

2009 HOUSE EDUCATION

HB 1494

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1494

House Education Committee

☐ Check here for Conference Committee

Hearing Date: January 27, 2009

Recorder Job Number: 7922

Committee Clerk Signature



Minutes:

Chairman Kelsch pointed out that the testimony should be for HB 1494 not 1498.

Rep. Alon Wieland, District 13, West Fargo, introduced the bill. (See Attachment 1.)

Rep. Lyle Hanson: What other schools have major increases besides West Fargo?

Rep. Wieland: I am going to defer that question to school officials that are here. I know there are some but I don't believe that there are any anywhere near the numbers that West Fargo School District has increased.

Vice Chair Lisa Meier: Do you know if West Fargo is still accepting open enrollment into their district?

Rep. Wieland: I do believe that they do accept.

Rep. Kim Koppelman, District 13, West Fargo, joins his colleague, Rep. Wieland, in this effort. It is a little bit awkward asking for more money for a growing school district when we know there so many districts in our state that are suffering from the opposite problem. We believe that it would be grossly unjust for a district that is rapidly growing to have to suffer as a result. Our former business manager was part of the process in working with the changes that have been made to the formula. I think we recognized at that time that we would take a bit of a hit, and we would probably take one for the team to craft good public policy across North Dakota. That's why we weren't before you opposing some of those changes. I don't think

anyone recognized how hard hitting it would be or how drastic they would affect us for a couple of reasons. My understanding is one reason is that we looked back to previous years' enrollment now rather than looking at current year's enrollment which is great for a shrinking district not so good for a rapidly growing one. Another reason is that we didn't anticipate the level of growth that we received. It is nonetheless a problem when it comes to educating kids.

Senator J. Lee, District 13, one of the four in our school district appeared. We are short about \$2.5 million in a district that has some challenges with the growth, the high class problem that it is. I also recognize the challenges that we all have here when we are looking at all the bills at in the senate and house that deal not only with school funding but even more so right now with property tax containment, tax reductions. I am very concerned about how we end up constraining other political subdivisions like school districts so that we are incapable of dealing with some of these things on a local level. That is where we don't get too carried away. If we end up having a cap and a dollar for dollar reduction in the ability of the local school district to raise funds depending on what the state might provide for funding, if we can expand spending to deal with these new schools-- I am trying to paint the broader picture of how this plugs into the situation and request your serious deliberation about what kind of impact we will have in our actions here this session on our local school districts and political subdivisions. If we do too much to restrain their ability to affect the only caps that they can levy which is that property tax, which affects the budget that they set, we do not and at least make sure that they keep everybody whole in this picture so that the school districts in particular can continue to do what they do remarkably well in my district.

Karen Nitzkowski, Vice President, West Fargo School Board; Dr. Dana Diesel Wallace, Superintendent; and Joe Sykora, Business Manager appeared in support of HB 1494.

(See Attachment 2.)

The following were questions of Karen:

Vice Chair Lisa Meier: Do you know how many students were open enrolled?

Karen Nitzkowski: I don't.

The following were questions of Dr. Dana Diesel Wallace:

Vice Chair Lisa Meier asked the open enrollment question again.

Dr. Wallace: We don't have those numbers for you here today. What we do know is that we lose more open enrollment children in West Fargo than we take in.

Chairman Kelsch: If this bill were to pass with the \$2.5 million, what does that do to the integrity of the funding formula? The purpose of the funding formula that we passed last legislative session is to take all the single line items of the formula and move them all into the formula so that the formula was taking into consideration all sources of income.

Dr. Wallace: As you know they are actually on the order of 60 to 70 school districts affected by the cap. What I think positions West Fargo differently again is this extraordinary growth. We are not seeing a slowdown. We are seeing an acceleration. I encourage you to think about West Fargo as an anomaly and have you treat a school district that is experiencing something that no other school district is experiencing in terms of growth as such and as of now not something that would impugn the integrity of the current funding bill.

Rep. Phillip Mueller: Is the primary concern that you have in regard to how we fund schools is that we are a year behind? If we had a mechanism to paying you for the students that were in the system that year, would that fix your problem?

Dr. Wallace: We certainly would like the money while the students are in the seat and you are educating them. As you well know, if you are growing as we did last year by 450 students that aren't funded yet, that is problematic. The current funding is set up for the entire school system brings to us a dollar late if not a dollar short.

Chairman Kelsch: What happens then if you use those beginning of the year numbers and you don't have those students at the end of the year, then you have to return that money to the state.

