

1999 HOUSE APPROPRIATIONS

HB 1189

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HOUSE BILL 1189**

House Appropriations Committee

Conference Committee

Hearing Date JANUARY 20, 1999

Tape Number	Side A	Side B	Meter #
ONE	X		0.2 - 41.1
Committee Clerk Signature <i>Kathleen Jones</i>			

Minutes:

A BILL for an Act to provide an appropriation for additional per student payments; and to declare an emergency.

1A: .02 - 1.7 Rep Carlisle, District 30, spoke as to the reasons for introducing HB1189 regarding the funds not dispersed to the school district. Amount in question is \$12.4 million. (Note enclosed Handout/Testimony.)

1A: 1.7 - 3.5 Senator Wardner, District 37, cosponsor of HB1189 explained the needs of the school districts from special education, ADA building, repairs and technology. Part of the reason for the amount of fund not dispersed is due to the decline in student enrollments. However, the decline in enrollments does not necessarily mean schools can cut staff or expense. Senator Wardner stated many of the schools in North Dakota are faced with these problems.

1A:3.5 - 5.1 Rep. John Martinson, District 49, stated as a cosponsor of HB1189 this would be a one time expenditure which could enable school district to prepare students for higher education and the work force.

1A:5.1-8.0 Rep. Kathy Hawkins, District 46 stated as a cosponsor of HB1189 she had two main reasons for this bill. In Rep. Hawkins' school district funds were cut by 30% for special education. This one time payment would help the Special Ed program meet the needs of the community. She also stated her views on the shortfall of dollars for K-12 education in the state. Rep. Hawkins was under the impression HB 1189 would address special education partial needs in all the school districts.

1A: 8.0-13.7 Mr. Ron Torgeson, North Dakota Council Of Educational Leaders, spoke in support of HB1189. Due to the \$640,000 shortfall of the department in 1998, many of the special education in district contracts have been affected. This one time payment would assist in paying the in district contracts for special education. Several question were asked regarding the decisions being made by the individual school districts. Mr. Torgeson stated when a cut occurs, 80% of the total funds for special education go for the boarding care costs and the remaining 20% goes to the school districts.

1A:13.7 - 18.9 Bev Nielson, North Dakota School Board Association, spoke in support of HB1189. Many of the school districts are short of funding in special education and a one time payment would assist in making up some of the deficit. However, the Association support the one time payments even if the ADM or the weighted per student unit methods is used.

1A:18.9 - 20.3 Chairman Dalrymple explained the difference between the average daily student (ADM) and the weighted per student unit payment.

1A: 20.3 - 27.9 Max Leer, President of the ND Education Association spoke in support of HB1189 explaining the historical per pupil expenditure by statutory payment and actual payment from 1973-74 through 1996-1997. This chart also indicates Measure 6 in the 1981-1982 school year. (Note enclosed handouts of Historical Per Pupil Expenditure and letter of L. Anita Thomas.)

OVER Page Two

1A: 27.9 - 31.0 Dan Martin, Underwood Public Schools, stated the Underwood School District was in need of a one time payment as HB 1189 could provide for building repairs, code to ADA, just paying bills, special education programs. The Underwood school district has a large number of students with special education needs but all special Ed student enrollment is increasing across the state.

1A: Mike Klabo, Garrison School District, spoke in favor of HB 1189. Mr. Klabo stated that the kids of this state are the best asset ND has to offer. A one time payment could be used in several areas within the school districts including increasing salary, purchasing technical equipment, etc.

The Hearing on HB 1189 was closed.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1189

House Appropriations Committee

Conference Committee

Hearing Date 2/8/99

Tape Number	Side A	Side B	Meter #
2	x		33.0-33.7
Committee Clerk Signature <i>Kevin Baul</i>			

Minutes:

Chairman Dalrymple opened the hearing on HB 1189 in the Roughrider Room.

Rep. Poolman moved for a DO NOT PASS.

Rep. Delzer seconded the motion.

HB 1189 was moved as a DO NOT PASS.

