

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2200

2001 SENATE EDUCATION

SB 2200

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2200

Senate Education Committee

Conference Committee

Hearing Date 01-23-01

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

Minutes: CHAIRMAN FREBORG CALLED THE COMMITTEE TO ORDER.

Roll call was taken with all members present.

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

Testimony in support of SB 2200:

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

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

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

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

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

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

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

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

would also like to upgrade what they can offer to teachers in-house; professional development, technology training, IVN, updating text books, etc. SENATOR KELSH asked if less than five students were on a long bus route, has the district considered family transportation. MR. SCHAIBLE stated the goal is to have a route less than 60 minutes. SENATOR FREBORG stated the law does not require the district to transport students. They can reimburse family, even if the family doesn't want that. MR. SCHAIBLE stated there had been three schools considering consolidation. However, two of the schools had enough area to qualify, and it was thought that with the third, the bus route would be too long and there would be too much distance for a child to travel. The third district does have options though. They can consolidate with another district that is closer to them and they can co-op classes with Mott and Regent as they have done in the past.

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

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

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

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

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

There was no opposition to SB 2200.

The hearing was closed on SB 2200.

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

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

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

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

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

CHAIRMAN FREBORG adjourned the committee.

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

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

Further discussion on the funds.

SENATOR FLAKOLL moved a DO PASS AND REREFER TO APPROPRIATIONS.

Seconded by SENATOR KELSH.

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

Carrier: SENATOR FREBORG

FISCAL NOTE

Requested by Legislative Council
02/15/2001

Bill/Resolution No.:

Amendment to: SB 2200

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

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

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

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

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

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

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

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

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

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

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

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

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

FISCAL NOTE
 Requested by Legislative Council
 01/15/2001

Bill/Resolution No.: SB 2200

Amendment to:

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: 1-29-01
 Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

Senate Education Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass - refer to App.

Motion Made By Sen Flakoll Seconded By Sen Kelsh

Senators	Yes	No	Senators	Yes	No
Senator Freborg - Chairman	✓		Senator Christenson	✓	
Senator Flakoll - Vice Chairman	✓		Senator Kelsh	✓	
Senator Cook	✓		Senator O'Connell	✓	
Senator Wanzek	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Freborg

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

REPORT OF STANDING COMMITTEE (410)
January 29, 2001 4:45 p.m.

Module No: SR-15-1881
Carrier: Freborg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2200: Education Committee (Sen. Freborg, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2200 was rereferred to the Appropriations Committee.

2001 SENATE APPROPRIATIONS

SB 2200

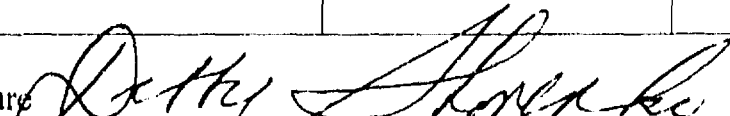
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2200

Senate Appropriations Committee

Conference Committee

Hearing Date February 9, 2001

Tape Number	Side A	Side B	Meter #
I	X		0.0-15.5
Committee Clerk Signature 			

Minutes:

Senator Solberg opened the hearing on SB 2200.

Senator Aaron Krauter, District 35, spoke in favor of the bill, stating unspent dollars of \$2 million for bonuses for the upcoming biennium and some of the schools that have reorganized would like the bonuses effective in 2001. There were six school districts that voted on reorganizing. The districts that did not meet the criteria were: Richardton, Taylor; Sawyer, Surrey; and Bowdon, Fessenden. Those districts that did meet the criteria for reorganizing were: Towner, Granville, Upham; Langdon, Milton, Osnabrock; and Mott, Regent, totaling a \$1.165 Million obligation to these districts for qualifying.

Senator Solberg: What was the amount paid to Langdon, Milton, Osnabrock?

Senator Krauter: It was \$306,00; \$500,000 to Towner, Granville, Upham and \$359,000 to Mott, Regent.

Senator Tallackson: Is this amount based on amount of students per school?

Page 2

Senate Appropriations Committee

Bill/Resolution Number SB 2200

Hearing Date February 9, 2001

Senator Krauter: There is a formula for the amount given.

Senator Aadrist: The amount the state saves as a result of the reorganization, will this change the amount from Foundation Aide Program?

Senator Krauter: Foundation Aide will stay the same; I'll let the department answer this question better; this bonus is an incentive and a detailed plan for spending.

Senator Solberg: I know Upham has gone from three superintendents to one; is there savings in all aspects?

