

2013 HOUSE EDUCATION

HB 1466

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

HB 1466
January 30, 2013
17998

Conference Committee

Committee Clerk Signature



Minutes:

Ch. Nathe: We will open the hearing on HB 1466.

Rep. Mark Dosch: Sponsor, support (see attached #1).

Ch. Nathe: What is the process under which this would work?

Rep. Mark Dosch: First off, it can't be any non-public school. It has to be an accredited non-public school that's been accredited by DPI, so that you know you are getting a quality school and a quality education. The school district, when they go through the mandatory registration of all the students by the September date, would simply collect all the forms, either manual or electronic, from the students that want to transfer to the non-public school. The school district simply says, "non-public school, would you be willing to educate these students that you have enrolled", the non-public will agree and the school district will contract with the non-public school that they will provide 25% of the cost of our school district's cost to educate that child. That's all you get. That's the only thing that will need to be done. After school starts, the non-public school would then have to submit to the school district, which would in turn submit it to DPI, saying we have "x" amount of students for the reimbursement to be paid for the contractual services. Since a school district contracts with all the teachers, this shouldn't be a problem contracting with one school for the teaching of the newer students.

Rep. J. Kelsh: In your testimony on the first page, you use "allow"; then on the second page, it doesn't say "allow" but you use it in your testimony that would allow school districts. The bill says you "shall" contract; which one is it, "allow" appears to give you a choice whether to do it or not.

Rep. Mark Dosch: The whole purpose of this bill is that this option for non-public schools would be make available by each school district. It would require the school district to contract with a non-public school, if the non-public school wants to do it. If the non-public school is not interested, they don't have to do it. If the non-public school is an approved, accredited school by DPI, then you would have to enter into that contract.

Rep. J. Kelsh: Could it be construed that homeschooling is an approved school.

Rep. Mark Dosch: On line 8, it does say "by enrolling a child in an approved non-public school". All of our non-public schools in our district have to be approved by DPI.

Rep. J. Kelsh: By allowing people to homeschool their children, are we saying that's approved. DPI, at one time, did some checking on those homeschoolers. I'm not sure if this would allow for homeschools to be allowed to do this or not; would the school district have to contract with them if they asked.

Rep. Mark Dosch: It has to be an approved school. It's my understanding that homeschoolers are not an approved school and this would not apply to any homeschool folks.

Rep. Meier: Have you checked with our local private schools to see how much space they currently have available and how many students they could actually enroll of the new kids for the upcoming school year.

Rep. Mark Dosch: I don't have that number exactly. I think there would be space for at least 150 at St. Mary's High School here in town, Shiloh has capacity. I do know that if this bill had been enacted last session, if we would have had that opportunity, Bismarck probably could have gotten by with just building two schools, rather than three. It's really important, now is the time to utilize that capacity. Our public school system simply does not have any more space. They are emptying out storage rooms in basements to have school. They just don't have the space.

Ch. Nathe: Here in Bismarck, when the elementary schools are built, the day they open they are going to be above capacity already for next year or the year after. Do you see this then where Bismarck Public Schools would tell the parents that can't get in, here's another option for you, consider a non-public school. Would they help funnel those extra kids over there?

Rep. Mark Dosch: I'm not sure that they would. But I look at it this way, the school district has already said that probably within the next three or four years, there will be a need for another school in Bismarck, if we don't do something. I am hoping that if we are able to institute this, that it is going to be enough an incentive for some parents to move their children to non-public schools that will open up some capacity in our public schools, or at least perhaps help prevent us from having to build yet another school in another few years.

Ch. Nathe: Those schools will be above capacity the day they open. I've heard that several times from our superintendent.

Rep. Heilman: Can you comment on the availability of space, because that is one of the arguments, is that we would save money. Another piece was that the non-public schools could lower tuition rates. Do we have any evidence to support that would actually happen? We just heard another bill about tuition and I've never seen rates go down, because one of the things with non-publics is that they can't compete on

teachers' salaries. I would assume that they would want to help that issue with the increased revenue and so I was just wondering if you had heard otherwise.

Rep. Mark Dosch: Obviously that would be up to each of the individual non-public schools. The amount that we are looking at in this particular bill would amount to about \$2200 per student. If they even use half of that to help reduce the cost of their education, the other half could be made available to increase teachers' salaries. That's an administrative decision. The thrust of this is to make it more attractive. When you look at education costs, one of the problems is that the state of ND has been very generous with our K-12, as it has been with higher education, but as the state has been funneling more and more money into K-12 and teachers' salaries, which is a good thing and needs to be done; but the differential between what the private sector can do to try and keep up with this has been extremely difficult. This would give them a little bit of breathing room that would allow them to increase those teachers' salaries as well as maintain or reduce the cost of the tuition, to make it more affordable, to bring more kids into the system, that's how it's all going to work.

Rep. Rust: I'm looking at the school district contracting with a non-public school. Would they have a choice? Could they say no, we're not interested in contracting with that non-public school? Is there a choice for the school or is this parent-driven.

Rep. Mark Dosch: The bill says no, you're going to contract if there are parents out there that want to contract. I would hope that the education system out there today is not so "arrogant" that says, only public education is right for our kids. That should be the only choice. We're the only ones that can properly educate kids and we're not going to give parents any choice on this matter. I would hope that is not the case. We have excellent public school systems out there and I have to believe that they truly believe there are other options out there. Sometimes kids, for one reason or other don't fit in with a public school setting; they need something perhaps more structured. Perhaps they want a better environment.

Ch. Nathe: I would hope that the district would take into account what is best for the student vs. what is best for the district. If a district has classes that are full, teaching under stairwells, is that best for the student when, under this bill, they would have a possibility of going somewhere else and be taught in a classroom.

Rep. B. Koppelman: Tuition and costs at private institutions. The tuition at Shiloh here in Bismarck ranges from \$5500-6200/yr. If it were to be somewhere between \$2200-2500, would be 25%. Somewhere between 1/3 to 1/2 could be paid for a parent that wanted their student to go to a private institution. I think that when you look at what's happened across the state, even with the buy-down program lately, the costs are still there. When we look at the parents' ability to send their children to private schools, as maybe they would have 30 years ago, in terms of the cost of education, publicly and what the percentage of their income they are paying in taxes to fund the public institution. I think it makes sense to look at this option for those people. I don't think the goal of having public school is to make private school unattainable.

Rep. Mark Dosch: I fully agree.

Rep. Mock: You mention overcrowding and there is no question about the seriousness of it and the challenges that many communities are facing. If the purpose is to help alleviate the overcrowding, why are you not allowing homeschool parents the opportunity to help those students the additional attention with this program?

Rep. Mark Dosch: I would love to be able to do it. If we expect a school district to contract with someone for services to educate our kids, we should be making sure that whomever they are contracting with, that they are receiving quality education in a quality institution. That is why the institutions have to be approved by our DPI. How does that extend to homeschoolers, who are probably doing an excellent job, maybe they are, maybe they aren't. I don't know.

Rep. Mock: Using state dollars to help solve a local problem, do you see concerns that communities and people paying into the general fund, that may not have the choice available, they just simply don't have a private school in their area, would be paying to send someone else's child to a private school. Do you have any concerns of circumventing that local tax base, or local payment to solve a local problem?

Rep. Mark Dosch: I've been a homeowner for about 40 years in Bismarck and I've been paying property taxes for 40 years in Bismarck and all but two years I've sent my kids to non-public education. I have been paying for 40 years for an education that I haven't taken. That can go the other way as well. Furthermore, this is more than a local issue right now; especially given the projectory that our state is on with the increase in population, we're going to see another 20,000 in our public school systems. In the state of ND, we're paying for 100% of the cost of that, either via the school districts or the property tax, or state general fund dollars, we're paying for that. If we think that we spent a lot on education now, and we've more than doubled it just in the last 10 years, what's going to happen when we add another 20,000 kids on to this and shouldn't the state take advantage of another viable option, like non-public education, shouldn't the state really be saying these are quality approved schools over here, why shouldn't we give them a little bit. Why shouldn't we help them out just a little bit, 25% is all we're asking, and on the other hand, we're saving the state of ND, 75% of the cost of educating that child. To me it makes economic sense for all the taxpayers of ND, not just Bismarck, but in the Governor's formula, we could be paying up to 80% in just state funds on that. I think whatever we can do, as long as we can assure the public saying public education isn't the only answer. They aren't the only ones that can educate children out there, and if it's our charge as a state to provide education to our kids, let's utilize all resources in which to do that, and that includes non-public schools.

Rep. Mock: Grand Forks has no private, non-public school option in Grand Forks. We have Sacred Heart which is located in East Grand Forks, MN and many of our Grand Forks residents that want to attend a non-public school have to cross the border. How does this program work, would any Grand Forks parent who chooses to send their child to E. Grand Forks, would they be able to contract with that and

receive that benefit, and have you visited with LC about the constitutionality of the state of ND contracting with a MN school to educate a ND child.

Rep. Mark Dosch: That is not addressed in this legislation. It seems to me last session, I believe something was done towards reciprocity with those parents who were living in ND, paying ND property taxes, but were sending their kids across the border line. If we were able to do something like that and if it worked constitutionally for the scholarship program, I would think something similar, if the demand is there, could be worked out in the Grand Forks area. That is not addressed in the bill.

Rep. Hunsakor: If tuition is lowered as a result of this bill and a private school, one of the benefits you have stated, was that more parents would have the option of choosing which school to go to. Tuition is a major concern. If these extra funds were available, would these funds be used to lower tuition, because you want to increase the salaries of teachers. You have infrastructure needs in a private school; you have a host of needs. Would they be put in that effort of lowering tuition do you think?

Rep. Mark Dosch: I certainly can't speak for the school administrators, it makes economic sense. One of the big barriers in allowing parents to go to a non-public school has been the cost issue. If the state of ND would grant, as the bill proposed, 25%, which is about \$2200 as indicated, that would be a tremendous shot in the arm for these schools. They could lower their tuition very easily and increase their teacher pay. This would be a considerable amount of money and shot in the arm for them. It would be in their best interests to do so to attract more students, to help grow their schools. The more students you attract, the lower your overhead is.

Ch. Nathe: That would add to the cost-savings of the state.

Rep. Rust: I see it is based on the school districts' educational costs per student. Did you think about using the state average cost per student, because that would mean that school district, as far as the state of ND is concerned, they would have to check with every school district since they are all different in its cost of education.

Ch. Nathe: On the fiscal note, it states the average cost of education in ND is estimated at \$10,500.

Rep. Rust: The bill says 25% of the school districts' educational cost; it does not say state, it says school districts. It's on the last sentence of subsection 3.

Rep. Mark Dosch: The bill is of that school district's cost and primarily for the reason that you brought up. Each school districts' cost is a little bit different; therefore, it was felt that 25% is going to be a consistent percentage rather than if one district is really high and one is really low, we tried to look at what is the operating cost in that particular district.

Ch. Nathe: Thank you. Further testimony in support.

Morgan Forness, State Association of Non-Public Schools (SANS): Support (see attached #2, 3).

Rep. J. Kelsh: I don't have a problem with non-public schools. The people that send their children to the non-public schools are making their choice. They have other opportunities. I know people who don't have children, because they chose not to, or can't; who have paid their property tax in protest because they don't feel like they have to support somebody else's children going to school. Would this open it up to those folks to have some credibility in asking why they should pay property taxes for someone else?

Morgan Forness: I think that mind-set is short-sighted, in that I think we all have a responsibility to contribute to a community, whether it is education, streets, fire, etc. I think the answer to the question about supporting private school tuition; we are talking about the cost of a cup of coffee. I am hearing that this bill is common sense approach to lowering the cost of education in ND, instead of increasing the cost. I think that would be true whether it is private school tuition, or the tax dollars needed to fund public education.

Ch. Nathe: Maybe that child when he gets older asks why am I paying higher taxes to support that guy's health care. It goes both ways.

Rep. J. Kelsh: When you buy insurance, it's the same thing no matter whether it's private insurance, social security, etc. you may never use it, but it helps the person that does is getting the benefit because you paid it.

Ch. Nathe: My wife asks why so much FICA is taken out of my paycheck, to pay for somebody's government-run health care, it's a different story.

Rep. Meier: For the tuition that you charge the parents for their children, what is an average cost increase per year?

Morgan Forness: I think it depends on each individual school. You're talking increase in tuition, correct at our school. Last year, we raised our tuition very little due to an increase in our enrollment, it was about 1.9%. This year, we did increase our tuition about 4% with the specific goal of increasing teachers' salaries.

Rep. Meier: With those increases, do you have large donors that help to offset the increase to your tuition.

Morgan Forness: Yes, in our budget, tuition covers between 60-80% of most of the private school's budgets and the rest, 40-20% is typically raised through fundraising efforts to support the budget. Then within that budget, there is a line item for financial aid that comes out for that.

Rep. Heilman: I can anticipate some of the testimony we'll here on the other side of this, but I know one of the arguments will be something like students coming out of the public system will reduce funding for the public system. So if part of this is to

want to have a goal of reducing private tuition by whatever percentage, has the non-publics done any kind of market analysis, so see what the demand would be if tuition was a certain amount, how many more students would you get because I think part of the fee is that there is going to be this mass exodus of students out of the public system, I don't see that happening.

Morgan Forness: I don't think our intent is to pull all of these students out of the public schools. We have a mission and if people are attracted to that mission and want that to be a choice for their child, we believe it is a viable alternative. I think one of the challenges is, there are public schools that contract for a variety of services. Some of the special education services are contracted to private organizations to meet needs of children. The homeschooled constituency in the state have received academic resources, curriculum resources already from the public schools that we don't receive. Certainly, this increase in revenue in our budgets, to help slow the increases that we have to do to keep our doors open. I also believe that it benefits the public schools and the taxpayer as well.

Ch. Nathe: Thank you.

Brenna Jessen, Student Body President: Support (see attached 4).

Ch. Nathe: Thank you. Further testimony in support.

Mike Slette, State Assoc. of non-Public Schools (SANS): Support (see attached 5).

Rep. Wall: How would you address the problem of declining enrollment in our town, where we do have private (K-6) and public instruction (K-12). How would this bill help a town that has declining enrollment.

Mike Slette: I think, at the heart of the bill, is parent choice and the opportunity to choose the education setting that fits the student best. In the end, what is best for the student. An option that allows funding to create and keep alive a private option, I believe creates the best solution for a particular student. Dealing with the business model around them is a challenge that will always be there, whether it's growing or declining. This provides a better option for the student.

Rep. Wall: I have a question, do you think passage of legislation like this will have private colleges coming in next session and say that we're not included in higher ed's budget, we would like to be part of higher education because our tuitions are very high also.

Mike Slette: I don't have all the answers. I know that the state offers a scholarship program that was extended to private four year schools. There is a little bit of relief there, an assistance, just not in the same format.

Rep. Mock: Are all the members of SANS, are they religious institutions or do we have secular non-public institutions that provide alternative education models.

Mike Slette: There are some that are secular.

Rep. J. Kelsh: Do you accept all the students that come and apply to get into your school; such as emotionally disturbed, special education, etc. Do you have a policy that they are accepted and provide them with the necessary helps that they need.

Mike Slette: No, when I say our students perform at a high level, I know that it's not an apple to apple comparison partly because of the answer to the second question. We can't accept all students and all level of needs. We have a CARE Team, which consists of a high school principal, high school counselor and we have a teacher that provides special services to students that need help. She might read a test to a student who has test anxiety, who would struggle sitting down and taking a normal test, or provide math tutoring, etc. Those three people will sit down with a parent, prospective student and will often times look at the transcript and the other things that come with that student and determine whether they can serve the student or not.

Rep. Rust: What kinds of due processes are available to students at your school. In the public schools, students have rights with regard to suspension, expulsion, etc.

Mike Slette: I've not seen any of those things happen at the school in the last 18 months. The teacher to student ratio is very low and that allows the teacher to be very aware of that student. In our middle school, we have Team time, 7th hour, the entire middle school faculty comes together and they talk about students. It's been reflected back to me that it's amazing that three teachers will come into that and say on a particular day, have you noticed that the student is just not herself. That leads to a conversation that gets to whatever that particular thing is. It might be bullying, because we are not exempt from bullying. Sometimes it's an issue at home, but the relationship between the staff and faculty and the student is far and away the best due process that we offer as a school. The level of care and love that exists is amazing to me. That is what helps some students thrive there that they wouldn't otherwise.

