

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1301

2001 HOUSE EDUCATION  
HB 1301

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1301

House Education Committee

Conference Committee

Hearing Date 2-06-01

Tape Number	Side A	Side B	Meter #
1		xx	1--1375
3	xx		1820--2420
Committee Clerk Signature <i>Jean Gilbert</i>			

Minutes: Chair Kelsch opened the hearing on HB1301 relating to school district reorganization bonuses; to provide an appropriation; and to declare an emergency.

Rep. Nottestad, Dist 43 : support HB1301. This bill will hold back \$2 M appropriated for reorganization bonuses in the last session. There are a number of school districts that have reorganized and the money has not been paid. It will insure that the reorganization study will continue and that future ones will take place; and provide the financial incentive to the districts that were promised the money.

Rep. Aarsvold, Dist 20 : here to support HB1301. For many session, we have always encourage school reorganization. We need to keep bringing schools together.

Tom Decker, DPI, Finance and Organization Director : (340) here to support HB1301. (SEE ATTACHED TESTIMONY)

Rep. Mueller : (752) What do you mean by "adjusted formula in some way"?

Tom : I'm not unhappy at all with the way that the square miles is for bonuses. You may want to put in a minimum enrollment. Some lesser square mile comes in with enrollment. 800 miles seems reasonable.

Rep. Nelson : (900) Why is it that the Langdon unit didn't receive the total \$500,000?

Tom : The formula is a three part deal. With the \$500,00 cap. You have to add the three pieces. Very seldom do you come up with the \$500,000.

Rep. Brucegaard : The Surrie/Sawyer failed. Was there a main sticking point or issue that we can try to fix and give another try.

Tom : Some things just aren't to be. Some history there.

Chair Kelsch : Any more testimony for or against? Hearing is closed.

(Tape 3, side A) Chair Kelsch : (1820) Let's take up HB1301.

Rep. Brusegaard : We don't need more than \$ 2 M to accomplish the reorganizations that will take place. Why are we appropriating \$ 3 M, then?

Chair Kelsch : Because the districts that have the bonus coming now, won't receive it until December of this year. What are committee wishes?

Rep. Hawken : I move a **DO PASS** and **REREFERED** to **APPROPRIATIONS**.

Rep. Nelson : I second.

**VOTE: 14 YES and 1 NO with 0 absent. PASSED. Rep. Grumbo will carry the bill.**

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1301 A

House Education Committee

Conference Committee

Hearing Date 02/06/01

Tape Number	Side A	Side B	Meter #
#1	X		1811 to 2402
Committee Clerk Signature			

Minutes:

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

Chairman Kelsch: We will take up HB1301. What are the wishes of the committee?

Rep. Hawken: I move a DO PASS AND REREFERRED TO APPROPRIATIONS.

Rep. Nelson: Second.

Chairman Kelsch: Committee discussion.

The motion of DO PASS AND REREFERRED TO APPROPRIATIONS passes with 14 YAY 1

Nay 0 ABSENT

Floor Assignment: Rep. Grumbo

## FISCAL NOTE

Requested by Legislative Council  
04/25/2001

**REVISION**

Bill/Resolution No.:

Amendment to:            HB 1301

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
<b>Revenues</b>			\$3,000,000			
<b>Expenditures</b>	(\$3,000,000)		\$1,665,000			
<b>Appropriations</b>			\$1,665,000			

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
		(\$3,000,000)			\$1,665,000			

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

This bill provides a \$1,665,000 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 \$1,665,000.

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.*

Requires an appropriation of \$1,665,000.

<b>Name:</b>	Tom Decker	<b>Agency:</b>	Public Instruction
<b>Phone Number:</b>	328-2267	<b>Date Prepared:</b>	04/24/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 04/24/2001

Bill/Resolution No.:

Amendment to:            HB 1301

**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
<b>Revenues</b>			\$1,665,000			
<b>Expenditures</b>	(\$1,665,000)		\$1,665,000			
<b>Appropriations</b>			\$1,665,000			

**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
		(\$1,665,000)			\$1,665,000			

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

This bill provides a \$1,665,000 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 \$1,665,000 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 \$1,665,000.

**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 \$1,665,000. Increases expenditures for 2001-2003 by \$1,665,000.

**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.*

Requires an appropriation of \$1,665,000.