Senator Thane: The magic 800 square mile area; is this hard for certain areas to meet?

Senator Krauter: This was an issue last session and some areas cannot meet this; I will let Mr. Decker answer this better for you.

Tape #1, Side A, meter 8.5

Tom Decker, Director of Finance and Organization, spoke in favor of the bill (testimony attached, copy SB 2441 from last year, and chart -School District Consolidations under Discussion). He also explained last session on this bill, that a formula was developed to come up with the 800 square mile area. No reorganization bonus payable may exceed \$500,000 and are not eligible to receive additional reorganization bonuses for a period of ten years.

Senator Robinson: How many situations are pending or interested in next go around?

Tom Decker: Right now, only one place and that bonus will be paid 7/1/02; there is still time for more, probably will be one or two by 2002. HB 1384, nature reorganization, districts in ND are down and declining enrollment. K-12 attendance centers on long term solutions; when looking at nature reorganization for bonuses this is more complicated.

Representative David Monson, District #10, spoke in support of the bill, stating there are three school districts in his area looking at reorganization.

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Senate Appropriations Committee

Bill/Resolution Number SB 2200

Hearing Date February 9, 2001

Hearing was closed with no opposition. Tape #1, Side A, meter 15.5

February 13, 2001 Full Committee (Tape 3, Side A, Meter No. 42.4-54.7 and Side B; Meter No 0.0-2.6)

Senator Nething reopened the hearing on SB2200.

Amendments (#10491.0101) were brought to the committee, drafted by Senator Freborg.

Review/discussion of proposed amendments. Senator Heitkamp moved for the adoption of the amendments; Senator Andrist seconded. Discussion. Verbal vote carried the amendments.

Discussion on the bill as amended.

Senator Heitkamp moved a DO PASS AS AMENDED; Senator Solberg seconded. Roll Call

Vote: 12 yes; 2 no; 0 absent and not voting.

Floor assignment given to Senator Freborg..

10491.0101
Title.

Prepared by the Legislative Council staff for
Senator Freborg
February 12, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

Page 1, line 19, replace "\$2,000,000" with "\$3,000,000"

Renumber accordingly

Date: 2-13-01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2200

Senate Appropriations Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number 10491.0101

Action Taken do pass as amended

Motion Made By Senator Heitkamp Seconded By Senator Solberg

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 12 No 2

Absent 0

Floor Assignment Senator Solberg

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2001 11:15 a.m.

Module No: SR-27-3299
Carrier: Freborg
Insert LC: 10491.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2200: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2200 was placed on the Sixth order on the calendar.

Page 1, line 19, replace "\$2,000,000" with "\$3,000,000"

Renumber accordingly

2001 HOUSE EDUCATION

SB 2200

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2200

House Education Committee

Conference Committee

Hearing Date 03/07/01

Tape Number	Side A	Side B	Meter #
#1	X		40 to 2803

Committee Clerk Signature *Juan Gilbert*

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 SB2200.

Sen. Krauter: (District 35) When we originally introduced the bill, it was to carry over \$2 million from the current funding, and as it was evident that those dollars were more, more will be carried over.

Sen. Freborg: This bill is amended by Appropriations. They took the \$1 million that was coming from the general fund, now is a surplus. You can either remove the amendment or kill the bill. You can tell me what you'd like to do.

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Page 2

House Education Committee

Bill/Resolution Number SP^200

Hearing Date 03/07/01

Rep. Nottestad: On the HB dealing with this, the question was asked to me yesterday in committee, what should we do with it? My answer was, I haven't talked to our chairperson about this bill, but I felt that the chairmen will get together and decide which one is to move forward.

Sen. Freborg: I wanted to talk to Rep. Kelsch yesterday, and we wanted to get some bills out, and the safest thing to do was to pass the bill.

Myron Schweitzer: (Superintendent of Mott Public Schools) Last March, the Regent school district and the Mott school district got together, worked very hard with the communities, and since that time, they developed and passed, with an 85% approval rate, a reorganization plan. Right now, the two problems we have to address are going to require some money. We want to expand back into our curriculum and get a home ec position. We need to add more computer classes. We are adding Explore Net, for some of the classes where we cannot find teachers for, we're looking at having I-TV set up. We're also looking at college prep classes for the students, continuing Ed classes for administration and our teaching staff. Because of the larger distances that we are covering, the busing is going to cost us more. The high school students will be in Moot, the junior high students will be in Regent, and K-6 will be in Moot, and K-8 will be in Regent. We also have differences in our pay scale.