Date: 2/8/99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1189

House _____ Committee _____

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DNP

Motion Made By Poolman Seconded By Deber

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols		X
Vice-Chairman Byerly	X		Poolman	X	
Aarsvold		X	Svedjan	X	
Bernstein	X		Timm	X	
Boehm	X		Tollefson	X	
Carlson	X		Wentz		X
Carlisle		X			
Delzer	X				
Gulleason					
Hoffner					
Huether		X			
Kerzman		X			
Lloyd	X				
Monson	X				

Total (Yes) 12 *Click here to type Yes Vote* No 6 *Click here to type No Vote*

Absent 2

Floor Assignment *Click here to type Floor Assignment* Poolman

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

REPORT OF STANDING COMMITTEE (410)
February 8, 1999 3:41 p.m.

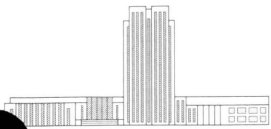
Module No: HR-25-2227
Carrier: Poolman
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1189: Appropriations Committee (Rep. Dalrymple, Chairman) recommends DO NOT PASS (12 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). HB 1189 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

HB 1189



Representative Ron Carlisle
District 30
P.O. Box 222
Bismarck, ND 58502-0222

NORTH DAKOTA HOUSE OF REPRESENTATIVES

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



COMMITTEES:
Appropriations

January 20, 1999

Chairman Jack Dalrymple and members of the Appropriations Committee:

Please see the attached information referencing HB1189.

Source: North Dakota School Boards Association , December 1998 copy.

Source: Memo, September 1998 - Legislative Council

I ask for your support .

Representative Ron Carlisle
District 30



GARY J. NELSON
State Senator
Chairman

JOHN D. OLSRUD
Director

JAY E. BURINGRUD
Assistant Director

CHESTER E. NELSON, Jr.
Legislative Budget
Analyst & Auditor

JOHN WALSTAD
Code Revisor

North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360 (701) 328-2916 TTY: 1-800-366-6888

December 15, 1998

Honorable Joe Kroeber
State Representative
1210 Seventh Avenue SE
Jamestown, ND 58401-5618

Dear Representative Kroeber:

Enclosed please find a document from the Department of Public Instruction entitled *Historical Per Pupil Expenditure, Pupil Payment, Tuition Apportionment and Mill Deduct Data*. The document will allow you to compare the per student payments set forth in statute with the amounts actually paid to school districts over a 25-year period.

We contacted Department of Public Instruction personnel regarding contingent payments that were made in recent years. We were provided with the following information:

- During the 1987-89 biennium, there was a shortfall of funds and consequently no contingent payment was made.
- During the 1989-91 biennium, there was also a shortfall of funds and consequently no contingent payment was made. (However, during the 1991 legislative session, emergency legislation (1991 S.L., ch. 52) was passed which provided for a \$7 million supplemental per student payment.
- During the 1991-93 biennium, there was a shortfall of funds and consequently no contingent payment was made.
- During the 1993-95 biennium, there was a surplus of foundation aid funds. Section 13 of 1993 Session Laws, Chapter 3, had provided for the contingent disbursement of funds remaining at the end of the biennium and, consequently, school districts received an additional \$5.67 million.
- During the 1995-97 biennium, there was a surplus of foundation aid funds. Language providing for the contingent per student distribution of such funds had not been enacted during the 1995 legislative session. However, in Section 6 of 1997 Session Laws, Chapter 13, the approximately \$5 million in surplus funds were set aside for technology reimbursement payments to school districts.
- The 1997-99 biennium is expected to have a \$12 million surplus of foundation aid funds.

We hope this information assists you.

Sincerely,

L. Anita Thomas
Counsel

LAT/LMM
Enc.

Governor's Education Budget Proposal

The Governor presented his budget proposals to a joint session of the legislature on Thursday, December 10. Copies of the Department of Public Instruction's request and the executive recommended budget for K-12 will be sent to board presidents. The total appropriation figures are difficult to compare to last biennium because of the \$12-14 million surplus in the foundation funds. It appears the \$27 million increase in the total K-12 appropriation is being funded nearly 50% by the carry over foundation monies of \$12-14 million from last biennium's appropriation. This makes the state's general fund increase from 1999-01 biennium "new" dollars approximately \$13-15 million. The \$5-6 million in technology money confuses the counting for actual increases in foundation appropriations. It is because of the way figures are presented and used that evaluation of overall commitment of "new" state dollars is difficult to compute. The percent of increase for K-12 of which the Governor speaks is an increase over last biennium's spending, not over last biennium's appropriation. One can easily understand how the general public and even legislators and school board members can become confused about what is really happening in the funding of public education.

