

Good afternoon Senate Education Committee, for the record, I am Senator Don Schaible representing District 31 and I am here to introduce House Bill 1388.

The background rationale of this bill resonates from last session. This is the second session of a multi-year effort to slightly modify the K12 funding formula to assure all districts are brought onto the formula in a reasonable time, while providing equity, and reasonable support for the schools. Last session, the bill passed (SB 2265) indicated a 7-year transition to get all schools on the formula. This included the transition minimum school districts as well as those districts who are unable to currently get to the 60-mill deduct.

In doing so, this meant that transition minimum districts would be taking on a transition that results in budget cuts. The legislature went into that transition with full knowledge of the continued work this past biennium and also with the understanding that we'd be conducting work on the weighting factors to provide better equity, support for small schools, support for growing schools and support for our transition maximum schools. The deductions established in SB 2265 in 2019 using the dollars saved by these transitions, a study on the weighting factors and an appropriate adjustment and alignment of those factors was studied during the interim so that the weighting factors are more appropriately funding the schools and providing an environment that schools are appropriately funded and are staying on the formula without hold-harmless provisions. You'll see this executed in this bill.

Furthermore, in the interim, we studied ways to bring K6/K8 schools onto the formula. This was done with the intention to do no harm. In the first iteration of this bill, what was instituted, does have some districts that the implemented formula impacted was negative in nature. We are currently running numbers to correct that issue as K6/K8 schools will then more fairly come onto the same formula with a calculation to make this appropriate.

Section 1

Section 1 of the bill adjusts the membership to the K12 Coordination Council. This change came at the request of Director of the Coordination Council which allows special education study council and regional education association to pick their own designees rather than Governor Appointees. Members of public school administrators and school principal are also removed from membership for they are already represented by other membership and seem to be duplication.

Section 2

During the interim, the Education Funding Formula Committee reviewed several proposals regarding how the current school size weighting factors impacted school district of varying sizes. After review, the general consensus was that the factors for the smallest schools needed to be increased to reflect the inefficiencies that are inherent in smaller schools.

Pages 3 to 5 of the bill use the current weighting factors to create a baseline from which changes can be made to the factors over time.

Page 6, lines 16 on, contain special provisions that specify how DPI will move the factors from the current to the new in equal installments over 7 years. This will complement the 7 year timeframe mentioned earlier with regard to the budget reductions to transition minimum districts.

Pages 9, lines 6 to 14 provide the methodology for establishing the proper school size weighting factor category for Graded Elementary Districts. Again – this methodology will need to be modestly adjusted to ensure our intent of bringing them into the formula while doing no harm is honored. Since their enrollments do not include high school students, DPI will create an imputed K-12 count by dividing their actual count by 0.60. In the bill at this moment, there is also an adjustment to the school size factor that reflects the lower cost of providing elementary instruction only. The school size factor established for each district will be reduced to 92% to reflect the absence of secondary instructional costs. This may need to be amended and remove the 92% so graded elementary schools do not take a budget cut.

No new dollars were utilized in this process, rather the dollars from the transition minimum adjustments were utilized to better distribute the weighting factor.

Section 3

- Transition **minimum** districts are addressed in this section. They receive no increase in per-pupil funding. Their budget transition minimum payment (not their full payment but the transition portion) is reduced by 15% in 2021-22 and then by 30% in 2022-23. That reduction increases by 15% each year until the difference between what the district should get on the formula and what they get with the additional transition minimum payment is reduced to zero and they are fully on the K12 funding formula.
- Transition maximum districts are concurrently addressed in this section however, in the inverse. Because they receive less of a payment, the per pupil payment difference (between full payment and what they've been reduced) will be adjusted by 15% each year (reducing their maximum deduct by 15%) until they are fully on the formula.
- Pages 13-15 and 19-22 outlines the process by which the transition maximum schools work toward getting to the same per pupil funding amount as their counterparts. Just as the minimums and deduct districts have 7 years to make this transition, the maximum schools are set with the same timeline. This effort, in tandem with modifications to the rules on Ending Fund Balanced if passed by both houses, will establish a healthy modality for the transition maximum districts to be fairly honored by the formula as well.

Section 4

Adds \$260,000 for the K12 Coordination Council operations. This was handled through DPI budget last session, which included operational expenses and shared services through the department. This appropriation would allow for independent operations. The K-12 Coordination Council is still a new entity with growing pains, but a very relevant council which may have to be addressed next session for an ongoing appropriation for its existence.

I will now go over several amendments that I will be introduction to the committee doing committee work and we could wait to talk about them then, but I think it would be appropriate to talk about them now so the experts after me would have an opportunity to comment on them also.

Amendment 1

This bill in its original form included a 1% and a 1% increase that would provide the much-needed cost inflationary increase in the per-pupil payment. Without this increase, schools are unable to manage increased district costs and salary increases for staff. Without this, districts may be tasked with asking more from their locals in taxes which this helps us to avoid in many instances. One amendment that I will introduce would provide a 1% increase in the base student payment for the 2021-22 school year – raising that per pupil amount from \$10,036 to \$10,136 and a 1% for the 2022-23 school year – that new per pupil amount would become \$10,236 for that school year.

