

2009 HOUSE EDUCATION

HB 1565

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1565

House Education Committee

☐ Check here for Conference Committee

Hearing Date: January 28, 2009

Recorder Job Number: 8058

Committee Clerk Signature

Carmen Hart

Minutes:

Rep. Chris Griffin, District 19, appeared in support of HB 1565. The intent behind it was that it was an alternative to the governor's income tax reduction. He knows there are a number of other bills or alternatives out there as well for sales tax and other tax cuts as well. Section 1 would provide an additional \$60 million to the governor's \$300 million property tax relief plan.

This is an additional 20% property tax relief. Section 2 would add an additional \$40 million to teacher pay, institutional money for teacher salary along with the money put forth in the governor's budget would move us from the current spot of 50th in the country to 35th. This would put teachers' salaries more in line with North Dakota's ranking per capita income.

Rep. Corey Mock: Is the \$40 million in Section 2 attainable? Are we going to watch salaries drop?

Rep. Chris Griffin: They may be. I guess it depends on what else you pass this session. Well, it's hard for me to speculate.

Rep. Phillip Mueller: I imagine the attention for teachers' salaries is in Line 13-16. I am not sure I understand that. What's that part of the bill have to do with the \$40 million?

Rep. Chris Griffin: It was put in that type of language so it would be designated 70%.

Seventy percent of it would be designated for some actual salaries. If it were put elsewhere, I think there was concern that it could possibly substitute other monies appropriated for it.

Rep. Jerry Kelsch: Would you assume that the pay increase would just be a percentage

increase—used for teacher pay throughout the system? Would superintendents and principals and everybody get the same out of this? Would it be assumed from this bill it would be used for merit pay? What is your assumption on these provisions?

Rep. Chris Griffin: This probably would be answered better after I am done. It would be appropriated just like the other line is appropriated.

Chairman Kelsch: That amount of money, the \$40 million would go to school districts and 70% of that would go to teachers' salaries?

Rep. Chris Griffin: Yes, that is my understanding.

Chairman Kelsch: The \$60 million and the \$40 million conveniently add up to \$100 million.

Where in the budget are you looking at obtaining these funds specifically?

Rep. Chris Griffin: I look at this as an alternative to the \$100 million income tax cut proposed in the governor's budget right now--not as an additional \$100 million beyond it.

Chairman Kelsch: You are proposing the additional \$60 million on top of the \$300 million for property tax relief?

Rep. Chris Griffin: Yes, that is the intent. Instead of having this \$100 million property tax relief, let us have \$100 million income tax relief, that additional \$60 million for property tax relief, and the \$40 million to really help boost their teacher salary up to that level that we are...

Dakota Draper, President, NDEA, appeared in support of HB 1565. **(See Attachment 1.)**

Rep. Mike Schatz: Your statistics just showed teachers here. Do you have any statistics on administrators for North Dakota as far how they rank?

Dakota Draper: I do not have that with me, but it is available.

Rep. Brenda Heller: I was just wondering with a small state as Wyoming is, what did they do to their taxes to get that increase for their teachers?

Dakota Draper: I understand that once again they used a lot of mineral wealth. They were

getting money from their oil fields as we are. I do not quite know but I understand there was a lawsuit involved just like us that redistributed the funding around the state and there were some things with that. In terms of how that affected Wyoming's funding to their schools and parameters, I don't know that answer.

Chairman Kelsch: Rep. Heller, Wyoming is in one of those situations where through their lawsuit, the judge was the one that was doing any type of education reform whatsoever. The legislature could propose changes but it was only the judge that could accept any changes to the education system. The judge was the one that was dictating all changes in the state, and so it was one of those situations that we wanted to make sure North Dakota never got into. That's where some of the education changes have occurred. I understand it was because of their mineral revenues that they did increase their teacher salaries.

Dakota Draper: I also understand they went through an adequacy study just like we did.

Rep. Lee Myxter: The 70% isn't just salaries, is it? It's total compensation as well?

