

**2023 HOUSE EDUCATION**

**HB 1238**

# 2023 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Coteau AB Room, State Capitol

HB 1238  
1/17/2023

Relating to extending the moratorium on the unobligated general fund balance deductions from state aid formula payments; and to provide for a legislative management study regarding the impact of ending fund balance on school credit and school efficacy
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Chairman Heinert opened the hearing at 11:00 AM

**Members present:** Chairman Heinert, Vice Chairman Schreiber-Beck, Representatives Conmy, Dyk, Hager, Hauck, Heilman, Hoverson, Jonas, Longmuir, Marschall, Murphy, Novak, and Timmons.

**Discussion Topics:**

- School districts moratorium
- Parameter implications for ending fund balance

**Representative Cindy Schreiber-Beck-** introduced bill, #13743

**Dr. Aimee Copas, Executive Director, ND Counsel of Educational Leaders-** #13766

**Brandt Dick, President, ND Small Organized Schools & Burleigh County Superintendent of Schools-** spoke in favor of HB 1238

**Alexis Baxley, ND School Boards Association-** spoke in favor of HB 1238

Chairman Heinert closed the hearing at 11:08 AM.

*Kathleen Davis, Committee Clerk*  
*By Bev Monroe*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Education Committee Coteau AB Room, State Capitol

HB 1238  
1/17/2023

Relating to extending the moratorium on the unobligated general fund balance deductions from state aid formula payments; and to provide for a legislative management study regarding the impact of ending fund balance on school credit and school efficacy

Chairman Heinert opened the hearing at 3:42 PM.

**Members present:** Chairman Heinert, Vice Chairman Schreiber-Beck, Representatives Conmy, Dyk, Hager, Hauck, Heilman, Hoverson, Jonas, Longmuir, Marschall, Murphy, Novak, and Timmons.

### Discussion Topics:

- Ending Fund Balance for schools
- Committee Action

**Rep. Conmy** moved a DO PASS on HB 1238. Seconded by **Rep. Novak**.

Roll Call Vote:

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative Scott Dyk	Y
Representative LaurieBeth Hager	Y
Representative Dori Hauck	Y
Representative Matt Heilman	Y
Representative Jeff A. Hoverson	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Andrew Marschall	Y
Representative Eric James Murphy	Y
Representative Anna S. Novak	Y
Representative Kelby Timmons	Y

14-0-0, Motion Carries. **Rep. Schreiber-Beck** will carry the bill.

Chairman Heinert closed the hearing at 3:44 PM.

*Kathleen Davis, Committee Clerk by Beverley Monroe*

**REPORT OF STANDING COMMITTEE**

**HB 1238: Education Committee (Rep. Heinert, Chairman)** recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Eleventh order on the calendar.

**2023 SENATE EDUCATION**

**HB 1238**

# 2023 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Room JW216, State Capitol

HB 1238  
3/7/2023

Relating to extending moratorium on unobligated general fund balance deductions from state aid formula payments; provide for a legislative management study regarding impact of ending fund balance on school credit and school efficacy.
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10:32 AM Chair Elkin opened the hearing. Present: Chair Elkin, Vice Chair Beard, Sen Axtman, Sen Conley, Sen Lemm, and Sen Wobbema.

## **Discussion Topics:**

- School district parameters
- Credit rating
- Struggling small schools

Rep Schreiber-Beck, Dist 25, bill sponsor testified in support #22037.

Dr Aimee Copas, Dir ND Council Education Leaders, testified in support #22498.

Brandt Dick, Burleigh County Schools, testified in support with no written testimony.

Amy De Kok, testified in support with no written testimony.

Michael Heilman, ND Small Organized Schools, testified in support #22236.

10:40 AM Chair Elkin closed the hearing.

*Pam Dever, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Room JW216, State Capitol

HB 1238  
3/7/2023

Relating to extending moratorium on unobligated general fund balance deductions from state aid formula payments; provide for a legislative management study regarding impact of ending fund balance on school credit and school efficacy.

10:42 AM Chair Elkin opened the hearing. Present: Chair Elkin, Vice Chair Beard, Sen Axtman, Sen Conley, Sen Lemm, and Sen Wobbema.

### Discussion Topics:

- Committee action

Sen Conley moved a DO PASS. Sen Axtman seconded.

Roll call vote.

Senators	Vote
Senator Jay Elkin	Y
Senator Todd Beard	Y
Senator Michelle Axtman	Y
Senator Cole Conley	Y
Senator Randy D. Lemm	Y
Senator Michael A. Wobbema	Y

VOTE: YES – 6 NO – 0 Absent – 0 Motion PASSED

Sen Conley will carry the bill.

10:50 AM Chair Elkin closed the hearing.

*Pam Dever, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1238: Education Committee (Sen. Elkin, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.