Dr. Wallace: I understand and I think with my limited time in the state, Mr. Sykora is going to be talk about that. Earlier there use to be similar types of mechanisms with earlier funding bills. In other states that is very common. Everybody rushes out that their ten-day count is a right one because that really is your funding mechanism—to send funds out to the school. Then there is the issue that if you don't maintain your ADMs, they don't pay them.

Rep. David Rust: Prior to the equity lawsuit and the results until last year, what happened in state foundation funding was that you had a choice between fall enrollment while your average daily membership from the previous year whichever was higher and if you took fall enrollment, you had to give that money back. There was an adjustment made. We happened to be one of those schools last year that when the doors opened up, we had 38 new kids walk in our door. For a smaller school that is quite a few. My heart jumped as I was going to get more money wanting to find out that wasn't in the new bill.

Joe Sykora, Business Manager, West Fargo, appeared. **(Again See Attachment 2.)**

He answered some questions deferred to him. In terms of enrollment across the state, there are a few out there with enrollment increasing. Bismarck may have been up. That \$2.5 million would not be used for any type of school construction. There was an adjustment made the following year that we in essence didn't pay money back. There was just an adjustment or reduction in state pupil aid.

Rep. Jerry Kelsch: Why not the emergency clause? The reason I ask that it appears in September you will start getting this money anyway. With the emergency clause, you would

get the money pretty soon. Without it you would get double payments this fall. Is that accurate?

Joe Sykora: I am not 100% sure. The \$2.5 million would be in the next session, I believe.

Chairman Kelsch: If the emergency clause was on the bill, it would become law immediately upon the signing of the governor. Say for example it passes through the house and it passes through the senate and the governor signs it, potentially it could be law in March or April. You could technically be able to receive those payments at that time. Otherwise appropriation bills become law July 1. You wouldn't be able to count them until July, and then school starts in August so that's when you start.

Joe Sykora: Our budget in essence has been set for this year. We have our staff hired for this year. Obviously we are going to make it through this school year. Additional monies when they come, it all goes back into curricular programs. The way we can make a substantial change would be for the next school year. If we receive the monies this spring, it might as well be sitting there ready to go for the next school year with curricular programs and student based activities and so on and so forth.

Rep. Phillip Mueller: The question I have is one of fairness. Rep. Rust's former school went up in a proportion percentage wise about like yours has in terms of enrollment and some have across the state. Is it really fair that we would single out one school to get \$2.5 million and those other ones that experience that same percentage growth wouldn't get a dime?

Joe Sykora: In terms of enrollment growth, part of the equation has to be the size of the school district depending on the number of students, facilities, class sizes, so on and so forth.

Karen Nitzkowski: Thank you. We would really appreciate your consideration. Again to reiterate we are an anomaly. We are grateful to be an anomaly, but we need help with that.

There was no opposition.

Rep. Jerry Kelsh: Am I right in my assumption that if the bill passes, they would get double payments for these 400 students this fall?

Chairman Kelsch asked Dr. Jerry Coleman from DPI about that. She was told they would get a supplemental payment.

Rep. Lyle Hanson: What schools had major increases in population?

Dr. Jerry Coleman, Dept. of Public Instruction, appeared to answer some questions. The biggest gainer was West Fargo, 388. Minot, 208. Williston, 74. Bismarck, 56. Mandan, 33. Stanley, 28. Bottineau, 26. Valley City, 22. About 50 school districts had some gain, and the rest were losers.

Rep. Lyle Hanson: What was the total loss for the whole state? It has been about 1200.

Dr. Jerry Coleman: It had been. It is slowing down a little bit. We saw about 600.

Rep. David Rust: What year were the figures you gave us? Was that this fall or last fall's?

Dr. Jerry Coleman: This fall compared to last fall's, the fall of 2008 compared to the fall of 2007.

The hearing was closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1494

House Education Committee

☐ Check here for Conference Committee

Hearing Date: February 2, 2009

Recorder Job Number: 8293

Committee Clerk Signature

Carmen Hart

Minutes:

Rep. David Rust: One thing that happened is it eliminated the choice of taking the average daily membership of the fall enrollment whichever was higher. As a result of that, some of the people knew they were going to be winners and losers. When I look at this bill, it provides to one school district an appropriation for increasing enrollment. They say they had about 400+ kids and the sum of \$2.5 million. Minot had about 200 some so maybe Minot should be asking for a million plus dollars. There were small schools like Tioga and Stanley that because of the oil industry had kids come in, and I know it could make a \$150,000 to \$200,000 difference in some of those cases. My problem with this bill is if you do for one, you should do for all. It is a fairness issue.

