

1999 HOUSE EDUCATION

HB 1437

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1437

House Education Committee

Conference Committee

Hearing Date 1-26-99

Tape Number	Side A	Side B	Meter #
#1	x		32.1 to end
#1		x	0.1 to end
#2	x		0.1 to 0.6
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Chairman R. Kelsch : Opened the hearing on HB 1437 . Those present Chairman R. Kelsch , Vice-Chair Drovdal , Rep Brandenburg . Rep Brusegaard , Rep. Haas , Rep. Johnson , Rep. Nelson , Rep. Nottestad , Rep. L. Thoreson , Rep. Grumbo , Rep. Hanson , Rep. Lundgren , Rep. Mueller , Rep. Nowatzki , Rep. Solberg present. Ask the clerk to read the title.

Rep Boucher: From District 9 (see written testimony attached) sponsor of the bill. Also attached to written testimony is three page written material under the heading EDUCATION. Also gave testimony on page 1 line 16 through 20 (HB 1437) on the forgiveness of student loans.

Vice-Chair Drovdal : Shortage of teachers in specialty fields, if you raise the salary you don't have a problem of shortage. Do you feel this bill will address the shortage problem.

Boucher: I can't say, but this would provide incentive for people to enter the field of education and stay in the North Dakota schools.

Vice-Chair Drovdal : Section 2 on page 1 of HB 1437. Why don't we expand this bill to all students who go to school and then stay in North Dakota?

Boucher: It is a good idea.

Rep Brusegaard : In the fiscal note used to figure \$9,000 on average borrowed by a student, notices the maximum averaged about \$35,000.00 for undergrad. Your bill allows that to increase fifty per cent. If we forgive all student loans, that will encourage students to borrow , then this could be more expensive.

Boucher: I can't project what the spending habits will be.

Rep Brusegaard : After six years all loans are forgiven?

Boucher: On an annual basis. Not all is forgiven but each year some would be forgiven until it is done.

Rep. L. Thoreson : Several years ago they had the National Defense loan, where students could get loans. Those loans were forgiven if they went into a deprived area. Have you thought to doing this in just certain areas?

Boucher: I think when you look at the numbers, six thousand that we project to 2015, that this will reach over all fields of education, and all schools.

Rep. Hanson : Of the fourteen schools listed would you list what subjects you would be short of, what field.

Rep. Haas : Did you say that there were no students in the ag education program at NDSU, do you know if the professors that teach that program are still on staff?

Boucher: That I can't answer, but I can check that out.

Rep. Grumbo : At the teaching institutions that we now have, are those departments doing well as far as enrollments?

Boucher: What I'm hearing certain specialty areas are not doing well. But I can get a break down of the numbers.

Rep. Nelson : In trying to do more in school funding , special programs may or may not help the field of education. I'm not sure of the how many years after the sixth year, when interest and principal forgiven. What is the life time term of contract?

Boucher: It depends on what the borrower sets up and the amount of the loan. We have to have a search process to find that out. When you reach year six we are going to look at forgiving principal and interest.

Rep. Nelson : At the end of ten years, there is no guarantee that the teacher would stay in the teaching field or at least stay in the field in North Dakota. Wouldn't it be better to build in the fiscal note and find a way to plug it into the system now to help the teachers entering into the field but also teachers and students that are in now.

Boucher: Concern with the incentive, what happens when it is done, will the people bail out, yes we run that risk.

Rep. Nelson : Local districts if they had added money, that local decision making may get us to the same goal as well as raising salaries.

Boucher: I support increased salary and increased opportunity in terms of professional development. Even if we raise the salary of the teachers of North Dakota, it doesn't make any difference if there is no one to fill the position.

Rep. Nowatzki : If we increase tuition assistance programs if they maintain a grade level and tie that to the incentive program, we would attract higher average students and increase our excellence in teachers to hire.

