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MAY 2012

Excellence in North Dakota public education through local school board governance ■ VOL XXXVII ISSUE 5

Replacing Property Tax Revenue is Complex

Given the devastating impact Measure 2 (M2) would have, voters must separate truth from distortion. Proponents of M2 make much of the state's \$5.028 billion total fund balance--implying the state can afford to eliminate property taxes. That is simplistic and inaccurate. Most of those funds are not available for general fund purposes. According to the state's latest (June 2011) Comprehensive Annual Financial Report prepared by the Office of Management and Budget, significant amounts of the fund balance cannot be touched due to constitutional or statutory restrictions including the North Dakota School Lands Trust (\$1.7 billion); Permanent Oil and Gas Trust (\$690 million); Budget Stabilization (\$326 million); Property Tax Relief (\$299 million); Land and Mineral Trust (\$158 million); and Foundation Aid Stabilization (\$141 million). Unassigned state funds total about \$712 million.

Revenue from property taxes in North Dakota generates about \$830 million annually or about \$1.66 billion for the biennium. Measure 2 would require the legislature to replace this revenue, and since there are insufficient funds in the state's general fund to sustain

the deficit caused by lack of property tax collections, other revenue sources would be tapped for replacement dollars creating a tax shift. Increases would be required from other sources such as sales tax, individual or corporate income tax, oil and gas production tax, extraction tax, and/or tobacco taxes.

While tapping into fund balances might seem like an option, it is shortsighted and reckless to pay for on-going financial obligations such as property tax replacement. Consider the North Dakota School Lands Trust (NDSLTL) that benefits the state's public schools, colleges, and universities. Ninety percent of the NDSLTL goes to the Common Schools Trust Fund which is vital to K-12 education. The fund originated when new states entered the union. Through the Enabling Act of February 22, 1889, the federal government gave states specific parcels of land as they moved from territories to statehood. Article IX, Section 1, of the North Dakota Constitution states:

"All proceeds of public lands that have been, or may be granted by the United States for the support of the common schools in this state ... must be and remain a perpetual trust fund for the maintenance of the common schools of

VOTE NO on MEASURE 2



For more information:
www.keepitlocalnd.com

the state."

Distribution of this trust fund is defined in the state Constitution as follows:

"Distributions from the common schools trust fund ... must be faithfully used and applied each year for the benefit of the common schools of the state and no part of the fund must ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of common schools as provided by law. Biennial distributions from the perpetual trust fund must be ten percent of the five-year average value of trust assets, excluding the value of lands and minerals."

Distributions from the Common Schools Trust Fund have allowed for increases in foundation aid while freeing up general fund dollars for other needs of the state. It is critical that this precious resource for education be maintained for our students now and in the future.

Last month, education leaders, including NDSBA, NDCEL, and NDEA,

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NDSBA Membership Dues Statements Sent

NDSBA dues statements have been sent to district business managers. School districts in North Dakota have long appreciated the support, training, information, and legislative advocacy provided by the North Dakota School

Boards Association. When public school boards join together, they make a difference in their own effectiveness and overall support for public education. Thank you for allowing NDSBA to serve you!

■ PROPERTY TAX

Continued from page 1

attended a full-day workshop presented by the Children's Land Alliance Supporting Schools (CLASS). CLASS is a non-profit corporation comprised of parents, teachers, administrators, and school board members from 20 states who meet annually to learn more about school trust lands and how to increase their impact on public schools in their state.

It was shocking to learn that many states have sold all their trust lands and lost proceeds to poor market investments. Other states diverted trust funds for other purposes during hard economic times. These states now have no school land trust funds to support public schools in the future.

As North Dakota's Common Schools Trust Fund grows, there will likely be attempts by certain groups to raid this Trust and divert funds to other purposes. That's why it is critical to remember the Constitutional purpose of the Common Schools Trust Fund which is to invest in the education of subsequent generations of North Dakota's children.



from the director's chair

■ by Jon Martinson, NDSBA Executive Director

An Informed Electorate Will Ensure Defeat of Measure 2

A vote on Measure 2 is just weeks away.

Jerry Johnson, head of the Political Science Department at Montana State University is quoted in a recent article in the *Bismarck Tribune* as saying, "The anti-tax groups often simply refuse to understand or admit that government matters." It is now clear that some supporters of Measure 2 are simply anti-government. Yet, if the measure passes, the size of government will increase. There will be a need for a near full-time legislature and/or a new state agency to handle the 2,100 political subdivision budget requests. How ironic!

The success of democracy depends on an informed electorate. Understanding implications of Measure

2 certainly requires an educated public, and opponents of Measure 2 have the challenge of cramming a civics lesson into a sound bite.

Here is a component of that civics lesson: Article VIII, Section 1, of the Constitution of North Dakota requires the establishment and maintenance of a system of public schools to provide "high degree of intelligence, patriotism, integrity and morality on the part of every voter in a government by the people being necessary in order to insure the continuance of that government and the prosperity and happiness of the people."

The June 12 vote on Measure 2 may well provide a substantial test of the success of that constitutional provision.

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The Bulletin is the official newsletter of the North Dakota School Boards Association. It is published twelve times each year and is mailed as third class mail from New Salem, North Dakota.

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Still Time to Register for ND Dropout Prevention Summit

Dropout rates are a problem—you are invited to become part of the solution. The 4th Annual ND Dropout Prevention Summit will be held on June 6-7 at Bismarck High School. Session highlights include:

- Students as the Solution—Solution Class, Rapid City, S.D.
- Dropout Prevention in Small Schools—John Berry
- Tracking Students and Their Risk Factors—Susan Therriault, McREL
- Dropout Concerns on the Oil Patch—Panel Discussion
- Why Apply? Encouraging Native Youth to go to College—Tim Mueller

This Summit has become very popular. A 2011 attendee said,

"Honestly, it was the most organized, informational, and relevant conference I have been to in a long time. I really learned a lot!"