<b>Name:</b>	Tom Decker	<b>Agency:</b>	Public Instruction
<b>Phone Number:</b>	328-2267	<b>Date Prepared:</b>	04/24/2001

## FISCAL NOTE

Requested by Legislative Council

01/17/2001

Bill/Resolution No.: HB 1301

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
<b>Revenues</b>	\$0	\$0	\$2,000,000	\$0	\$0	\$0
<b>Expenditures</b>	(\$2,000,000)	\$0	\$3,000,000	\$0	\$0	\$0
<b>Appropriations</b>	\$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.*

This 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:	01/19/2001

Date: 2/6/01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB1301

House House Education Committee

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

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

Action Taken Do Pass & Rereferred to Appropriations

Motion Made By Rep. Hawken Seconded By Rep. Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman-RaeAnn G. Kelsch	✓		Rep. Howard Grumbo	✓	
V. Chairman-Thomas T. Brusegaard	✓		Rep. Lyle Hanson		✓
Rep. Larry Bellew	✓		Rep. Bob Hunskor	✓	
Rep. C.B. Haas	✓		Rep. Phillip Mueller	✓	
Rep. Kathy Hawken	✓		Rep. Dorvan Solberg	✓	
Rep. Dennis E. Johnson	✓				
Rep. Lisa Meier	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				

Total (Yes) 14 *Click here to type Yes Vote* No 1 *Click here to type No Vote*

Absent 0

Floor Assignment Click here to type Floor Assignment Rep. Grumbo

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

**REPORT OF STANDING COMMITTEE (410)**  
February 6, 2001 4:57 p.m.

**Module No: HR-21-2542**  
**Carrier: Grumbo**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1301: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1301 was rereferred to the Appropriations Committee.**

2001 HOUSE APPROPRIATIONS

HB 1301

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1301**

House Appropriations Committee

Conference Committee

Hearing Date **February 14, 2001**

Tape Number	Side A	Side B	Meter #
1	x		1483 - 1538
Committee Clerk Signature <i>L. J. [unclear]</i>			

Minutes:

**HOUSE APPROPRIATIONS COMMITTEE HEARING ON HB1301.**

**Rep. Timm:** We have the sponsor here, Rep. Nottestad. Do you expect anyone else? Yes, Tom Decker is supposed to be here to answer technical questions. Would you want to wait until the scheduled time at 08:30. Response was yes. We won't open the hearing then.

**House appropriations ended hearing on HB1301 until a later time.**

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1301A**

House Appropriations Committee

Conference Committee

Hearing Date **February 14, 2001**

Tape Number	Side A	Side B	Meter #
1	x		2118 - 3860
Committee Clerk Signature <i>L. J. Donahue</i>			

Minutes:

**HOUSE APPROPRIATIONS COMMITTEE HEARING ON HB1301.**

**Rep. Timm:** Opened the hearing on HB1301.

**Rep. Nottestad:** HB1301 very simply will hold back \$2 million dollars of appropriated last year for the reorganization bonuses and there are a number of school districts who are in the process today and this process hasn't been completed, and in essence it will do basically two things, it will insure that the reorganization studies continue toward a completed reorganization and secondly it will provide the financial incentive to the districts that was promised. At this point I would like to have Tom Decker come up and answer the technical questions.

**Tom Decker, Department of Public Instruction. (Followed written testimony)**

**Rep. Timm:** There is a question here by one of the committee members about your testimony pertaining to another bill.

**Rep. Monson:** Tom, I think your testifying on HB1310 and this is HB1301 and in your testimony you do say HB1301 but your talking about HB1310.

**Decker:** Mr. Chairman can I see a copy of the bill? HB1301 should be the school district of restructuring bonus bill.

**Rep. Timm:** The one that restricts the amount of money that can be used.

**Rep. Monson:** Maybe I'm wrong. Yes I'm wrong.

**Decker:** You can see the amount of those bonuses, let me give you a work sheet that shows you the manner in which the bonuses are determined. The four districts that I have picked as an example for you are not currently engaged in discussions about reorganizations but I think they are an excellent example of what the possibilities are, and also excellent example of the sort of thing that's happening in some parts of rural North Dakota. You can see what the enrollment is in the Wing, Tuttle, Robinson, Pettibone districts that's in northern Kidder and northern Burleigh county, three districts that operate 2 K-12 and 2 K-6 at the present time four facilities and they have a total enrollment of 188 students. We project that their enrollment by 2006 will be 125 , and those districts cover over 1100 square miles and the way the formula works they would qualify for a half a million dollar bonus if they came together into a single district. We believe that them coming together into a single district represents the kind of long term solution that we should be aiming for and for which we should be paying bonuses. 1100 square miles is a large enough area to require K-12 services into the future as far as we can see, almost regardless of what else happens, certainly probably not at 4 locations, but at some point in that area we will need K-12 services and we think that the bonus program is designed to facilitate those kinds of comings together, so you can see how that works out in terms of formula. Three different factors, its number of districts, number of students, and land area of the largest district in the unit.

