

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EDUCATION COMMITTEE

Friday, August 24, 2001
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Dwight Cook, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Dwight Cook, Layton Freborg, Jerome Kelsh, Terry M. Wanzek; Representatives Larry Bellew, James Boehm, Lois Delmore, Howard Grumbo, C. B. Haas, Lyle Hanson, Kathy Hawken, Bob Hunsakor, RaeAnn G. Kelsch, Lisa Meier, Phillip Mueller, Darrell D. Nottestad, Dorvan Solberg, Laurel Thoreson

Members absent: Senators Tim Flakoll, David O'Connell; Representatives Thomas T. Brusegaard, Dennis E. Johnson, David Monson

Others present: See Appendix A

Chairman Cook announced that Representative C. B. Haas would serve as vice chairman of the interim Education Committee.

At the request of Chairman Cook, Mr. John D. Olsrud, Director, Legislative Council, reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

Chairman Cook welcomed the committee and said he was looking forward to pursuing the important issues the committee has been directed to study.

At the request of Chairman Cook, committee counsel presented a background memorandum entitled *Educational Equity and Future Educational Delivery*.

At the request of Chairman Cook, Mr. Tom Decker, Director of Finance and Organization, Department of Public Instruction, presented testimony regarding the financing of kindergarten through grade 12 education. Mr. Decker said many of the issues that we will talk about will focus on the content of the 1965 Alm Report. He distributed a document entitled *Preliminary Data - School District Age 6-17 Census*. The document is attached as Appendix B. He said 40 districts have not yet provided their census information to the Superintendent of Public Instruction. He said he anticipates there will be only 108,000 to 109,000 kindergarten through grade 12 students in the state this year.

Mr. Decker distributed a document entitled *Public School Enrollment Actual 1994-2001*. The document is attached as Appendix C. He said between 2000 and 2001 the state experienced another decline of 3,611 students. He said the Minot Public School District estimates the loss of 175 students in

kindergarten through grade 6, and it does not have a solid estimate for grades 7 through 12. He said the Minot Public School District anticipates the loss in grades 7 through 12 could be as high as the loss in the elementary grades. He said statewide the 15 largest districts have 60 percent of the enrollment. He said there are presently 222 school districts in the state.

Mr. Decker distributed a document entitled *North Dakota Resident Summary Data*, attached as Appendix D.

In response to a question from Representative Nottestad, Mr. Decker said live births are recorded by county of residence.

Mr. Decker said 27 of 53 counties lost in excess of 40 percent of their 20- to 34-year-old population during the 1990s. He said the average age in many of those counties is going up. He said the older age groups are stable or increasing. He said that has important consequences for how we deliver services in this state and, particularly, how the school districts will deliver services. He said over the last 10 years a whole host of service entities have developed to help small districts that find it difficult to provide the services themselves. He said there are cooperatives, consortiums, and various alliances that address telecommunications, drug-free schools, and curriculum and staff development, among others. He said each of the entities was developed or came into being for a specific purpose. He said one school district may combine with one set of school districts for one purpose, and that same school district may combine with another set of school districts for another purpose. He said athletic cooperatives are another very significant entity. He said the result is a jumble of entities with each providing a slice of services, each holding meetings, and each having attendant costs. He said we need to address a scenario for consolidating the provision of services. He said the issue of finding trained service providers will become even greater in the future. He said piecemeal service provision is neither effective nor efficient. He said it takes a lot of time on the part of administrators as well.

In response to a question from Senator Cook, Mr. Decker said using the eight planning regions would be a good starting place. He said that would

enable us to start consolidating the provision of services and, more importantly, organizing the provision of necessary services. He said there could be legislative authority to set up a framework and compel or authorize districts to join. He said the alternative would be to have the Superintendent of Public Instruction work with the various school districts to develop their own framework. He said this latter approach would be a very slow process. In addition, he said, it runs the risk of leaving out some districts. He said the state has a constitutional responsibility to provide an equalized public education. Therefore, he said, the state should become involved in ensuring service provision in a similar manner. He said this is not consolidation, but it is perceived as such. He said it is perceived to mean a loss of local control. Even now, he said, we need to integrate what we have, not create more entities for single purposes.

Mr. Decker said if administrators were asked where their districts will be in 5, 10, and 20 years from now, many would not be able to respond. He said administrators and boards do not want to look into the future.

