

# MICROFILM DIVIDER.

OMB/RECORDS MANAGEMENT DIVISION

SFN 2033 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2231

2001 SENATE EDUCATION

SB 2231

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2231

• Senate Education Committee

Conference Committee

Hearing Date 01-31-01

Tape Number	Side A	Side B	Meter #
1	x		0 - 36.7
Committee Clerk Signature <i>J. de. Johnson</i>			

Minutes: CHAIRMAN FREBORG called the Senate Education Committee to order.

Roll call taken with all members present.

Students visiting from Jamestown were introduced.

CHAIRMAN FREBORG called the hearing on SB 2231 relating to authority of school district boards to establish student financial institutions.

**Testimony in support of SB 2231:**

SENATOR NETHING, District 48, spoke in support of the bill. Dickinson and Jamestown both have unique relationships between the bank and the high school. This bill will permit a bank to have a branch within the high school. He feels this is a hands-on experience for the students to teach them the banking industry.

JIM SCHLOSSER, ND Bankers Association, testified in support of the bill. (see attached). He did clarify that this would not be a branch of the bank, but would be a student bank not owned or operated by a financial institution. SENATOR COOK asked if the workers in the bank are paid a

salary and how it would be determined which bank would be the advisor if there is more than one bank in the community. Mr. Schlosser felt the school board would have to make a decision if there were more than one bank interested. SENATOR O'CONNELL questioned #6. in Mr. Schlosser's testimony. He wondered if the school board would be liable for a bad debt or for funds lost due to insolvency and the amount the board could be liable for.

GARY PRESZLER, Commissioner, Dept. Of Banking and Financial Institutions, presented supporting testimony. (see attached). In answer to Senator O'Connell's questions, he stated the liability would depend on the number of accounts and the size of them. Usually the accounts will be under \$100. He does see a risk to the Board in the case of theft or in uncollected loans. The school board would have to determine if they want the risk involved with this. SENATOR FLAKOLL asked what the interest and surcharges would be used for. He replied they might distribute them as dividends by offering a higher rate of return on deposits. SENATOR O'CONNELL asked if the students would be able to have their own credit card with this system. MR. PRESZLER stated that item is not currently in the plan and he is not sure how they would be able to connect into the electronic payment system to process credit card items. In order to do this, it would have to be more than a student bank.

MIKE HEILMAN, Principal at Dickinson High School, introduced KEITH MAETZOLD, President of Community First National Bank, which is the bank that oversees this program at Dickinson High School. (see attached testimony). Their system does not offer a checking account only savings accounts. Most loans that are taken out are small. The DECA club is also involved in this project. SENATOR O'CONNELL asked them to describe the rigors of this class and how many credits the student receives. The students in the class pick up a money box and go to the area designated for the Student Bank. When the class period is over, they balance their

transactions and return the money to the front office. Their class time is spent learning the banking industry and the rules and regulations associated with it. Dickinson students receive one credit for the course. SENATOR FREBORG noted that if the profits of the bank are large enough to cover the loan loss, they should cover it, otherwise it would fall on the school board. MR. HEILMAN stated the profits are used by the students who are members of the DECA Club to cover travel and housing expenses when they travel to other activities sponsored by DECA. JOEL GILBERTSON, Independent Bankers Assn., stated their support for this bill.

TENA LAWRENCE, Stutsman County State Bank, presented testimony and a handbook used in Jamestown. (see attached). She further stated that the student bank in Jamestown has involved all financial institutions in Stutsman County.

BILL NOLD, Asst. Principal Jamestown High School, presented testimony in support of the bill. (see attached).

**There was no testimony in opposition to SB 2231.**

**SENATOR WANZEK moved a DO PASS on SB 2231. Seconded by SENATOR COOK.**

**Roll Call Vote: 7 YES. 0 NO. 0 Absent.**

**Carrier: SENATOR WANZEK**



**REPORT OF STANDING COMMITTEE (410)**  
January 31, 2001 12:36 p.m.

**Module No: SR-17-1993**  
**Carrier: Wanzek**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2231: Education Committee (Sen. Freborg, Chairman) recommends DO PASS**  
**(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2231 was placed on the**  
**Eleventh order on the calendar.**

2001 HOUSE EDUCATION

SB 2231



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2231

House Education Committee

Conference Committee

Hearing Date 03/06/01

Tape Number	Side A	Side B	Meter #
#1	X		102 to 4687
Committee Clerk Signature <i>[Handwritten Signature]</i>			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunskor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will now open the hearing on SB2231.

Sen. Nething: (District 28) The bill permits the school board to establish a student financial institution within the school itself, and the rest relates to the banking code that allows this. The two communities that have done this have brought to our attention some problems. This enables the students to have the opportunity to learn about running their own bank.

Jim Schlosser: (ND Bankers Association) \*Please refer to written testimony\*

Tena Lawrence: (Stutsman County State Bank) \*Please refer to written testimony\*

Jim Roaldson: (Teacher with Jamestown Public Schools) \*Please refer to written testimony\*

Rep. Brusegaard: I'm a student that comes in and I want to buy a Playstation so I borrow \$300.

