over the current law but not to the degree that HB 126 would support.

Dr. Mark Vollmer: Superintendent of Minot Public Schools, in support of HB 1216. (See Attachment #6) (54:39)-(57:45).

Rep Mock: Do you know where your flood related relocation of students went and what effect it had on those districts?

Dr. Mark Vollmer: Large portion of those students stayed in Minot. We continued to grow throughout that school year and this year also.

Rep Mock: You don't know if Velva had a bump in their enrollment?

Dr. Mark Vollmer: No I am not sure.

Rep Olson: Could you describe how this bill eliminates the rapid enrollment grant program?

Dr. Mark Vollmer: This bill by paying on the fall versus the spring membership would eliminate the need for rapid enrollment dollars, because you would be actually paying on a more accurate number.

Rep Kelsh: How much money does the school district get out of those dollars that are designated for a hub city?

Dr. Mark Vollmer: Minot has about a \$90,000,000 dollar budget, when we look at how this works. There was about \$750,000 dollars allotted as a hub city in rough numbers, but only \$175,000 dollars is all that actually stayed in our district. Preference was given to non-hub cities.

Rep Zubke: Isn't the surge funding more for some of the inequities that happened the past few years and not to address the immediate situation to catch up some of the funding you have been shorted out of?

Dr. Mark Vollmer: Absolutely, this is to help level the playing field. This is an opportunity for ND legislature to make this funding equal. With SLDS everyone knows exactly how many students are enrolled in the state.

Rep Hunsakor: (1:06:16) How big should the ending fund balance be? How do you see the current law with the 15% required by the state is that excessive?

Dr. Mark Vollmer: The way that we look at it, we need a healthy reserve, we try to have a 15 % reserve, it has been lower, but we need a healthy reserve. The interim fund is very important to us.

Rep Hunsakor: It seems the discussion on ending fund balance started with 2-3 schools had very large reserves and then the warning signals are out.

Dr. Mark Vollmer: The real test is depending on your school district and what is going on, there is differing amounts that the ending fund balance should be. We are comfortable with 15% other districts may have a different need. We don't have a building fund in Minot.

Rep Olson: If HB 1216 does pass would that lessen the need for the 15% ending fund balance?

Dr. Mark Vollmer: In my mind 15% is a good balance. I don't really know the answer to that. We are seriously overcrowded in middle school so the interim fund balances are going to be important to buy more portable classrooms and build.

Rep Kelsh: How many months of expenses would your \$14.5 million dollars pay?

Dr. Mark Vollmer: About a couple months.

Rep Kelsh: There is vast difference in the needs of different districts.

Dr. Mark Vollmer: Impact aid is a big one for us, it is the only federal program that is not forward funded, we know year to year. We actually got our last payment for impact aid 2012 just last week, the federal payments are slow coming. So the interim fund balance is very important.

Broc Lietz: Business Manager for the Fargo Public School District, in support of HB 1216. (See Attachment #7). (1:17:43)-(1:21:14).

Chairman Nathe: Why shouldn't Fargo district pay for it, why should the state pay for it?

Broc Lietz: When we look at where we are this year, our projected ending fund balance for this school year, is \$26,000,000 dollars just shy of 19%. Fargo Public Schools is paying for it, currently we are paying for 85% for those students today, we are appreciative of the funding formula but local districts are paying because current state payment does not pay for 100% student costs.

Chairman Nathe: What I am saying you have a balance to help with these type of short falls.

Broc Lietz: There is a certain level of fiscal responsibility that is necessary, there are reasons you have a healthy ending fund balance. Is it about a percentage or a dollar amount? Our 19% versus someone else is different but our expenses are different as well.

Rep Olson: Do you have any idea what type of pressure not having real time funding puts on your ending fund balance and what percentage you need to tap into to make up for that short fall in the interim?

Broc Lietz: I do not have that information. The ending fund balance is there if we have short falls and we also want to make sure we are providing efficiencies in how we provide education. When you experience unexpected growth something has to give to take in account those students. What point to you reach diminishing returns?

Jeff Fastnacht: Superintendent of Ellendale, (1:26:45) in support of HB 1216 I will be adding a 3rd grade teacher and I am up 31 kids since 2014. Rapid enrollment grants do not help me, because I did not meet the benchmarks. This type of funding mechanism would help Ellendale school.

Chairman Nathe: Have you seen the rapid enrollment bill how you would be affected by that?

Jeff Fastnacht: No I have not.

Chairman Nathe: You would qualify now for rapid enrollment with these numbers?

Steve Holen: Superintendent for McKenzie County Public School District #1. (1:30:13)-(1:35:52)(See Attachment #8) In strong support of HB 1216.

Tamara Uselman: Superintendent of Bismarck schools, in support of HB 1216.

Chairman Nathe : Any other support? Seeing none. Any opposition of HB 1216? Seeing none.

Chairman Nathe: Closed the hearing on HB 1216.

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

HB 1216
2/4/2015
23232

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Donna Whetham

Explanation or reason for introduction of bill/resolution:

Relating to supplemental payments for increased school district enrollment.

Minutes:

Chairman Nathe: Reopened hearing on HB 1216.

Rep. Koppleman: Moved Do Pass with rerefer to Appropriations.

Rep. Olson: seconded.

Rep. Kelsh: What does this bill do? Is this either or?

Rep. Koppleman: This bill pays the higher of the ADM from current year or past year. We passed this bill out of the education committee with a pretty high level of due pass support. The plan here is to pass it through this way and keeping it clean so we can amend it based on how much money is available. It would be phased in either in 2 or 4 years.

Chairman Nathe: The fiscal note is \$66 million dollars. This will pay for any increase in enrollment from student number 1. We do have the rapid enrollment bill that is in the Governor's budget for a little over \$14 million dollars, that has been a two tiered system. The thresholds have been lowered from the last session. We will get that with the K-12 bill too. I will oppose this bill. I think the school district should pay for some of the increase. They can fall back on rapid enrollment if they can't make it.

Rep Meier: We still have your bill out there for ending fund balance. I think this is a good bill and the time is right. I heard from our district and they had wished we would have done something like this last session. I will support this bill.

Rep. Olson:

I will support this motion. We did see overwhelming support from NDCEL. We do see rapid enrollment in areas and the rapid enrollment is just a band aid and doesn't take care of the problem permanently. I think it is a good bill.

Rep. Kelsh: It will help a school with declining enrollment also for the first year .

Chairman Nathe: The K-12 bill has increased payments per student. We are putting a lot of money to K-12 up to \$2 billion dollars and now we are looking to pass a bill with \$66 million dollars where the state pays from the very first student. The rapid enrollment grants are not just band aids. When you talk to the districts they needed those. The proposed rapid enrollment lowers that bar even more. They have to show a need for this. I think the districts need to take some responsibility to budget for some of the increase.

Rep. Mock: What will the threshold be for rapid enrollment? From 2013-2014 to 2014-2015, North Dakota had a net increase of 3357 new students and a net increase of 2622 students, 87% where in the ten largest school districts. Only four of those districts did not receive rapid enrollment grants. Bismarck had 319 new students and had no rapid enrollment grants because they didn't meet the thresholds. My school district is one of those that didn't receive rapid enrollment grants. It increased by 85 students and at \$9200 per student that was a heavy burden to be carrying over.

Chairman Nathe: I think the rapid enrollment grant last year was 4% growth and the bar has been lowered this year to 2.5 % proposed.

Rep. Mock: It was 4% and a minimum number too. So if it is now 2.5% Fargo and Grand Forks last year still would have not qualified.

Chairman Nathe: I think Bismarck would have qualified because they just missed the threshold.

Rep. Koppleman: Why some of the districts thought of it as a band aid was because it is a new thing and negotiated in every session. I realize it is a work in progress. From the fiscal note and the amendment proposals in the Appropriations committee, were this to move on, it would be to do it in 4 years. The fiscal note would be \$26 million dollars and it would replace the rapid enrollment grant which is \$15 million in the DPI budget so it would be a net increase of \$11 million dollars over the budget. That is if this bill passes.

Chairman Nathe: Are the amendments in here?

Rep. Koppleman: No the amendments will be in the appropriations committee because they don't know where their numbers are at yet. I am working on and waiting for Legislative Council to finish drafting them. The fiscal note is based on the fiscal note here. I will submit them to Appropriations if this bill passes.

A Roll Call Vote was taken. Yes: 11 No: 2 Absent: 0. Motion Carries.

Chairman Nathe: Will carry the bill.

Date: 2/4/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1216

House Education Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep Koppelman Seconded By Rep Olson

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe		✓	Rep. Hunsakor	✓	
Vice Chairman Schatz	✓		Rep. Kelsh	✓	
Rep. Dennis Johnson		✓	Rep. Mock	✓	
Rep. B. Koppelman	✓				
Rep. Looyesen	✓				
Rep. Meier	✓				
Rep. Olson	✓				
Rep. Rohr	✓				
Rep. Schreiber Beck	✓				
Rep. Zubke	✓				

Total (Yes) 11 No 2

Absent 0

Floor Assignment Rep. Nathe

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1216: Education Committee (Rep. Nathe, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1216 was rereferred to the **Appropriations Committee**.

2015 HOUSE APPROPRIATIONS

HB 1216

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1216
2/12/2015
23796

- ☐ Subcommittee
☐ Conference Committee

Steph Schader

Explanation or reason for introduction of bill/resolution:

Relating to supplemental payments for increased school district enrollment

Minutes:

Mike Nathe, Chair of House Education Committee

This is an enrollment bill of 66.7 million dollars. It would pay for any increase after the June 30th ADM, (average daily membership). It would pay the schools from the first student that they increase going forward. It passed in our committee; 11/2.

Chairman Jeff Delzer

It seems to me that the governor's budget has something like 29 million dollars for rapid enrollment.

Rep. Mike Nathe

I believe the rapid enrollment, is 14.5 million with anything 2.5% higher they get paid. That's a lowering from last session, which was in the 4% range.

Chairman Jeff Delzer

Does the DPI, (Department of Public Instruction) budget bill normally go through education policy before it comes to appropriations?

Rep. Mike Nathe

If you mean the K-12 Bill, yes, last session, it did. It started in the policy committee and then came to your committee.

Chairman Jeff Delzer

I think this is an issue that should be before us in the second half, I know Representative Koppelman had said something to me about having amendments drawn that would draw it to whatever money we fit. We had this discussion two years ago, I think we went with the percentage side and that is what is in the governor's budget, even reduced. This one basically pays on both ends.

Rep. Mike Nathe

Yes, it pays on both ends, they get paid from the very first student that they increase and then if they increase 2.5% they would probably qualify for the rapid enrollment grant.

Chairman Jeff Delzer

What about a school with declining enrollment?

Rep. Mike Nathe

We had a declining enrollment bill that was turned into a study. It did pass the House floor. It's over in the Senate.

Representative Skarphol

A school with declining enrollment, do they get paid on the previous year ADM?

Rep. Mike Nathe

They would get paid on the June 30th ADM; the previous year.

Representative Skarphol

So they still have it both ways.

Chairman Jeff Delzer

Right, with this bill, it would be the highest for both ends.

Nathe

That's the debate, do we base it on the year end numbers or the fall numbers?

Chairman Jeff Delzer

It's always a debate and we're at a pretty high number already, anyway.

Chairman Jeff Delzer

Are there any more questions on this bill?

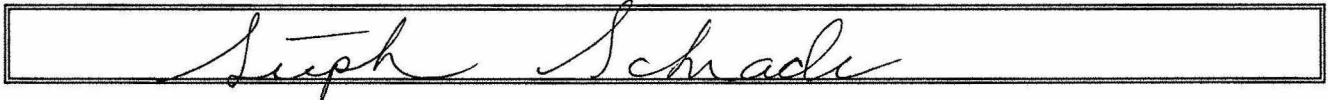
No questions, hearing closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1216
2/17/2015
Job # 24019

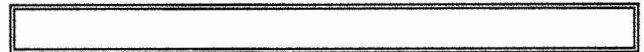
- ☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to supplemental payments for increased school district enrollment

Minutes:



Chairman Jeff Delzer

The sponsor of the bill is getting some study language to turn it into a study. The issue is that the budget is over on the other side. The Governor has rapid enrollment in his so this will keep the bill alive to some degree. We will discuss it when we have the K-12 in front of us. Thought I'd let you know where we're at with this one.

Representative Skarphol

Why doesn't he get an amendment to put the study on the budget and we just dispose of the bill?

Chairman Jeff Delzer

I think he would like to have it on the bill.

