

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/24/2015**

Amendment to: HB 1218

- 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 1218 relates to school district ending fund balances.

- 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.*

Section 2 amends the offset provisions to state aid payments by an amount the general fund ending balance exceeds actual expenditures.

Effective for school years 2014-15 and 2015-16 the amount is 40% of current expenditures plus \$20,000.

Effective for school years 2015-16 and 2016-17 the amount is 35% of current expenditures plus \$20,000.

Effective for school years 2017-18 and after the amount is 20% of current expenditures or \$500,000, whichever is greater.

Districts have until the end of school year 2017-18 to adjust their budget to avoid a reduction in state aid. This can be accomplished through increasing expenditures or lowering revenues.

As school districts individually control their budgets, no fiscal impact can be determined.

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:** Dept. of Public Instruction

**Telephone:** 701-328-4051

**Date Prepared:** 02/24/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/18/2015**

Amendment to: HB 1218

- 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 1218 relates to school district ending fund balances.

- 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.*

Section 2 amends the offset provisions to state aid payments by an amount the general fund ending balance exceeds actual expenditures. It removes the language specifically including money's from the district's miscellaneous fund in the calculation.

Effective for school years 2014-15 and 2015-16 the amount is 40% of current expenditures plus \$20,000.

Effective for school years 2015-16 and 2016-17 the amount is 35% of current expenditures plus \$20,000.

Effective for school years 2017-18 and after the amount is 15% of current expenditures or \$400,000, whichever is greater.

Districts have until the end of school year 2017-18 to adjust their budget to avoid a reduction in state aid. This can be accomplished through increasing expenditures or lowering revenues.

As school districts individually control their budgets, no fiscal impact can be determined.

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:** 02/19/2015



**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/13/2015**

Bill/Resolution No.: HB 1218

- 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 1218 relates to school district ending fund balances

- 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.*

Section 2 continues the current offset provisions to state aid payment by the amount the ending fund balance exceeds 40% of expenditures plus \$20,000 into the 2015-16 payment year. This changes to 10% or \$300,000 in beginning July 1, 2016.

The section adds a provision that requires school districts to provide a credit in the amount of the difference to owners of all taxable property tax in the district against taxes levied for taxable year 2016 by the district on a prorated basis.

The wording in the bill has technical issues related to determining the amount of the credit. If the intent is to reset all school district ending fund balances to 10% in 2016-17 then the subtraction should be against the ending fund balance, not the greater of 40% of expenditures or \$300,000.

The fiscal impact relates to transferring the ending fund balance amount exceeding the new maximum back to taxpayers in the form of a credit. As school districts individually control their budgets, no fiscal impact can be determined.

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:** 02/18/2015

**2015 HOUSE EDUCATION**

**HB 1218**

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1218  
1/20/2015  
22245

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*Donna Whitham*

## Explanation or reason for introduction of bill/resolution:

Relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

Attachment # 1-10

## Minutes:

**Vice Chairman Schatz:** Opened the hearing on HB 1218.

**Chairman Nathe:** District 30. Introduced the HB 1218. Otherwise known as the ending fund balance bill. I am working on some amendments for this bill. It is for the General fund balance you have the print outs. (See Attachment #1) At present there are caps in the bill on the special reserve and building fund. I have an amendment to take those off. My intention of the bill was to address the ending fund balance issue. The average ending fund balance of Schools in North Dakota in the handout is roughly 23% of expenditures. Some of the schools are sitting on large ending fund balances, and the legislature gets the blame what we don't collect and we don't spend but we get a lot of blame for the property tax. A lot of the schools are depending on states funding yet are sitting on a large ending fund balance. You will see 35% to 45% ending fund balance in some schools. I want to work on this bill and I chose 10% as a starting point or \$300,000 dollars whichever is greater. My concern in this is we want to make sure not to hurt any of the schools especially the smaller schools. The other amendment I am working on is the timing as far as the spending down of the ending fund balance. Right now I think it is at 40% and then it will go to 35%, and stair step down. I'm looking at giving them time to get acclimated to getting it down to the percentage or the numbers if this bill should pass or whatever we should come up with. I will have those amendments for sure next week.

**Vice Chairman Schatz:** Any questions for Chairman Nathe?

**Rep Zubke:** The way this bill is drafted you are comfortable with 10%?

**Chairman Nathe:** I am comfortable with 10% or \$300,000 dollars, correct. It may be and and /or. We will come up with a number that we are protecting the taxpayer but not go to far with the districts either.

**Rep Zubke:** Based on this handout, there is only about 10 schools that this wouldn't impact?

**Chairman Nathe:** Correct. A lot of the bigger schools have \$ 10 million dollars in ending fund balance. Every one of them is above that 10% threshold. It's a lot of money to be sitting on and blaming the legislature.

**Vice Chairman Schatz:** In support of HB 1218 or neutral? Anyone opposed in HB 1218?

**Aimee Copas:** Executive Director for the North Dakota Council of Educational Leaders. (11:00) - (14:25) In opposition to HB 1218 (See Attachments # 2,3,4).

**Chairman Nathe:** Explain how you arrived to the 20% in 2015?

**Aimee Copas:** We cut across the various types of school districts, looking at it as grouping sizes, large, mid small, etc. Then we took in account scenarios that each grouping is living with right now. A number of our growing districts that are dealing with higher enrollment along with construction and with how to staff and support the new buildings. Then the mid- range school districts are dealing with similar problems in addition to higher than average supports for English language learners and etc. In the smaller districts it gets a little more touchy because if bad things happen like a boiler going out. You are running the risk of having to go into a indebted nature. In worst case scenarios how much would you need to carry over to prevent indebted nature. We need to find a place where it makes good sense for kids and it makes good sense for schools. We know the days of having a 40% carry over are gone.

**Chairman Nathe:** If there is a problem with a boiler, rather than tapping the general fund balance, couldn't they tap the building fund?

**Aimee Copas:** They could if they have an approved building fund.

**Chairman Nathe:** Do most of the schools have a building fund or not?

**Aimee Copas:** I can't answer that but I will get that data to you.

**Rep Meier:** If we change the way we pay the ADM to the fall of the year would you still consider 20% a good number or would you maybe consider a lower amount?

**Aimee Copas:** We still have the issue with the declining enrollment districts that I haven't figured out yet and how to support those districts. How to support all districts with varying

sizes we have not yet come up with that formula. It is worth a conversation though. We want to work with you to come up with a correct amount.

**Rep Mock:** The 20% threshold are there implications related to a schools insurance policy that requires them to have a certain amount in their budget and would you know what some of those requirements for varying policies?

**Aimee Copas:** I know there are implications with bonded indebtedness and how much the carry over balance is. I am unable to answer that but we will bring up Mark to answer that.

**Rep Mock:** On page 1 line 20, where we discussed other funds the limitations, does the association have a position with the language on line 20?

**Aimee Copas:** We absolutely do. That created a frenzy statewide quickly. This is where booster funds, prom fund, PTA, we need to be careful what we do with these funds because we may fiscally manage them but they are not ours to toss away.

**Vice Chairman Schatz:** Chairman Nathe has amendments to take that out. You said you were a private business, do you ever take any money from DPI?

**Aimee Copas:** Yes we have in the past partnered with DPI and it has some flow through funding to provide for speakers and and it is a small percentage and well documented through DPI.

**Rep Zubke:** The current law is 45%, but I see a lot of the schools are over 45%, is there nor repercussion if they exceed 45%?

**Aimee Copas:** Not that I am aware of, we all agree that we all need to come into line, that we need to be wise fiscal managers of tax dollars.

**Chairman Nathe:** The numbers you have in front of you are from school years 2013-2014, I assume some of those numbers will change coming into the new school year.

**Rep Kelsh:** Minot Air Force Base has 66%, is there anything we can do about that, how does that fit in to our support of the students on the base?

**Aimee Copas:** There are federal components in how we impact federal aid dollars so that is a separate issue, Dr. Bowman will answer that question.

**Mark Lemer:** Business manager for West Fargo School District, in opposition to HB 1218 (25:35)- (28:39) (See Attachment #5).

**Chairman Nathe:** In the past it was 80%, that was mainly because of the tax collections. Now with the state picking up 80% of the tab it is much more constant.

**Mark Lemer:** That is correct before 2007, districts relied on local property taxes for their budgets. There are still many reasons to maintain a fund balance. We have been selling

a lot of debt, and we had analysts from Moody's visit our school district. We asked them what happens as our fund balance continues to drop with the rating agencies, and there will be a threshold, if we drop that too low it will increase our interest costs because they will lower our bond rating. We don't want to be in a position where we have increased extra interest payment we otherwise wouldn't have?

**Chairman Nathe:** it is smart to have an ending balance, we need to find what the correct number is?

**Mark Lemer:** For our size percentage works well but for smaller districts percentage may not work?

**Rep Olson:** Is there a number as far as the impact due to the growing size of your enrollment on how it affects your general fund? Do those monies come out of your general fund and how does that affect you while you are waiting for the fund to catch up with the fall enrollment?

**Mark Lemer:** While we do have a ending fund balance, which is dollars in reserve, we cant incur repeated expenses that come out of our end balance. We look at our funding that is coming in, and we make sure we don't deficit spend on recurring expenditures. We will deficit spend on one time expenditures because that won't deplete the ending fund. We are not able to do all the things we would like to do.

**Chairman Nathe:** Clarify the special reserve fund, and can it be dumped in the general fund and can be filled up again, is that correct?

**Mark Lemer:** The special reserve fund has a cap of 15 mils taxable evaluation. How we use that fund we take dollars out of that fund to offset the cost of that new building. We do deplete those funds out and continue levying the 3 mils that are allowable and in time build it back up.

**Rep Rohr:** If you are using your ending fund balance to balance your budget to you have a separate line item so you can always maintain it at a certain percentage?

**Mark Lemer:** We look at our revenue and expenses and our aggregate and our ending fund balance, if there are one time expenditures that make it out of balance we will likely approve that budget we try not to do recurring expenses, we try not to create a deficit situation.

**Rep Rohr:** So for a larger school you already have criteria established to keep that percentage.

**Mark Lemer:** Correct we are operating within that board policy. Some of the expenses we can allow the expenses to draw down that ending fund balance if they don't recur.

**Rep Zubke:** How do we keep under 20% here?

**Mark Lemer:** Our district is under 20% but we are talking about 10% in the bill, for us it will be hard to manage. We set a budget but we don't know what could affect this budget. Examples given.(39:15) If you are over the threshold in the current law the money is subtracted away from the state aid payment.

**Broc Lietz :** Business manager for the Fargo Public School District. In opposition to HB 1218. I agree with Mark Lemer if it was 20% we would support this bill. Fargo public schools have a policy of no less than 15% for our ending fund. This year we should be at 19%. The great debate is a percent or a number for the cap of the ending fund. We do have a large dollar amount but we are a large organization and having appropriate fund balance is very important. I do think it is about finding a solution. (See Attachment #6) (41:00) - (46:35).

