

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EDUCATION FINANCE COMMITTEE

Thursday and Friday, September 30-October 1, 1999
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Layton Freborg, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Layton Freborg, Dwight C. Cook, Jerome Kelsh, Rolland W. Redlin; Representatives James Boehm, Lois Delmore, Rachael Disrud, David Drovdal, Howard Grumbo, Dennis E. Johnson, RaeAnn G. Kelsch, Deb Lundgren, Ralph Metcalf, Bob Stefonowicz, Laurel Thoreson

Members absent: Representatives Thomas T. Brusegaard, Jack Dalrymple, C. B. Haas, Lyle Hanson, Kathy Hawken, Robert E. Nowatzki

Others present: See Appendix A

It was moved by Senator Kelsh, seconded by Representative Delmore, and carried on a voice vote that the minutes of the previous meeting be approved.

Chairman Freborg called on Dr. Mike Hillman, Vice Chancellor for Academic Affairs, North Dakota University System (NDUS), who presented testimony regarding remedial courses offered at North Dakota public institutions of higher education. Dr. Hillman said there are limitations to the North Dakota University System current data system. He said much of the information being presented to the committee had to be pulled manually. He said the University System is working hard to update its data so there is a continuum of information between elementary, secondary, and higher education.

Ms. Julie A. Schepp, NDUS, said if students do not complete the core high school courses, the universities can look at other factors in determining admissions. She said nearly all the campuses require certain courses for admission. She said Williston State College considers a student's English placement score together with other factors such as the student's grade point average (GPA) and American College Testing (ACT) scores. She said, together with each student, university personnel then determine where the student should be placed.

Ms. Schepp said the students taking remedial courses do so for a variety of reasons. She said some students are enrolled in remedial courses because of a score on a test. She said others may have been absent from college for a number of years and believe they need a refresher course. She said still others are on academic probation.

She distributed a document entitled *NDUS Developmental Course Report Fall 1999*. The document is attached as Appendix B.

In response to a question from Representative Thoreson, Ms. Schepp said if there are only four students on a campus who score below the required test level, those students are offered the course.

Dr. Hillman said a lot of the remedial courses are offered at the State College of Science at Wahpeton. He said these courses are offered at the skills center and involve students getting extra, often individual help. He said in many situations there is not a teacher at the front of a classroom.

In response to a question from Senator Kelsh, Dr. Hillman said remediation is very much a part of higher education across the country. He said even ivy league schools such as Rutgers found that over 50 percent of their students required remedial education. He said some schools that do not have remedial courses put students into the regular channels but then provide assistance to them so that they can handle the requirements.

In response to a question from Representative Delmore, Dr. Hillman said only three new remedial courses were added this year. He said there are a number of factors that contribute to the need for remedial courses.

In response to a question from Representative Stefonowicz, Dr. Hillman said the University System's data base does not track success versus failure rates with respect to students who have taken some remedial courses. He said the State Board of Higher Education is considering student progress and achievement tracking.

Dr. Hillman distributed a document entitled *Students Enrolled in Math 100 by Composite ACT Score*. The document is attached as Appendix C. He said ACT scores are not required for admission, but they are required for placement. He said ACT exams are not required of students over age 25. He said transfer students may be placed in a remedial course, but they too are not required to take the ACT test.

Dr. Hillman said a number of years ago the State Board of Higher Education started requiring core courses. He said the board believed that if students took the core courses while in high school, they would do better at the postsecondary level. He said the

sampling of students in Math 100 shows that 150 out of the 182 students actually completed their core courses.

Dr. Hillman said many students are nontraditional students who often take remedial courses to "brush up" on skills that have gotten rusty since high school. He said 18- to 19-year-olds make up 30 percent of the campus enrollments, but they make up 59 percent of the remedial course enrollments. He said 50 percent of high school graduates come from large high schools, and they make up 48 percent of remedial enrollments.

In response to a question from Representative Thoreson, Dr. Hillman said he does not believe the number of students taking remedial courses is excessive. He said often a student does not initially realize that he or she needs assistance. He said the state does not fund remedial education. He said the courses are self-supporting. He said the State Board of Higher Education is reviewing its admission requirements.