Dakota Draper: You are correct, sir. The word salary I sometimes mean compensation as well. He asked to address the issue about teachers getting that 70%. That money will go to the district. Now each school district would sit down and negotiate with their teachers as to terms of how exactly the 70% will go. That will be the next step that would be involved in terms of contract negotiations.

Chairman Kelsch: That \$40 million is outside of the funding formula?

Dakota Draper: I believe so.

Chairman Kelsch: If it is running through the formula, there wouldn't be anything different than what is in practice.

Josh Askvig, NDEA, appeared. He stated that Chairman Kelsch was correct. The reason that the \$40 million goes to the line item is so that it does get funded through the formula. He

thought that what President Draper was trying to say in response to Rep. Kelsh's question

earlier was that as far as it going to merit pay and those things, those things are determined at the bargaining table at the local level once that money gets appropriated if it were to get appropriated out to the schools.

Dr. Doug Johnson, NDCEL, had adopted a resolution as a state paying for 70% of the cost of education with 50% coming from local levels. He didn't know if this gets to that level, 70% of that level. That is the position that compels him to testify in support of this bill. He does believe that they are getting very close to that 70% right now so if that would push that over, they do support that.

Chairman Kelsch: I am pretty sure this would push us well over the 70% because with \$300 million, money that is already appropriated in 1013 that puts us a little bit above. I think it is about 71.4% or 72%.

Dr. Doug Johnson: That could be correct. I have not looked at it, but I know from the last discussion, we had about 67%. He then responded to Rep. Schatz's earlier question. He did know that the differences between states are significant in the cost and the people leaving the state, transitioning out. He really didn't have anything on how we compare to other states. It varies from state to state and situation to situation, particularly superintendents and high school principals. He gave an example of Fargo South was looking for a principal three or four years ago. They did not find one. They had to increase the salary by \$15,000 to get this position filled.

This really did not answer Rep. Schatz's question. Chairman Kelsch had indicated she knew she had seen those numbers.

No opposition.

The hearing was closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1565

House Education Committee

☐ Check here for Conference Committee

Hearing Date: February 2, 2009

Recorder Job Number: 8373 (START AT 22:02)

Committee Clerk Signature



Minutes:

Rep. David Rust made a motion for a **Do Not Pass** on HB 1565. **Vice Chair Lisa Meier** seconded the motion.

Rep. Corey Mock: I think it is in poor taste to send this with any recommendation without finding out the status of the \$100 million income tax cut. Is it possible to even to have a

conference committee between committees regarding these since this is a substitute? Is that even feasible?

Chairman Kelsch: No, it is not. I know that was what the intent was. There probably are on the house side 12 substitutions for the \$100 million and some on the senate side trying to spend the \$100 million. Then there are those that believe because the income tax was defeated by the people that the \$100 million could potentially be used for some other issues that may be important and then the \$300 million for the property tax relief. Bear in mind this is early in the session and if some of these are good ideas, they come back again. Right now the timing is not good for them. This would be an additional \$100 million in property tax relief, and there is concern how long the \$300 million can be sustained for property tax relief.

DO NOT PASS, 14 YEAS, 0 NAYS. Rep. Lee Myxter is the carrier of the bill.

Date: 2-2-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1565

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Rep Rust Seconded By Rep Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller	✓		Rep. Jerry Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Corey Mock	✓	
Rep. Karen Karls	✓		Rep. Phillip Mueller	✓	
Rep. Mike Schatz	✓		Rep. Lee Myxter	✓	
Rep. John D. Wall	✓				
Rep. David Rust	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep Myxter

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

REPORT OF STANDING COMMITTEE

HB 1565: Education Committee (Rep. R. Kelsch, Chairman) recommends DO NOT PASS
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1565 was placed on the
Eleventh order on the calendar.