**Chairman Nathe:** Your school district is keeping no less than 15% what happens if you go over it?

**Broc Lietz:** We have gotten over that by over realizing expenses and under realizing income. We did use the ending fund balance for one time expenses. We didn't increase property tax to increase a ending fund balance. We need to find that balance, but 10% for a district our size is not sound fiscal management.

**Mike Bitz:** Superintendent to Mandan School District, in opposition to HB 1218. (49:00)-(51:42) (See Attachment #7).

**Mark Vollmer:** Superintendent of Minot Public Schools, in opposition to HB 1218 (51:45)-(59:22) Minot Air Force base is a no impact aid payments are sketchy at best, so we do keep a healthy ending fund balance there. There is a flexibility issue there. (See Attachment #8).

**Chairman Nathe:** Does your school board have a goal for an ending fund balance?

**Mark Vollmer:** We have a policy for 15%, we are at 15% now.

**Brandt Dick:** Superintendent of Underwood School District in opposition of HB 1218. (See Attachment #9) (1:03:44-1:03:48)

**Chairman Nathe:** closed the hearing on HB 1218

**Rep Kelsh:** Explaining Cash flow analysis from Ellendale School Board (See Attachment #10) (1:04:00)-(1:05: ) If we would stay in a 20 or 25% we would be in pretty good shape.

**Chairman Nathe:** For the smaller schools it will be a dollar figure and that is something we need to take a good hard look at.

**Chairman Nathe:** Any other questions? Seeing none.



# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1218

1/20/2015

22246

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

*Donna Whelham*

## **Explanation or reason for introduction of bill/resolution:**

Relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

## **Minutes:**

On the end of recording #22246 time location (10:08-12:24).

**Rep Hunsakor:** Chairman Nathe, may I make a statement on HB 1218.

**Chairman Nathe:** Please do.

**Rep Hunsakor:** I visited with the gentleman from Underwood and other small school folks, and they are very concerned about the 20% and \$250,000 dollar cap for ending balance fund, because in a small school if something major happens it may not be enough. I asked what figure they would be comfortable with and they said \$500,000 dollars instead of the \$250,000 dollars and it should be more but that would help.

**Chairman Nathe:** I did look at Underwood's ending fund balance was just a hair over \$1 million dollars, and he is 30 or 32%, say we could have had the 15% cap he sitting at \$500,000 and you add another \$500,000 and he would be back close to the \$1 million dollar mark.

**Rep Hunsakor:** There is other schools involved which may not be in the same situation.

**Chairman Nathe:** I think what you heard today, school administrators are willing to discuss that and to come up with a solution. I think they understand what we are talking about.

**Rep Hunsakor:** I just wanted the committee to know what their thoughts were.

**Chairman Nathe:** Yes and we will take more input from those small schools.

**Rep Rohr:** I was looking at Mott and Flasher, their census is 257 and 219, their ending fund balance is 25%, Underwood has less students and their ending fund balance is 35%. So I don't know the methodology there.

**Chairman Nathe:** Every school has different managers.

End of statement.

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1218  
2/16/2015  
23910

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*Donna W. Letham*

## Explanation or reason for introduction of bill/resolution:

Relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

Attachment # 1 & 2.

## Minutes:

**Chairman Nathe:** reopened the hearing on HB 1218. This was the ending fund balance bill. We have some amendments. This is a hog house amendment. Explained amendment 15.0076.02006. (See Attachment #1). (2:15- 5:38).

**Rep. Kelsh:** With some of our smaller school districts, this is insurance against declining enrollment. Some of them can be in the hole in the beginning of the school year if they have declining enrollment and only have \$300,000 dollars they could be in trouble. I will resist this amendment. They need a bigger ending fund balance to survive declining enrollment.

**Chairman Nathe:** There are a lot of districts that are sitting on a large ending fund balance. Yet they want to come to us even if they have a large ending fund balance. To sit on this large ending fund balance is wrong. We are using tax payer's money. We need to find the fine line that makes sure they have enough but not too much either.

**Rep. Kelsh:** What is the budget in Bismarck?

**Chairman Nathe:** Bismarck's ending fund balance is 15%. I think the budget is 16 to 18 million dollars, so their ending fund balance is bigger than smaller schools.

**Rep. Kelsh:** From the information I received back, they are asking for 20% plus \$300,000 not or but plus. They have elected school boards and they have to answer to those school boards and maybe some cases they are not.

**Chairman Nathe:** They do but also under Century Code once they have collected that money for schools and it is in their account that becomes state money. We could legally use this money. Not that I would ever advocate that.

**Rep. Hunsakor:** We as a committee are caught between the rock and a hard place because of a few schools that have a huge ending fund balance. That troubles me that we might be putting some schools in a position to not have enough. I will resist the motion.

**Rep. Mock:** Do you remember how many months of their total budget they should carry over for and ending fund balance?

**Chairman Nathe:** I think it was about a quarter's worth. I don't know what that amount would be.

**Rep. Schreiber Beck:** Fargo Public schools has minimum 6- 9 months.

**Rep. Olson:** That 6-9 months from Fargo Public schools is for their self- funded health insurance reserves. That is a separate fund. I don't know how this bill would affect that?

**Chairman Nathe:** This is general fund money, this would not affect that.

**Rep. Koppelman:** We heard in the interim that they wanted 25 %. And that 20% was doable for most districts or a certain dollar amount for smaller schools to make that work.

**Chairman Nathe:** In our handout lot of those schools are at 15 % so most of those schools the numbers won't change that much. Everything above 15% would stay.

**Rep. Mock:** If we are to assume 2 months of operating capital was necessary that would put us around 22.5% of the school year. I think I can support the amendment.

**Rep. Koppelman:** Are you dividing that on a 9 month school year? A lot of them go on a 12 month calendar.

**Rep. Mock:** Yes because their staff is usually paid on 9 months calendar and most of the expenses are related to personal.

**Chairman Nathe:** I want to direct to you Rep. Koppelman amendment 15.0076.02002. (See Attachment #2). Which says 20% or \$500,000 whichever is greater.

**Rep. Koppelman:** One thing to note is at the beginning of #3 it says for tax years beginning after December 31, 2015. It basically gives them a biennium.

**Vice Chairman Schatz:** Rep. Mock you said they are paid on a 9 month calendar, the staff itself is paid on a 12 month but for 9 months of teaching, is that what you mean?

**Rep. Mock:** I believe that is up to the school district if they wanted to stretch the payments over a year or receive it in 9 months.

**Vice Chairman Schatz:** In my experience everyone was 12 month, you get paid every month for 12 months of the year.

**Rep. Kelsh:** We had two amendments drawn. The intention of Number one is 20% plus \$500,000 dollars. The second is 20% plus \$350,000 dollars. There is a big difference between the Bismarcks and Ellendales. We see a lot of 20 or 30% in the smaller schools.

**Chairman Nathe:** Then your amendment would let them go to 20% and another \$500,000 or another \$350,000 dollars?

**Rep. Kelsh:** Yes, but they aren't going to use that.

**Chairman Nathe:** But they could though.

**Rep. Kelsh:** Now they can go to 45% can't they

**Chairman Nathe:** They are stepping down to 40% then they are going to 35%. They are stepping down from what we passed last session.

**Rep. Kelsh:** Does it stop then?

**Chairman Nathe:** Yes it has to be down to 35% in 2017.

**Rep. Kelsh:** Maybe we should continue to step this down would be the best amendment. and go down to 25% plus \$100,000 dollars.

**Chairman Nathe:** Let's get the amendments made. We can take this up tomorrow again.

**Rep. Koppelman:** What if a school district did not comply with this date. Would it be deducted from their payment and If a school district did not get money from the state they aren't hampered anyway because they don't take any money from the state, right?

**Chairman Nathe:** Yes, they have two biennium to get their house in order anyway.  
Closed the hearing on HB 1218.

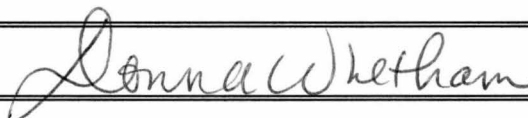
# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1218  
2/17/2015  
23988

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature



**Explanation or reason for introduction of bill/resolution:**

Attachment #1-3.

## Minutes:

**Chairman Nathe:** Reopened hearing on HB 1218. There are two proposed amendments. Mine is .02006 and I want to change the dollar amount to \$500,000. So it is 15% or \$500,000 and gives two biennium for the schools to catch up which would be four years to get into compliance. Representative Koppelman's amendment .02002 is 20% or \$500,000 and his amendment gives two years to catch up. (See attachments 1&2).

**Rep. Kelsh:** My amendment is 20% plus \$100,000 not and or it is plus. (See Attachment #3). I talked to some school districts they need the cash flow on hand. Ellendale was one of the districts I visited with.

**Chairman Nathe:** Ellendale has 34% ending fund balance and their general fund is \$1.3 million dollars.

**Rep. Kelsh:** It is a big concern to smaller school districts, if we get this down too far it will be a hardship. How far down is the law now?

**Chairman Nathe:** It was from 45% down to 35% which is as low as it will go at this time.

**Rep. Kelsh:** I think even a straight 25% would be good number.

**Rep. Koppelman:** I think it would have to be in the context of the other amendments in the language. The original bill brought in many other funds into the cap limit. The other amendments hog house that all out of there. On page two of the original bill there was some language on line 14 that gives us some unintended consequences. So if you simply

put this in on line 4 you would have to change the format. If you look at what 20% plus \$100,000 it would really lower the number. I think the 20% or \$500,000 works better.

**Chairman Nathe:** Rep. Kelsh is your amendment an amendment to mine so that would take care of the concerns of Rep. Koppelman?

**Rep. Kelsh:** Yes.

**Rep. D. Johnson:** We had concerns the Minot Air Force base and how they get their funding and the timing. What do you think of that?

**Chairman Nathe:** The bill is written whatever the amount is on June 30 of that year would be the amount they are beholding too. I think their funding is spread throughout the whole year so I think it would be fine.

**Rep. Mock:** I would express more support a 20% on the standpoint of cash flow. I wouldn't want to by law set a number that might be too low for them to meet their financial obligations. I think I would support Chairman Nathe's amendment but with it being 20% instead of 15 % with all other language held constant.

**Chairman Nathe:** A lot of the schools is at around 15% ending fund balance. The average is 23% right now. I think if we are getting serious about taking a look at the ending fund balance trying to get line to benefit the taxpayer I think 15% is the way to go. I moved it up to \$500,000 to protect the small schools. A lot of the smaller schools are at 35%. There are avenues to get funding in other areas also. I share the concern that we do not want to hurt the small schools.

**Rep. Hunskor:** You look at this and it used to be 45%, years ago it used to be 10% and now we are looking at 15% that is a huge shift. We need to look to the future we don't know what will happen in two years and emergencies do come up. I think compromise usually ends up half way. I thin 20% plus \$100,000 has to be the very minimum I would think higher.