Vice Chair Lisa Meier: They are adding two additional grade schools for the next couple years. Wouldn't they as well receive those funds for this additional 200 students in the next biennium?

Chairman Kelsch: Our philosophy has always been that we don't fund declining enrollment. What are some ways that we can look at getting a little bit more money into those small schools? While I am sympathetic to a school district that has a growing number of students, here is the reality. Minot may be eligible but it is pretty tightly written for West Fargo. West Fargo would have come out like a bandit the second year. They would have gotten this \$2.5

million plus they would have gotten this additional money. In the end it was too much. Even dropping down to \$1 million, it just doesn't work. The second year they more than make up for it. It does concern me when they tell us too that they are building two new schools.

Eventually, this growth is going to catch up with them. When we put together that funding formula and made it equitable, we knew they were going to be some winners and some smaller winners. This just happens that this was the anomaly. The West Fargo people knew when going in on this.

Rep. Dennis Johnson: What kind of equity payments does West Fargo get?

Chairman Kelsch: They do receive equity money, and they are bumped up to the max on mills. They have a lot of things going for them, but increased enrollment is one of them. I don't think we would be good stewards of the state's money by giving more money to them.

Rep. Karen Karls: What is the reason that they have so many more students?

Chairman Kelsch: Fargo's boundaries have just kind of stopped, and I think that are people are just moving into West Fargo. I think they pay less taxes in West Fargo.

Rep. Karen Karls: Fargo has unlimited mills.(? Hard to hear)

Vice Chair Lisa Meier: They get all that good tax money too from West Acres.

Rep. Phillip Mueller moved a **Do Not Pass**. **Rep. David Rust** seconded the motion.

DO NOT PASS, 13 YEAS, 1 NAY. **Rep. David Rust** is the carrier of this bill.

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

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1494

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Rep. Mueller Seconded By Rep Rust

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

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. Rust

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

REPORT OF STANDING COMMITTEE

HB 1494: Education Committee (Rep. R. Kelsch, Chairman) recommends DO NOT PASS
(13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1494 was placed on the
Eleventh order on the calendar.

2009 TESTIMONY

HB 1494

HB 1498

Should be
HB 1494
Attachment 1

GOOD AFTERNOON, MADAM CHAIR, AND MEMBERS OF THE EDUCATION COMMITTEE

FOR THE RECORD, I AM ALON WIELAND, DISTRICT 13, WEST FARGO

I APPEAR BEFORE YOU TODAY TO INTRODUCE HB 1498, A BILL THAT PROVIDES FOR A SUPPLEMENTAL PAYMENT TO SCHOOL DISTRICTS THAT EXPERIENCED PHENOMENAL GROWTH IN THE LAST 2 SCHOOL YEARS. THE WEST FARGO SCHOOL DISTRICT IS AN EXAMPLE OF SUCH A DISTRICT. THE DISTRICT GREW BY ALMOST 400 STUDENTS IN JUST ONE YEAR, AND THE FORMULA DOES NOT PROVIDE FOR THAT TYPE OF GROWTH. I KNOW IT WAS UNEXPECTED, BECAUSE I AM SURE THE FORMULA WOULD HAVE PROVIDED FOR ADDITIONAL PAYMENTS IF THE GROWTH WAS ANTICIPATED.

I HAVE ALWAYS HEARD IT IS BETTER TO BE IN A GROWING SCHOOL DISTRICT THAN ONE THAT IS LOSING STUDENTS, BUT WHEN THE DISTRICT LOSES PAYMENTS AS A RESULT, PROPERTY TAXES MUST BE RAISED, AND THAT IS NOT GOOD. THIS PAYMENT IS FOR KIDS. THE SCHOOL DISTRICT SHOULD NOT BE PENALIZED FOR GROWTH. IT SHOULD RECEIVE THE SAME ASSISTANCE ALL DISTRICTS RECEIVE.

THIS IS A ONE TIME FUNDING REQUEST, AND IT IS ANTICIPATED THAT THE GROWTH SHOULD SLOW DOWN, BUT AT THE SAME TIME, THIS DISTRICT HAS TO CONTEMPLATE THE CONSTRUCTION OF 2 NEW SCHOOLS TO HANDLE THE GROWTH.

THERE ARE SCHOOL OFFICIALS HERE TODAY TO TESTIFY WITH MORE FACTS AND INFORMATION, BUT I WILL ATTEMPT TO ANSWER ANY QUESTIONS.

THANK YOU.

Attachment 2
HB 1494

Chairperson Kelsch and members of the House Education Committee. My name is Karen Nitzkowski, Vice President of the West Fargo School Board, Superintendent Dr. Dana Diesel Wallace, and Business Manager Joe Sykora, testifying in support of House Bill (HB) 1494.