**Rep. Timm:** The question is in this bill to me looks like there is originally three million dollars appropriated and what this bill says is that you can only spend one million dollars and you have to keep two million dollars in reserve, it talks about the bonuses but I think in a way Rep. Monson might be right, your testimony isn't pertaining to spending a million dollars or up to a million dollars and not spending the additional two million dollars, and that is what the bill is about.

**Decker:** I may be missing something but essentially this is the testimony that I have given on this bill in three other committees and SB2200 is virtually the same bill and I guess I don't understand the problem. I think were appropriating a total of 3 million for the next biennium carrying two million forward and adding one million to it making that available and authorizing the use of that money for future bonuses including those that are already owed.

**Rep. Gulleson:** There is another bill, but I haven't followed it closely, but the one that limits the 800 square miles for reorganized districts, do you know what the status on that is?

**Decker:** I think your probably talking about HB1384 which sets standards for approval of the reorganizations by the state board. That bill is in the House Education Committee at this point and the sub committee will report to the full committee probably today.

**Rep. Timm:** Getting down to the money part of it, those three million dollars. Is this scenario right? There was three million dollars appropriated for this current biennium and you only spent approximately one million dollars of it and what you want to do is take the added two million dollars that you got for this biennium and put another million into it so that you end up with three million again, am I right on that?

**Decker:** The appropriation for last time is reflected in item C. Of section one here, there was a two million dollar appropriation last time that was contingent if it was available after other

allocations were paid, we could have spent up to two million, the way it worked out the timing of the reorganizations was such that in fact we will not pay out any money for bonuses in this biennium. The bonuses that are accrued in this biennium \$1.165 million will be due and payable in December in 2001, which is into the next biennium. So the request here is to move two million dollars of the foundation aid carryover forward into the next biennium and add another million to it, we paid \$1.165 million on schedule and have just under two million left to carry us through the rest of the biennium for other bonus payments that may become due.

**Rep. Timm:** So were adding an additional million dollars to the fund then? Answer was yes.

**Rep. Monson:** When you cross out the language in C here you are not changing any of those provisions though, your still going with the same 800 square miles and all the things in your formula. That would remain the same so all this is doing is saying those that went with the incentive and through a technicality couldn't get paid this time will get paid because we would move that money that was appropriated for them forward to the next biennium, so you will continue the same exact program again for the next biennium?

**Decker:** That's correct, there are other bills that Rep. Gulleon points out that deal with the formula or reorganization issues, there is discussion going on about dealing or changing the 800 square miles, and so on, those are not in this bill, but those discussion are going on.

**Rep. Monson:** There is another Senate bill that is exactly like this one too. Right?

**Decker:** Yes that is SB2200.

**Rep. Aarsvold:** I hope I can clear up this issue. The dollars were talking about here are left over dollars after the foundation aid dollars are distributed and I think it was Sen. Freeberg who initiated the language we see here and said that the first million dollars of any left over money from foundation aid would schools based on ADM. (Average Daily Membership). The second

million of the left over dollars would go to schools that are experiencing declining enrollment and I think there is a formula that's available to account for that distribution, and then finally the next block of dollars, two million dollars of that leftover were to go to schools for purposes of the organization bonuses, so this was all tentative assuming if there were dollars left over, we would distribute them according to this formula and anything over the formula then that we have talked about would back to the school districts on the basis of ADM and I think the projection now is somewhere over five million. So the purpose of this bill and I appear here as a cosponsor says that we will guarantee that two million dollars for school reorganizations to make sure those school districts that have started the process of reorganization, but yet by time constraints were not able to conclude it would be still eligible for those dollars.

**Rep. Carlisle:** What is the criteria when they actually get the bonus money when its a done deal?

**Decker:** Bonus money is paid on December 1st of this year, that's 6 months after these districts become reorganized districts, the payment throughout the discussion was intended to be after the fact.

**Rep. Timm:** Any other questions? Any other testimony in support of HB1301? Any opposition?

Hearing will be closed on HB1301.

**End appropriations committee hearing on HB1301.**

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1301B

House Appropriations Committee

Conference Committee

Hearing Date February 14, 2001

Tape Number	Side A	Side B	Meter #
2	x		836 - 1430
Committee Clerk Signature <i>L J Danher</i>			

Minutes:

**HOUSE APPROPRIATIONS COMMITTEE ACTION ON HB1301B.**

**Rep. Timm:** This is the bill for reorganization repayments.

**Rep. Aarsvold:** As a cosponsor of this bill, I would move a DO PASS on HB1301.

**Rep. Timm:** Is there a second? Seconded by Rep. Heuther. Any discussion?

**Rep. Aarsvold:** As I tried to explain in the hearing, HB1301 is merely guaranteeing the dollars that we as a legislative assembly promised to school districts who were in the reorganization plan and should that money be available after all other obligations to the foundation aid program were met and if you look at the bill you will notice how we as an assembly decided to distribute those left over dollars last session. Unfortunately, the school districts were not able to meet the time line during this biennium in the reorganization plan and those plans of course must be accrued by the school boards of those respective districts and the whole process takes a lot of time, its a negotiation process that involves patrons of the district and the boards of course and other folks.