In response to a question from Representative Kelsch, Mr. Decker said there are national organizations that could help school districts make the needed changes. However, he said, nothing will happen without legislative directives. He said the appropriation by the 2001 Legislative Assembly of \$35 million in teacher salaries was a flat grant to districts. He said the manner of distribution has some equity problems in that it is being paid out to districts regardless of their ability to pay or otherwise afford the expenditure.

Mr. Decker distributed a document entitled *North Dakota K-12 School Districts Equity Indicators*, attached as Appendix E. He said there has been an \$88 million increase in state aid since the 1984-85 school year. He said the manner in which that money has been distributed has not improved our equity situation. He said during that same time local spending went from \$129 million to \$290 million.

Mr. Decker said this state is quite a bit behind other states regarding the equitable distribution of moneys to students. He said we have known for some time that distributing dollars equally is not enough. He said some districts have students for whom providing education simply costs more. He said examples of such students include those for whom English is not a first language, students who are economically disadvantaged, etc. He said we should be at a point where we are discussing adequacy, but we cannot do that until we can achieve equity. He said ideally all money received by districts should be equalized. He said restricted federal dollars include Title I dollars, federal special education dollars, and vocational education dollars. He said such moneys are appropriated for very restricted uses. He said unrestricted federal funds include impact aid dollars that are given to school districts

because of a federal presence such as an airbase or an Indian reservation.

Mr. Decker said three states have now lost lawsuits based on capital construction equity issues. He said we do virtually nothing at the state level to equalize capital construction expenses.

In response to a question from Senator Cook, Mr. Decker said last spring there were 105 high schools having an enrollment of 100 or fewer students. He said if we had fewer districts, we would have greater equity with respect to the distribution of dollars, and we would consequently have funds available for other uses, such as the recruitment, retention, and compensation of teachers. He said in larger administrative taxing units, we would be able to even out the inequity in dollars per student. He said we would reach economies of scales in terms of staffing and other operations. He said despite the loss of 10,500 students, staffing numbers have actually increased. He said we are not talking about saving money, but we are talking about reallocating between \$30 million and \$60 million.

In response to a question from Representative Delmore, Mr. Decker said the national literature states that an ideal size for a high school is 600 to 900 students. He said we have no more than half a dozen schools in that range. He said most of the large high schools could go to "houses" almost overnight. He said our problem is with inefficient operations that are unable to provide the necessary services. He said we will always have the need to have some small schools in isolated areas of this state, but we need to get over the belief that a necessary school is one in "my" district. He said we need to get over the belief that we need small administrative structures to maintain small schools. He said larger administrative units could run as many schools as the people wanted, where they wanted them, and where they needed them. Larger administrative structures would have access to the tax base of a county or of some comparable larger land mass. He said many of the support service agencies could be much larger than counties and could provide services much more effectively and efficiently than what is being provided currently.

In response to a question from Representative Thoreson, Mr. Decker said we have had a modest number of consolidations over the last several years. He said some of the newly consolidated districts are too small. He said the reorganizations came too late. He said they are at best short-term solutions.

At the request of Chairman Cook, Mr. Keith Gustafson, Director, Peace Garden Special Education Unit, Bottineau, said he has been piloting the use of a special education consortium for three years. Mr. Gustafson distributed a document entitled *Peace Garden Consortium of Student Support Services Status Report*. The document is on file in the Legislative Council office. He said during the 1990s declining enrollment resulted in fewer dollars to

support the special education services that were needed. He said when he first witnessed the sharing of services between the Peace Garden Special Education Unit in Bottineau and the Northern Plains Special Education Unit in Stanley, he very quickly saw the benefits of being able to share not only an administrator but also more of the staff. He said because of state law, he had to request a waiver to operate a special education consortium. He said he received a three-year waiver from then special education director Ms. Brenda Oas. He said the units are trying to share all their resources and to cut back on their overhead expenses.

Mr. Gustafson said we have 32 special education units in the state, and each of them do virtually the same thing. He said policies and procedure manuals and other required paperwork are virtually identical across units. He said whether it is done for one unit or more units is irrelevant.

Mr. Gustafson said the consortium concept allows for local autonomy through the continuation of local boards. He said Stanley found that the quality of the programming to which they had access increased while their cost did not. He said because of some very high-cost students, money that was saved was able to be redirected toward the students. He said he does not know where the extra moneys to take care of the students would have come from had the cost-savings not taken place.

