



1 SB 2165 – Ending Fund Balance

2 NDCEL Testimony in support with requested amendment 1/19/21

3 Senator Schaible and members of the Senate Education, for the record my name is Dr. Russ Ziegler
4 and I serve as the assistant director for the North Dakota Council of Educational Leaders. I am
5 here today in support of this bill and would humbly ask for an amendment/addition to the language.

6 During this past interim, the ND Legislative Funding Interim Committee worked on a number of
7 things with regard to ND school funding, one of those issues being Ending Fund Balances and
8 how amending language to this section of code can help our transition maximum schools who
9 receive impact aid funds walk closer to being fiscally whole. Impact aid dollars are federally
10 provided dollars that dramatically impact a number of schools in our state (especially BIE and air
11 force base schools). While helpful, the funds are unreliable in timing and based on current climate,
12 these districts have not been able to utilize them fully as they are imputed in the currently formula
13 by 75%. The unreliability of the timing has come into play in our past where a large impact aid
14 payment might come in June and that district has no prudent way to appropriately spend it, so not
15 only is it imputed, but any resulting amount that causes an increase over the ending fund balance
16 law is then deducted from the district in subsequent per pupil aid payments.

17 Paralleling this conversation are rules behind the amount of carryover that a local district can have.
18 Currently that amount is 35% plus \$50k. In a small or large district this often barely accounts for
19 about 30% of their operating budget. In larger districts the carryover percentage typically far
20 below that at around 8-13%

21 Allowing the transition maximum districts to carve out their federal impact aid dollars and not
22 have that included in their ending fund balance will most certainly help them.

23 Now to the requested addition to the language – in the current climate with a number of things
24 going on – round 2 of federal COVID support dollars to hit districts this spring, coupled with



- 1 transition minimum districts who are facing a budget cut to get them closer to the formula begets
2 the request to have a brief 2-year moratorium on the ending fund balance language for all districts.
3 This would allow all of our school district leaders and school boards to be prudent with the funds
4 allocated to them and to ensure they are making the best use of the dollars for the long term for
5 their districts. The language to engage that brief stay on this section of code is attached and would
6 be possible by a simple shift in date of inaction. We ask that you consider adding this as a very
7 positive and frugal amendment to this bill.
- 8 Thank you for your consideration in supporting this bill and the amendment and as amended give
9 the bill a do-pass recommendation to your fellow senators.