2009 TESTIMONY

HB 1565

HB1565

Testimony for the House Education Committee

NDEA President Dakota Draper

January 28, 2009

Attachment 1
HB 1565

Chairwoman Kelsch, members of the House Education Committee, I am Dakota Draper, President of the North Dakota Education Association. I am here today to speak on behalf of the educators of North Dakota in support of HB1565.

First of all, we recognize and greatly appreciate your efforts of the past couple of Legislative Sessions to try to move teacher salaries in a positive direction. You and the Governor have worked very hard to give North Dakota a sound education system. Additionally, you need to know that the NDEA supports the Governor's current proposals contained first in the Governor's Commission Final Draft and now in proposed legislation.

Governor Hoeven and you have labored hard and long to move the educators of this state off the bottom in rankings among the other states and the District of Columbia. And, it is my great desire that anything I say here today not to be construed to be unappreciative of those efforts. We gratefully thank you for your previous efforts.

However, even with those past efforts there remains this: that we, the public school teachers of North Dakota, are still 50th out of 51st in the nation in terms of average teacher salaries, with only South Dakota being lower.

In the handout:

You can see two tables provided by the National Education Association (NEA). Both tables show the Average Salaries of Public School Teachers. The first table is for 2002 – 2003 and it shows North Dakota teachers receiving an average salary of \$33,869. The second table is for 2007-2008, the most recent data the NEA provides, and it shows North Dakota at \$40,279 an increase of \$6,410 or 18.9 percent over the five year period.

We are grateful for this increase, but as you can see it still leaves us 50th out of 51st in the nation.

Members of the Committee, I am here today, on behalf of North Dakota's educators, to request that you move North Dakota teachers off the bottom.

Please now note Wyoming's rankings in the same two tables:

You can see that in 2002-2003, Wyoming ranked 36th in the nation with an average salary of \$38,838. Now using the 2007-2008 table again, Wyoming's average salary has moved to \$53,074 and they are in 16th place, an increase of \$14,236 or 36.6 percent.

How did this happen?

Quoting from an article in the Casper Star-Tribune printed in September of 2008:

With more dollars available thanks to tax revenue from increasing mineral production, the (Wyoming) Legislature decided to put much more money into its educational system. The state spent \$770 million on education in fiscal year 2005 and the amount rose to \$1.2 billion for the current fiscal year. The average teacher salary in Wyoming was more than \$53,000 in 2007, and the starting salary for teachers in most school districts now tops \$40,000. Wyoming is able to attract teachers from Montana, Idaho, and South Dakota (and I would add North Dakota), often offering them more than \$10,000 more a year than they can get in their home states.

Members of the Committee, I believe that if Wyoming is capable of doing this, so are we.

The North Dakota public is experiencing gains for its workers. Quoting from Governor Hoeven's recent State of the State address, *Personal income has grown by 43 percent - nearly 15 percent faster than the national average. In fact, our per capita income has moved up 12 places, from 38th to 26th among all the states.*

But North Dakota educators are still second from the bottom in terms of average salary, a place we do not believe they deserve to be. While the rest of the state and the rest of the nations' teachers, except for South Dakota, are moving ahead, we, those who educate the children of this state, our most valuable resource, languish near the bottom.

Members of the Committee, I am here today to ask that you support HB1565 which would appropriate an additional \$40 million to go with the \$105 million Governor Hoeven has already requested in his budget as new money to go to education, bringing the total of that request to \$145 million.

Last week, I testified in front of the House Appropriations Subcommittee on Education and the Environment about how we can move our salaries from the bottom. At that time we asked them for an additional \$37 million above the Governor's proposal.

Why \$37 million?

We based our calculations on the language found in HB 1400, which continues the current policy of directing 70 percent of the formula to go to teacher compensation. It is our belief that in the best case scenario our salaries would only move from 50th to 48th place, based on the assumption that salaries across the nation will increase three percent.