In my legislative district, we have successfully used reorganization a number of times to pull together school districts that have I think have a long term viability into the future and its a lot like a marriage, if I might be so bold. We bring together people from diverse communities and it takes time to resolve differences that those communities might have.

**Rep. Monson:** There is something a little more even than that, that is involved with this, and some of those districts did meet all the timelines, and they did go through with the reorganization and they did everything that they were supposed to and we promised them they would get the reward. Rep. Monson went on to discuss some of the issues concerning reorganization problems.

**Rep. Skarphol:** I don't have a problem with the bill other than the fact that there is an identical bill in the senate, the only thing different is the name of the sponsors and the number on the top of the bill, and to answer a question that Rep. Glassheim had earlier, I asked in my second session what it cost to get a bill drafted, to get the bill drafted and to get it introduced , they told me it cost \$600. I just really resent having the same bill being introduced on both sides of the hall and I'm going to vote against both of them.

**Rep. Monsen:** I hope you vote for one of these two, I'm a sponsor on the other one and I didn't even know about this bill so I helped make it more complicated, I agree, I don't know why we had two of them.

**Rep. Timm:** Any other discussion? We have a motion for a DO PASS. Roll Call vote will be taken. (13) YES (1) NO (7) absent and not voting. Motion passes. Rep. Aarsvold will carry the bill to the floor.

**End of committee action on HB1338B.**

Date: 2/14/01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB1301B

House APPROPRIATIONS Committee

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

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

Action Taken Do Pass

Motion Made By AARSVOLD Seconded By HUETHER

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman					
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol		✓
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleason	✓		Rep - Warner		
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) 13 No 1

Absent 7

Floor Assignment AARSVOLD

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

2001 SENATE EDUCATION

HB 1301

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1301

Senate Education Committee

Conference Committee

Hearing Date 03-06-01

Tape Number	Side A	Side B	Meter #
1	x		19.9 - 32.3
2 (03-06-01)	x		9.7 - 11.4, 16.2 - 18.5
1 (04-11-01)	x		0 - 13.5
1 (4-17-01)	x		17.9 - 40.5
Committee Clerk Signature <i>Sandra Johnson</i>			

Minutes: CHAIRMAN FREBORG called the hearing on HB 1301 which relates to school district reorganization bonuses.

**Testimony in support of HB 1301:**

REPRESENTATIVE NOTTESTAD, District 43, stated this bill will hold back \$2 million of the monies appropriated for reorganization bonuses during the last session. There are a number of school districts who are in the process of reorganization, and keeping the funds in place will do two things: 1. Insure that the reorganization study continues into a completed reorganization, 2. It will provide a financial incentive to the districts that have been promised. SENATOR O'CONNELL wondered how many districts actually get the \$.5 million when you add the three components together. He does not know.

REPRESENTATIVE AARSVOLD, District 20, stated this corrects a problem that developed as a result of an oversight from the Session Laws of 1999. Chapter 169 called for the distribution of the leftover foundation aid dollars. Two million dollars of the leftover money was to be

designated for reorganization bonuses that were provided for in code in SB 1441, also passed in 1999. The oversight had to do with when a school district actually becomes a new entity, which is July 1st of the current year. The funding authority expires June 30th of the current year. We are at a midnight crisis. This bill would reserve \$2 million that was allocated from the leftover foundation aid dollars in Chapter 169 of the Session Laws and hold it in a safe position for the schools to qualify for the bonuses on July 1, 2001. The bill also provides for the addition of \$1 million to deal with reorganization bonuses into the next biennium. He is told that there are \$1.1 million committed at this point to reorganizations for July 1, 2001. He has no problem with the Senate (companion) bill which does the same thing. SENATOR FREBORG stated the Senate bill was amended to have another \$1 million from this biennium surplus to cover the \$3 million. He stated the amendment was applied in Senate Appropriations and rather than taking the \$1 million from the general fund, it took another \$1 million from the surplus. SENATOR O'CONNELL again asked what % of districts get \$.5 million. TOM DECKER, DPI, answered that maybe 50% of the reorganizations would be eligible. SENATOR WANZEK asked about the square mile criteria. MR. DECKER said there is no specific legislation at this time to change the 800 square mile criteria for reorganizing districts.