In response to a question from Representative Thoreson, Dr. Hillman said whether or not it is the high school's responsibility or the college's responsibility is an important policy issue. He said he believes it has to be a partnership. He said the development of standards is very important so that everyone, including higher education, knows what is being taught at the high school level. He said some states have told their colleges to get out of the business of providing remedial courses. He said if that is done, a number of students would not be able to graduate.

In response to a question from Representative Johnson, Dr. Hillman said there is a flat rate tuition policy for students who take 12 or more credits. He said if a student takes more courses, the student does not pay. He said the State Board of Higher Education is considering a fee per credit hour, especially since students may be taking courses through two or three campuses. He said perhaps the best idea is to see what we can do to reduce the need for remedial courses at the university level.

In response to a question from Representative Disrud, Dr. Hillman said it would be interesting to track the success rates of students who receive remedial education versus those who do not.

In response to a question from Representative Drovdal, Dr. Hillman said we have two 4-year campuses that do not offer any remedial courses.

In response to a question from Senator Kelsh, Dr. Hillman said this is the first time that higher education has used foundation aid classifications to track students.

Representative Delmore said it would be helpful to track which students go to which campuses and which go to out-of-state colleges.

In response to a question from Senator Cook, Dr. Hillman said each campus has limited resources and those include limited resources to pursue federal

grants. He said each campus has different purposes and consequently different reasons for pursuing grants.

Dr. Hillman distributed a document entitled *College Remediation* and another entitled *Statewide Remedial Education Policies*. Both are on file in the Legislative Council office.

Chairman Freborg called on Dr. Richard W. Rathge, Professor, Department of Agricultural Economics, who presented testimony regarding declining demographics in North Dakota. Dr. Rathge said there has been tremendous consolidation of our state's population. He said there is an accelerating movement of people from smaller to larger communities. He said this movement impacts where students will attend school. He said this also has implications for the state's birthrate. He said the most recent birthrates have dipped below 8,000.

Dr. Rathge said in 1960 about 40 percent of the state's population lived outside communities. He said about 60 percent lived in communities. He said in 1998 fewer than 28 percent of the state's population lived in rural areas and 72 percent lived in cities. He said in 1960 about one-third of the state's city dwellers were living in the state's largest cities--Bismarck, Minot, Grand Forks, and Fargo. He said about half of all city dwellers were in the largest nine cities, i.e., those having at least 2,500 people. He said in 1998 nearly 50 percent of the state's city dwellers lived in the four largest cities and close to two-thirds lived in the nine largest cities.

Dr. Rathge said not all cities are growing at the same pace. He said there are 363 incorporated cities. He said technology is driving this trend. He said automation has allowed us to work larger and larger tracts of land and therefore we need fewer and fewer farmers. He said in order for those ex-farmers to work, they have to go where the population is situated. He said technology is also affecting the industrial sector.

Dr. Rathge said we have only 16 urban communities, i.e., those with a population in excess of 2,500. He said 54 percent of our communities have a population under 200. He said the railroads and the road systems at one point connected all the incorporated cities. He said as we were able to drive longer distances, some of the smaller communities on the end of the lines were no longer needed. He said Slope County has 1,200 square miles and a population of 800. He said we could literally fit the state of Rhode Island into Slope County.

Dr. Rathge said there are 27 counties that have fewer than 5,000 people. He said those 27 counties collectively have a population of 80,136. He said Cass County alone has more people than those 27 counties. He said we have 13 counties with 5,000-10,000 people and 13 counties that have more than 10,000 people.

Dr. Rathge said in 1960, 13 percent of our total population was under age 5. He said 25 percent of our total population was under age 10. He said in the 1980s the baby boomers were moving out of the secondary grades and into the college grades. He said school systems expected that the baby boomers would have children and would enroll them in school. However, he said, during the 1980s and 1990s, the birthrate became truncated. He said that was a consequence of employment. He said the agricultural economy, as well as the general economy, turned downward and many of the baby boomers who were in their childbearing years left North Dakota.

Dr. Rathge said in 1960 we were experiencing about 16,000 births a year. He said this meant roughly 16,000 new kids could be expected in the school system each year. He said in 1998 the total births were fewer than 8,000. He said the birthrates are very different depending on which county is being examined. He said in bad economic times people do not have children. He said areas that are struggling have the highest percentage of young people who leave. He said even in growth areas such as Cass County there are interesting trends. He said Cass County is growing at two percent per year and has been for the last decade. He said this growth rate is not being reflected in the county's school systems. He said the births in Cass County have been very stable since 1980, despite the county's growth in population.