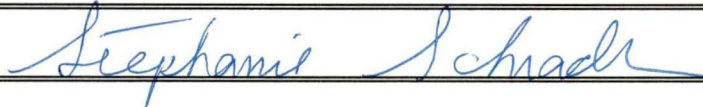
Chairman Jeff Delzer ends discussion.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1216
2/18/2015
Job # 24074

- ☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to supplemental payments for increased school district enrollment

Minutes:

Attachments 1

Chairman Jeff Delzer

This is the Rapid enrollment bill; it has a fiscal effect of about 66.7 million dollars. The issue with this bill is that it pays everybody from the moment they're in the seat. DPI, (Department of Public Instruction) budget also has a rapid enrollment issue in it. I talked to Rep. Koppleman to suggest we turn this into a study; we can look at it in the second half. He had another set of amendments, but that would simply move the money down. This takes it to a study and it will be in DPI when we deal with it.

Chairman Jeff Delzer

Handed out amendment .01003
It was prepared by Rep. Ben Koppelman.

Vice Chairman Keith Kempenich

Motioned to approve amendment .01003

Representative Thoreson

Second

Representative Glassheim

This is a Hog house? Are they thinking of adding to this or putting it in the DPI budget?

Chairman Jeff Delzer

No, I think the DPI budget has the governor's rapid enrollment in it. All this would be is a study.

Representative Glassheim

This replaces the bill. What you're saying is that there're some opportunities for the bill?

Chairman Jeff Delzer

The discussion whether or not we should use this side or the governor's side will be in the second half, when we have the DPI budget.

It would be very hard for me to support this without having the DPI budget in front of us to see how this would work.

Discussion:

None.

Chairman Jeff Delzer

All those in favor say Aye.

Opposed say nay - None

Chairman Jeff Delzer

Motion carries.

Vice Chairman Keith Kempenich

Motions for do pass as amended.

Representative Brandenburg

Second.

Chairman Jeff Delzer

If we don't think we should put the study forward, that's fine. I think I'll support it because it moves the issue over to the second half, to say that we should look at it.

Vice Chairman Keith Kempenich

I think it doesn't hurt to keep looking at different angles of this rapid enrollment. I think the systems need to have the ability to function when they get a certain number of kids.

Chairman Jeff Delzer

Further discussion? None. Clerk will call the roll.

Vote: Yes 21, No 1, Absent 1.

Vice Chairman Kempenich

Carrier.

JK
2/18/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of school district enrollment determinations for purposes of the elementary and secondary education funding formula.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - SCHOOL DISTRICT ENROLLMENT DETERMINATIONS. During the 2015-16 interim, the legislative management shall consider studying school district enrollment determinations for purposes of the elementary and secondary education funding formula. The study must include an examination of the financial burdens placed on school districts having enrollment increases that are not immediately reflected in state aid payments and alternate or supplemental ways of addressing such increases within or outside of the state aid formula. The study also must include the desirability and feasibility of providing for gradual formula changes to accommodate disparities in enrollment determinations. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

Date: 2/18/15Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES**
BILL/RESOLUTION NO. 1216

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 01003

Recommendation:	<input checked="" type="checkbox"/> Adopt Amendment <input type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass <input type="checkbox"/> Without Committee Recommendation <input type="checkbox"/> As Amended <input type="checkbox"/> Rerefer to Appropriations <input type="checkbox"/> Place on Consent Calendar Other Actions: <input type="checkbox"/> Reconsider <input type="checkbox"/> _____
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Motion Made By: Kempenich Seconded By: Thoreson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer				Representative Nelson				Representative Boe			
Vice Chairman Keith Kempenich				Representative Pollert				Representative Glassheim			
Representative Bellew				Representative Sanford				Representative Guggisberg			
Representative Brandenburg				Representative Schmidt				Representative Hogan			
Representative Boehning				Representative Silbernagel				Representative Holman			
Representative Dosch				Representative Skarphol							
Representative Kreidt				Representative Streytle							
Representative Martinson				Representative Thoreson							
Representative Monson				Representative Vigasaa							

Totals

(Yes)	
No	
Absent	
Grand Total	

*Motion Carries
Voice Vote*

Floor Assignment: _____

If the vote is on an amendment, briefly indicate intent: _____

Date: 4/18/15Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE

ROLL CALL VOTES

BILL/RESOLUTION NO. 1216House Appropriations Committee☐ SubcommitteeAmendment LC# or Description: 15.0644.01003

Recommendation:

☐ Adopt Amendment☒ Do Pass ☐ Do Not Pass☐ Without Committee Recommendation☒ As Amended☐ Rerefer to Appropriations☐ Place on Consent Calendar

Other Actions:

☐ Reconsider☐ _____Motion Made By: KempenichSeconded By: Brandenburg

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓			Representative Nelson		✓		Representative Boe			A
Vice Chairman Keith Kempenich	✓			Representative Pollert	✓			Representative Glassheim	✓		
Representative Bellew	✓			Representative Sanford	✓			Representative Guggisberg	✓		
Representative Brandenburg	✓			Representative Schmidt	✓			Representative Hogan	✓		
Representative Boehning	✓			Representative Silbernagel	✓			Representative Holman	✓		
Representative Dosch	✓			Representative Skarphol	✓						
Representative Kreidt	✓			Representative Streyle	✓						
Representative Martinson	✓			Representative Thoreson	✓						
Representative Monson	✓			Representative Vigasaa	✓						
	9	0	0		8	1	0		4	0	1

Totals

(Yes)	21
No	1
Absent	1
Grand Total	23

Floor Assignment: Kempenich

If the vote is on an amendment, briefly indicate intent: _____

REPORT OF STANDING COMMITTEE

HB 1216: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). HB 1216 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study of school district enrollment determinations for purposes of the elementary and secondary education funding formula.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - SCHOOL DISTRICT ENROLLMENT DETERMINATIONS. During the 2015-16 interim, the legislative management shall consider studying school district enrollment determinations for purposes of the elementary and secondary education funding formula. The study must include an examination of the financial burdens placed on school districts having enrollment increases that are not immediately reflected in state aid payments and alternate or supplemental ways of addressing such increases within or outside of the state aid formula. The study also must include the desirability and feasibility of providing for gradual formula changes to accommodate disparities in enrollment determinations. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

2015 SENATE EDUCATION

HB 1216

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

HB 1216
3/9/2015
Job # 24456 (20:51)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

INITIAL HEARING

For a legislative management study of school enrollment determinations for the education funding formula

Minutes:

4 Attachments

Vice Chairman Rust called the committee to order at 9:05am with Chairman Flakoll excused for another hearing.

Ben Koppelman, District 16 Representative (see attachment #1)

Representative B. Koppelman: The handout I gave you was the testimony from the House Education committee when this bill was introduced. The reason why I gave you that information is because what is in front of you right now is the study of what that bill was, and it gives you some background as to why I and many others found this bill to be important to education funding. The concept essentially is on-time funding. It would give school districts the ability to have the higher of this year's enrollment numbers through ADM or the previous years which is beneficial to school districts that are shrinking. It was an inexpensive appropriation.

(see attachment #1a) There was an amendment in House Appropriations that would have phased it in over 4 years then changed it to a \$26M price tag. Against that \$26M would have been the 14.5-15M that was in the rapid enrollment dollars in the Department of Public Instruction budget. Those would have moved over and it would have been a net \$11M increase. If you do pass this study, I think it is a very worthwhile study. In the interim, we heard from our consultant from Picus Odden that when asked whether or not it was important to fund the current students at the current enrollment, he said that it was key. Whether or not we wanted to fund on the previous years as an option to help shrinking school districts was up to us, but he thought it was important that we at the very least fund the current year's enrollment for all of the districts that are growing. That never made the bill for whatever reason, so this original bill would have reinstated that. I believe that what we really need to do is fix the problem rather than simply studying it.

Vice Chairman Rust: You said there was an amendment to phase it in over a period of 4 years?

Representative B. Koppelman: Correct. My school district business manager did some planning on how the phasing would work. (see *attachment #2*)

Vice Chairman Rust: Was that amendment proposed in committee and what was the result of that?

Representative B. Koppelman: The amendment was given to the Appropriations committee. We passed this bill out in its original form 11-2 in the House Education committee to fund it at \$68M to get to on-time funding. There was a lot of support for it there, but recognizing the revenue picture not being as great as some would hope, making the phase in was the middle ground. Some of the Appropriation committee members chose not to take up that amendment and I think there will be some discussions on the budgets in the K12 funding bill about making amendments to put some of that back in. However this is the only stand-alone vehicle to do it and the House Appropriation's chairman was reluctant to consider the amendment being that we did not have the K12 funding formula and the Department of Public Instruction's on our side the first half.

Vice Chairman Rust: so the amendment never got to a vote?

Representative B. Koppelman: No. I believe it may have been discussed in the Education section, but never actually proposed.

(5:40) **Senator Davison:** Do you think it's more of a challenge for schools that are growing by 5% or schools that are declining by 5%?

Representative B. Koppelman: I think percentages are a poor way to measure. For example if you have a school district of 10,000 students, 5% represents probably nearly double what 80% of the school districts have in total number of size, and they still have to go somewhere. Often times they are not located in a district that size like Fargo, West Fargo or Bismarck, an area where you can easily place the kids. They are miles away from the school that might have room for them if they even have a building that has room. I don't think percentages tell the whole story and that is why I have been critical about the rapid enrollment because it always talks about "if you go at least 2% and you do this or you go to at least 7% and you do that" then that means the bigger districts have to grow by 2 or 3 school districts worth to do it.

If you want to make a comparison and say is in a 10,000 student district, is 500 students a bigger challenge to grow than 100 student district losing 5? I would say that the bigger district has more of a challenge because most likely 5 kinds in a 100 kid district, at least for placement with teachers and school buildings, they are probably not even all in one classroom- they're probably in multiple grades. When it comes to that process repeating, I would say both the extreme scenarios are going to be problematic. We used to have this proposed system. When the smaller school districts were suffering and shrinking, it was an olive branch that was given to them to allow them to hold on to their extra funding for one more year to give them a chance to downsize or in perhaps consolidate

Vice Chairman Rust: I think that went away in 2007 when we started with the equity formula. Prior to 2007 schools were either paid on their fall enrollment or their ADM from the previous spring, and there was an adjustment factor in there so that if you claimed for instance 300 kids as your fall enrollment and 295 at the end of the school year, then the next year those 5 students were subtracted from your payment.

Representative B. Koppelman: This bill works the same way. Some people say it gives you the better of fall enrollment or last year's ADM- that's not exactly true. The end result is you get the better of whichever year's ADM, but fall enrollment is used as an estimated payment until the end of the year comes in.

The other thing to keep in mind that is different now than what we had in 2007, was back then we had a higher property tax commitment to the students' funding and most districts at that time that were growing largely mostly came from metropolitan areas. They tended to be districts that had at least a moderate to good property tax base and more importantly a good growth from year to year. When it came to eating the cost of those kids they weren't paid for in the current year, and they were getting 7-10% increase taxable valuation in a year, they were using that growth to fund the kids that they didn't have any state money behind, the new kids. With the current funding formula and the push for equity and adequacy, they have essentially equalized all districts for their property tax and then pledged 100% of that baseline 60 mills towards last year's value of kids. If you had 10,000 kids last year, they would say you're 60 mills. They'd take your 9092 times 10,000 and plus the waiting and minus out the value of 60 mills. That means that 100% of your 60 mill property tax was already spent on last year's kids by numbers. When you come to the new 500 at the 5% growth that Senator Davison was suggesting, what you are left with is 0 local dollars left or possibly your 10 miscellaneous mills that could go toward funding the new kids. If you're fortunate and only need to fund 100% of your first 2% of your growth, in the case of 5%, you'd have that additional 3 that you could ask for the state rapid enrollment grant. The rapid enrollment grant is not waited, so even some of those new kids are ELL or special ed., you don't get waitings on the new kids. Secondly the payment is less than half of the 9092, and that is if you qualify for the highest level of growth. The proposed rapid enrollment change in the Department of Public Instruction bill is a bit better than it was last time; however there is still no way to justify why we make them have their "own skin in the game" for that first 2% because their skin is already in the game with what we've limited it to them at the 60 mills for general fund levy. They have no or little skin left to put into the additional 500.

(12:20) **Senator Davison:** Wasn't your business manager the key author of the look-back dollars where you went back to the previous year and now you're asking to go the other direction?

Representative B. Koppelman: At the time he was willing to give it a try because they had this new formula that was supposed to work for everybody, and one of the ways they balanced the books back then, was to essentially take away from the larger districts so the shrinking ones could have that money. He gave it a shot and there was always a promise that if it didn't work out, we would figure it out. This is my second session introducing this bill and there have been others before me. Today we are operating on the funding formula where all of the skin is already pledged to last year's students. Prior to this year, we did not have that type of system.

Senator Davison: Do you know how many students are enrolled in West Fargo that live in the city of Fargo?