This we show in the second page of our handout. It was computed and compiled by our staff. It starts in the second column with the previously mentioned \$40,279 North Dakota Average Teacher Salary in 2007-2008. It then moves into third column where NEA estimates where we are this year - \$41,534. The following two columns are estimates based on the Governor's budget with \$105 million of new money for education and that 70 percent of new money be placed in teacher salaries. In the final column, it is our projection that we will be in 2010-2011 with the average salary at \$46,988, roughly an increase of \$5,500 or 13.1 percent for the biennium. Again, this is a very good increase, and we are grateful for the effort.

However, we believe that it is within our reach to do better. We strongly believe that the teachers of this state are better than 50th, they're better than 48th.

An additional \$37 million would raise the total appropriations to \$142 million in new money. With 70 percent directed to teacher salaries we would move our rank to 35th place, halfway to the average teacher salary in the nation. A figure we believe is fiscally sound and right for North Dakota at this time.

How do we sustain this into the future?

We, the educators of North Dakota, believe a bigger question than sustainability is looming. That being, if not now, when? Members of this committee, your teachers have waited entire careers for the state to be in a position to significantly move their salaries, and now is the time to make that move.

In the end, by moving our salaries to 35th place, North Dakota, like Wyoming, will be in a better position to attract and retain quality teachers for the students of North Dakota. This issue of retention and attraction continues to be a big problem for our state. North Dakota, like other states, faces a shortage by the retirement of baby boomers over the next five years. Recently, I learned that Grand Forks, alone, will need to replace at least 28 teachers before next year because of retirements.

Mr. Chairman, members of this Committee, we ask that you support HB1565 and appropriate an additional funding in addition to the Governor's proposed budget as new money for education, contained in House Bill 1013, we must be able to retain and recruit quality teachers for the students of North Dakota.

C-11. AVERAGE SALARIES OF PUBLIC SCHOOL
TEACHERS, 2002-03 (\$)

1.	CALIFORNIA	56,283
2.	CONNECTICUT	55,967
3.	NEW JERSEY	54,158
4.	MICHIGAN	53,563 *
5.	NEW YORK	53,017
6.	ILLINOIS	51,475
7.	PENNSYLVANIA	51,428
8.	RHODE ISLAND	51,076 *
9.	MASSACHUSETTS	50,819
10.	DELAWARE	50,772
11.	DISTRICT OF COLUMBIA	50,763
12.	ALASKA	49,685
13.	MARYLAND	49,677
14.	OREGON	47,600
15.	UNITED STATES	45,891
16.	GEORGIA	45,533
17.	OHIO	45,490
18.	INDIANA	44,966
19.	WASHINGTON	43,958
20.	MINNESOTA	43,745
21.	HAWAII	43,484
22.	VIRGINIA	43,152
23.	NORTH CAROLINA	43,076
24.	WISCONSIN	42,775
25.	COLORADO	42,679
26.	NEW HAMPSHIRE	41,909
27.	NEVADA	41,795
28.	VERMONT	41,491
29.	ARIZONA	40,894 *
30.	SOUTH CAROLINA	40,362
31.	FLORIDA	40,281
32.	IDAHO	40,148
33.	TEXAS	39,974
34.	TENNESSEE	39,677
35.	IOWA	39,059
36.	KENTUCKY	38,981
37.	WYOMING	38,838
38.	MAINE	38,518
39.	WEST VIRGINIA	38,481
40.	UTAH	38,268
41.	ALABAMA	38,246
42.	NEBRASKA	37,896
43.	KANSAS	37,795
44.	ARKANSAS	37,753
45.	MISSOURI	37,653
46.	LOUISIANA	37,166
47.	NEW MEXICO	36,965
48.	MONTANA	35,754
49.	OKLAHOMA	34,827
50.	MISSISSIPPI	34,555
51.	NORTH DAKOTA	33,869
	SOUTH DAKOTA	32,416
	MEDIAN	41,795
	RANGE	23,867
	SDEV	6,232
	CV	14

NEA Research, Estimates Database (2004).