Boucher: Yes, I'm here to say that I am agreeable to looking at such things that address the situation. I would be agreeable to any amendment that you would offer in that light.

Vice-Chair Drovdal : In section three, to achieve your purpose on amendment you would be acceptable to, would be forgiveness on a scale. Would an amendment like that be acceptable?

Boucher: That would be an acceptable amendment.

Rep Aarsvold: from District 20. Sponsor of HB 1437. Appeared in support of the bill.

Historically we are unwilling or unable to fund education in the usual way. We are going to have to look at more creative ways to fund education. HB 1437 is one way to be creative. Minnesota is proposing a bill much like HB 1437. We must consider the economic consequences to the state of North Dakota.

Rep. L. Thoreson : You indicated that Minnesota is having the same problems that we are, yet you can cross the river and get more money. It just seems that money is part of the problem but not the whole problem.

Rep Aarsvold: Yes, it is an ambitious program, but it comes down to a matter of how we prioritize.

Rep. Nelson : How do we pay for the program?

Rep Aarsvold: I am certainly willing to discuss that with the Bank of North Dakota.

Rep. Nelson : Many in the state legislature are concerned with the Bank of North Dakota transfers and are we putting the bank in jeopardy with what would be the state contribution to the general fund.

Aarsvold: Again I think it is a decision of prioritize.

Max Lear: President of the North Dakota Education Association. Has spent six months working with the federal government dealing with this same issue. North Dakota prepares the highest quality of teachers but can't retain them. Testified in favor of HB 1437.

Rep Brusegaard : The fiscal note says in 1998 seven hundred twenty five students in North Dakota entered the teaching field.

Lear: Janek Placek has the data sheet and the information that you need.

Rep. Hanson : Do you think that this bill is fair to all fields?

Lear: If you look to the future, the same will be in all fields.

Rep. Hanson : Do you think a student would take out a bigger student loan, because he knows the loan will be forgiven?

Lear: I don't know what the restrictions are. There has to be some financial need in order for a student to get a loan. I would be willing to consider a cap on loans.

Janet Placek: Director of the Education Standard and Practices Board of North Dakota.

Testified in support of HB 1437. A lower number of students are entering the fields of education. We are not graduating students to maintain class rooms, and also have to take in the retirement factor.

Rep Brusegaard : Is the seven hundred twenty five number and accurate number?

Placek: We certified eight hundred ninety two teachers last year.

Rep Brusegaard : According to the graft, there are one hundred sixty six teachers who are eligible for retirement plan. There is a problem in recruitment as well as retention.

Placek: That is the number that can retire, but we don't know if they will retire.

Jack Atkins: Superintendent of Schools at Clear Lake Mercer. Testified in support of HB 1437.

We have had problems that teachers have moved away.

Rep. Nelson : The teachers that were lost, did they stay in teaching?

Atkins: Two of them did not, one of them did.

Rep. Nelson : If I understand this bill correctly, if the teacher would have stayed in teaching but in another school in North Dakota, they would qualify for this program. So you would have the same type of competitive bidding with larger schools, and this wouldn't solve your problem?

Atkins: This bill would be a design for recruitment as well.

Rep. Haas : What is the base salary at your school?

Atkins: We are now at \$18,300.00.

Rep. Haas : Do you think the situation would take care of itself if you could offer twenty five to thirty thousand starting salary?

Atkins: With that salary and continue to see the increase in education funding, we would not have the problems we have now.

Dan Martin: Superintendent of Schools at Underwood. Appeared in support of HB 1437.

Julie Kubisiak: Director of Student Loans of North Dakota a division of the Bank of North Dakota, appeared in opposition of HB 1437 (see written testimony attached).

Rep. Nowatzki : What is the bank positions regarding increasing the amount of resources for the tuition assistance program?

