

2021 HOUSE EDUCATION

HB 1028

2021 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau AB Room, State Capitol

HB 1028
1/6/2021

Relating to the ability of a school district to temp transfer excess funds accruing as a result of the COVID-19 pandemic between the general fund and the building fund of the school district to provide an expiration date; and to declare an emergency

10:45 AM

Chairman Owens: called the meeting to order. **Roll Call:** Reps. Owen, Schreiber-Beck, Heinert, D. Johnson, M. Johnson, Longmuir, Marschall, Pyle, Richter, Simons, Zubke, Guggisberg, Hager, Hoverson were present.
all present.

Sen. Don Schaible, sponsor, presented the bill.

Discussion Topics:

- Way schools keep this money and spend it prudently
- Districts general fund
- All schools were notified through emails with multiple organizations
- Timing of this happening
- Limited time to transfer

Dr. Amy Copas, Executive Director of NDCEL # 86.

Mike Heilman, Executive Director of ND Small Organized Schools oral testimony.

Amy DeKok, Legal counsel for SBA answered questions

Meeting closed. 11:00 AM

Bev Monroe, Committee Clerk and Donna Whetham



1 HB 1028 – Transfer of School District Funds Between General Fund and Building Fund

2 Chairman Owens, Vice Chair Schreiber Beck and members of the committee. Good day and
3 welcome back to Bismarck! My name is Dr. Aimee Copas – I am the Executive Director for the
4 North Dakota Council of Educational Leaders (known as NDCEL). NDCEL is an umbrella
5 organization that represents and provides leadership development all school leaders in the state –
6 including school superintendents, principals, CTE directors, school business officials, technology
7 leaders, athletic directors, special education directors, and REA leaders. Please allow me to begin
8 by thanking you for your service.

9 This bill comes to you as an emergency request directly relating to COVID pandemic the spring
10 of 2020. During this time, districts had a variety of new costs that were directly related to COVID,
11 and some areas of typical school expenditure that were not seen due to the change in modality of
12 instruction. Because of this, some of our smaller districts were looking directly at having to make
13 a decision – that decision was whether they could choose to be thoughtful and prudent with any
14 excess funds and save them for later in the summer and for the costs they anticipated to ramp up
15 in-person learning, or to spend those dollars to ensure they were within the EFB limitations and
16 potentially spending those dollars in a way not needed by the district that spring. This impacted
17 approximately

18 In April and May NDCEL requested that the Governor provide an executive order to waive the
19 EFB rule for one year. Understandably, the legislature appropriately wanted to weigh in. As an
20 alternative, we recommended to districts to be prudent with their dollars. In consult with
21 legislative leaders in education we resolved that the appropriate concept would be to have school
22 boards experiencing this issue a ONE-TIME temporary transfer of funds to their building funds
23 and then to transfer it back into the general fund, so taxpayer’s dollars were spent wisely and ask
24 for an emergency measure for an allowance of this and to not reduce the school district’s
25 foundation aid payment.

26 This bill does not cost our state any money and rather serves as an appropriate tax SAVINGS for
27 our patrons in that the dollars are appropriately and prudently spent in this school year.

28 We ask that you consider this information and promote the positive passing of this bill.

*NDCEL is the strongest unifying voice representing and supporting administrators and educational leaders in pursuit of quality education
for all students in North Dakota.*

Executive Director: Aimee Copas-----Assistant Director: Russ Ziegler

2021 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau AB Room, State Capitol

HB 1028
1/12/2021

Relating to the ability of a school district to temp transfer excess funds accruing as a result of the COVID-19 pandemic between the general fund and the building fund of the school district to provide an expiration date; and to declare an emergency

Chairman Owens called the meeting to order at 11:21 AM. Roll Call: Reps. Owens, Schreiber-Beck, Heinert, D. Johnson, M. Johnson, Longmuir, Marschall, Pyle, Richter, Simons, Zubke, Guggisberg, and Hager were present and Rep Hoverson absent.

Rep. M. Johnson moved a do pass. **Rep. Schreiber-Beck** seconded.

Roll call vote.

Representatives	Vote
Representative Mark S. Owens	Y
Representative Cynthia Schreiber-Beck	Y
Representative Ron Guggisberg	Y
Representative LaurieBeth Hager	Y
Representative Pat D. Heinert	Y
Representative Jeff A. Hoverson	A
Representative Dennis Johnson	Y
Representative Mary Johnson	Y
Representative Donald Longmuir	Y
Representative Andrew Marschall	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Luke Simons	N
Representative Denton Zubke	Y

Motion carried. 12 yes, 1 no, 1 absent

Rep. Pyle will carry the bill.