Rep. Rust: You are not bound by due process that students in the public school are.

Mike Slette: Frankly, I am not aware. We have a student handbook, faculty handbook, a process laid out that gives them the check point up the scale if the situation isn't being properly dealt with. To my knowledge, we are not bound by a state practice.

Ch. Nathe: Thank you. Further testimony in support.

Chris Dodsden, Exec. Dir. Of the ND Catholic Conference: Support. The purpose of the bill is driven by some fundamental principles. First of all, every child is special and that means two things. They have a right to education that the community has an obligation to invest in that education. It also means that they are special and unique because no child is the same as another child. From that, we have the right to education and the right to choose the best educational setting. Parents, we

believe, have a natural right and are the primary educators of the children, invest in their children, empowers parents to invest in their children and the community. Exercising that right should not mean that they lose the right from the community to assist in the education of that child. The two are mutually exclusive. As a matter of principle, if you deny one or the other, it is an injustice to the family and that is what this comes down to. At least one step to remedy this injustice that exists now, is to recognize the right of parents to choose and the right of that child's education and the reflection that no child is the same and they may be educated better in one place than the other. This is an important step in that direction, and that's why we support it.

Ch. Nathe: Thank you. Further testimony in support.

Scott Johnson, Rural Morton County: Support. As a taxpayer and parent, my perspective is that I have two children going to private school, one is at Shiloh right now. As a taxpayer, I would hope that you do approve this, but if that money is going to go to the private schools, they should be required to qualify with all the state's public instruction and their rules. As a parent, going to the school sometimes you kind of question the rules and regulations. At the private school they have a board to make the rules and regulations and you do not get a vote. If you are going to give them some of this money, some of the hook should be that it would be in reducing the tuition costs and not a large windfall for these schools, that they would be able to spend the money on a new bus for the football team. I think there should be something hooked into the academics, so that you know it is really going to the learning process. I think the schools are very conservative in doing that, but I as a taxpayer, having my tax dollars going to any of these schools, feels that there should some type of caveat to protect that so it goes to the right places. Tuition is a big cost. I would like to see that some of this would be allocated towards tuition reduction. I have a 2nd grader and a 5th grader and had older children who attended public school. After two years of Shiloh, this was about \$12,000 of tuition is a lot of money and spent a lot of time checking up on all the schools and we tried the public school, which is also 9 miles out of our way. After a month of my daughter crying and seeing these kids get pounded on recess, I started going there to have lunch a couple of times to see what is really is going on. Some of these schools are kind of nasty and some kids don't adapt to it. It's nice to see them flourish in the private school but the tuition is killing me. When I look at the taxes I pay, going to the school system that I don't use, I would like to see a voucher system, where I could really direct my monies. As a taxpayer I think that this money going to these schools is a great thing but they need to have qualifications, so it isn't just being paid out and your tuition stays the same; something that says that 50% would go to tuition reduction or something like that. A lot of other private schools are quite a bit less than Shiloh as well, so we did have a choice.

Ch. Nathe: Thank you. Further testimony in support.

Kelly Koppinger, Superintendent of Dickinson Trinity: Support (see attached #6 financial information). One point of emphasis is that most of our private schools are a very large part of the communities that they represent. I feel, being from western

ND, it is getting very difficult to compete in that environment anymore because you have truck drivers making \$80,000-100,000, etc. and it is getting much more difficult to compete. This bill would offer us some support to be able to compete in that type of environment. I show the financial rewards that our community receives with the representation of Dickinson's catholic schools, and that amounts to about \$8 million a year, with the wages people are receiving and the events that we do support in that community. If we can't compete, we lose that tax base that we can draw upon, and I think it becomes more of a financial burden for the state without that representation from our private schools in our community. I agree with the former speakers.

Rep. Heilman: DPI requires a pile of reporting and other student data that is captured through the system. From your perspective as a superintendent, how much do you report today to DPI, if any at all. I am not familiar with those practices. If we're funding part of the cost anyway, are the non-publics amenable to providing some of that data, or all of it or whatever the requirements are.

Kelly Koppinger: There are several reports that we are required to submit to the State and with that in mind, we use PowerSchool. They take the information from that as well. As far as accreditation, we have reports that we have to submit, so that all of our private schools are accredited institutions and that has to be validated by DPI.

Ch. Nathe: Thank you. Further testimony in support. Testimony in opposition.

Bev Nielson, ND Council of Educational Leaders: Opposed. This issue has come before us many times under many names, school vouchers, etc. Calling it a contract is a new approach, I hadn't seen that one. I am not convinced that Rep. Dosch's interpretation of the Constitution would be correct and don't know which way the courts would go. I am relatively sure that it will be challenged and then we will have an answer. General fund monies are public monies. If you want to take the constitutional question out of it, then I would ask you to think as legislators, about the appropriateness of public money to go to the sectarian schools. We are primarily talking about religious based schools. If I were a parent who had students there, if I were a superintendent of a private school, if I was in anyway affiliated with the private schools, I would sure want to go for state money. I think that as the legislative body that you need to give some serious thought about are we then creating and funding two separate school systems in the state of ND; one public and one private (but they would no longer be private when they would receive public funds) except in the case of having to follow the same rules as public schools do. Private schools have wanted to remain private because they want to do things in the way that either their faith directs them to do, or the parents. They wanted to remain private so they wouldn't have to do all the same things that the public schools have to do. For example, the first and largest is taking all children that come to your school. If this bill read that every parent was guaranteed enrollment in a private school of their choice, that would be one thing but they are not. They are often excluded on the basis of their religious faith, or that of their parents, they are often excluded on the basis of what special needs they get and some of these things I know because the superintendents of some private schools call our offices and ask

if they accept a student, do we have to provide services for them. We told them that they can contract for them through your public schools, etc. and very often the conversation ends with well it probably won't be an issue because I don't think it is a very good "fit" for our school anyway. So number one, you will be funneling public funds into schools that legally can discriminate in their enrollment, teach singular religious doctrine, that don't deal with the challenges of ELL, don't deal with the challenges of collective bargaining with due process rights, either of students or their staff. As a public body, as much as you would like to give them some money, those are very serious questions because whether the money has been designated as raised for schools, it is public money. I'd like you to think carefully about that. To use the fact that some of our schools are struggling now with increased enrollment and space problems and say that giving money to private schools would be a way of alleviating that, I don't think so. If the public schools are struggling, then we really do have to go back to the Constitution, because that is the responsibility of the state; to provide a uniform and adequate public education system. If we have schools with overcrowding, if that's a problem and it's impeding the quality of the public schools, it is the constitutional duty of the legislature to take care of that. If your solution to that is to give money to sectarian, religious schools to take some of the overflow, I would have to disagree with that approach. Having said that, if you go this route and you want even a chance at protection constitutionally, I think when you send a bill to DPI and they pay the money and you're not going to call it money that was generated for public schools, then you need to have a specific line item in DPI's budget that says public money in payment to private schools, so it is actually appropriated that way through the appropriation process, because if it is money that goes to your Dept. of Public Instruction in the whole big amount that goes for foundation aid, then that's for public instruction. That is money that is appropriated for public schools. If you want to appropriate it otherwise, it needs to be clear to the appropriations committee, it needs to be clear to the public, clear to everybody that this is general fund money, public money being sent to non-public schools. I think that in developing two separate silos of education in ND with public funds is not, in our opinion, the way to go.

Rep. Schatz: When it comes to the constitutionality of things, we know that if we pass a bill around here, it isn't unconstitutional until a court says it is.

Bev Nielson: Correct.

Rep. Schatz: With that in mind, for example, in Iowa, they tried to get rid of all the one-room schools and they wanted to consolidate everything. One group who opposed that was the Amish and they tried to kind of round them up and send them off to public school and they had passed a number of laws in order to do this, and as soon as the bus pulled up, the kids ran out into the corn and they were gone. This happened a number of times. The governor of IA said and got passed through the legislature the Amish exception and it is a constitutional law in IA and there are 54 one-room schools taught by non-licensed teachers.

Rep. J. Kelsh: We passed a bill that said scholarships could go to students that went to private colleges in ND. Does this kind of mirror that decision that this was

just helping students that wanted to attend a religious college and these are students who basically want to attend a private school, which most of them are religious.

Bev Nielson: I don't know how it would compare. I do know that colleges are free to give religious instruction whether they are a public or private college. In a public school, they cannot teach a singular religious tenet. I don't know that it would necessarily apply. We don't know constitutionality until it goes to the courts. I'm just trying to shift your thinking to would we have to constitutionally do something, but really give deep thought about, as a legislative public body, whether you need is appropriate.

Rep. Rohr: We just heard in testimony that the non-public school systems have approx. 7,000 students. We are looking at paying out as a state \$9,000 per student to educate them. So how can your system find it conscionable, if you take 7,000 times \$9,000, what are you doing with that money if you're not educating a student with it.

Bev Nielson: We don't get the money for the student if they aren't enrolled in our public school. You only get money for children who are enrolled in our public schools.

Rep. Rohr: But they go by the average enrollment.

Bev Nielson: No, it is actual attendance in our schools. We get paid for the attendance of the students in your school that year is what you receive your foundation aid based on. It looks like to me that the schools would be required to make that payment to the private school far ahead of getting the reimbursement from DPI and this would not be money that they had ever received from DPI.

Rep. B. Koppelman: The public money is the people's money collectively. Some of those send their kids to private school, paid into that fund through various sorts of taxes. When we talk about public and private partnerships, you said you don't know what to call the private school if this happens because they would be a combination. We heard testimony in a previous bill from NDSU and other schools in the university system that have all sorts of public/private collaboration. We don't call them public/private universities, they are still public universities. The same thing would be true with the scholarships that are allowed. We had a bill that talked about taking out some language that the Attorney General had deemed to be unconstitutional, which had a pre-determined portion of financial aid that went to public institutions vs. private and the only thing that was removed wasn't the ability of her to go to private institutions but rather the pre-determined ratio, because it had no correlation with the students that actually applied. Do you think it is wrong for all public monies and private monies to be mixed, whether it be a public need or a private need.

Bev Nielson: I am only speaking in terms of K-12 education, that's it. If we needed to contract with somebody to put a roof on our building, we're contracting with a private company to do that. If we wanted to have a collaboration with another educational entity that indicates two willing parties. This bill is only one willing party

and one forced party in this contract. It does not say that the public school may, it says they have to. From my perspective, there's no choice there, they are being forced. Constitutional or otherwise, you need to make a decision whether your duty is to be sure that you have strong public system of education or if your duty is to have a dual system. If you have a dual system, you need to go into it admitting and acknowledging that you have two different sets of rules. Normally when public money is used, in education and also in other things, there are strings attached to that public money and some of them are non-discrimination; as far as schools are concerned it is not teaching of religious tenets. You have two different sets of rules and you would be giving public money to both. In my mind, public K-12 has plenty of needs that could be addressed including overcrowding, help with buildings and so forth, before you think they have everything they need so we will give some to those who don't follow the same rules.

Rep. B. Koppelman: If the constitution says we have to provide for a system of public education and if by virtue of that, that means the state is responsible to provide a public education, rather than just provide "for a system of", can't we make the argument that we at the legislature represent the state. You said that if one party is willing and one is not. I would contend that if this bill passed, both parties would be willing. The party we represent, and then collectively represent our houses would be willing, the parents would be willing, and the private school would be willing. There wouldn't be anyone not willing.

Bev Nielson: If that's the way you want it, then this should say that the State shall contract with the private school and the parent should send their letter to DPI and DPI should send the school a check. If you're worried about tuition, I would say that you better send the check to the parent; because if you send it to the school, you have no guarantee that it's going to be used for tuition reduction. If the contract is between the state and the private school, then don't make it sound like our local school district is asking the private school to provide these services for them because that is what this says.

Rep. B. Koppelman: This says that the State is reimbursing the school district for those funds. The school district is merely the manager of those funds. It is not coming out of their local dollars that they would otherwise use for education.

Bev Nielson: It's not coming from the local districts' funds because they don't have funds for those kids. It would be coming out of their pocket and then they have to get reimbursed.

Ch. Nathe: Thank you. Further testimony opposed to HB 1466.

Dakota Draper, President, ND Educational Association: Opposed. If we go down this road, the 25% to me seems that you'll start standing on a slippery slope and this won't be the end of it.

Ch. Nathe: Thank you. Further testimony in opposition. We will close the hearing.

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

HB 1466
February 6, 2013
18405

Conference Committee

Committee Clerk Signature



Minutes:

Ch. Nathe: Let's take a look at HB 1466.

Rep. Dosch: Explained the amendment he was bringing to the committee (see attached #1, 2). The amendments do two things. First, LC did incorporate the amendments into the Bill itself to make it a lot easier to be understood about what we are doing. If you look purely at the amendments and then compare the amendments to the original bill, not to the unofficial engrossed bill with the colored printing. This instructs when the school district would submit the request for reimbursement of their educational cost of those students. In the original bill, the money would go from DPI to the school district, to the non-public school. This takes the money now from DPI directly to the non-public schools. It takes the school district out of the loop so that they don't have to worry about handling the money, timing of when the money is coming, when the funds have to be disbursed. It cleans up the language. The next change simply clarifies that only approved non-public schools that are exempt from federal income tax payments qualify for this program. There was a concern that a for-profit entity could come in and set up a school and try to get some of these reimbursement dollars.

Ch. Nathe: Thank you. What are the committee's wishes.

Rep. Schatz: I move the amendments.

Rep. Rohr: Second the motion.

Ch. Nathe: Voice vote, motion carried. We now have the bill before us as amended.

Rep. Meier: I move a Do Pass as amended with a rereferral to Appropriations.

Rep. Schatz: Second the motion.

Rep. J. Kelsh: I do have a question about the constitutionality of it. I'm not sure what that would be, if it was challenged, but the amendments actually make it less constitutional because now the money would come directly from DPI, which is directly responsible for giving that school districts and be diverted to non-public schools.

Ch. Nathe: Everything we do here is constitutional until it's been challenged. That would be for down the road.

Rep. Rust: The duty of this committee is to set policy. Policy is as critical to law as doctrine is to religion. This is a major policy shift for the state of ND. The state's constitution states, that the legislative assembly shall make provision for the establishment and maintenance of a system of public schools, which shall be open to all children of the state of ND and free from sectarian control. This would provide dollars to private schools who can and do discriminate on the basis of religion, due process, special needs, and in a number of other ways. I believe that the state should not hinder parents from home educating their children, nor should they hinder them from placing in a controlled, religious-based environment. I do not think it should pay for a dual system that doesn't operate under the same rules. State dollars should go to the public; to the "system of public schools which are open to all children".

Rep. Wall: I think it is a dangerous precedent. I'm not sure about using public taxpayer money to fund private schools is what we should be about here.

Rep. B. Koppelman: If we had to educate all the children in a public system, had no private schools, the pie is only so big in K-12 education. If we were spending 100% for the 7,000 kids whether the Governor's new funding plan or the old funding plan, there would be less money per capita per school building, per teacher salary across the board if we were paying 100% of those kids. Then the debate is just whether or not we think, that for that savings, any ability to give a little on that or not. Or we just say thanks for doing that, your state appreciates not having to spend all those extra dollars and continue to fund all your tax liability, which pays for public schools and pay fully for private. I think that's unfair of us when we look at it in the big picture. I understand the constitutional argument and I understand the philosophical argument, and I'm a big defender for K-12. I think this isn't robbing the piggy bank. I think it's creative and a good way to go.

Rep. Rohr: I want to support this bill and ask everyone to consider that because as Rep. Dosch indicated in his testimony that parent choice legislation has been rampant across the United States and the bill was carefully crafted and that is taking into account the Supreme Court cases across the United States that have addressed similar issues and they have been determined to be constitutional. I think the parents should have a choice regarding the school. They pay property taxes too, and I received over 200 emails from people all in support of passing HB 1466. If I recall correctly, just early this week, I heard someone in this committee actually say that if the citizens are speaking up and coming forth, then we need to do something about it.

Rep. D. Johnson: I'm going to resist this. In my district, we have declining enrollment. There is room in the schools and room for the other students if they want to come there.

Rep. Rust: If a school was overcrowded, didn't have enough room for the students, I don't think I would have a problem for the public school to say, we need some alternatives here, could we contract with the private school to educate some of these students. I don't think I would have a problem with that. But this isn't the direction that this bill is coming from. It's coming from vice versa. It's coming from the other end, a different route through which this is coming.

Ch. Nathe: I think the result of this bill, in my mind, it is coming from that point. We've had a lot of testimony and I've been on tours listening to school officials saying we are overwhelmed. We need help. Our kids are being taught in a stairwell, in packed portables. I think they are, in a roundabout way, asking for this option. Four years ago I voted against this concept, and my kids go to private school. Our state is going through major changes. We have a major reform funding bill in front of this, this is another one of those steps of reform. They are asking for options and this may be one of the things we can answer it with.

Rep. Rust: I don't think you will find many public schools advocating for HB 1466.

Ch. Nathe: No, but they are asking for options about what to do with their tsunami of children coming through the door.

Rep. Rust: There is no option here. It is the state's responsibility to do that for them. We are saying here, that we are going to compromise the integrity of what we believe the state should do for dollars and cents. I don't believe that is the right thing to do. Hopefully with the Governor's bill, we'll decrease the property taxes that those people who are educating their kids in a private school, are paying and consequently they will get a break and won't have to pay quite as many taxes to that public school where their kids are not attending. This is not good policy.

Ch. Nathe: From where I am coming from, it is to help the schools with the over burgeoning population. I think this can be another option that they have been screaming out for, for the last couple of years.

Rep. Hunsakor: I go back to the constitution. What does it say and then I can think of all kinds of good reasons that I heard why this bill should pass. Then I go back to the constitution again and it doesn't fit. I think the constitution says what Rep. Rust alluded to. I have to resist.

Rep. Schatz: It is not the state's responsibility to educate kids, it is the parents' responsibility to educate their kids. I know the state has a responsibility for education, but I know there is a need and a want for different ways of educating our kids today. We have charter schools going on, I come from a small school, I like a small school, and it gives you a lot of advantages.

Rep. J. Kelsh: In some of the schools you are talking about with so many kids, that were talking about a 1200 pupil increase, they received about 300. Now, we haven't heard those impassioned pleas for options other than to help with the normal help

since that time. This was all based on flawed projections. I think that argument is probably no longer there.

Ch. Nathe: That was only one city. Bismarck, Fargo, West Fargo are all going through growth.

Rep. J. Kelsh: I have to agree, the constitution says that the state of ND provides an education for their children. It doesn't say we provide two or three systems of education. I have to go along with what the constitution says, that we provide the best education for the citizens of the state of ND. Parents have options of where they can send their kids to be educated.

Rep. Meier: I call for the question.

Ch. Nathe: We will take the roll call vote.

7 YES 6 NO 0 ABSENT

CARRIER: Rep. Schatz

DO PASS AS AMENDED AND REREFERRED TO APPROPRIATIONS

2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee
Pioneer Room, State Capitol

HB 1466
February 11, 2013
18664

Conference Committee

These minutes were typed by Jocelyn Gallagher.

Minutes:

Chairman Nathe: Roll taken, go to HB 1466, we passed last week. There was some issues with the amendment, how they were drawn up. I'm asking to reconsider our actions on this bill and bring it back.

Rep. Schatz: I move we reconsider our actions on 1466.

Rep. Meier: Second

Chairman Nathe: We all have the proposed amendments with some corrections.

Rep. Kelsh: Are we going to vote on that reconsideration?

Chairman Nathe: Sure. Voice vote, all in favor say I, all opposed one I. Motion passes.

Rep. Dosch: (1:43) He walked the committee through the amendments. Amendments were drafted in a way to take the individual school districts out of receiving money that would go for paying for these educational services. They were drafted to have the money come from DPI to the contracted school districts and in doing so there was some concern with how they re-worded them.

Rep. Hunskor: As the bill was originally presented and passed that 32 million would have been subtracted from the total amount that would normally go to the public schools?

Rep. Dosch: No, it is general fund. It doesn't affect any of the money that school districts are receiving.

Rep. Hunskor: So the language makes it clearer, is that the intent of the language?

Rep. Dosch: Yes, it makes that clearer and also specifies the money comes from DPI right to the contracted school rather than involving the school district with handling of the money.

Chairman Nathe: It better defines the process how the money would be moved around, this is in section four. Bev, any discussion on the amendment, she brought it to our attention that the amendments were not correct.

Ryan Townsend, Asst. director of The Teacher and School Effectiveness Unit for DPI: (8:36) (testimony 1) Provide information for thought.

Chairman Nathe: We have the proposed amendment in front of us.

Rep. Schatz: I move a do pass on amendments for 1466.

Rep. Rohr: Second

Rep. Rust: Since this is a hot house amendment when we vote on this amendment, this is the only vote we will have.

Chairman Nathe: No, we will put this on bill and then discuss bill.

Rep. Rust: If the amendment changes everything in the bill, then essentially that's the bill.

Chairman Nathe: We will vote on the amendment, bring it to the bill and then open it up again on the bill as amended.

Chairman Nathe: Any other discussion on the proposed amendment on the do pass motion? (14:45) Amendment passes 9-2-2.

Chairman Nathe: Now we have in front of us an amended HB 1466 as amended, discussion?

Rep. Schatz: I make a motion we approve amended HB 1466

Chairman Nathe: We have a do pass motion from Rep. Schatz, is there a second?

Rep. Rohr: Second on a do pass motion as amended with a re-referral to appropriations.

Rep. Rust: Does a school district forward to DPI the name of the student and DPI pays to the receiving school 25% of the cost of educating the student from their previous school? The way the bill is written it is any kid any place go anywhere in ND.

Rep. Meier: That could be true, is that a realistic situation?

Rep. Kelsh: (24:00) He discussed the money difference from students moving between schools. What do you do when non-public schools are filled?

Rep. Koppelman: (27:57) We don't put public money into private entities. There is a fallacy this is taking money off the table that was on the table for K-12 education publically funded.

Chairman Nathe: Any other discussion? Take a roll on do pass on HB 1466 as amended with a re-referral to appropriations. Motion passes, a do pass 6-5-2. Rep. Schatz will be the carrier. That bill will be re-referred to appropriations.

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Bill/Resolution No.: HB 1466

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$32,600,000			
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

HB 1466 relates to contracts for the provision of educational services by nonpublic schools.

- 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.*

The fiscal impact of this bills relates to the allowance of the school district of residence to contract with nonpublic schools for the provision of education. The amount paid by the school district may not exceed twenty-five percent of the public school's total cost to educate. The amount of the contract will be reimbursed by the Department of Public Instruction. For the purposes of this note, the current K-12 nonpublic enrollment is 6220 and the average cost of education in North Dakota is estimated at \$10,500 per student. This translates to roughly \$16,300,000 annually or \$32,600,000 for a biennium. These cost will vary with enrollment changes as well as the average cost to educate.

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.*
- 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.*
- 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 is also included in the executive budget or relates to a continuing appropriation.*

There is no current appropriation identified for this bill.

Name: Matt Strinden

Agency: Department of Public instruction

Telephone: 328-2755

Date Prepared: 01/25/2013

7/1/13
Done
JD

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1466

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 15.1-27 of the North Dakota Century Code, relating to contracts for the provision of educational services by nonpublic schools.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-27 of the North Dakota Century Code is created and enacted as follows:

Educational services by nonpublic schools - Contracts - Reporting.

1. Before the tenth day of September, each parent intending to meet the compulsory attendance requirements by enrolling a child in an approved nonpublic school as permitted by chapter 15.1-20 shall file a form with the superintendent of the child's school district of residence indicating that fact.
2. The form must be developed by the superintendent of public instruction and made available in printed and electronic form.
3. Upon receiving the notification, the child's school district of residence shall contract with the approved nonpublic school for the provision of educational services to the child. The amount agreed to by the school district in accordance with the contract may not exceed twenty-five percent of the school district's educational cost per student.
4. At the time and in the manner required by the superintendent of public instruction, each school district entering a contract under this section shall submit documentation indicating the amount agreed to in accordance with each contract. The superintendent of public instruction shall consolidate the district's contractual obligations and forward the amount owed directly to the contracting nonpublic school.
5. Each year the superintendent of public instruction shall publish in electronic form:
 - a. The number of contracts entered in accordance with this section, by school district;
 - b. The cost of the contracts, by school district; and
 - c. Using each district's educational cost per student, the cost that would have been incurred by each district in providing educational services to the students.
6. For purposes of this section, a school district may contract for educational services only with an approved nonpublic school that is exempt from the payment of federal income taxes."



Renumber accordingly

Date: 2/6/13

Roll Call Vote #: _____

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. _____

House _____ **EDUCATION** _____ Committee

Check here for Conference Committee 13. 0696. 02003 03000

Legislative Council Amendment Number Amendment

Action Taken: Do Pass Amended Rerefer to Appropriations
 Do Not Pass Adopt Amendment

Motion Made By Rep. Schatz Seconded By Rep. Rohr

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunsakor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) _____ (NO) _____ (ABSENT) _____

FLOOR ASSIGNMENT _____

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

Vote Passed

Date: 2/6/13

Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1466

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By Rep. Meier Seconded By Rep. Schatz

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor		✓
Rep. Mike Schatz	✓		Rep. Jerry Kelsh		✓
Rep. Joe Heilman	✓		Rep. Corey Mock		✓
Rep. Brenda Heller	✓				
Rep. Dennis Johnson		✓			
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust		✓			
Rep. John Wall		✓			

TOTAL (YES) 7 (NO) 6 (ABSENT) —

FLOOR ASSIGNMENT Rep. Schatz

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

Amendment held - never submitted -

Date: 2/11/13

Roll Call Vote #:

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1466

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number Reconsideration

Action Taken: Do Pass Amended Rerefer to Appropriations
 Do Not Pass Adopt Amendment

Motion Made By Rep. Schatz Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunsakor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) (NO) (ABSENT)

FLOOR ASSIGNMENT

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

Voice vote, Motion carried.

Date: Feb 11, 2013

Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1466

House _____

EDUCATION

Committee _____

Check here for Conference Committee

Legislative Council Amendment Number 13.0696.02001

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe			Rep. Bob Hunskor		
Rep. Mike Schatz			Rep. Jerry Kelsh		
Rep. Joe Heilman			Rep. Corey Mock		
Rep. Brenda Heller					
Rep. Dennis Johnson					
Rep. Ben Koppelman					
Rep. Lisa Meier					
Rep. Karen Rohr					
Rep. David Rust					
Rep. John Wall					

TOTAL (YES) _____ (NO) _____ (ABSENT) _____

FLOOR ASSIGNMENT _____

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

*voice vote
motion passed*

Date: Feb 11, 2013

Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1466

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number 13-0696-02003

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor	✓	
Rep. Mike Schatz	✓		Rep. Jerry Kelsh		✓
Rep. Joe Heilman			Rep. Corey Mock	✓	
Rep. Brenda Heller	✓				
Rep. Dennis Johnson	✓				
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust		✓			
Rep. John Wall					

TOTAL (YES) 9 (NO) 2 (ABSENT) 2

FLOOR ASSIGNMENT _____

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

motion carried.

Date: Feb 11, 2013

Roll Call Vote #: 7

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 14666

House EDUCATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Amended Rerefer to Appropriations

Do Not Pass Adopt Amendment

Motion Made By Rep. Schatz Seconded By Rep Rohr

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunskor		✓
Rep. Mike Schatz	✓		Rep. Jerry Kelsh		✓
Rep. Joe Heilman			Rep. Corey Mock		✓
Rep. Brenda Heller	✓				
Rep. Dennis Johnson		✓			
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust		✓			
Rep. John Wall					

TOTAL (YES) 6 (NO) 5 (ABSENT) 2

FLOOR ASSIGNMENT Rep. Schatz

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

REPORT OF STANDING COMMITTEE

HB 1466: Education Committee (Rep. Nathe, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING). HB 1466 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 create and enact a new section to chapter 15.1-27 of the North Dakota Century Code, relating to contracts for the provision of educational services by nonpublic schools.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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4. At the time and in the manner required by the superintendent of public instruction, each school district entering a contract under this section shall submit documentation indicating the amount agreed to in accordance with each contract. The superintendent of public instruction shall consolidate the district's contractual obligations and forward the amount owed directly to the contracting nonpublic school.
5. Each year the superintendent of public instruction shall publish in electronic form:
 - a. The number of contracts entered in accordance with this section, by school district;
 - b. The cost of the contracts, by school district; and
 - c. Using each district's educational cost per student, the cost that would have been incurred by each district in providing educational services to the students.
6. For purposes of this section, a school district may contract for educational services only with an approved nonpublic school that is exempt from the payment of federal income taxes."

Renumber accordingly

2013 HOUSE APPROPRIATIONS

HB 1466

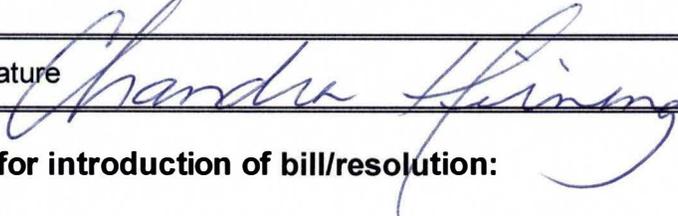
2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1466
2/15/13
Job 19067

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 15.1-27 of the North Dakota Century Code, relating to contracts for the provision of educational services by nonpublic schools.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer called the committee to order and a quorum was declared. Provided preview to schedule for upcoming days. We'll start today with HB 1466.

3:07

Rep. Mike Nathe, District 30: Introduced the bill.

06:20

Chairman Delzer: Are there currently laws in place that would restrict them from doing this? This says *contract* and contract between the school and the private school.

Rep. Nathe: During testimony, the bill sponsor said that this would not be a problem. As far as paying for it, the money is to come out of the general fund.

Chairman Delzer: The way this bill is written, it would be over and above the current cost of whatever we pass for K-12.

Rep. Nathe: If this were to pass, for each student that would attend non-public school, the state and local district would recognize a savings of 75% because rather than the school paying, for example, \$8810 in the Governor's bill, the state would pick up 25% of the non-public cost. Rather than paying the full cost of the private, the state would pay only 25% of the private school's cost.

7:32

Chairman Delzer: It looks like it's between the school district and the private school to set up a contract.

Rep. Nathe: The money runs through DPI.

Chairman Delzer: Looking at part 4, subparagraph 3I, it almost reads like it's up to the local school district to create the contract.

Rep. Nathe: You're right. It says *shall contract*.

Chairman Delzer: But it does not say what the contract is. It says it may not exceed 25%, but it doesn't say what it is. So it would still be up to the local school district to contract whatever they wanted to contract for.

Rep. Nathe: We didn't have that discussion, so I would need clarification from DPI

8:27

Rep. Hawken: This says *must* and *shall*. This then goes on the list that is going to be in a lawsuit. There is the separation of church and state. If these schools had to follow all the same rules as do the public schools, I would have a harder time saying this is not a good bill. I question the constitutionality, as they can discriminate on religion at the very least. Private and public schools are different, and it's a choice. This would essentially be the funding of two different systems. We are having a hard enough time finding how to fund our public schools. I don't see how we can legitimately do this. If it said *may*, and there was a school district that felt they were overcrowded and they wanted to do it, that would be different. This is \$32M that goes away from public schools.

Rep. Nathe: That is incorrect.

Chairman Delzer: Is this \$32M part of the education bill, or is that over and above?

Rep. Nathe: This is over and above, but it would pay for itself in time. The state would be paying for only 25% of that student's cost; if he or she were to stay in a public school, the state would be paying for a much larger portion of that. We did have discussions about the constitutionality of it, and the Supreme Court has ruled on cases similar to this and has determined it to be constitutional. Regarding the two different systems, we had that discussion, too. Are we making this decision in the best interest of the kid, or of K-12? I know this is a huge step, but North Dakota is going through huge steps.

12:22

Rep. Skarphol: It appears that the public school gets paid for the student by DPI, and they can turn around and contract with the private school for 25% at most. To me, it looks conceivable that the public school could give the student to private school and retain the other dollars.

Rep. Nathe: We would need someone from DPI to give better clarification. I understood it as they would only receive the 25%.

Rep. Skarphol: That was my question, whether or not that is the case. It doesn't say the public school district does not get the additional money. It says that they cannot contract for more than 25% of the school's educational cost per student, which is not defined.

Chairman Delzer: WE will need clarification on that. I think the intent is not for it to work that way, but we need to make sure that it's worded correctly.

Rep. Nathe: That's not how our committee understood it.

14:10

Rep. Boe: In your testimony you indicated there was surplus capacity in these private schools. Do you know how much surplus room there would be to take on students?

Rep. Nathe: We did not get any hard numbers, but we got testimony there was room.

Rep. Boe: So this 6220 enrollment in the fiscal note, is the minimum? We might see a number considerably higher than that?

Rep. Nathe: Yes. Those are kids currently in the private school system. You may have kids currently attending a public school who will move to a private school if this bill passes.

15:26

Chairman Delzer: Did you have this fiscal note when you dealt with this bill? Did you ask why the number in HB 1319 is \$8810, yet you come up with \$10,500.

Rep. Nathe: Yes, that is the cost of educating the student. The \$8810 would be the governor's cost per student according to the PICA study. The two different numbers come from two different studies or areas.

16:02

Rep. Nelson: Is this format being used in other states to fund private schools?

Rep. Nathe: We heard from the bill sponsor that other states do vouchers and things along these lines as far as the payment method.

Rep. Nelson: Excluding the special education curriculum that the public school is required to provide, all the other graduation requirements that the department has would be in effect and enforced in the private sector as it is now? Or would that change when the public sector starts funding part of the private education?

Rep. Nathe: Nothing would change as to what the private school is beholden to. They have to be approved by DPI as a non-public school.

Rep. Nelson: How about student testing and No Child Left Behind (NCLB) requirements?

Rep. Nathe: There are certain requirements they have to meet. None of those requirements would change under this bill.

Rep. Nelson: Is the student testing part of the curriculum today in private schools as far as NCLB?

Rep. Nathe: I don't know about NCLB, but I know there is student testing. Again, they have to meet whatever requirements DPI has for non-public school. I think that testing is in there.

Rep. Nelson: I'd like to know that for sure.

18:25

Rep. Monson: Having never been in a private school situation, is this something that is done now? Is there a form that parents...how does that work?

Rep. Nathe: I believe that's defined in Chapter 15.01-20, on line 10 of the page.

Rep. Monson: Do the parents who their child to a non-public school fill out a form every fall, every year? Is that how it works?

Rep. Nathe: I believe it's the school that fills the form out.

19:33

Sheila Sandness, Legislative Council: The school districts do not receive a per student payment unless the student is enrolled in the public school. So they would not receive a per pupil payment for students who are in the private schools.

Rep. Holman: Based on that comment, did anyone testify about losing the student, hence losing the payment?

20:25

Rep. Nathe: Most of the testimony was in favor of the bill. I, too, have received e-mails along those lines. The committee looked at this bill as helping the public schools with their overcrowding. It is a big policy change, but your committee felt it was a good step to take.

Chairman Delzer: Please note the testimony which has been distributed to us. Please keep those; we will have good discussion about this bill. **Attachments.**

21:26

Rep. Nathe: As far as opposition, I had two people: NDEA and Bev Nielson from the North Dakota Council on Educational Leaders.

22:08

Rep. Wieland: On the fiscal note, it says that you're using a number of \$10,500 as cost, whereas HB 1319 was \$8800 per students. What is the reason for not using that number?

Rep. Nathe: That \$10,500 comes from DPI's cost of educating a student. The governor has \$8810; that comes from the PICA study done in 2008.

Chairman Delzer: The \$10,500 is all cost of education. Is the PICA cost supposed to be closer to core costs?

Joe Morrisetti, OMB: The \$10,500 does include federal expenditures that a district receives. That's one significant difference.

Chairman Delzer: So both of them consider their numbers to cover the full cost of education, not just the core. So we don't have anything for just the core requirement.

Joe Morrisetti: I think that would be true.

23:29

Rep. Nelson: Years ago, there was a formula where the foundation aid payment that followed the student, and there was a tuition apportionment portion that went to every student in that particular district. So that would have included those students that are attending private schools. The public school got that. That was a number you could quantify. How did you quantify 25%?

Rep. Nathe: That came from the bill sponsor. That is something we can ask the bill sponsor.

24:11

Rep. Monson: Just a clarification. The \$8810 does not include federal funds. That is just state and local property and the other __ (audio unclear) costs.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1466
February 21, 2013
Job 19373

Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to contracts for the provision of educational services by nonpublic schools.

Minutes:

Attachment 1, 2.

Chairman Delzer opened the hearing.

Rep. Dosch distributed, introduced, and moved amendment .03001.

Chairman Delzer: What does it do to the fiscal note?

Rep. Dosch: It would reduce it.

Chairman Delzer: Does it have to be in the same district? Could they go to a private school in another town?

Rep. Dosch: No, it would be within the child's school district of residence.

Rep. Dosch moved the amendment.

Rep. Grande seconded.

Rep. Bellew: What if the school district doesn't have a private school?

Rep. Dosch: They are unaffected. It is the child's school district of residency.

Rep. Bellew: I think I understand, but if the school district doesn't have a private school, then the people living in that district don't benefit.

Rep. Dosch: That is correct. If there is no private or non-public school within that district, it doesn't affect them.

Chairman Delzer: Where in the bill does it say that?

Rep. Dosch: Section 1 item 3

Chairman Delzer: I don't know that that restricts them from contracting with a private school outside of their district. Did you discuss this change with the policy committee?

Rep. Dosch: I did not talk to Rep. Nathe on it, but I am the primary sponsor on the bill.

Voice Vote: Motion carried.

Rep. Skarphol: In regards to section 1, can a parent change their mind? If they show intent to go to a private school and for whatever reason the student doesn't go there, what is the effect?

Rep. Dosch: It's my understanding that you have to meet that compulsory date of September 10 to register your child. There are kids that transfer for various reasons where they register after that date. I assume that as long as they've registered somewhere, it's no different.

Rep. Monson: The compulsory attendance is ages 7-16. Does that mean that anybody younger than 7 or older than 16 would not be affected by this?

Rep. Dosch: I can't comment on that.

Chairman Delzer: I would guess that is what it means.

Rep. Dosch: That is the way it is with our current system.

Rep. Skarphol: On line 17 page 2, who defines educational cost? Is that a definition that is in DPI for every school?

Rep. Dosch: I believe it is. Rep. Monson is confirming that.

Rep. Holman: I'm not clear on how the money is distributed.

Rep. Dosch: The funding is general fund dollars. It does not affect foundation aid or property tax money. It is a completely separate funding source.

Chairman Delzer: The school district they are going out of, would they receive foundation aid for that student?

Rep. Dosch: I don't believe so. They don't receive anything now.

Chairman Delzer: If the sending school district made the contract, up to 25% of the cost could go to the private school and that would be over and above what our cost of education is if the numbers stay the same.

Rep. Grande: Nothing changes for the public school because the child was not going to attend there.

Rep. Skarphol: She is right as far as money coming into the school. But the school would pay the private school.

Chairman Delzer: I believe DPI pays the private school.

Rep. Dosch: All the school district does collect the application. It gets sent right to DPI, who funds it with general fund dollars and directly pays the non-public school.

Rep. Hawken: So it's not money coming out of whatever education funding bill we decide to pass. It is a \$32 million appropriation separate from, is that correct?

Chairman Delzer: The FN is \$32 million. I don't know that there is an appropriation.

Rep. Hawken: So we would be funding two separate school districts.

Chairman Delzer: You can look at it that way. No, you would be funding those that wish to go to private school at a fourth of the cost while not changing the funding for the private.

Rep. Hawken: It's separate from what we are giving the public schools, correct?

Rep. Dosch: That is correct.

Rep. Holman: I see this as an incentive for some students. I have experience with students that leave public school at a certain age. If the public school is funded on ADM, average daily membership, it seems like they would lose money.

Chairman Delzer: If the number of kids that left increased greatly, they would get less money but on the same token they should have fewer costs.

Rep. Boe: Is anybody aware if any of the private schools have dormitories, and if so, could we end up subsidizing out-of-state children?

Chairman Delzer: It has to be a resident of an in-state school district.

Rep. Dosch: I'm not aware of any non-public school that has any boarding facilities.

Rep. Grande: When the public school system could not meet the needs of my son, it would have been nice to have been given some form of assistance to that. Some people make a choice. There are many, many scenarios.

Rep. Wieland: If a child lives in District A and there is no parochial school in District A, then that child could not be a beneficiary of this bill?

Chairman Delzer: I think it would be entirely up to that school district of whether they contract with the private school.

Rep. Wieland: If District D has a parochial school, then this child could go to that school?

Chairman: Brady, could you pass that question on to the superintendent of public education for their response?

Rep. Dosch: Today on the floor, a colleague said, "We want to make sure that serving in the ND legislature is not reserved only for the wealthy." Here we are talking about school choice, what is best for the child, and the stigma that only rich people send their kids to private school. That is the whole purpose of this bill; to make sure that school choice is not only for the wealthy, but should be feasible for everyone.

Rep. Monson: Will this decrease the cost to a parent who is going to send their child to a private school? The public school says, yes we'll do this 25%, does that child get their tuition reduced by 25%? Does the private school spread out any of this and possibly drop the cost?

Rep. Dosch: That is up to the individual school.

Rep. Monson: If I were a school district with no shortage of space, for example, why would I negotiate?

Rep. Dosch: That is the reason the change was made. The important thing is to help out those school districts that have an issue. In Bismarck, we're building three new schools and we're being told that by the time they are built, they will be at capacity and we'll need more. Minot has an issue with K-6 and will need to start building more schools. Building more schools increases property taxes. Reference to attachment 1.

Rep. Hawken: I think parochial or private schools are fantastic and I am glad that they exist. It is a choice for parents. In ND we have pretty darn good public education. Kids don't move to where the spaces are in the schools, or to where there are private schools. The private schools do not have to follow the same rules. They don't have to pay the teachers the same salaries, or follow the same guidelines, or take special needs children. Several of the application sheets very definitely say you must be Christian, you must be Catholic. That is discrimination. We cannot use public money in that instance.

Rep. Monson: Do you know if any discussion in policy committee centered around if a school district could do this now? If there was a shortage of space, could they do that now and not even have the limit of 25%? They could negotiate on case by case.

Rep. Dosch: That did not come up. I know in Bismarck, the public school system rents classroom space from a church, but not contracting any teaching. In response to Rep. Hawken, you are right, not all of the requirements are the same in non-public schools. But at St. Mary's in Bismarck, the graduation requirements are higher. Studies have shown that in states that have adopted a voucher system, students have performed at higher levels, tested higher, and obtained higher graduation rates. The studies also show an increase in test scores in public scores as a result of friendly competition.

Rep. Monson: I have no experience with private schools. Do we give a tax break to parents for tuition? Is it a deduction?

Rep. Dosch: No it is not.

Rep. Glassheim: I read in your material that this is constitutional but I have a concern that we're using \$32 million of public money and half the schools are doing a portion of the day in religious training. I don't object to that, but I'm very uncomfortable using public money for training in one religion or another.

Rep. Dosch: That's one of the reasons we were very careful when looking at the 25% level. We did not want a true voucher system. The state has an obligation to fund the education of students. Twenty-five percent doesn't even begin to cover the cost of the core curriculum.

Rep. Glassheim: Another reason parents like it is because it corresponds to their values. Are things, like evolution, getting taught from a perspective of a particular religion rather than a broad perspective or scientific perspective?

Rep. Dosch: I know more parents outraged about what is taught in public school than private school.

Rep. Bellew: The current FN is figured on 6220 kids, if we add another 2000 to that, based on Rep. Dosch's figure, would that add another \$10 million to the FN?

Chairman Delzer: I believe it's probably correct, but I'm not sure every district would contract.

Rep. Nelson moved Do Not Pass as Amended.

Rep. Hawken seconded.

Rep. Dosch: In regards to the FN, I believe that this is going to be revenue neutral to the state within a biennium or two. The state will be saving money. Should the choice of where you send your child be made by the government or by the parent?

Rep. Skarphol: If the opportunity existed for every student in the state to do this, I could support it. But there are only a few students that would have this opportunity.

Rep. Kempenich: Are we that unsure of our public education in this state that this is an issue?

Rep. Monson: I believe this has some merit. I have to say though, I think your tuition should be tax deductible at the very least. I'm not sure this is the vehicle. I can't vote for it.

Roll Call Vote:

Yes: 11

No: 10

Absent: 1

Chairman: Called for a re-vote because Rep. Glassheim and Rep. Williams wished to vote "yes". The motion carried anyway. I think we should allow them to change their vote.

Roll Call Vote:

Yes: 15

No: 6

Absent: 1

Chairman: Motion carried. We will take a break so I can check with legislative counsel on if I can allow this or not. Rep. Nelson with a Do Not Pass, you'll be the carrier.

Chairman: I check with counsel, the mistake I made was that the proper way to handle it would have been to have somebody reconsider to take that off. It's sitting at 11 to 10, Do Not Pass. The only ones who can make the motion are somebody on the prevailing side.

Rep. Nelson: Given the emotional nature of this bill, I move to Reconsider.

Rep. Hawken seconded.

Rep. Grande: I wish to resist this motion. We are on record and the record states that these two wanted to change their vote. We don't need to go through this again.

Rep. Nelson: This is an emotional issue and the vote that people make should be their true conviction.

Roll Call Vote: Motion carried.

Yes: 12

No: 9

Absent: 1

Rep. Nelson moved a Do Not Pass as Amended.

Rep. Hawken seconded.

Roll Call Vote: Motion carried.

Yes: 14

No: 7

House Appropriations Committee
HB 1466
February 21, 2013
Page 7

Absent: 1

Rep. Nelson carried the bill.

Chairman: I apologize for the mix-up.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1466
February 21, 2013
Job 19377

Conference Committee

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

Relating to contracts for the provision of educational services by nonpublic schools.

Minutes:

Attachment 1

Sheila Sandness, Legislative Council: Read e-mail, see attachment 1, to provide additional information regarding compulsory attendance to the committee about the bill.

FISCAL NOTE
Requested by Legislative Council
02/22/2013

Amendment to: HB 1466

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$32,600,000			
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

HB 1466 relates to contracts for the provision of educational services by nonpublic schools.

- 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.*

The fiscal impact of this bills relates to the allowance of the school district of residence to contract with nonpublic schools for the provision of education. The amount paid by the school district may not exceed twenty-five percent of the public school's total cost to educate. The amount of the contract will be reimbursed by the Department of Public Instruction. For the purposes of this note, the current K-12 nonpublic enrollment is 6220 and the average cost of education in North Dakota is estimated at \$10,500 per student. This translates to roughly \$16,300,000 annually or \$32,600,000 for a biennium. This cost will vary with enrollment changes as well as the average cost to educate. While the amendment on page 1, line 14 changing the verbage from "shall" to "may" has the potential of reducing the amount of this fiscal note, there is currently not enough guidance on the "contracting" process to determine a correct figure. Therefore, for the purposes of this note, it will remain the maximum amount that would be projected.

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.*

- 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.*

This bill would also result in additional administrative costs related to DPI staff time allocated to contracts and reporting requirements of the bill. These costs are currently undetermined and are not included in this fiscal note.

- 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 is also included in the executive budget or relates to a continuing appropriation.*

There is no current appropriation identified for this bill.

Name: Matt Strinden

Agency: Department of Public instruction

Telephone: 328-2755

Date Prepared: 02/25/2013

FISCAL NOTE
Requested by Legislative Council
02/12/2013

Amendment to: HB 1466

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$32,600,000			
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

HB 1466 relates to contracts for the provision of educational services by nonpublic schools.

- 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.*

The fiscal impact of this bills relates to the allowance of the school district of residence to contract with nonpublic schools for the provision of education. The amount paid by the school district may not exceed twenty-five percent of the public school's total cost to educate. The amount of the contract will be reimbursed by the Department of Public Instruction. For the purposes of this note, the current K-12 nonpublic enrollment is 6220 and the average cost of education in North Dakota is estimated at \$10,500 per student. This translates to roughly \$16,300,000 annually or \$32,600,000 for a biennium. These cost will vary with enrollment changes as well as the average cost to educate.

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.*

- 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.*

This bill would also result in additional administrative costs related to DPI staff time allocated to contracts and reporting requirements of the bill. These costs are currently undetermined and are not included in this fiscal note.

- 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 is also included in the executive budget or relates to a continuing appropriation.*

There is no current appropriation identified for this bill.

Name: Matt Strinden

Agency: Department of Public instruction

Telephone: 328-2755

Date Prepared: 02/13/2013

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Bill/Resolution No.: HB 1466

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$32,600,000			
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

HB 1466 relates to contracts for the provision of educational services by nonpublic schools.

- 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.*

The fiscal impact of this bills relates to the allowance of the school district of residence to contract with nonpublic schools for the provision of education. The amount paid by the school district may not exceed twenty-five percent of the public school's total cost to educate. The amount of the contract will be reimbursed by the Department of Public Instruction. For the purposes of this note, the current K-12 nonpublic enrollment is 6220 and the average cost of education in North Dakota is estimated at \$10,500 per student. This translates to roughly \$16,300,000 annually or \$32,600,000 for a biennium. These cost will vary with enrollment changes as well as the average cost to educate.

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.*
- 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.*
- 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 is also included in the executive budget or relates to a continuing appropriation.*

There is no current appropriation identified for this bill.

Name: Matt Strinden

Agency: Department of Public instruction

Telephone: 328-2755

Date Prepared: 01/25/2013

13.0696.03001
Title.04000

Prepared by the Legislative Council staff for
Representative Dosch
February 15, 2013

2/21/13
JMC

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1466

Page 1, line 14, replace "shall" with "may"

Renumber accordingly

Date: 2/21/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1466

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 03001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

voice vote carries

Date: 2/2/13
 Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1466**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Nelson Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle		X
Vice Chairman Kempenich		X	Rep. Thoreson		X
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande		X	Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim		X
Rep. Kreidt		X	Rep. Guggisberg	X	
Rep. Martinson		X	Rep. Holman	X	
Rep. Monson	X		Rep. Williams		X
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford					
Rep. Skarphol	X				

Total Yes 11 No 10

Absent 1

Floor Assignment Rep. Nelson

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

request for re-vote

*Rep. Glassheim + Williams
 wished to vote 'Yes'*

Date: _____
 Roll Call Vote #: _____

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. _____**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle		X
Vice Chairman Kempenich		X	Rep. Thoreson		X
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande		X	Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford					
Rep. Skarphol	X				

Total Yes 15 No 6

Absent 1

Floor Assignment Rep. Nelson

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

*redone vote
 not done as a reconsider, original stands*

Date: 2/21/13
 Roll Call Vote #: 3

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1466**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Nelson Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X	Rep. Streyle		X
Vice Chairman Kempenich		X	Rep. Thoreson		X
Rep. Bellew		X	Rep. Wieland	X	
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande		X	Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson		X	Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford					
Rep. Skarphol	X				

Total Yes 12 No 9

Absent 1

Floor Assignment _____

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

Date: 2/21/13
 Roll Call Vote #: 4

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1464**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Nelson Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle		X
Vice Chairman Kempenich		X	Rep. Thoreson		X
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg		X			
Rep. Dosch		X			
Rep. Grande		X	Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson		X	Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford					
Rep. Skarphol	X				

Total Yes 14 No 7

Absent 1

Floor Assignment Rep. Nelson

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

REPORT OF STANDING COMMITTEE

HB 1466, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO NOT PASS (14 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1466 was placed on the Sixth order on the calendar.

Page 1, line 14, replace "shall" with "may"

Renumber accordingly

2013 TESTIMONY

HB 1466

#1

HB 1466

Education Committee

Mike Nathe, Chairman

January 31, 2013

Mr. Chairman, members of the Education Committee, for the record my name is Representative Mark Dosch, representing District 32. I come before you today, to ask your support for HB 1466. A bill that will finally provide some choice to parents when it comes to where their children will be educated.

What this bill does is to allow a school district to enter into a contract with approved nonpublic schools to provide educational services to the children attending that school.

Let me start with what I'm sure will be a question asked, and that will be the constitutionality of the bill. First, let me remind everyone, that it is the Supreme Court that determines whether a bill or law is constitutional or not. Anyone that comes before you and claims anything is unconstitutional is purely giving you their own personal opinion and nothing else.

With that, allow me to give you my opinion why the bill before you is what I believe is the first completely constitutional Parents Choice Legislation in ND. This bill was carefully crafted. Taking into account Supreme Court cases across the United States that have addressed similar issues and have been determined to be constitutional. This is the basis on which this bill was crafted. So you understand where we are coming from, let's look specifically at our ND constitution, Article VIII dealing with education.

Section 1 - States the legislator shall establish "a system of public schools"... free from sectarian control. The legislature has completed this task. We have the DPI which is in control of our system. This bill does nothing to change that.

Section 2 states "The Legislature shall provide for a uniform system of free public schools"... again the Legislature has accomplished that. This bill does not change any of this.

Section 3 states - In all schools instruction shall be given as far as practicable in those branches of knowledge that tend to impress upon the mind the vital importance of truthfulness, temperance, purity, public spirit, and respect for labor of every kind" - note the first line "In all schools" - doesn't say just public, and thus one could argue that the state is responsible in every school to provide instruction, but again not affected by this bill.

Section 4 Deals with "uniformity of study" - again, not affected by this bill.

Section 5 - "All colleges, universities... for which land has been granted... shall remain under control of the state. This bill does not change any of that. The constitution goes on to say "no money raised for

the support of the public schools shall be appropriated to or used for the support of any sectarian school" Now this is important to understand - Read it again. No money RAISED FOR THE SUPPORT OF THE PUBLIC SCHOOLS. So what money do we "raise for the support of public schools"?

1. Property tax - the mill levy for education. Please note, this is levied and collected by the counties. The state does not levy nor collect this tax. These funds are not touched by this bill, and this bill does nothing to change that.
2. There is also the common schools trust fund. However these funds are allocated to the public schools. This bill does not utilize any of these funds.

Thus in conclusion, there is NO MONEY RAISED FOR THE SUPPORT OF PUBLIC SCHOOLS that are used by this bill, thus there are no constitutional issues. This bill specifically uses general fund dollars. The Supreme Courts in other states have repeatedly ruled that funds directed for the beneficial interest of a particular student, and that uses funds other than those raised for the support of public schools is constitutional.

With that issue resolved, lets again look at the bill before us. What it does, simply put is allows a school district to enter into a contract with an approved nonpublic schools to provide educational services to the children attending that school. These are the components of the bill.

Section 1

1. Parents are required to meet the compulsory attendance requirement and registered their child with the school district.
2. Fill out the appropriate form to notify the school district of your desire to have the school district contract for services for their child.
3. School district will contract with an approved nonpublic school to provide educational services to the child. This is no different than what the school district does each school year when they contract with teachers to provide educational services i.e. teaching contracts to teach at a particular school. In other words they contract with a group of teachers to teach at a particular school. It maybe Horizon school, it maybe Watcher school. In the case of a nonpublic school, the school district would contract with let's say St. Mary's to provide educational services to those students enrolled. The only difference is that if it is a public school, the district will receive 100% of the education costs. If it is a nonpublic school they are limited to a contract amount equal to only 25% of the cost to educate a student.
4. The school district shall submit the contract to the DPI for reimbursement.
5. Reporting requirements.

So in conclusion, Lets understand what this bill does.

1. This bill would NOT cost the local school districts any funds. Nor would it "take away" any funds the local school districts are receiving.
2. For each student that would attend nonpublic school, the state and local district would recognize a savings of 75% of the cost of educating a child.

3. Help the overcrowding on our K-12 school systems. School districts are over crowded. With the explosive economy in ND, schools across the state are struggling with rapidly growing population, Minot, Williston, Dickinson, Bismarck, West Fargo, Fargo, take your pick. Estimates suggest 300,000 more people in ND in the next 20 years. Bismarck school district for example will be forced to construct 3 new schools in the coming year to help with the growth of students. Children are now in portable class rooms and emptied out basement storage rooms are now the new class rooms we are teaching our kids. All at a time when the private sector has space available.
4. Help keep local property taxes from going up. This expansion and building of new schools in Bismarck will result in substantially higher property taxes for those tax payers. In Bismarck alone, property taxes are expected to increase between \$300 and \$400 dollars, on top of everyone's already high property taxes. Why keep building when perhaps some of this could be avoided? It is simply the common sense thing to do.
5. Provide a choice to parents as to where and what type of environment they want to send their kids.
6. Provide parents with some financial consideration that will help make the cost of nonpublic education more affordable, and thus allow more parents with a choice as to where to send their kids.
7. This bill would allow for raises for teachers in the nonpublic schools.
8. This bill will actually allow parents to DO WHAT IS BEST FOR EACH CHILD, AND PROVIDE PARENTS WITH CHOICE.

Finally, let's review that Fiscal Note, and allow me to explain to you just how this program will pay for itself.

First note, that these funds would be derived from General Funds, and not any special funds, or funds specifically raised for the support of the public schools.

Secondly, I would like to point out that if these students (the 6220) all attended public schools, the state would incur as cost of \$130 Million dollars. The nonpublic schools thus already saving to the state of approx. 98 Million Dollars a biennium.

Now let me tell you how this 32 Million fiscal note will be paid for.

By the state of ND paying for the educational services to the nonpublic schools as suggested by this bill, will result in the nonpublic schools being able to lower their tuition rates, and thus making nonpublic education more affordable, and thus allow more families to have a choice to send their children to nonpublic schools. Now, if just 2% of the students transferred from public to nonpublic schools, would result in approx... 2020 new children. Now assuming these transfers were a part of the public school system and now part of the nonpublic, these students would no longer be funded at the 100% rate, but rather at the 25% nonpublic rate, the saving to the state / district would be \$16 Million dollars per year or \$32 million dollars per biennium. The savings of these "transfer" children would cover the fiscal note

on this bill. In addition, that state would continue to recognize the cost savings on all children enrolled in nonpublic education each year.

We must also remember, that enrollment is expected to increase across the state, as the state's population increases. It makes only good sense that the state do everything it can to relieve the pressure of our public school system and encourage where ever possible the use of nonpublic education.

We are here today, because we care about the children of the state, we realize each child is a unique creation. Each their own person. Some are extroverts, some introverts, some athletic, some would rather read a good book. Some find school easy, some struggle with just the basics. The reality is no two kids are the same, and nobody knows a child best then his/her parents. The environment in which a child feels comfortable is critical in how they learn, and how successful they are in their early education years. Unfortunately, for most, there is no choice as to where they will send their children. Public education is the only option.

In Bismarck, we are very fortunate because we have a very good public school system. However some times, the best schools are not always the best fit. For a variety of reasons, students that struggle to succeed in a public school setting; however when parents transfer that child to a private school, the student prospers. The opposite it also true, for some kids in a private school setting simply don't seem to fit, and find that a public school is a better environment for that child. The point being, each student is different, each unique, and each responds differently to different environments.

Giving parents a Choice is critical if we truly believe that education should be about the child. But choice alone is not simply the answer, because if that choice involves nonpublic education choice, there is a substantial cost associated with that decision. This is why this bill is so critical.

I believe as I'm sure you do, that education should be about the student. Allowing this option will help ensure the best education environment for the child, whether it is public or nonpublic, and at the same time allow for education choice, save local school district money, property tax owners money and the state of ND money. All at the same time doing what is best for our children.

THINK ABOUT IT

- Saves the state 75% of the cost of education
- Helps prevent local property taxes from increasing by shifting some of the demand to the nonpublic system.
- Provide relief to overcrowded districts
- Helps raise teacher pay
- Provides true Education Choice to all Parents
- PAYES FOR ITSELF

EVERYONE BENEFITS - NOW IS THE TIME TO MAKE A POSITIVE CHANGE IN ND EDUCATION

This concludes my testimony. I would be happy to answer any questions you may have.

Wednesday, January 30, 2013

HOUSE EDUCATION COMMITTEE

CHAIRMAN – NATHE AND EDUCATION COMMITTEE MEMBERS:

My name is Morgan Forness. I currently serve as Superintendent at Shiloh Christian School in Bismarck and previously spent 20 years at Oak Grove Lutheran School in Fargo. I am appearing here today on behalf of the State Association of Non-Public Schools (SANS) in reference to House Bill 1466.

As mentioned in previous testimony, SANS membership represents over 45 private, (non-profit) schools in North Dakota made up of almost 7,000 students. These students come from families that pay state taxes to support public education, while at the same time, pay tuition for private school education.

As North Dakotans we can be proud of our educational system. Both public and private schools have an important role in educating students for success in the ever changing world of work. We consider it a privilege to work in collaboration with our public school counter-parts to meet the needs of North Dakota students. The economy is booming and communities are being stretched to meet the infrastructure, housing, business, and educational demands of their communities. Legislation is often written to provide incentives, guidelines, rules of operation, and funding to help meet those needs and often times both public and private entities benefit.

SANS is proud of the students that we produce, with its high state and ACT test scores, high graduation rates, and large percentage of students who move on to higher education. We have excellent teachers who often work for far less salary (\$10,000 to \$12,000 per year) than their public counterparts, making them some of our largest donors. Still they are dedicated to educating the “whole child” with both “academic excellence” as well as instilling a “value system” for a life of service and community involvement. Due to simple economics, it is getting more and more difficult to retain them. With the increase in public school funding by the legislature in the past decade (which we support) the private schools have fallen further and further behind.

Choice is a hallmark of democracy and American ideal. This allows for institutions, businesses, and products to ultimately produce a “high quality” product, whether it is a car, neighborhood in which you choose to live, or a school. Private (not for profit) schools should not be viewed as a competitor but rather an additional resource and alternative available to educating our student population in North Dakota. All students should have options as the “one size fits all approach” is not always what’s best for every student. In a few minutes, you will hear testimony from a student who will explain why a choice was best for them.

Finally, contrary to what most believe, private schools are NOT prep schools that only rich attend. Virtually all private schools provide significant financial aid to families who otherwise would be unable to attend. Aid is available to families from all ethnic and socio-economic status. While most non-public schools have a mission that may be different from the public schools, we are all equally committed to quality academics and high standards, making us a great benefit for the state North Dakota. Variety brings creativity, creativity breeds new ideas, new ideas build reform and reform usually translates to "Excellence!"

HB1466 recognizes a desire for the state to be committed to providing support for all schools. Parents of private schools students pay taxes that help fund public education but reap very few benefits personally. Yet these private schools provide tremendous resources and rich learning environments to many communities ultimately saving public school funding, hundreds of millions of dollars. Imagine for a moment if the more than 1,500 private school students in Bismarck/Mandan alone, left the private schools to integrate into an already overcrowded scenario that exists. This would mean the building of many new schools, hiring of staff that far exceeds the amount requested in this bill to allow the private schools to be contracted by the individual school districts to help educate the populace. We are quality private schools that often do more with less and desire to be a part of our communities in which we can assist in meeting the ever-growing needs.

This practice is not new. Many states have written legislation that allows public tax dollars to be used in public/private partnerships. Private education is a viable means and option that ultimately help meet the end goal. SANS would appreciate your willingness to recognize our role as an important part to the state of North Dakota and encourage you to support and be committed to our institutions as we partner together in meeting the educational needs of the state.

We are all in the business of educating top quality students, and by working together we are all better. Again, SANS is supportive of HB 1466. I would be happy to answer any questions you may have.

Fiscal Note - Points to Make:

- If the fiscal note is \$32.6 million for a biennium and that is 25% for current students in private schools. That means the private schools are saving the State and local taxpayers- 4 times that amount right now. Or \$130.4m per bi.
- For every student that moves to the private system as a result of this bill, the State would save 3 times the per student cost under this bill. If 1,000 students statewide moved; the cost of the fiscal note would drop in half. If 2,000 move the fiscal note is zero.
- Contracted Services to private schools for parents choosing private education such as this, would be far less expensive for the state tax-payer than funding them all in public schools.

#3



Forness, Morgan <fornessm@shilohchristian.org>

"Do Pass" on HB 1466

8 messages

Alison Schlag <alisonschlag@gmail.com>

Tue, Jan 29, 2013 at 1:34 PM

To: mrnathe@nd.gov, mischatz@nd.gov, jaheilman@nd.gov, bheller@nd.gov, bhunskor@nd.gov, jkelsh@nd.gov, bkoppelman@nd.gov, lmeier@nd.gov, crmock@nd.gov, kmrohr@nd.gov, drust@nd.gov, jwall@nd.gov

Cc: "Forness, Morgan" <fornessm@shilohchristian.org>, Allen Schlag <allenschlag@yahoo.com>

I write to you in support of HB 1466.

This type of legislation is long overdue, and since examples always speak better than hypothetical words, let me use our personal situation as to why HB 1466 will be greatly appreciated by your constituents.

My family and I live one-half mile outside of Bismarck Public School (BPS) district. Our postal address is Bismarck, we consider ourselves residents of Bismarck, and we work and shop in Bismarck. However, we are not within the boundaries of BPS as our kids are young enough to be encompassed in the Apple Creek elementary school district. Bismarck Public Schools has discontinued open enrollment from surrounding rural school districts and that left us with private schooling as the lone option. Regrettably, we are not alone in this abandonment of the population by the local school districts. Nearly half of all students in the Apple Creek School District are either grandfathered into BPS elementary from when open enrollment was an option, or are now enrolled in a BPS middle, junior, or senior high school. Apple Creek School District residents, including us, pick up the public school tuition. This school does not have the capacity to educate all of the children in its district; offers no bussing; caters in lunches because of lack of facilities; and has no after school program. This does not work for a dual-career family in 2013.

Our children are in elementary school right now. Once they graduate 6th grade, they will be included in the Bismarck Public School system. At that time, the township will pay tuition to Bismarck Public Schools for our kids to attend. But there is no mechanism in place for us to continue at the Shiloh Christian School - our school of choice - and get the same deal. So residents in our district get their tuition paid for if they attend Bismarck Public School, while we continue with the full cost of tuition for our children AND pay taxes to support a school that can't support us. This remains very problematic for us and flies in the face of educational freedom.

I remind you of the fact that the township is willing to pay tuition IN FULL to a public school that is more costly to attend than the private school option we were essentially forced to choose, and prefer to keep, not only because our kids are excelling at Shiloh, but because we think it's important to maintain stability in our kids' lives.

I've provided tuition costs for both schools for your comparison:
For the 2012-2013 SCHOOL YEAR:

BISMARCK PUBLIC SCHOOL TUITION

Grades 1-6 = \$6,130.84

Grades 7-8 = \$6,008.00

Grades 9-12 = \$7,043.19

(source: http://www.co.morton.nd.us/index.asp?Type=B_BASIC&SEC={C2E07EFB-2B36-4D89-A0B4-CAAEE3A3A4C}&DE={8F4038CE-A45C-4B1D-A820-CAFA658AB508})

SHILOH CHRISTIAN SCHOOL TUITION

Grades 1-6 = \$5595

Grades 7-8 = \$5595

Grades 9-12 = \$6195

(source: <http://shilohchristian.org/admissions/tuition/costs.html>)

We are the demographic which North Dakota professes a desire to attract and keep, but are frustrated with the lack of support for parents whose choices are limited when it comes to educating our children. Without the passage of this bill, our family will not have the option to utilize any of the public funds put towards education, even though we contribute greatly to them. Allowing townships to pay tuition for school children to attend public schools and not private schools flies in the face of parent choice. We are very disappointed to pay taxes to our township in support of a school that cannot/will not support us leading us to essentially take on the full cost of tuition on top of the taxes. It's time to start offering choices that many parents want, but just cannot afford and HB 1466 is a step in the right direction.

Allen J. and Alison K. Schlag
9001 Lincoln Road
Bismarck, ND 58504

Wednesday, January 30, 2013

HOUSE EDUCATION COMMITTEE

CHAIRMAN- NATHE AND EDUCATION COMMITTEE MEMBERS.

My name is Brenna Jessen. I am currently a senior at Shiloh Christian School in Bismarck and also the student body vice president. I had attended public school from kindergarden up until the end of my 10th grade year in Mandan and Bismarck, and my last two years have been spent at Shiloh. I am appearing here today on behalf of the State Association of Non-Public Schools (SANS) in reference to House Bill 1466.

First of all, I would like to mention that I truly did receive a great education at the public schools that I had attended. All of the teachers I had are the wonderful people that have gotten me to where I am today. I have absolutely nothing against the way they run their education, in fact I really like and sometimes miss having so many different class choices that I received in public school.

However, there were other problems that had risen for me in my years of public schooling. I am someone who has faced many different challenges in my life and had to overcome numerous amounts of obstacles. My parents got a divorce, I have moved a few times in my life causing me to switch schools more than once, and I have had my fair share of bullying.

My parents would do anything to make me happy, and they could tell that in the public school setting, I just wasn't happy. I had tried just about everything at my previous school to make the bullying stop, I told them to stop, I eventually brought the counselor's into it, and the principal tried to get involved. Nothing seemed to help me in this situation. It got to the point where I was afraid to go to school, so I knew I had to leave. I had even considered moving out of town to live with my grandma and attend a different school, but I knew that wasn't going to work.

Then, Shiloh had come into the picture. At this point I was ready to try any new option that I could get, and I am glad I did because I absolutely love it. The small community feel is great and all of the teachers have more time for one-on-one help because of this. The transition hasn't exactly been easy for me or my family. I really love attending Shiloh, but the tuition is quite expensive. My mother had to get a second job for nights and weekends after working all day at her full time job Monday through Friday. When most people think about a private school, they think rich. That honestly is not the case at all! We have people attending this school from all walks of life and many of their parents aren't making that much money at all. It would be nice to see the future students of Shiloh not have to spend as much money on tuition to help those lower income families struggle less to pay for their child's education.

I really believe that private schools should be receiving some funding from the government because they work just as hard as the public schools do to give students the proper education to prepare them for college and beyond. For me personally, being raised on a Christian foundation has helped me realize how truly lucky I am to be able to express my beliefs freely compared to before where I felt judged when speaking out on anything.

In reality, our community is growing and the need for more schools is becoming greater. With all of this change happening there are more and more families that are considering private schools for their children. With more children comes a need for more teachers. With more teachers comes a need for more money to pay them their salary, which sadly, doesn't meet the benchmark for what the public school teachers are making.

The teachers in these private facilities are working just as hard on a much smaller pay. Most of them even have to buy their own supplies for their classrooms because the schools don't have the money to do so. Also, my parents, along with many others, are having to pay for two types of schooling when I am only receiving one education. Their taxes are supporting public schools while they are also struggling to cover my tuition. My family has chosen to invest money into this state, and right now this state has chosen not to invest even a small portion of that money in me.

As you can see, public schooling really isn't for everyone. I tried hard to finish out my twelve years of schooling in public schools but I realized it wasn't where I was supposed to be. My switch to private school was the best decision my family has made. The Christian foundation private schooling teaches has helped me prepare for my future in many aspects. Private schools deserve to receive funding from the government. I strongly urge you to vote yes on House Bill 1466.

January 30, 2013

House Education Committee Hearing re HB 1466

Chairman Nathe, Vice Chairman Schatz, Members of the Education Committee, and other guests in the chamber,

My name is Mike Slette and I am here today on behalf of the State Association of Non-Public Schools (SANS) in reference to House Bill 1466. For the past 18 months I've had the privilege of serving as president of Oak Grove Lutheran School in Fargo. Oak Grove is in its 106th year as part of the educational system of North Dakota. We started in 1906 as a high school for girls who came from all across the region; twenty years later, in 1926, the school expanded its offering to include boys. Over the years the school has grown to include an Early Learning Center, an Elementary School and a Middle School and today serves over 450 students. Many of you would know us as one among many Class B schools in the state.

Class B schools have played an important role in my professional life but for reasons perhaps not obvious. Nearly 27 years of my career, starting in 1982, were spent with Great Plains Software and then Microsoft. If you've heard Doug Burgum speak before you've likely heard him talk about building a company with Class B talent from across the state. That couldn't be more true, and "Class B" was not an indicator of low quality talent—far from it! With senior roles in finance and HR, I and other leaders worked hard to create "a great place to work" and a culture that would attract and retain great talent. There is no doubt in my mind that our greatest competitive advantage was our culture, a corporate spirit that celebrated strong business relationships, teamwork and innovation, high quality work, and a level of integrity that led people to trust us.

I'd like to challenge this group to think about ways to make PreK-12 education one of North Dakota's competitive advantages in this global economy. Certainly agriculture, oil, tourism and the like are incredible resources for the State, but the basis for long-term sustainability and innovation must come from a highly educated public. Notice I said "a highly educated public" not great public schools. Great public schools are part of the equation, but so are high-performing non-public schools; a spirit of cooperation and partnership between public schools and private schools can be a powerful culture nurtured at the state-wide level.

There are over 45 non-public schools in North Dakota serving approximately 7,000 students. That means that in spite of the tough and challenging economic times of the past several years 7-8% of the students in the state attend private schools. We all fully recognize that schools like Oak Grove, Shanley, St. Mary's, Dickinson Trinity and others are faith-based schools, but that alone does not define them. At the heart of these schools is a commitment to academic excellence that rivals any school in the State.

Non-public schools' average ACT scores, graduation rates, and percentage of students pursuing post-secondary degrees all boost overall state averages.

Did you know that:

- Non-public schools are required to meet State standards by hiring only Highly Qualified Certified Teachers just like public schools
- Non-public school course offerings must meet State approval just like public schools
- Certain tests required by the State must be given to students of private schools just as they are for students of public schools
- Although not required by the State, many non-public schools are accredited; Oak Grove has been accredited through NCA/AdvancED since 1926

Non-public schools have been part of the education system in North Dakota for over a century, are highly accountable to the State for the quality of education they provide, yet virtually no State funding is directed towards private schools or the families that choose to send their students to such schools.

It is recognized within the SANS organization, and Oak Grove specifically, that it is difficult for many families to afford private education. It is a similar challenge for non-public schools all across the State of North Dakota to offer rich academic and the other experiences that fulfill our respective missions, all while attempting to keep tuition affordable. Most non-public schools provide financial aid to families as a reduction in tuition; at Oak Grove roughly half of our families receive some level of financial aid. SANS schools work hard to keep access affordable and the overall experience outstanding. Perhaps an unintended consequence of aggressive increases in State funding for public schools over recent legislative sessions, SANS schools have fallen far behind teacher compensation and benefit levels of the public schools across the state. Attracting and retaining high quality teachers is important to any school including private schools whose faculty and staff must reflect the mission and values of the school in all that they do.

The State's non-public schools are a great resource and play a vital role in North Dakota's educational system. Strong non-public schools in partnership with well-funded public schools provide outstanding educational opportunities across the State of North Dakota. The combination of strong private schools and well-funded public schools can create a competitive advantage for the State of North Dakota that will set it apart over the next century. Your vote of Do Pass for HB 1446 will help strengthen the academic offerings of non-public schools, will continue to relieve public schools burdened by burgeoning student populations, and will extend non-public schools' contributions to the educational heritage of the State of North Dakota well into the future.

Measuring the Economic and Fiscal Impacts of the Operation of Catholic Schools

The Data

To support the analysis, Dickinson Catholic Schools made student enrollment, faculty and staff employment data available. The exhibit below provides statistical detail by school. There are 3 schools in all – Trinity High School, Trinity Elementary East (St. Wenceslaus), Trinity Elementary West (St. Patrick's).

To determine the economic impacts of the operations of Dickinson Catholic Schools, the study team utilized 2012-2013 enrollment data. Three institutions were also able to provide detailed data regarding faculty/staff costs.

Exhibit 1. Schools with 2012-2013 Enrollment

<i>School</i>	<i>2012-2013 Enrollment</i>
Trinity High School	266
TEE	144
TEW	169

School-based data are summarized in exhibit 2. Total enrollment in the 3 institutions totals 567 students. Total operating expenses for all schools was \$3.1 million. The schools have estimated faculty employment of 37 full-time and 7 part-time with associated income of \$1.585 million and staff employment of 29 with estimated associated income of \$.25 million.

Importantly, these data serve as the basis for economic and fiscal impact calculations associated with ongoing operations. One entity's expenditures represent another's revenues and the expenses detailed in exhibit 2 and serve as community economic drivers. Associated economic activities in turn produce positive fiscal impacts at both State and local levels. These impacts are detailed on the pages below.

Exhibit 2. Summary of School Operating Data

<i>Factor</i>	<i>Quantity</i>
Institutions	3
Total Enrolled employees	73
Total Operating Expenses	\$3.1 million
Operating Expenses Minus Employment Pay and Benefits	\$1.265 million
Faculty Employment	44
Faculty Pay and Benefits	\$1.585 million
Staff Employment	29
Staff Pay and Benefits	\$.25 million

Catholic schools also generate fiscal impacts beyond tax revenues by reducing capacity requirements of public preK-12 public school systems across the state. Each school district is associated with a cost of education per student, which defines its required financial cost to educate each student per Dickinson Public School District Office. Based on the average cost of supplying educational services to a public school student in the Dickinson Public School District, local taxpayers saved \$2,553,798 dollars this past year in expenditures due to the presence of Dickinson Catholic School's capacity. The total tax savings realized by local residents amounts to approximately \$4,810,458 dollars.

This savings is based on the local education agency (Dickinson Public Schools - DPS) average cost per student. North Dakota has a funding formula that reimburses local education agencies at a rate of \$3,980 per student. The local educational institution (DPS) must make up the remaining balance for each student.

Exhibit 1. Fiscal Benefit of Residents in local economy Attending Dickinson Catholic Schools

<i>School</i>	<i>Cost of Education Per Student</i>	<i>Students Attending DCS</i>	<i>Costs Saved by Attending DCS</i>
TEE K	\$6,319.00	18	\$113,742.00
TEE	\$8,809.00	114	\$1,004,226.00
TEW K	\$6,319.00	30	\$189,570.00
TEW	\$8,809.00	139	\$1,224,451.00
THS JH	\$8,870.00	97	\$860,390.00
THS	\$8,391.00	169	\$1,418,079.00
Total Cost			\$4,810,458.00
Total Local	difference	567	\$2,553,798.00
Total State	@ \$3,980	567	\$2,256,660.00

ECONOMIC IMPACT OF EVENTS HOSTED BY DCS

Hosting an event has revealed a number of benefits in our communities. Of those benefits, some reasons like increasing community visibility, positive psychic income, and enhancing community image are all common and acceptable postulations. However, there is no doubt that these events that utilize public or private facilities always bring positive economic benefits into our community.

In order to determine the amount of impact, we must define the types of visitors to our town or area; including for these special events, is an important step in understanding their importance and their impact to your community.

Broadly, visitors can be segmented into two categories; overnight visitors and day visitors, in other words, those who are and are not, respectively, spending the night in Dickinson.

Day visitors

- From home: This group is probably what most people think of when they hear “day visitors”: travelers who start and end their day at their own residence. Common events hosted by the Dickinson Catholic Schools include; Region 7 Volleyball, District 14 Girls Basketball, Region 7 Girls Basketball, District 7 Boys Basketball, Region 7 Boys Basketball, four regional/area track meets, Dickinson’s Got Talent, Mardi Gras, Consolidated Convention, Roughrider Electric Cooperative Convention, and Women’s Expo.

Event	# of Visitors	# of Days	\$ per day	Total Impact
Region 7 VB	1,500	3	\$110	\$495,000
District 14 GBB	1,200	3	\$110	\$396,000
Region 7 GBB	1,500	3	\$110	\$495,000
District 14 BBB	2,000	3	\$110	\$660,000
Region 7 BBB	2,750	3	\$110	\$907,500
4 Track Events	750	4	\$110	\$330,000
Dickinson’s Got Talent	750	1	\$110	\$82,500
Mardi Gras	½ of 2,000	3	\$110	\$330,000
Consolidated	400	1	\$110	\$44,000

Roughrider Electric Conv	400	1	\$110	\$44,000
Women's Expo	1,000	1	\$110	\$110,000
Total				\$3,894,000

Information provided by Dickinson Visitor and Convention Bureau

Overnight: paid lodging

• Staying in commercial lodging facilities. Visitors staying in a hotel, motel, inn or bed & breakfast are usually a major component of visitors to any area. Common events hosted by the Dickinson Catholic Schools include: several area optimist basketball tournaments, THS/DHS Volleyball Tournament, and ELCA State Convention.

Event	# of Visitors	# of Days	\$ per Visitor	Total
Optimist BB	600	2	\$220	\$264,000
Optimist BB	1000	2	\$220	\$440,000
THS/DHS VB	1800	2	\$220	\$792,000
ELCA State Convention	600	2	\$220	\$264,000
Total				\$1,760,000

Information provided by Dickinson Visitor and Convention Bureau

Direct visitor spending is one part of the overall economic impact of tourism, but it is the first step in quantifying that impact. Other impacts include secondary spending (indirect and induced), jobs created, taxes paid, quality of life and other impacts. Those figures are important too, but are beyond the scope of this presentation.

Summary

Dickinson Catholic Schools generate approximately \$7.5 million dollars of revenue for the state in the form of salaries and events associated with the system. Dickinson Catholic Schools saves local taxpayers roughly \$2.6 million in educational expenses associated with the cost of education. The state saves \$2.3 million in educational expenses in Dickinson alone.

There are over 45 non-public schools in the state serving close to 7,000 students. This amounts to a savings of approximately \$28 million for the state and roughly another \$28 million locally.

With your support of private education, private schools can continue to support local economies and save local and state taxpayers millions of dollars.

Sixty-third
Legislative Assembly
of North Dakota

Engrossed HOUSE BILL NO. 1466

Introduced by

Representatives Dosch, Heller, Meier, Rohr, Streyle

Senators Sitte, Wanzek

1 A BILL for an Act to create and enact a new section to chapter 15.1-27 of the North Dakota
2 Century Code, relating to contracts for the provision of educational services by nonpublic
3 schools.

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

5 **SECTION 1.** A new section to chapter 15.1-27 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Educational services by nonpublic schools - Contracts - Reporting.**

- 8 1. Before the tenth day of September, each parent intending to meet the compulsory
9 attendance requirements by enrolling a child in an approved nonpublic school, as
10 permitted by chapter 15.1-20, shall file a form with the superintendent of the child's
11 school district of residence indicating that fact.
- 12 2. The form must be developed by the superintendent of public instruction and made
13 available in printed and electronic form.
- 14 3. Upon receiving the notification, the child's school district of residence shall contract
15 with the approved nonpublic school for the provision of educational services to the
16 child. The amount paidowed by the school district in accordance with the contract may
17 not exceed twenty-five percent of the school district's educational cost per student.
- 18 4. At the time and in the manner required by the superintendent of public instruction,
19 each school district entering a contract under this section shall submit documentation
20 indicating the amount paidowed in accordance with each contract and the
21 superintendent of public instruction shall provide full reimbursement to the district. The
22 superintendent of public instruction shall withhold from each district's state aid an
23 amount equal to that owed by the district under this section and shall forward the
24 amount directly to the contracting nonpublic school.

- 1 5. Each year the superintendent of public instruction shall publish in electronic form:
2 a. The number of contracts entered in accordance with this section, by school
3 district;
4 b. The cost of the contracts, by school district; and
5 c. Using each district's educational cost per student, the cost that would have been
6 incurred by each district in providing educational services to the students.
7 6. For purposes of this section, a school district may contract for educational services
8 only with an approved nonpublic school that is exempt from the payment of federal
9 income taxes.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1466

Page 1, line 1, after "create" insert "and enact"

Page 1, line 15, replace "paid" with "owed"

Page 1, line 19, replace "paid" with "owed"

Page 1, line 19, remove "and the superintendent of"

Page 1, line 20, replace "public instruction shall provide full reimbursement to the district" with ". The superintendent of public instruction shall withhold from each district's state aid an amount equal to that owed by the district under this section and shall forward the amount directly to the contracting nonpublic school"

Page 2, after line 2, insert:

"6. For purposes of this section, a school district may contract for educational services only with an approved nonpublic school that is exempt from the payment of federal income taxes."

Renumber accordingly

*Never submitted
to L.C. -*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1466

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create a new section to chapter 15.1-27 of the North Dakota Century Code, relating to contracts for the provision of educational services by nonpublic schools.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 15.1-27 of the North Dakota Century Code is created and enacted as follows:

Educational services by nonpublic schools - Contracts - Reporting.

1. Before the tenth day of September, each parent intending to meet the compulsory attendance requirements by enrolling a child in an approved nonpublic school as permitted by chapter 15.1-20, shall file a form with the superintendent of the child's school district of residence indicating that fact.
2. The form must be developed by the superintendent of public instruction and made available in printed and electronic form.
3. Upon receiving the notification, the child's school district of residence shall contract with the approved nonpublic school for the provision of educational services to the child. The amount agreed to by the school district in accordance with the contract may not exceed twenty-five percent of the school district's educational cost per student.
4. At the time and in the manner required by the superintendent of public instruction, each school district entering a contract under this section shall submit documentation indicating the amount agreed to in accordance with each contract. The superintendent of public instruction shall consolidate the district's contractual obligations and forward the amount owed directly to the contracting nonpublic school.
5. Each year the superintendent of public instruction shall publish in electronic form:
 - a. The number of contracts entered in accordance with this section, by school district;
 - b. The cost of the contracts, by school district; and
 - c. Using each district's educational cost per student, the cost that would have been incurred by each district in providing educational services to the students.
6. For purposes of this section, a school district may contract for educational services only with an approved nonpublic school that is exempt from the payment of federal income taxes.

Renumber accordingly



TESTIMONY ON HB #1466**EDUCATION COMMITTEE****2/11/13****By: Ryan Townsend, Assistant Director Teacher and School Effectiveness****srtownsend@nd.gov****701-328-2629****Department of Public Instruction**

Mr. Chairman and Members of the Committee:

For the record my name is Ryan Townsend, and I am the Assistant Director of the Teacher and School Effectiveness Unit for the Department of Public Instruction. I was asked to present some questions that we at DPI hope the committee will consider when working on this bill. I would also like to offer some clarification from earlier testimony.

Our questions to consider are as follows:

1. Public schools are held accountable financially by their local patrons, county commissions, as well as the state. Will providing public money to private schools result in two different forms of financial accountability? Will private schools be required to report how their budgets are spent?
2. ND public and private schools are not approved by the same criteria (NDCC 15.1-06-06 and NDCC 15.1-06-06.1). The approval process for private schools does not require them to take part in a continuous improvement process. Commendably many private schools do so without the mandate. How will this bill differentiate between approved private and approved public schools? In other words, would only those private schools that do take part in ALL of the requirements of the public school approval process be able to require the public schools to contract? The state is asking for an appropriation for statewide accreditation of our public schools. Will this bill add private schools to those required to participate?
3. Due process Students and Teachers – currently public schools are required by law (NDCC 15.1-19-09) to establish rules regarding suspension and expulsion that must provide for a procedural due process hearing. A student's parent or representative must be allowed to participate. Would providing public funds require private schools to offer the same due process to their students? Under NDCC Chapter 15.1-15 and 16, ND teachers and administrators are provided due process, continuing contracts, and rights to negotiate. Would providing public funds to private schools require them to offer the same protections to their staffs?

4. As an example, students currently have access to a private elementary school in Grand Forks, ND and a private high school in East Grand Forks, MN. How would students who receive the public funds in the ND private elementary carry those funds into a MN private high school since we do not approve MN schools?
5. Cost of tuition is just one factor affecting choice. Currently 99% of our special needs students are served by public schools. If this bill passes, will parents of all our students get the choice of where to send their students? NDCC 15.1-06-01 states that "the policy of the state is to maintain a free public school system for the benefit of all children of school age." Will private schools be allowed to turn any students away?

These are just a few of the many questions that the Department of Public Instruction will need to address when tasked with funding private schools.

I would also like to offer clarification on earlier testimony North Dakota Century Code 15.1-07-01 states that "each school district in this state is a public school district governed by the provisions of this title." So, where the term "school district" is used it is referring to public schools. I understand that where the terms "school or schools" are used, it is to mean both private and public schools. However, I could not find statute that defined those terms as such.

ND public schools do not receive per pupil payments from the state for students who live in their district and attend private schools. Whether someone who owns property in a school district has children or not, they pay property taxes that fund the local portion of that school district's budget. However, the state does not give funding to those schools if the student does not attend public school.

Chairman Nathe and members of the committee thank you for your time, and I will stand for any questions.

* ASSUMES 2% of Students
move from Public to NON Public

HB 1466
2/15/13
Attachment

STATE
2020 Kids
x \$10,000
STATE Cost
Per Student
(100%)
\$ 20,200,000 Cost

NON-PUBLIC
2020
x 2500 (25%)
\$ 5,050,000

↳ Difference ←
\$ 15,150,000 SAVINGS TO STATE
x 2 Bientan

\$ 30,300,000 TOTAL SAVINGS TO STATE

HB 1466
2/15/13
Attachment 2

Friday, February 15, 2013

HOUSE APPROPRIATIONS COMMITTEE

My name is Morgan Forness. I currently serve as Superintendent at Shiloh Christian School in Bismarck and previously spent 20 years at Oak Grove Lutheran School in Fargo. I am appearing here today on behalf of the State Association of Non-Public Schools (SANS) in reference to House Bill 1466.

As mentioned in previous testimony, SANS membership represents over 45 private, (non-profit) schools in North Dakota made up of almost 7,000 students. These students come from families that pay state taxes to support public education, while at the same time, pay tuition for private school education.

As North Dakotans we can be proud of our educational system. Both public and private schools have an important role in educating students for success in the ever changing world of work. We consider it a privilege to work in collaboration with our public school counter-parts to meet the needs of North Dakota students. The economy is booming and communities are being stretched to meet the infrastructure, housing, business, and educational demands of their communities. Legislation is often written to provide incentives, guidelines, rules of operation, and funding to help meet those needs and often times both public and private entities benefit.

SANS is proud of the students that we produce, with its high state and ACT test scores, high graduation rates, and large percentage of students who move on to higher education. We have excellent teachers who often work for far less salary (\$10,000 to \$12,000 per year) than their public counterparts, making them some of our largest donors. Still they are dedicated to educating the "whole child" with both "academic excellence" as well as instilling a "value system" for a life of service and community involvement. Due to simple economics, it is getting more and more difficult to retain them. With the increase in public school funding by the legislature in the past decade (which we support) the private schools have fallen further and further behind.

Choice is a hallmark of democracy and American ideal. This allows for institutions, businesses, and products to ultimately produce a "high quality" product, whether it is a car, neighborhood in which you choose to live, or a school. Private (not for profit) schools should not be viewed as a competitor but rather an additional resource and alternative available to educating our student population in North Dakota. All students should have options as the "one size fits all approach" is not always what's best for every student.

Finally, contrary to what most believe, private schools are NOT prep schools that only rich attend. Virtually all private schools provide significant financial aid to families who

otherwise would be unable to attend. Aid is available to families from all ethnic and socio-economic status. While most non-public schools have a mission that may be different from the public schools, we are all equally committed to quality academics and high standards, making us a great benefit for the state North Dakota. Variety brings creativity, creativity breeds new ideas, new ideas build reform and reform usually translates to “Excellence!”

HB1466 recognizes a desire for the state to be committed to providing support for all schools. Parents of private schools students pay taxes that help fund public education but reap very few benefits personally. Yet these private schools provide tremendous resources and rich learning environments to many communities ultimately saving public school funding, hundreds of millions of dollars. Imagine for a moment if the more than 1,500 private school students in Bismarck/Mandan alone, left the private schools to integrate into an already overcrowded scenario that exists. This would mean the building of many new schools, hiring of staff that far exceeds the amount requested in this bill to allow the private schools to be contracted by the individual school districts to help educate the populace. We are quality private schools that often do more with less and desire to be a part of our communities in which we can assist in meeting the ever growing needs.

This practice is not new. Many states have written legislation that allows public tax dollars to be used in public/private partnerships. Private education is a viable means and option that ultimately help meet the end goal. SANS would appreciate your willingness to recognize our role as an important part to the state of North Dakota and encourage you to support and be committed to our institutions as we partner together in meeting the educational needs of the state.

We are all in the business of educating top quality students, and by working together we are all better. Again, SANS is supportive HB 1466. I would be happy to answer any questions you may have.

HB 1466 – Please Support

A highly educated public is essential to North Dakotas well being and great public and non-public schools are the mainstay of our educational system.

- Facts about non-public (non-profit) schools in North Dakota
 - There are over 45 private schools in North Dakota educating almost 7,000 students.
 - The families of these students pay state taxes to support public education while also paying tuition to attend private schools.
 - Non-public schools are required to meet State standards by hiring Highly Qualified Certified Teachers like their public school counterparts.
 - Non-public schools course offering meet State approval just like public schools.
 - Non-public schools are required to meet DPI – State Approval and most are accredited by NCA/AdvancED just like public schools.
 - Non-public schools save public schools money and resources as we partner with public schools to service student who have learning disabilities.
 - Non-public schools ultimately saving public schools funding in the hundreds of millions of dollars over students' K-12 education.
 - Accountability is the norm in non-public schools. According to NCA/AdvancED, *“nowhere is education accountability greater in America’s K-12 private schools, where every student is enrolled by choice, where free alternative exists just down the street or around the corner in the form of the local public school, and where schools that fail, cease to exist.”* (AdvancED Source Fall 2012, p 5)
 - Non-public schools produce students with high state and ACT test scores and high graduation rates.
- Choice is a hallmark of democracy and allows for institutions and businesses to produce a “high quality” product such as well performing schools.
 - Non-public (non-profit) schools need to be viewed not as a competitor but rather as a vital resource and alternative to educating our student population.
 - Variety brings creativity and new ideas that allow reform from good to great.
- Many states have legislation that allows public tax dollars to be used in public/private partnerships.
- The combination of strong non-public schools and well-funded public schools can create a competitive advantage for North Dakota that will continue to make us strong and viable over this next century.

Your support for HR 1466 will help strengthen the academic offerings of non-public schools, will continue to relieve the burden of increased student populations, and will extend non-public schools’ contributions to the educational heritage of the State of North Dakota well into the future.

NDLA, H APP - Traeholt, Meredith

From: -Info-Legislative Council <lcouncil@nd.gov> on behalf of Legislative Council <lcouncil@nd.gov>
Sent: Tuesday, February 19, 2013 12:56 PM
To: NDLA, H APP - Traeholt, Meredith
Subject: HB1466 support

Submitted on February 18, 2013 - 4:27pm
Submitted by anonymous user: [165.234.159.251]
Submitted values are:

Name: Dan Holder
E-mail Address: principalholder@gmail.com
Phone Number: 701-356-2050
Comments:
HB1466

I am writing to you in support of HB1466. I was urged to write you in opposition of this bill by the leadership of NDCEL. I am letting you know that, though I am a member of NDCEL, they do not represent me on all public policy issues. I support private education. I support the use of public funds to give families choice in the education of their children. I support the benefits of competition in the market for education that only come when there are multiple firms offering that service. As a former economics teacher, I believe strongly that the children will ultimately benefit if schools are forced to compete with each other to offer the best possible education for students. If public schools are the best, then the families will elect to send their students there. If not, then there should be freedom of choice for all not only for the one's wealthy enough to afford it.

The results of this submission may be viewed at:
<http://www.legis.nd.gov/node/1015/submission/283>

APPROPRIATIONS COMMITTEE

Response to Questions

1. Bill states "shall" participate - See amendment changing it to 'MAY'
2. It is a parent's choice to send their kids to nonpublic schools (NPS), so they should pay. - The reality is, because of the ever increasing cost of education, and the fact that the state does not provide any assistance to NPS, the tuition is expensive and thus most low to moderate income family's simply can't afford the tuition and the DO NOT HAVE THE CHOICE in schools.
3. Local school districts will lose money. FALSE - no money is taken from public school financing or from property taxes. Payment is made directly from DPI to the NPS from the appropriated general fund dollars.
4. How much additional space could be provided by NPS? It is estimated that 1,000 students could be immediately taken into the system, and another Thousand within 2 years.
5. Is this constitutional? - YES - The constitution prohibits the use of funds "raised for the support of public schools". This bill uses only general fund dollars, and not any funds from property tax, or the common schools trust funds. The courts have further stated that the voucher plan/school choice plan is not designed to aid a particular religion, nor is it designed to promote a specific philosophy. Courts have never strict down an education law that was open to participation by all students in all schools.
6. NPS do not have the same graduation requirements as public schools. - True, in most cases, the graduation requirement is actually higher in NPS. Study after study has also shown that in states that have adopted a type of voucher systems, students have actually performed at higher levels. Tested higher, and have obtained a higher graduation rate. Studies have also shown that after time, the test scores at public schools also started to increase as a result of what the studies deemed friendly competition.

7. NPS do not except students with special needs. FALSE- NPS do in fact except students with special needs, however it is true that they are not equipped to handle the more difficult cases. However this is also the case for most of our smaller public schools. They too must refer these cases to other school districts that have the resources. One must also remember that the state pays 4 times the average cost to educate a special needs student to help cover the cost.
8. Testing and other requirements in NPS.
 - NPS are required to meet State standards by hiring Highly Qualified Certified Teachers just like the public schools.
 - Their schools course offering must meet state approval.
 - NPS must meet DPI state approval requirements.
 - Established the same bullying police as public schools.
 - Accountability - "nowhere is education accountability grater in America's K-12 private schools, where every student is enrolled by choice, where free alternative exists just down the street."
AdvanceED source.
9. Forms difficult to fill out? NO - a simple one page form will be used, that will be developed by DPI
10. Why 25% amount? We felt that a parent(s) choosing NPS for their child should still be responsible for providing for the bulk of the education costs. In addition, we wanted to make certain that the state payment to NPS would be to help offset the cost of educating for the core requirements only. We also wanted to make sure that the savings to the state of 75% per student would be adequate enough to "pay for the cost" of the entire program.

The fact is, our communities are stronger with the diversity of what is offered by having both public and private schools. These 2 schools systems support and challenge each other to make both stronger.

THANK YOU!

* ASSUMES 2% of Students
● Move from Public to NON Public

STATE
2020 Kids
x \$10,000 STATE Cost
Per Student
(100%)
\$ 20,200,000 Cost

NON-PUBLIC
2020
x 2500 (25%)
\$ 5,050,000

↳ Difference ←
\$ 15,150,000 SAVINGS TO
STATE
x 2 Billion

\$ 30,300,000 TOTAL SAVINGS
TO STATE

HB 1466

Appropriations

Mr. Chairman, members of the Education Committee, for the record my name is Representative Mark Dosch, representing District 32. I come before you today, to ask your support for HB 1466. A bill that will finally provide some choice to parents when it comes to where their children will be educated.

What this bill does is to allow a school district to enter into a contract with approved nonpublic schools to provide educational services to the children attending that school.

Let me start with what I'm sure will be a question asked, and that will be the constitutionality of the bill. First, let me remind everyone, that it is the Supreme Court that determines whether a bill or law is constitutional or not. Anyone that comes before you and claims anything is unconstitutional is purely giving you their own personal opinion and nothing else.

With that, allow me to give you my opinion why the bill before you is what I believe is the first completely constitutional Parents Choice Legislation in ND. This bill was carefully crafted. Taking into account Supreme Court cases across the United States that have addressed similar issues and have been determined to be constitutional. This is the basis on which this bill was crafted. So you understand where we are coming from, let's look specifically at our ND constitution, Article VIII dealing with education.

Section 1 - States the legislator shall establish "a system of public schools"... free from sectarian control. The legislature has completed this task. We have the DPI which is in control of our system. This bill does nothing to change that.

Section 2 states "The Legislature shall provide for a uniform system of free public schools"... again the Legislature has accomplished that. This bill does not change any of this.

Section 3 states - again not affected by this bill.

Section 4 Deals with "uniformity of study" - again, not affected by this bill.

Section 5 - "All colleges, universities... for which land has been granted... shall remain under control of the state. This bill does not change any of that. The constitution goes on to say "no money raised for the support of the public schools shall be appropriated to or used for the support of any sectarian school" Now this is important to understand - Read it again. No money RAISED FOR THE SUPPORT OF THE PUBLIC SCHOOLS. So what money do we "raise for the support of public schools"?

1. Property tax - the mill levy for education. Please note, this is levied and collected by the counties. The state does not levy nor collect this tax. These funds are not touched by this bill, and this bill does nothing to change that.

2. There is also the common schools trust fund. However these funds are allocated to the public schools. This bill does not utilize any of these funds.

Thus in conclusion, there is NO MONEY RAISED FOR THE SUPPORT OF PUBLIC SCHOOLS that are used by this bill, thus there are no constitutional issues. This bill specifically uses general fund dollars. The Supreme Courts in other states have repeatedly ruled that funds directed for the beneficial interest of a particular student, and that uses funds other than those raised for the support of public schools is constitutional.

With that issue resolved, lets again look at the bill before us. What it does, simply put is allows a school district to enter into a contract with an approved nonpublic schools to provide educational services to the children attending that school. These are the components of the bill.

Section 1

1. Parents are required to meet the compulsory attendance requirement and registered their child with the school district.
2. Fill out the appropriate form to notify the school district of your desire to have the school district contract for services for their child.
3. School district will contract with an approved nonpublic school to provide educational services to the child. This is no different than what the school district does each school year when they contract with teachers to provide educational services i.e. teaching contracts to teach at a particular school. In other words they contract with a group of teachers to teach at a particular school. It maybe Horizon school, it maybe Watcher school. In the case of a nonpublic school, the school district would contract with let's say St. Mary's to provide educational services to those students enrolled. The only difference is that if it is a public school, the district will receive 100% of the education costs. If it is a nonpublic school they are limited to a contract amount equal to only 25% of the cost to educate a student.
4. The school district shall submit the contract to the DPI for reimbursement.
5. Reporting requirements.

So in conclusion, Lets understand what this bill does.

1. This bill would NOT cost the local school districts any funds. Nor would it "take away" any funds the local school districts are receiving.
2. For each student that would attend nonpublic school, the state and local district would recognize a savings of 75% of the cost of educating a child.
3. Help the overcrowding on our K-12 school systems. School districts are over crowded. With the explosive economy in ND, schools across the state are struggling with rapidly growing population, Minot, Williston, Dickinson, Bismarck, West Fargo, Fargo, take your pick. Estimates suggest 300,000 more people in ND in the next 20 years. Bismarck school district for example will be forced to construct 3 new schools in the coming year to help with the growth of students. Children are now in portable class rooms and emptied out basement storage rooms

are now the new class rooms we are teaching our kids. All at a time when the private sector has space available.

4. Help keep local property taxes from going up. This expansion and building of new schools in Bismarck will result in substantially higher property taxes for those tax payers. In Bismarck alone, property taxes are expected to increase between \$300 and \$400 dollars, on top of everyone's already high property taxes. Why keep building when perhaps some of this could be avoided? It is simply the common sense thing to do.
5. Provide a choice to parents as to where and what type of environment they want to send their kids.
6. Provide parents with some financial consideration that will help make the cost of nonpublic education more affordable, and thus allow more parents with a choice as to where to send their kids.
7. This bill would allow for raises for teachers in the nonpublic schools.
8. This bill will actually allow parents to DO WHAT IS BEST FOR EACH CHILD, AND PROVIDE PARENTS WITH CHOICE.

Finally, let's review that Fiscal Note, and allow me to explain to you just how this program will pay for itself.

First note, that these funds would be derived from General Funds, and not any special funds, or funds specifically raised for the support of the public schools.

Secondly, I would like to point out that if these students (the 6220) all attended public schools, the state would incur as cost of \$130 Million dollars. The nonpublic schools thus already saving to the state of approx. 98 Million Dollars a biennium.

Now let me tell you how this 32 Million fiscal note will be paid for.

By the state of ND paying for the educational services to the nonpublic schools as suggested by this bill, will result in the nonpublic schools being able to lower their tuition rates, and thus making nonpublic education more affordable, and thus allow more families to have a choice to send their children to nonpublic schools. Now, if just 2% of the students transferred from public to nonpublic schools, would result in approx... 2020 new children. Now assuming these transfers were a part of the public school system and now part of the nonpublic, these students would no longer be funded at the 100% rate, but rather at the 25% nonpublic rate, the saving to the state / district would be \$16 Million dollars per year or \$32 million dollars per biennium. The savings of these "transfer" children would cover the fiscal note on this bill. In addition, that state would continue to recognize the cost savings on all children enrolled in nonpublic education each year.

We must also remember, that enrollment is expected to increase across the state, as the state's population increases. It makes only good sense that the state do everything it can to relieve the pressure of our public school system and encourage where ever possible the use of nonpublic education.

We are here today, because we care about the children of the state, we realize each child is a unique creation. Each their own person. Some are extroverts, some introverts, some athletic, some would rather read a good book. Some find school easy, some struggle with just the basics. The reality is no two kids are the same, and nobody knows a child best then his/her parents. The environment in which a child feels comfortable is critical in how they learn, and how successful they are in their early education years. Unfortunately, for most, there is no choice as to where they will send their children. Public education is the only option.

In Bismarck, we are very fortunate because we have a very good public school system. However some times, the best schools are not always the best fit. For a variety of reasons, students that struggle to succeed in a public school setting; however when parents transfer that child to a private school, the student prospers. The opposite it also true, for some kids in a private school setting simply don't seem to fit, and find that a public school is a better environment for that child. The point being, each student is different, each unique, and each responds differently to different environments.

Giving parents a Choice is critical if we truly believe that education should be about the child. But choice alone is not simply the answer, because if that choice involves nonpublic education choice, there is a substantial cost associated with that decision. This is why this bill is so critical.

I believe as I'm sure you do, that education should be about the student. Allowing this option will help insure the best education environment for the child, whether it is public or nonpublic, and at the same time allow for education choice, save local school district money, property tax owners money and the state of ND money. All at the same time doing what is best for our children.

Some question the duel system. Perhaps the best response to this is an email I received from a public school teacher. (Read the attached)

ND is ranked across the United States as one of the best place to do business. Our exploding economy, low taxes and business friendly environment and quality of life, place us on the top of the list. However one notable absence is in education. While state after state embraces this "duel" system of education by virtue of issuing Vouchers, Scholarships, Charter Schools, School Choice Scholarships etc. all these state have seen an improving in test scores, improving ACT scores, improving graduation rates and on and on. Bottom Line is it works. School Choice works in all these state; IT'S TIME TO MAKE IT WORK IN NORTH DAKOTA. It's time to put ND on the top of the education list as well.

THINK ABOUT IT

- **Saves the state 75% of the cost of education**
- **Helps prevent local property taxes from increasing by shifting some of the demand to the nonpublic system.**
- **Provide relief to overcrowded districts**
- **Helps raise teacher pay**
- **Provides true Education Choice to all Parents**
- **PAYES FOR ITSELF**
- **It is putting the STUDENT'S BEST INTEREST FIRST!**

Today, each of you have a 'CHOICE' let's put politics aside, and make the right CHOICE that will benefit all the kids in ND.

This concludes my testimony. I would be happy to answer any questions you may have.

Please Read!

Dosch, Mark A.

From: Theresa [REDACTED]@yahoo.com>
Sent: Thursday, February 14, 2013 5:12 PM
To: Delzer, Jeff W.; Kempenich, Keith A.; Bellew, Larry D.; Boe, Tracy L.; Brandenburg, Michael D.; Dosch, Mark A.; Glassheim, Eliot A.; Grande, Bette B.; Guggisberg, Ron L.; Hawken, Kathy K.; Holman, Richard G.; Kreidt, Gary L.; Martinson, Bob W.; Monson, David C.; Nelson, Jon O.; Pollert, Chet A.; Sanford, Mark S.; Skarphol, Bob J.; Streyle, Roscoe K.; Thoreson, Blair; Wieland, Alon C.; Williams, Clark D.
Subject: HB 1466 Please Support. (Caedmon's story)

Private schools meet a need that public schools can not. They take in the children the public schools can not serve.

My son, Caedmon, went through kindergarten twice at two different schools. And at both, after his first few days he hid and cried not wanting to return. First grade was worse. For three years Caedmon feared and hated school. And these were suppose to be the enjoyable years.

Caedmon has a neurological disorder. It affects everything from his tolerance to pain, ability to feed himself, concentration, social ques, etc.. His world is one where he was in 'fright or flight' mode most of the time.

Because his disability is not on the list of serviceable disorders, he did not qualify for educational adjustments. There is an "other" category. However Caedmon was not failing so he didn't qualify. The special education staff urged me to fill out a diagnosis form in such a way that he would be diagnosed as ADD or ADHD or anything else that was on the "list". So that they could offer him "at least something", or I could wait for him to fall behind.

I love my son, therefore, these were not options for me. I will not allow him to fall through the cracks. When I went to the principal she told me to "be happy he was learning in spite of his disability". The superintendent told me "A neurological disorder is NOT a learning disability". Anyone with common sense can tell you if your brain doesn't function normally it affects your learning.

A local private school offered me a solution. They wouldn't be able to provide all the services that the public school special education could. But they would do what ever they could.

Caedmon entered second grade at his private school full of that same fear. Within an hour he told me to go home. Now in the 6th grade he has loved every day of school. It's a Joy and he doesn't want to miss a second of it. He will fake NOT SICK just so he can go.

Shouldn't every child have this opportunity to see school as a place of joy?

Caedmon is not the only child in his class nor school because of circumstances like these. One of his classmates was REFUSED access to his local public school. He has numerous sever allergies. The school district told his parents that he was to big of a LIABILITY. Again this wonderful school opened it's doors, not only, to this child, but also, his siblings.

This is the great thing about private schools. They are flexible, warm, and loving places.

Every child is different. A public school education isn't always the right option. However some parents are

unable to home school their children. Affordable private schools offer another choice to parents.

My taxes to the public school almost pay my son's tuition. And as a single parent I struggle just to keep a roof over our heads. I often have to go to food pantries just to feed us. But I would give up my home and vehicle just to make sure Caedmon got to stay in his AMAZING school. And it's not just a line. I am being foreclosed upon currently as I write this.

Please Support Caedmon and all the other children for whom public school isn't the best fit!

Theresa [REDACTED]

Dosch, Mark A.

From: T [REDACTED] [REDACTED]@ndit.nodak.edu >
Sent: Monday, February 04, 2013 2:44 PM
To: Dosch, Mark A.
Subject: DO Pass HB 1466

Please consider a DO Pass for HB 1466

I am a teacher in the PUBLIC School system and deliver classes to 12 schools each day. Our public schools are full and taking in new students each day. Our communities are stronger with the diversity of what is offered by having both Public and Private schools. I witness each day these 2 school systems supporting and challenging each other to make both stronger. Private school are a strong part of our culture in ND and we need to make a commitment to support them.

Private schools in ND have helped to create a strong academic foundation for residents to excel into the work force.

Graduates from these schools excel on state and national test scores and become very involved in their communities through volunteerism and public service.

Please help these schools to remain a vital part of our communities by supporting them with educational dollars. Not only do we need these schools in ND we need them to thrive and as a state we can assist them with tax dollars for the education of these ND students. These students go on to become some of the strongest members of our communities.

T [REDACTED]
[REDACTED]

Attachment 1
HB 1466 2/21/13
Job 19377

NDLA, H APP - Traeholt, Meredith

From: Sandness, Sheila M.
Sent: Thursday, February 21, 2013 5:53 PM
To: NDLA, H APP - Traeholt, Meredith
Subject: FW: HB 1466 Question

From: Larson, Brady A.
Sent: Thursday, February 21, 2013 5:17 PM
To: Sandness, Sheila M.
Subject: FW: HB 1466 Question

FYI - This question came up earlier in House Appropriations.

From: Thomas, Anita
Sent: Thursday, February 21, 2013 4:34 PM
To: Larson, Brady A.
Subject: RE: HB 1466 Question

Hi Brady -
Under the compulsory attendance chapter (15.1-20) a child must attend a public school or meet one of five exceptions. One of those is that the child must be "in attendance . . . at an approved nonpublic school." The compulsory attendance chapter doesn't require that the nonpublic school be in the district of residence and neither does HB 1466. Hope this helps.
Anita

From: Larson, Brady A.
Sent: Thursday, February 21, 2013 3:49 PM
To: Thomas, Anita
Subject: HB 1466 Question

House Appropriations has a question regarding HB 1466 (Contract with Private Schools). Is a student required to attend a private school within the boundaries of the student's home school district in order for the private school to be a beneficiary under the bill? Or can a student attend a private school in another city and still have the private school enter into a contract with the home district?