In opening our testimony, I will have a few comments from the school boards perspective on House Bill 1494. Next our superintendent and business manager will make a few points and I will close with some additional thoughts. Feel free to ask questions when needed.



West Fargo Public School District

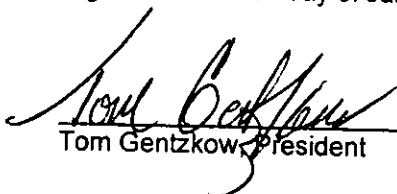
District Office – 207 West Main – West Fargo ND 58078

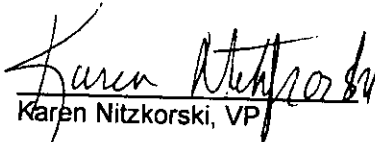
Tom Gentzkow.....Board President
Karen Nitzkowski.....Board Vice President
Duane Hanson.....Board Director
Kay Kiefer.....Board Director
Ben Koppelman.....Board Director
Angela Korsmo.....Board Director
Patti Stedman.....Board Director

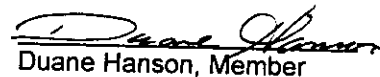
Dr. Dana Diesel Wallace.....Superintendent
Louise Dardis.....Assistant Superintendent
Marian Bell.....Special Education Director
Pete Diemert.....Building & Grounds Director
Brad Redmond.....Transportation Director
Robert Kaspari.....Technology Director
Holly Budzinski.....Knowledge Management Director
Robin Hill.....Human Resources Director
Joseph Sykora.....Business Manager
Jan Sliper.....Food Service Director

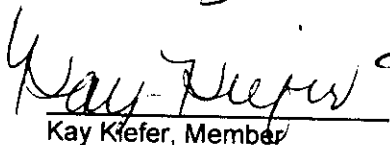
We, the board members of the West Fargo Public School District, hereby give our support for HB 1494. Financial resources through a supplemental grant ensure that students' academic needs are maintained and enhanced through a time period of unprecedented enrollment growth. HB 1494 recognizes financial support due to the impact of significant enrollment increases on a school district's ability to provide quality educational programming.

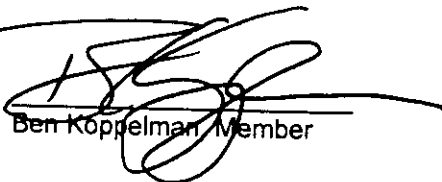
Signed on the 26th day of January, 2009:


Tom Gentzkow, President


Karen Nitzkowski, VP


Duane Hanson, Member


Kay Kiefer, Member


Ben Koppelman, Member


Angela Korsmo, Member


Patti Stedman, Member

We in West Fargo Public Schools have been good stewards of our funds, and we have been proactive to both look to reduce expenditures where possible and to secure revenue from alternative sources.

We have examined processes and practices to find efficiencies such as:

- Conducting a study of our student transportation services ,through which we identified practices which will save the district on order of \$600,000
- Working with a local engineer/entrepreneur to test a hybrid drive system, which could eventually half our fuel costs for all district busses and delivery trucks and save the district hundreds of thousands of dollars each year
- Examining a partnership with an energy education program, which has provided us with a projected \$3.1 million dollar saving over a ten year period.

We have reached out to find other sources of revenue and support such as:

- Securing the district's largest ever discretionary grant for \$1.2 million over three years to support student instruction for healthy lifestyles and lifelong wellness
- Partnering with North Dakota State University to examine our school crisis prevention, intervention, and management procedures, and securing he services of a 2 day a week intern at no cost to the district
- Implementing an internationally recognized and research based program for students in the academic middle and receiving funding from our local Exchange Club to offer stipends to the college attending students who tutor our middle schoolers in the program.

At the same time, we have reduced our mills by 8.4 mills as we have retired debt from previous building projects. However, our general fund levy remains at the cap of 185 mills.

Our enrollment growth continues, and it presents us with challenges of a magnitude not faced by any other school district in the state. WFPS is now the 4th largest school district in the state and as the enrollment projection table indicates, we will continue to grow our enrollment – not by tens of students, but by thousands. In the last three years alone, we have seen our enrollment grow by over 900 students. We opened two new buildings last year, opened an expansion to another this year, and will open another new school this coming fall. The school district very likely is going to our patrons this year to request support of what will be the single largest bond referendum in the district's history, and which is very likely to include two new schools and two significant expansions to two existing schools.