Chairman Owens: Meeting closed. 11:22 AM

Bev Monroe, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1028: Education Committee (Rep. Owens, Chairman) recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1028 was placed on the Eleventh order on the calendar.

2021 SENATE EDUCATION

HB 1028

2021 SENATE STANDING COMMITTEE MINUTES

Education Committee
Room JW216, State Capitol

HB 1028
2/10/2021

A BILL relating to the ability of a school district to temporarily transfer excess funds accruing as a result of the COVID-19 pandemic between the general fund and the building fund of the school district; to provide an expiration date; and to declare an emergency.

Chair Schaible opened the hearing at 2:39 p.m.

Discussion Topics:

- Covid Funds
- Budgeted funds

Sen Schaible introduced the bill.

Michael Heilman – ND Small Organized Schools –
Testified in support #6236

Dr. Aimee Copas – NDCEL – testified in support #6265

Alexis Baxley – NDSBA – testified in support #6167

Senator	Attendance
Chairman Schaible	P
Senator Elkin	P
Senator Conley	P
Senator Lemm	P
Senator Oban	P
Senator Wobbema	p

Adjourned at 2:52 p.m.

Lynn Wolf, Committee Clerk



North Dakota Small Organized Schools

#6236

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HB 1028 – Temporary Transfer of Funds

Testimony in Support

Michael Heilman – Executive Director North Dakota Small Organized School

February 10, 2021

Chairman Schaible and members of the Senate Committee, my name is Michael Heilman. I am the Executive Director of the North Dakota Small Organized Schools (NDSOS). I represent 154 member school districts of the North Dakota Small Organized Schools. I will keep my testimony brief as NDSOS's position is much the same as NDCEL's.

NDSOS stands in support of HB 1028. The bill before is a result of schools ending fund balance being impacted by infusion of COVID relief dollars. In many cases, especially with smaller schools, budgets are at 1 million dollars or less and they maintain an ending fund balance close to the state mandated limit of 35% + \$50,000. One major expenditure can easily deplete carry over dollars completely. Large schools often maintain a carryover balance of 10%, but small schools are proportionately closer to the maximum allowed carryover.

These school had an immediate dilemma on whether to spend COVID relief dollars and risk being over the maximum allowed carry over. Because of time frames many of these decisions had to be made without adequate time and input. Schools in this situation moved funds from the general fund to the building fund with a very specific motion with the understanding that legislation would be purposed allowing those very specific funds, a one-time move back to the general fund. This legislation allows our schools to be good stewards of these dollars and an opportunity to use them in a manner that will be beneficial long after COVID is off our radar.

NDSOS support HB 1028. Chairman Schaible members of the committee, I will stand for questions.

Mr. Michael Heilman – Executive Director
North Dakota Small Organized Schools
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701.527.4621

Board of Directors

Region 1

Mr. Tim Holte, Supt. Stanley
Mr. John Gruenberg, Supt. Powers Lake

Region 2

Mr. Jeff Hagler, Supt. North Star
Mr. Steven Heim, Anamoose & Drake

Region 3

Dr. Frank Schill, Supt. Edmore
Mr. Dean Ralston, Supt. Drayton

Region 4

Mr. Kelly Koppinger, Supt. New England
Mr. Justin Fryer, Supt. Solen

Region 5

Mr. Joel Lemer, Bd. Member Carrington
Mr. Brandt Dick, Supt. Underwood

Region 6

Mr. Mitch Carlson, Supt. LaMoure
Dr. Steven Johnson, Supt. Lisbon

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.



1 HB 1028 – Transfer of School District Funds Between General Fund and Building Fund

2 Chairman Schaible, members of the committee. For the record my name is Dr. Aimee Copas – I
3 am the Executive Director for the North Dakota Council of Educational Leaders) working with all
4 of our educational leaders in the state – including school administrators and directors.

5 This bill comes to you as an emergency request directly relating to COVID pandemic the spring
6 of 2020. During this time, districts had a variety of new costs that were directly related to COVID,
7 and some areas of typical school expenditure that were not seen due to the change in modality of
8 instruction. Because of this, some of our smaller districts were looking directly at having to make
9 a decision – that decision was whether they could choose to be thoughtful and prudent with any
10 excess funds and save them for later in the summer and for the costs they anticipated to ramp up
11 in-person learning, or to spend those dollars to ensure they were within the EFB limitations and
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14 In April and May NDCEL requested that the Governor provide an executive order to waive the
15 EFB rule for one year. Understandably, the legislature appropriately wanted to weigh in. As an
16 alternative, we recommended to districts to be prudent with their dollars. In consult with
17 legislative leaders in education we resolved that the appropriate concept would be to have school
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19 and then to transfer it back into the general fund, so taxpayer’s dollars were spent wisely and ask
20 for an emergency measure for an allowance of this and to not reduce the school district’s
21 foundation aid payment.