**There was no testimony in opposition to HB 1301.**

**Hearing no further testimony the hearing on HB 1301 was closed.**

**3-06-01, Tape 2, Side A, 9.7 - 11.4, 16.2 - 18.5**

CHAIRMAN FREBORG suggested passing this bill as is. This bill is identical to SB 2200 except the appropriation for the third million dollars is taken out of the general fund in this bill rather than the surplus. SB 2200 is scheduled for a hearing in the House Education Committee

Page 3

Senate Education Committee

Bill/Resolution Number HB 1301

Hearing Date 03-06-01

on 3-7-01. More discussion on funding for the school districts, where the money should come from and the requirements to receive it.

**SENATOR KELSH** moved a **DO PASS** and Rerefer to Appropriations. Seconded by

**SENATOR O'CONNELL**. Roll Call Vote: 7 YES, 0 No, 0 Absent. Motion Carried.

Carrier: **SENATOR FREBORG**

04-11-01, Tape 1, Side A, 0 - 13.5

**CHAIRMAN FREBORG** called the committee to order. Roll Call was taken with all (7) members present.

**SENATOR FLAKOLL** moved to reconsider action on HB 1301. Seconded by **SENATOR**

**COOK**. Roll Call Vote: 7 YES, 0 NO, 0 Absent. Motion to reconsider carried.

**SENATOR FREBORG** presented an amendment (10543.0101). **SENATOR COOK** moved their adoption. Seconded by **SENATOR FLAKOLL**.

**SENATOR KELSH** feels another bill is basically the same as this.(SB 2200). **SENATOR FREBORG** has a concern that SB 2200 will die. **SENATOR O'CONNELL** asked who would have the authority to waiver. **SENATOR FREBORG** stated it would be the Superintendent and if the local board did not agree with the decision, they could appeal to the state board of public instruction. **SENATOR WANZEK** has some concerns and mixed feelings on these amendments. **SENATOR KELSH** stated there was some concern earlier with one school having to have an enrollment of 225.

Roll Call Vote: 6 YES, 1 NO, 0 Absent. Amendment (10543.0101) Adopted.

Page 4  
Senate Education Committee  
Bill/Resolution Number HB 1301  
Hearing Date 03-06-01

**SENATOR COOK** moved a **DO PASS As Amended**. Seconded by **SENATOR KELSH**.

**Roll Call Vote: 7 YES. 0 NO. 1 Absent. Motion Carried.**

**Carrier: SENATOR FREBORG**

**4-17-01, Tape 1, Side A, 17.9 - 40.5**

**CHAIRMAN FREBORG** called the committee to order. Roll Call was taken with all (7) members present.

**SENATOR FREBORG** presented an amendment (10543.0102) for the committee to consider.

**SENATOR FLAKOLL** moved to reconsider **HB 1301** as passed out of committee.

Seconded by **SENATOR COOK**. **Roll Call Vote: 7 YES. 0 NO. 0 Absent. Motion to reconsider carried.**

**SENATOR FREBORG** explained his amendment. He stated that, after visiting with **DPI**, there is only one (1) reorganization plan that is close enough to take place in this biennium. It will take \$1.165 million to cover present obligations. The bill needs \$1 million for supplemental payments, \$1 million for declining enrollment, and \$1.665 million for bonuses. This will leave \$500,000 if only \$1.165 is needed. This money will go into **HB 1344** and should be used for teacher payments.

**TOM DECKER**, **DPI**, stated there are no other districts able to complete a reorganization plan before the next biennium.

**SENATOR COOK** moved to adopt the amendment (10543.0102). Seconded by **SENATOR FLAKOLL**. **Roll Call Vote: 4 YES. 3 NO. 0 Absent. Amendment Adopted.**

**SENATOR KELSH** moved to reconsider the amendment 100543.0101. Seconded by **SENATOR O'CONNELL**. This is the criteria amendment.

Page 5

Senate Education Committee

Dill/Resolution Number HB 1301

Hearing Date 03-06-01

SENATOR KELSH feels the need for 225 students in one district is not possible in some areas, and the feeling is those districts would never be allowed to reorganize if they have to meet the 225 student criteria.

Roll Call Vote: 4 YES, 3 NO, 0 Absent. The amendment is removed from the bill.

SENATOR KELSH moved a DO PASS as Amended. Seconded by SENATOR CHRISTENSON.

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

Carrier: SENATOR FREBORG



**REPORT OF STANDING COMMITTEE (410)**  
March 7, 2001 8:18 a.m.

Module No: SR-39-4968  
Carrier: Freborg  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1301: Education Committee (Sen. Freborg, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was rereferred to the Appropriations Committee.**



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1301

Page 1, line 1, after "to" insert "create and enact two new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganizations; to"

Page 1, after line 4, insert:

**"SECTION 1.** A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

**SECTION 2.** A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
  - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
  - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
  - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
  - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final.