What happens at the end of the year if I don't pay it back.

Roaldson: We have a cosigner, and at that point, they are to be paid in full. In those cases, we will approach the student first and then the person that has cosigned, and from there, it becomes a collection items where we will bring in the proper authorities.

Rep. Nelson: Do you have people from the banks and credit unions coming in and teaching along with this?

Roaldson: Yes.

Rep. Nelson: You're in the classroom when they're there, so you have the proper certification problem. Do you have a banking background at all?

Roaldson: No. My four year degree is in business education minor and I also have a master degree in business education.

Rep. Haas: This is a one semester course. Do you have any students who continue to work in the bank if they were in your class first semester, do they continue to work in your bank the next semester?

Roaldson: We normal have a change over in personnel at semester, however we do allow carry overs, so if a student does wish to, he/she may and they get credit for that.

Rep. Mueller: How many folks do you have involved in your present operation, and what grade levels are they?

Roaldson: This semester we have 13 students, first semester we had 16. We do have a prerequisite of a full year of accounting, so we are dealing mostly with juniors and seniors.

Rep. Nelson: What's the mix of loans versus savings accounts?

Roaldson: We have granted three loans. We are running about 27 accounts and deposits of somewhere around \$6000.

Rep. Nelson: Is the savings situation a part of the banking?

Roaldson: We offer three services: savings, check/cashing and we do offer loans, minimum of \$100 and maximum of \$300.

Rep. Hunskor: Do any of the students participate in on the job training after they complete this course? Do they work in a local bank?

Roaldson: We don't have any local coops set up at this time, however, we did have one student that is working part time at one of our local financial institutions.

Rep. Thoreson: Is this open during the school day? Or after school hours?

Roaldson: Our current hours: every day from 7:30 am to 8:00 am, and Mon., Wed., Fri. From 12:00 to 12:30, and Tues./Thurs. 3:00 to 4:00.

Chairman Kelsch: Can they use this experience as a reference when they apply for a loan at a standard bank?

Roaldson: I can't really answer that, I would feel that this is something they could bring up, but this has to be investigated further.

Austin Hammer: (President of the student bank in Jamestown) This is a real life experience for us, and we've learned skills that you probably wouldn't learn in any other class. We've learned communication skills. We work in committees, so group work is important. The group work that you do in other classrooms, you're assigned a problem and you have to do it, but now you have to bring all of those groups together and if it doesn't work out, it's real money, it's real life. I've learned punctuality. If you're late, you can't open, and you're letting your bank, your

customers and the rest of the students down. I've become more organized. It instills a lot of responsibility in the students. It's going to look excellent on my resume. I've learned so many things about the business world.

Rep. Nelson: Are you considering banking as a career option now because of this program?

Hammer: I've always considered institutional management, management of mutual fund as my career, making investment brokerage. It's looking more and more interesting to me now.

Rep. Bellew: Who normally cosigns a loan?

Hammer: The parents.

LC Reichert: (Teacher in Dickinson Public Schools) We are into our seventh year in the banking class. One question that I can answer as far as banking records. Once a student is out of school, and they want to go to a regular banking institution and take out a loan. We do have their banking records and loan records from when they were in school that we can give information on. Many of our loan customers are repeat customers. Our bank is set up the same as Jamestown's.

Carter Pong: (President of Dickinson's banking class) The student banks are very convenient for the students that use them. They can create their own savings account and earn interest on it. He/she can take out a loan. We make change for people, and it relieves the secretaries in the office of some of those duties. It helps school organizations other than the students. I'm in student council, and if we have a project, we can create a savings account, and we've got the account right there at school to work with. Student banks also benefit the banks that support us. Student banks are more approachable. Some students may be afraid to approach a big bank and they come to the school and they go to our bank with their peers running it, it's a lot easier for

them to go to a regular bank in the future. We educate about 30 banking students a year, and we've been running the program for six or seven years, so you're looking at 210 potential bankers that Community First might get a hold of in the future. Confidentiality is a good thing we learn. We learn the hands on experience for future jobs. I've learned to manage money.

Rep. Brusegaard: What interest rate do you charge?

Pong: On loans, we charge 1% a week. On savings account, we give them 4% interest.

Rep. Hanson: Have you had any loans go bad?

Pong: In previous terms we have had loans go bad, but we have cosigners, and it can usually can be taken care of, if not by the student, then by the cosigners, and if not, we bring in authorities if they be needed.

Rep. Hanson: Do you have any collateral?

Pong: No.

Rep. Meier: Can you deny a loan?

Pong: Yes. We have a loan committee as a part of our bank, and they look at the credit reports of the student and the cosigner, and they are able to deny a loan if that's the case.

Keith Maetzold (Community First National Bank) \*Please refer to written testimony\*

Rep. Solberg: How does the interest rates compare?

Maetzold: The savings account, we give a rather attractive interest rate on the student banks, which then allows them to give the students a fairly attractive interest rate.

Rep. Solberg: As far as the loans, how does that compare?