22 This bill does not cost our state any money and rather serves as an appropriate tax SAVINGS for
23 our patrons in that the dollars are appropriately and prudently spent in this school year.

24 We ask that you consider this information and promote the positive passing of this bill with the
25 emergency clause in place.

*NDCEL is the strongest unifying voice representing and supporting administrators and educational leaders in pursuit of quality education
for all students in North Dakota.*

Executive Director: Aimee Copas-----Assistant Director: Russ Ziegler



NDSBA
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BOARDS ASSOCIATION

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HB 1028
Testimony of Alexis Baxley
Senate Education Committee
February 10, 2021

Chairman Schaible and members of the Senate Education Committee, my name is Alexis Baxley. I am the executive director of the North Dakota School Boards Association. NDSBA represents all 175 North Dakota public school districts and their boards. NDSBA stands in support of HB 1028.

By Executive Orders dated March 15, 2020 and March 19, 2020, Governor Doug Burgum declared a state of emergency and ordered the closure of all North Dakota public schools for instructional purposes until further notice, as a safeguard against the further spread of COVID-19. During the first few months of the pandemic, school districts were forced to make abrupt and significant changes to the method, manner and delivery of K-12 educational services. These changes in education services delivery and additional public health and safety measures brought significant unanticipated costs that continue even to this day. Districts received federal CARES Act dollars to be utilized for specific purposes relating to their response to the pandemic. These funds were received in late May/early June of 2020 just prior to the close of the 19-20 school year and budget season. Districts became increasingly concerned about their ability to comply with the carryover and ending fund balance requirements set forth in NDCC 15.1-07-29 and 15.1-27-35.3 and whether doing so would prevent or hinder their ability to use the CARES Act funds for the benefit of K-12 education and to cover the significant unanticipated costs that accompanied the pandemic.

As a result, many districts decided that the state of emergency that existed at the time and the uncertainty of their needs in the upcoming school year, made it prudent for savings and appropriate money management purposes for the district to make a transfer from the general fund to the school building fund in an amount not to exceed the amount that would be required, in whole or in part, to meet the ending fund balance limitations set forth in NDCC § 15.1-07-29. Districts that made such transfers did so also with the underlying goal of being good and responsible stewards of taxpayer dollars. For most of those districts, these moneys are still being held in their school building fund.

North Dakota law only allows moneys in a district's school building fund to be used for specific, limited purposes. In addition, under current law, moneys held in the school building fund cannot be transferred to

the general fund of the school district unless those moneys have remained in the building fund for ten years or more. HB 1028, if passed, would permit a school district who transferred moneys from the general fund of the school district to the building fund anytime between March 13, 2020 and July 1, 2020 to return those funds back to the general fund of the school district. This would be a one-time transfer made no later than June 30, 2021, and would only apply to funds previously transferred from the general fund to the school building fund during the time period specified in the bill. This would give districts the flexibility to use those funds for general fund purposes (as originally earmarked), rather than solely for the limited uses permitted by law for moneys in the school building fund.

NDSBA urges the Committee to make a do pass recommendation on HB 1028. Thank you for your attention, and I would be happy to stand for any questions.

2021 SENATE STANDING COMMITTEE MINUTES

Education Committee
Room JW216, State Capitol

HB 1028
3/16/2021

A BILL relating to the ability of a school district to temporarily transfer excess funds accruing as a result of the COVID-19 pandemic between the general fund and the building fund of the school district; to provide an expiration date; and to declare an emergency.

Chair Schaible called to order at 9:18 AM

Discussion Topics:

- Committee Work

Sen Elkin moved a **Do Pass**

Sen Conley seconded

Roll Call Vote : 6 -- YES 0 -- NO -0ab Motion Passed

Sen Schaible will carry the bill.

Senator	Attendance
Chairman Schaible	P
Senator Elkin	P
Senator Conley	P
Senator Lemm	P
Senator Oban	P
Senator Wobbema	P

Adjourned at 9:20 AM

Lynn Wolf, Committee Clerk

SB 1028	Vote
Chairman Schaible	y
Senator Elkin	Y
Senator Conley	Y
Senator Lemm	Y
Senator Oban	Y
Senator Wobbema	Y

REPORT OF STANDING COMMITTEE

HB 1028: Education Committee (Sen. Schaible, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1028 was placed on the Fourteenth order on the calendar.