Renumber accordingly





**REPORT OF STANDING COMMITTEE**

**HB 1301: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "create and enact two new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganizations; to"

Page 1, after line 4, insert:

**"SECTION 1.** A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

**SECTION 2.** A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
  - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
  - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
  - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
  - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final."

Renumber accordingly



10543.0102  
Title.

7-0-0

Prepared by the Legislative Council staff for  
Senator Freborg  
April 13, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1301

Page 1, line 2, replace "school district reorganization bonuses" with "contingent payments"

Page 1, line 16, overstrike "c. The superintendent shall distribute"

Page 1, line 19, remove "all", overstrike "remaining funds", remove "except \$2,000,000.", and  
overstrike "as"

Page 1, overstrike lines 20 and 21

Page 1, line 23, replace "\$3,000,000" with "\$1,665,000"

Renumber accordingly



JB  
4-11-1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1301

Page 1, line 1, after "to" insert "create and enact two new sections to chapter 15.1-12 of the North Dakota Century Code, relating to school district reorganizations; to"

Page 1, after line 4, insert:

"SECTION 1. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Approval for reorganization - Criteria. Neither a county committee nor the state board may consider or approve a reorganization under this chapter unless the reorganization includes at least one high school district that has an enrollment of at least two hundred twenty-five students.

SECTION 2. A new section to chapter 15.1-12 of the North Dakota Century Code is created and enacted as follows:

Isolation - Waiver of reorganization criteria.

1. If the boards of two or more school districts vote to pursue a reorganization but fail because of isolation to meet the criteria of section 1 of this Act, the boards may jointly petition the superintendent of public instruction for a waiver of the criteria. The superintendent may waive the criteria only if:
  - a. The proposed reorganized district will offer within its boundaries all grade levels from one through twelve;
  - b. The geographic location of the proposed reorganized district negates other practical reorganization alternatives;
  - c. The proposed reorganized district will offer students academic opportunities and other educational opportunities not otherwise available; and
  - d. The proposed reorganized district appears able to sustain a viable financial base into the foreseeable future.
2. Any board aggrieved by a decision of the superintendent of public instruction under this section may appeal the decision to the state board of public school education. A decision by the state board is final."

Renumber accordingly





REPORT OF STANDING COMMITTEE (410)  
April 18, 2001 11:12 a.m.

Module No: SR-69-8780  
Carrier: Freborg  
Insert LC: 10543.0102 Title: .0300

**REPORT OF STANDING COMMITTEE**

**HB 1301: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "school district reorganization bonuses" with "contingent payments"

Page 1, line 16, overstrike "c. The superintendent shall distribute"

Page 1, line 19, remove "all", overstrike "remaining funds", remove "except \$2,000,000.", and overstrike "as"

Page 1, overstrike lines 20 and 21

Page 1, line 23, replace "\$3,000,000" with "\$1,665,000"

Renumber accordingly

2001 SENATE APPROPRIATIONS

HB 1301

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1301

Senate Appropriations Committee

Conference Committee

Hearing Date March 20, 2001

Tape Number	Side A	Side B	Meter #
Tape #1	x		33.9 - 43.8
Committee Clerk Signature <i>Connie Pitsch</i>			

Minutes:

Senator Nething opened the hearing on HB1301.

Representative Darrell Nottestad, District 43, Grand Forks, one of the bill's sponsors, spoke in support of HB1301. He indicated it was important to hold back the dollars -- keeping funds for those who have started the process, but were unable to complete it by stated date.

Representative Ole Aarsvold, District 20, Blanchard and sponsor testified in support of the bill. He indicated it is a correction for last session's oversight. July 1 was the effective date and the dollars ran out before completion --- like to continue in the future --- as provided for when working on the reorganization plans.

Tom Decker, Director of Finance and Organization, Department of Public Instruction, spoke in support of HB1301 ( a copy of his written testimony is attached).

Senator Bowman: Is there a net savings after consolidation? When we give dollars to the districts to do it? Some return to the State?

Page 2  
Senate Appropriations Committee  
Bill/Resolution Number HB1301  
Hearing Date March 20, 2001

Tom Decker: Varies -- some immediate savings in administrative costs -- superintendents, business managers etc. Considered a break even in 5-7 years, taking the bonuses and cash involved in process into consideration.

Senator Heitkamp: Spees of 800 mile radius; 500 students --- what about districts such as Hankinson and Lidgerwood -- who don't meet either?

Tom Decker: Would take Fairmont, Lidgerwood and Hankinson districts combined to be a qualifying unit.