**Chairman Nathe:** The bigger schools are already in the 15% area. This is not a bill to go after the big schools. I am trying to get some of the other schools in line. We need to challenge our schools, but where is that line that we don't go too far.

**Rep. Mock:** Is the problem the average schools or is the problem the districts that are holding on to 45-60% ending fund balance?

**Chairman Nathe:** Yes those are the problem schools. Look at the dollar amount that coincides with that. I question do they need that much. This is tax payer money and this needs to be looked at.

**Rep. Mock:** I don't disagree. The schools that are holding 40- 60% ending fund balance they are holding on to a good chunk of money and that is rolling over. But we look at the other districts and we can make the case for the schools that are holding it at the 21% that

they are doing an exceptional job at managing those accounts. But with the 15% we are making schools that are already doing a good job tighten their belt more. I think we are almost being punitive if we go down to 10-15%.

**Chairman Nathe:** Those schools you mentioned, they get access to rapid enrollment money and they have a building fund, and access to construction programs we have. They have other sources to pay for things while they are sitting on \$1.3 million dollars. My question is what are you using that for? I do understand cash flow issue but they do have other sources they tap to help them.

**Rep. Mock:** In the exact same category you have schools that are not receiving other sources. I am afraid it might be a little too much and we are penalizing districts that are being fiscally responsible. I do not want to hurt those that are doing a good job.

**Chairman Nathe:** There are taxpayers that say the taxes are getting out of line. The school district is spending money and why are they sitting on all that money.

**Rep. Kelsh:** I just looked up Ellendale, in the most recent year they will be at \$ 1.1 million dollars in ending fund balance, they are dropping it down. Their expenditures are \$295,000 for the month of May over for what they took in. They had a \$240,000 deficit for the month of June. I am sure you heard the concerns about the bill that we shouldn't be doing this at all. I am trying to get it into the best shape for my districts. I do not understand Rep. Koppelman, why my plus \$100,000 wouldn't be as good as your 20%

**Rep. Koppelman:** If you had to choose 20% plus \$100,000 or the 20% or \$500,000 the greater of I would choose the 20% or \$500,000. Over all across the state that gives a lot wider net to fit into.

**Rep. Kelsh:** Representative Hunsakor and I went over several districts across the state and that is how we came up with the 20% plus \$100,000. The districts we were interested in it did help more.

**Chairman Nathe:** Talking about Ellendale stepping down, they have to be down to 40% by July 1, 2015 and then 35% they have to be down by July 1, 2017.

**Rep. Zubke:** I also believe the 15 is just too far. You are forcing school districts to spend money they typically would not. I think the time your amendment gives to comply is better. I think the 20% would be better than 15%.

**Rep. Rohr:** This is talking about fiscal management and I applaud these amendments to the bill because I do have a lot of small schools in my district as well. I do think this makes them more responsible in regards to fiscal management. I do think 20% is better over a couple bienniums, but I do think we have to do something.

**Rep. D. Johnson:** We have looked at these different proposals and we are back here in two years so I move the amendments on 15% the number 15.0076.02006 on HB 1218..



**Rep. Meier: seconded .**

**Rep. Koppelman:** I will resist this motion I think the percentage is too low.

**Rep. Mock:** I want to amend the amendment from 15% to 20% or \$500,000 on amendment 15.0076.02006 on HB 1218.

**Rep. Koppelman: seconded.**

**A Roll Call Vote was taken. Yes: 12 No: 1 Absent: 0. Motion Carried.**

**Rep. D. Johnson:** I move the amended amendments on .0006 on HB 1218.

**Rep. Meier: seconded**

**A Roll Call Vote was taken. Yes: 12 No: 1 Absent: 0. Motion carried.**

**Chairman Nathe:** We have an amended bill before us, is there any discussion?

**Rep. Zubke:** I move a Do Pass as Amended on HB 1218.

**Rep. Looysen: seconded.**

**A Roll Call Vote was taken. Yes: 10 No: 3 Absent: 0. Motion Carried.**

**Rep. Olson: will carry the bill.**

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1218  
2/23/2015  
24267

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*Donna Whetham*

## **Explanation or reason for introduction of bill/resolution:**

Relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

Attachment #1.

## **Minutes:**

**Chairman Nathe:** reopened HB 1218 commonly known as the ending fund bill. This bill was recalled from the House to update the amendment. I gave you a copy of the amendment. (See Attachment #1). Some of these changes we have already approved by page 1 Line 19-22 talks about 20% or \$500,000 whichever is greater. Page 2 is where the changes were made line 22-26 had the wrong percentage and numbers we have corrected it to 20% or \$500,000 whichever was greater and what we have to add into the bill on lines 27-28 page 2. "For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2. Jerry Coleman wants to have that in there. That is how they figure out the ending fund balance. In the original bill we had those in there and we made an amendment to swipe those out and unfortunately we swiped everything out. So this has to be included. On page three they take out the erroneous language from lines 8-12. I wanted to bring this to your attention. We will have to move lines 27-28 on page 2.

**Rep Mock:** I move to reconsider our actions on HB 1218.

**Rep Looyen:** Seconded.

**Voice vote:** All ayes. Motion carried.

**Rep. Olson:** In the original bill on page 1 line 16. That section states specifically the amount carried out over in its general fund and miscellaneous fund. We don't have that language in the new engrossed bill. I am concerned line 19-22 no longer contains the language we had in the original bill. Is that language necessary or does that section assume that this is talking about the general fund and the miscellaneous fund? If you look at line 16 of the original bill on page 1 it talks about the total unobligated amount carried

over by a school district in its general fund and miscellaneous fund. It is more specific. I am wondering if we needed that language? Or does that section of code only deal with the general fund balance or is it talking about all amounts that school district is carrying over?

**Chairman Nathe:** No. Only with the general fund. That is the concern when we took it out. On page 2 lines 27 & 28 I think covers what you are talking about there. That came at the request of Jerry Coleman who figures up these ending fund balances.

**Rep Kelsh:** I am not clear on what a miscellaneous fund is?

Chairman Nathe: There is a miscellaneous fund of 3 mills, that was part of the formula change we did last session.

**Rep Meier:** I just wanted to know what the miscellaneous fund referred to and do we know what the Bismarck miscellaneous fund would be?

**Chairman Nathe:** That is what we put in the new formula last session, the 3 extra mills to use. DPI has all that information.

**Rep Looyen:** Move amendment 15.0076 .003001 to HB 1218.

**Rep D. Johnson:** Seconded.

**A Roll Call Vote was taken. Yes: 10 No: 2 Absent: 1. Motion carried.**

**Rep Looyen:** Do Pass as Amended on HB 1218.

**Rep D. Johnson:** seconded .

**A Roll Call Vote was taken. Yes: 7 No: 5 Absent: 1. Motion carried.**

**Rep. Olson:** will carry the bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2007, the amount carried over by a school district may not exceed forty-five percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed fifteen percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or four hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

~~b.1.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

~~c.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~
- ~~3. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.~~

**~~(Effective after June 30, 2015) Payments to school districts--Unobligated general fund balance.~~**

- ~~1. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~
- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~  
Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or four hundred thousand dollars, whichever is greater.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

84  
2/17/15  
1/2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2007, the amount carried over by a school district may not exceed forty-five percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed twenty percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or five hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

212

b.1. Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

c.2. Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

2. ~~In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~
3. ~~For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.~~

**~~(Effective after June 30, 2015) Payments to school districts -- Unobligated general fund balance.~~**

1. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~
2. ~~In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~ Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or four hundred thousand dollars, whichever is greater.

2019

Book

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

80  
2/23/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1218

Page 2, line 22, after "3." insert "Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of twenty percent of its actual expenditures, or five hundred thousand dollars, whichever is greater.

4."

Page 2, line 22, remove the overstrike over "~~For purposes of this section, a district's unobligated general fund balance includes all~~"

Page 2, remove the overstrike over line 23

Page 3, line 2, remove "Beginning July 1, 2019, the superintendent of public instruction shall"

Page 3, remove lines 3 through 6

Renumber accordingly



Date: 2-17-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

House Education

Committee

☐ Subcommittee

Amendment LC# or Description: amend 15.0076.02006 to change 15% to 20%  
and change to "or \$500,000."

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. Mock Seconded By Rep. Koppelman

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

Total (Yes) 12 No 1

Absent 0

Floor Assignment \_\_\_\_\_

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

amend 15% to 20%  
and change to "or \$500,000"

amendment passes.

Date: 2-17-15  
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.0076.02006 20% or \$500,000 whichever is greater.

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. Johnson Seconded By Rep. Meier

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) 12 No 1

Absent 0

Floor Assignment \_\_\_\_\_

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

20% or \$500,000 whichever is greater

*amendment  
passes*

Date: 2-17-15  
Roll Call Vote #: 3

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.0076.02009

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. Zubke Seconded By Rep. Looyzen

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

Total (Yes) 10 No 3

Absent 0

Floor Assignment Rep. Olson

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

Date: 2/23/15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

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 Mock Seconded By Rep Looyen

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

Total (Yes) No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Motion Carried.*

Date: 2/23/15  
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.0076 .03001

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. Looyzen Seconded By Rep. Johnson

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

Total (Yes) 10 No 2

Absent 1

Floor Assignment \_\_\_\_\_

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

*motion carries.*

Date: 2-23-15  
Roll Call Vote #: 3

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1218

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. Looyzen Seconded By Rep. Johnson

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

Total (Yes) 7 No 5

Absent 1

Floor Assignment Rep. Olson

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

**REPORT OF STANDING COMMITTEE**

**HB 1218: Education Committee (Rep. Nathe, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1218 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 amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~ Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2007, the amount carried over by a school district may not exceed forty-five percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed twenty percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or five hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~
  - ~~b.1.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.
  - ~~b.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund

balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~
- ~~3. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.~~

**~~(Effective after June 30, 2015) Payments to school districts--  
Unobligated general fund balance.~~**

- ~~1. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty five percent of its actual expenditures, plus twenty thousand dollars.~~
- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~  
Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or four hundred thousand dollars, whichever is greater.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly



**REPORT OF STANDING COMMITTEE**

**HB 1218, as engrossed: Education Committee (Rep. Nathe, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1218 was placed on the Sixth order on the calendar.

Page 2, line 22, after "3." insert "Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of twenty percent of its actual expenditures, or five hundred thousand dollars, whichever is greater.

4."

