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ROLL NUMBER

DESCRIPTION

1316

2005 HOUSE EDUCATION

HB 1316

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1316**

House Education Committee

Conference Committee

Hearing Date **19 January 05**

Tape Number	Side A	Side B	Meter #
1	X		0 - 2300

Committee Clerk Signature

Minutes:

Chairman Kelsch opened the hearing on HB 1316.

Rep. Alon Wieland, District 13, introduced the bill. (Copy attached.)

Dan Huffman, assistant superintendent, Fargo Public School District #1, was not present, but submitted written testimony in support of the bill (attached).

Bev Nielson, ND School Board Association, presented written testimony by Mark Lemer, business manager of the West Fargo Schools (attached) in support of the bill.

The association of school boards also goes on record in support of the bill.

Rep. Mueller: Looking at this fiscal note, when you go through the numbers and reduce the payments for that \$42,000 we're talking about 710 - 725 new teacher for the second year of the biennium. Is that how many new teachers we bring in?

Nielson: I have no idea where those numbers come from. Consideration should be given to teachers who come in from out of state who are placed on the advanced placement of the salary schedule, they shouldn't get the smaller amount.

Rep. Herbel: I haven't looked at the governor's line item budget yet, but do you know if these dollars are included in his budget?

Nielson: I don't think they are. There is something in there for teacher compensation. We may be able to assume that a portion of this fiscal note may be left over and that may be how we want to work the bill. The whole idea is to make the whole thing a lot simpler: a teacher is a teacher is a teacher--\$3000. I don't believe it's in the budget unless we can assume that the fte compensation line may be a little inflated.

Chairman Kelsch: Basically it means 714 teachers, 723 teachers and we're talking about a total of \$143,000. It can't be a \$1.4 million. The second year they qualify too--those other new teachers you bring on.

Rep. Sitte: For the preceding school year is it retroactive?.

Nielson: It's not retroactive that would be the current school year.

Nancy Sand, NDEA, testified in support of the bill. She talked about the history of compensation since the 2001 session. In years leading up to that salary increases were 2 - 4.44% for the teacher average salary. When HB 1344 was implemented there was a significant change. It was designed to increase compensation and local school districts were charged with deciding where that money would go at the local level. Many put it right into the salary schedule, others decided to do combination taking into consideration the increased cost to the district when they increase salary. Teachers saw an increase they had not seen in along time. I think changing this

to an increase of \$3000 for all teachers would again make a significant increase and make more money available to the districts. In the governor's budget, there is a line item for teacher compensation. I also wondered about the \$1.4 million fiscal note but when you take 715 teachers, new to the state/system multiplied that by \$1000 and double that, it does come to that. The 712-725 number probably comes from the increasing number of retirements and those positions need to be filled.

Rep. Meier: Do you have a number of how many educators retired in 2004?

Sand: No I don't but that could be obtained from TFFR.

(Leg Intern, Sonja Spitzer will check with TFFR for the numbers)

Chairman Kelsch asked Mr. Larson or Mr. Massey to come forward and discuss some of the numbers in the bill.

David Larson, DPI: Is the 715 a reliable number? We looked at the number of new teachers that were claimed in the past couple of years and took a study completed by Steve Heber in January 2204 which projected the ND new hire demand for licensed teachers through 2016. That's about what it has been running.

Rep. Sitte: I wonder if need to specify this "preceding year" so it won't be considered retroactive. Is it possible to interpret it that way? We need to clarify that.

Rep. Hawken: We are already a year past that. That would mean we are not paying anyone for 2004? I think the reason they took the year out is because it is never right.

Chairman Kelsch: How much money was left over from teacher reimbursement from last biennium?

Larson: I'm not sure, I think it was all paid out. In 01-03 we did wrap the biennium with approximately \$670,000 remaining. We give it the best shot we can, we look at it closely, I think we're going to very close this biennium.

Chairman Kelsch: If this bill has to go to appropriations, they are going to need those numbers so you better get them done now. It would be helpful for us as well so we have a better idea, that will be helpful in the passage of the bill.

Rep. Hawken: In Mr. Huffman's testimony one of the points he made was hiring from out of state to encourage more people to come to ND. They are penalized for that because if it is a more experienced teacher, they are still considered as a first year teacher in ND. That is one other consideration. Please read the entire testimony.

Chairman Kelsch closed the hearing on HB 1316. She appointed **Rep. Herbel, Rep. Sitte, and Rep. Mueller** on a committee to look at this bill carefully.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1316**

House Education Committee

Conference Committee

Hearing Date **25 January 05**

Tape Number	Side A	Side B	Meter #
2		x	1072 - 1500

Committee Clerk Signature



Minutes:

Chairman Kelsch opened discussion on HB 1316.