No additional questions, requests to testify; hearing closed by Senator Nething.

3-29-01 Full Committee Action (Tape #2, Side A, Meter # 8.2-9.9)

Senator Nething reopened the hearing on HB1301 - School District Reorganization bonuses.

Senator Holmberg, Subcommittee Chair reviewed the bill, hearing, and reported on the Subcommittee decision. Discussion followed by Senator Holmberg moving a DO NOT PASS motion; seconded by Senator Schobinger. Discussion; call for the vote. Roll Call Vote: 14 yes; 0 no; 0 absent and not voting.

Senator Holmberg accepted the floor assignment.

Date: 3-29-01

Roll Call Vote #: \_\_\_\_\_

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1301**

Senate Appropriations Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

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

Action Taken Bill Not Passed

Motion Made By

Senator Holmberg

Seconded

By

Senator Holmberg

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Senator Holmberg

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

**REPORT OF STANDING COMMITTEE (410)**  
March 29, 2001 11:47 a.m.

Module No: SR-55-7116  
Carrier: Holmberg  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1301: Appropriations Committee (Sen. Nothing, Chairman) recommends DO NOT PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was placed on the Fourteenth order on the calendar**

2001 TESTIMONY

HB 1301

**TESTIMONY ON HB 1301  
HOUSE EDUCATION COMMITTEE**

**February 6, 2001**

**By Tom Decker, Director of Finance and Organization**

**328-2267**

**Department of Public Instruction**

---

---

I am here to speak in support of House Bill 1301.

As you know, the last legislative session the legislature adopted the school district consolidation bonus program. The legislation provides bonuses of up to one-half million dollars for reorganized districts that include at least 800 square miles of area.

I have attached a copy of the legislation from last session to my testimony. In addition, I have attached a copy of districts that have reorganized over the last two years and have indicated the effective date of the reorganization. Three newly reorganized districts will qualify for bonus money under this legislation. The reorganizations that they are involved in will become effective July 1, 2001, and we would expect to make their bonus payments to them around December 1, 2001.

HB 1301 as currently written will capture \$2 million dollars from this biennium's ending balance in the Foundation Aid appropriation and appropriate an additional million from the general fund to provide a \$3 million dollar line item for bonuses for the next biennium. This \$3 million dollars will include the current obligation of \$1.165 million to the districts who already qualify. That leaves somewhat less than \$2 million dollars for bonuses for the upcoming biennium.

The cycle through which districts become eligible for bonus money is somewhat complicated.

If a set of districts begin to work towards reorganization today, they should be able to have their county committee meet and approve the reorganization plan and the State Board meet and approve their reorganization plan by July 1, 2001. Those districts would then need to vote on the proposed reorganization in the districts between July 1, 2001, and the end of 2001. If the reorganization were approved, it would become effective July 1, 2002. Only those reorganizations that meet this cycle would require payments in the next biennium.

Districts, who begin to move on the reorganization issue after July 1 or into the 2001/2002 school year, would have their reorganizations become effective July 1, 2003. The legislature will have another chance by then to meet and to review funds needed to continue payments of bonuses. My point here is that the sum of less than \$2 million left after we pay current obligations out of a \$3 million appropriation will certainly be enough to get us through reorganizations that become effective July 1, 2002.

The bonus program is working reasonably well as currently structured. Before this session is over, we may feel the need to revisit the amount of bonuses and adjust the formula in some way. But generally speaking, it seems to be working reasonably well. I am not sure it is producing reorganizations at the pace that we need them given the rapid decline in enrollment that we are experiencing.

**Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine**

SENATE BILL NO. 2441  
(Senator Freborg)  
(Approved by the Delayed Bills Committee)

AN ACT to provide for school district reorganization bonuses.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. Reorganization bonus - Eligibility - Distribution.**

1. If a school district reorganizes with one or more contiguous school districts or portions of districts, the newly reorganized district is entitled to receive a reorganization bonus, provided at least one of the reorganizing districts is a high school district and that the newly reorganized district consists of at least eight hundred square miles.
2. The total reorganization bonus to which a newly reorganized district is eligible consists of:
  - a. Fifty thousand dollars per one hundred square mile block, or a major portion thereof, included within the reorganized district and calculated by determining the lesser of the total square mileage of the reorganized district or one thousand four hundred square miles, and subtracting from that amount the square mileage of the largest district or portion of a district involved in the reorganization;
  - b. One thousand dollars per student calculated by determining the lesser of the total fall enrollment of the newly reorganized district or seven hundred fifty and subtracting from that amount the fall enrollment in the district or portion of the district that had the largest student population of those districts or portions of districts participating in the reorganization during the school year immediately preceding the effective date of the reorganization; and
  - c. Fifty thousand dollars for each whole school district that formed the reorganized district.
3. The superintendent of public instruction shall distribute the reorganization bonus to each eligible reorganized district during the month of December, following the effective date of the district's reorganization.