Dr. Rathge said young adults are delaying marriage. He said 44.1 percent of women in their childbearing years are childless. He said the combination of mobility and professional growth opportunities has caused many people to delay having children.

Dr. Rathge said that while the trend line for young people is going down, people over the age of 65 now comprise 13 percent of our population. He said we have more senior citizens than children under age 10. Again, he said, these are aggregate numbers and are quite different in some counties.

Dr. Rathge said the growing proportion of elderly will be demanding money for social services and medical services. He said this will be in direct competition for school funds.

Dr. Rathge said there is continuing decline in every age group lower than grade 10. He said we also have to keep in mind the effects of migration. He said there is nothing coming in successive years that will change the downward trend. He said we can anticipate losses exceeding two percent of students per year. He said in 10 years, the state will have a 20 percent decline in current student numbers.

Dr. Rathge said 62 school districts have 48 or fewer students in kindergarten through grade 12. He said at best 26 percent of the schools will have a graduating class of three or fewer. He said about

57 percent of our students are being schooled by 15 districts.

Dr. Rathge said from a historical perspective we can see how the dynamics of industry have been transformed. He said we also need to be aware of how transformations are taking place every day. He said the growth curve for Internet usage is virtually a vertical curve. He said it is anticipated that Internet commerce will soon exceed \$300 billion annually. He said if we can generate economic activity in our rural areas, the downward trends will be diverted.

In response to a question from Representative Metcalf, Dr. Rathge said his entire presentation will be available at www.sdc.ag.ndsu.nodak.edu.

In response to a question from Representative Disrud, Dr. Rathge said Cass County has recognized it has a labor shortage. He said perhaps we need incentives not only for employers but also for young adults. He said even the Fargo Public School District is losing its student population. He said incentives such as tuition forgiveness are available for medical professionals and perhaps we need to consider incentives for other individuals.

Dr. Rathge said we have to ask ourselves how will we educate children living in very sparsely populated areas and how will we provide services to people living in very sparsely populated areas. He said we could use distance learning technology to provide education and perhaps we could offer other services at the same location. He said the local school could become a hub for technology and perhaps a meeting facility after hours. He said we need to think in terms of partnerships in order to obtain economies of scale.

In response to a question from Representative Stefonowicz, Dr. Rathge said back in the 1930s we had 86,000 farms, most of which had 500 acres being cultivated. He said now we have only 30,000 farms with an average of over 1,300 acres being cultivated. He said in the 1930s we gave science the challenge of lessening the burden on farmers. He said we developed technological methods to farm and increased crop production through chemicals. He said the one thing of which we were not mindful is the effect that these advancements would have on the labor pool. He said value-added agriculture is an attempt to recoup some of the labor that was lost.

In response to a question from Representative Stefonowicz, Dr. Rathge said public policy has not given to rural residents the same opportunities in terms of economic development, human services, etc., as it has given to urban residents. He said nevertheless we have to be mindful of the cost of providing services and education in sparsely populated areas. He said we are often locked into a historical way of thinking. He said in economic development we have thought only in terms of bringing in a business, the bigger the better. However, he said, the financial community and the insurance community are decentralizing. He said cell phones and the

Internet have allowed the provision of business from anywhere, so long as there is the ability to communicate.

In response to a question from Representative Thoreson, Dr. Rathge said when we think of consolidating school districts and communities, we are in fact changing ways of life and changing identities. He said even though that change has to take place, we must provide an opportunity for people to understand the importance of and the reasons for such a move. He said those cities that are successful are in fact regional markets. He said they are not independent cities. He said perhaps we need to have the same view with respect to the provision of education.

Chairman Freborg called on Dr. Kendall E. Nygard, Professor and Chairman, Department of Computer Science, North Dakota State University, who presented testimony regarding school district transportation efficiency analysis. Dr. Nygard said the project was initially funded by the 1997 Legislative Assembly and has concluded this spring. He said there are 122 school districts with fewer than 75 students in high school. He said those districts have a student enrollment of 3,335. He said those same districts encompass 40 percent of the state's land mass and have nine percent of the total student population. He said there are 109 districts that have more than 75 students in high school. He said by the year 2005 there will be 139 districts that have fewer than 75 students in high school, and that number will increase to 147 districts by the year 2010.