While we can fund our building projects with new funding, our operational costs must come from current funding. As we grow, our current funding must support hiring new staff, additional instructional materials and equipment, utility costs, and so on.

HB1494 would assist funding West Fargo Public Schools at a time of unprecedented growth, address equity in funding, and ensure adequacy in educational programming be realized.

Enrollment Projection Program

Updated: September 30, 2008

Weighting Factors for Past Years

Year	-4	-3	-2	-1	
Wt.	1	1	1	1	Sum 4

	Past Years					Base ** Year	Projected Years				
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Age-0	447	496	490	565	572	577	NA	NA	NA	NA	NA
Age-1	441	464	502	511	563	585	588	NA	NA	NA	NA
Age-2	439	457	470	525	510	576	597	601	NA	NA	NA
Age-3	408	455	463	491	523	522	587	609	610	NA	NA
Age-4	417	423	461	484	489	535	532	599	618	622	NA
0-4	2152	2295	2386	2576	2657	2795	2304	1809	1228	622	0
PSH	40	33	30	31	39	67	67	67	67	67	67
Kind.	433	458	446	511	472	567	575	574	642	677	672
Gr 1	452	466	497	476	531	538	614	622	623	705	736
Gr 2	415	445	474	506	476	549	547	625	633	636	718
Gr 3	427	423	456	502	526	521	579	581	664	676	675
Gr 1-3	1294	1334	1427	1484	1533	1608	1740	1828	1920	2017	2129
Gr 4	402	437	438	480	501	533	534	592	590	677	690
Gr 5	444	424	443	439	499	512	543	545	607	603	692
Gr 4-5	846	861	881	919	1000	1045	1077	1137	1197	1280	1382
Gr 1-5	2140	2195	2308	2403	2533	2653	2817	2965	3117	3297	3511
Gr 6	414	446	432	451	460	545	535	571	577	645	636
Gr 7	417	423	464	459	474	481	572	563	599	605	677
Gr 8	409	435	446	475	468	493	498	589	581	620	625
Gr 6-8	1240	1304	1342	1385	1402	1519	1605	1723	1757	1870	1938
Gr 9	437	456	464	456	492	501	517	520	618	612	650
Gr 10	439	395	441	471	466	498	503	524	527	625	618
Gr 11	339	398	342	401	433	452	456	467	489	494	580
Gr 12	380	312	371	339	363	418	429	434	440	466	469
Gr 10-12	1158	1105	1154	1211	1262	1368	1388	1425	1456	1585	1667
Gr 6-12	2835	2865	2960	3052	3156	3388	3510	3668	3831	4067	4255
PSH-12	5448	5551	5744	5997	6200	6675	6969	7274	7657	8108	8505
Enrollment Increase	103	193	253	203	475	294	305	383	451	397	
Percent Increase	1.89%	3.48%	4.40%	3.39%	7.66%	4.40%	4.38%	5.27%	5.89%	4.90%	

Base (current) year enrollment figures are as of this date:

September 30, 2008

House Bill (HB) 1494 originated due to conversations between school district and local representatives surrounding the impact of significant enrollment growth and state per pupil funding. The request is to recapture dollars not received during the switch between the previous funding formula and current funding formula. The impact is more significant due to tremendous growth in our enrollment (see handout). Every session there are requests from citizens and taxing entities brought forward to address a specific need based on circumstances out of anyone's control. Let me highlight a couple of instances where legislation has addressed specific concerns from a school district. In House Bill 1400, Section 29, page 27, item #5, refers to special education costs of one student and a school districts budget. Section 39 refers to federal impact aid and a recalculation of the baseline year. I am sure there are other requests which have ultimately been approved by the North Dakota Legislative Assembly addressing specific concerns. A few facts about the West Fargo School District.

- Enrollment growth from 2007-2008 to 2008-2009 is 450 students. There are 150 school districts in North Dakota with less than 450 students.
- There is no indication that enrollment growth is going to slow down.
- Current enrollment is 6,649 preK through grade 12.
- General fund mill levy is 185 mills.
- 42.6 mills are dedicated for debt payments (construction of school facilities). Mills consist of debt service, building fund and general fund.
- West Fargo was once an equity district and no longer is an equity district.
- Average cost per pupil of \$6,821 (rank is 113th) with the state average at \$7,843 (2006-2007).
- Average teacher compensation ranks in the top 5 across the state.
- Ending fund balance is 11.7% (June 2008).
- Revenues: all state sources – 37.6% and all local sources – 55.9%.
- Revenues: state per pupil aid – 36.2%, general fund levy (185mills) – 50.2%, all general fund levies (198.2 mills) – 53.9%.