Page 2, line 22, remove the overstrike over "~~For purposes of this section, a district's unobligated general fund balance includes all~~"

Page 2, remove the overstrike over line 23

Page 3, line 2, remove "Beginning July 1, 2019, the superintendent of public instruction shall"

Page 3, remove lines 3 through 6

Renumber accordingly

**2015 TESTIMONY**

**HB 1218**

Attach #1  
HB 1218  
1-20-15

School District Ending Fund Balance Report  
2013-14 School Year  
Sorted on \$

CoDist	EntityName	School Year	ADM	GF Ending Balance	GF Expend	EFB Percent	EFB Student
09-001	Fargo 1	2014	11,114	31,875,996	139,722,876	23%	2,868
08-001	Bismarck 1	2014	12,269	20,144,635	132,435,801	15%	1,642
18-001	Grand Forks 1	2014	7,168	17,308,725	83,904,891	21%	2,415
09-006	West Fargo 6	2014	8,732	15,238,398	89,764,611	17%	1,745
51-001	Minot 1	2014	7,714	14,715,410	85,741,811	17%	1,908
31-001	New Town 1	2014	716	10,828,939	18,651,272	58%	15,123
45-001	Dickinson 1	2014	3,236	10,146,478	31,991,699	32%	3,135
30-001	Mandan 1	2014	3,508	7,369,693	35,497,503	21%	2,101
40-007	Belcourt 7	2014	1,706	5,258,288	22,531,899	23%	3,082
47-001	Jamestown 1	2014	2,244	4,318,048	25,301,222	17%	1,924
39-037	Wahpeton 37	2014	1,260	4,263,529	14,089,138	30%	3,383
51-160	Minot AFB 160	2014	-	4,011,085	6,082,933	66%	-
53-001	Williston 1	2014	3,070	3,887,574	33,708,804	12%	1,266
29-027	Beulah 27	2014	702	3,300,152	7,352,476	45%	4,699
27-001	McKenzie Co 1	2014	1,048	3,181,070	14,822,086	21%	3,035
05-001	Bottineau 1	2014	658	3,022,066	7,957,001	38%	4,596
53-008	New 8	2014	308	2,926,645	5,059,659	58%	9,501
36-001	Devils Lake 1	2014	1,652	2,669,872	20,180,985	13%	1,616
34-100	North Border 100	2014	371	2,624,190	7,098,511	37%	7,078
13-016	Killdeer 16	2014	442	2,451,645	6,911,215	35%	5,541
53-015	Tioga 15	2014	451	2,396,742	5,806,912	41%	5,318
16-049	Carrington 49	2014	517	2,057,617	6,295,236	33%	3,979
31-002	Stanley 2	2014	620	1,965,854	9,183,785	21%	3,172
32-001	Dakota Prairie 1	2014	260	1,839,345	4,297,029	43%	7,084
29-003	Hazen 3	2014	623	1,690,766	6,230,051	27%	2,715
52-038	Harvey 38	2014	409	1,688,933	4,840,667	35%	4,130
04-001	Billings Co 1	2014	77	1,682,490	2,818,594	60%	21,797
06-001	Bowman Co 1	2014	468	1,677,677	6,775,008	25%	3,588
10-023	Langdon Area 23	2014	351	1,651,434	4,534,911	36%	4,703
22-001	Kidder County 1	2014	350	1,632,351	4,872,057	34%	4,658
02-007	Barnes County North 7	2014	271	1,627,249	4,751,900	34%	5,997
11-041	Oakes 41	2014	510	1,624,339	5,348,999	30%	3,183
34-006	Cavalier 6	2014	394	1,612,728	4,388,851	37%	4,097
51-161	Lewis and Clark 161	2014	423	1,562,446	5,592,554	28%	3,695
09-004	Maple Valley 4	2014	232	1,561,102	4,255,968	37%	6,728
49-014	May-Port CG 14	2014	493	1,560,668	5,596,219	28%	3,167
40-003	St John 3	2014	381	1,514,125	5,440,941	28%	3,979
09-002	Kindred 2	2014	664	1,489,057	7,011,624	21%	2,244
31-003	Parshall 3	2014	290	1,481,655	5,646,273	26%	5,107
18-128	Midway 128	2014	174	1,466,225	3,357,444	44%	8,418
28-051	Garrison 51	2014	392	1,433,296	5,008,406	29%	3,658
50-003	Grafton 3	2014	875	1,384,008	10,407,537	13%	1,581

School District Ending Fund Balance Report  
2013-14 School Year  
Sorted on ADM

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45-013	Belfield 13	2014	227	1,374,357	3,036,172	45%	6,065
11-040	Ellendale 40	2014	315	1,359,496	4,026,172	34%	4,319
25-060	TGU 60	2014	348	1,342,783	5,379,331	25%	3,863
48-010	North Star 10	2014	274	1,330,591	3,226,733	41%	4,848
38-001	Mohall-Lansford-Sherwood 1	2014	333	1,300,711	5,202,581	25%	3,909
34-118	Valley-Edinburg 118	2014	208	1,291,283	3,618,007	36%	6,212
33-001	Center-Stanton 1	2014	223	1,278,195	3,160,064	40%	5,741
09-097	Northern Cass 97	2014	582	1,257,554	6,406,572	20%	2,160
17-003	Beach 3	2014	283	1,253,278	5,633,052	22%	4,424
14-002	New Rockford-Sheyenne 2	2014	317	1,251,245	4,179,398	30%	3,952
02-002	Valley City 2	2014	1,094	1,250,752	12,132,379	10%	1,144
50-008	Park River Area 8	2014	422	1,232,829	4,991,128	25%	2,923
38-026	Glenburn 26	2014	271	1,232,689	3,514,723	35%	4,544
39-008	Hankinson 8	2014	267	1,206,719	3,473,030	35%	4,512
24-002	Napoleon 2	2014	250	1,206,647	3,077,890	39%	4,835
21-009	New England 9	2014	193	1,198,080	3,028,847	40%	6,202
49-003	Central Valley 3	2014	223	1,195,261	2,994,491	40%	5,355
20-018	Griggs County Central 18	2014	231	1,192,461	3,414,964	35%	5,168
18-061	Thompson 61	2014	460	1,191,756	4,333,685	27%	2,591
37-019	Lisbon 19	2014	617	1,172,292	6,649,688	18%	1,900
51-004	Nedrose 4	2014	296	1,165,472	3,727,028	31%	3,933
40-004	Mt Pleasant 4	2014	243	1,145,089	3,288,097	35%	4,720
12-001	Divide County 1	2014	358	1,142,676	4,799,605	24%	3,196
39-042	Wyndmere 42	2014	221	1,132,608	2,862,600	40%	5,123
09-017	Central Cass 17	2014	806	1,131,364	8,688,969	13%	1,403
32-066	Lakota 66	2014	193	1,123,535	2,509,682	45%	5,822
28-001	Wilton 1	2014	212	1,112,590	2,692,188	41%	5,244
28-050	Max 50	2014	196	1,106,579	2,561,576	43%	5,650
26-019	Wishek 19	2014	207	1,095,691	2,732,131	40%	5,282
18-044	Larimore 44	2014	378	1,095,254	4,677,528	23%	2,897
28-004	Washburn 4	2014	281	1,078,773	3,369,669	32%	3,833
37-024	Enderlin Area 24	2014	322	1,076,943	3,855,306	28%	3,347
50-020	Minto 20	2014	209	1,054,538	2,593,737	41%	5,045
34-019	Drayton 19	2014	145	1,052,890	2,814,811	37%	7,284
28-072	Turtle Lake-Mercer 72	2014	167	1,041,655	2,602,097	40%	6,226
28-008	Underwood 8	2014	211	1,034,138	2,972,141	35%	4,896
18-129	Northwood 129	2014	237	1,029,889	3,459,811	30%	4,340
41-006	Sargent Central 6	2014	194	994,187	3,367,895	30%	5,132
49-009	Hillsboro 9	2014	421	985,766	4,855,615	20%	2,342
30-048	Glen Ullin 48	2014	185	973,830	2,543,778	38%	5,255
21-001	Mott-Regent 1	2014	257	968,545	3,860,037	25%	3,771
46-019	Finley-Sharon 19	2014	110	961,224	2,388,809	40%	8,744

School District Ending Fund Balance Report  
2013-14 School Year  
Sorted on ADM

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46-010	Hope 10	2014	81	959,155	2,458,008	39%	11,828
35-005	Rugby 5	2014	536	936,761	6,267,849	15%	1,747
02-046	Litchville-Marion 46	2014	107	923,998	2,299,700	40%	8,661
26-009	Ashley 9	2014	133	922,833	2,038,410	45%	6,929
03-009	Maddock 9	2014	153	915,453	2,296,521	40%	5,985
30-013	Hebron 13	2014	187	892,651	2,602,625	34%	4,771
49-007	Hatton Eielson 7	2014	176	884,965	2,481,545	36%	5,025
52-025	Fessenden-Bowdon 25	2014	134	873,229	2,446,232	36%	6,511
23-008	LaMoure 8	2014	308	871,716	3,833,162	23%	2,833
20-007	Midkota 7	2014	132	857,974	2,657,775	32%	6,490
19-049	Elgin-New Leipzig 49	2014	132	853,527	2,374,775	36%	6,482
47-003	Medina 3	2014	159	843,532	2,093,839	40%	5,290
45-009	South Heart 9	2014	252	829,401	3,750,923	22%	3,290
18-127	Emerado 127	2014	81	825,832	1,437,773	57%	10,238
09-080	Page 80	2014	88	824,361	2,054,618	40%	9,409
03-029	Warwick 29	2014	262	792,586	3,930,056	20%	3,027
06-033	Scranton 33	2014	127	788,859	2,072,826	38%	6,211
15-036	Linton 36	2014	305	782,161	3,540,417	22%	2,563
39-018	Fairmount 18	2014	107	765,068	1,860,556	41%	7,135
05-017	Westhope 17	2014	140	758,150	2,234,133	34%	5,406
03-006	Leeds 6	2014	144	757,070	2,224,259	34%	5,253
01-013	Hettinger 13	2014	298	755,243	3,653,456	21%	2,538
13-037	Twin Buttes 37	2014	37	748,662	1,849,944	40%	20,361
27-032	Horse Creek 32	2014	5	722,989	204,874	353%	144,598
39-028	Lidgerwood 28	2014	174	717,429	2,349,715	31%	4,125
27-018	Earl 18	2014	-	715,909	116,532	614%	-
34-043	St Thomas 43	2014	64	709,951	1,586,134	45%	11,143
15-015	Strasburg 15	2014	139	709,179	1,952,191	36%	5,120
07-036	Burke Central 36	2014	141	705,076	2,189,299	32%	5,006
41-003	North Sargent 3	2014	227	697,962	2,685,474	26%	3,079
30-039	Flasher 39	2014	219	696,828	2,818,074	25%	3,183
51-028	Kenmare 28	2014	306	692,403	4,237,479	16%	2,260
47-010	Pingree-Buchanan 10	2014	146	679,815	2,284,082	30%	4,661
25-014	Anamoose 14	2014	99	674,731	1,553,698	43%	6,807
41-002	Milnor 2	2014	210	669,511	2,892,590	23%	3,181
10-019	Munich 19	2014	86	661,717	1,993,308	33%	7,738
25-057	Drake 57	2014	93	657,173	1,601,187	41%	7,041
45-034	Richardton-Taylor 34	2014	332	636,523	3,913,222	16%	1,919
07-014	Bowbells 14	2014	58	624,259	1,399,334	45%	10,711
51-007	United 7	2014	597	622,948	6,600,494	9%	1,044
24-056	Gackle-Streeter 56	2014	91	603,491	1,727,481	35%	6,608
15-006	Hazleton-Moffit-Braddock 6	2014	95	597,314	1,720,131	35%	6,311

