

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EDUCATION FINANCE COMMITTEE

Monday, August 25, 1997

Roughrider Room, State Capitol

Bismarck, North Dakota

Chairman Layton Freborg called the meeting to order at 9:00 a.m.

Members present: Senators Layton Freborg, Dwight C. Cook, Tony Grindberg, Jerome Kelsh, Les J. LaFountain, Rolland W. Redlin, Terry M. Wanzek, Jim Yockim; Representatives Rick Berg, James Boehm, Michael Brandenburg, Lois Delmore, Pat Galvin, Bette Grande, Howard Grumbo, Lyle L. Hanson, Dennis Johnson, RaeAnn Kelsch, Richard Kunkel

Members absent: Representatives William E. Gorder, David Monson

Others present: See Appendix A

At the request of Chairman Freborg, Mr. John D. Olsrud, Director, Legislative Council, reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

Chairman Freborg announced that Representative Richard Kunkel will serve as the vice chairman of the Education Finance Committee. He also reviewed the studies assigned to the Education Finance Committee.

At the request of Chairman Freborg, Dr. Wayne Sanstead, Superintendent of Public Instruction, addressed the committee. He welcomed the committee and said he and his staff are looking forward to working with the committee and providing whatever assistance is necessary to the committee's efforts.

At the request of Chairman Freborg, committee counsel presented a background memorandum regarding the financing of elementary and secondary education.

At the request of Chairman Freborg, Mr. Tom Decker, Director of Finance and Reorganization, Department of Public Instruction, presented testimony regarding enrollment trends in North Dakota school districts. He said some school districts will feel the effects of the declining birth rate as early as the 2001-02 school year. He distributed a document entitled *K-12 Enrollment in North Dakota Schools Trends and Projections*. The document is on file in the Legislative Council office.

Mr. Decker said that 187 districts have only one school and whereas Tioga has been considering the

closure of one of its two schools, most districts do not have that as an option. He said that between 1980 and 1990, 40 counties lost 40 percent of their 20-to-40-year-olds--the people whose children would now be attending the local schools. He said the most rapidly growing age group in North Dakota is comprised of those over 85.

Mr. Decker said the decline in enrollment is also being felt in the private school sector, with the exception of home-schooled students, whose numbers have increased.

Mr. Decker said there are 235 operating school districts. He said 184 are high school districts and 41 are graded elementary districts. In 1979, he said, 96 school districts had enrollments of 100 or fewer, for a combined enrollment of 4,554. In 1996, he said, 62 districts had enrollments of 100 or fewer, for a combined enrollment of 2,980. In 1979, he said, school districts having enrollments over 1,000 educated 46.6 percent of the students, whereas in 1996, districts having enrollments over 1,000 educated 56.7 percent of the students. He said the largest class in the public school system is the 1997-98 sophomore class.

Mr. Decker said 35 of our 53 counties have population densities of less than six people per square mile and are, therefore, referred to as "frontier" counties. He said frontier counties have had a 54 percent decline in their birthrates between 1982 and 1996 while nonfrontier counties have had a 28 percent decline. He said school districts must realize that these numbers are probably a best case scenario in that they assume no further outmigration.

Mr. Decker said that in 1995 there were 8,562 high school graduates. He said 6,614 high school graduates are expected in the year 2009. He said that is a 27 percent drop.

Mr. Decker said these figures will require legislative action.

In response to a question from Senator Yockim, Mr. Decker said school districts can use part of their building fund levy to fund school construction. He said districts also have bonding authority. He said across the country, equity funding lawsuits are

referencing access to dollars for school construction. He said children need appropriate facilities in which to learn.

Mr. Decker said the four school districts of Wing, Tuttle, Pettibone, and Robinson have 283 students and cover 900 square miles. He said regardless of what their enrollment is, a high school is needed in that area. He said it is likely that monetary assistance will have to be provided for the construction of a central facility. He said with respect to state dollars for school construction, it must be remembered that if the state gets involved in the provision of dollars, the state will have oversight and that is a feature that displeases some of the local districts.

Mr. Decker said if you draw a 25-mile circle around high schools having 75 or more students, there are only three small areas that fall outside of the circles. He said that means there are 65 to 70 small high schools that are currently operating and arguably do not need to be.

Representative Berg said we might want to explore a concept whereby the state would pay 50 percent of the construction costs for school districts meeting certain criteria, including long-term enrollment trends, the condition of existing buildings, and density. Mr. Decker said we have not adequately defined a small but necessary school. He said we need to decide how many schools we need to have and where we need them. He said there are solutions but they all require difficult choices.

In response to a question from Senator Yockim, Mr. Decker said the state already has to review and approve school construction. He said one of the criteria used in the review is enrollment trends. He said we probably need to be even more futuristic with respect to enrollment trends.

In response to a question from Senator Freborg, Mr. Decker said the construction projects for which departmental approval is being sought are relatively minor-boiler repair or replacements, roof repairs, etc. He said the department is not receiving requests for the approval of major construction projects.