C-11. AVERAGE SALARIES OF PUBLIC SCHOOL
TEACHERS, 2007-08 (\$)

1.	CALIFORNIA	64,424 *
2.	NEW YORK	62,332
3.	CONNECTICUT	61,976
4.	NEW JERSEY	61,277 *
5.	DISTRICT OF COLUMBIA	60,628 *
6.	ILLINOIS	60,474
7.	MASSACHUSETTS	60,471
8.	MARYLAND	60,069 *
9.	RHODE ISLAND	57,168 *
10.	ALASKA	56,758
11.	MICHIGAN	56,096 *
12.	DELAWARE	55,994
13.	PENNSYLVANIA	55,833 *
14.	OHIO	53,410
15.	HAWAII	53,400
16.	WYOMING	53,074
	UNITED STATES	52,308 *
17.	OREGON	51,811
18.	GEORGIA	51,560
19.	MINNESOTA	50,582 *
20.	WASHINGTON	49,884
21.	WISCONSIN	49,051
22.	INDIANA	48,508
23.	NEVADA	47,710
24.	NEW HAMPSHIRE	47,609 *
25.	NORTH CAROLINA	47,354
26.	COLORADO	47,248
27.	KENTUCKY	47,207
28.	LOUISIANA	46,964
29.	FLORIDA	46,930
30.	VIRGINIA	46,796 *
31.	IOWA	46,664
32.	ALABAMA	46,604
33.	VERMONT	46,593 *
34.	TEXAS	46,179
35.	ARKANSAS	45,773 *
36.	ARIZONA	45,772
37.	SOUTH CAROLINA	45,758
38.	KANSAS	45,136
39.	NEW MEXICO	45,112
40.	TENNESSEE	45,030 *
41.	IDAHO	44,099
42.	OKLAHOMA	43,551
43.	MAINE	43,397
44.	MISSOURI	43,206
45.	NEBRASKA	42,885
46.	MONTANA	42,874
47.	WEST VIRGINIA	42,529
48.	MISSISSIPPI	42,403 *
49.	UTAH	41,615 *
50.	NORTH DAKOTA	40,279
51.	SOUTH DAKOTA	36,674
	MEDIAN	47,248
	RANGE	27,750
	SDEV	6,733
	CV	14

NEA Research, Estimates Database (2008)