Rep. Nelson: What was your mill levy in your district and then the Regent district before the reorganization, and what is it now?

Schweitzer: We lowered Regent's mill levy by seven, we raised ours by three.

Rep. Nelson: One of the components that you didn't mention was property tax relief. Do you see that, and with the efficiency of size that will be combined in the school district, is that a possibility?

Schweitzer: I'd like to pass on that and refer to Don Schaible.

Rep. Grumbo: As far as the demographics of the two schools and whether you have to do any building beyond... How about the demographics?

Schweitzer: The new school district will cover 880 square miles. The facilities that we have in Mott and Regent are more than adequate. The only change that may be made. In Regent, we're hoping that we can find enough room in their high school setting, and we won't have to use the three story, run down current elementary school.

Rep. Grumbo: The one I was really concerned about was enrollment. Is that going to stay pretty consistent in the next few years?

Schweitzer: Yes.

Rep. Grumbo: How about the dates and timing as far as your reorganization starting, do those dates fit into when you will be receiving your money?

Schweitzer: The current bill expires June 30, ours starts July 1. The position of our board was that we couldn't count on that money, but these are the things that we want to do if we can get that incentive money.

Chairman Kelsch: What kind of advanced courses do you offer for Juniors and Seniors, even Sophomore level?

Schweitzer: We will have the chemistry class, physiology, anatomy. We don't offer any AP classes.

Chairman Kelsch: With the reorganization, do you think that you'll be able to offer any of those advanced courses?

Schweitzer: Yes, because we do have resources from the two school systems that, when we split the classes up, we'll have teachers who are currently teaching high school students and junior high. Now, they can expand into some of the higher classes. We're also working with DSU with dual credit classes to get our teachers certified, so our teachers can teach a class that will count for high school credit and also college credit. The TV system we're hoping will fill some of that void.

Donald Schaible: (President of Mott School Board) We wanted an expanded curriculum, a more secure financial structure, and being able to have a future of more than 1-2-5 years. We believed that when we got into this that we could have a substantial school district after a few years. With this bonus money, we feel that that's an important part of this: being able to afford more transportation, being able to offer better increases to our teachers. The other idea of reorganization was to make people feel that we have a school district that was going to be there more than 3-4 years from now. Not only be there, but be able to offer a better quality of education and more value for their tax dollars.

Rep. Hawken: What is your mill levy, currently?

Schaible: 143.93. As a combined district it will be at 147.

Rep. Hawken: If you really want to offer some of these things, you do have the room under the cap to increase that levy. Has that been considered?

Schaible: Sure. The thing is is we have, with this plan, we're going to offer two and a half more positions. Even starting out, it's a minimum of \$30,000 to the district.

Rep. Mueller: In this whole effort, will you be seeing any reduction in terms of teaching positions?

Schaible: We have two business managers, we will be down to one, we have two superintendents, we will be down to one.

Rep. Haas: The bonus money is a one time shot, are you using any of that money for recurring expenses?

Schaible: Salaries of course is part of that. This ITV is part of that. There's no long term building plan other than upkeep and maintenance.

Rep. Haas: How are you going to sustain these programs long term?

Schaible: We don't want to jump into it too fast. We believe that the administration savings and being able to merge these two systems that we'd be financially sound enough where we can still offer these.

Rep. Solberg: How long were the negotiations regarding reorganization with the two boards until the final decision for reorganization was made?

Schaible: We basically started a year ago December.

Rep. Nelson: Regarding the reorganization bonus. When you went to the patrons for your final vote, did you use the bonus as one of the criteria why your district should pass this reorganization, or was it because it was the right thing to do?

Schaible: We used the idea of a bonus to start the process to start the communication that it's a decent reason to look at it. We made it clear that the money was dead after last session unless it was reenacted.

Rep. Nelson: Would you have started this process without the bonus being available.

Schaible: Eventually, yes, maybe not this quickly though.

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House Education Committee
Bill/Resolution Number SB2200
Hearing Date 03/07/01

Rep. Hunsaker: With your coaches and your music teachers. Now are both of those going to be employed full time?

Schaible: We have two full time music teachers, and they have other areas in which they could teach. We might add another music awareness class or something like that. Regent's athletic program was deteriorating enough that they were cooped with a bunch of other schools. I think most of that has been taken care of. We don't see any cuts in that area, though.

Tom Decker: (DPI) I was involved with the Mott/Regent reorganization from the beginning. Excellent leadership.

