



North Dakota Small Organized Schools

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HB 1238 – Testimony in Support
Senate Education Committee
Senator Elkin– Chairman
March 7, 2023

Senator Elkin and members of the Senate Education Committee, my name is Michael Heilman. I am the Executive Director of the North Dakota Small Organized Schools (NDSOS). I represent 150-member school districts of the North Dakota Small Organized Schools. NDSOS stands in support of HB 1238 to extend the moratorium on ending fund balances and provide for a study.

The 2021 session saw the passage of HB 1028 which placed a moratorium on the ending fund balance for school districts due to the influx of COVID and ESSER dollars and the time frames for expenditure of these dollars. HB 1238 before you today will extend the moratorium and provide for a study to determine the impact on ending fund balances on credit ratings for school districts. Credits rating can have a significant impact on the school district and the taxpayer when districts borrow money for school construction projects.

Additionally, our smallest schools, many with budget near \$1 million or less are limited to a carryover amount to 35% + \$50,000. For some of our districts a major expenditure on a HVAC system or even bus purchases can cause significant budgetary concerns.

NDSOS urges you to support HB 1238 with a do pass recommendation.

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The mission of NDSOS is to provide leadership for the small/rural schools in North Dakota and to support legislation favorable to their philosophy while opposing legislation that is harmful.