



**NDSBA**  
**NORTH DAKOTA SCHOOL  
BOARDS ASSOCIATION**

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**HB 1367**  
**Testimony of Alexis Baxley**  
**House Finance & Taxation**  
**January 24, 2023**

Chairman Headland and members of the Finance Taxation Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 170 North Dakota public school districts, their boards, and several multi-district special education units.

The North Dakota School Boards Association stands in opposition to HB 1367. We believe there are already a number of ways for citizens to provide input on the local budget throughout the process, and this bill would create serious issues for school districts.

School boards, unlike almost every other employer in this state are required by law to negotiate with a large majority of their employees. The salaries of those employees – teachers – often represent 60-70 percent of their annual budgets, if not more. The negotiation process can occur every year, but in most cases, occurs every two years. Negotiations typically begin in the early spring. By law, districts have until July 1 to negotiation with the local teacher’s association. If an agreement is not reached at that time, impasse is automatically declared. The impasse process can often take weeks. It is still possible for the negotiations process to last into August if impasse occurs. It would be difficult for districts in this situation to accurately predict their budgets in July – without the ability to make any adjustments – if negotiations wrap up in July or later.

And, as I stated earlier, most districts issue two-year contracts. In non-negotiating years, districts would most likely be forced to withhold contracts until after the budget was approved in July. This would conflict with state law – NDCC 15.1-15-04 currently requires school districts to issue contracts to teachers by May 1 of any non-negotiating year. In addition, most negotiated agreements included “lanes” and “steps”, which require districts to give teachers raises with the completion of additional education or increased seniority. If a district’s budget were disapproved in the middle of a contract cycle, districts may not have the appropriate funds to fulfill their contractual obligations, placing them at great risk to be sued. Or, if a teacher, upon learning they may not receive the negotiated raise, opts not to renew their contract, the district would be left scrambling to find a replacement weeks before school starts.

Finally, when a district is unable to confirm teacher salaries prior to August, it is forced to attempt to make any necessary new hires without a confirmed contract to offer them. Not surprisingly, it would be hard to

hire new teachers when you do not know what kind of contract you can offer them, and they are left with little time to prepare for the school year.

Another difficulty this bill would create relates to when school board members take office. In North Dakota, school boards can conduct their elections any time between May 1 and June 30 each year. Most districts opt to conduct their elections in early June, and by law, new board members are seated at the District's annual organizational meeting in July. These meetings do not always occur prior to July 10, which would either put the previous board in the position of approving a budget for the future board OR would require a newly seated board to approve a budget that could not be adjusted at all at their first meeting.

The inability for districts to marginally adjust their budgets is concerning. Currently, school districts are required to submit their preliminary levies and budgets explaining those levies to county auditors before August 10 each year. They are then able to amend that budget before October 10, which provides them with much needed flexibility. Many things can change in districts from July to October, including a district's average daily membership (or enrollment), which determines the district's baseline budget and state aid payments. This number is not reported to NDDPI until September 10. While adjustments are usually minimal, it is critical that districts retain that ability.

We believe that there are already a multitude of ways for a citizen to provide input on their local school district's budget. School districts are subject to public meeting and open records laws. Citizens of each district must be given reasonable notice before each meeting of the board. Boards are also required to publish their schedule of bills in the official district publication. School boards cannot make decisions that involve expenditure of funds in executive session, and a district's budget is approved annually in an open meeting. School districts are limited to the amount they can increase their general fund levy without voter approval. Bonds and other levies also require voter approval. Districts are limited in the amount of general fund monies they are allowed to carry over from year to year without losing state aid. In addition, districts host an annual open meeting for the sole purpose of soliciting feedback on the proposed budget from their patrons.

Finally, board members are elected to three- or four-year terms. At each regularly scheduled election, voters have the opportunity to decide if members of the board are being good stewards of local tax dollars. In between regularly scheduled elections, voters have the option to recall a board member if they disapprove of their actions.

All of these requirements provide citizens with ample, accessible, and regular opportunities to provide input on a district's expenditure of funds and management of the district. Allowing a district's budget to be subject to referral is not only unnecessary and redundant but would place a significant additional burden on districts and other political subdivisions. As you've likely heard already this session, elections can be costly and

time consuming. The citizens of a district have already elected school board members to manage the district and its funds, and they should be trusted to do their jobs. Requiring a budget approval by citizens who do not have knowledge of the operation, needs, or expenses of the districts and students it serves could have significant negative impacts on students.

For these reasons, NDSBA stands in opposition to HB 1367 and encourages this committee to give it a do not pass recommendation. Thank you for your time, and I will stand for any questions.