Representative B. Koppelman: I'm not sure. I would suspect that if you look at the newer kid population, the parts of the district that are in Fargo are primarily from 42nd avenue west. I think the line jumps over to Veteran's Boulevard when you go south of 52nd. There is a little sliver that is still West Fargo Schools, but as you go south, it continuously decreases.

(14:45) **Senator Oban:** Does West Fargo have open enrollment?

Representative B. Koppelman: Yes, we have for probably a decade now. What most districts within the state are finding is that open enrollment does not necessarily mean more kids. In many cases, we lose more kids than we gain in open enrollment. Because of our class size and overcrowding issues and the opportunities that we are able to provide versus a smaller school that might surround us like Casselton or Kindred, we have a net loss in kids by having an open enrollment. More of our kids that are physically in our district go somewhere else, and we collect in from outside. That is why we've chosen not to close enrollment. It actually helps us.

Senator Oban: That makes it more difficult to predict how many kids may be coming in for the next school year.

Representative B. Koppelman: West Fargo has been the best in predicting future enrollment of any district in the state that is growing. In fact after Williston had their hiccup where they projected 1,200 kids and got 200, they looked to West Fargo for guidance. West Fargo has traditionally been if anything a little conservative on their numbers. The school district had a study done and that projects our growth to continue this growth pace for at least the next 10 years based on developable land and birth rates. Fargo is also growing and supports this bill because they don't have room in the schools nearby to put their students either. Unless you go way out to rural districts, there is no relief in sight for those urban districts. I believe Bismarck is either currently or will be in West Fargo's situation soon. We can only go through so many \$80M bonds, and at some point you need some additional dollars to take care of the everyday educating of those kids.

(18:35) **Senator Davison:** You just explained the whole study, what would be the purpose of studying further? We know from Jerry Coleman what the numbers will be roughly, so what really are we studying?

Representative B. Koppelman: I believe that the idea of this was to keep this bill alive to the second half of the session so we can see where our moneys were more than anything.

Senator Davison: We've been studying the formula for years now.

Representative B. Koppelman: If we're not going to listen to the Picus Odden recommendation that we need to fund current enrollments, I don't think we learn anything from an in-state study. I would understand if the study dies, but I would certainly hope you would give it a second look beyond what is printed in the current bill.

Vice Chairman Rust closed the hearing on HB 1216.

Testimony in support received after hearing from **Mark Lemer**, Business Manager of West Fargo Schools (*see attachment #3-4*)

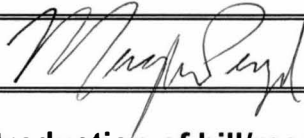
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

HB 1216 (Engrossed)
3/11/2015
Job # 24666 (3:20)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION

Minutes:

No Attachments

Chairman Flakoll called the committee to order at 10:15am with all committee members present.

Senator Davison motion for DO NOT PASS on HB 1216.
Senator Schaible seconds the motion.

Senator Davison: Representative Ben Koppleman's intentions all along was to either get something in the funding formula, to change the formula to be the current year as opposed to the previous or to get more funding for rapid enrollment schools. He was not committed to this study, so that is why I will be voting a do not pass.

Senator Schaible: I understand what he is trying to do, but I don't think a study is necessary. I don't see a value.

A vote was taken: 6 yays, 0 nays, 0 absent
The motion carries 6-0.

Senator Davison will carry the bill.

**2015 SENATE EDUCATION COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1216**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Davison Seconded By Senator Schaible

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais	X	
Vice Chairman Rust	X		Senator Oban	X	
Senator Davison	X				
Senator Schaible	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Davison

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1216, as engrossed: Education Committee (Sen. Flakoll, Chairman) recommends
DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1216 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1216

1 11/19/15
HB 1216

2.19.2014

Testimony on HB 1216

Mr. Chairman and members of the House Education Committee, I am Rep. Ben Koppelman from District 16 in West Fargo, ND, and am here to testify in favor of HB1216.

The Purpose of HB1216 is to provide equitable funding to all school districts regardless if they are growing or declining in population. This change would ensure that districts are paid on the basis of the number of kids currently learning in their schools while also recognizing the weights that our funding formula assigns based on the additional costs of educating children with special needs and accounting for district size. In addition, there is a built in safety net for districts with declining population, so that they have an opportunity to realign to a smaller student population.

Currently, there is no financial support behind new students in the first year of their enrollment unless the district qualifies for a rapid enrollment grant. If they qualify, there is still no money behind the first 2% of the districts growth, and additional growth is funded at a fraction (25-40%) of what is funded for other students previously enrolled in the district. This is an equity issue.

This bill is not a rapid enrollment bill, but rather an enrollment reform bill. It recognizes the truth that there is a cost of educating every student, and that that cost is funded through a partnership between the state and the local school district

HB 1216 would provide an estimated payment to districts based on their fall enrollment, and then reconcile that payment against their year-end average daily membership (ADM) report, which is done in June. The funding would still be based on ADM, which establishes full time equivalents, but would pay districts based on the current years ADM if it exceeds the previous years ADM. If there is a difference in the amount paid based on the fall enrollment and the year-end ADM, then the adjustment will be made along with the next fall's payment.

With the changes to the funding formula last session, which had a goal of *equity and adequacy*, the state has continued to fund a larger and larger portion of the cost to educate children, and as a result, the local share of education funding has declined. Under the current funding formula, most of local property tax is "tied up" and not free to fund new district growth. This has put an additional strain on growing districts whether they grow just a

1

few students or grow rapidly.

In the publication from last session, Highlights of the 2013 K-12 Education Legislation for Permanent Equity, Adequacy, and Property Tax Reform, which outlined the Governor's education proposal, it states "The main principle-is that **every** student in elementary and secondary education in North Dakota should have an established base of financial support behind them necessary to provide a good, solid education"

I could not agree more. In order to provide an adequate education for all children, we must provide funding for all currently enrolled children. We cannot expect those new children to be educated at no cost.

Mr. Chairman and members of the committee, I urge a do-pass recommendation of HB1216. This concludes my testimony and would be happy to answer any questions.

#2 1/19/15
HB 1216

HB 1216 Testimony:

Chairman Nathe and Members of the House Education Committee.

It's good to see you again and to be back in this room.

For the record I'm David Rust, Senator from District 2 which encompasses all of Burke and Divide counties, Williams County with the exception of most of Williston, and Mountrail County, including the city of Stanley.

I'm here in support of HB 1216. This bill would reinstate the manner in which state foundation aid was distributed during most of my years as a school superintendent by giving schools the greater of their fall enrollment or the previous year's ADM.

Many schools in our state are growing in student numbers. Those students are "here" and must be served "now." It is not uncommon in our area of the state to split classrooms into additional sections once the school year has started or at semester time, adding a significant increase in expenditures for personnel and benefits. The choice of a using the fall enrollment would be a great option for them.

On the other side of that, ND does have a number of schools experiencing declining enrollments. Their choice

would be using last year's ADM so they can meet expenditures already encumbered.

The bill provides for adjustments if fall enrollments are either above or below actual numbers of students. So, there are safeguards in it for the state.

It appears to be a "win-win" for all schools.

I urge you to give a "Do Pass" to SB 1216 and would be willing to try to answer any questions you may have.

Thank you.

#3
HB1216
11/19/15

HB 1216 – Supplemental Payments – Increasing Enrollment Districts.

Members of the committee, for the record, my name is Dr. Aimee Copas. I serve as the Executive Director for the North Dakota Council of Educational Leaders.

The NDCEL stands in support of HB 1216. Our state has strived over many years and many legislative sessions to get closer to equality for all districts and for all students. In fact our ND Constitution has within it a mandate to secure education for all our students. There is emphasis that "The Legislative assembly shall provide for a uniform system of free public schools throughout the state."

It seems logical to agree that when we discuss dollars that would be allocated to a school that it should be the same dollar amount for all students enrolled - per our constitution. The reality is, that is not the case. That being said, I must go on the record in a thankful manner to the legislative body for appropriating the dollars last session for rapid enrollment. It let a little bit of the steam out of the pot. However, there is still quite a bit of steam.

The other sheets provided with your testimony outline some information regarding how the Rapid Enrollment grant payouts went after last session.

If you take a look at the white sheet of paper – you'll see a list of school districts ranked by enrollment growth. On this sheet you'll notice a line showing the top 10. Only the highlighted schools in the top 10 qualified received any sort of the Rapid Enrollment grant dollars for those students. As you can see, many of our top growing districts received no grant assistance.

If you then refer to the pink sheet, you'll see what the state aid payment was for the districts that received rapid enrollment grants last session per the grant parameters. You'll additionally see how much they received in the grant (which was about only ½ of the regular aid payment). And in the Additional Funding Line, you'll see how much more money each district would have received if they had received funding for each pupil served. Take a look at Bismarck and Fargo as examples – both districts received NO Rapid Enrollment dollars. So local schools and tax payers took on 100% of those students. Between those two districts, there were 457 students that received absolutely no state aid. Luckily our **current** law regarding End Fund Balance along with sound fiscal management by our school leaders enabled these schools survive.

As school leaders, we believe all students should be treated the same, hence schools should be allowed a full per pupil payment for each student to allow the uniform school system our constitution calls for.

HB 1216 protects the state from the feared "Phantom Student" as well. There is a provision for equalization. If the number reported in the fall actually drops by spring, the foundation aid the next year is equalized for the district. So in essence, the state did what it was supposed to do. It provided uniform and fair payment for students enrolled in North Dakota Public Schools. The schools must be sound fiscals stewards of their dollars as it will all be equalized in the spring count.

We recommend a DO PASS of HB 1216. Thank you for your time.

≠ Zero \$ for enrollment growth

Sorted by Student Count

Public School District Fall Enrollment 2014-15

By School District

																	Comparing 2013-14 to 2014-15		
																	%		
CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12	2014-15 K-12 Total	2013-14 K-12 Total	Decreased	Increased	Change
09-006	West Fargo 6	889	837	801	772	709	691	625	653	630	609	620	570	564	8,970	8,461		509	6.02%
08-001	Bismarck 1	989	1,037	991	1,019	927	918	894	864	885	859	847	911	848	11,989	11,670		319	2.73%
51-001	Minot 1	749	700	669	596	611	612	524	535	523	566	560	487	591	7,723	7,417		306	4.13%
27-001	McKenzie Co 1	135	133	128	108	106	101	106	92	93	99	69	82	73	1,325	1,021		304	29.77%
45-001	Dickinson 1	332	295	287	289	266	280	249	240	259	231	245	221	207	3,401	3,146		255	8.11%
53-001	Williston 1	259	327	283	263	239	244	229	262	244	266	279	241	235	3,371	3,183		188	5.91%
09-001	Fargo 1	910	914	930	887	826	852	832	811	808	833	799	884	859	11,145	10,995		150	1.36%
31-001	New Town 1	84	73	51	65	72	66	69	63	59	90	37	34	35	798	694		104	14.99%
18-001	Grand Forks 1	642	601	625	626	519	490	522	492	487	549	573	529	551	7,206	7,121		85	1.19%
31-002	Stanley 2	61	61	58	57	52	56	46	54	56	45	44	42	43	675	616		59	9.58%
47-001	Jamestown 1	164	158	173	171	155	169	161	185	153	165	178	166	158	2,156	2,100		56	2.67%
51-004	Nedrose 4	46	44	34	41	34	41	34	32	36	-	-	-	-	342	289		53	18.34%
51-070	South Prairie 70	27	29	39	28	26	25	20	27	26	-	-	-	-	247	206		41	19.90%
45-009	South Heart 9	28	29	22	18	12	23	20	19	19	23	19	28	15	275	235		40	17.02%
05-001	Bottineau 1	65	59	55	53	46	53	49	47	38	60	39	49	41	654	620		34	5.48%
21-009	New England 9	16	17	15	19	11	20	16	17	14	18	18	16	17	214	180		34	18.89%
31-003	Parshall 3	32	30	26	29	23	24	21	22	24	20	26	20	17	314	281		33	11.74%
18-044	Larimore 44	44	25	24	26	29	26	25	33	20	31	50	37	39	409	377		32	8.49%
51-041	Surrey 41	40	34	43	27	37	31	29	21	18	33	26	35	41	415	383		32	8.36%
30-001	Mandan 1	305	287	271	281	255	227	309	253	246	260	308	243	233	3,478	3,447		31	0.90%
53-008	New 8	41	44	58	41	41	33	37	36	17	-	-	-	-	348	318		30	9.43%
35-005	Rugby 5	59	35	47	38	42	44	30	45	38	50	41	39	56	564	535		29	5.42%
28-085	White Shield 85	14	9	6	8	6	12	5	13	21	22	6	13	10	145	117		28	23.93%
49-009	Hillsboro 9	44	35	41	35	37	26	36	38	36	34	33	26	39	460	432		28	6.48%
53-002	Nesson 2	23	34	18	35	24	19	23	17	20	20	18	22	21	294	266		28	10.53%
09-002	Kindred 2	68	52	52	70	49	47	53	53	53	44	55	36	58	690	664		26	3.92%
43-004	Ft Yates 4	-	-	-	-	-	-	77	52	64	-	-	-	-	193	167		26	15.57%
27-002	Alexander 2	19	18	17	10	14	14	10	12	17	8	19	7	9	174	149		25	16.78%
53-006	Eight Mile 6	25	18	21	25	19	16	26	19	23	17	10	14	10	243	219		24	10.96%
38-026	Glenburn 26	28	20	25	19	18	24	25	24	19	28	28	17	15	290	267		23	8.61%
27-014	Yellowstone 14	9	13	15	13	11	9	12	10	7	-	-	-	-	99	80		19	23.75%
50-020	Minto 20	21	16	18	20	22	18	13	16	16	19	19	15	16	229	212		17	8.02%
53-015	Tioga 15	62	44	54	28	45	28	42	34	31	28	32	31	31	490	473		17	3.59%
07-027	Powers Lake 27	20	13	20	14	16	12	16	9	10	11	11	10	3	165	150		15	10.00%
51-028	Kenmare 28	29	31	35	14	24	26	22	20	25	19	26	21	23	315	300		15	5.00%
13-016	Killdeer 16	33	44	31	30	34	35	31	39	23	31	34	40	38	443	429		14	3.26%
45-013	Belfield 13	16	13	19	25	14	17	16	23	14	26	23	16	16	238	224		14	6.25%
03-016	Oberon 16	9	8	6	15	12	9	6	-	-	-	-	-	-	65	52		13	25.00%
18-129	Northwood 129	21	22	15	22	19	30	16	23	10	24	12	20	17	251	238		13	5.46%
40-001	Dunseith 1	36	29	33	26	32	26	29	28	33	43	40	36	25	416	403		13	3.23%
26-019	Wishek 19	21	22	15	18	13	14	18	15	13	14	18	18	16	215	203		12	5.91%
07-014	Bowbells 14	12	2	10	1	6	5	6	6	1	5	4	6	7	71	60		11	18.33%
18-125	Manvel 125	19	18	15	15	12	17	18	9	12	-	-	-	-	135	124		11	8.87%
28-072	Turtle Lake-Mercer 72	11	14	17	9	10	18	13	11	15	13	13	14	15	173	162		11	6.79%
08-033	Menoken 33	1	3	5	7	5	7	5	4	4	-	-	-	-	41	31		10	32.26%
34-019	Drayton 19	15	11	15	12	14	12	12	6	16	14	7	9	9	152	142		10	7.04%
50-008	Park River Area 8	37	44	30	24	32	22	31	31	40	41	36	34	32	434	424		10	2.36%

CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
09-006	West Fargo	8,970	8,536.68	433.32	\$9,092	\$3,939,745	\$1,032,085	\$2,907,660
27-001	McKenzie Co	1,325	1,048.27	276.73	\$9,092	\$2,516,029	\$997,534	\$1,518,495
53-001	Williston	3,371	3,068.90	302.10	\$9,092	\$2,746,693	\$933,559	\$1,813,134
45-001	Dickinson	3,401	3,231.61	169.39	\$9,092	\$1,540,094	\$403,305	\$1,136,789
53-015	Tioga	490	426.69	63.31	\$9,092	\$575,615	\$213,004	\$362,611
51-004	Nedrose	342	289.91	52.09	\$9,092	\$473,602	\$180,904	\$292,698
31-002	Stanley	675	619.32	55.68	\$9,092	\$506,243	\$169,074	\$337,169
31-003	Parshall	314	273.00	41.00	\$9,092	\$372,772	\$138,411	\$234,361
51-070	South Prairie	247	213.11	33.89	\$9,092	\$308,128	\$115,527	\$192,601
49-009	Hillsboro	460	423.46	36.54	\$9,092	\$332,222	\$108,999	\$223,223
53-006	Eight Mile	243	212.31	30.69	\$9,092	\$279,033	\$103,501	\$175,532
51-041	Surrey	415	383.95	31.05	\$9,092	\$282,307	\$91,342	\$190,965
53-002	Nesson	294	266.19	27.81	\$9,092	\$252,849	\$87,204	\$165,645
27-002	Alexander	174	149.67	24.33	\$9,092	\$221,208	\$83,471	\$137,737
18-044	Larimore	409	383.00	26.00	\$9,092	\$236,392	\$71,698	\$164,694
45-009	South Heart	275	252.09	22.91	\$9,092	\$208,298	\$69,804	\$138,494
35-005	Rugby	564	536.26	27.74	\$9,092	\$252,212	\$66,925	\$185,287
21-009	New England	214	193.18	20.82	\$9,092	\$189,295	\$66,299	\$122,996
38-026	Glenburn	290	269.82	20.18	\$9,092	\$183,477	\$57,876	\$125,601
Subtotal						\$15,416,213	\$4,990,522	\$10,425,691

Other Districts with at least 25 additional students

08-001	Bismarck	11,989	11,755.43	233.57	\$9,092	\$2,123,618	\$0	\$2,123,618
09-001	Fargo	11,145	10,921.66	223.34	\$9,092	\$2,030,607	\$0	\$2,030,607
09-002	Kindred	690	664.61	25.39	\$9,092	\$230,846	\$0	\$230,846
18-001	Grand Forks	7,206	7,158.27	47.73	\$9,092	\$433,961	\$0	\$433,961
30-001	Mandan	3,478	3,444.38	33.62	\$9,092	\$305,673	\$0	\$305,673
47-001	Jamestown	2,156	2,114.81	41.19	\$9,092	\$374,499	\$0	\$374,499
51-001	Minot	7,723	7,589.71	133.29	\$9,092	\$1,211,873	\$0	\$1,211,873
53-008	New 8	348	308.04	39.96	\$9,092	\$363,316	\$0	\$363,316
Subtotal						\$7,074,394	\$0	\$7,074,394

CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
Other Districts with less than 25 additional students								
02-002	Valley City	1,090	1,085.99	4.01	\$9,092	\$36,459	\$0	\$36,459
02-007	Barnes County North	277	274.01	2.99	\$9,092	\$27,185	\$0	\$27,185
02-046	Litchville-Marion	108	106.69	1.31	\$9,092	\$11,911	\$0	\$11,911
03-005	Minnewaukan	279	277.33	1.67	\$9,092	\$15,184	\$0	\$15,184
03-016	Oberon	65	51.50	13.50	\$9,092	\$122,742	\$0	\$122,742
05-001	Bottineau	654	643.29	10.71	\$9,092	\$97,375	\$0	\$97,375
05-054	Newburg-United	70	64.13	5.87	\$9,092	\$53,370	\$0	\$53,370
06-001	Bowman County	470	469.84	0.16	\$9,092	\$1,455	\$0	\$1,455
07-014	Bowbells	71	58.28	12.72	\$9,092	\$115,650	\$0	\$115,650
07-027	Powers Lake	165	148.75	16.25	\$9,092	\$147,745	\$0	\$147,745
07-036	Burke Central	127	119.51	7.49	\$9,092	\$68,099	\$0	\$68,099
08-028	Wing	108	101.07	6.93	\$9,092	\$63,008	\$0	\$63,008
08-033	Menoken	41	29.51	11.49	\$9,092	\$104,467	\$0	\$104,467
08-039	Apple Creek	58	56.60	1.40	\$9,092	\$12,729	\$0	\$12,729
08-045	Manning	16	13.28	2.72	\$9,092	\$24,730	\$0	\$24,730
09-007	Mapleton	79	77.32	1.68	\$9,092	\$15,275	\$0	\$15,275
09-097	Northern Cass	574	573.48	0.52	\$9,092	\$4,728	\$0	\$4,728
10-023	Langdon Area	354	349.83	4.17	\$9,092	\$37,914	\$0	\$37,914
11-040	Ellendale	326	317.19	8.81	\$9,092	\$80,101	\$0	\$80,101
13-016	Killdeer	443	440.38	2.62	\$9,092	\$23,821	\$0	\$23,821
15-006	H-M-B	105	93.96	11.04	\$9,092	\$100,376	\$0	\$100,376
15-010	Bakker	11	7.76	3.24	\$9,092	\$29,458	\$0	\$29,458
17-003	Beach	289	283.30	5.70	\$9,092	\$51,824	\$0	\$51,824
17-006	Lone Tree	32	29.27	2.73	\$9,092	\$24,821	\$0	\$24,821
18-061	Thompson	461	451.36	9.64	\$9,092	\$87,647	\$0	\$87,647
18-125	Manvel	135	128.21	6.79	\$9,092	\$61,735	\$0	\$61,735
18-128	Midway	181	174.42	6.58	\$9,092	\$59,825	\$0	\$59,825
18-129	Northwood	251	240.95	10.05	\$9,092	\$91,375	\$0	\$91,375
19-049	Elgin-New Leipzig	128	122.67	5.33	\$9,092	\$48,460	\$0	\$48,460
20-007	Midkota	135	133.20	1.80	\$9,092	\$16,366	\$0	\$16,366
20-018	Griggs County Central	241	230.91	10.09	\$9,092	\$91,738	\$0	\$91,738
23-003	Edgeley	217	211.56	5.44	\$9,092	\$49,460	\$0	\$49,460
24-056	Gackle-Streeter	96	90.43	5.57	\$9,092	\$50,642	\$0	\$50,642
25-014	Anamoose	105	99.11	5.89	\$9,092	\$53,552	\$0	\$53,552

CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
26-019	Wishek	215	205.83	9.17	\$9,092	\$83,374	\$0	\$83,374
27-032	Horse Creek	4	3.93	0.07	\$9,092	\$636	\$0	\$636
28-001	Wilton	223	212.15	10.85	\$9,092	\$98,648	\$0	\$98,648
28-004	Washburn	288	281.44	6.56	\$9,092	\$59,644	\$0	\$59,644
28-050	Max	196	195.16	0.84	\$9,092	\$7,637	\$0	\$7,637
28-072	Turtle Lake-Mercer	173	159.14	13.86	\$9,092	\$126,015	\$0	\$126,015
30-004	Little Heart	17	12.01	4.99	\$9,092	\$45,369	\$0	\$45,369
30-017	Sweet Briar	14	11.59	2.41	\$9,092	\$21,912	\$0	\$21,912
30-039	Flasher	224	218.89	5.11	\$9,092	\$46,460	\$0	\$46,460
30-048	Glen Ullin	175	170.73	4.27	\$9,092	\$38,823	\$0	\$38,823
34-006	Cavalier	400	393.59	6.41	\$9,092	\$58,280	\$0	\$58,280
34-019	Drayton	152	144.28	7.72	\$9,092	\$70,190	\$0	\$70,190
34-043	St Thomas	66	61.71	4.29	\$9,092	\$39,005	\$0	\$39,005
35-001	Wolford	40	37.25	2.75	\$9,092	\$25,003	\$0	\$25,003
37-024	Enderlin Area	326	322.71	3.29	\$9,092	\$29,913	\$0	\$29,913
39-028	Lidgerwood	177	176.08	0.92	\$9,092	\$8,365	\$0	\$8,365
40-003	St John	391	379.90	11.10	\$9,092	\$100,921	\$0	\$100,921
40-029	Rolette	160	155.15	4.85	\$9,092	\$44,096	\$0	\$44,096
41-002	Milnor	220	211.05	8.95	\$9,092	\$81,373	\$0	\$81,373
41-003	North Sargent	228	226.70	1.30	\$9,092	\$11,820	\$0	\$11,820
42-016	Goodrich	24	17.31	6.69	\$9,092	\$60,825	\$0	\$60,825
45-013	Belfield	238	226.60	11.40	\$9,092	\$103,649	\$0	\$103,649
45-034	Richardton-Taylor	295	294.60	0.40	\$9,092	\$3,637	\$0	\$3,637
46-010	Hope	82	81.09	0.91	\$9,092	\$8,274	\$0	\$8,274
47-014	Montpelier	107	104.35	2.65	\$9,092	\$24,094	\$0	\$24,094
47-019	Kensal	46	37.52	8.48	\$9,092	\$77,100	\$0	\$77,100
50-003	Grafton	855	850.86	4.14	\$9,092	\$37,641	\$0	\$37,641
50-008	Park River Area	434	423.82	10.18	\$9,092	\$92,557	\$0	\$92,557
50-020	Minto	229	212.43	16.57	\$9,092	\$150,654	\$0	\$150,654
51-028	Kenmare	315	307.16	7.84	\$9,092	\$71,281	\$0	\$71,281
52-025	Fessenden-Bowdon	135	134.11	0.89	\$9,092	\$8,092	\$0	\$8,092
52-038	Harvey	408	407.28	0.72	\$9,092	\$6,546	\$0	\$6,546

Subtotal

\$3,523,059 \$0 \$3,523,059

GRAND TOTAL

\$26,013,667 \$4,990,522 \$21,023,145

Universal Support for Equity and Adequacy in Funding Student Growth

North Dakota School Boards Association (NDSBA):

STATE AID FOR GROWING SCHOOL DISTRICTS. NDSBA shall support legislation that modifies the Foundation Aid Program to allow the use of fall enrollment to provide adequate state support to districts with increasing enrollment.