One thing that is somewhat easier to understand is the recommended per-pupil payment. The Governor recommends a 1999 per-pupil payment of \$2,129 and a 2001 payment of \$2,221. This represents approximately a 4.5% increase each year. We know, of course, that the formula must be applied to this figure, the result of which must be multiplied by your student enrollment and the mill deduct amount must be subtracted before you know what you actually may receive per pupil. Also, we must point out that the state per-pupil payments make up less than 50% of the actual cost per pupil to districts. (Maybe that wasn't the less confusing part!)

The way the law is now, if there is a short-fall of funds, DPI recalculates per-pupil payments to fit the appropriation and schools receive less than the legislated per-pupil payment. However, if there is a surplus, there is no recalculation to fit the appropriation. Unless the law is changed, schools know they won't receive any more than the legislated per-pupil payment but they may receive less.

Here are a few things to remember when listening to or participating in discussions on education funding:

* The word "appropriated" does not mean the same as "spent" or "distributed."

* When someone says, "schools received

all the money they had coming," they are referring to the disbursement of per-pupil payments, not the full appropriation (which was \$12-14 million more).

* The mill deduct is actually a property tax levied and collected by the local school boards to establish and replace the amount the state will deduct from your state funding. The higher the value of mill deduct totals, the fewer appropriated funds the state has to spend. While this is sold as equalization, it is equalizing using property tax (a tax the state is constitutionally prohibited from levying and collecting) rather than equalizing with

state levied taxes. All taxpayers in your district should be told that the first 32 mills you tax them go to replace your reduction in state aid of that same amount.

There will be a great deal of discussion this session regarding education funding, and it will be extremely important that everyone involved be speaking from the same page. If you or anyone with whom you are speaking has questions regarding the complex issues surrounding education funding, please call and we will provide whatever information necessary to clarify this issue.

SESSION "GETS ORGANIZED"

The legislature met in Bismarck December 8, 9, and 10 for the purpose of organizing for the upcoming session and to receive the Governor's executive budget and revenue proposals.

There was considerable shifting of committee assignments and several new people assigned to both education and appropriations committees. It is important for school board members to not only stay in touch with their own legislators but also to get acquainted with the members of committees such as education, taxation, political subs, and appropriations. NDSBA will be publishing a Legislative Handbook in January with pertinent committee information and will provide a copy to each school district.

The following is a listing of the education and appropriations committees:

HOUSE APPROPRIATIONS (Education sub-committee)

Janet Wentz, Minot—Chair
Ed Lloyd, Northwood—Vice Chair
Jim Boehm, Mandan
Al Carlson, Fargo
Dave Monson, Osnabrock

Ole Aarsvold, Blanchard
Ron Nichols, Palermo

HOUSE EDUCATION

RaeAnn Kelsch, Mandan—Chair
David Drovdal, Arnegard—Vice Chair
Tom Brusegaard, Gilby
Mike Brandenburg, Edgeley
Dennis Johnson, Oberon
Laurel Thoreson, West Fargo
Jon Nelson, Wolford
Buck Haas, Taylor
Darrell Nottestad, Grand Forks

Howard Grumbo, Lidgerwood
Lyle Hanson, Jamestown
Dorvan Solberg, Ray
Deb Lundgren, Kulm
Phillip Mueller, Wimbledon
Bob Nowatzki, Langdon

SENATE APPROPRIATIONS

David Nething, Jamestown—Chair
Pete Naaden, Braddock—Vice Chair
John Andrist, Crosby
Bill Bowman, Bowman
Tony Grindberg, Fargo
Ray Holmberg, Grand Forks
Ed Kringstad, Bismarck
Ken Solberg, Rugby
Rod St. Aubyn, Grand Forks

Harvey Tallackson, Grafton
Larry Robinson, Valley City
Steve Tomac, St. Anthony
Aaron Krauter, Regent
Elroy Lindaas, Mayville