Rep. Nelson: This reorganization plan, wouldn't it fall under HB1384?

Decker: Yes.

Chairman Kelsch: We will now close the hearing on SB2200.

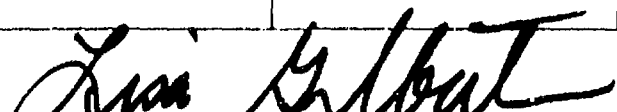
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2200 A

House Education Committee

Conference Committee

Hearing Date 03/21/01

Tape Number	Side A	Side B	Meter #
#1	X		4000 to 5600
Committee Clerk Signature 			

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 take up SB2200.

Rep. Meier: I move the amendments.

Rep. Hawken: Second.

Chairman Kelsch: What are the wishes of the committee?

Rep. Meier: I move a DO PASS AS AMENDED.

Rep. Hawken: Second.

Chairman Kelsch: Committee discussion.

The motion of DO PASS AS AMENDED passes with 13 YAY 2 NAY 0 ABSENT

Floor assignment: Rep. Meier

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2200-b

House Education Committee

Conference Committee

Hearing Date 04-19-01

Tape Number	Side A	Side B	Meter #
TAPE I	x		01 to 1667
Committee Clerk Signature <i>Joan Diers</i>			

Minutes: Chairman Kelsch, V. Chr Brusegaard, Rep Bellew, Rep Haas, Rep Hawken, Rep Johnson, Rep Meier, Rep Nelson, Rep Nottestad, Rep Thoreson, Rep Grumbo, Rep Hanson, Rep Hunskor, Rep Mueller, Rep Solberg.

Chairman Kelsch called the committee to order on SB 2200. The clerk will call the roll. I would like to have a motion to reconsider our actions on SB 2200 for purposes of an amendment.

V. Chr Brusegaard: I move to reconsider our actions.

Rep Hawken: Second.

Chairman Kelsch: We will take a voice vote, motion carries. I have an amendment (10491.0205) these are hog house amendments TO SB 2200 which dealt with reorganization bonuses. What this amendment does is that it sets up a legislative council study as well as the appointment of a consultant. The legislative council study group will be made up of nine legislators. The study would be on is the structure of school districts, special education units and vocational education units and options for the reorganization of such entities, giving consideration to current and

future funding at the state and local level, taxable valuation, mill levies, land mass, transportation and educational curriculum. One of the issues that we have discussed is, when it comes to reorganization, it becomes an emotional and political struggle in school districts. By hiring someone from outside the legislative process, they will look at it in an unbiased manner and really come up with some viable options as far as the future goes and what North Dakota is going to look like five or ten years from now as far as education opportunities. We have talked to some consultants and this is what they do, they have just finished Kansas and Wyoming and some other states. They have come in and helped draw the lines. We put in a \$500,000.00 appropriation, it comes out of the contingency fund. We also checked to see if that was an adequate amount for the study. The consultant would have to report back to this committee. The committee would be appointed by the Legislative Council, made up of legislators that are willing to study this and to look holistically and not just one or two elements. This group is the one that we are going to have to depend on to carry the ball forward in the next session. It keeps the \$1,165,000.00 that is going out to the school districts that have already reorganized, that is the money that is due to those schools.

Rep Haas: I think that this is an excellent idea, no matter how many studies we do, we don't come up with substitutive things that are going to take us into the future. To make a logical and rational approach to how we are going to do that for the next fifty years. We can't continue the way we are.

Rep Thoeson: I too would support this. One thing that we hear when we talk about reorganization, is that well it is happening so just let it happen, we will get there eventually. That is probably true, but I am not sure that our students can wait that long. We have a lot of students

that should at least have the opportunity to look at a better education through an expanded curriculum. I think we have schools out there that are struggling to survive and I don't think that their main goal is to see how good an education that they can supply those few students. This will give us a picture of what is out there and we can quit arguing about it.

Rep Nottestad: I too support this. This doesn't speak to this directly, we have some school that are classified as "small but necessary". A study like this will point out where some of these areas are and these districts can be identified. A study can provide information on busing issue and curriculum issue. We have to look ten to twenty years ahead.

V Chr Brusegaard: I will move the amendments 10491.0205.

Rep Haas: Second.

Rep Nelson: The \$1,165,000.00 will fund the existing approved reorganization plans. Any school district can go forward. With the amount that is in there, what assurance do they have that the plan will be funded with the bonus money.

