

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2200

2001 SENATE EDUCATION

SB 2200

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2200

Senate Education Committee

Conference Committee

Hearing Date 01-23-01

Tape Number	Side A	Side B	Meter #
1	x		0 - 40.7
2	x		27.7 - 42.1
2 (01-29-01)		x	4.1 - 9.0
Committee Clerk Signature <i>Andrea Johnson</i>			

Minutes: CHAIRMAN FREBORG CALLED THE COMMITTEE TO ORDER.

Roll call was taken with all members present.

CHAIRMAN FREBORG called the hearing on SB 2200 which relates to school district reorganization bonuses; to provide an appropriation; and to declare an emergency. Fiscal note attached for \$3,000,000 from the general fund for the school consolidation bonus program.

Testimony in support of SB 2200:

SENATOR AARON KRAUTER, District 23, testified in support of SB 2200. He stated this bill reaffirms the actions from the 1999 Legislative session and what type of commitments need to be made. The extra foundation aid payments are always left at the end of the biennium that didn't get paid out. Through that process, to make sure those dollars get used for education during the biennium they were appropriated for, was a process whereby the formula was set up that any excess dollars (the first million) would get sent back to schools in the ADM payments, the second million would be sent out to schools in relation to declining enrollment. The third and

fourth million (two million total) would be used in a program which has a new concept which would give some incentive to school districts to reorganize, or give them a bonus to do that.

There are some criteria that are set up in that, such as square miles within the district so two very little districts could not go together and try to maximize the use of state dollars in the foundation aid payments. Through the interim, there were some schools that went through some process of reorganizing and qualified for the bonuses. Some who applied did not qualify because they did not meet the criteria, the square miles. In looking at the bill, it takes the \$2 million that we have in the current biennium and holds it and puts it into the next biennium into the similar concept that we have today, and adds \$1 million (total \$3 million) for purposes of reorganization. The catch comes when a school district votes on reorganization and it passes, it becomes effective on July 1st. The legislation for the money expires June 31st. There is a one day window to distribute the money. This bill will take care of the problem. He feels this is a good faith effort that is an incentive after the work is done.

REPRESENTATIVE DAVID MONSON, District 10, testified in support of this legislation. He has some school districts that did apply for this incentive, and he feels the legislature made a promise that if a district goes through the process and does the reorganization according to the criteria set, they would be rewarded financially. However, the legislation is off by a day. This bill will fix the glitch.

REPRESENTATIVE JAMES KERZMAN, District 35, feels this legislation should pass and the time frame question will be fixed.

TOM DECKER, Director of Finance and Organization, DPI, spoke in support of the bill. (see attached). SENATOR COOK asked if the legislation should state the payment should be made during the biennium of the reorganization and then the department would not have to come to the

next legislative session for the next biennium, and the legislature would not have to deal with it after the fact. MR. DECKER stated they are establishing a pattern today that the legislature made last session to school districts. He feels the good faith commitment to the school districts by the legislature is good enough and the program will continue. He feels making the payment six months after the effective date is a good plan. There is another piece of legislation introduced that would provide an advance of up to \$15,000 per district for planning purposes against their bonus. SENATOR COOK asked if there is some way to change the legislation to state that when a districts starts reorganization and becomes successful, that's when they qualify for the money. Then they would realize that all the money that is appropriated is actually spent before they start and there is no guarantee that they would get this money, unless the next session would follow through. MR. DECKER stated there is language available to do this which would change the timing of the bonus or do something else to move the payment up. SENATOR O'CONNELL asked why wait until December 1, 2001 to make the payment. Could the payment be sent earlier. MR. DECKER stated he would like to keep the money after the effective date of reorganization. SENATOR KELSH wondered if we are requiring too much land area (800 square miles) for reorganization. MR. DECKER didn't think so. The department is looking at the long term solution for declining enrollment. The legislation from the 1999 session has a formula that is followed.

DON SCHAIBLE, President Mott School Bd. (Mott/Regent Consolidated School District), spoke on how the program works. The cost savings is not as great as expected, but the value of the dollars used is great. Their district pursued consolidation to enhance their education opportunities with a goal to not transport students such long distances. Their plan, if bonus dollars are received, is to increase wages starting with the base wage (3 - 5 year plan). They

would also like to upgrade what they can offer to teachers in-house; professional development, technology training, IVN, updating text books, etc. SENATOR KELSH asked if less than five students were on a long bus route, has the district considered family transportation. MR.

SCHAIBLE stated the goal is to have a route less than 60 minutes. SENATOR FREBORG stated the law does not require the district to transport students. They can reimburse family, even if the family doesn't want that. MR. SCHAIBLE stated there had been three schools considering consolidation. However, two of the schools had enough area to qualify, and it was thought that with the third, the bus route would be too long and there would be too much distance for a child to travel. The third district does have options though. They can consolidate with another district that is closer to them and they can co-op classes with Mott and Regent as they have done in the past.

