



**Testimony of
Jennifer Feist, Director of Development
Valley City-Barnes County Development Corporation
Valley City, ND**

HB 1540 (In Opposition)

Senator Todd Beard and Members of the Senate Education Committee

I have served as the Director of Development for Valley City-Barnes County for nearly 38 years. I am keenly aware of the workforce challenges, the importance of quality education and the impact to business and community growth across the State of North Dakota.

I am in opposition to HB 1540 that establishes an education savings account program for several reasons.

- 1) The \$40 Million in 2026-2027 and the \$80 Million in 2027-2028 should be/must be invested in the public school system that serves over 118,000 public school students.
 - a. Our public schools have served the State of North Dakota incredibly well for decades. Valley City Public School was rated the highest in the State in Choice Ready in 2024.
 - b. In a press release dated January 29, 2025, Superintendent Kirsten Baesler stated that North Dakota students outperformed national averages in mathematics in the newest results for the National Assessment of Educational Progress (NEAP). In fourth-grade mathematics, five states had higher average scores than North Dakota and six states had higher average scores in eighth-grade math.
- 2) HB 1540 is problematic and far more costly.
 - a. Funds are granted to students until the student graduates high school or reaches twenty-one years of age, regardless of household income. An eligible use of funds is tuition and fees at an eligible postsecondary institution.
 - b. Are we providing the same opportunity for students in public schools?
- 3) HB 1540 Governance
 - a. The bill calls for the Bank of North Dakota to qualify private financial management firms to manage and administer the education savings accounts.
 - b. Are we setting up a new agency and related operating costs?
 - c. Misuse of funds will be referred to law enforcement for investigation. Does this mean the Attorney General's Office or the States Attorneys across North Dakota will be responsible?
 - d. How and who will be policing, monitoring, and enforcing the provisions of this bill and at what cost?
 - e. This governing language conflicts with two other sections of HB 1540, specifically:

- i. No. 4, Item a on Page 6 starting with Line 21 – The department (meaning the Department of Public Instruction) may not regulate the educational program of a participating nonpublic school or education service provider that accepts funds from an education savings account, except as provided under this chapter and chapter 15.1-23.
- ii. No 4, Item c on Page 7 starting with Line 1 – Participating nonpublic schools and education service providers must have the freedom to provide for the educational needs of the school's students without governmental control.
- iii. If funds do not constitute taxable income, will the State provide an equal amount in the form of a tax credit to parents or students who are enrolled in a public school? I believe funds would be subject to federal income tax.
- f. Transportation time will cut into learning time.
- g. A multimedia marketing program is included. Who and how will the marketing campaign be executed and at what cost? Are we providing the same opportunity and funding to public schools?

North Dakota's public schools must be our priority. Funds must be invested in school buildings, equipment, curriculum, Career Centers, wages, additional innovation, STEM, and more to meet the needs of students and employers. This is critical.

We raise our children to be accountable. HB 1540 utilizes \$120 Million with no accountability. Our public schools have served the State of North Dakota with remarkable success and have earned investment by the State of North Dakota. I urge a no vote on HB 1540. Thank you.