Dr. Nygard said the number of districts having 75 students or more in high school are pretty evenly spread throughout the state. However, he said by the year 2005 that uniformity will be lost. He said by the year 2010 there will be extreme sparsity.

Dr. Nygard said if we are going to look at a plan in which certain schools are to be retained, we need to ensure that those schools will be viable in 5 or 10 years. He said if viable schools were defined as those now having 120 students in high school, the maps would paint a very grim picture.

Dr. Nygard said we have 157 districts of 380 square miles or less. He said that is a radius of 11 miles or less. He said 64 districts have between 380 and 707 square miles. He said this involves an 11- to 15-mile radius. He said nine districts have between 707 and 1,256 square miles at a circle radius of 15 to 20 miles. He said only one district is larger than 1,256 square miles. He said if we were to maintain 11-mile radii, we would need 185 districts. He said if we were to maintain 15-mile radii, we would need 99 districts. He said if we were to maintain 20-mile radii, we would need 56 districts. He said if we were to maintain 25-mile radii, we would need 36 districts. He said a 20-mile radius requirement begins to look like the present county structure.

Dr. Nygard said most school districts currently use radial or petal bus routes with no transfer points. He

said if the radius goes much beyond 15 miles, there are concerns about which way the roads actually go and how long the ride time is for some of the students. He said in most instances petal routes can be mixed with trunk and feeder routes. He said these are slightly more expensive in terms of miles driven, but they keep the ride times within acceptable limits.

Dr. Nygard said if we were to identify an ideal number of school districts, we would begin by designating 65 schools as centers. He said these centers would be the 65 largest school districts. He said all of these districts presently have 120 or more students in high school. He said other districts would be affiliated with their nearest centers. He said the aim is to reduce the maximum distance between satellites and their centers. He said if we begin with the 65 center districts, we could add additional districts to ensure that none of the centers would be more than 25 miles from their satellite schools. He said at this mileage requirement we would need 104 school districts.

Dr. Nygard said there might have to be a few more districts added once actual roads are superimposed on the circles.

In response to a question from Representative Drovdal, Dr. Nygard said this analysis assumes distance between plant sites. He said the students themselves are actually distributed throughout the district and would have to be transported.

In response to a question from Senator Freborg, Dr. Nygard said we are close to being able to calculate transportation time as well as distance. He said the road network published by the Department of Transportation separates different types of roads. He said when he creates computerized transportation networks, he begins by having drivers calculate their drive times. He said now that the road network is computerized it will soon be possible to make these calculations very quickly.

In response to a question from Representative Lundgren, Dr. Nygard said when a computerized plan is put together, the transportation people in the individual districts still have to make decisions and adjustments based on the passability of local roads.

In response to a question from Senator Freborg, Dr. Nygard said many districts use 60-minute ride times as a maximum. He said sometimes abiding by a maximum ride time can inconvenience a lot of people. He said consequently he would recommend reference to an average ride time rather than a maximum ride time.

Dr. Nygard said the other thing that needs to be taken into account is the number of students who elect to procure their own rides. He said they may drive themselves or may catch a ride with a parent working in town.

Dr. Nygard said he believes technology can be used to determine how efficient districts could be if they merged.

In response to a question from Representative Delmore, Dr. Nygard said North Carolina had a lot of mountainous areas and it was difficult getting verification for passable routes. He said North Carolina had to fund incentives for a longer period than they thought they had to initially in order to encourage districts to operate at full efficiency.

In response to a question from Representative Drovdal, Dr. Nygard said in the last legislative session he had a proposed biennial funding level of \$100,000 for the data envelopment analysis program.

In response to a question from Representative Thoreson, Dr. Nygard said changing the funding formula to reward school district efficiencies has to be phased in on a piecemeal basis. He said when districts are in genuinely difficult situations due to the lack of roads or a lack of students, those difficulties need to be taken into account and accommodated in any formula based on efficiency.

In response to a question from Representative Disrud, Dr. Nygard said if the funding formula is attached to the data envelopment analysis, districts will get on board and pay attention to its requirements. He said if it remains a voluntary system, most districts will likely not change. He said because the current system pays according to the number of miles driven, it rewards inefficiencies.