SENATE EDUCATION

Layton Freborg, Underwood—Chair
Dwight Cook, Mandan—Vice Chair
Tim Flakoll, Fargo
Terry Wanzek, Cleveland

Rolland Redlin, Minot
Jerry Kelsh, Fullerton
David O'Connell, Lansford

1995-97 BIENNIUM UNDISTRIBUTED FOUNDATION AID - 1997-99 BIENNIUM TECHNOLOGY REIMBURSEMENT PAYMENTS

1995-97 BIENNIUM UNDISTRIBUTED FOUNDATION AID

The 1995 Legislative Assembly provided an appropriation of \$432.5 million for foundation aid for the 1995-97 biennium. Information presented by the Department of Public Instruction to the Appropriations Committees during the 1997 legislative session included the following estimates of the amount of the 1995-97 biennium foundation aid appropriation that would be unspent at the end of the biennium:

- January 1997 presentation to House Appropriations - Estimated 1995-97 biennium foundation aid expenditures of \$428.4 million, leaving an end-of-biennium surplus of approximately \$4.1 million.
- March 1997 presentation to Senate Appropriations - Estimated 1995-97 biennium foundation aid expenditures of \$427.6 million, leaving an end-of-biennium surplus of approximately \$4.9 million.

The actual June 30, 1997, foundation aid surplus, which reverted to the state general fund, was \$4.6 million.

The 1997-99 biennium executive budget assumed that all funds appropriated for foundation aid for the 1995-97 biennium would be spent during that biennium rather than reverting to the general fund. Although no bill was introduced by the Office of Management and Budget to provide for such a distribution, House Bill No. 1052 (failed to pass), as introduced by the interim Education Finance Committee, provided for contingent per student payments from any funds remaining in the grants - foundation aid and

transportation program line item at the end of 1995-97 biennium.

1997-99 BIENNIUM TECHNOLOGY REIMBURSEMENT PAYMENTS

House Bill No. 1052 was amended by the House to provide a general fund appropriation of \$3.8 million to the Department of Public Instruction for the 1997-99 biennium for technology reimbursement payments rather than contingent per student payments from undistributed foundation aid. The \$3.8 million appropriation was estimated to be the approximate amount of undistributed foundation aid that would revert to the state general fund after passage of House Bill No. 1051, which distributed to certain school districts approximately \$426,000 of the remaining foundation aid balance. The bill failed to pass the House. However, House Bill No. 1034, which established an Information Technology Management Division of the Legislative Council, was amended by the House to include an appropriation of \$3.8 million to the Department of Public Instruction for technology reimbursement payments to school districts, the same amount previously included in House Bill No. 1052.

The Senate amended House Bill No. 1034 to remove the \$3.8 million appropriation, but included in House Bill No. 1013, which provided appropriations for the Department of Public Instruction and foundation aid, an appropriation of \$5 million for technology reimbursement payments to school districts. The House concurred with this amendment.

Through June 30, 1998, the department has distributed \$4.4 million of the \$5 million appropriation.

\$4.4 per Student

Historical Per Pupil Expenditure, Pupil Payment, Tuition Apportionment and Mill Deduct Data.