North Dakota Council of Educational Leaders (NDCEL):

The NDCEL supports development of a funding formula that will pay for a greater share of the cost of PK-12 education by the state based on the funding recommendations of the 2014 Picus report (prorated for inflation) which will:

- (6) Provide per student funding based on the greater of fall enrollment or the preceding year's ADM; while ensuring the comparison numbers are counting the same pupil population.

North Dakota Association of School Administrators (NDASA):

The NDASA support the study, prioritization, and recommendation of the NDASA Legislative Focus Group regarding a change to the Foundation Aid Formula. The NDASA study includes (but is not limited to) the following scenarios:

- (1) Revert to old law prior to 2007.
- (2) The current year ADM with initial payments based on fall enrollments.
- (3) As a fallback position, the NDASA supports changes to the Rapid Enrollment Grants program that remove the 4% threshold for qualification, increases the per pupil payment to match the current Foundation Aid per Student Payment, and requires a comparison of ADM and Fall Enrollment for the same grade levels (i.e. K-12 for both PK-12 for both, rather than the current PK-12 ADM to K-12 Fall Enrollment).

North Dakota School Study Council (NDSSC):

NDSSC supports a fall-spring enrollment payment choice.

North Dakota Small Organized Schools (NDSOS):

The NDSOS supports the concept for basing the per pupil payment under the Foundation Aid Program to be distributed on the largest enrollment factor using either the current fall enrollment or the use of the previous year's ADM. The proposed change if approved would alleviate the need for the existing rapid enrollment guidelines. The current law outlining the payment for rapid enrollment is neither appropriate as far as the level of support regardless of the enrollment size of the district but also serves as a negative with respect to equity.

6

4
HB 1216
1/19/15

**Sixty-Fourth Legislative Assembly
Testimony Regarding HB No. 1216**

**Relating to supplemental payments for increased school enrollment.
Submitted by: Dr. David Flowers, Superintendent, West Fargo Public Schools
Presented to: House Education Committee, January 19, 2015**

1 Chairman Nathe, Members of the Committee, thank you for the opportunity to share with
2 you today. I represent the West Fargo Public Schools, which is the fastest growing school district in
3 North Dakota. Later today I will present to a subcommittee of our board an enrollment projection
4 report for our school district prepared by RSP and Associates, showing that West Fargo Public
5 Schools will grow over the next 10 years from its current enrollment of 9100 students in 2014-15 to
6 14,500 students in 2024-25. We will continue to grow at a rate of 500 to 600 students per year.
7 Though I represent the fastest growing district in the state, growth is a circumstance that now affects
8 many school districts, with the state having grown in student enrollment by 10,500 students since
9 2010.

10 Although West Fargo Public Schools has benefitted to a degree from the current law, which
11 provides limited funding for some growth, in some districts, we and many other districts are
12 struggling to keep up with the growth under the inequitable and inadequate funding provisions of
13 current law. We have had to open one or more new schools each year for the past three years.

14 I would label the current law as inequitable, because not all students and districts are treated
15 the same under the law, either within a district, or among districts. For example, West Fargo Public
16 Schools grew by 509 students, a 6% increase, from 2013-14 to 2014-15. This qualified the district
17 for additional funding since we hit the 4% threshold of the Rapid Enrollment Grants Program.
18 Current law provided \$3900 per additional student, beyond 2% growth. For the students under the
19 2% threshold, the district received no funding. For all other students who were in the district the
previous year the district received \$9092 per student. Districts that were in the top 10 in the state

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**Sixty-Fourth Legislative Assembly
Testimony Regarding HB No. 1216**

**Relating to supplemental payments for increased school enrollment.
Submitted by: Dr. David Flowers, Superintendent, West Fargo Public Schools
Presented to: House Education Committee, January 19, 2015**

1 for growth accounted for almost 87% of the state's increase in enrollment this year, yet among these
2 10 districts 5 of them did not hit the 4% growth threshold, and received no additional funding for
3 their new students: Bismarck, with 319 additional students; Minot with 306 additional students;
4 Fargo, with 150 additional students; New Town, with 104 additional students; and Grand Forks with
5 85 additional students. So we have the indefensible circumstance, whereby some students within
6 a qualifying district are not funded at all; some are funded at only \$3900 per student; and some are
7 funded at \$9092 per student. Among districts, some new students receive no funding, while others
8 do. For districts that are growing and struggling to add classroom space, teachers and infrastructure,
9 this makes funding inadequate. For districts that are receiving funding for only some new students,
10 and for districts receiving no funding for any new students, this creates both an adequacy and an
11 equity issue.

12 Until 2007 when the law changed, school districts were funded on a per-student basis, based
13 on the enrollment in their district in the previous spring or the fall, whichever was greater. When
14 virtually no districts were growing, it was a gift to change the law to fund districts based on the
15 previous year's enrollment. This gave shrinking enrollment districts an opportunity to adjust their
16 budget and staffing to the reduced enrollment. Now, when many districts in the state are growing,
17 some dramatically, it is time to return to the previous funding mechanism.

18 This is what HB 1216 would do. It will provide the same level of funding for all students,
19 regardless of whether they are part of some arbitrarily set percentage trigger or not. It will fund
districts based on the greater of the previous spring enrollment or the current fall enrollment.

**Sixty-Fourth Legislative Assembly
Testimony Regarding HB No. 1216**

**Relating to supplemental payments for increased school enrollment.
Submitted by: Dr. David Flowers, Superintendent, West Fargo Public Schools
Presented to: House Education Committee, January 19, 2015**

1 For those who would say, "But the state cannot predict nor budget for such an unknown
2 growth number," I would respond in this way. Why should the state not be able or expected to do
3 what a local district like ours is expected to do, and make such predictions and budget accordingly?
4 Just as our district has contracted with a demographer, so too should the state in order to
5 responsibly predict future needs and plan accordingly. Other states do this routinely, and fold
6 projected enrollment into their budget planning.

7 Please know that we understand that there is a significant fiscal cost to pay for what I would
8 call "on-time funding" for enrollment. Please know as well that we appreciate the step in the right
9 direction represented by the current enrollment grant model with its percentage trigger. This
10 trigger, however, will always create winners and losers and significant inequity because it creates a
11 "jackpot" student—the one who bumps the district over the percentage threshold. The larger a
12 district becomes, the larger that threshold number becomes. For West Fargo Public Schools, that
13 number is now 364 which is more students than the majority of school districts have in total in their
14 district—to receive no additional funding if we grow by only 363 is a travesty, yet that is the
15 circumstance that applied to a degree this year to the five districts I mentioned earlier.

16 I would urge your serious consideration and support of HB 1216.



STATE AID TO SCHOOLS PAYMENT WORKSHEET

North Dakota Department of Public Instruction
Office of School Finance and Organization

#5
HB 1216
1/19/15

District Name
West Fargo 6

County District Number
09-006

School Year
2014-15

A STATE SOURCES:

Student membership includes regular school year average daily membership (ADM). ADM for students attending school in Montana and Minnesota (NDCC 15.1-29.01), South Dakota students attending school in North Dakota (NDCC 15.1-29.02.1) under cross border attendance agreements, and students in private or out-of-state placements for purposes other than education (NDCC 15.1-29.14) are also included.

Student Membership	ADM	Weighting Factor	Weighted ADM	Fall Enrollment	Difference (ADM vs Enr)
1 Pk Special Education	94.30	1.000	94.30	104.00	9.70
2 Kindergarten	838.35	1.000	838.35	889.00	50.65
3 Grade 1-6	4,194.79	1.000	4,194.79	4,435.00	240.21
4 Grade 7-8	1,212.77	1.000	1,212.77	1,283.00	70.23
5 Grade 9-12	2,134.86	1.000	2,134.86	2,305.00	170.14
6 Alternative High School	61.61	1.000	61.61	58.00	(3.61)
7 Total Average Daily Membership (ADM)	8,536.68		8,536.68	9,074.00	537.32

New Line Added for HB 1216

Supplemental Enrollment Adjustment

537.32	1.000	537.32
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Other Program Membership

8 Alt High School (from line 6)	61.61	0.250	15.40
9 Special Ed ADM (from line 7)	8,536.68	0.082	700.01
10 PK Special Ed ADM (from line 1)	94.30	0.170	16.03
11 Data Collection (if PowerSchool from line 7)	8,536.68	0.003	25.61
12 Regional Education Association (if member from line 7)	8,536.68	0.002	17.07
13 ELL Level 1	52.43	0.300	15.73
14 ELL Level 2	76.80	0.200	15.36
15 ELL Level 3	180.74	0.070	12.65
16 At Risk	2,561.00	0.025	64.03
17 Home-Education (district supervised)	1.00	0.200	0.20
18 Cross Border Attendance (MN, MT)	-	0.200	-
19 Alt Middle School	8.81	0.150	1.32
Summer Programs			
20 Summer School	171.11	0.600	102.67
21 Migrant Summer	-	1.000	-
22 Special Ed ESY	15.63	1.000	15.63
Isolated School District			
23 >275 sq miles and <100 ADM	-	0.100	-
24 >600 sq miles and <50 ADM	-	1.100	-

25 Total Weighted Average Daily Membership (add lines 7 through 24)	10,075.71
26 School District Size Adjustment Factor	1.0000
27 Total Weighted Student Units	10,075.71
28 Per Student Payment Rate	\$9,092.00
29 Total Formula Amount	91,608,355.32

Formula Adjustments

30 Transition Maximum Adjustment (from line 68)	102,880,576.03	-
31 Transition Minimum Adjustment (from line 73)	89,163,165.90	-
32 Total Adjusted Formula Amount (total lines 29, 30 and 31)		91,608,355.32
33 Contribution from Property Tax (from line 48)		12,249,754.14
34 Contribution from Other Local Revenue (from line 41)		794,324.44
35 State Aid Payment (line 32 minus lines 33 and 34)		78,564,276.74

Current State Aid Payment under current law

73,678,963.30

Impact of HB 1216 if it had been effective for the 2014-2015 school year

4,885,313.44

#6
HB1216
1/19/15

January 19, 2015

TO: The Honorable Representative Mike Nathe and House Education
Committee Members

FROM: Dr. Mark Vollmer, Superintendent, Minot Public Schools

RE: Support HB1216

Representative Nathe, and members of the House Education Committee, I thank you for the opportunity to visit with you today about HB1216 and to share the history of student growth in the Minot School District.

Since 2007, the Minot School District has seen a tremendous growth in student enrollment. This growth has been due, in part to oil exploration and production in the Bakken region. A breakdown of growth in the Minot District is listed below:

					FLOOD YEAR			
	<u>2007- 2008</u>	<u>2008- 2009</u>	<u>2009- 2010</u>	<u>2010- 2011</u>	<u>2011- 2012</u>	<u>2012- 2013</u>	<u>2013- 2014</u>	<u>2014- 2015</u>
K-12 Fall Enrollment	6,243	6,451	6,623	7,037	6,870	7,190	7,417	7,723
+/- over prior year		208	172	414	-167	320	227	306
% increase		3.33%	2.67%	6.25%	-2.37%	4.66%	3.16%	4.13%

In short, the Minot Public School District has noted substantial and consistent growth since 2007, with the exception of the 2011-2012 school year (the year following the devastating Souris River Flood of 2011) when the district began the school year with 167 less students than the prior year.

This growth has far surpassed the capacities of the school district. To date, the district has 24 portable classrooms in use throughout the district. Nearly all elementary, middle and high school buildings are at or over capacity. On April 8,

2014, the patrons of the Minot School District passed a 39.5 million dollar referendum to provide a new elementary school building, as well as additions to two existing elementary buildings.

As you are well aware, the North Dakota State Legislature has supported school districts who experience Rapid Enrollment growth with grants to subsidize the per pupil payment that is based on the previous school years average daily membership. Under current Rapid Enrollment procedures, school districts qualify for Rapid Enrollment growth grants when a district has seen a growth of at least 4% in student enrollment. If a school district reaches a growth of 4 – 7%, it will receive $\frac{1}{2}$ of the per pupil payment per student. This determination is made by comparing the spring enrollment number of the previous year with the fall enrollment number of the new school year.

