

HB 1388 Testimony

Chairman Owens and members of the committee, for the record my name is Brandt Dick, Superintendent of Underwood School District, North Dakota Small Organized Schools' Board President, and North Dakota Association of School Administrators Legislative Focus Group finance chair. I am here to speak in support of HB 1388.

This bill adjusts weighting factors for the smallest schools in North Dakota. This was needed as 94 school districts in the state are transition minimum school districts. These 94 school districts collectively received \$49.2 million dollars in additional revenue this school year then if these schools were on the formula. This is due to hold harmless clauses, baseline funding levels set, going back to the new formula that was put into place. The 66th Legislative Assembly adjusted this for these school districts so that beginning in 2021-22, these districts would see an annual 15% cut in the amount of excess dollars they are currently receiving from the state. On page 9, lines 7-18 shows how these cuts are to be implemented over the next 7 years, with an additional 15% cut each year until these schools are on the formula. This is shown again on page 17, lines 14-19. That is why on page 3 and the top of page 4 it implements the new weighting factors by 14.29% (1/7).

Underwood is a transition minimum school district in that we receive an additional \$345,536 than if we were on the formula. This next school year, that amount will be cut by 15%, then an additional 15% until we are on the formula in seven years. Presently in law, this would be a 15% cut for the first 6 years, with year 7 being a 10% cut to get these school districts onto the formula. One tweak that would be appreciated by these 94 school districts would be if we could have the 10% cut in year one, then an additional 15% each of the next 6 years to get onto the formula. This last session, these cuts were put into place and we were given a 2 year pause before these cuts were implemented. The money the state saves from these cuts is what is being used to fund these additional weighting factors. After much study, weighting factors adjustments seems to be the best idea to help these smallest school districts get onto the formula and stay on the formula.

This bill also has a formula found on page 6 lines 18-26 to put K-6 and K-8 schools onto the formula by utilizing the same weighting factors as K-12 schools. This section may need to be looked at as there are a couple of schools that this formula would cut their weighting factors, as well as long term, if these districts grow in numbers, their kids could general less than 1.00 weighting factor.

This bill has a 1% increase on the per pupil payment for those schools that are already on the formula, which is good. It also provides a path for having transition maximum schools to become fully paid in 7 years. While this bill will mean some budgetary pain for the transition minimum schools, it does provide some help for the smallest rural school districts that have been helped by these transition payments, yet I do understand that transition is a word meaning there will come a time when that will go away, which would be 7 years. I will stand for questions.