School District Ending Fund Balance Report  
2013-14 School Year  
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23-003	Edgeley 3	2014	212	594,752	2,922,299	20%	2,811
40-029	Rolette 29	2014	155	591,362	2,277,647	26%	3,812
18-125	Manvel 125	2014	147	572,304	1,833,214	31%	3,886
03-005	Minnewaukan 5	2014	286	570,782	4,191,367	14%	1,997
50-005	Fordville-Lankin 5	2014	41	566,870	1,224,842	46%	13,966
23-007	Kulm 7	2014	127	564,396	2,619,003	22%	4,441
44-032	Central Elem 32	2014	9	551,962	280,158	197%	59,033
27-002	Alexander 2	2014	153	536,141	3,150,253	17%	3,494
39-044	Richland 44	2014	278	531,167	3,312,296	16%	1,911
51-041	Surrey 41	2014	388	512,539	5,099,420	10%	1,321
09-007	Mapleton 7	2014	77	497,541	1,274,530	39%	6,436
07-027	Powers Lake 27	2014	151	495,382	2,085,253	24%	3,272
43-008	Selfridge 8	2014	96	486,465	1,720,546	28%	5,047
51-070	South Prairie 70	2014	213	466,348	3,777,887	12%	2,188
44-012	Marmarth 12	2014	17	446,258	418,916	107%	26,235
27-036	Mandaree 36	2014	221	442,112	7,508,296	6%	1,997
36-002	Edmore 2	2014	69	441,855	1,806,598	24%	6,408
25-001	Velva 1	2014	432	419,890	4,326,428	10%	971
30-049	New Salem-Almont 49	2014	335	418,586	3,820,598	11%	1,251
08-039	Apple Creek 39	2014	57	417,788	1,016,636	41%	7,381
47-014	Montpelier 14	2014	104	414,519	1,540,793	27%	3,972
53-006	Eight Mile 6	2014	215	413,982	2,959,090	14%	1,922
42-019	McClusky 19	2014	85	408,760	1,493,749	27%	4,795
27-014	Yellowstone 14	2014	77	403,299	1,441,450	28%	5,238
47-019	Kensal 19	2014	38	380,332	924,439	41%	10,137
51-016	Sawyer 16	2014	117	377,501	1,804,361	21%	3,228
08-028	Wing 28	2014	102	351,739	1,473,792	24%	3,450
05-054	Newburg-United 54	2014	63	335,511	1,748,250	19%	5,329
17-006	Lone Tree 6	2014	29	333,392	697,857	48%	11,390
35-001	Wolford 1	2014	38	318,864	911,918	35%	8,411
13-019	Halliday 19	2014	57	296,643	1,115,115	27%	5,245
42-016	Goodrich 16	2014	18	276,104	672,129	41%	15,063
37-006	Ft Ransom 6	2014	23	265,565	530,425	50%	11,546
26-004	Zeeland 4	2014	52	257,359	899,137	29%	4,949
08-035	Sterling 35	2014	33	242,359	759,367	32%	7,353
53-099	Grenora 99	2014	174	240,874	2,687,513	9%	1,388
36-044	Starkweather 44	2014	64	232,895	1,258,863	19%	3,641
19-018	Roosevelt 18	2014	101	227,808	1,484,601	15%	2,247
53-002	Nesson 2	2014	266	225,539	4,295,190	5%	847
15-010	Bakker 10	2014	11	221,071	165,420	134%	20,097
28-085	White Shield 85	2014	156	210,276	1,511,873	14%	1,344
43-004	Ft Yates 4	2014	165	203,738	3,827,972	5%	1,233

School District Ending Fund Balance Report  
2013-14 School Year  
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08-033	Menoken 33	2014	30	158,596	498,483	32%	5,374
22-014	Robinson 14	2014	4	140,746	225,808	62%	35,186
03-016	Oberon 16	2014	52	134,065	1,052,983	13%	2,602
30-004	Little Heart 4	2014	12	130,091	240,769	54%	10,832
08-045	Manning 45	2014	13	104,812	160,353	65%	7,892
30-017	Sweet Briar 17	2014	12	77,299	140,096	55%	6,669
52-035	Pleasant Valley 35	2014	-	73,716	193,581	38%	-
08-025	Naughton 25	2014	9	53,426	170,449	31%	6,184
40-001	Dunseith 1	2014	626	45,788	7,293,158	1%	73
43-003	Solen 3	2014	169	24,691	4,290,782	1%	146
18-140	Grand Forks AFB 140	2014	-	-	2,871,359	0%	-
03-030	Ft Totten 30	2014	171	(72,602)	3,334,121	-2%	(425)
<b>Total</b>				<b>304,556,411</b>	<b>1,295,595,513</b>		<b>180</b>

# 4 HB  
2 1218  
1/20/15

## HB 1218 – School District Ending Fund Balance - Testimony

For the record, my name is Aimee Copas – I serve as the Executive Director for the North Dakota Council of Educational Leaders. I come to you today in opposition to HB 1218 as it currently is proposed and offer to the committee suggestions/solutions for a bill that North Dakota schools can support. Many states (including North Dakota under current law) understand that for schools to appropriately operate like a business, a healthy carryover balance is necessary – as is the case with any successful business. One would not ask the local farmer, rancher, jeweler, grocer, car dealership, attorney, or our state for that matter to operate with a low carryover balance from year to year. In fact, in our Governor's Executive Budget address, he speaks with pride regarding the state's various reserve funds and how that lends to our state's sound fiscal management and preparation for the future. To limit a school district's ability to plan for the future would not in any way represent sound fiscal management and would put any business at risk for financial failure with only one misstep or crisis.

As school leaders, we are acutely aware of protections that are in place in each district to protect against an Ending Fund Balances that would be larger than acceptable. We are hopeful that all remain aware of the importance of the local budget process that continue to allow local communities to temper the use of their tax dollars. Our local school boards are the elected officials put in place in each community to oversee the process and their recommendations for the said community and district should be considered. There are many reasons and needs for the carryover fund in today's environment. Certainly, we as school leaders need to be transparent regarding the 'what and the why' and we are committed to doing so. We have some school leaders here today that will speak directly to local budget impacts that would occur if this bill passed.

During the interim session the NDASA Legislative Focus Group spent a good deal of time researching around the state and worked with legislative leadership regarding where balances are now, and how we as districts could trim them down, yet keep them healthy enough to protect districts from a financial crisis as well as for them to actually save local tax payers money through smart future planning.

The plan that we came to was a result of districts taking many things into consideration as every district has different issues to contend with...numbers were crunched around the state and we worked to find a compromise that would serve all schools from large to micro while keeping in mind our #1 intent was to secure financial stability for the sake of our students. After much consideration, it was agreed that we could move to an environment in which all districts could move to an ending fund balance of:

**\* \* 20% AND \$250,000.**

These numbers are important as the 20% protects the larger districts and the dollar amount serves the smaller district with a smaller overall operating budget. This represents a cut nearly in half over current law. Additionally, there is a strong recommendation from all districts to lift the recommended restrictions to the special reserve balances and building funds.

There are a number of superintendents here today that will share with you specific rationale. A few districts, unable to be with us today, did desire to share in written testimony their rationale for ending fund balance and the protection of special reserve balances and building funds.



# 3  
HB 12/18  
1/20/15

## Ending Fund Balance – District Impacts

### Grafton School District 3

- Building Fund: Voter approved 20 mills to pay for bond lease payments and maintenance, repairs, technology infrastructure, and updates. After our new middle school is build our oldest buildings are 30 years old and in need of carpet, ceiling tile and sky lights replacement. Our building improvements, updates, and replacement schedule is well over \$1 million the next 5 years. A water break outside our kitchen, therefor not covered by insurance, yet on school property cost the district thousands of dollars to repair. In our new middle school building we are hoping to pay for new furnishing and casework, clocks, intercom etc. from the building fund. These items were removed from building quotes to save architectural and contractor fees of over 13%
- Activity Fund: The districts activity fund is a collection of over 30 accounts and the fund expenditures occur before revenue in many of the individual fund accounts. A carryover of at least 20% is needed in most of the funds to prevent from deficit spending during the year. Equipment & uniforms become big tickets items certain years and requires the fund to have a healthy balance.
- Special Reserve: This fund is used for one time general fund expenditures such as purchasing a school bus or school vehicle or updating outdoor facilities from lights, track resurfacing etc. The fund will be spend the next couple years to offset the costs of opening a new building.
- Food Service: A carryover is needed for the years you do not have a balanced budget. On a good year the district breaks even but when a piece of equipment is replaced the fund will deficit spend for the year. A single equipment item or repair can be as much as 15% of our yearly food service budget. Funds will be also be needed to equip our new kitchen in the middle school. Buying equipment on our own saves the district over 13% on construction costs.
- General fund: Our school environment is changing as the district becomes more diverse and the percentage of students in poverty continues to increase. In the last few years we have added 2 ELL teachers, a school nurse, a SRO officer, a translator, 3 special education teachers, 5 special education para's, 2 instructional coaches and expanded our extended school programs during the summer and before/after school. The district tis seeing double digit increases in health premiums as well as increased TFFR commitments. Carryover funds have allowed the district to meet the needs of our student population one year ahead of state payments. Our current carryover has dropped to 13%.

# 4  
HB 1218  
1/20/15

Rugby Data:

#### Fund 01 – General Fund

20% plus \$250,000 is a number we worked hard to arrive at. In Rugby we have always operated under the 20% mark since I have been here, but in smaller schools it would be difficult.

#### Fund 02 – Special Reserve Fund

The intent behind this fund is build up to 15 mills over 5 years to address some high needs at our elementary school. We have other buildings that need some TLC so our intent is to save up and do these projects. Currently we generate about \$55,000 a year based on the current valuation. This bill would only allow me to carryover \$825.00 of that. We have future projects with large price tags and we need to carryover the full amount for a few years to address our concerns. The intent behind the special reserve is to pool the money over multiple years to address deferred maintenance.

#### Fund 03 – Building Fund

We levy 5 mills per year and that generated \$108,030 this school year based on valuation. This also helps to defray costs of deferred maintenance. We couple this with Fund 02 to deal with roof repairs, HVAC, and other major costs. Based on this bill I would be able to carry over \$1620.00. Again it is about pooling money together to address large issues.