Based on DPI website

Minot k-12 Fall enrollment in 2007-2008	6,243
Minot k-12 fall enrollment in 2014-2015	7,723
Increase in # of student enrollment *(neither year includes PK #'s)	1,480*
Increase in 9 years (with major flood in the middle)	23%

Despite this substantial and consistent growth, Minot has never qualified for Rapid Enrollment Grants because the NDDPI compares two unrelated totals Spring ADM including PK and the Job Corp students we educate and Fall enrollment which does not include either PK or Job Corp student enrollment.

So in essence, for each year for the past 9 years (excluding the year after the flood) the Minot Public School District has grown significantly, but has not been paid one dollar in state aid in the year in which we've educated these new students.

As I enter classrooms in our school district, I cannot tell which students are "new" and generate no foundation payment from those who do. Each child needs a desk, needs books and supplies, needs a locker, and under state law is entitled to a free and appropriate public education. In general, the current Rapid Enrollment Grant Program has created winners and losers - a system in which some students generate a full payment, some generate one-half of a payment, while some generate no payment at all.

For years, we have been told that the Minot School District should be able to absorb the growth in our student population. The addition of 1,480 students has created the need for more space and more financial support. Under the current formula,

local tax payers are responsible for the education of these new students in their first year, without any financial support from the state.

HB 1216 levels the playing field for all North Dakota schools. This bill eliminates the Rapid Enrollment Grant program, and provides equal funding for all school districts that experience a growth in student population. I ask you to give serious consideration to the merits of HB1216 and to support this bill to equalize education funding for all school districts that experience an increase in student enrollment. Thank you. I stand for any questions you may have.

#7
HB 1216
1/19/15

Testimony on HB 1216

Presented to the House Education Committee

By Broc Lietz, Business Manager, Fargo Public Schools

Chairman Nathe and members of the House Education Committee, my name is Broc Lietz. I am the Business Manager for the Fargo Public School District and my testimony is in support of HB 1216.

In simplest terms, HB 1216 is referred to by many as a “real time payment” bill. This bill would ensure that school districts receive foundation aid payment for every student enrolled, during the year in which they are enrolled. At the same time, the bill assures that no district would receive less than the amount it was entitled to based on its average daily membership as determined on its reporting the previous June. HB 1216 pays for every student in growing districts while also maintaining payment for 1 year to districts that may see enrollment decline in the fall, after its June reporting.

I ask you, isn't that fair? Who is harmed by paying for students when they actually enroll in a district?

By way of specific example, the difference in the two student numbers for Fargo Public School between June reporting and September was 185 students. At the current rate of \$9092 per student, the total dollars not received this fiscal year is nearly \$1.7 million. As a growing school districts, Fargo Public Schools incurs 100% of the cost of educating these students, however, we currently receive zero dollars through the formula for these students until the following year.

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These are not phantom students. These are real students, sitting in real chairs, being educated by real teachers. We are simply asking that we receive funding for these students in the year they are enrolled in our district.

We strongly encourage a **DO PASS** on HB 1216.

8
HB 1216
1/19/15

HB 1216
Testimony
House Education Committee
January 19th, 2015

Good morning Chairman Nathe and members of the House Education Committee. For the record, my name is Steve Holen and I am the superintendent of schools for the McKenzie County Public School District #1. My testimony today is in strong support of HB 1216 and the use of fall enrollment as an option regarding state foundation aid payments to school districts.

The McKenzie County Public School District #1 has increased its student population by 780 students in grades K-12 since May 21st, 2010. The following represents the student populations of the school district since 2010.

May 21 st , 2010:	538 students
September 10 th , 2010:	581 students
May 26 th , 2011:	640 students
September 10 th , 2011:	698 students
May 24 th , 2012:	742 students
September 10 th , 2012:	865 students
May 23 rd , 2013:	858 students
September 10 th , 2013:	1,034 students
May 23 rd , 2014:	1,080 students
September 10 th , 2014:	1,301 students
January 19 th , 2015:	1,318 students

The McKenzie County Public School District #1 has experienced 145% growth in grades K-12 from the spring of 2010 to the current student population. Grade 1 in the spring of 2010 had 41 students (2 sections). Grade 1 in January, 2015 has 142 students (6 sections). The school district had approximately 45 FTEs professional staff for 2010-2011. For 2014-2015 the school district has 86 FTEs. The school district accommodated this growth with the same two buildings it had in 2010-2011; with a elementary addition project in 2012-2013.

The school district received rapid enrollment grants for the following years:

2011-2012 = \$445,740	**Funded with Oil Impact Funds
2012-2013 = \$288,139	(Should have received \$640,780) **
2013-2014 = \$539,729	
2014-2015 = \$997,534	
Total	= \$2,271,142

The school district had the following number of students that were not provided a full state foundation aid payment based on September 10th actual enrollments:

2011-2012 = 86.65	(2010-2011 ADM = 611.35)
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2012-2013 = 173.07	(2011-2012 ADM = 691.93)
2013-2014 = 168.05	(2012-2013 ADM = 864.95)
2014-2015 = 252.73	(2013-2014 ADM = 1,048.27)
Total = 680.50	(Based on approx.. \$9,000/student = \$6,124,500)

The ability to use the fall enrollment or spring ADM for the determination of state foundation aid payments was present for several years prior to 2007 and provided the necessary equity to not “penalize” a district that is growing or declining in terms of state foundation aid. The formula allowed for a reduction of state aid if the spring ADM was less than the fall enrollment to ensure some level of accountability if the school district experienced declining enrollment after the September 10th fall enrollment count day. It provided funding for growing schools to fund actual students in desks to start the school year and allowed for a delay in lost payment to declining enrollment school districts as well.

Following the 2007 legislative session; the state began the process of developing a foundation aid formula that fit the definitions of equity and adequacy. Those efforts have helped ensure greater levels of equity and adequacy across the state and has improved the level of disparity among school districts and state/local support for general district operations. However, the most inequitable portion of the current formula remains in the fact not all students are supported by the full foundation aide payment. School districts are forced to make staffing decisions, as well as curriculum and supplies – not to mention facility decisions with potential portable classrooms – based on the fall enrollment numbers each year. Without the full state foundation aide payment for those students, the school district is forced to leverage local funds or carryover funds to support the staffing and materials costs associated with the students occupying seats to start each school year. The general fund carryover percentage for the MCPSD #1 has gone from over 35% in 2010 to 20% following the 2013-2014 school year.

While the cost of educating students in a growing environment, which many portions of ND are currently experiencing, is significant; the philosophical aspects of educating all students at the same level are difficult to argue. The Odden and Picus report has brought many improvements in K-12 funding of public education; however, I believe Dr. Odden and Dr. Picus would agree the funding of some students below the determined adequacy levels creates inequity across the state and can inhibit the local school district’s ability to adequately address the needs of all students that arrive at the school door to start each school year.

I ask for your consideration of HB 1216 and bringing back this portion of the foundation aid program that was present for so many years and served the school districts and state well for that period of time and is essential in this environment of sustained growth for many school districts.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 10, after "15.1-27" insert ", a"

Page 2, after line 9, insert:

- "6. a. During the 2015-16 school year, the superintendent of public instruction may forward no more than twenty-five percent of the amount to which a school district is entitled under this section.
- b. During the 2016-17 school year, the superintendent of public instruction may forward no more than fifty percent of the amount to which a school district is entitled under this section.
- c. During the 2017-18 school year, the superintendent of public instruction may forward no more than seventy-five percent of the amount to which a school district is entitled under this section.
- d. During the 2018-19 school year and thereafter, the superintendent of public instruction shall forward one hundred percent of the amount to which a school district is entitled under this section."

Renumber accordingly

1
3/9/2015

2.19.2014

Testimony on HB 1216

Mr. Chairman and members of the House Education Committee, I am Rep. Ben Koppelman from District 16 in West Fargo, ND, and am here to testify in favor of HB1216.

The Purpose of HB1216 is to provide equitable funding to all school districts regardless if they are growing or declining in population. This change would ensure that districts are paid on the basis of the number of kids currently learning in their schools while also recognizing the weights that our funding formula assigns based on the additional costs of educating children with special needs and accounting for district size. In addition, there is a built in safety net for districts with declining population so that they have an opportunity to realign to a smaller student population.

Currently, there is no financial support behind new students in the first year of their enrollment unless the district qualifies for a rapid enrollment grant. If they qualify, there is still no money behind the first 2% of the districts growth, and additional growth is funded at a fraction (25-40%) of what is funded for other students previously enrolled in the district. This is an equity issue.

This bill is not a rapid enrollment bill, but rather an enrollment reform bill. It recognizes the truth that there is a cost of educating every student, and that that cost is funded through a partnership between the state and the local school district. HB 1216 would provide an estimated payment to districts based on their fall enrollment, and then reconcile that payment against their year-end average daily

membership (ADM) report, which is done in June. The funding would still be based on ADM, which establishes full time equivalents, but would pay districts based on the current years ADM if it exceeds the previous years ADM. If there is a difference in the amount paid based on the fall enrollment and the year-end ADM, then the adjustment will be made along with the next fall's payment.

With the changes to the funding formula last session, which had a goal of **equity and adequacy**, the state has continued to fund a larger and larger portion of the cost to educate children, and as a result, the local share of education funding has declined. Under the current funding formula, most of local property tax is "tied up" and not free to fund new district growth. This has put an additional strain on growing districts whether they grow just a few students or grow rapidly.

In the publication from last session, Highlights of the 2013 K-12 Education Legislation for Permanent Equity, Adequacy, and Property Tax Reform, which outlined the Governor's education proposal, it states

*"The main principle-is that **every** student in elementary and secondary education in North Dakota should have an established base of financial support behind them necessary to provide a good, solid education"*

I could not agree more. In order to provide an adequate education for all children, we must provide funding for all currently enrolled children. We cannot expect those new children to be educated at no cost.

Mr. Chairman and members of the committee, I urge a do-pass recommendation of HB1216. This concludes my testimony and would be happy to answer any questions.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1216

Page 1, line 10, after "15.1-27" insert ", a"

Page 2, after line 9, insert:

- "6. a. During the 2015-16 school year, the superintendent of public instruction may forward no more than twenty-five percent of the amount to which a school district is entitled under this section.
- b. During the 2016-17 school year, the superintendent of public instruction may forward no more than fifty percent of the amount to which a school district is entitled under this section.
- c. During the 2017-18 school year, the superintendent of public instruction may forward no more than seventy-five percent of the amount to which a school district is entitled under this section.
- d. During the 2018-19 school year and thereafter, the superintendent of public instruction shall forward one hundred percent of the amount to which a school district is entitled under this section."

Renumber accordingly

#2
3/9/2015
Rep. B. Koppelman

Example of Impacts of HB 1216 - As Introduced and with Proposed Amendments
February 16, 2015

Funding for a hypothetical school district comparing the current system and the system as proposed in HB 1216

	2014-15	2015-16	2016-17	2017-18	2018-19
Fall Enrollment	175.00	200.00	225.00	250.00	275.00
Average Daily Membership	150.00	175.00	200.00	225.00	250.00

Payments based on Prior Year ADM (Current System)

School Size Factor	1.25	1.23	1.22	1.20
Weighted Student Units - ADM	218.75	246.00	274.50	300.00
Foundation Aid Per Student	9,422	9,766	9,966	10,166
Max Entitlement - Based on ADM	2,061,063	2,402,436	2,735,667	3,049,800
60 Mill local Contribution	600,000	660,000	726,000	798,600
Net Entitlement - Based on ADM	1,461,063	1,742,436	2,009,667	2,251,200

Payments based on Fall Enrollment (HB 1216 As Introduced)

School Size Factor	1.23	1.22	1.20	1.18
Weighted Student Units - Fall Enr	246.00	274.50	300.00	324.50
Foundation Aid Per Student	9,422	9,766	9,966	10,166
Max Entitlement - Based on ADM	2,317,812	2,680,767	2,989,800	3,298,867
60 Mill local Contribution	600,000	660,000	726,000	798,600
Net Entitlement - Based on ADM	1,717,812	2,020,767	2,263,800	2,500,267

Proposed Amendment to HB 1216 - 25%, 50%, 75% & 100%

School Size Factor	1.23	1.22	1.20	1.18
Weighted Student Units - ADM Plus % of Fall Enr	222.94	259.25	292.50	324.50
Foundation Aid Per Student	9,422	9,766	9,966	10,166
Max Entitlement - Based on ADM	2,100,517	2,531,836	2,915,055	3,298,867
60 Mill local Contribution	600,000	660,000	726,000	798,600
Net Entitlement - Based on ADM	1,500,517	1,871,836	2,189,055	2,500,267

#3
3/9/2015

Testimony on HB 1216
Presented to the Senate Education Committee
By Mark Lemer, Business Manager, West Fargo Schools
March 9, 2015

Chairman Flakoll and members of the Senate Education Committee, I am here to support HB 1216, not in its current form as a study resolution, but as the bill had been introduced by Representative Ben Koppelman at our request to create on-time funding for school districts with increasing enrollment.