Chairman Kelsch: We will probably have to do the same thing that we are doing with this bill, that is why this bill has the emergency clause on it, so we can pay the money out to the school district, because the bill would have taken effect on August 1st and these reorganizations will be effective July 1st. SO they need to get their money early

Rep Nelson: I will support this amendment, it is better than the last one.

Rep Hawken: There is no moratorium, but we still have in place the guidelines in the county committee and the state committee as far as if the post reorganization would be viable. It becomes important for those committees to do their job and we must make sure that this is going to happen and they have to follow along in what they are doing in their planning, because the

outcome in this will have a major effect on any further reorganization. Communication might be a positive tool.

Rep Solberg: I'll support this amendment, but I would urge the committee that they put one word on the top of every agenda "necessary". Let's not lose sight of that.

Rep Mueller: The concept is good, we need to do some thinking to move forward, my concern is in these other ones that you made mention, what kind of reliance was placed on DPI, will DPI have a large role in guiding and directing this study.

Chairman Kelsch: No, Rep Mueller, they will not. The nine member committee will guide and direct, also the consultant has to report back to the committee on their progress. The consultant would come with recommendations and then it will be up to that committee to move that forward. We might not be able to do everything in one session.

Rep Haas: I want to make a couple more comments. One is curriculum and opportunities for students, this type of approach can lead to expanded opportunities for every student. Two, is financial, we can't come up with enough local tax money, property money, enough state appropriation to fund the system that we have now. We have to have change. We will then increase efficiency from a financial stand point and we are going to expand curriculum for kids. What more can we do for K through 12 in the state of North Dakota.

V. Chr Brusegaard: Call for the question.

Chairman Kelsch: The question has been called for, we have a motion before us to amend SB 2200, a voice vote was taken, motion carries.

Rep Thoreson: I think the discussion was to see how the committee would work.

Page 5
House Education Committee
Bill/Resolution Number SB 2200
Hearing Date 04-19-01

COMMITTEE ACTION

Chairman Kelsch: I would ask for a motion.

V Chr Brusegaard: I move a DO PASS as amended.

Rep Nottestad: Second.

Chairman Kelsch: The clerk will call the roll on a DO PASS as amended motion on SB 2200.

The clerk will call the roll. The motion passes with a vote of 15 YES, 0 NO and 0 ABSENT.

Floor carrier is Rep Meier.

Chairman Kelsch: The committee on SB 2200 is adjourned.

Date: 3/21/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2200

House House Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Rep. Meier Seconded By Rep. Hawken

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 Hunsdor	✓	
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) 13 No 2

Absent 0

Floor Assignment Rep. Meier

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

REPORT OF STANDING COMMITTEE (410)
March 22, 2001 4:22 p.m.

Module No: HR-50-6477
Carrier: Hawken
Insert LC: 10491.0201 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2200, as engrossed: Education Committee (Rep. R. Kelsch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (13 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2200 was placed on the Sixth order on the calendar.

Page 1, line 19, replace "\$3,000,000" with "\$2,000,000"

Renumber accordingly

YR
4/19/01
1082

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2200 EDU 04-19-01

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 2 of section 14 of chapter 169 of the 1999 Session Laws, relating to school district reorganization bonuses; to provide for a legislative council study; to provide an appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY - APPOINTMENT OF COMMITTEE - CONSULTANT. The legislative council shall appoint a nine-member committee consisting of members of the house of representatives and the senate to study the current structure of school districts, special education units, and vocational education units, and options for the reorganization of such entities, giving appropriate consideration to current and future funding at the state and local level, taxable valuation, mill levies, land mass, transportation, and educational curriculum. The legislative council shall employ a consultant to assist with the study. The consultant, together with the superintendent of public instruction, shall evaluate the current structure of school districts, special education units, and vocational education units, and shall, on or before May 1, 2002, present to the committee options for the reorganization of such entities. The legislative council shall present its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 2. AMENDMENT. Subsection 2 of section 14 of chapter 169 of the 1999 Session Laws is amended and reenacted as follows:

2. a. If any funds appropriated by the legislative assembly to the grants - foundation aid and transportation line item remain after completion of all statutory obligations, to the extent of legislative appropriations, the superintendent of public instruction shall distribute the first \$1,000,000 of such contingent funds as supplemental per student payments to each school district in the state on the basis of average daily membership.
- b. The superintendent shall distribute the next \$1,000,000 of such contingent funds to assist school districts experiencing declines in student enrollment under the terms provided for by subdivision b of subsection 1.
- c. The superintendent shall distribute ~~the next \$2,000,000 of such contingent funds to school districts eligible to receive reorganization bonuses, as provided for by Senate Bill No. 2441, as approved by the fifty-sixth legislative assembly, and shall distribute any all~~ remaining funds, except \$1,665,000, as supplemental per student payments to each school district in the state on the basis of average daily membership.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,165,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of distributing reorganization bonuses under section 15.1-12-11.1 to school districts whose reorganizations become effective on July 1, 2001, for the biennium beginning July 1, 2001, and ending June 30, 2003.