Page 7  
House Education Committee  
Bill/Resolution Number Hb 1437  
Hearing Date 1-26-99

END TAPE I

BEGIN TAPE II meter 0.1

Kubisiak: At this point the Bank of North Dakota would be neutral

Chairman R. Kelsch: Any further questions? Anyone one else who wishes to appear in opposition of HB 1437? We will close the hearing on HB 1437.



1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1437-2-15-99

House Education Committee

Conference Committee

Hearing Date 2-3-99

Tape Number	Side A	Side B	Meter #
Tape #3		x	33.5 to 38.5
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Chairman R Kelsch, Vice Chair Drovdal, Rep Brandenburg, Rep Brusegaard, Rep Haas, Rep Johnson, Rep Nelson, Rep Nottestad, Rep L Thoreson, Rep Grumbo, Rep Hanson, Rep Lundgren, Rep Mueller, Rep Nowatzki, Rep Solberg.

Chairman R Kelsch: We will take up HB 1437. What are the wishes of the committee?

Rep Nelson: I move a DO NOT PASS.

Rep Brandenburg: Second.

Chairman R Kelsch: Discussion. I will ask the clerk to call the roll. THE DO NOT PASS motion passes 12 YES. 3 NO 0 Absent Floor assignment Rep Brusegaard.

## FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.:                    HB 1437                    Amendment to:                   

Requested by Legislative Council                    Date of Request:           1-20-99          

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

In 1998, 725 North Dakota students entered the teaching profession in the state. Currently the average graduating senior is leaving school with an estimated debt level of \$9,000. The current variable interest rate is 7.66%. Allowing students to borrow an additional 50% over the present federal maximum would result in the establishment of a new student loan program. The forgiveness of principal, according to the bill, would not become effective for a period of five years and as a result would not impact the specified biennium in this fiscal note but would impact future bienniums.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	-0-	-0-	-0-	-0-	-0-	-0-
Expenditures:	-0-	-0-	-0-	1,500,000	-0-	3,500,000

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium:           -0-
- b. For the 1999-2001 biennium:   \$1,500,000 plus admin. exp. of \$50,000
- c. For the 2001-03 biennium:   \$3,500,000 plus admin. exp. of \$50,000

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed           *Julie Kubisiak*          

Typed Name           Julie Kubisiak, Director          

Department           Bank of North Dakota  
                  Student Loan Division          

Date Prepared:           1/22/99          

Phone Number           701-328-5621

Date: 2-3-99  
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1437

House Education Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Nelson Seconded By Brandenburg

Representatives	Yes	No	Representatives	Yes	No
Rep. ReaAnn Kelsch-Chairperson	✓		Rep. Dorvan Solberg		✓
Rep. David Drovdal-Vice Chair	✓				
Rep. Michael D. Brandenburg	✓				
Rep. Thomas T. Brusegaard	✓				
Rep. C. B. Haas	✓				
Rep. Dennis E. Johnson	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				
Rep. Howard Grumbo		✓			
Rep. Lyle Hanson		✓			
Rep. Deb Lundgren	✓	<del>✓</del>			
Rep. Phillip Mueller	✓				
Rep. Robert E. Nowatzki	✓				

Total (Yes) 12 No 3

Absent 0

Floor Assignment Brusegaard

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 3, 1999 6:05 p.m.

**Module No: HR-22-1835**  
**Carrier: Brusegaard**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1437: Education Committee (Rep. R. Kelsch, Chairman)** recommends **DO NOT PASS**  
(12 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1437 was placed on the  
Eleventh order on the calendar.