Rep. Herbel: A couple of concerns we addressed and then clarified. On the first there was some concern about how "preceding" fit into this picture. If you look at it carefully, the term "preceding" only relates to the fact that the teachers are going to be compensated on the previous year which guarantees them the teacher will not get less than they did from the year before. The change was made so that each year the number doesn't have to be changed. Next year this becomes the preceding year and the following year that would become the preceding year. So it's based on what the intention was without having to come back with the time factor each year. The second part was to address the fiscal note where the money problem came from. As we understand it the funding for first year teachers and out-of-state teachers is different than those that are presently in school and because school districts put their instructors on their salary schedule they fit in a the category similarly to the teachers that were getting reimbursed at \$1500

and \$3000 and consequently there was a gap between the funding that was made available and therefore this was a shortfall in what school districts were getting from where there were putting them on the salary schedule. They were only getting a \$1000 rather than \$1500 and \$3000.

Chairman Kelsch: I received an amendment for HB 1154 that deals with the same issue with the "preceding year" and that language needs to be in there. That's the standard language they want to use. Basically it's a technical correction.

Rep. Mueller: I was a bit troubled by the fiscal note, that part of it that talks about \$42,000. Since we got involved in looking at it in more depth, what that \$42,000 is attempting to do is to monitor the school districts. What was absent in the past year is oversight on the part of the DPI about "did they get their \$3000"? That \$42,000 assures that will get done. When we first did this four years ago, we had \$200,000 in there to address the monitoring part. Should that come up for whoever is lucky enough to carry the bill, that will be good information.

Chairman Kelsch: The chairman of the subcommittee will always carry the bill. Or whoever his designee is.

Rep. Herbel: In that case, I will move a **Do Not Pass**. To elaborate on the reason for the do not pass, it's death by fiscal note. When you look at the money it's going to cost us and what impact it would have to other funds that are going to be included in the education budget further down the road. I think I would like to allocate the money first to foundation aid.

Rep. Norland: I Second.

Rep. Herbel: Does this go to appropriations.

Chairman Kelsch: They will take it up on the floor and if it passes, it will go to appropriations, but being it's coming out of committee with a do not pass, it's one less step for appropriations. I

think this bill did what we wanted it to do. I think it is a glitch in the law but I think something more needs to be because we need to take out the portion of law where it says any leftover money would drop into the general fund so that we have that money available to give to these teachers. Right now it goes back to the school districts based on foundation aid payments. We'd have to correct that as if we passed it. That's why I asked Jerry Coleman how much was left. I think they have gotten better with it. If we would have taken this up last session, we could have paid it because there about \$1.0 left in there last session. Now the projections are more accurate.

The question was called on the Do Not Pass motion on HB 1316.

Yes: 11 No: 3 Absent: 0 The Do Not Pass motioned passed.

Rep. Herbel will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/12/2005

Bill/Resolution No.: HB 1316

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$1,471,251	\$0	\$1,488,610	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The measure calls for a change in the reimbursement to school districts for first year teacher compensation increases claimed. Currently, districts are reimbursed at a rate of \$1,000 per FTE for first year teachers. The measure would increase that amount to \$3,000 per first year teacher FTE. We project that during the 2005-07 biennium this will impact 714.6254 FTE and the general fund expenditure will be \$1,429,251. For the 2007-09 biennium the measure will impact 723.3049 FTE and the general fund expenditure will be \$1,446,610. NDDPI has included an additional \$42,000 to the 2005-07 biennium expenditure requirement and \$42,000 for the 2007-2009 biennium expenditure requirement to hire a temporary employee to manage these disbursements and other general funds allocated for teacher compensation reimbursement to school districts for the 2005-07 biennium and 2007-09 biennium.

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.*

There will be no revenues produced by this measure.

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.*

We project that during the 2005-07 biennium this will impact 714.6254 FTE and the general fund expenditure will be \$1,429,251. For the 2007-09 biennium the measure will impact 723.3049 FTE and the general fund expenditure will be \$1,446,610. NDDPI has included an additional \$42,000 to the 2005-07 biennium expenditure requirement and \$42,000 for the 2007-2009 biennium expenditure requirement to hire a temporary employee to manage these disbursements and other general funds allocated for teacher compensation reimbursement to school districts for the 2005-07 biennium and 2007-09 biennium.