MYRON SCHWEITZER, Superintendent Mott Public School, stated they had 145 students seventeen year ago. Now they are at 77 students in just the Mott system. Due to declining enrollment, the Home Ec Program, Business Education, English, Social Science, a math position, English/Foreign Language/Speech positions were cut. Their reorganization plan was sold to the voters because of their promise to add curriculum back into the school. The voters did pass it with an 85% approval rating. He further explained that any time curriculum is added back into their schedule, there is a cost factor involved. He feels the passage of SB 2200 would help alleviate some of the costs. He stated that with the technology that is available, they could easily add the curriculum back into their schedule. However, it does cost money. There still would be the teacher shortage factor, also. They are now looking at a FED grant to help.

LARRY KLUNDT, NDCEL, supports the concept of local communities deciding when to reorganize or consolidate. Five things should be in place for constructive and beneficial reorganization to happen:

1. We should not forget to allow students the opportunity for input into the consolidation effort.
2. It is important that the people are emotionally ready for this to happen.
3. Incentives have to be there for reorganizations to work.
4. Need to look at this from a holistic view, have a long range approach to consolidation.
5. Must result in better educational opportunities for the students.

BEV NIELSON, ND School Board Assn., supports SB 2200.

LES KRAMER, Superintendent Wilton Public Schools, supports reorganization. He believes Mott/Regent is a good role model.

There was no opposition to SB 2200.

The hearing was closed on SB 2200.

1-23-01, Tape 2, Side A, 27.8 - 42.1

Discussion continued on SB 2200. SENATOR KELSH stated there is \$1.165 million that would be spent now out of the \$2 million. SENATOR FREBORG stated that testimony stated there is an adequate amount left to cover anyone who can meet the timeline in the next biennium.

SENATOR KELSH then questioned why another \$1 million should be appropriated. Discussion continued. SENATOR COOK will look into an amendment that would extend the appropriation to meet the 30 day delay in the deadline. SENATOR KELSH wondered if there is a concern that 800 square miles is too much land. SENATOR FREBORG stated that this is hoped to eliminate

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two small districts consolidating and 5 - 10 years down the road have to consolidate again.

More discussion on funds available for the biennium, including costs for summer school.

CHAIRMAN FREBORG adjourned the committee.

01-29-01, Tape 2, Side A, 4.1 - 9.0

SENATOR WANZEK asked if the \$2 million from the current biennium is being combined with \$1 million from the next biennium budget to total \$3 million which will address the reorganization process. According to MR. COLEMAN'S explanation, there is an estimate of \$5 million left over; \$1 million will go to meet ADM, \$1 million will go to declining enrollment. This leaves \$3 million of which \$2 million will go for reorganization leaving \$1 million remaining to be distributed to ADM. The other \$1 million will come from the next biennium. Further discussion on the funds.

SENATOR FLAKOLL moved a DO PASS AND REREFER TO APPROPRIATIONS.

Seconded by SENATOR KELSH.

Roll Call Vote. 7 YES. 0 NO. 0 Absent. Motion Carried.

Carrier: SENATOR FREBORG

FISCAL NOTE
 Requested by Legislative Council
 02/15/2001

Bill/Resolution No.:

Amendment to: SB 2200

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$3,000,000	\$0	\$0	\$0
Expenditures	\$0	\$0	\$3,000,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$3,000,000	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	(\$3,000,000)	\$0	\$0	\$3,000,000	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill provides a \$3,000,000 general fund appropriation for the school consolidation bonus program. It reduces the funding available for contingent distribution in Chapter 169 of the 1999 session laws by \$3,000,000 to be turned back to the general fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Increases revenue available for 2001-2003 by \$3,000,000.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Decreases expenditures for 1999-2001 by \$3,000,000. Increases expenditures for 2001-2003 by \$3,000,000.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Tom Decker	Agency:	Public Instruction
Phone Number:	328-2267	Date Prepared:	02/16/2001

FISCAL NOTE
 Requested by Legislative Council
 01/15/2001

Bill/Resolution No.: SB 2200

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$2,000,000	\$0	\$0	\$0
Expenditures	(\$2,000,000)	\$0	\$3,000,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$3,000,000	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	(\$2,000,000)	\$0	\$0	\$3,000,000	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill provides a \$3,000,000 general fund appropriation for the school consolidation bonus program. It reduces the funding available for contingent distribution in Chapter 169 of the 1999 session laws by \$2,000,000 to be turned back to the general fund.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Increases revenue available for 2001-2003 by \$2,000,000.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Decreases expenditures for 1999-2001 by \$2,000,000. Increases expenditures for 2001-2003 by \$3,000,000.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Tom Decker	Agency:	Public Instruction
Phone Number:	328-2267	Date Prepared:	01/18/2001