1999 TESTIMONY

HB 1437

# Education

**A. Maximum amount a person can borrow under the guaranteed student loan program -**

1. Independent under grad - \$46,000
2. Independent grad - \$138,500
3. Regular (dependent) under grad - \$23,000
4. Regular (dependent) grad - \$65,500

**B. Number of teachers in schools (public and private) statewide**

1. K-12 (mailing labels no.) 6784 Feb. 98
2. Teachers that have a teaching code in form returned to DPI - 9238 Dec. 98
3. Everyone that has teaching certificate - includes counselors, principals, admin. etc. - over 10,000

**C. Number of teachers retiring or leaving each year -**

1. 1999 - 182 eligible retire
2. 2001 - 258 eligible
3. 2002 - 281
4. 2003 - 318

**D. Number of students enrolled in Education in state universities -**

**E. Number of teaching vacancies - attached list shows cities that have problems with finding teachers**

**F. Number of teachers within 5-10 years of retirement -**

1. 5 years - 364 eligible for retirement
2. 10 years - 475 eligible for retirement

Districts identifying that they have had trouble hiring staff.

Fargo

Watford City

Grafton

Grand Forks

Garrison

Bismarck

Minot

Surrey

Carson

Thompson

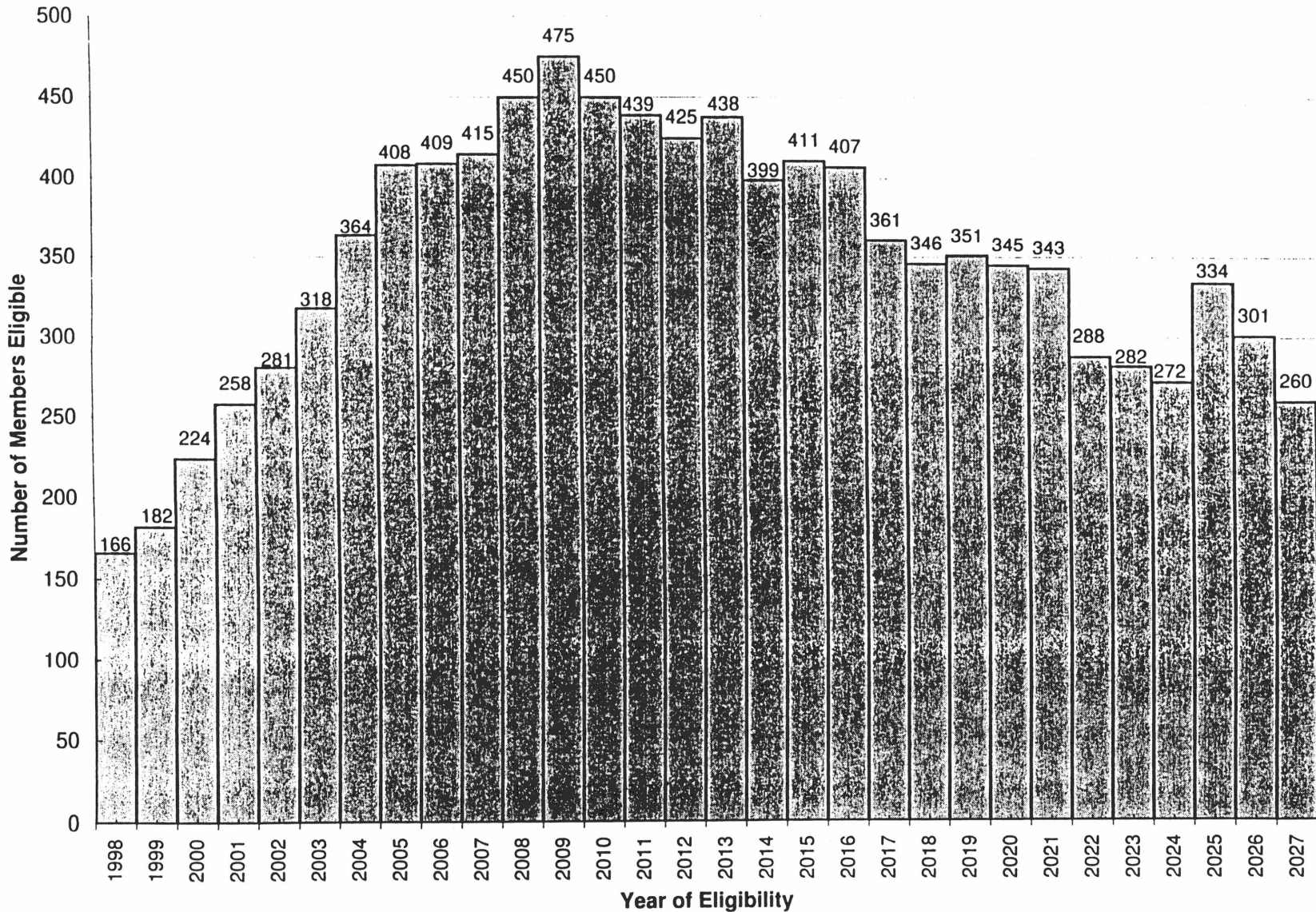
Crosby

West Hope

Mandan

Lisbon

### TFFR Member Retirement Eligibility Profile (as of July 1 of each year)



- Notes**
- 1) Data taken from current active and inactive vested member population of 10,402 members for the 30 year period from 1998 through 2027.
  - 2) **Eligible to retire** is when members reach Rule of 85 or age 65, whichever occurs first.
  - 3) Through 1997 fiscal year, 405 members were eligible to retire, but have not yet retired.
  - 4) After 2027 fiscal year, 341 members will be eligible to retire.



Good Morning! My name is Julie Kubisiak and I am the Director of Student Loans of North Dakota, a division of the Bank of North Dakota. I am opposing HB 1437.

The Bank of North Dakota supports providing options for student loan borrowers. However, HB 1437 requires that a student may obtain student loans in an amount up to 50 percent above any maximum guaranteed student loan amount set by law. If the student could borrow above the federal maximum, the federal government would not reinsure the additional loan amounts and would expect that the State provides the guarantee on the increased loan amounts. This bill also encourages borrowing, when borrowing may not be a good option. If a student borrows the loan amounts as suggested in this bill, the borrower could leave school with an outstanding loan balance of \$36,500. If the borrower does not remain in the State or in the teaching field in North Dakota, this creates a significant debt to be repaid by the borrower.