**TESTIMONY**

**HB 1238**

House Education Committee

HB1238

January 17, 2023 – 11:00AM

Chairman Heinert and members of the Education Committee:

I am Cindy Schreiber-Beck, District 25 Representative. The bill before you will accomplish two items:

First:

Section 1 is an amendment to section 15.1-27-35.3 of the North Dakota Century Code and extends the moratorium for school districts to comply with the ending fund balance requirement to July 1, 2027.

To explain: In the 2015 session the requirement of limiting the ending fund balance to 35% of the actual expenditures was put in place with the addition of the “plus” \$50,000 added later. Additionally, in 1b., the “plus” is \$100,000 if the school district is in a cooperative agreement with another school district to share academic resources and the school districts are considering reorganization. Any amount beyond the allowed ending fund balance is subtracted from the payment due to the district.

Second:

Section 2 is a legislative management study that includes the implications of parameters for school districts ending fund balance as well as an evaluation of possible trends between state investment, district expenditures, student performance, and the increase in behavioral and mental health issues of students. A report to the 69<sup>th</sup> legislative assembly, which includes findings and recommendations, and legislation to implement the recommendations, is required

Thank you for your favorable consideration of this proposed legislation.



1 HB 1238

2 Testimony in support – Ending Fund Balance and Study

3 Chairman Heinert and members of the House Education committee, my name is Dr.  
4 Aimee Copas, and I am the Executive Director for the North Dakota Council of  
5 Educational Leaders representing school leaders across North Dakota.

6 We are in support of the bill which would continue the moratorium on the Ending  
7 Fund Balance until 2027 (two biennia) and to couple that with the study as outlined in  
8 the bill. The history of the ending fund balance is a rich one in the ND Legislature, this  
9 concept being debated often in my decade in this position. Last session, the ending fund  
10 balance was put on hold through June 30, 2023, as a response to ESSER federal dollars  
11 coming to our schools. Our schools will still be working through those dollars past the  
12 2023 date, and furthermore, the usefulness of the ending fund balance and some of the  
13 negative repercussions of the current limits should be further investigated in tandem  
14 likely with the usual education finance interim committee topics.

15 We’ve seen ramifications of ending fund balance limits that are very low with schools.  
16 Schools are the only political subs that have these limits, and the limits are so low that  
17 schools are operating with far less than 3 months of operating expenses in reserve, they  
18 are unable to save responsibly for deferred maintenance, and it is hurting their credit  
19 ratings in the bond market when they need to borrow money to build, remodel or repair.  
20 This study will look at this issue among others.

21 Please take this into consideration as you discuss and vote on 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-----Government Lead and Special Projects: Kevin Hoherz*

HB1238 Introduction & Support

Senate Education Committee

March 7, 2023, 10AM

Chairman Elkin, Vice-Chair Beard, and members of the Senate Education Committee:

For the record, I am Cindy Schreiber-Beck, District 25 Representative.

The bill before you will accomplish two items:

First:

Section 1 is an amendment to section 15.1-27-35.3 of the North Dakota Century Code and extends the moratorium for school districts to comply with the ending fund balance requirement to July 1, 2027.

To explain: In the 2015 session the requirement of limiting the ending fund balance to 35% of the actual expenditures was put in place with the addition of the “plus” \$50,000 added later. Additionally, the “plus” is \$100,000 if the school district is in a cooperative agreement with another school district to share academic resources and the school districts are considering reorganization. Any amount beyond the allowed ending fund balance is subtracted from the payment due to the district.

Second:

Section 2 is a legislative management study that includes the implications of the parameters for school districts ending fund balance as well as an evaluation of possible trends between state investment, district expenditures, student performance, and the increase in behavioral and mental health issues of students. A report to the 69<sup>th</sup> legislative assembly, which includes the findings and recommendations, and legislation to implement the recommendations, is required

Thank you for your favorable consideration of this proposed legislation.



# North Dakota Small Organized Schools

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HB 1238 – Testimony in Support  
Senate Education Committee  
Senator Elkin– Chairman  
March 7, 2023

Senator Elkin and members of the Senate Education Committee, my name is Michael Heilman. I am the Executive Director of the North Dakota Small Organized Schools (NDSOS). I represent 150-member school districts of the North Dakota Small Organized Schools. NDSOS stands in support of HB 1238 to extend the moratorium on ending fund balances and provide for a study.

The 2021 session saw the passage of HB 1028 which placed a moratorium on the ending fund balance for school districts due to the influx of COVID and ESSER dollars and the time frames for expenditure of these dollars. HB 1238 before you today will extend the moratorium and provide for a study to determine the impact on ending fund balances on credit ratings for school districts. Credits rating can have a significant impact on the school district and the taxpayer when districts borrow money for school construction projects.

Additionally, our smallest schools, many with budget near \$1 million or less are limited to a carryover amount to 35% + \$50,000. For some of our districts a major expenditure on a HVAC system or even bus purchases can cause significant budgetary concerns.

NDSOS urges you to support HB 1238 with a do pass recommendation.

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

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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 1238

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4 representing the North Dakota Council of Educational Leaders supporting school leaders  
5 across North Dakota.

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21 Please take this into consideration as you discuss and vote on this bill.