Senator Freborg said there exists the perception that if a local district is willing to tax itself to pay the local bills, the legislature should not tell them they cannot.

In response to a question from Senator Freborg, Mr. Decker said some districts can operate a K-12 program on 135 mills because they have a local source of revenue that is significant. He said it would be more equitable if all taxpayers in the state were required to assume a similar level of contribution to education, regardless of their own district's financial situation.

In response to a question from Senator Kelsh, Mr. Decker said the Superintendent of Public Instruction has supported an increase in state revenues to

fund education. He said the Superintendent remains adamantly opposed to permitting a local income tax.

Senator Kelsh said there is something wrong with a formula that does not account for a building such as the State Capitol.

In response to a question from Representative Berg, Mr. Decker said if we eliminate categories of high schools that have fewer than 75 students, we will eliminate the higher weighted payments given to those schools.

Mr. Decker said he is unaware of any school district that has refused to consider a reorganization because of different taxation levels. He said unless the districts were proposing the construction of a new school, most reorganizations result in a tax savings. He said reorganizations tend to fail when there is a prevailing belief that the town will die if the school is closed. He said the reality is that the closing of a school has a negligible economic impact on a town. He said by the time the discussion turns to the closure of the school, the town is creating very little economic activity.

At the request of Chairman Freborg, committee counsel presented a background memorandum regarding the impact of federal education legislation and other mandates on school districts.

At the request of Chairman Freborg, Mr. Dean Monteith, Administrator, North Dakota School-to-Work System, presented testimony regarding the North Dakota School-to-Work System. His testimony is attached as Appendix B. He also distributed a document entitled *Getting Our Students Ready - Local Implementation Guide - North Dakota School-to-Work System*. The document is on file in the Legislative Council Office.

In response to a question from Representative Kelsch, Mr. Monteith said if a school district wants to offer career exploration or career development opportunities at the lower grade levels, that is entirely up to the district. He said in grades below the high school level there is generally a focus only on career exploration.

In response to a question from Senator Wanzek, Mr. Monteith said school-to-work programs involve teachers, parents, and students and focus on how skills students are learning can be used outside of the classroom.

In response to a question from Senator Grindberg, Mr. Monteith said for a state such as North Dakota, which is losing its population, it is even more critical to develop the skills we need in our own population and to keep those trained workers in the state. He said it is critical that the schools and the employers converse to determine each other's needs.

In response to a question from Representative Grande, Mr. Monteith said school-to-work offers students an opportunity to choose courses that might

help them in the future. He said the situation in which a student is tracked for a specific career and then as a senior changes his mind also happened before school-to-work.

At the request of Chairman Freborg, Mr. Greg Gallagher, Educational Improvement Team Leader, Department of Public Instruction, presented testimony regarding Goals 2000. The testimony is attached as Appendix C.

Mr. Gallagher said Goals 2000 is not a stand-alone program, but a means of further coordinating pre-existing programs by encouraging state and local innovation supported by federal funding.

At the request of Chairman Freborg, Ms. Karen Nelson, Title I Technical Assistance Coordinator, Department of Public Instruction, presented testimony regarding yearly progress measurements and program improvement plans. Her testimony is attached as Appendix D.

Ms. Nelson said under Title I, remedial math and English are provided to disadvantaged students. She said states are given a great deal of flexibility regarding their definitions of concepts such as "adequate yearly progress." She said at least in the language arts, reading, and math, states must create their own or adopt existing content and performance standards by the fall of 1997. She said the federal thinking now is that it would be inappropriate to set separate standards for disadvantaged students. She said there is a belief that high standards should be set for all students, and that assistance should be given to students to achieve those standards as needed.

Ms. Nelson said the initial development of content standards, performance standards, and assessments is a state responsibility. She said it is up to the school districts to help their teachers help students reach such standards.

In response to a question from Representative Delmore, Ms. Nelson said we have found that

everything on the California Test of Basic Skills (CTBS) assesses something in our content standards. She said, unfortunately, the CTBS does not assess all of our standards. She said the CTBS can assess reading and writing, but it cannot assess speaking and listening.

In response to a question from Representative Grande, Mr. Gallagher said the Individuals with Disabilities Education Act is an entitlement. He said Title I funds involve an application process based on the number of disadvantaged children. He said the Improving America's Schools Act was the reauthorizing legislation for the Elementary and Secondary Education Act. He said because Goals 2000 is voluntary, neither the state nor a local district needs to participate. He said in North Dakota, a district may participate in portions of Goals 2000. He said if a district chooses to participate in Title I, a district must show adequate yearly progress.

In response to a question from Senator Freborg, Ms. Nelson said there are 30 North Dakota districts that do not receive Title I money. She said they might be too small or they might not meet the poverty criteria established by the federal government.

In response to a question from Representative Grande, Mr. Gallagher said all titles are treated separately for application purposes.

Chairman Freborg adjourned the meeting at 3:45 p.m.

L. Anita Thomas
Committee Counsel

ATTACH:4