School Year	Actual Per Pupil Expenditures	Statutory Per Pupil Payment	Actual Per				Local Share Mill Levy Deduct	Taxable Value	ADM	Mill Deduct/ADM	Net Per Pupil and Tuition Apportionment	Net Percent from Pupil and Tuition
			Actual Per Pupil Payment	Tuition Apportionment	Pupil Payment and Tuition Apportionment							
1973-74	831	540	540	31	571	0.020	658,235,947	138,076	(92)	479	58%	
1974-75	938	540	540	42	582	0.020	671,209,499	133,625	(99)	483	52%	
1975-76	1,097	640	640	38	678	0.020	714,225,794	132,737	(101)	577	53%	
1976-77	1,212	690	690	47	737	0.020	735,673,642	130,121	(110)	627	52%	
1977-78	1,376	775	775	47	822	0.020	775,281,443	126,254	(117)	705	51%	
1978-79	1,544	850	850	53	903	0.020	803,767,456	122,126	(127)	776	50%	
1979-80	1,741	903	903	80	983	0.020	830,442,532	118,574	(136)	847	49%	
1980-81	1,957	970	970	106	1,076	0.020	869,904,028	117,313	(142)	934	48%	
1981-82	2,392	1,425	1,425	98	1,523	0.020	917,920,637	117,185	(148)	1,375	57%	
1982-83	2,477	1,591	1,551	158	1,511	0.020	938,686,969	117,320	(156)	1,355	55%	
1983-84	2,577	1,400	1,400	176	1,576	0.020	951,779,114	117,444	(160)	1,416	55%	
1984-85	2,851	1,350	1,350	202	1,552	0.020	998,380,663	118,090	(161)	1,391	49%	
1985-86	2,960	1,425	1,425	209	1,634	0.020	980,108,754	118,024	(169)	1,465	49%	
1986-87	2,949	1,455	1,367	216	1,583	0.020	976,761,047	117,981	(166)	1,417	48%	
1987-88	3,041	1,400	1,400	215	1,615	0.020	973,962,097	118,376	(165)	1,450	48%	
1988-89	3,213	1,412	1,385	206	1,591	0.020	962,760,380	118,536	(164)	1,427	44%	
1989-90	3,427	1,525	1,411	199	1,610	0.021	962,760,380	118,097	(171)	1,439	42%	
1990-91	3,425	1,540	1,480	198	1,678	0.022	956,278,185	118,883	(178)	1,500	44%	
1991-92	3,676	1,552	1,552	197	1,749	0.022	943,144,462	119,509	(176)	1,573	43%	
1992-93	3,701	1,608	1,547	198	1,745	0.022	941,390,009	119,955	(173)	1,572	42%	
1993-94	3,772	1,570	1,570	198	1,768	0.023	958,547,588	120,411	(180)	1,588	42%	
1994-95	3,850	1,636	1,682	198	1,880	0.024	995,155,293	120,440	(191)	1,689	44%	
1995-96	4,016	1,757	1,757	207	1,964	0.028	1,030,810,153	120,538	(231)	1,732	43%	
1996-97	4,223	1,862	1,862	209	2,071	0.032	1,107,165,252	119,895	(275)	1,796	43%	
1997-98		1,954				0.032	1,148,999,564					
1998-99		2,032				0.032						

The schedule shows the relationship of net state per pupil aid (base student payment plus tuition apportionment minus the mill deduct per student) to the total cost of education per pupil. It does not consider all state aid for schools (e.g., transportation, summer school or special education).

Source: Summary of Facts; School Finance Facts, the North Dakota Century Code and Session Law

Actual Per Pupil Expenditures - Includes regular, federal, special education, vocational education, administration and plant operation costs divided by total average daily membership (finance ADM - 120,538 for 1995-96). This is the standard educational cost per student calculation.

Statutory Per Pupil Payment - The per student payment rate specified in the North Dakota Century Code 15-40.1-06.

Actual Per Pupil Payment - The actual per student payment rate made for the school year (foundation aid is paid on weighted pupil units - 122,612 for 1995-96).

Tuition Apportionment - The payment rate used to distribute tuition apportionment funds (6-17 public and private school age census is the basis for the tuition apportionment distribution - 120,966 for 1995-96.)

Actual Per Pupil Payment and Tuition Apportionment - Actual Per Pupil Payment *plus* Tuition Apportionment.

Local Share Mill Levy Deduct - The local mill levy deduct specified in the North Dakota Century Code 15-40.1-06.

Taxable Value - The taxable property valuation for the local school district. Taxable value listed is the taxable value used for the local property tax. Taxable value used for the foundation aid mill deduct is one year behind the taxable for the local property tax.

ADM - Average Daily Membership includes ALL students educated in the district for regular, special education, district supervised home school education and summer school programs. This ADM is referred to as finance ADM.

Mill Deduct/ADM - Local share mill levy deduct *multiplied by* taxable value [for foundation aid] *divided by* ADM.

Net Per Pupil and Tuition Apport Pmt - Actual Per Pupil Payment *plus* Tuition Apportionment *minus* Mill Deduct/ADM.

Net Percent from Pupil and Tuition - Net Per Pupil and Tuition Apportionment *divided by* Actual Per Pupil Expend.