Rank	State	2007-2008 NEA		2008-2009 NEA Estimate	2009-2010	2010-2011
		Rankings	State		w/70% Gov's budget	w/70% Gov's budget
	ND	\$ 40,279.00	xxxxx	\$ 41,534.00	\$ 45,620.00	\$ 46,988.60
					NEA x 3%	NEA x 3%
	US Avg	\$ 52,308.00	US Avg	\$ 53,877.24	\$ 55,493.56	\$ 57,158.36
17	OR	\$ 51,811.00	GA	\$ 53,270.00	\$ 54,868.10	\$ 56,514.14
18	GA	\$ 51,560.00	OR	\$ 52,950.00	\$ 54,538.50	\$ 56,174.66
19	MN	\$ 50,582.00	WA	\$ 51,970.00	\$ 53,529.10	\$ 55,134.97
20	WA	\$ 49,884.00	MN	\$ 51,938.00	\$ 53,496.14	\$ 55,101.02
21	WI	\$ 49,051.00	WI	\$ 50,424.00	\$ 51,936.72	\$ 53,494.82
22	IN	\$ 48,508.00	NV	\$ 50,067.00	\$ 51,569.01	\$ 53,116.08
23	NV	\$ 47,710.00	KY	\$ 49,539.00	\$ 51,025.17	\$ 52,555.93
24	NH	\$ 47,609.00	LA	\$ 49,284.00	\$ 50,762.52	\$ 52,285.40
25	NC	\$ 47,354.00	IN	\$ 49,198.00	\$ 50,673.94	\$ 52,194.16
26	CO	\$ 47,248.00	IA	\$ 48,969.00	\$ 50,438.07	\$ 51,951.21
27	KY	\$ 47,207.00	NH	\$ 48,934.00	\$ 50,402.02	\$ 51,914.08
28	LA	\$ 46,964.00	AL	\$ 48,906.00	\$ 50,373.18	\$ 51,884.38
29	FL	\$ 46,930.00	CO	\$ 48,707.00	\$ 50,168.21	\$ 51,673.26
30	VA	\$ 46,796.00	NC	\$ 48,603.00	\$ 50,061.09	\$ 51,562.92
31	IA	\$ 46,664.00	VA	\$ 48,554.00	\$ 50,010.62	\$ 51,510.94
32	AL	\$ 46,604.00	FL	\$ 48,126.00	\$ 49,569.78	\$ 51,056.87
33	VT	\$ 46,593.00	AZ	\$ 47,937.00	\$ 49,375.11	\$ 50,856.36
34	TX	\$ 46,179.00	SC	\$ 47,704.00	\$ 49,135.12	\$ 50,609.17
35	AR	\$ 45,773.00	VT	\$ 47,697.00	\$ 49,127.91	\$ 50,601.75
36	AZ	\$ 45,772.00	AR	\$ 47,145.16	\$ 48,559.51	\$ 50,016.30
37	SC	\$ 45,758.00	KS	\$ 46,987.00	\$ 48,396.61	\$ 49,848.51
38	KS	\$ 45,136.00	NM	\$ 46,490.08	\$ 47,884.78	\$ 49,321.33
39	NM	\$ 45,112.00	TN	\$ 46,278.00	\$ 47,666.34	\$ 49,096.33
40	TN	\$ 45,030.00	TX	\$ 46,179.00	\$ 47,564.37	\$ 48,991.30
41	ID	\$ 44,099.00	OK	\$ 45,702.00	\$ 47,073.06	\$ 48,485.25
42	OK	\$ 43,551.00	ID	\$ 45,439.00	\$ 46,802.17	\$ 48,206.24
43	ME	\$ 43,397.00	ME	\$ 44,731.00	\$ 46,072.93	\$ 47,455.12
44	MO	\$ 43,206.00	MO	\$ 44,712.00	\$ 46,053.36	\$ 47,434.96
45	NE	\$ 42,885.00	WV	\$ 44,625.00	\$ 45,963.75	\$ 47,342.66
46	MT	\$ 42,874.00	MS	\$ 44,498.00	\$ 45,832.94	\$ 47,207.93
47	WV	\$ 42,529.00	MT	\$ 44,426.00	\$ 45,758.78	\$ 47,131.54
48	MS	\$ 42,403.00	NE	\$ 44,120.00	\$ 45,443.60	\$ 46,806.91
49	UT	\$ 41,615.00	UT	\$ 42,335.00	\$ 43,605.05	\$ 44,913.20
50	ND	\$ 40,279.00	ND	\$ 41,534.00	\$ 42,780.02	\$ 44,063.42
51	SD	\$ 36,674.00	SD	\$ 38,017.00	\$ 39,157.51	\$ 40,332.24

Move to 35th

	2006-2007	NEA Rankings 2007-2008	NEA Rankings 2008-2009	Inflation Adjusted for 2009-2010	Assumption of 3% raise for 2010- 2011	
35th Average teacher salary	\$ 43,646.00	\$ 45,773.00	\$ 47,697.00	\$ 49,127.91	\$ 50,601.75	
North Dakota Average Teacher Salary	\$ 38,822.00	\$ 40,279.00	\$ 41,534.00	\$ 42,780.02	\$ 44,063.42	
Difference	\$ 4,824.00	\$ 5,494.00	\$ 6,163.00	\$ 6,347.89	\$ 6,538.33	
Number of ND teachers			7703.8	7703.8	7703.8	
Funding increase to raise salaries to 35th				\$ 48,902,875	\$ 50,369,961	\$ 99,272,836 Salaries
Which is 70% of Total Aid.				\$ 69,861,250	\$ 71,957,087	\$ 141,818,337 Total Aid.

TOTAL COST ESTIMATE