

Members of the education funding and taxation committee:

I am Mitch Carlson, Superintendent of LaMoure Public Schools, representing the LaMoure School District, its school board members, the LaMoure School patrons, its teachers, and its students.

With the enactment of Senate Bill 2200 in 2007, a framework was designed and implemented to improve the adequacy and equitable distribution of funding to schools in North Dakota from the state. The passage of Senate Bill 2199 in 2009 gave welcomed property tax relief to residents in the state of North Dakota. Within Senate Bill 2199 there have been consequences in that bill that conflict with Senate Bill 2200 that have made school equity funding an issue again.

Basing current and all future funding from the state of North Dakota to schools, which is based on what each school spent in 2008 does not give a short or long term solution to the equity issue of funding of schools in North Dakota. It also does not paint a clear picture of what was needed to operate a school in 2008 as it will be to operate in 2012 and beyond. As situations and circumstances change in each school district, our school district, along with many others are constrained by this 2008 level of funding. We are capped to operate at 168 mills for eternity, while the majority of the schools in the state are allowed to operate at 185 mills - unless corrective action is taken. This puts our School district, teachers, and students at a distinct disadvantage now and in the future.

Our school for the past two years and will this next fiscal year, operate at or very near the maximum allowable of 110 mills. If it not were for the stimulus money received this past couple years and this upcoming year, our financial condition would have been in a very difficult situation. As the stimulus money has come to a conclusion at the end of this coming year, the question that we are faced with in our school is what do we do now for a solution? As I come before you today, the LaMoure School district is asking you to resolve this issue with an equitable solution. These past few months, I have been presented with these solutions:

1. Do not accept the mill levy reduction grant money and then your school district can levy the full 185 mills. What we would be asking our patrons to do is give up the 58 mill reduction money they have received these past two years. I then must explain to them we do not currently receive the full 75 mill reduction money from the state like the majority of the schools in the state receive to operate our school because we did not tax enough in 2008. I must then ask the patrons to give up the property tax relief all others in the state will be getting. I do not think that was the intent of the property tax relief bill.
2. With a vote of the public, you can go beyond the 110 mills and still receive the mill levy reduction money. Our school board would then have to justify to the public with the

following rationale: Since we did not tax high enough in 2008 and we currently receive 58 of the 75 mill levy reduction money from the state, we need to raise our taxes above the maximum allowed to operate our school. Since we were frugal with our tax dollars in 2008, our school district gets less money from the state of North Dakota. As our school board sees this scenario, this is not a viable or a realistic option.

3. Cut programs. To make any cuts of significance, you are looking at programs, teachers, administration, or a combination of those. In any of these scenarios, that is not good for our students. Because we are financed lower than the majority of the schools from the state, we must cut programs.
4. Change it legislatively. That is why I am here before you today, to see if an equitable solution can be presented and changed to be fair to all school districts.

How each individual school district got in this situation has varying degrees based on the year 2008. During that period of time there were school consolidations, declining or rising enrollment, or the school district just only levied to their taxpayers what they felt they needed to spend that year. Nothing more – nothing less. Whatever scenario each school had at that time, based on the law passed with SB 2199, it has and will have a long term negative effect on that school district and has created an inequity in school funding from the state to those school districts.

Each school has a unique circumstance within its district for needing the extra mill reduction money. Some may need the extra mill reduction money to operate their school district for general expenses on a year to year basis. Some may want the extra mill reduction money to reduce taxes to their school district patrons. Some school districts need the extra money to do a major project within their district. Whatever scenario that is presented, the school districts that are in this situation and before you today is unique and different. But we do share one thing in common in this situation; we feel we are not funded equitably by the state of North Dakota to Public Education.

I believe the question before this committee that needs to be addressed is that when you have two very comparable school districts in size, enrollment, and taxable valuation, that one of those school districts should have receive 20% more funding from the state because they taxed higher in 2008.

It is our hope and desire that this situation can be corrected through the legislative process.

Thank you for your time.