#### Fund 04 – Sinking and Interest

Our current mill levy is 29.40. This was voter approved in 2011 for 21.40 mills to renovate our high school and includes about 8 mills approved by the board for our HVAC project that occurred in 2014. We have no choice but to have carryover in this fund. I am not sure how plans to deal with voter approved mill levies for renovations.

#### Fund 05 – Food service

It seems we are constantly buying new equipment for our two kitchens. Food prices continue to rise. We typically transfer money from our general fund at the end of the year to keep this account out of the negative. So for us the cap wouldn't matter here.

#### Fund 06 – Activity Account

Most of these dollars are raised by our various clubs. I am curious how Nathe thinks this will go if we tell them we have to zero their accounts out every year. There are is a considerable amount of club dollars in here. We act only as the financial host of most of these accounts.

**Testimony on HB 1218**  
**Presented to the House Education Committee**  
**By Mark Lemer, Business Manager, West Fargo Schools**

# 5  
HB 1218  
1/20/15

1 Chairman Nathe and members of the House Education Committee, my name is Mark  
2 Lemer. I am the business manager for the West Fargo School District and my testimony is in  
3 opposition to the provisions of HB 1218.

4 This bill is intended to reduce the amount that school districts may carryover at the  
5 end of the fiscal year for the General Fund and all other funds of the school district.

6 The current law provides for a General Fund carryover equal to 50% of expenditures,  
7 plus an additional \$20,000. The percentage is decreasing over time to 45% plus \$20,000  
8 and then 40% plus \$20,000. This allows for a planned, thoughtful approach to reducing  
9 ending fund balances in the General Fund. The current bill reduces the carryover  
10 requirement to 10% or \$300,000, whichever is greater. This is substantially less than the  
11 current statutory limit and the implementation is immediate.

12 While the 10% requirement for the General Fund is a substantial reduction, our  
13 school district is considering changes to our fund balance policy. We are one of a small  
14 number of districts that might not be substantially impacted by this change. Our General  
15 Fund ending balance on June 30, 2014 was approximately 16.5% of our expenditures. We  
16 have a projected deficit for this school year and our projected ending balance on June 30,  
17 2015 is just above 12%. However, even if we were able to meet the new threshold for any  
18 given year, there are circumstances that arise that can cause a district's fund balance to  
19 fluctuate. The law needs to allow for some of that to occur, especially when we look at  
20 fund balances as of a single date, which is June 30<sup>th</sup> of each year.

/

1 I have even greater concerns over the other provisions of the bill. Section 2b  
2 establishes that all other funds, except for debt retirement and amounts financed from  
3 bond sources, may not exceed 1.5% or \$45,000.

4 Here are some examples of how this language will have significant negative  
5 implications for our school district:

6 1) We are self-funded for our employee health, dental and vision insurance. Since  
7 claims processing can take several months, we have been instructed to maintain  
8 a 3-month reserve for dental and vision insurance and a 6-month reserve for  
9 health insurance. That means a 25% fund balance for dental and vision and a  
10 50% fund balance for health insurance. During July and August of 2014, we paid  
11 insurance claims and other costs totaling \$1,743,559.36. How would we have  
12 made those payments with a carryover of only \$45,000, since we don't have any  
13 revenue into the fund until September of each year?

14 2) Our residents voted to allow the School Board to levy up to 10 mills for the  
15 Building Fund. For the 2013-2014 fiscal year, that represented \$1,979,267.11,  
16 much of which is dedicated to bond repayment. The funds not dedicated to  
17 bond repayment are supposed to help us to maintain, repair and renovate our  
18 buildings and sites. During the summer of 2014, we paid \$1,092,691.50 for  
19 roofing repairs on just 3 of our schools, district-wide parking lot & sidewalk  
20 repairs/improvements, and generator upgrades to meet new emission  
21 standards. How would we have paid for these projects in August and September  
22 with \$45,000 in carryover and no revenue from our tax levy until January? Is the

1 intent of this bill to require districts to borrow against future tax collections to  
2 pay for these types of improvements, and pay issuance and interest costs?

3 3) Our student clubs and organizations maintain their funds with the school  
4 district. As of June 30, 2014, these clubs and organizations had balances totaling  
5 \$684,281.55. Is the intention that I should use these funds to give property tax  
6 relief and tell the Junior Class that their fundraising efforts for the Prom have  
7 been used for that purpose and give a similar response to other groups that have  
8 been raising money to attend their national conventions, etc.?

9 4) Our Special Reserve Fund had a balance of \$3,024,393.84. Current law limits this  
10 fund to 15 mills times the taxable valuation of our district. We use these funds  
11 to help offset the costs associated with opening new schools. Since 2011, we  
12 have opened Freedom Elementary, Independence Elementary, Liberty Middle  
13 School and Sheyenne High School. We will also open Legacy Elementary this  
14 fall. We are currently not funded for growth (other than a fraction under the  
15 Rapid Enrollment Grants program) and our State doesn't offer any assistance  
16 when a district opens a new school. We will use it again next year when Legacy  
17 Elementary opens. We will have opened 5 schools in 4 years and used our  
18 Special Reserve Fund to mitigate those costs. As we continue to build new  
19 schools, we need some flexibility to cover these startup costs, which this fund  
20 offers. \$45,000 won't go a long way to help us cover the energy costs of a new  
21 building, or to staff it with a principal, counselor, library media specialist,  
22 custodians and other positions that come with a new school.

1           5) Our School Nutrition program was just reviewed by the Department of Public  
2           Instruction. One of the items that they reviewed was our fund balance. We had  
3           a balance of \$1,039,977.90 as of June 30, 2014. This represented 23.05% of our  
4           expenses. The review team indicated that this was well within the requirements  
5           of the program guidelines. They also recognized the need to maintain a balance,  
6           since with 15 buildings, we need to have the ability to make significant  
7           equipment purchases over time. We also need to be in a position to equip the  
8           kitchens in our new schools. A few years ago, we spent \$39,373.95 on a single  
9           steam kettle for West Fargo High School. This one piece of equipment would  
10          have nearly depleted the entire \$45,000 allowable carryover as proposed by this  
11          bill.

12          While I believe there can be some reduction in the carryover amount for the General  
13          Fund Balances of school districts from what is currently provided in law, the proposed 10%  
14          or \$300,000 is a drastic reduction that happens too quickly. In addition, I believe it is a  
15          grave mistake to create limitations on other funds without some thought to the negative  
16          consequences.

17          Without substantial changes to the provisions of this bill, we ask you to consider a  
18          “Do Not Pass” recommendation in committee and a “No” vote when you are provided the  
19          opportunity to take action on the House floor.

20          Thank you for your time and attention. I would be happy to answer any questions  
21          that you may have.

#6  
HB 1218  
1-20-15

**Testimony on HB 1218**  
**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 opposition to HB 1218.

As has been stated, this bill intends to reduce the ending fund balances for school districts for the General Fund and all other fund of the school district. Specifically, HB 1218 calls for a limit of 10% or \$300,000, whichever is greater for the General Fund and 1.5% or \$45,000 for all other funds.

I understand that some individuals view existing fund balances of school districts to be excessive. Fargo Public School has a current philosophy and policy calling for no less than a 15% ending fund balance to the General Fund. Projections for this fiscal year end have us ending with just under a 19%.

Last spring, Fargo Public Schools issued bonds for the construction of a new elementary school. In doing so, we underwent a bond rating process with Moody's and received a AAA+ rating. Last week, I conducted an interview with Standard and Poor's Rating service to update financial data regarding their last bond rating of our district. In both of these cases, our ending fund balance was discussed in detail. Each rating agency indicated that reserve funds are only one component of the overall rating, however, each also indicated that less than adequate reserves could have an impact on the rating if they are deemed to be too low. Both rating agencies were very comfortable with our existing reserve. I would be surprised in anyone would be advocating for public schools throughout the state to receive less than the best possible bond rating, which speaks volumes to a districts financial stability.

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Fargo Public Schools is interested in a discussion of a compromise between the current law which provides for a 50% carry over plus \$20,000 and reduces to 40% plus \$20,000 over time and what is being proposed in HB 1218, but a threshold that is detrimental to our long term financial stability does not seem fiscally responsible.

Of equal or greater concern is the limitation this bill places on all other fund, which would be 1.5% or \$45,000. I question whether you have considered the unintended consequences of such limitations. One example for Fargo Public Schools would be our Health Insurance Fund. Fargo Public Schools administers a self-funded health insurance plan. Most recently our annual claims paid under this plan have reached near \$13 million. Fargo Public Schools has been advised and has a philosophy of trying to maintain a minimum 6 of 9 months of reserve in this fund. Under this bill, \$45,000 would represent .003, or 1/3 of 1% reserve to our employees and district.

If we are to be solutions based when opposing legislation, I would offer that a compromise position on the General Fund may be 25% plus an amount deemed acceptable. This would be the middle ground between current law and what is being proposed. Regarding all of fund of the district, I believe there needs to additional study done on the intent of these funds throughout the state and the potential consequences of having such a minimal threshold. We all carry the burden of fiscal responsibility to the tax payers who fund public entities. I find it fiscally irresponsible to place such tight limitations on public entities that we could be forced to borrow against the future in order to operate in the present.

Fargo Public Schools recommends a **DO NOT PASS** on HB 1218.



# 7  
HB 1218  
1/20/15

**Testimony in Opposition to  
HB 1218  
ND House Education Committee  
January 20, 2015  
By: Mike Bitz  
(701) 391-8664**

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Mr. Chairmen and members of the House Education Committee I appreciate the opportunity to come before you this afternoon in opposition to HB 1218. My name is Mike Bitz and I am the superintendent of the Mandan School District.

Currently the ending funding balance in Mandan is roughly \$7,580,000. This is just over 21% of our 2013-2014 expenditures. \$7.5 million is a lot of money, but it is only 2 ½ months of operating expenses for the Mandan School District. This past fall we staffed and opened a new elementary school. The expense of doing this has caused our expenditure budget to increase by over \$3 million. We will deficit spend almost \$600,000 this year and our ending fund balance on June 30, 2015 is projected to be around 17.5%.

Because our ending fund balance is where it is, the Mandan School District is able to open, and staff, this new school, without raising taxes. The general fund mill levy in Mandan is 59.01 mills (because of property growth we cannot reach the assumed state levy of 60 mills). We also are not levying any of the 12 miscellaneous mills or 3 special reserve fund mills that are available to the District. Simply put, the Mandan School Board is being a good steward of taxpayer dollars.

The Mandan School Board is on record as saying they would like their ending fund balance to be between 12-13% of expenditures. Given time, that is where the ending fund balance will be, but requiring school districts to get their ending fund balances to 10% of the previous year's expenditures by July of 2016 is micromanagement by the legislature. The same voters who had

1

the good sense to elect each of you to the legislature, also elected the local school board members. Please allow these school board members the flexibility to do the job, the voters elected them to do.