Amendment 2

Remove the 92% which would be lines 11-14 on page 9.

Amendment 3

SECTION ____ . LEGISLATIVE MANAGEMENT STUDY. During the 2021-22 interim, the

legislative management shall consider a k12 school funding study which includes transition minimum reduction impacts to reorganized and/or consolidated districts with a focus to include those districts that have two k-12 buildings within the district and those who have built a new building without traditional bonding as a result of a multi-district reorganization. This study shall also include an analysis of high costs students including special education students, high cost due to medical reasons, agency placement and other reasons that increase the cost of the student beyond the state threshold. An ongoing review of impacts of schools off the formula as they move through the transition to the formula shall also be studied.

The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations to the sixty-eighth legislative assembly.

Amendment 4

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

Section 15.1-20-01, 15.1-06-04 (Subsection 4) and 15.1-31-07 Regarding Attendance and Enrollment of Students, of the North Dakota Century Code is amended and reenacted as follows:

15.1-20-01. Compulsory attendance.

1. Any person having responsibility for a child between the ages of seven and sixteen years shall ensure that the child is in attendance ~~at~~ with a public school for the duration of each school year.

15.1-06-04. School calendar - Length.

4. For purposes of this section, a full day of instruction consists of:
 - a. At least five and one-half hours for kindergarten and elementary students, during which time the students are required to engage in learning as determined by the local school board ~~be in attendance for the purpose of receiving curricular instruction~~; and
 - b. At least six hours for high school students, during which time the students are required to engage in learning as determined by the local school board ~~be in attendance for the purpose of receiving curricular instruction~~.
5. If a school district intends to operate under a school calendar that consists of four days of instruction per week, the school district shall apply and be approved for a waiver by the superintendent of public instruction.

15.1-31-07. Students not subject to this chapter.

1. If a student, as a result of a school district dissolution or reorganization, resides in a district other than the one the student chooses to attend at the time of the dissolution or reorganization, the student is not subject to this chapter and may attend school in the chosen school district.

2. A student enrolled in remote instruction unless a tuition agreement is established between the district of residence and the receiving district.

Amendment 5

*requirement of current teachers' PD

READING INSTRUCTION COMPETENCY FOR KINDERGARTEN THROUGH THIRD GRADE.

A new section to chapter 15.1-21 of the North Dakota Century Code is created and enacted as follows:

CURRICULUM AND TESTING 15.1-21-01. Elementary and middle schools - Required instruction.

Each school district shall:

(1) provide for the use of a reading curriculum that is scientifically-based; focuses on phonemic awareness, phonics, fluency, vocabulary, comprehension, and uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills;

(2) ensure that:

(A) not later than the 2022-2023 school year, each classroom teacher in kindergarten or first, second, or third grade and each principal at a school with kindergarten or first, second, or third grade has attended teacher literacy achievement professional development training meeting the criteria in Paragraph (1) and approved by the Superintendent of Public Instruction;

(B) each classroom teacher and each principal initially employed in a grade level or at a school described by Paragraph (A) for the 2022-2023 school year or a subsequent school year has attended a teacher literacy achievement professional development training approved by the Superintendent of Public Instruction before the teacher's or principal's first year of placement in that grade level or school; and

(3) certify to the department that the district or school:

(A) prioritizes placement of highly effective teachers in kindergarten through third grade; and (B) has integrated reading instruments used to diagnose reading development and comprehension to support each student in prekindergarten through third grade.

(b) The department shall provide assistance to school districts in complying with the requirements under this section.

(c)The department shall:

(1) monitor the implementation of this section; and

(2) periodically report to the legislature on the implementation of this section and the effectiveness of this section in improving educational outcomes.

(d) the Superintendent of Public Instruction shall collaborate with the K12 Coordination Council to assist the department in fulfilling the department's duties under this section.

(e) The superintendent of public instruction may adopt rules to implement this section.

*addresses teacher preparation (college requirements) for new teachers getting teaching license.

A new section to chapter 15.1-13 of the North Dakota Century Code is created and enacted as follows:

Teacher licensure requirement – reading instruction competency.

1. The board shall ensure a candidate for licensure demonstrates competencies in the acquisition of knowledge of essential components of beginning reading instruction based on the science of reading.
2. Competencies must include these essential components of reading:
 - a. phonemic awareness
 - b. phonics
 - c. fluency
 - d. vocabulary,
 - e. comprehension; as well as
 - f. how to assess students' reading ability; and
 - g. how to identify and correct reading difficulties
3. Each elementary education candidate for licensure must complete a minimum of nine credit hours of reading, which includes a focus on the components of Paragraph (2)
4. Each secondary education candidate for licensure must complete a minimum of three hours of reading in the content area which include a focus on vocabulary, comprehension, and writing.
5. A teacher licensure candidate satisfies the requirements of this section if the candidate demonstrates the candidate has received training in competencies related to reading instruction from an accredited or approved program. The board may issue a provisional license for up to two years to a teacher licensure candidate that does not meet the requirements of this section.

Mr. Chairman and Committee the concludes my testimony and I will try to answer your questions.