In response to a question from Senator Freborg, Dr. Nygard said his projections regarding the number of school districts took into account only demographic information, not any possible school district consolidations.

Chairman Freborg called on Lt. Governor Rosemarie Myrdal to present testimony regarding the Quality Schools Committee. She distributed a document entitled *Quality Schools for the 21st Century*. The document is attached as Appendix D. She said she hopes the Quality Schools Committee will be able to work with the interim Education Finance Committee, the interim Education Services Committee, and the interim Higher Education Committee. She said the purpose of the Quality Schools Committee is to be helpful in addressing concerns regarding educational quality and efficiency. She said the committee includes representation from the Department of Public Instruction, the North Dakota University System, School to Work, the Information Technology Department, the Educational Technology Council, and Teaching with Technology. She said resources for the group include the North Dakota Education Association, the North Dakota School Boards Association, the Council of Educational Leaders, the Governor's office, the Tax Department, the Office of Management and Budget, the Department of Public Instruction, and the North Dakota University System.

In response to a question from Senator Kelsh, Lt. Governor Myrdal said there is no legislative authorization for this committee. She said the

Governor's office has a concern about how to do a better job preparing a budget. She said other agencies have a concern about needing to work together and build support for ideas that can help meet the challenges.

In response to a question from Representative Stefonowicz, Lt. Governor Myrdal said the committee has met three times very informally. She said the committee discussed its common concerns and options for addressing its concerns.

In response to a question from Representative Disrud, Lt. Governor Myrdal said the committee has not worked out the system for communicating with the interim committees. She said it might well be that the Quality Schools Committee does not reach any consensus. She said if the committee does reach a consensus, she will ask Chairman Freborg for time to address the interim Education Finance Committee.

Chairman Freborg called on Mr. Tom Decker, Director of School District Finance and Organization, Department of Public Instruction, who presented testimony regarding school district reorganization. He said 1999 Senate Bill No. 2162 contained a provision that allowed school districts to terminate their operations, become nonoperating districts for up to three years, and during the period of "nonoperation," provide for the education of their students in other districts. He said the only district to do this has been Butte. He said the decision had been made to close that district prior to the legislation being enacted. He said 1999 Senate Bill No. 2441 has gotten some interest. However, he said, Upham, Towner, and Willow City are the only districts moving ahead with community discussions and writing a reorganization plan that will allow consolidation. He said people in Richland County, Bottineau County, and Cavalier County have had discussions, but those discussions have not been anything more than inquiries. He said in the northeast the districts that are interested are the smallest districts. He said their discussions do not include a prospective reorganization with a larger school district.

Mr. Decker said Richland County has five high school districts and one kindergarten through grade 8 district. He said Wahpeton is the largest district in the county. He said those districts are seeking a grant that will enable collective planning.

Mr. Decker said the information process is progressing, but any actual moves toward consolidation have been slow in coming. He said he does not expect more than one vote regarding consolidation in this coming year.

In response to a question from Senator Freborg, Mr. Decker said based on the progress that has been made so far, it does not appear that the \$2 million appropriated for consolidations contemplated by 1999 Senate Bill No. 2441 will be used up. He said once fall enrollment figures are in, some districts might become more serious about pursuing this option.

In response to a question from Representative Drovdal, Mr. Decker said there has not been an increase in the number of superintendents who are jointly hired.

In response to a question from Senator Freborg, Mr. Decker said the Maple Valley School District was subject to the new legislation regarding school construction approval. He said the legislation allows the department to make decisions about the number of schools that need to exist, given the declining enrollments. He said if we were to revisit it, the only conceivable change would involve making the decisions regarding needed construction at the county level with state-level review. He said most districts will not look at dissolving until it is the last possible option. He said some districts will try to build a new building in order to maintain viability.

In response to a question from Senator Freborg, Mr. Decker said multiuse buildings could be considered in determining whether a school should be built. He said the difficulty comes when a school district wishes to build a facility that has no use other than as a school.

Chairman Freborg recessed the meeting at 3:30 p.m.

Chairman Freborg reconvened the meeting at 9:00 a.m. on Friday, October 1, 1999.