Allowing school districts to carryover a reasonable amount of money allows districts to be proactive and to plan for the future. For example, in 2011 the Mandan School District purchased 24.5 acres of land in the Lakewood development as a future school site. The cost of this land purchase was \$600,000. This fall, I received calls from two different realtors asking if the school district was interested in selling the Lakewood property. One realtor made a verbal offer that was over double the purchase price of the property. Thankfully, the Mandan School District had the foresight and resources available to purchase the Lakewood property when it did.

Passing HB1218 would severely limit the ability of school districts to plan ahead. I urge you to vote No on HB1218.

I'd be happy to answer any questions that you may have.

# Mandan Public School District

Brave Center

August 25, 2014

Dear Property Owner,

The purpose of this letter is to notify you that the Mandan School District will be hosting a public hearing at 7:00PM on Tuesday, September 16, 2014 in the Bosh Froehlich Room of Mandan City Hall, 205 2<sup>nd</sup> Ave. NW in Mandan, ND to gather input from taxpayers on the District's 2015 property tax levy.

The new school funding formula passed by the 2013 ND Legislature assumes a local contribution of 60 mills levied by the school district against the property in the school district. The money generated from this local levy is deducted from the state payments that the school receives. In other words, the more money generated locally, the less money the school district receives from the state (see below).

State Per-Pupil Guarantee	\$9,092
Per Pupil Revenue received from 60 Mill Local Tax Levy in Mandan	- <u>\$1,162</u>
Actual State Per- Pupil Payment to Mandan	\$7,930

The taxable valuation of the Mandan School District is projected to rise by \$8,757,213 or 11.4% in the upcoming year. By levying the 60 mills assumed by the state, the Mandan School District will receive an additional \$525,433 from local taxpayers. **However, the dollars we receive from our local taxpayers from the 60 mill levy, will be deducted from state payments to the Mandan School District.**

Although the Mandan School District will not get to keep the proceeds from the 60 mill local levy, state law requires that the school district send a notice to taxpayers stating that local taxes will be increasing by 4.56%.

**The only local taxes the Mandan School District is proposing to levy are the mills the state will be deducting from the per-pupil payment and also the mills approved by Mandan residents to pay for school building construction and maintenance. The Mandan School District is not proposing to levy any of the 25 discretionary mills that it has the authority to levy.**

If you have any questions or comments on the contents of this letter please feel free to contact any of the following individuals.

Christi Schaeffbauer, Business Manager  
751-6500  
[Christi.Schaeffbauer@msd1.org](mailto:Christi.Schaeffbauer@msd1.org)

Jeff Lind, Asst. Superintendent  
751-6500  
[Jeffery.Lind@msd1.org](mailto:Jeffery.Lind@msd1.org)

Mike Bitz, Superintendent  
751-6500  
[Mike.Bitz@msd1.org](mailto:Mike.Bitz@msd1.org)

# 8  
HB 1218  
1/20/15

January 20, 2015

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

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

RE: Oppose HB1218

Representative Nathe and members of the House Education Committee, I thank you for the opportunity to visit today about HB1218. My name is Mark Vollmer, and I proudly serve as Superintendent of Minot Public School District #1 and Minot Air Force Base #160. My testimony is in opposition to the provisions set forth in HB1218.

In order to save time, and limit repetition, I would like to share specific examples of why an healthy interim fund balance is important for the Minot Public School District.

- Unlike most school districts, Minot does not have a building fund. (rejected by the voters on multiple occasions) Therefore, the Minot Public School District #1 must fund all building maintenance projects from their General Fund Reserves. Without an interim fund this district would be unable to meet the demands of large unforeseen building maintenance expenditures. Example: In 2009 we were informed after an inspection by the fire marshall, that we would not be allowed to occupy our largest Middle School, Jim Hill, if we didn't do a complete rewiring of the building. Project costs \$1.866 million source of funding...General Fund Reserves.
- Minot is dependent upon tuition payments from the MAFB PSD#160 to fund the education costs of the military dependent students in our district. MAFB PSD# 160 receives impact aid from the federal government and the timing of that federal funding is very uncertain. In one school year the district did not receive a significant portion of the federal funding until the end of the school year in June. Again without our reserves the district would have had difficulty meeting all of its financial obligations.
- Following the 2011 Souris River Flood the district experienced approximately \$70,000,000 in damages and cleanup costs. Because

FEMA operates on a reimbursement basis, for cash flow purposes and in order to meet the financial obligation of the district (including payroll) Minot PSD#1 would have had to borrow money until the FEMA reimbursements had cycled through the federal bureaucracy. At one point we were over \$11,000,000 in out of pocket expenses.

- Minot operates a self-funded health insurance fund. Our administrative consultant's actuaries recommend that we maintain 6-12 month worth of monthly premiums in reserve. Our current premium is \$850,000 therefore they recommend \$5.1 to \$10.2 million. At present we carry \$4.5 million in our self-funded health insurance reserves.
- In our School Nutrition Program Fund, we have had several years where kitchens have needed updating or equipment replaced during the summer months with costs in the tens of thousands and even hundreds of thousands, and without the reserves in that fund this would not have been possible.

With approximately \$14.5 million in reserves in the General Fund the Minot PSD#1 has, much like the state with it's "rainy day fund", been fiscally responsible with the taxpayers money and set aside sufficient reserves to handle any unforeseen upcoming expenses.

While we recognize the need for school districts to be faithful stewards of the taxpayer's resources, we also believe that a healthy interim fund is just good, old-fashioned common sense. The strict limitations on interim fund balances, as well as other district fund balances, can limit or hamper a district's ability to do our most important job: To educate children.

The North Dakota Council of Educational Leaders has an alternative proposal for limiting ending fund balances. Dr. Aimee Copas has already presented they specifics of this proposal; a proposal that allows each district to carry a healthy reserve fund to protect the patrons of our school district in time of need.

Therefore, I encourage you to either amend this bill or offer a "do-not" pass recommendation from this committee. Thank you, and I will stand for questions at this time.

# 9  
HB 1218  
1/20/15

Testimony for 1218

Chairman Nathe and members of the House Education Committee.

For the record my name is Brandt Dick and I am the Superintendent of Underwood School District. I am here to speak in opposition of HB1218. I want to start by agreeing with what Representative Hunsakor said yesterday, that if ending fund balances at the state level is such a good thing, wouldn't they be a good thing at the local school district level?

The first thing I noticed about this bill is that as recent as 2007, the ending fund balance was not to exceed fifty percent (line 12, page 1). Since that time, school districts have had that percentage reduced to forty-five percent plus twenty thousand, down to forty percent, and the last session lowered to thirty-five percent. With the challenges of districts that see declining enrollment, the ending fund balances for small districts are needed to help in those situations. Districts used to be able to levy 12% increase of 185 mills, then 12% increase of 110 mills. Now we are limited to 12% of 70 mills. Small schools have definitely felt that squeeze in the ability to meet the needs of their district, and raise revenue as needed. As Senator Rust stated in yesterday's testimony, the current funding bill is a "student rich" formula. This bill would further erode the ability of local districts to prepare for declining enrollment, or other needs that we have. There are so many challenges as schools transition to a new formula, that I feel it would be wise to stay at the rate that is in current law of 35% and let schools adjust to that amount and the new formula.

The second challenge I see with this bill is line 22 on page one. This appears to limit all other funds to 1.5% of the district's current budget. This would include hot lunch, extra-curricular funds, and special reserve fund. This last session special reserve was set at a level of 15 mills, now to limit that to 1.5% would be a major reduction for the Underwood School District—where 15 mills now has a cap of approximately \$160,000, to a level of \$45,000, if I read this correctly.

Our ending fund balance at Underwood is presently at about 35%, but this year's budget we are anticipating using some of the ending fund balance and are budgeted to drop to 29%. We feel this is necessary to account for unknown situations that arise. For example, this past summer, we had a major rain event that caused water in our gym. Because it was from ground water our insurance did not pay. The bill to dry the floor was over \$38,000. We have future needs in roofing, buses, and we needed to purchase three new stoves as our old stoves were deemed unsafe this school year. Also, Underwood School District may lose a large portion of coal money revenue as we move forward. The funding formula imputes 75% of previous year revenue, and we may not get the money, so it becomes a double hit in one year. These are just some of the issues that our district so I am hoping the ending fund balance is kept at the present level of 35%.