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.*

There is no appropriation available for these expenditures or the management of teacher compensation reimbursements to school districts and these general funds would require additional appropriations to the agency budget.

Name: David Larson
Phone Number: 328-2371

Agency: Public Instruction
Date Prepared: 01/14/2005

Date: 25 Jan 05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~224~~ 1316

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Do Not Pass*

Motion Made By *Herbel* Seconded By *Norland*

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep. Hanson	✓	
Vice Chairman Johnson	✓		Rep. Hunskor	✓	
Rep. Haas	✓		Rep. Mueller		✓
Rep. Hawken		✓	Rep. Solberg		✓
Rep. Herbel	✓				
Rep. Horter	✓				
Rep. Meier	✓				
Rep. Norland	✓				
Rep. Sitte	✓				
Rep. Wall	✓				

Total (Yes) 11 No 3

Absent 0

Floor Assignment *Herbel*

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

REPORT OF STANDING COMMITTEE (410)
January 27, 2005 11:41 a.m.

Module No: HR-18-1192
Carrier: Herbel
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1316: Education Committee (Rep. S. Kelsh, Chairman) recommends DO NOT PASS
(11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1316 was placed on the
Eleventh order on the calendar.

2005 TESTIMONY

HB 1316

HB 1316
19 Feb 05

NORTH DAKOTA HOUSE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



COMMITTEES:
Human Services
Political Subdivisions
APPROPRIATIONS



Representative Alon Wieland
District 13
P.O. Box 412
West Fargo, ND 58078-0412
awieland@state.nd.us

TESTIMONY HB 1316

CHAIRMAN KELSCH AND MEMBERS OF THE EDUCATION COMMITTEE,
MY NAME IS ALON WIELAND, REPRESENTATIVE FROM DISTRICT 13, AND
I AM HERE TO INTRODUCE HOUSE BILL 1316

THIS BILL RELATES TO COMPENSATION AND CLAIM FOR
REIMBURSEMENT OF TEACHERS, AND SETS THE REIMBURSEMENT
RATE AT \$3,000 FOR EACH FULL TIME EQUIVALENT TEACHER EMPLOYED
BY THE DISTRICT AS OF SEPTEMBER 15TH. THIS BILL IS BEING
INTRODUCED AT THE REQUEST OF THE FARGO AND WEST FARGO
SCHOOL DISTRICTS AND REPRESENTATIVES OF THESE DISTRICTS ARE
PRESENT TO TESTIFY ON BEHALF OF THE LEGISLATION.

THANK YOU FOR THE OPPORTUNITY TO PRESENT THIS BILL TO YOU
AND I WILL ATTEMPT TO ANSWER ANY QUESTIONS YOU MAY HAVE.

HB 1316
19 Jan 05

58th North Dakota Legislative Assembly
House of Representatives
House Education Committee
HB 1316

In 2001-2002, a reimbursement system was established that paid districts based on the number of FTE teachers employed in the district. That first year districts received \$1,000 for each teacher in the district. The next year, 2002-03 districts received an additional \$2,000 for each teacher that was reemployed for a total of \$3,000. Because legislators did not want school districts to receive the additional funds for new teachers employed in the district, the payment for that year, 2002-03, was limited to the first year amount of \$1,000.

Since that time, however, the payment has not increased from the \$3,000 amount, yet school districts continue to be penalized for employing new teachers by having the payment limited to \$1,000.

All teachers in a district are paid from the same salary schedule. There is no increase in the amount from the first year of the biennium to the second year.

In addition, we continue to address a teacher shortage and a concern for how we will fill future teaching positions in the state, yet as districts we are penalized when we are fortunate enough to hire someone from out of state or new to the profession. Instead, there should perhaps be a bonus to districts that encourage someone new to join the profession in this state.

Teacher compensation improvement is the focus of significant discussion again this session. Compensation can only be improved with increased funding. This penalty for hiring new teachers should be eliminated. All teachers should receive the same FTE payment.

The Fargo School Board supports this legislation and a do pass recommendation for the House Education Committee.

Testimony provided by

Dan Huffman, Asst. Supt.
Fargo Public School District #1

HB 1316
19 Jan 05

Testimony on House Bill 1316
Presented by Mark Lemer, Business Manager, West Fargo Schools
January 19, 2004

Representative Kelsch and members of the House Education Committee, I would like to offer my support for the provisions contained in HB 1316.

