

TESTIMONY ON HB 1013
SENATE APPROPRIATIONS COMMITTEE
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Chairman Holmberg and Members of the Committee:

My name is Adam Tescher and I am the School Finance Officer with the Department of Public Instruction. I will go over the school finance information for the DPI budget.

The school finance portion of the report provides information on student enrollments, 2019-21 biennium appropriation and expenditures, as well as HB 1388 and the changes passed by the House of Representatives.

The first enrollment chart shows a history of the statewide enrollment count by grade. It is important to note that the lower grade levels do have higher enrollments than grades 10 – 12. The Kindergarten enrollment fell below 9,000 students for the first time since 2016-17. The chart also shows the projected enrollments for the 2021-22 and 2022-23 school years.

Page 15 shows the history of births in the state from 2004 through 2019 by county. In the year 2017, North Dakota experienced a decline in the number of births, but has been relatively flat from 2017 through 2019. This is the data the department uses to project kindergarten enrollment.

Page 16 includes graphs that show the history of births in North Dakota, and the enrollment history of the largest nine school districts compared to all other districts in the state. The enrollment chart shows enrollments dating back to 1997-98. K-12 public school enrollment reached 118,649 in 1995.

The next two enrollment pages contain student enrollment history by county. Enrollment are identified as frontier counties, members of the Western Dakota Energy Association (WDEA), and the largest ten counties. The counties that are members of the WDEA had a 2 percent decline in enrollment this year, while all other counties had a 0.2 percent enrollment decline. The ND Public K-12 Enrollment by Region indicates that all state planning regions, except Devils Lake, experienced declines in student enrollment this year.

Page 20 is a general overview of the Foundation Aid Formula. The framework for this formula is still used today, however, there have been updates to the weighted student units calculation and the local contribution calculations. The chart on the top right indicates a 26 percent local contribution and 74 percent state contribution of the Foundation Aid Formula in 2014. The 2021 school year has a 74.8 percent state contribution and 25.2 percent local contribution.

The Statewide Statistical Summary- 2019-21 Budget to Actual, compares the 2019-21 appropriation to the actual expenditures for the Foundation Aid payment. The state aid distributed for the 2019-21 biennium will be approximately \$63 million dollars less than what was appropriated. The primary reasons for this are the lower than

expected student enrollments and larger than projected contributions from local sources.

Page 22 is the Department of Public Instruction Status report estimating the turn back for the 2021-22 school year by line item. The report indicates an \$81.7 million dollar turn back of general fund dollars.

The next two pages display HB 1388, the policy bill for Integrated Formula payments for the 2021-23 biennium. The first page shows the calculation of the state aid payments comparing the 2019-21 budget to the 2021-23 budget. The formula is calculated using HB 1388. The cost includes both projected increases in student enrollment and changes in taxable valuation. This will result in an appropriation decrease of \$4,832,067 from the 2019-21 biennium. The next page shows each line item of the Integrated Formula payments and compares the 2019-21 biennium to the 2021-23 biennium. Other grants to school districts have also been added to this worksheet. There are a few other bills that will affect the Integrated Formula line in HB 1013. The other bills include HB 1246 and HB 1436.

Pages 25-26 are an example of the calculation of the Foundation Aid calculation for a school district. The first page is the calculation of the state aid payment, while the second page is the supporting calculations of the payment on page 1. Line 30 indicates that this district has a transition minimum adjustment. The calculation for this adjustment is shown in section F on the bottom of page 2. These worksheets are made available for all districts each month a payment is made.

Pages 27 and 28 contain the history of the state aid to schools dating back to the 2011-13 biennium. There has been a significant increase in the dollars appropriated for the state aid the schools are receiving. The State Tuition Fund has increased its contribution to the State School Aid Program from \$140 million in 2013-15 to \$433 million in 2021-23.

Pages 29 and 30 contain information on the history of licensed staff in North Dakota and the estimated average teacher salary by state calculated by the National Center for Education Statistics (NCES). Page 31 compares expenditures per pupil to other states. The Department of Public Instruction uploads data to NCES each year so they can make accurate comparisons.

Section 19 was added to the HB 1013 to encourage school districts to share administrative expenses. This would allow DPI to reimburse school districts that cooperate and share a superintendent and business manager a percentage of their salary depending on the number of districts that cooperate. DPI would like to suggest an amendment that would include Special Education Units to this change.

Mr. Chairman, that concludes my prepared testimony and I will stand for any questions that you may have.