This bill creates significant costs to the State. We would forgive interest of \$500,000 per year totaling \$3,500,000.00 by year five. By year eight of the program, the Bank of North Dakota could forgive up to \$18,600,000 in principal. All principal and interest payments forgiven will have a direct effect on the earnings of the Bank of North Dakota and affect payments to the General Fund for use in many areas for the State.

TESTIMONY FOR HOUSE BILL 1437  
Prepared for Representative Merle Boucher  
Tuesday - January 26, 1999

Chairman Kelsch and members of the Education Committee, for the record I am Representative Merle Boucher, from District 9, which is all of Rolette County.

Few will disagree that the greatest asset that any individual has are his or her children and that any society's greatest resource is its people; especially its children. Few will disagree that our future is shaped largely by how well we prepare our children for their future. There lies, ladies and gentlemen our commitment to education.

The quality of our education (system) is built upon the people who deliver our educational services. We campaign on our commitment to education, and that our support for education will be among our highest priorities.

Keeping to that commitment House Bill 1437 develops (an) incentive, to encourage people to enter the field of education as a profession. I feel that it is necessary at this time to set forth incentives to attract people, and especially to attract good people, into this important occupation.

School administrators are reporting of increasing difficulties in finding staff replacements. There are many major fields where it is extremely difficult to find teachers, newly graduated or experienced people period. An example is vocational agriculture instructors, I was told at a December press conference there were no students in the program at this time at NDSU. There are a number of other specialty where there are only a handful of people enrolled in these major fields.

In a conversation with two rural administrators recently, I was told that they had a greater fear of running out of teachers more than they feared running out of students. They felt that not enough qualified teachers could become a threat to rural school closures.

Members of the House Education Committee House Bill 1437 is a very positive message in support of education in North Dakota and on behalf of children in our state I urge you to support it with a Due Pass recommendation