Chairman Freborg called on Dr. Gerald R. Bass, Professor of Educational Leadership, University of North Dakota, who presented testimony regarding the effects of school district consolidation on educational offerings, school facilities, teacher salaries, and student transportation. Dr. Bass distributed a document entitled *Fiscal, Instructional, & Social Impact of School District Consolidation*. The document is attached as Appendix E. He said much of the academic literature regarding school consolidation is not applicable to North Dakota. He said North Dakota has 10 percent of the school districts the state had 50 years ago.

Dr. Bass said when we start to discuss consolidation, we need to define what we mean by "small," by "rural," by "efficiency," by "local control," and by "quality education."

Dr. Bass said Walberg & Fowler provide that a "small" district is anything with fewer than 2,601 students. He said Morgan claims that the optimum size of high schools is in the 200 to 2,400 range. He said Monk and Haller refer to appropriate size high schools as greater than 400. He said they define a very small school as having fewer than 400 students and a very, very small school as having fewer than 100 students. Dr. Bass said in his treatise he maintains that a small school has fewer than 150 students.

Dr. Bass said the United States Census Bureau defines "rural" as any place having fewer than 2,500 persons. He said Sher & Tompkins define "rural" as anything outside a metropolitan area and having a total population of less than 10,000. He said

Carmichael maintains that everything outside a city of 50,000 is "rural."

Dr. Bass said the standard definition of "efficiency" means providing basic services at the lowest possible cost per student. He said a newer definition involves improving student performance at the lowest cost per unit of achievement. He said yet another definition of efficiency is the ability to maintain needed services in a rural community. He said this definition is referring to health, judicial, and human services, as well as educational services.

Dr. Bass said Knezevich states the following with respect to "local control": "Sensing desires of people at the grassroots level to maintain a high degree of control over education without unwanted interference from the state, legislators have been hesitant, by and large, to adopt drastic changes unless emergency conditions prevail."

Dr. Bass said some people believe that "quality education" should be defined by local standards. He said others believe that the state should set the standards for the provision of quality education and then require every local district to meet those standards. He said still others maintain that a quality education is that which is defined by the predominant practice. Finally, he said, there is a school of thought that quality education is defined by best practices. He said this last definition assumes that the state should strive to bring all schools up to the level of the very best schools in the state.

Dr. Bass said "fiscal impact" refers to economies of scale and efficiency. He said the research is consistent in maintaining that school district consolidation results in greater equity. He said the result of a consolidation is a more uniform tax base, a more uniform tax levy, and more uniform costs.

Dr. Bass said personnel costs are often 80 percent or more of a school district's operating budget. He said the literature is again very inconsistent with respect to whether consolidation saves money in the area of personnel. He said most studies show consolidation results in personnel savings at the elementary level but does not result in significant savings at the high school level. He said as school districts get larger the salaries of school personnel get higher. He said as a consequence even though one may be reducing some personnel, one will probably pay more to those who are retained.

Dr. Bass said transportation costs will usually increase when districts are consolidated.

Dr. Bass said there are not a lot of studies that address the fiscal impact of school district consolidation in terms of community economics. He said that is an issue at which people are starting to look.

Dr. Bass said studies show that class size does increase after a school district consolidation. He said consolidation will almost always result in increased breadth and depth of curriculum. He said the teachers assume more specialized roles in larger

schools, particularly at the high school level. He said specialization does not occur as much after consolidation of elementary grades.

Dr. Bass said instructional support tends to increase when school districts consolidate. He said students coming out of small school districts tend to have greater difficulty in the socialization process that takes place when they enter postsecondary institutions.

Dr. Bass said the social impact of school district consolidation is more anecdotal than empirical. He said the social impact of school district consolidation on students is minimal. He said adults have a much tougher time with consolidation than do students. He said school consolidation does have an impact on the communities involved. He said as adults we often expect to remain in our communities. He said students generally do not. He said when a school closes there is an impact on the community. He said when there are no longer students in a community, the community no longer has traditional school activities. He said for many communities the loss of such activities is a big change. He said some people maintain that when a community is facing the closure of a school, the reality is that the community has already died and the old school is merely keeping the community on life support.

Dr. Bass said a study out of Kansas shows that reorganized districts tend to have more difficulty passing future bond issues. He said there is more difficulty working as a "district." He said there is more strife in school board elections and in issue elections.

Dr. Bass said the research regarding small schools does not serve North Dakota very well. He said much of the existing research takes place in environments very different from the demographics in North Dakota.