1

## 2013-2014 Month to Month Cash Flow Analysis

Presented to Ellendale School Board

2013-2014													
School Year -	2013-2014												
Beginning Balance -	\$1,236,402												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Total Revenue	\$ 342,417	\$ 45,249	\$ 287,468	\$ 567,326	\$ 572,512	\$ 301,845	\$ 538,877	\$ 651,333	Anticipated ending fund balance for June 30th, 2015 will be near 1,100,000 (based on present yrs expenditures = 24%)				\$ 4,149,265
Expenditures	\$ 151,471	\$ 192,461	\$ 401,955	\$ 402,094	\$ 323,804	\$ 307,328	\$ 376,602	\$ 376,602					\$ 4,026,170
Month + or - (Rev - Expend)	\$ 190,946	\$ (147,212)	\$ (114,488)	\$ 165,232	\$ 248,708	\$ 24,517	\$ 182,275	\$ 274,731					
Balance	\$1,427,348	\$1,280,136	\$1,165,648	\$1,330,881	\$1,579,589	\$1,792,999	\$1,878,286	\$2,153,017	\$2,118,207	\$1,916,184	\$2,472,871	\$1,359,497	
	Plus/Minus											\$123,095	
2012-2013													
School Year -	2012-2013												
Beginning Balance -	\$1,102,153												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenues	\$ 54,275	\$ 200,867	\$ 168,438	\$ 362,266	\$ 336,850	\$ 363,233	\$ 743,518	\$ 484,829	\$ 955,827	\$ 230,733	\$ 27,293	\$ 70,918	
Expenses	\$ 152,340	\$ 136,332	\$ 351,249	\$ 356,164	\$ 242,925	\$ 288,909	\$ 364,730	\$ 337,178	\$ 475,398	\$ 360,721	\$ 468,658	\$ 728,942	
Month Balance	\$ (98,065)	\$64,535	\$ (172,107)	\$6,102	\$93,925	\$23,773	\$453,478	\$197,060	\$572,772	(\$48,773)	(\$295,624)	(\$240,718)	
	Ending Balance											\$1,236,402	
2011-2012													
School Year -	2011-2012												
Beginning Balance -	\$1,333,089												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenues	\$ 111,686	\$ 168,438	\$ 179,142	\$ 362,266	\$ 336,850	\$ 363,233	\$ 743,518	\$ 489,767	\$ 983,343	\$ 203,750	\$ 43,185	\$ 101,263	
Expenses	\$ 208,609	\$ 117,782	\$ 351,249	\$ 356,164	\$ 242,925	\$ 288,909	\$ 364,730	\$ 337,178	\$ 475,398	\$ 360,721	\$ 468,658	\$ 728,942	
Month Balance	\$ (96,923)	\$50,656	(\$172,107)	\$6,102	\$93,925	\$74,324	\$378,788	\$152,589	\$508,445	\$143,029	(\$225,473)	(\$627,679)	
	Ending Balance											\$1,102,153	
2010-2011													
School Year -	2010-2011												
Beginning Balance -	\$1,119,346												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenues	\$ 58,449	\$ 200,437	\$ 159,205	\$ 330,142	\$ 296,735	\$ 372,789	\$ 637,754	\$ 329,544	\$ 544,544	\$ 183,403	\$ 43,993	\$ 119,493	
Expenses	\$ 149,133	\$ 136,639	\$ 350,135	\$ 335,414	\$ 263,262	\$ 266,492	\$ 229,544	\$ 304,487	\$ 304,487	\$ 304,487	\$ 300,330	\$ 611,730	
Month Balance	\$ (90,684)	\$63,798	(\$190,930)	(\$5,272)	\$33,473	\$106,297	\$348,210	\$225,000	\$240,057	\$579,541	(\$121,084)	(\$256,337)	(\$492,237)
	Ending Balance											\$1,333,089	
2009-2010													
School Year -	2009-2010												
Beginning Balance -	\$725,561												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenues	\$ 66,752	\$ 196,594	\$ 277,987	\$ 379,241	\$ 349,149	\$ 383,283	\$ 822,614	\$ 626,959	\$ 653,371	\$ 216,541	\$ 70,839	\$ 48,251	
Expenses	\$ 112,974	\$ 110,898	\$ 450,092	\$ 310,434	\$ 267,543	\$ 283,089	\$ 338,955	\$ 301,505	\$ 296,545	\$ 301,783	\$ 263,036	\$ 520,844	
Month Balance	(\$46,222)	\$85,696	(\$172,105)	\$68,807	\$181,604	\$100,194	\$243,659	\$325,454	\$356,826	(\$85,242)	(\$192,197)	(\$472,593)	
	Ending Balance											\$1,119,346	
2008-2009													
School Year -	2008-2009												
Beginning Balance -	\$593,785												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Revenues	\$ 80,595	\$ 140,224	\$ 140,224	\$ 140,224	\$ 140,224	\$ 130,959	\$ 628,214	\$ 284,523	\$ 850,169	\$ 210,489	\$ 68,776	\$ 34,306	
Expenses	\$ 124,883	\$ 93,883	\$ 267,605	\$ 267,605	\$ 237,592	\$ 237,592	\$ 247,122	\$ 230,838	\$ 318,478	\$ 235,283	\$ 292,093	\$ 495,024	
Month Balance	(\$44,288)	\$46,371	\$ (127,381)	\$ (127,381)	\$ (97,368)	(\$106,633)	\$381,092	\$53,685	\$531,691	(\$24,794)	(\$223,317)	(\$460,718)	
	Ending Balance											\$725,561	

Board decision to renovate track and field and gym. Track \$315,000, Gym \$64,000

Construction costs protection and alternate projects if possible, such as addition of fitness center & sound system.

Board Decision to take bond election for \$5 million in school renovations and expansion to voters - Election April 2010

#10 HB 1218 1/20/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~ Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2007, the amount carried over by a school district may not exceed forty-five percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed fifteen percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or four hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty five percent of its actual expenditures, plus twenty thousand dollars.~~



~~b.1.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

~~e.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~
- ~~3. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.~~

**~~(Effective after June 30, 2015) Payments to school districts—Unobligated general fund balance.~~**

- ~~1. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~
- ~~2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.~~

Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or four hundred thousand dollars, whichever is greater.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~ Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. ~~For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.~~
3. ~~For the first taxable year~~ year beginning after December 31, 2007 ~~2015~~, the amount carried over by a school district may not exceed ~~forty-five~~ forty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources, plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2016, the amount carried over by a school district may not exceed twenty percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or five hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. (~~Effective through June 30, 2015~~) Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

~~b.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

~~e.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five~~twenty~~ percent of its actual expenditures, plus twenty or five hundred thousand dollars, whichever is greater.

~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.

~~3.~~ For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

**~~(Effective after June 30, 2015) Payments to school districts -- Unobligated general fund balance.~~**

~~1.~~ The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.

~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~ Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2007, the amount carried over by a school district may not exceed forty-five percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.
4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed fifteen percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or four hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

~~b.1.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

~~e.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.

- ~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.
- ~~3.~~ For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

**~~(Effective after June 30, 2015) Payments to school districts--Unobligated general fund balance.~~**

- ~~1.~~ The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.
- ~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program. Beginning July 1, 2019, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or four hundred thousand dollars, whichever is greater.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North Dakota Century Code, relating to school district ending fund balances; to provide an effective date; and to declare an emergency.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-07-29. Ending fund balance - Amount.**

1. ~~The~~ Within the limits of this section, the board of a school district may carry over moneys to the ensuing fiscal year, to meet the cash requirements of all funds or purposes to which the credit of the school district may be legally extended.
2. ~~For taxable years beginning after December 31, 2003, and ending on December 31, 2007, the amount carried over by a school district may not exceed fifty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources plus twenty thousand dollars.~~
3. ~~For the first taxable years~~ year beginning after December 31, 2007 ~~2015~~, the amount carried over by a school district may not exceed ~~forty five~~ forty percent of the current annual budget for all purposes other than debt retirement and amounts financed from bond sources, plus twenty thousand dollars.
3. For taxable years beginning after December 31, 2016, the amount carried over by a school district may not exceed twenty percent of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources, or five hundred thousand dollars, whichever is greater.

**SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-27-35.3. ~~(Effective through June 30, 2015)~~ Payments to school districts - Unobligated general fund balance.**

1. a. ~~The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty five percent of its actual expenditures, plus twenty thousand dollars.~~

~~b.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.

~~e.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five~~twenty~~ percent of its actual expenditures, plus twenty or five hundred thousand dollars, whichever is greater.

~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.

~~3.~~ For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

**~~(Effective after June 30, 2015) Payments to school districts -- Unobligated general fund balance.~~**

~~1.~~ The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.

~~2.~~ In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.

**SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

**SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

#3 HB1218

2/17/15

Proposed by Representative Kelsh  
February 16, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

4. For taxable years beginning after December 31, 2018, the amount carried over by a school district may not exceed **twenty percent and one hundred thousand dollars** of the district's current annual budget for all purposes other than debt retirement and amounts financed from bond sources.

Renumber accordingly.



Sixty-fourth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1218

#1  
HB 1218  
2/23/15

Introduced by

Representatives Nathe, Bellew

Senators Hogue, Schaible

- 1 A BILL for an Act to amend and reenact sections 15.1-07-29 and 15.1-27-35.3 of the North  
2 Dakota Century Code, relating to school district ending fund balances; to provide an effective  
3 date; and to declare an emergency.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 15.1-07-29 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **15.1-07-29. Ending fund balance - Amount.**

- 8 1. ~~The~~Within the limits of this section, the board of a school district may carry over  
9 moneys to the ensuing fiscal year, to meet the cash requirements of all funds or  
10 purposes to which the credit of the school district may be legally extended.
- 11 2. For taxable years beginning after December 31, 2003, and ending on December 31,  
12 2007, the amount carried over by a school district may not exceed fifty percent of the  
13 current annual budget for all purposes other than debt retirement and amounts  
14 financed from bond sources plus twenty thousand dollars.
- 15 3. For taxable years beginning after December 31, 2007, the amount carried over by a  
16 school district may not exceed forty-five percent of the current annual budget for all  
17 purposes other than debt retirement and amounts financed from bond sources plus  
18 twenty thousand dollars.
- 19 4. For taxable years beginning after December 31, 2018, the amount carried over by a  
20 school district may not exceed twenty percent of the district's current annual budget for  
21 all purposes other than debt retirement and amounts financed from bond sources, or  
22 five hundred thousand dollars, whichever is greater.

23 **SECTION 2. AMENDMENT.** Section 15.1-27-35.3 of the North Dakota Century Code is  
24 amended and reenacted as follows:

1 **15.1-27-35.3. (~~Effective through June 30, 2015~~) Payments to school districts -**

2 **Unobligated general fund balance.**

3 ~~1. a. The superintendent of public instruction shall determine the amount of payments~~  
4 ~~due a school district and shall subtract from that the amount by which the~~  
5 ~~unobligated general fund balance of the district on the preceding June thirtieth is~~  
6 ~~in excess of forty-five percent of its actual expenditures, plus twenty thousand~~  
7 ~~dollars.~~

8 ~~b.1.~~ Beginning July 1, 2015, the superintendent of public instruction shall determine the  
9 amount of payments due to a school district and shall subtract from that the amount by  
10 which the unobligated general fund balance of the district on the preceding June  
11 thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand  
12 dollars.

13 ~~c.2.~~ Beginning July 1, 2017, the superintendent of public instruction shall determine the  
14 amount of payments due to a school district and shall subtract from that the amount by  
15 which the unobligated general fund balance of the district on the preceding June  
16 thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty  
17 thousand dollars.

18 ~~2. In making the determination required by subsection 1, the superintendent of public~~  
19 ~~instruction may not include in a district's unobligated general fund balance any~~  
20 ~~moneys that were received by the district from the federal education jobs fund~~  
21 ~~program.~~

22 ~~3. Beginning July 1, 2019, the superintendent of public instruction shall determine the~~  
23 ~~amount of payments due to a school district and shall subtract from that the amount by~~  
24 ~~which the unobligated general fund balance of the district on the preceding June~~  
25 ~~thirtieth is in excess of twenty percent of its actual expenditures, or five hundred~~  
26 ~~thousand dollars, whichever is greater.~~

27 ~~4. For purposes of this section, a district's unobligated general fund balance includes all~~  
28 ~~moneys in the district's miscellaneous fund, as established under section 57-15-14.2.~~

29 **(~~Effective after June 30, 2015~~) Payments to school districts - Unobligated general**  
30 **fund balance.**

*was other struck  
should not have*

1       1. ~~The superintendent of public instruction shall determine the amount of payments due a~~  
2       ~~school district and shall subtract from that the amount by which the unobligated~~  
3       ~~general fund balance of the district on the preceding June thirtieth is in excess of~~  
4       ~~forty-five percent of its actual expenditures, plus twenty thousand dollars.~~

5       2. ~~In making the determination required by subsection 1, the superintendent of public~~  
6       ~~instruction may not include in a district's unobligated general fund balance any~~  
7       ~~moneys that were received by the district from the federal education jobs fund~~  
8       ~~program.~~  
9       ~~Beginning July 1, 2019, the superintendent of public instruction shall~~  
10      ~~determine the amount of payments due to a school district and shall subtract from that~~  
11      ~~the amount by which the unobligated general fund balance of the district on the~~  
12      ~~preceding June thirtieth is in excess of fifteen percent of its actual expenditures, or~~  
13      ~~four hundred thousand dollars, whichever is greater.~~

13      **SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective on July 1, 2015.

14      **SECTION 4. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure.