

FISCAL NOTE
Requested by Legislative Council
04/07/2015

Amendment to: SB 2092

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Between dates reorganization approved & date reorganization is effective, districts part of reorganization may not without written consent, enter new/existing contracts, purchase goods/services exceeding \$3000. During planning, districts must list expenditures, ending fund balance, and budget.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

No fiscal impact.

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.*

No revenue noted.

- 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.*

No expenditures noted.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation required.

Name: Robert V. Marthaller

Agency: Department of Public Instruction

Telephone: 328-2267

Date Prepared: 04/08/2015

FISCAL NOTE
Requested by Legislative Council
01/15/2015

Amendment to: SB 2092

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
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- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Requires between the dates reorganization is approved and until the reorganization is effective, all districts part of the reorganization may not enter into contracts that financially obligates the reorganized district without consent of all districts that are part of the new reorganized district.

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

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No expenditures noted.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation required.

Name: Robert V. Marthaller

Agency: Department of Public Instruction

Telephone: 328-2267

Date Prepared: 01/15/2015

FISCAL NOTE
Requested by Legislative Council
01/15/2015

Amendment to: SB 2092

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- 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.*

No expenditures noted.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

No appropriation required.

Name: Robert V. Marthaller

Agency: Department of Public Instruction

Telephone: 328-2267

Date Prepared: 01/15/2015

2015 SENATE EDUCATION

SB 2092

2015 SENATE STANDING COMMITTEE MINUTES

EDUCATION

Missouri River Room, State Capitol

SB 2092

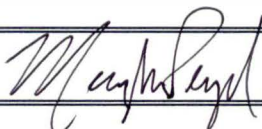
1/7/2015

Job # 21754 (34:29)

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 15.1-12-14 of the North Dakota Century Code, relating to school board authority following approval of a reorganization plan.

Minutes:

Attachments #1-2

Chairman Flakoll called the committee to order on 10:15 January 7, 2015

Bob Marthaller, assistant superintendent with the Department of Public Instruction (see attachment #1-2)

Question session-- (7:50)

Senator Schaible: The new negotiations of teachers are actually done by the new board, so that is not a contract with the existing board. The old existing boards, whether two or more, do not do any negotiation for the next year.

Marthaller: yes, that is my understanding. I don't believe it should impact.

Senator Schaible: This is trying to prevent boards who are reorganizing; to prevent a single board of the new reorganized district into any kind of obligation.

Marthaller: correct.

Senator Marcellais: what makes the county committee?

Marthaller: They are appointed by local counties. It can be a variety of people.

Vice Chairman David Rust: does this law prevent a school district into entering into a contract or does it add to law in stating that in addition to the county committee making the decision, that you can now do it by board agreement. It looks more like an addition than a prohibition. Please clarify this.

Marthaller: intent is to prevent existing boards from entering into any contract. The new piece allows them to do so if they go back to the county committee and the county committee approves

over if school districts involved agree to this contract. That would also grant permission for them to do that. So it is prohibitive but also gives new authority to do that.

Vice Chairman David Rust: doesn't current law say the county committee has to approve it so wouldn't that prevent a single board from doing it now?

Marthaller: one may think so; however it hasn't prevented it in the past

Vice Chairman David Rust: between "a" and "b" there is an "or", that would mean either, not both "a" and "b"

Marthaller: yes, not both

Senator Davison: the bill says "accept from the permission from..." I assume this is addressing a specific problem. So if the committee is made up so that a single board or school district has more members than others, how would a county committee be created? There would be a threat of imbalance.

Marthaller: committee make up does not include members of the school board. Members would be unbiased.

Senator Davison: but you understand my concern of the imbalance?

---Question addressed later with another testifier---

Chairman Tim Flakoll: what's the realistic timeline separation between this kind of "donut period"?

Marthaller: It could be up to one year, but typically 3 or 4 months.

Chairman Tim Flakoll: Who suggested the amendments?

Marthaller: It was offered to me by legal counsel for the state board of public school education.

Chairman Tim Flakoll: they seem redundant. Give me an example of why there would be obligation in the district in any way. For instance are they prohibited in subscribing to the county newspaper? (15)

Marthaller: If it would create a liability, then yes. There was a building used in an old district. They decided to renovate this building and in turn obligated the new district to pay for this renovation.

Chairman Tim Flakoll: so is there any intention beyond? This seems to concern capital projects of sorts.

Marthaller: essentially, yes. Another case involves the purchasing and distribution of computers. It should be the newly reorganized district with that fund obligation, and also with those assets they should assume all liabilities.

Senator Davison: do all reorganizations appoint a county committee?

Marthaller: yes, because when reorganization is developed at the local level, it goes to the county committee which is then reviewed and if approved, moved to the state for public school education. A county committee must be established.

Vice Chairman David Rust: is the county committee different for reorganization versus annexation plan?

Marthaller: it could be the same committee, it's appointed in the same light.

LeaAnn Schneider, assistant attorney general (20:30; no written testimony)

Schneider: I drafted the bill but legislative council has changed it a little bit. Current law prohibits the board of an existing district to contract or obligate the district except with approval of county committee. This seems fairly clear but issues arose with a reorganizing district (referring back to Marthaller's example). That district involved wanted to do "some things", and that district's lawyer advised they could because there wasn't anything in place to prohibit it in the reorganization plan. They made improvements on a building which after the reorganization would be effective, would be of no use to the reorganized district. Another example involved purchase of computers when reorganization district would have no use for that. We can consider putting a dollar limit on the obligation or contract if it goes over "x" amount of dollars except with the approval of the county committee or the involved school districts. This is the background. The details of the non-obligation and/or contract in "any" way were removed by legislative council, which was the whole purpose of the bill and why these amendments are proposed. You think it would be clear, but as you can see, it wasn't clear to this lawyer, so it needs to be amended.

---Question session (25:20)

Senator Davison: in consideration of writing this bill, was there any thought of just eliminating "a" and adding "b" to this bill?

Schneider: The problem is not the county committee. Under the current law, every county is required to appoint a county committee for purposes of addressing hearings and issues regarding school district annexation, reorganization and dissolutions. The committees are appointed by the county superintendent of schools with approval of county commission. The county committee at the local level would have a hearing on a particular reorganization, approved to state board, state board would have a hearing and approve, then back to individual school districts and each would have an election whether to approve this reorganization plan. Reorganizations become effective on July 1st of the year after approval by the state board or electors. The time before then is the time we are talking about.

Senator Davison: There isn't anything that requires line "a" to be in there, if you just added line "b". The county committee doesn't have to be involved in the process once the electors have decided to merge the districts.

Schneider: correct

Senator Schaible: Not only can this affect capital projects but also service contracts, leasing equipment, long-term contract additions which can be just as important.

Schneider: yes, that would affect all contracts.

Chairman Tim Flakoll: was there any consideration of contracts extending beyond one year?

Schneider: No. The other districts involved in the reorganization plan, perhaps suddenly, decided to spend money in a certain way to make it seem like it may not affect the benefits of that reorganized district. Other districts involved in the reorganization were disappointed because they expected a certain amount of general funding, but now surprised what this district wanted to do.

Chairman Tim Flakoll: So if there were 3 existing districts that wished to merge into one and consolidate but they were going to put the new consolidating school building in district "b's" physical area, what would they do first? Would they all vote to collectively support that, or perhaps send it to a vote with the people in district "b"?

Schneider: that is what would be planned with the individual school boards in the initial process in forming the reorganization plan before going to seek approval for the committee or state board. Statutes give guidance to school districts in determining these factors in the reorganization plan such as discussing and addressing specific location, grade range, and possible reconstruction. (33:10)

--no other testimony for or against bill

Chairman Tim Flakoll: *Let the record reflect* that Jon Martinson representing the North Dakota School Board Association has not taken a formal position on this matter. (34)

Chairman Flakoll: Closed the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

EDUCATION

Missouri River Room, State Capitol

SB 2092

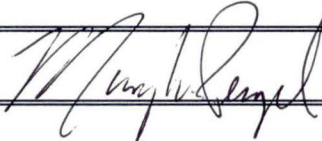
1/7/2015

Job # 21755 (27:00)

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

(COMMITTEE WORK)

Continue discussion regarding SB 2092- Relating to school board authority following approval of a reorganization plan.

Minutes:

1 attachment

Chairman Flakoll called meeting to order at 3pm January 7, 2015

Senator Schaible: (:50) In looking at section "a" line 20 of the bill, the county committee following the hearing, I would agree if we just had the existing board members sign off of an idea that would be enough. Item "b" under number 3 on line 21 would be more than enough.

Chairman Flakoll: the follow up question would be whether those are the known elected officials versus appointed officials which may be a crashout.

Senator Schaible: Every reorganization is delicate. It can be multi counties as well. Former board members are the elected officials and plus would have the best knowledge of the intricacies of the plan and how it was devised. There are compromises and hard feelings with every reorganization and if every board that was involved had to sign off on an idea, that would hold on to the spirit of the reorganization plan as it was developed.

Vice Chairman Rust: (3) there are times when there are multiple counties involved. In some cases, you can have it go to the state board with only one committee approval. It's a dynamic. I am in an agreement with Senator Schaible. It seems that item "b" claims you need approval from each existing board of each school district. If there's a 3 district school reorganization plan, any one of them holds a veto if "b" is included. Why is "a" in there at all? That can mean there is an external group making decisions for other people. We should exclude "a" and insert "b".

Senator Schaible: does the county committee have limited duties? These must be clarified when looking at after the state has approved the reorganization plan.

Senator Davison: I don't understand what adding "b" does because it doesn't solve the problem since there is an "or" there. The county committee would still have to approve. They didn't solve the problem by leaving "a" in there. I agree with Senator Schaible that if something is specific and after the election is held and everything is agreed upon, what would be the

limiting duties they still have? Are they allowing power that it really doesn't have? That should go back to the boards that are merging.

Senator Oban: (8:37) Is it worth revisiting the point you made about entering into a contract for a newspaper subscription. If it limits that to that degree, I wonder if we need to make an exception of some sort, and where would that exception start and stop? I would hate to prohibit a school district from something like that when we're trying to solve a much larger issue by potentially creating a smaller one.

Vice Chairman Rust: (*referring back to the testimony with LeaAnn Schneider*) A dollar amount is a good idea, a firm number. By eliminating "a", "b" would make it strong. You now would have those decisions in the hands of people who are affected by that decision. You have stakeholders opposed to those not affected.

Senator Schaible: (11:35) It's not the dollar amount. The only reason they would do this, considering the two examples we were given, is to prevent shutdowns during the reorganization after it was implemented for the idea that that place (*referring to gym*) would still be open in that community. It was more so altering the reorganization plan that would actually be the duties of the new board once they took into office since it is by contract or action that they change the reorganization plan and committed this new district. Even though this costs a lot of money, it's not the dollar amount that is the issue. If a small school wants to keep a facility or building open, one way to do that is to make it too valuable to close down by remodeling, ordering supplies or having a contract to tie the other school districts. With the examples of the computers and the gym, it wasn't so much the dollar amount but something to keep a portion of a community tied to the whole community longer.

Chairman Flakoll: If we don't specify, they are able to set up their own parameters, whether dollar amounts or other amounts, that they feel comfortable within their own agreement. If they so choose, that can preapprove anything at whatever level.

Vice Chairman Rust: When it comes to reorganizations or annexations, which uses the same county committee, logic has nothing to do with it. It doesn't take long for emotions to run high in those situations. I like the dollar amount for specificity and clarity. It's also good that all boards must sign off otherwise it cannot be done (only having b in there). We do need to check that we're not infringing on some duties that that county committee has that we don't.

Chairman Flakoll: a lingering question concerning our unintended consequences is for example what if the furnace goes out? It dies. They can't buy a new one without noticing and meeting right now.

Vice Chairman Rust: you can get those people together pretty quickly. You can notice and have it the same day. There are provisions in the law for emergency meetings.

**handed out proposed amendments to SB 2092* (see attachment 2b)*

Senator Davison: (18:50) If you have a budget as a school's superintendent, does that mean you can't spend what is in your budget? Does that what the word "obligate" is intended to mean? If you have an approved budget from a school board and you're spending within that budget, are you obligating money to run that school?

Chairman Flakoll: That's probably beyond existing allegations.

Senator Schaible: When you go through a reorganization and you have this time period when you have an existing board within an existing district now and they're doing their business, yet you have this plan that doesn't take effect until July 1st of the next year, that budget won't be made until after probably the first of the year because of the new elected board and they are limited to their duties. Really, you don't have a budget but more of a parameter for where decisions come from. What this addresses is one district changing these parameters within

that plan. There are scenarios when it would be necessary because you have a period of time when there isn't an existing school board for what's going on. It's important that one district doesn't make a unilateral decision to change all districts involved. In this condition, if an emergency arose, like boiler room failures, districts can get together, yet I don't think they can change the plan. That's where the duties of the county committee come in with these drastic situations allow them to revisit the plan. The money issue isn't relevant since all districts are required to sign off on it.

Vice Chairman Rust: (22:30) Line 18- "may not contract or obligate the" insert the words "reorganized district for an amount greater than \$5,000". Would that be worth doing?

Chairman Flakoll: Would that be cumulative- \$5,000 in total or for any one thing?

Vice Chairman Rust: we need a law to avoid all possibilities which is difficult to do. I was thinking a one-time expenditure rather than aggregate. I didn't give much thought to aggregate versus individual.

-Vice Chairman Rust will meet with Anita Thomas to work on amendments

Chairman Flakoll ends committee work hearing

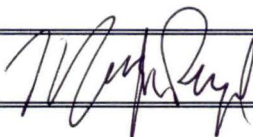
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2092
1/13/2015
Job # 21883(13:47)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION

Minutes:

1 attachment

Chairman Flakoll opens a hearing for SB 2092.

Vice Chairman Rust proposes amendments (see attachment #1.1)

Vice Chairman Rust: I met with Leanne Schneider with the Attorney General Office and Anita Thomas from legislative council. We came up with these amendments.

Senator Oban: Why \$3,000?

Vice Chairman Rust: We looked at many different options beginning with \$1,000 and also looking at \$5,000. \$3,000 is in the middle and appropriate in covering many situations. A dollar amount is a definitive answer. Please note that if it is a multi-organization plan, each has a veto power, so the majority can't gang up on one. Logic has nothing to do with it; you can get into petty things. This allows for any one of those to have veto power.

Senator Oban: Choosing that amount may be heavy handed. If we can write in there "to an amount mutually agreed upon by all parties"...

Vice Chairman Rust: Many times these things go off without a hitch and there's no problem. Other times there are issues and it gets to be personal. I don't think it's heavy handed. It gives protection to other districts involved.

Chairman Flakoll: if there are 3 districts involved, it can be \$3,000 for every district?

Vice Chairman Rust: it would be an expenditure. It's only going to generate from one school district.

Chairman Flakoll: but if it's under \$3,000?

Vice Chairman Rust: Each of those would be separate, yes.

Senator Schaible: There can be multiple \$3,000 requests from every school district continually as the need comes. That's the amount that makes it prudent for all of the boards to do their business I guess that's fine. Vice Chairman Rust is right, if it's normal operation like maintenance and repairs until the new district becomes effective, it's not going to be an issue. \$3,000 is the threshold they are setting here so that if somebody is trying to connive or lock the school district in, all boards would have to cover and sign off. It's fine the way it is with the amount at \$3,000.

Chairman Flakoll: anything over \$3,000 will be the cap? If they order \$3,000 worth of computers in January and then again in February, they would have to go to a vote, correct?

Vice Chairman Rust: people are ingenious. You can't write into the law everything that could possibly happen.

Chairman Flakoll: what's the legislative intent?

Vice Chairman Rust: It's a message to boards that once a plan has been approved, there should be decisions not to play games with a reorganization plan. With a dollar amount, you won't be debating where the line is.

Senator Marcellais: in "a" and "b" paragraphs it mentions "oral" contracts. Doesn't it have to be written in school boards?

Vice Chairman Rust: the line came from Anita Thomas. There are things that must be done, and that's okay, but you don't want others to be done but done in the next 5 years. By that you're obligating the new board. Once you get anything that goes beyond the effective date of the reorganization, those individual boards should not be able to do something beyond that date. The intent is doing the things that need to be done within that time frame, but not to obligate the new board with expenditures of some kind.

Senator Davison: The discussion about updating a building and purchasing multiple technologies would certainly be over the \$3,000 threshold, so this solves the problem.

Vice Chairman Rust moves the adoption of 15.8005.01001

Senator Davison seconds the motion

A vote was taken: **6-yes; 0-no; 0-absent**

The motion carries.

Vice Chairman Rust moves a Do Pass on SB 2092 As Amended

Senator Schaible seconds the motion

A vote was taken: **6-yes; 0-no; 0-absent**

The motion carries and **Vice Chairman Rust** will carry the bill.

January 12, 2015

TD
1/13/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2092

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 15.1-12-14 of the North Dakota Century Code, relating to school board authority following approval of a reorganization plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~
3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
 - a. Enters into any new contract, whether oral or written, which financially obligates the district;
 - b. Renews any existing contract, whether oral or written, which financially obligates the district; or
 - c. Purchases any goods or services, whether in a single or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars."

Renumber accordingly

**2015 SENATE EDUCATION COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2092**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.8005.01001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Rust Seconded By Senator Davison

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais	X	
Vice Chairman Rust	X		Senator Oban	X	
Senator Davison	X				
Senator Schaible	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2092**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.8005.01001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Vice Chairman Rust Seconded By Senator Schaible

Senators	Yes	No	Senators	Yes	No
Chairman Senator Flakoll	x		Senator Marcellais	x	
Vice Chairman Senator Rust	x		Senator Oban	x	
Senator Davison	x				
Senator Schaible	x				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Vice Chairman Rust

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

REPORT OF STANDING COMMITTEE

SB 2092: Education Committee (Sen. Flakoll, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2092 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 section 15.1-12-14 of the North Dakota Century Code, relating to school board authority following approval of a reorganization plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~
3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
 - a. Enters into any new contract, whether oral or written, which financially obligates the district;
 - b. Renews any existing contract, whether oral or written, which financially obligates the district; or
 - c. Purchases any goods or services, whether in a single or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars."

Renumber accordingly

2015 HOUSE EDUCATION

SB 2092

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2092
2/23/2015
24239

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to school board authority following approval of a reorganization plan.

Attachment # 1-3.

Minutes:

Chairman Nathe: opened the hearing on SB 2092.

Bob Marthaller: Assistant Superintendent of Department of Public Instruction, in support of SB 2092. (1:00-6:) (See Attachment #1). There have been only 3 successful reorganizations since 2008. We want to be sure at the local level where they are entering into contracts or disposing of other assets that all the districts that are part of the newly formed district would all agree.

Rep B. Koppelman: In the bill it says contracts or purchases over \$3,000 needs written consent from the other districts. Is it common when the districts consolidate that the effective date could be more than a year later?

Bob Marthaller: It could be up to a year, but usually not longer than a year.

Rep B. Koppelman: If that is the case what if they needed to purchase something that is more than \$3,000 that is consumable item or a service. Will they be restricted from finishing their business for a year because the other districts say no?

Bob Marthaller: It could be an issue but it is certainly not the intent to restrict or prevent them from carrying out there business. Under the bill they would need to get written consent. It could be a fuel or coal contract.

Rep B. Koppelman: It is more correct to say you don't want to contract on something that costs the district beyond the life of the district. Is that more the case if it exceeds past the life of the district?

Bob Marthaller: Yes I believe so.

Chairman Nathe: When was the last time we had a reorganization?

Bob Marthaller: I think the last one was New Salem and Almont within the last three years.

Vice Chairman Schatz: I was wondering about multi-counties, like Slope county which is an independent district wanting to go to Bowman, New England, Golva, Medora, Scranton, they would divide it up into those areas. It talks about the superintendent of the county, how would you organize that election?

Bob Marthaller: Usually if there is a reorganization, dissolution or annexation then there has to be a county committee or a representation in each of the counties where the school districts might lie in. To reorganize school districts have to be contiguous to another school district. So that limits in some way how they can reorganize. Annexation is the same way, the districts have to touch each other. Dissolution is a little different and in those cases the value of the land generally goes to those districts where the students go to support those kids.

Rep Hunskor: It seems if you had two school districts or three doing a reorganization and this bill passes and they know the \$3,000 cap is in effect, there would be some discussion even before the reorganization is approved saying that if we get into this so far there should be at least a gentlemen's agreement on paying between them.

Bob Marthaller: Absolutely, as the reorganization plans are being structured that should be part of that conversation.

Rep Kelsh: Is this bill a result of problems that have occurred or are you just trying to prevent problems in the future?

Bob Marthaller: It has happened infrequently, in the last 7 years we have two situations that have developed. We just want all the school districts in the reorganization on the same page.

Rep D. Johnson: (16:30) In support of SB 2092. I have a proposed amendment to SB 2092. (See attachment #2). This amendment may address some of the concerns we have had so far about purchases over \$3,000 and the budget when there are consolidations. I wanted to introduce this first so when the next gentleman gets up to speak he can address any questions about this.

Frank Schill, Superintendent of Edmore Public Schools: In support of SB 2092. (17:30-21:23) (See Attachment # 3).

Chairman Nathe: Any other support of SB 2092? Any opposition to SB 2092? Seeing none. Closed the hearing on SB 2092.

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2092
3/10/2015
24572

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Donna Whetnam

Explanation or reason for introduction of bill/resolution:

Relating to school board authority following approval of a reorganization plan.

Attachment 1-2.

Minutes:

Chairman Nathe: reopened the hearing on SB 2092.

Rep D. Johnson: District 15 , introduced amendment to SB 2092 and handed out of what the bill would look like if the amendments would be adopted. Explained the amendments. Aimee Copas and Bob Marthaller had no problems with the amendments and this just adds more clarification. (See Attachment # 1&2).

Rep Rohr: I wondered about a statement that a gentleman from Edmore made in his testimony when he said "the present law does not address the process to follow in the event of disagreement between the two districts once the reorganization plan is approved and during the last year of operation of both districts. Your amendment doesn't do anything with that?

Rep D. Johnson: No, The green part on page 1 is his language too and he said he would really appreciate if we could at least get that into this bill. (See attachment #2)

Rep Looyen: Moved Do Pass on the amendment to SB 2092 15.8005.02001.

Rep Schreiber Beck: seconded.

Chairman Nathe: Any other discussion on the amendment? Seeing none, we will do a voice vote.

Voice Vote taken. All Ayes. Motion passes.

Rep Looyen: Moved Do Pass on SB 2092.

House Education Committee

SB 2092

3/10/2015

Page 2

Rep Schreiber Beck: seconded.

A Roll Call Vote was taken. Yes: 13 No: 0 Absent: 0. Motion carried.

Rep D. Johnson: will carry the bill.

8/2
3/10/15
1/2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2092

Page 1, line 1, after "reenact" insert "subsection 1 of section 15.1-12-10 and"

Page 1, line 2, after "to" insert "the content of a school district reorganization plan and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
 - a. Include a map showing the boundaries of each participating district and of the proposed new district;
 - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
 - c. Include projected student enrollments for the ensuing ten years;
 - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
 - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
 - f. Address planned course offerings by the new district;
 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
 - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
 - i. Address plans regarding student transportation;
 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
 - k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
 - l. Include the amount of all bonded and other indebtedness incurred by each participating district;

- 2/2
- m. Include the current budget for each participating school district together with:
- (1) The district's estimated ending fund balance; and
 - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- n.o. Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- o.p. Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- p.q. Include the number of the new district, as assigned by the superintendent of public instruction; and
- q.r. Include any other information that the participating school districts wish to have considered by the county committee or the state board."

Page 2, line 3, after "single" insert "transaction"

Renumber accordingly

Date: 3-10-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2092

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 15.8005.02001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Looyzen Seconded By Rep. Schreiber Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe			Rep. Hunskor		
Vice Chairman Schatz			Rep. Kelsh		
Rep. Dennis Johnson			Rep. Mock		
Rep. B. Koppelman					
Rep. Looyzen					
Rep. Meier					
Rep. Olson					
Rep. Rohr					
Rep. Schreiber Beck					
Rep. Zubke					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

15.805.02001

Motion Carried

Date: 3-10-15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2092

House Education Committee

☐ Subcommittee

Amendment LC# or Description: 15 - 8005.02001

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Looyzen Seconded By Rep. Schreiber Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe	✓		Rep. Hunskor	✓	
Vice Chairman Schatz	✓		Rep. Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Mock	✓	
Rep. B. Koppelman	✓				
Rep. Looyzen	✓				
Rep. Meier	✓				
Rep. Olson	✓				
Rep. Rohr	✓				
Rep. Schreiber Beck	✓				
Rep. Zubke	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep. D. Johnson

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

REPORT OF STANDING COMMITTEE

SB 2092, as engrossed: Education Committee (Rep. Nathe, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2092 was placed on the Sixth order on the calendar.

Page 1, line 1, after "reenact" insert "subsection 1 of section 15.1-12-10 and"

Page 1, line 2, after "to" insert "the content of a school district reorganization plan and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
 - a. Include a map showing the boundaries of each participating district and of the proposed new district;
 - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
 - c. Include projected student enrollments for the ensuing ten years;
 - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
 - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
 - f. Address planned course offerings by the new district;
 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
 - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
 - i. Address plans regarding student transportation;
 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
 - k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
 - l. Include the amount of all bonded and other indebtedness incurred by each participating district;
 - m. Include the current budget for each participating school district together with:
 - (1) The district's estimated ending fund balance; and

(2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars;

- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- ~~n.o.~~ Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- ~~e.p.~~ Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- ~~p.q.~~ Include the number of the new district, as assigned by the superintendent of public instruction; and
- ~~q.r.~~ Include any other information that the participating school districts wish to have considered by the county committee or the state board."

Page 2, line 3, after "single" insert "transaction"

Renumber accordingly

2015 CONFERENCE COMMITTEE

SB 2092

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee

Missouri River Room, State Capitol

SB 2092

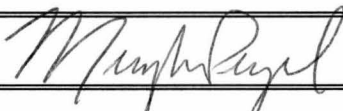
4/2/2015

Job # 25731 (21:21)

☐ Subcommittee

☒ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Initial conference committee

Minutes:

No Attachments

Chairman Senator Rust called the committee to order at 8:00am with all Conference Committee members present: Senator Davison, Senator Marcellais, Representative D. Johnson, Representative Looyen and Representative Hunskor. Anita Thomas with Legislative Council and Bob Marthaller with the Department of Public Instruction are also present.

Chairman Senator Rust: What changes did you make and why?

Representative D. Johnson: This is a good bill. After going through it and visiting with the superintendent who experienced the situation firsthand, it is his amendments to more specifically spell out the concerns he had. We are just reinforcing how he wants his bill read that's why we added in lines 8 on page 2.

Chairman Senator Rust: The amendment calls to include the current budget of each participating school district. I did not see that in the listing from A-R. I see a proposed budget, but I don't see having the current budget.

Secondly is the district's estimated fund balances. I don't think the budget as it is prepared and filed includes an ending fund balance.

Lastly is the list of all anticipated expenditures for goods and services if the total exceeds \$3,000. Would they have to list teachers' contracts, heat, lights, coal, fuel for busses, etc.? All of those would either through single or multiple transactions exceed \$3,000. Is that listing of items too excessive?

Representative D. Johnson: As far as teachers' salaries, I don't know if it would be considered goods and services. I envision that if they have an ending fund balance that they want to spend down, they would buy something that the other school might not deem necessary if they will be closing anyway.

Chairman Senator Rust: On page 3 section 2 and item 3, isn't that already in there because it says "Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district... must obtain written consent from the board of every other school district before it..." and line "c" says "purchases any goods or services, whether in a single or multiple transaction...". Isn't that already in there?

Thomas: Section 1 would pertain to the reorganization plan as it is being proposed. Section 2 then pertains to when the reorganization plan has already been approved.

Chairman Senator Rust: Section one contains the things that the reorganization plan must include, so that would be before the vote?

Thomas: Correct.

Chairman Senator Rust: Section two is after the vote?

Thomas: Correct.

Chairman Senator Rust: How long does a reorganization plan take from stage one to the vote?

Marthaller: That can take up to a year and maybe more depending upon when the vote occurs.

Chairman Senator Rust: When you start this process, it gets to be an extended period of time. I assume you are into more than one fiscal year beginning with the planning and drafting.

Marthaller: If the reorganization plan is being approached in an appropriate way, there should be several community meetings and plan development. It could go beyond a year easily.

Chairman Senator Rust: What do you see in that budget with regard to the list of anticipated goods and services that exceed \$3,000? Do you believe that would be a bit laborious for them to do?

Marthaller: If you were to list all of those items, it would be a long list. Simply the budget as proposed could take the place of any kind of list. Whatever budget that is there is proposed and/or passed perhaps. That would satisfy the requirement.

Chairman Senator Rust: What about the estimated ending fund balances?

Marthaller: I don't believe that is actually named in a budget. You would have to find that out from school balance sheet or some other way.

Chairman Senator Rust: When I was the administrator, the Tioga school district got into a habit of whatever I thought the ending fund balance was going to be, they would add \$200,000 because they knew I was always conservative on revenues and high on expenditures.

Marthaller: That is perhaps pretty typical.

Chairman Senator Rust: Depending on when you start this process, maybe estimating ending fund balance is a random number to some extent?

Marthaller: Should this amendment stand, maybe a specific date of the ending fund balance, such as the previous budget number or whatever that number was in the last

fiscal period, could be obtained from finance facts or other district records that doesn't give you a proposed ending fund balance.

Thomas: You have several provisions in section one that would likely be updated very close to the final approval of the reorganization plan. Even though the discussions may span a year or more, when you get down to thing like including the taxable valuation, all of those would be fairly close to the final product that you have. Your taxable valuation a year and a half before the reorganization isn't going to do anybody any good. As far as the goods and services, we did not go into the details on the amendments. It seems to me that even if you had a line item it would be fill in the blank. It's not that you would be listing each teacher's salary or that level of detail. That was never anticipated.

Chairman Senator Rust: Wouldn't the current budget pretty much do that? It's a detailed budget.

Thomas: In general some budgets are very basic. They would not give the level of detail. They may include for instance expenditures for facilities or operational expenditures but not necessarily list some of the details that some of the locals may be question in terms of whether it is a good expenditure for a school district that is about to morph into a different corporate structure.

Representative D. Johnson: Keep in mind that it is "estimated". Your method of estimating a budget would probably be acceptable. If you were to be closing a building, you would want to see anything that would cost over \$3,000.

(13:20) **Chairman Senator Rust:** Don't you think if you include the current budget that would take care of it? Is it necessary to have item 2 in there?

Representative D. Johnson: It is put it in both places. Speaking on behalf of a gentleman who went through this process, the frustration he had with the monies was why he felt strong on getting these amendments in place.

Chairman Senator Rust: I provided that testimony to the committee members.

Representative Hunsakor: If the amended portions stay in the bill, do they help avoid situations like what happened in Edmore or is this something that is taken care of in law already?

Thomas: This bill would allow a greater level of transparency with respect to monies that are available to a school district that is about to close and a reorganized district. That was the intent of the bill from the beginning. Those who are voting on it can decide whether that is appropriate or whether changes need to be directed within their own reorganization plan.

Chairman Senator Rust: Is it overly burdensome to the people going through this process?

Representative Hunsakor: If there is some more work involved, if it can avoid what they have gone through, that is important. We are trying to set things up to avoid things like what happened in Edmore.

Chairman Senator Rust: We have transparency versus overly burdensome. I know that a number of these go through smoothly while others do not. Several have gotten close to reorganization and at the last moment, something happens and it doesn't come to fruition.

Senator Davison: When I read the bill, I didn't understand that one was before and one was after. It changes the discussion. I want a brief discussion on the county committee and some of those transactions after the fact. Was that amended in the House?

Chairman Senator Rust: We expanded to item number 3. That was current language in the bill that is struck out. Item 3 was inserted to give more clarity. (Let the record reflect that Mr. Marthaller agrees) Do we need more time?

Representative D. Johnson: This is a good bill, and we just put the amendments in there to further clarify the thoughts.

Chairman Senator Rust: We will discuss this and probably be able to square it away the next meeting.

Chairman Senator Rust adjourns the conference committee regarding SB 2092.

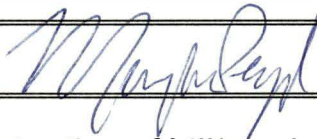
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2092
4/6/2015
Job # 25833 (9:30)

☐ Subcommittee
☒ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Conference Committee Work

Minutes:

1 Attachment

Chairman Rust called the committee to order at 3:00pm with all subcommittee members present: Senator Davison, Senator Marcellais, Representative D. Johnson, Representative Looyen and Representative Hunsaker. Anita Thomas with Legislative Council was also present.

(see attachment #1)

Chairman Rust: I have an amendment for your consideration. The reason for the added language with letter "m" is that if you needed to provide that list, it would be voluminous in addition. Those salaries, benefits and other compensation are broken down by category in your current budget. The same thing is true for non-certified people such as custodian and bus driver salaries; those are all within the confines of the budget. It is questionable as to whether that would even have to be done. That could be a rather long list of people that you would have to print out which is already in the budget.

Senator Davison makes a motion to adopt the 15.8005.02002 amendment.

Senator Marcellais seconds the motion.

Representative D. Johnson: That is the only change?

Chairman Rust: Correct. Notice that we left intact everything that you put in there. The same thing is true on page 2. We added the same part as well.

Representative D. Johnson: I understand the salary part. If the school knew they were dissolving, would there be in consideration to give large benefits to spend down the ending fund balance to the teachers they've had for several years or is that set in policy to avoid that?

Chairman Rust: Page 2 item "r" says "include any other information that the participating school districts wish to have considered by the county committee or the state board". I suppose you could do it there. That is a catch all. If there is "a-q" and someone thinks there

is something there that they haven't thought of and would like to include it, you could have "r" which can include anything else.

Thomas: Normally all of the salaries are covered under contract. It would be an unusual situation for a school board to extend itself well beyond the provisions of the contract. That would make the local press.

Chairman Rust: I agree although stranger things have happened.

A voice vote was taken for the adoption of the amendment: the motion carries.

Representative D. Johnson makes a motion for the House to recede from House amendments and amend.

Representative Looysen seconds the motion.

A vote was taken: 6 yays, 0 nays, 0 absent; the motion carries 6-0.

April 6, 2015

1 of 3
TV
4/6/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2092

That the House recede from its amendments as printed on pages 798 and 799 of the Senate Journal and pages 951 and 952 of the House Journal and that Engrossed Senate Bill No. 2092 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 1 of section 15.1-12-10 and section 15.1-12-14 of the North Dakota Century Code, relating to the content of a school district reorganization plan and school board authority following approval of a reorganization plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
 - a. Include a map showing the boundaries of each participating district and of the proposed new district;
 - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
 - c. Include projected student enrollments for the ensuing ten years;
 - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
 - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
 - f. Address planned course offerings by the new district;
 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
 - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
 - i. Address plans regarding student transportation;
 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;

- k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
- l. Include the amount of all bonded and other indebtedness incurred by each participating district;
- m. Include the current budget for each participating school district together with:
 - (1) The district's estimated ending fund balance; and
 - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this paragraph do not extend to salaries, benefits, or other compensation paid or payable to school district personnel;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- n.o. Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- o.p. Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- p.q. Include the number of the new district, as assigned by the superintendent of public instruction; and
- q.r. Include any other information that the participating school districts wish to have considered by the county committee or the state board.

SECTION 2. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

- 1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
- 2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~

3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
- a. Enters into any new contract, whether oral or written, which financially obligates the district;
 - b. Renews any existing contract, whether oral or written, which financially obligates the district; or
 - c. Purchases any goods or services, whether in a single or in multiple transaction, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this subdivision do not extend to salaries, benefits, or other compensation paid or payable to school district personnel."

Renumber accordingly

**2015 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

SB 2092 as engrossed

Senate Education Committee

- Action Taken** ☐ **SENATE accede to House Amendments**
☐ **SENATE accede to House Amendments and further amend**
☐ **HOUSE recede from House amendments**
☒ **HOUSE recede from House amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative D. Johnson Seconded by: Representative Looyen

Senators	Y/2	Y/6		Yes	No		Representatives	Y/2	Y/6		Yes	No
Chairman Rust	X	X		X			Representative D. Johnson	X	X		X	
Senator Davison	X	X		X			Representative Looyen	X	X		X	
Senator Marcellais	X	X		X			Representative Hunsford	X	X		X	
Total Senate Vote				3			Total Rep. Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Rust House Carrier Representative D. Johnson

LC Number 15.8005.02002 . 04000 of amendment

LC Number . of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2092, as engrossed: Your conference committee (Sens. Rust, Davison, Marcellais and Reps. D. Johnson, Looysen, Hunskor) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 798-799, adopt amendments as follows, and place SB 2092 on the Seventh order:

That the House recede from its amendments as printed on pages 798 and 799 of the Senate Journal and pages 951 and 952 of the House Journal and that Engrossed Senate Bill No. 2092 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 1 of section 15.1-12-10 and section 15.1-12-14 of the North Dakota Century Code, relating to the content of a school district reorganization plan and school board authority following approval of a reorganization plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
 - a. Include a map showing the boundaries of each participating district and of the proposed new district;
 - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
 - c. Include projected student enrollments for the ensuing ten years;
 - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
 - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
 - f. Address planned course offerings by the new district;
 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
 - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
 - i. Address plans regarding student transportation;
 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
 - k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
 - l. Include the amount of all bonded and other indebtedness incurred by each participating district;

- m. Include the current budget for each participating school district together with:
 - (1) The district's estimated ending fund balance; and
 - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this paragraph do not extend to salaries, benefits, or other compensation paid or payable to school district personnel;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- ~~n-o.~~ Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- ~~o-p.~~ Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- ~~p-q.~~ Include the number of the new district, as assigned by the superintendent of public instruction; and
- ~~q-r.~~ Include any other information that the participating school districts wish to have considered by the county committee or the state board.

SECTION 2. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

- 1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
- 2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~
- 3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
 - a. Enters into any new contract, whether oral or written, which financially obligates the district;

- b. Renews any existing contract, whether oral or written, which financially obligates the district; or
- c. Purchases any goods or services, whether in a single or in multiple transaction, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this subdivision do not extend to salaries, benefits, or other compensation paid or payable to school district personnel."

Renumber accordingly

Engrossed SB 2092 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2092

1
1/7/2015

**TESTIMONY ON SB 2092
SENATE EDUCATION COMMITTEE
January 7, 2015**

**By: Bob Marthaller, Assistant Superintendent
701-328-2267
Department of Public Instruction**

Chairman Flakoll and Members of the Committee:

My name is Bob Marthaller and I am an assistant superintendent with the Department of Public Instruction. I am here to speak in support of and provide information regarding SB 2092.

This bill is intended to amend Section 15.1-12-14 in order to clarify that after the successful vote to reorganize two or more school districts and before the effective date of the reorganization, public school boards may not obligate or enter into contracts without either the approval of the county committee after a hearing or approval from each of the existing boards of each school district that is part of the reorganization plan.