Dr. Bass said the consolidation of school districts does have instructional advantages. He said there is a better curriculum, better instructional support, and a better research base. He said the research regarding the fiscal effects is fairly neutral. He said massive consolidation in North Dakota probably will not save money. He said some costs will go up while others will go down. He said there are distinct social disadvantages to consolidation. He said the difficulty is how this all balances out.

In response to a question from Representative Grumbo, Dr. Bass said the literature does not provide a lot of guidance regarding how well small schools prepare their students for university-level studies. He said students in small schools have less access to specialized classes such as advanced placement classes. He said technology is changing the way we can deliver instruction. He said at the university level we are looking at competition from the University of Minnesota, from Stanford University, etc. He said technology is making the delivery of education across the country very simple. He said because of

demographics we will have to look at ways of providing a depth and breadth of curriculum to schools.

In response to a question from Senator Cook, Dr. Bass said the perception that we have of Hawaii as a single school district is very misleading. He said it is true that Hawaii has a single funding source and that one state board serves as the school board. However, he said, Hawaii does have numerous regions, many of which are very rural. He said they deal with many of the same issues we deal with-- sparse population, difficult transportation, etc. He said Hawaii has local advisory committees that do not have the legal authority of a school board but nevertheless remain very involved in school district issues.

In response to a question from Representative Delmore, Dr. Bass said there is a body of literature that is critical of school districts for becoming too large and impersonal. However, he said, that literature is commenting upon school districts that enroll over 100,000 students. He said when the literature discusses making high schools smaller, it is referencing an ideal school district size in the 600- to 1,000-student range.

In response to a question from Representative Stefonowicz, Dr. Bass said when the Gallup polls are conducted, people generally respond that most schools are not providing a good education but that their own school is doing a fine job.

In response to a question from Representative Lundgren, Dr. Bass said he is not aware of any studies that link increased student transportation time to decreased student achievement. He said there is anecdotal evidence that addresses the negative effects of increased transportation time. He said most research looks at 45 minutes to an hour as an acceptable one-way transportation time limit.

Chairman Freborg called on Mr. Hal Habermann, Superintendent, Northern Cass Public School District, who presented testimony regarding the effects of school district reorganization on educational offerings, school facilities, teacher salaries, and student transportation. Mr. Habermann distributed copies of his testimony. The testimony is attached as Appendix F. He said six communities are involved in the Northern Cass School District. He said at one time there were many more school districts in the area. He said Northern Cass became reorganized in 1997. He said discussions regarding the possibilities of reorganization between Cass Valley North and Dakota School Districts took place in the mid 1980s but did not really progress. He said the first significant move for the school districts involved cooperative athletic activities. He said the districts explored putting elementary students in one district and high school students in another, but that too did not pan out. Thereafter, he said, they began to explore options for a trial merger. He said by the end of the 1980s the districts took advantage of the state consortium law. He said the

plan that was generated was again voted down by the citizens. He said he suspects that in their eyes the districts were still independently viable.

Mr. Habermann said with respect to curriculum there really was no change at the elementary level. He said foreign language courses were added at the junior high level, as were pre-algebra for eighth graders and keyboarding for all seventh and eighth graders. He said semester course offerings increased for students in grades 9 through 12 from a total of 59.5 units to 85.5 units and the teacher class load decreased. He said after the reorganization most teachers had two or three double sections of class.

Mr. Habermann said immediately after the reorganization there was a reduction in the number of administrators. He said even though the net result was an increase in courses, they required fewer teachers because there was a lack of duplication. He said they were also able to decrease the number of support staff. He said after the reorganization the district's general fund budget increased by only \$106,000. He said if the districts had stayed separate and if costs continued to increase by 4.4 percent annually, the increase would have been \$343,000.

Mr. Habermann said one of the most difficult decisions was where to put their new building. He said they opted for a neutral area rather than placing the building in one town or another.

Mr. Habermann said he believes elementary schools are viable regardless of the size. He said high schools need to look at themselves and see what they are offering to their students.

In response to a question from Representative Delmore, Mr. Habermann said the students did not have difficulty with the reorganization. He said because of sports even the parents mixed on the bleachers and soon developed a camaraderie.