Register now at www.ndcel.org. Pre-registration deadline is May 25.

Mileage State Rates Increase

Effective April 17, 2012, state rates for mileage increased to 55.5 cents a mile. Be sure to adjust your reimbursement policies as necessary. You can find current state rate policies and updates at: <http://www.nd.gov/fiscal/policies/>.

North Dakota's Measure 2 Reckless and Misguided

Constitutional Property Tax Ban Would Damage State's Economic Potential

A proposal to amend North Dakota's constitution to ban property taxes would lock North Dakota into a risky, uncharted course of action and leave the state's schools at the mercy of the highly volatile oil industry, according to a new report from the Center on Budget and Policy Priorities, a Washington, DC-based policy research institution.

"North Dakota has the opportunity to build upon today's oil-driven economic boom to create a strong economy and quality of life for future generations," said Michael Leachman, co-author of the report. "Measure 2 would squander that opportunity and instead lock North

Dakota into a risky, uncharted path."

Should Measure 2 pass, North Dakota would be the only state to place a constitutional ban on property taxes or otherwise permanently eliminate them.

Under Measure 2, North Dakota would:

- Experience major disruptions to schools, cities, and counties across the state because the property tax is a key source of funding for each of them;
- Leave its schools financially dependent on highly-volatile oil revenues;
- Face threats to the quality of basic local services such as police and fire protection, courts, libraries, and immunizations (or face pressure for local tax increases), particularly in faster-growing parts of the state, because state funds to localities to replace property tax revenues could well erode over time;

“Measure 2 would squander that opportunity and instead lock North Dakota into a risky, uncharted path.”

- Provide a windfall to out-of-state property owners and the federal government rather than keeping it in state; and
- Waste an historic opportunity to invest heavily in the state's children and in the public infrastructure that forms the building blocks of a vibrant future economy and quality of life.

"Claims that Measure 2 will bring a huge economic surge—on top of the current boom—to North Dakota just don't hold up," said Leachman. "North Dakotans shouldn't be swayed by these false promises."

The full report, North Dakota's Measure 2: High Risk for Little Reward is available at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3776>.

Resolutions Set NDSBA's Positions

NDSBA members create the association's legislative agenda through adoption of resolutions. Education issues have become prominent in state and federal legislative discussions. Local school boards need to be heard. Submission, discussion, and adoption of resolutions give board members the opportunity to express their positions on optimal ways to govern and fund school districts, enhance and improve student achievement, and deliver rich curriculum to all students. Academic rigor, fair assessment, teacher quality, delivery of services, and funding are all critical topics that need serious thought and discussion.

NDSBA resolutions fall into one of two categories: *Beliefs and Policies* are permanent philosophical, legislative, and operational statements; *Standing Resolutions* are uniquely legislative and are dropped after four years unless they are brought to the Delegate Assembly for reconsideration.

Current *Beliefs and Policies* and *Standing Resolutions*—along with a recommended submission format—are available at www.ndsba.org under both the "About Us" and "Legislation" links. Resolutions adopted in 2008 will be dropped this year unless recommended for readoption.

It's time to think about resolutions your board may wish to submit. The 2011 Legislative Session showed signs of a shift in political philosophy that moves toward more legislative control over policy, procedure, and accountability of local government, including school districts. Your district might want to discuss possible resolutions regarding property tax limitations, collective bargaining, teacher evaluations and tenure, administrator salary limitations, defined contribution retirement plans, local control of curriculum content, and security of the Common Schools Trust Fund.

Resolutions must be received in the

NDSBA office by 4:00 p.m. on Monday, August 13, in order to be considered by the Governmental Affairs Committee for recommendation to the Delegate Assembly at the Annual Convention.



2012 NDSBA Annual Convention

PRE-CONVENTION

NDSBA New Member Seminar
NDCSA School Law Seminar
Thursday, October 25, 2012
Ramkota Hotel, Bismarck

ANNUAL CONVENTION

October 26-27, 2012
Ramkota Hotel, Bismarck

2013 NDSBA Annual Convention

October 24-26, 2013
Ramkota Hotel, Bismarck

Kentucky's C. Ed Massey Starts Term as President of the National School Boards Assn.

School board leader C. Ed Massey of Kentucky's Boone County Schools has become the 65th president of the National School Boards Association (NSBA) at the association's Annual Conference that took place April 21-23, 2012, in Boston.

Massey has served on the Boone County Board of Education for 16 years and is a former president of the Kentucky School Boards Association. Massey was first elected to NSBA's Board of Directors in 2008, serving as a Central Region Director representing school board members in Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin.



In his one-year term as president, Massey plans to focus on NSBA's service to its state associations.

"My goal as NSBA's president is to find new ways to serve our state associations,

which will enhance their work with our local boards in promoting student achievement," Massey said. "I'm honored and humbled to serve as the president of NSBA and I look forward to serving as a national voice to promote public education through local school board leadership."

Praising Massey's dedication to school board governance, NSBA's Executive Director Anne L. Bryant said, "Ed Massey is passionate about the children we serve, and he brings not only that passion but the understanding of the importance of school boards working with their state associations. As a local school board leader, former state association leader, and now national president, he understands the synergy and power of the connection between the local school board, state association, and NSBA."



NDSBA state board members Angela Korsmo, Kirsten Baesler, Greg Allen, and Jim Rostad at the NSBA Delegate Assembly.



Applicants for superintendent positions are exempt from Veteran's Preference (does not apply to principal positions).

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E-mail: cindy.meece@sendit.nodak.edu

Deadline: Until filled

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Deadline: Until filled