Chairman Flakoll and Members of the Committee that concludes my prepared testimony and I will stand for any questions that you may have.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2092

2

1/7/15

Page 1, line 18, after "not" insert "enter into any"

by Bob Marthaller

Page 1, line 19, after "district" insert "in any way"

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2092

Page 1, remove line 20

Renumber accordingly

#26

1/7/2015

3pm hearing

January 12, 2015

#1
1/13/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2092

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 15.1-12-14 of the North Dakota Century Code, relating to school board authority following approval of a reorganization plan.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

15.1-12-14. School district reorganization - School boards - Assumption of duties - Approval of expenditures - Contracts.

1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
2. Members of newly formed school boards representing reorganized districts may not enter upon the duties of office until the time specified in section 15.1-12-18, except as provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a reorganization, the board of an existing district may not contract or obligate the district, except with the approval of the county committee or unless authorized by law.~~
3. Unless otherwise directed by law or by the reorganization plan, between the date on which the reorganization is approved and the date on which the reorganization becomes effective, the board of a school district participating in the reorganization must obtain written consent from the board of every other school district participating in the reorganization before it:
 - a. Enters into any new contract, whether oral or written, which financially obligates the district;
 - b. Renews any existing contract, whether oral or written, which financially obligates the district; or
 - c. Purchases any goods or services, whether in a single or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars."

Renumber accordingly

1
SB 2092
2/23/15

TESTIMONY ON SB 2092
HOUSE EDUCATION COMMITTEE
February 23, 2015
By: Bob Marthaller, Assistant Superintendent
701-328-2267
Department of Public Instruction

Chairman Nathe and Members of the Committee:

My name is Bob Marthaller and I am an assistant superintendent with the Department of Public Instruction. I am here to speak in support of and provide information regarding SB 2092.

This bill is intended to amend Section 15.1-12-14 in order to clarify that after the successful vote to reorganize two or more school districts and before the effective date of the reorganization, public school boards may not obligate or enter into contracts without obtaining the written consent from each of the existing boards of each school district that is part of the newly developed reorganization plan.

Beginning with line 18 on page one, the bill provides that during the time from the date on which the reorganization is approved and the effective date of the reorganization plan, participating school boards may not enter into any new contracts, renew any existing contracts or purchase any goods or services if the value exceeds \$3,000.00 without the written consent of the other participating boards. This includes any contract that financially obligates the reorganized district.

Chairman Nathe and Members of the Committee that concludes my prepared testimony and remarks I will stand for any questions that you may have.

2
SB 2092
2/23/15

15.1-12-10

M or N

Each district shall submit a proposed budget for the last year of operation. Included in the budget is the planned disposition of property, assets, debts, and liabilities that must include anticipated ending fund balances and a detailed list of anticipated expenditures including equipment and services purchased over \$3,000.

Testimony
Senate Bill 2092
Reorganization Plan
By Frank Schill
Superintendent of Edmore Public School

3
SB 2092
2/23/15

Members of the House Education Committee:

I am Frank Schill, Superintendent of Edmore Public School. I am here to testify in favor of SB 2092 as amended by Representative Johnson. It is my opinion that as amended, HB2092 would reduce potential conflict among school districts involved in a reorganization process.

When I assumed the superintendent duties in Edmore in 2012, the district was in a coop arrangement with the Adams school district. I served as the superintendent of both districts. Adams was involved in a reorganization with the Park River school district and Edmore was beginning the process of transitioning to a K-12 district.

Until 2012 my only experience with the reorganization/dissolution process was the annexing of private land. This process was not well received by the district losing district property and ultimately was denied by the county reorganization committee. The petition came back again in the form of a "land swap" and was finally approved at the county and state level.

In July of 2012, the Adams school board instructed me to look at the reorganization plan in detail as they wanted to spend general fund monies to benefit students of the Adams district. Although the plan met the requirements ND Century Code 15.1-12-10 and was approved by both districts there was disagreement between the two districts regarding the ending fund balance and how that money could be spent before the June 30, 2013 deadline when both districts would reorganize into the "Park River Area" school district. To make a long story short the process was contentious and involved attorneys, the States Attorney, Bureau of Criminal Investigation, and the Attorney General's Office. The discrepancy of ending fund balance was never clarified and in the end personal & professional relationships were strained and the Adams community was left divided.

I believe the proposed amendment "front loads" the reorganization process in more detail, requiring each district to list their proposed budget for the last year of operation and anticipated ending fund balances, anticipated expenditures including equipment and services over \$3,000.

Although this amendment potentially improves the present law it does not address the process to follow in the event of disagreement between the districts once the reorganization plan is approved and during the last year of operation of both districts.

My previous experience has led me to believe that the county reorganization board is too close to the process and would be placed in a difficult position when forced to interpret the details of the reorganization plan. I believe the county States Attorney is also too close to the process. I believe the state reorganization committee may be far enough removed to give an objective interpretation. However, I believe the Attorney General would be the most appropriate office to interpret the discrepancy in the plan.

In closing, I believe most reorganizations are not as contentious as Adams and Park River. By amending SB 2092 and further front loading the details of a reorganization plan there will be a reduction in potential disagreements of how an individual school district should conduct business during its last year of operation.

Thank you for the opportunity to submit testimony regarding SB 2092. If I can respond to any questions, or if I can provide any additional information that may be useful to you, I would be happy to do so.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2092

Page 1, line 1, after "reenact" insert "subsection 1 of section 15.1-12-10 and"

Page 1, line 2, after "to" insert "the content of a school district reorganization plan and"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Subsection 1 of section 15.1-12-10 of the North Dakota Century Code is amended and reenacted as follows:

1. The reorganization plan required by section 15.1-12-09 must:
 - a. Include a map showing the boundaries of each participating district and of the proposed new district;
 - b. Include the number of students enrolled in each participating district during the current school year and during the ten preceding school years;
 - c. Include projected student enrollments for the ensuing ten years;
 - d. Include the location and condition of all school buildings and facilities in each participating district and intended uses for the buildings and facilities;
 - e. Address planned construction, modification, or improvement of school buildings and facilities located within the boundaries of the new district;
 - f. Address planned course offerings by the new district;
 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
 - h. Include the planned number of members who will constitute the board of the new district and the manner in which the members are to be elected;
 - i. Address plans regarding student transportation;
 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;
 - k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
 - l. Include the amount of all bonded and other indebtedness incurred by each participating district;

- m. Include the current budget for each participating school district together with:
 - (1) The district's estimated ending fund balance; and
 - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
- n-o. Include a proposed budget for the new district and a proposed general fund levy and any other levies, provided that tax levies submitted to and approved by the state board as part of a reorganization plan are not subject to mill levy limitations otherwise provided by law;
- o-p. Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- p-q. Include the number of the new district, as assigned by the superintendent of public instruction; and
- q-r. Include any other information that the participating school districts wish to have considered by the county committee or the state board."