At the request of Chairman Freborg, Mr. Decker presented testimony regarding completion of the 1999 school census. He distributed a document entitled *Summary of School Census - North Dakota Resident Students (6-17)*. The document is attached as Appendix G. He said the student numbers reflect a decrease of 6,250 students in the 6 to 17 age range over a two-year period.

In response to a question from Senator Kelsh, Mr. Decker said the decrease is larger than that which had been expected. He said this reflects students attending both public and nonpublic schools. He said last year's decline in nonpublic school students tracked the decline of public school students. He said because of this decline in nonpublic school students, we know that the decline in public school student numbers does not mean that more students are leaving the public system and enrolling in nonpublic schools.

Mr. Decker distributed a document entitled *Birth by County - 1998*. The document is attached as Appendix H. He said there are 16 counties that had

fewer than 25 births in 1998. He said some of the counties having fewer than 25 births last year contain five school districts.

Mr. Decker distributed a document entitled *ND School District Administrative Costs*. The document is attached as Appendix I. He asked that the committee look at the costs for Richland County. He said Dickinson, Williston, and Jamestown are comparably sized school districts. He said Richland County is paying \$316,382 in chief administrator salaries. He said Dickinson pays \$82,500. He said as we look at viable administrative structures we need to separate the discussion about administrative units versus individual schools. He said a school district having a larger administrative structure and a larger tax base could deal more effectively with the multitude of issues it must face than could a similar land area having five small school districts. He said he does not believe that superintendents are overpaid. He said they have multiple roles and duties.

Mr. Decker said the Quality Schools Committee has had numerous discussions about the absence of student data bases. He said Dr. Hillman spoke about remedial courses. He said the committee had significant questions about the remedial courses and the students who take such courses. Unfortunately, he said, the University System does not have access to data which would help to answer those questions. He said we would all be much better served if we had access to additional data. He said what we really need is a student data system that goes from kindergarten through graduate school. He said what we need is more hard data, not more anecdotal data.

Mr. Decker showed two videotapes regarding Iowa's electronic school data transmission system. He said the goal is to provide ready access to educational data and reduce duplicative filings of information. He said this would allow us to make much better use of the information and data that we collect.

In response to a question from Representative Delmore, Mr. Decker said the majority of our schools would be ready to go on-line with their data transfers.

Chairman Freborg called on Mr. Larry Klundt, Executive Director, Council of Educational Leaders, who presented testimony regarding superintendent salaries. His testimony is attached as Appendix J. He said 1998-99 average salaries by geographic region show that North Dakota teachers earn \$29,009 and superintendents earn \$53,561.

Chairman Freborg called on Mr. Gerald Christianson, Superintendent, Parshall and Plaza School Districts, who presented testimony regarding school district reorganization. He said he experienced reorganization three times while he was a kindergarten through grade 12 student and all were positive. He said there would be some value in having the Legislative Assembly set minimum standards for schools to stay open. He said as good as some of the local educators and superintendents are, it must be

recognized that there is a fear factor. He said anyone who takes a lead role in the consolidation of a school is likely to be ostracized for the rest of his or her life. He said if the Legislative Assembly would set standards, it would be a lot easier for local folks to hate the Legislative Assembly rather than their neighbor.

Mr. Christianson said the Legislative Assembly could set the number of students that a school district must have in order to stay open. He said another method would involve spelling out the number of course offerings that a school district must have. He said the task that the Legislative Assembly has is not a desirable one. Nevertheless, he said, the Legislative Assembly does have a responsibility to the students of this state.

Chairman Freborg called on Mr. Dean Bard, Small Organized Schools, who presented testimony regarding the study of education finance. Mr. Bard said his organization represents over 100 districts. He said some of his school districts are having difficulty getting people who qualify as principals because principals have to have master's degrees. He said present rules grandfathered in existing principals until such time as they move. He said his member districts

are also having a problem with a lack of staff in certain areas, particularly in the areas of guidance and counseling. He said if districts cannot fill those positions, they become unaccredited. He said the difficulty is that they cannot find counselors who are licensed teachers. He said his organization's board believes perhaps the requirement that the counselors be licensed teachers should be removed. He said there are many other counselors in social services, job placement, etc., and they could help their local school districts. He said he is aware of five districts that have not been able to fill their guidance and counselor positions.

Chairman Freborg adjourned the meeting at 12:30 p.m.

L. Anita Thomas
Committee Counsel

ATTACH:10