**SECTION 2. Reorganization bonus - Distribution - Limitation.** For purposes of distributing reorganization bonuses, the superintendent of public instruction shall determine the eligibility of reorganized districts chronologically, according to the date on which each district's reorganization plan was approved by the state board of public school education. After all other statutory obligations have been met within the limits of legislative appropriations, the superintendent of public instruction shall make the distribution of reorganization bonuses from funds made available in the grants - foundation aid and transportation line item in Senate Bill No. 2013, as approved by the fifty-sixth legislative assembly, for the 1999-2001 biennium, provided the superintendent may not expend more than two million dollars during the 1999-2001 biennium for the purpose of this Act. No reorganization bonus payable under this Act may exceed five hundred thousand dollars. A reorganized district that receives a reorganization bonus under this Act is not eligible to receive additional reorganization bonuses based on future reorganization efforts for a period of ten years.

**School District Consolidations under Discussion  
Effective July 1, 2001**

Effective Date	School Districts	Square Miles	K-12 Enrollment	Total Eligible Bonus
7/01/00	Richardton	319.00	193	
	Taylor	184.92	149	
	Total	503.92	342	Do not qualify for bonus
7/01/01	Towner	431.90	217	
	Granville	254.45	156	
	Upham	257.87	64	
	Total	944.22	437	\$500,000
7/01/01	Langdon	649.00	583	
	Milton	97.25	31	
	Osnabrock	92.62	25	
	Total	838.87	639	\$306,000
7/01/01	Mott	585.50	254	
	Regent	294.75	109	
	Total	880.25	363	\$359,000
Failed	Sawyer	194.75	169	Reorganization vote failed
	Surrey	128.43	476	
	Total	323.18	645	Do not qualify for bonus
7/01/01	Bowdon	190.75	91	
	Fessenden	370.94	198	
	Total	561.69	289	Do not qualify for bonus

Approved Reorganizations 1990 - 2001

DPI

District	Effective Date	Square Miles	HS Enroll	Total Enroll	No. Sites
Mayville Portland/Clifford Galesburg (Mayport CG #14)	July 1, 1993	441	219	725	2
Aneta, McVie, Michigan, Tolna, Unity (Dakota Prairie #1)	July 1, 1993	908	192	628	3
Binford, Glenfield (Midkota #7)	July 1, 1994	594	77	273	2
Central Cass, Chaffee (Central Cass #17)	July 1, 1994	395	241	732	1
Cooperstown, Hannaford (Griggs County Central #18)	July 1, 1997	422	161	416	2
Cass Valley North, Dakota (Northern Cass #97)	July 1, 1997	421	140	437	3
Elgin, New Leipzig (Elgin-New Leipzig #49)	July 1, 1998	692	102	283	2
East Central, West Central (Bisbee-Egeland #3)	July 1, 1998	340	54	130	2
Taylor, Richardson (Richardton-Taylor #34)	July 1, 2001	503	137	316	2
Newport, Granville, Upham (TGU #60)	July 1, 2001	944	154	411	3
Langdon, Milton, Osnabrook (Langdon Area #23)	July 1, 2001	839	269	640	3
Fessenden, Bowdon (Fessenden-Bowdon #34)	July 1, 2001	562	111	272	2
Mott, Regent (Mott-Regent #1)	July 1, 2001	881	116	333	2

Enrollment information is first year operation

HB 1301  
 Tom Decker  
 2/14/01

## School Consolidation Bonus System Sample Consolidations

School District	Square Miles	K-12 Enrollment	FG1 Expenditures	Taxable Valuation
Wing	394.50	75	682,923.00	1,755,868.00
Tuttle	257.90	75	811,959.00	1,192,372.00
Robinson	251	14	273,197.00	997,438.00
Pettibone	210.50	24	330,476.00	991,748.00

---

<b>Totals</b>	<b>1,113.90</b>	<b>188</b>	<b>1,898,555.00</b>	<b>4,947,426.00</b>
---------------	-----------------	------------	---------------------	---------------------

**Bonus computation:**

Limit	1,400.00	188		
Less largest	394.50	75		
	<u>719.40</u>	<u>113</u>		
Factor	7		4	Districts
Rate	<u>50,000</u>	<u>1,000</u>	<u>50,000</u>	
Bonus	350,000	113,000	200,000	

Total Bonus	663,000
Maximum Bonus	<u>500,000</u>
Total Eligible Bonus	<u><u>500,000</u></u>