Page 2, line 3, after "single" insert "transaction"

Renumber accordingly

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2092

2
SB 2092
3/10/15

Introduced by

Education Committee

(At the request of the Superintendent of Public Instruction)

1 A BILL for an Act to amend and reenact subsection 1 of section 15.1-12-10 and section
2 15.1-12-14 of the North Dakota Century Code, relating to the content of a school district
3 reorganization plan and school board authority following approval of a reorganization plan.

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

5 **SECTION 1. AMENDMENT.** Subsection 1 of section 15.1-12-10 of the North Dakota
6 Century Code is amended and reenacted as follows:

- 7 1. The reorganization plan required by section 15.1-12-09 must:
- 8 a. Include a map showing the boundaries of each participating district and of the
9 proposed new district;
 - 10 b. Include the number of students enrolled in each participating district during the
11 current school year and during the ten preceding school years;
 - 12 c. Include projected student enrollments for the ensuing ten years;
 - 13 d. Include the location and condition of all school buildings and facilities in each
14 participating district and intended uses for the buildings and facilities;
 - 15 e. Address planned construction, modification, or improvement of school buildings
16 and facilities located within the boundaries of the new district;
 - 17 f. Address planned course offerings by the new district;
 - 18 g. Include the planned administrative structure of the new district and the number of
19 full-time equivalent personnel to be employed by the new district;
 - 20 h. Include the planned number of members who will constitute the board of the new
21 district and the manner in which the members are to be elected;
 - 22 i. Address plans regarding student transportation;

- 1 j. Identify other governmental entities, including multidistrict special education units
2 and area career and technology centers, which may provide services to the new
3 district;
- 4 k. Include the taxable valuation and per student valuation of each participating
5 district and the taxable valuation and per student valuation of the new district;
- 6 l. Include the amount of all bonded and other indebtedness incurred by each
7 participating district;
- 8 m. Include the current budget for each participating school district together with:
9 (1) The district's estimated ending fund balance; and
10 (2) A list of the district's anticipated expenditures for goods and services,
11 whether in a single transaction or in multiple transactions, if the total value
12 of the goods or services exceeds three thousand dollars;
- 13 n. Address the planned disposition of all property, assets, debts, and liabilities of
14 each participating district, taking into consideration section 15.1-12-18;
- 15 ~~n-o.~~ Include a proposed budget for the new district and a proposed general fund levy
16 and any other levies, provided that tax levies submitted to and approved by the
17 state board as part of a reorganization plan are not subject to mill levy limitations
18 otherwise provided by law;
- 19 ~~e-p.~~ Include the official name of the new district, which must include the phrase
20 "school district" or "public school district" and which may include no more than
21 two additional words;
- 22 ~~p-q.~~ Include the number of the new district, as assigned by the superintendent of
23 public instruction; and
- 24 ~~q-r.~~ Include any other information that the participating school districts wish to have
25 considered by the county committee or the state board.

26 **SECTION 2. AMENDMENT.** Section 15.1-12-14 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15.1-12-14. School district reorganization - School boards - Assumption of duties -**
29 **Approval of expenditures - Contracts.**

- 30 1. Upon approval of a reorganization plan by the electors, in accordance with section
31 15.1-12-11, a school board for the reorganized district must be elected at the next

1 regular school district election or at a special election called by the county
2 superintendent of schools for that purpose. The first school board election in a newly
3 reorganized district is governed by chapter 15.1-09.

4 2. Members of newly formed school boards representing reorganized districts may not
5 enter upon the duties of office until the time specified in section 15.1-12-18, except as
6 provided in sections 15.1-12-15 and 15.1-12-16. ~~Before the completion of a~~
7 ~~reorganization, the board of an existing district may not contract or obligate the district,~~
8 ~~except with the approval of the county committee or unless authorized by law.~~

9 3. Unless otherwise directed by law or by the reorganization plan, between the date on
10 which the reorganization is approved and the date on which the reorganization
11 becomes effective, the board of a school district participating in the reorganization
12 must obtain written consent from the board of every other school district participating
13 in the reorganization before it:

- 14 a. Enters into any new contract, whether oral or written, which financially obligates
15 the district;
16 b. Renews any existing contract, whether oral or written, which financially obligates
17 the district; or
18 c. Purchases any goods or services, whether in a single transaction or in multiple
19 transactions, if the total value of the goods or services exceeds three thousand
20 dollars.

April 6, 2015

#1
4/6/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2092

That the House recede from its amendments as printed on pages 798 and 799 of the Senate Journal and pages 951 and 952 of the House Journal and that Engrossed Senate Bill No. 2092 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact subsection 1 of section 15.1-12-10 and section 15.1-12-14 of the North Dakota Century Code, relating to the content of a school district reorganization plan and school board authority following approval of a reorganization plan.

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 - g. Include the planned administrative structure of the new district and the number of full-time equivalent personnel to be employed by the new district;
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 - j. Identify other governmental entities, including multidistrict special education units and area career and technology centers, which may provide services to the new district;

- k. Include the taxable valuation and per student valuation of each participating district and the taxable valuation and per student valuation of the new district;
- l. Include the amount of all bonded and other indebtedness incurred by each participating district;
- m. Include the current budget for each participating school district together with:
 - (1) The district's estimated ending fund balance; and
 - (2) A list of the district's anticipated expenditures for goods and services, whether in a single transaction or in multiple transactions, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this paragraph do not extend to salaries, benefits, or other compensation paid or payable to school district personnel;
- n. Address the planned disposition of all property, assets, debts, and liabilities of each participating district, taking into consideration section 15.1-12-18;
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- ~~o.p.~~ Include the official name of the new district, which must include the phrase "school district" or "public school district" and which may include no more than two additional words;
- ~~p.q.~~ Include the number of the new district, as assigned by the superintendent of public instruction; and
- ~~q.r.~~ Include any other information that the participating school districts wish to have considered by the county committee or the state board.

SECTION 2. AMENDMENT. Section 15.1-12-14 of the North Dakota Century Code is amended and reenacted as follows:

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- 1. Upon approval of a reorganization plan by the electors, in accordance with section 15.1-12-11, a school board for the reorganized district must be elected at the next regular school district election or at a special election called by the county superintendent of schools for that purpose. The first school board election in a newly reorganized district is governed by chapter 15.1-09.
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- a. Enters into any new contract, whether oral or written, which financially obligates the district;
 - b. Renews any existing contract, whether oral or written, which financially obligates the district; or
 - c. Purchases any goods or services, whether in a single or in multiple transaction, if the total value of the goods or services exceeds three thousand dollars, provided the requirements of this subdivision do not extend to salaries, benefits, or other compensation paid or payable to school district personnel."

Renumber accordingly