Our school district has grown substantially over the recent past. Our enrollment has increased from under 6,200 students in the fall of 2007 to in excess of 9,000 students in the fall of 2014. As a result of our enrollment growth, we have been adding schools at a very rapid rate. From the fall of 2012 through the fall of 2015, we will have opened a new high school, a new middle school and three elementary schools.

We recently commissioned a demographic forecast of projected future enrollments over the next 10 years. That forecast predicts that we will grow by 5,500 students to a total enrollment of 14,500 students. That is an average increase of 550 students per year.

Our current method of funding pays all school districts on their average student count from the previous school year (called Average Daily Membership). This has been the standard since 2007. Prior to that, school districts were paid on the greater of the previous year's ADM or the current year's fall enrollment.

The change in 2007 came about through the work of the Governor's Commission on Education Improvement. That Commission was tasked with making substantial changes to the funding of K-12 education that would improve the equity and adequacy of the State Aid to school districts. I served on that Commission, as did Senator Flakoll.

As we worked through the proposed changes to the funding formula, it became apparent that the formula would become substantially more complicated. This was due to changes to address the inequities in the funding formula that needed to be accomplished with limited financial resources. At the time, we added Equity Payments for property poor school districts, high-valuation offsets for property wealthy school districts and imputed valuations for

districts with little or no tax base, to name a few of the changes. Each of these changes increased the complexity of the funding system.

At the Commission level, we worked to decrease these complexities and one of the solutions was to eliminate the 2 different student counts, and focus solely on the prior year's ADM. This was a concession that I was asked to support, even though it had a financial impact on my school district. However, as Commission members, we were asked to consider the larger picture, and I am still convinced that the change was essential to the implementation of the overall formula adjustments that were proposed.

Now fast forward to where we are as a State today. Work has continued on the funding formula over the past several biennia and we have a comprehensive and integrated funding formula that has been able to shed many of the interim measures that had been recommended by the Governor's Commission. The equity payments have been eliminated, as have the high-valuation offsets. The complexities that existed during the formula conversion have gone away under the new system.

As a result, I am here today to ask for your consideration of reinstating the method of funding school districts using the greater of the previous year's ADM or the current year's fall enrollment.

Our school district has been managing our growth, but every time that we open a new school, our budget must absorb the costs of operating a new facility. That means hiring additional principals, counselors, media specialists, administrative assistants, and custodians, in addition to paying the costs of heat, lights and other utilities.

As we grow, we also increase the number of teachers, paraprofessionals and other support staff that come with growth not necessarily associated with additional buildings.

We have many other needs that remain unmet as we must commit significant resources to our growth. Examples of this include additional school nursing services, instructional coaches, math interventionists, teacher of the gifted & talented and many other requested staff positions that go unfilled each year.

We also need to provide additional support for our administrators. In order to significantly improve student achievement, we are expecting our building principals to spend

their days serving as instructional leaders by participating in grade-level or multi-disciplinary meetings of teacher and by observing and providing ongoing feedback in classrooms. That cannot happen if we do not have the appropriate levels of staffing in place to ensure that our principals are not strictly dealing with discipline and other administrative tasks in their buildings, but can truly transform their buildings through effective leadership and modeling.

I understand that there are fiscal implications to this request. However, there are options to phase in the funding or divert existing resources to accomplish this. This is an essential key to our ability to provide students with the skills necessary to be college and work ready, to ensure the long-term financial stability of our school district, and to maintain or reduce the level of effort required of our local taxpayers.

Other growing school districts will experience similar issues, as well as other, unique issues related to their circumstances. These districts are educating actual students who are consuming actual resources. It is a matter of fairness and equity if there is funding to support their education.

I would ask for your support in returning HB 1216 to its original version and creating on-time funding for school districts with increasing enrollment.

Zero \$ for enrollment growth

Sorted by Student Count

#4
3/9/15
H3 12/16

Public School District Fall Enrollment 2014-15

By School District

																2014-15 K-	2013-14 K-	Comparing 2013-14 to 2014-15		
																12 Total	12 Total	%		
CoDist	DistrictName	K	Gr1	Gr2	Gr3	Gr4	Gr5	Gr6	Gr7	Gr8	Gr9	Gr10	Gr11	Gr12				Decreased	Increased	Change
10P 10	09-006 West Fargo 6	889	837	801	772	709	691	625	653	630	609	620	570	564		8,970	8,461		509	6.02%
	08-001 Bismarck 1	989	1,037	991	1,019	927	918	894	864	885	859	847	911	848		11,989	11,670		319	2.73%
	51-001 Minot 1	749	700	669	596	611	612	524	535	523	566	560	487	591		7,723	7,417		306	4.13%
86.9%	27-001 McKenzie Co 1	135	133	128	108	106	101	106	92	93	99	69	82	73		1,325	1,021		304	29.77%
	45-001 Dickinson 1	332	295	287	289	266	280	249	240	259	231	245	221	207		3,401	3,146		255	8.11%
	53-001 Williston 1	259	327	283	263	239	244	229	262	244	266	279	241	235		3,371	3,183		188	5.91%
	09-001 Fargo 1	910	914	930	887	826	852	832	811	808	833	799	884	859		11,145	10,995		150	1.36%
	31-001 New Town 1	84	73	51	65	72	66	69	63	59	90	37	34	35		798	694		104	14.99%
	18-001 Grand Forks 1	642	601	625	626	519	490	522	492	487	549	573	529	551		7,206	7,121		85	1.19%
	31-002 Stanley 2	61	61	58	57	52	56	46	54	56	45	44	42	43		675	616		59	9.58%
	47-001 Jamestown 1	164	158	173	171	155	169	161	185	153	165	178	166	158		2,156	2,100		56	2.67%
	51-004 Nedrose 4	46	44	34	41	34	41	34	32	36	-	-	-	-		342	289		53	18.34%
	51-070 South Prairie 70	27	29	39	28	26	25	20	27	26	-	-	-	-		247	206		41	19.90%
	45-009 South Heart 9	28	29	22	18	12	23	20	19	19	23	19	28	15		275	235		40	17.02%
	05-001 Bottineau 1	65	59	55	53	46	53	49	47	38	60	39	49	41		654	620		34	5.48%
	21-009 New England 9	16	17	15	19	11	20	16	17	14	18	18	16	17		214	180		34	18.89%
	31-003 Parshall 3	32	30	26	29	23	24	21	22	24	20	26	20	17		314	281		33	11.74%
	18-044 Larimore 44	44	25	24	26	29	26	25	33	20	31	50	37	39		409	377		32	8.49%
	51-041 Surrey 41	40	34	43	27	37	31	29	21	18	33	26	35	41		415	383		32	8.36%
	30-001 Mandan 1	305	287	271	281	255	227	309	253	246	260	308	243	233		3,478	3,447		31	0.90%
	53-008 New 8	41	44	58	41	41	33	37	36	17	-	-	-	-		348	318		30	9.43%
	35-005 Rugby 5	59	35	47	38	42	44	30	45	38	50	41	39	56		564	535		29	5.42%
	28-085 White Shield 85	14	9	6	8	6	12	5	13	21	22	6	13	10		145	117		28	23.93%
	49-009 Hillsboro 9	44	35	41	35	37	26	36	38	36	34	33	26	39		460	432		28	6.48%
	53-002 Nesson 2	23	34	18	35	24	19	23	17	20	20	18	22	21		294	266		28	10.53%
	09-002 Kindred 2	68	52	52	70	49	47	53	53	53	44	55	36	58		690	664		26	3.92%
	43-004 Ft Yates 4	-	-	-	-	-	-	77	52	64	-	-	-	-		193	167		26	15.57%
	27-002 Alexander 2	19	18	17	10	14	14	10	12	17	8	19	7	9		174	149		25	16.78%
	53-006 Eight Mile 6	25	18	21	25	19	16	26	19	23	17	10	14	10		243	219		24	10.96%
	38-026 Glenburn 26	28	20	25	19	18	24	25	24	19	28	28	17	15		290	267		23	8.61%
	27-014 Yellowstone 14	9	13	15	13	11	9	12	10	7	-	-	-	-		99	80		19	23.75%
	50-020 Minto 20	21	16	18	20	22	18	13	16	16	19	19	15	16		229	212		17	8.02%
	53-015 Tioga 15	62	44	54	28	45	28	42	34	31	28	32	31	31		490	473		17	3.59%
	07-027 Powers Lake 27	20	13	20	14	16	12	16	9	10	11	11	10	3		165	150		15	10.00%
	51-028 Kenmare 28	29	31	35	14	24	26	22	20	25	19	26	21	23		315	300		15	5.00%
	13-016 Killdeer 16	33	44	31	30	34	35	31	39	23	31	34	40	38		443	429		14	3.26%
	45-013 Belfield 13	16	13	19	25	14	17	16	23	14	26	23	16	16		238	224		14	6.25%
	03-016 Oberon 16	9	8	6	15	12	9	6	-	-	-	-	-	-		65	52		13	25.00%
	18-129 Northwood 129	21	22	15	22	19	30	16	23	10	24	12	20	17		251	238		13	5.46%
	40-001 Dunseith 1	36	29	33	26	32	26	29	28	33	43	40	36	25		416	403		13	3.23%
	26-019 Wishek 19	21	22	15	18	13	14	18	15	13	14	18	18	16		215	203		12	5.91%
	07-014 Bowbells 14	12	2	10	1	6	5	6	6	1	5	4	6	7		71	60		11	18.33%
	18-125 Manvel 125	19	18	15	15	12	17	18	9	12	-	-	-	-		135	124		11	8.87%
	28-072 Turtle Lake-Mercer 72	11	14	17	9	10	18	13	11	15	13	13	14	15		173	162		11	6.79%
	08-033 Menoken 33	1	3	5	7	5	7	5	4	4	-	-	-	-		41	31		10	32.26%
	34-019 Drayton 19	15	11	15	12	14	12	12	6	16	14	7	9	9		152	142		10	7.04%
	50-008 Park River Area 8	37	44	30	24	32	22	31	31	40	41	36	34	32		434	424		10	2.36%

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CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
09-006	West Fargo	8,970	8,536.68	433.32	\$9,092	\$3,939,745	\$1,032,085	\$2,907,660
27-001	McKenzie Co	1,325	1,048.27	276.73	\$9,092	\$2,516,029	\$997,534	\$1,518,495
53-001	Williston	3,371	3,068.90	302.10	\$9,092	\$2,746,693	\$933,559	\$1,813,134
45-001	Dickinson	3,401	3,231.61	169.39	\$9,092	\$1,540,094	\$403,305	\$1,136,789
53-015	Tioga	490	426.69	63.31	\$9,092	\$575,615	\$213,004	\$362,611
51-004	Nedrose	342	289.91	52.09	\$9,092	\$473,602	\$180,904	\$292,698
31-002	Stanley	675	619.32	55.68	\$9,092	\$506,243	\$169,074	\$337,169
31-003	Parshall	314	273.00	41.00	\$9,092	\$372,772	\$138,411	\$234,361
51-070	South Prairie	247	213.11	33.89	\$9,092	\$308,128	\$115,527	\$192,601
49-009	Hillsboro	460	423.46	36.54	\$9,092	\$332,222	\$108,999	\$223,223
53-006	Eight Mile	243	212.31	30.69	\$9,092	\$279,033	\$103,501	\$175,532
51-041	Surrey	415	383.95	31.05	\$9,092	\$282,307	\$91,342	\$190,965
53-002	Nesson	294	266.19	27.81	\$9,092	\$252,849	\$87,204	\$165,645
27-002	Alexander	174	149.67	24.33	\$9,092	\$221,208	\$83,471	\$137,737
18-044	Larimore	409	383.00	26.00	\$9,092	\$236,392	\$71,698	\$164,694
45-009	South Heart	275	252.09	22.91	\$9,092	\$208,298	\$69,804	\$138,494
35-005	Rugby	564	536.26	27.74	\$9,092	\$252,212	\$66,925	\$185,287
21-009	New England	214	193.18	20.82	\$9,092	\$189,295	\$66,299	\$122,996
38-026	Glenburn	290	269.82	20.18	\$9,092	\$183,477	\$57,876	\$125,601
Subtotal						\$15,416,213	\$4,990,522	\$10,425,691