The current method of making payments through the Teacher Compensation program makes a distinction between teachers who have experience in the State of North Dakota (\$3,000 per teacher) and those who do not (\$1,000 per teacher). This distinction was created when the Teacher Compensation program was first created by House Bill 1344 during the 2001 legislative session. This bill created a payment of \$1,000 per teacher during the 2001-2002 school year, followed by a payment of \$3,000 per teacher during the 2002-2003 school year. School districts were required to increase compensation by at least those amounts in order to be eligible for reimbursement under the program.

The original plan was to create an increase of \$3,500 per teacher (see attached), but the budgetary impact was too great, and the final increase was set at \$3,000 per teacher. This amount also strained the State's budget, so there were several subsequent adjustments that were made. The first was to weight the payment more heavily in the second year, which resulted in a \$1,000 increase in year one and an additional \$2,000 increase in year two. The second adjustment

was to keep the reimbursement at the \$1,000 for a teacher who had no prior public school experience within the State.

School districts have increased their salary schedules each year since the 2001-2002 school year. Beginning teachers have all benefited from these increases, but school districts are not being given credit for these increases.

Worse yet, school districts are hiring teachers who may have no North Dakota teaching experience, but are veteran teachers from other states or non-public schools who receive advanced placement on our salary schedules. A newly hired teacher may be given credit for advancement on the district's salary schedule, but if their experience is not within the public schools of North Dakota, the school district receives a reduced payment.

As teachers advance on our salary schedules, their pay increases. There is nothing magical about the advancement of a beginning teacher from the first step to the next. Why should the reimbursement from state sources make such a significant distinction between the first year of North Dakota experience and any other year?

School districts do not pay "beginning" teachers on salary schedules from 2001-2002, and the State of North Dakota should not be reimbursing them as though they were.

I urge you to support the provisions of HB 1344. Thank you.



JOHN HOEVEN
GOVERNOR

STATE OF NORTH DAKOTA

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Jan. 5th, 2001

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HOEVEN UNVEILS EDUCATION FINANCING PROPOSAL INITIATIVE TO MAKE \$3,500 COMPENSATION BOOST POSSIBLE

BISMARCK – Gov. John Hoeven today announced a plan to strengthen North Dakota's K-12 schools by earmarking \$50 million in state education spending for teachers' compensation in his executive budget.

The plan would provide enough dollars to increase compensation for teachers and administrators by \$3,500 over the course of the 2001-2003 biennium.

Hoeven detailed his proposal at news conferences at schools in Bismarck and Fargo. It becomes part of his budget recommendations, which he will release with his inaugural address next Tuesday at the state Capitol.

"We have put together a responsible budget that makes significantly more money available for schools and teachers," Hoeven said. "I believe this proposal marks a major step forward for North Dakota's schools and our children's education."

Under the Hoeven plan, total K-12 spending would rise from \$604.4 million in the current biennium to \$651.4 million in the 2001-2003 biennium – a \$47 million increase.

The governor's proposal also represents a \$19 million increase over the executive budget prepared for former Gov. Ed Schafer. (The figures include general fund and tuition apportionment dollars.)

Hoeven said the increased state support for schools will provide significant property tax relief at the local level.

The plan allocates \$50 million of education funding for compensation based on 9,092 full-time equivalencies (FTEs), representing certified teachers and administrators. The designated dollars will allow school districts to increase teacher compensation by \$2,000 in the 2001-2002 school year, and another \$1,500 in 2002-2003.

"North Dakota ranks at the bottom of teacher salaries nationwide, and for many districts, it is becoming increasingly hard to recruit or retain educators," Hoeven said. "It is time to make a serious commitment to improving teacher pay and benefits."

The \$50 million would be available to school districts for purposes of teachers' compensation, as determined by administrators and school boards. Hoeven stressed the importance of focusing the money on salaries, but said he believed school districts needed flexibility to address their local compensation priorities.

He noted that after taking the compensation dollars into account, school districts will still be receiving more in per pupil payments - money that can cover increased operating costs and other expenses. Per pupil payments rise from the current \$2,450 to \$2,550 under the Hoeven proposal.

"The state is making a commitment to education across the board, while giving local school boards and administrators an effective way to address the critical need to raise salaries," Hoeven said. "In the end, our children will be the ones who benefit from keeping our excellent educators in their schools."

To draw on the compensation dollars, a school board will determine the number of teachers at the beginning of the school year and request the funding.

Hoeven said he had found widespread support among the public for a new approach toward improving teacher pay.

"We should make the effort, increase spending for education, and help ensure that teachers get a needed boost in pay," Hoeven said. "One of the keystones in the effort to develop North Dakota is a strong education system. Education is a priority in my budget, and will remain a priority in my administration."

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