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO 2200 EDU 04-19-01

2082

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the legislative council for the purpose of employing a consultant to develop a proposal for the reorganization of school districts, special education units, and vocational education units, for the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date: 24-09-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB-220

House House Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 1491.0205 .0400

Action Taken Do Pass as amended

Motion Made By Rep Brusegaard Seconded By Rep Nottestad

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 <i>R</i>	✓	
Rep. Dennis E. Johnson	✓				
Rep. Lisa Meier	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep Meier

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

REPORT OF STANDING COMMITTEE

SB 2200: Education Committee (Rep. R. Kelsch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2200 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 2 of section 14 of chapter 169 of the 1999 Session Laws, relating to school district reorganization bonuses; to provide for a legislative council study; to provide an appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY - APPOINTMENT OF COMMITTEE - CONSULTANT. The legislative council shall appoint a nine-member committee consisting of members of the house of representatives and the senate to study the current structure of school districts, special education units, and vocational education units, and options for the reorganization of such entities, giving appropriate consideration to current and future funding at the state and local level, taxable valuation, mill levies, land mass, transportation, and educational curriculum. The legislative council shall employ a consultant to assist with the study. The consultant, together with the superintendent of public instruction, shall evaluate the current structure of school districts, special education units, and vocational education units, and shall, on or before May 1, 2002, present to the committee options for the reorganization of such entities. The legislative council shall present its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

SECTION 2. AMENDMENT. Subsection 2 of section 14 of chapter 169 of the 1999 Session Laws is amended and reenacted as follows:

2. a. If any funds appropriated by the legislative assembly to the grants - foundation aid and transportation line item remain after completion of all statutory obligations, to the extent of legislative appropriations, the superintendent of public instruction shall distribute the first \$1,000,000 of such contingent funds as supplemental per student payments to each school district in the state on the basis of average daily membership.
- b. The superintendent shall distribute the next \$1,000,000 of such contingent funds to assist school districts experiencing declines in student enrollment under the terms provided for by subdivision b of subsection 1.
- c. The superintendent shall distribute ~~the next \$2,000,000 of such contingent funds to school districts eligible to receive reorganization bonuses, as provided for by Senate Bill No. 2441, as approved by the fifty-sixth legislative assembly, and shall distribute any~~ all remaining funds, except \$1,665,000, as supplemental per student payments to each school district in the state on the basis of average daily membership.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,165,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of distributing reorganization bonuses under section

15.1-12-11.1 to school districts whose reorganizations become effective on July 1, 2001, for the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the legislative council for the purpose of employing a consultant to develop a proposal for the reorganization of school districts, special education units, and vocational education units, for the biennium beginning July 1, 2001, and ending June 30, 2003.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2001 TESTIMONY

SB 2200

**TESTIMONY ON SB 2200
SENATE EDUCATION COMMITTEE**

January 23, 2001

By Tom Decker, Director of Finance and Organization

328-2267

Department of Public Instruction

I am here to speak in support of Senate Bill 2200.

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 ^{not}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.

SB 2200 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.

**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	<u>184.92</u>	<u>149</u>	
	Total	503.92	342	Do not qualify for bonus
7/01/01	Towner	431.90	217	
	Granville	254.45	156	
	Upham	<u>257.87</u>	<u>64</u>	
	Total	944.22	437	\$500,000
7/01/01	Langdon	649.00	583	
	Milton	97.25	31	
	Osnabrock	<u>92.62</u>	<u>25</u>	
	Total	838.87	639	\$306,000
7/01/01	Mott	585.50	254	
	Regent	<u>294.75</u>	<u>109</u>	
	Total	880.25	363	\$359,000
Failed	Sawyer	194.75	169	Reorganization vote failed
	Surrey	<u>128.43</u>	<u>476</u>	
	Total	323.18	645	Do not qualify for bonus
7/01/01	Bowdon	190.75	91	
	Fessenden	<u>370.94</u>	<u>198</u>	
	Total	561.69	289	Do not qualify for bonus

**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.