Other Districts with at least 25 additional students

08-001	Bismarck	11,989	11,755.43	233.57	\$9,092	\$2,123,618	\$0	\$2,123,618
09-001	Fargo	11,145	10,921.66	223.34	\$9,092	\$2,030,607	\$0	\$2,030,607
09-002	Kindred	690	664.61	25.39	\$9,092	\$230,846	\$0	\$230,846
18-001	Grand Forks	7,206	7,158.27	47.73	\$9,092	\$433,961	\$0	\$433,961
30-001	Mandan	3,478	3,444.38	33.62	\$9,092	\$305,673	\$0	\$305,673
47-001	Jamestown	2,156	2,114.81	41.19	\$9,092	\$374,499	\$0	\$374,499
51-001	Minot	7,723	7,589.71	133.29	\$9,092	\$1,211,873	\$0	\$1,211,873
53-008	New 8	348	308.04	39.96	\$9,092	\$363,316	\$0	\$363,316
Subtotal						\$7,074,394	\$0	\$7,074,394

CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
Other Districts with less than 25 additional students								
02-002	Valley City	1,090	1,085.99	4.01	\$9,092	\$36,459	\$0	\$36,459
02-007	Barnes County North	277	274.01	2.99	\$9,092	\$27,185	\$0	\$27,185
02-046	Litchville-Marion	108	106.69	1.31	\$9,092	\$11,911	\$0	\$11,911
03-005	Minnewaukan	279	277.33	1.67	\$9,092	\$15,184	\$0	\$15,184
03-016	Oberon	65	51.50	13.50	\$9,092	\$122,742	\$0	\$122,742
05-001	Bottineau	654	643.29	10.71	\$9,092	\$97,375	\$0	\$97,375
05-054	Newburg-United	70	64.13	5.87	\$9,092	\$53,370	\$0	\$53,370
06-001	Bowman County	470	469.84	0.16	\$9,092	\$1,455	\$0	\$1,455
07-014	Bowbells	71	58.28	12.72	\$9,092	\$115,650	\$0	\$115,650
07-027	Powers Lake	165	148.75	16.25	\$9,092	\$147,745	\$0	\$147,745
07-036	Burke Central	127	119.51	7.49	\$9,092	\$68,099	\$0	\$68,099
08-028	Wing	108	101.07	6.93	\$9,092	\$63,008	\$0	\$63,008
08-033	Menoken	41	29.51	11.49	\$9,092	\$104,467	\$0	\$104,467
08-039	Apple Creek	58	56.60	1.40	\$9,092	\$12,729	\$0	\$12,729
08-045	Manning	16	13.28	2.72	\$9,092	\$24,730	\$0	\$24,730
09-007	Mapleton	79	77.32	1.68	\$9,092	\$15,275	\$0	\$15,275
09-097	Northern Cass	574	573.48	0.52	\$9,092	\$4,728	\$0	\$4,728
10-023	Langdon Area	354	349.83	4.17	\$9,092	\$37,914	\$0	\$37,914
11-040	Ellendale	326	317.19	8.81	\$9,092	\$80,101	\$0	\$80,101
13-016	Killdeer	443	440.38	2.62	\$9,092	\$23,821	\$0	\$23,821
15-006	H-M-B	105	93.96	11.04	\$9,092	\$100,376	\$0	\$100,376
15-010	Bakker	11	7.76	3.24	\$9,092	\$29,458	\$0	\$29,458
17-003	Beach	289	283.30	5.70	\$9,092	\$51,824	\$0	\$51,824
17-006	Lone Tree	32	29.27	2.73	\$9,092	\$24,821	\$0	\$24,821
18-061	Thompson	461	451.36	9.64	\$9,092	\$87,647	\$0	\$87,647
18-125	Manvel	135	128.21	6.79	\$9,092	\$61,735	\$0	\$61,735
18-128	Midway	181	174.42	6.58	\$9,092	\$59,825	\$0	\$59,825
18-129	Northwood	251	240.95	10.05	\$9,092	\$91,375	\$0	\$91,375
19-049	Elgin-New Leipzig	128	122.67	5.33	\$9,092	\$48,460	\$0	\$48,460
20-007	Midkota	135	133.20	1.80	\$9,092	\$16,366	\$0	\$16,366
20-018	Griggs County Central	241	230.91	10.09	\$9,092	\$91,738	\$0	\$91,738
23-003	Edgeley	217	211.56	5.44	\$9,092	\$49,460	\$0	\$49,460
24-056	Gackle-Streeter	96	90.43	5.57	\$9,092	\$50,642	\$0	\$50,642
25-014	Anamoose	105	99.11	5.89	\$9,092	\$53,552	\$0	\$53,552

CoDist	District Name	2014-15 Fall Enrollment	2013-14 ADM	Student Change	Per Student Payment Rate	Additional State Aid Payment	Rapid Enrollment Grant	Additional Funding
26-019	Wishek	215	205.83	9.17	\$9,092	\$83,374	\$0	\$83,374
27-032	Horse Creek	4	3.93	0.07	\$9,092	\$636	\$0	\$636
28-001	Wilton	223	212.15	10.85	\$9,092	\$98,648	\$0	\$98,648
28-004	Washburn	288	281.44	6.56	\$9,092	\$59,644	\$0	\$59,644
28-050	Max	196	195.16	0.84	\$9,092	\$7,637	\$0	\$7,637
28-072	Turtle Lake-Mercer	173	159.14	13.86	\$9,092	\$126,015	\$0	\$126,015
30-004	Little Heart	17	12.01	4.99	\$9,092	\$45,369	\$0	\$45,369
30-017	Sweet Briar	14	11.59	2.41	\$9,092	\$21,912	\$0	\$21,912
30-039	Flasher	224	218.89	5.11	\$9,092	\$46,460	\$0	\$46,460
30-048	Glen Ullin	175	170.73	4.27	\$9,092	\$38,823	\$0	\$38,823
34-006	Cavalier	400	393.59	6.41	\$9,092	\$58,280	\$0	\$58,280
34-019	Drayton	152	144.28	7.72	\$9,092	\$70,190	\$0	\$70,190
34-043	St Thomas	66	61.71	4.29	\$9,092	\$39,005	\$0	\$39,005
35-001	Wolford	40	37.25	2.75	\$9,092	\$25,003	\$0	\$25,003
37-024	Enderlin Area	326	322.71	3.29	\$9,092	\$29,913	\$0	\$29,913
39-028	Lidgerwood	177	176.08	0.92	\$9,092	\$8,365	\$0	\$8,365
40-003	St John	391	379.90	11.10	\$9,092	\$100,921	\$0	\$100,921
40-029	Rolette	160	155.15	4.85	\$9,092	\$44,096	\$0	\$44,096
41-002	Milnor	220	211.05	8.95	\$9,092	\$81,373	\$0	\$81,373
41-003	North Sargent	228	226.70	1.30	\$9,092	\$11,820	\$0	\$11,820
42-016	Goodrich	24	17.31	6.69	\$9,092	\$60,825	\$0	\$60,825
45-013	Belfield	238	226.60	11.40	\$9,092	\$103,649	\$0	\$103,649
45-034	Richardton-Taylor	295	294.60	0.40	\$9,092	\$3,637	\$0	\$3,637
46-010	Hope	82	81.09	0.91	\$9,092	\$8,274	\$0	\$8,274
47-014	Montpelier	107	104.35	2.65	\$9,092	\$24,094	\$0	\$24,094
47-019	Kensal	46	37.52	8.48	\$9,092	\$77,100	\$0	\$77,100
50-003	Grafton	855	850.86	4.14	\$9,092	\$37,641	\$0	\$37,641
50-008	Park River Area	434	423.82	10.18	\$9,092	\$92,557	\$0	\$92,557
50-020	Minto	229	212.43	16.57	\$9,092	\$150,654	\$0	\$150,654
51-028	Kenmare	315	307.16	7.84	\$9,092	\$71,281	\$0	\$71,281
52-025	Fessenden-Bowdon	135	134.11	0.89	\$9,092	\$8,092	\$0	\$8,092
52-038	Harvey	408	407.28	0.72	\$9,092	\$6,546	\$0	\$6,546
Subtotal						\$3,523,059	\$0	\$3,523,059
GRAND TOTAL						\$26,013,667	\$4,990,522	\$21,023,145

A Constitutional Mandate

North Dakota Constitution Education Clause Language

"A high degree of intelligence, patriotism, integrity and morality on the part of every voter in a government by the people being necessary in order to insure the continuance of that government and the prosperity and happiness of the people, the legislative assembly shall make provision for the establishment and maintenance of a system of public schools which shall be open to all children of the state of North Dakota and free from sectarian control."

"The legislative assembly shall provide for a uniform system of free public schools throughout the state, beginning with the primary and extending through all grades up to and including schools of higher education..."

"The legislative assembly shall take such other steps as may be necessary to prevent illiteracy, secure a reasonable degree of uniformity in course of study, and to promote industrial, scientific, and agricultural improvements."

N.D. Const., art. VIII, § 1;

Emphasis Added:

"The legislative assembly shall provide for a uniform system of free public schools throughout the state..."

5/7

Universal Support for Equity and Adequacy in Funding Student Growth

North Dakota School Boards Association (NDSBA):

STATE AID FOR GROWING SCHOOL DISTRICTS. NDSBA shall support legislation that modifies the Foundation Aid Program to allow the use of fall enrollment to provide adequate state support to districts with increasing enrollment.

North Dakota Council of Educational Leaders (NDCEL):

The NDCEL supports development of a funding formula that will pay for a greater share of the cost of PK-12 education by the state based on the funding recommendations of the 2014 Picus report (prorated for inflation) which will:

- (6) Provide per student funding based on the greater of fall enrollment or the preceding year's ADM; while ensuring the comparison numbers are counting the same pupil population.

North Dakota Association of School Administrators (NDASA):

The NDASA support the study, prioritization, and recommendation of the NDASA Legislative Focus Group regarding a change to the Foundation Aid Formula. The NDASA study includes (but is not limited to) the following scenarios:

- (1) Revert to old law prior to 2007.
- (2) The current year ADM with initial payments based on fall enrollments.
- (3) As a fallback position, the NDASA supports changes to the Rapid Enrollment Grants program that remove the 4% threshold for qualification, increases the per pupil payment to match the current Foundation Aid per Student Payment, and requires a comparison of ADM and Fall Enrollment for the same grade levels (i.e. K-12 for both PK-12 for both, rather than the current PK-12 ADM to K-12 Fall Enrollment).

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North Dakota School Study Council (NDSSC):

NDSSC supports a fall-spring enrollment payment choice.

North Dakota Small Organized Schools (NDSOS):

The NDSOS supports the concept for basing the per pupil payment under the Foundation Aid Program to be distributed on the largest enrollment factor using either the current fall enrollment or the use of the previous year's ADM. The proposed change if approved would alleviate the need for the existing rapid enrollment guidelines. The current law outlining the payment for rapid enrollment is neither appropriate as far as the level of support regardless of the enrollment size of the district but also serves as a negative with respect to equity.

North Dakota Governor Jack Dalrymple
2015 State of the State Address
Bismarck, North Dakota
January 6, 2015

EDUCATION

Education is the foundation upon which we continue to build our future. And working together, we have steadily improved North Dakota's K-12 education system. We have put to rest the challenging issues of funding equity and adequacy, and we have significantly reduced the local cost of education by increasing the state's funding commitment. We have an opportunity during this legislative session to build on our accomplishments by maintaining strong funding for K-12 schools, by investing in early childhood education and by addressing the extraordinary needs of schools challenged by rapid enrollment growth.

Since 2010, enrollment in our K-12 schools has grown by 10,500 students, and just in the last year, our schools have enrolled an additional 2,600 students. The state is providing grants to help schools manage their growth, and we recommend expanding the program to make even more schools eligible for this assistance. We also recommend adding \$300 million to the school construction revolving loan program. During the current biennium, 22 school districts have accessed this loan program to build, expand or improve school facilities.
(Excerpt with emphasis added.)

Equity and Adequacy Have Not Been Fully Addressed...

Progress has been made in North Dakota in recent years regarding adequacy and equity of state funding for K-12 education. Despite this progress, however, one area of significant regression relates to state funding for student enrollment growth. Prior to 2007, school districts received state foundation aid based upon the greater of fall enrollment or the preceding year's average daily membership (ADM). Under current state law, school districts receive state foundation aid based upon the preceding year's ADM. While this may assist school districts experiencing declining enrollment, it has a very negative fiscal impact on districts experiencing enrollment increases. Districts with increasing enrollment must incur the cost of educating students without adequate state aid support. Current law which provides for some districts to receive some aid under "rapid enrollment" criteria and other growing districts to receive zero state support is neither equitable nor adequate.