

**TESTIMONY ON SB 2013
HOUSE APPROPRIATIONS COMMITTEE**

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Chairman Bigesaa 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, school finance appropriation and expenditures, and teacher employment and salary information.

The first enrollment chart on page 15 shows a history of the statewide enrollment count by grade. The kindergarten enrollment for 2022-23 is 9,235 students, while the grade 12 enrollment is 7,816. The chart also shows the projected enrollments for the 2023- 24 school year.

Page 16 shows the history of births in the state from 2004 through 2021 by county. North Dakota births peaked in 2016 at 11,364 and have steadily declined to 10,111 births in 2021. This is the data the department uses to project kindergarten enrollment.

Page 17 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 following two enrollment pages contain student enrollment history by county. Enrollment is identified by frontier counties, members of the Western Dakota Energy Association (WDEA), and the largest 11 counties. North Dakota's 11 largest counties experienced a 1.7% increase in 2022-23 and an 18.1% increase since 2013-14. The ND Public K-12 Enrollment by Region indicates that the Williston region experienced a 5% increase in enrollment in 2022-23 and a 50% increase since 2013-14.

Page 21 is a general overview of the Foundation Aid Formula. The funding formula started in the 2013-2015 biennium. There have been several updates to student weighting factors, the contribution from in lieu of property tax revenue, and transition adjustments. The 2023 school year has a 73 percent state contribution and a 23 percent local contribution.

The Statewide Statistical Summary- 2021-23 Budget to Actual, compares the 2021-23 appropriation to the actual expenditures for the Foundation Aid payment. The state aid distributed for the 2021-23 biennium will be approximately \$52 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, specifically oil and gas production taxes and US flood revenue.

Page 23 is the Department of Public Instruction Status report estimating the turnback for the 2021-23 biennium by line item. The report indicates an estimated \$71.2 million turnback of general fund dollars.

The following two pages display the cost to continue Integrated Formula payments for the 2023-25 biennium. The first page shows the calculation of the state aid payments comparing the 2021-23 budget to the 2023-25 budget. The formula is calculated using the cost to continue the current law into the 2023-25 biennium. The cost includes projected increases in student enrollment and changes in taxable valuation. Oil and gas production tax was projected using actual distributions from July 1, 2022, through December 31, 2022. This will result in an appropriation decrease of \$46,367,896 from the 2021-23 biennium. This is a change from the cost to continue presented to the senate as the 2022 taxable valuation was reported higher than what was projected by DPI. The next page shows each line item of the Integrated Formula payments and compares the 2021-23 biennium to the 2023-25 biennium. Other grants to school districts have also been added to this worksheet.

Pages 26-27 are an example 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 at the bottom of page 2. These worksheets are made available for all districts each month a payment is made.

Pages 28 and 29 contain the history of the state aid to schools dating back to the 2011-13. I have included the 2023-2025 biennium appropriations as passed by the Senate. There has been a significant increase in the dollars appropriated for the state aid the schools receive. 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 30 and 31 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 32 compares expenditures per pupil to other states. The Department of Public Instruction uploads data to NCES each year so they can make accurate comparisons.

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