Mr. Gustafson said administrative support, inservice training, etc., is still delivered in both Bottineau and Stanley. He said money is being saved because preparation is only done once. He said there were also savings in terms of the special education director's salary and staff hirings. He said some staff members were not needed because the consortium provided the services. He said very conservatively, there was an annual cost-savings of \$81,000. He said this is a very small consortium.

Mr. Gustafson said the consortium has associate members who use the consortium as their primary special education provider. He said it also has affiliate members who purchase specific services from the consortium.

Mr. Gustafson said as a condition of granting the three-year waiver, the Superintendent of Public Instruction required the Peace Garden and Northern Plains Special Education Units to be consolidated at the end of the waiver period. He said there would be minimum cost-benefits to doing this. He said under the present arrangement, the cost would be local autonomy. He said the present method of operation has been a way to recognize local autonomy and build on the ability to provide services.

Representative Delmore said the success of the consortium seems to be based on the voluntary nature of the participation.

Mr. Gustafson said the concept was introduced within the context of needed change. He said when

he first started, the staffing ratio was two students with mental retardation per teacher. He said when the recent revamping of the special education funding formula was imposed, the Peace Garden Special Education Unit was impacted severely from a financial perspective.

In response to a question from Senator Cook, Mr. Gustafson said he anticipates there will be more sharing of people and services under the auspices of the consortium. He said there is a lot of logic to pursuing a regional approach to special education delivery.

At the request of Chairman Cook, Mr. Ralph Charley, Souris Valley Special Education Unit, Minot, presented testimony regarding the Lonetree Special Services Project. Mr. Charley distributed a document entitled *Projected Plan for the Lonetree Special Services Project*. The document is on file in the Legislative Council office. He said both the Souris Valley Special Education Unit Board and the Lonetree Special Education Unit Board are engaging in a pilot program under which services are shared. He said the two boards will decide in the early part of 2002 whether the end result should be a consolidation or continued cooperation.

Mr. Charley said five years ago the cost per student was \$30, and this year, because of cooperative efforts, the cost will be about \$18 per student. He said the range of services available has increased. He said when the director of the Lonetree Special Education Unit left, the opportunity to look at some form of consolidation presented itself. He said the concept is to have one administrative unit when all is complete. He said there has been a decline in the number of students, and this has prompted the need for special education units to look at ways of saving money while not negatively impacting the provision of services. He said it will cost about \$20,000 to fund the consolidation effort.

Mr. Charley said the initial thought was to not become bigger, it was to become better. He said they do provide the full range of services to 23 districts, and they have been able to reduce the cost of special education services for the participating districts. He said the number of students needing preschool services and the number of emotionally disturbed students have increased in recent years.

Mr. Charley said medical science is keeping babies alive who not too long ago would not have survived. In addition, he said, parents want to have their children educated in their local schools. He said school districts are seeing an increase in the number of students who have significant difficulties. He said because the costs involved are so high, it is beneficial to consider service provision over a larger region.

In response to a question from Representative Mueller, Mr. Charley said we need to have people at the grass roots level who are willing to consider and engage in cooperation and consolidation. He said

incentives that would be helpful include providing staff development, helping people understand the benefits of such units, breaking down barriers of big and little, and removing the thought that if we lose our unit, we lose our town. He said we need help to break down such concerns and to assist people in understanding that things are not going to get any better. He said people need to understand we have to work together. He said cooperation and trust are wonderful in theory but a little harder to achieve. He said the Lonetree Special Education Unit is the third largest employer in Harvey. He said there is nervousness that the unit will be closed. He said the administrative structure can certainly be moved. He said that will in fact help the school district.

Mr. Charley said if the state had mandated the process, it would have hindered the achievements in part because of the "big brother" mentality.

In response to a question from Representative Nottestad, Mr. Charley said there has been an increase in the number of students requiring special education. He said many of the needs stem from societal issues.

Chairman Cook called on Mr. Decker who said principals from the Minot area have entered into a joint powers agreement to work together rather than to compete against each other. He distributed a document entitled *Mid-Dakota Education Council Joint Powers Agreement*. The document is on file in the Legislative Council office. He said the cooperative agreement covers everything from shared calendars, staff services, staff training, communication mechanism, technology, grant writing, transportation, and Titles I, II, IV, and VI services. He said this provides a framework for a larger united district but for now still provides local autonomy and decisionmaking.

Chairman Cook called on Mr. Chuck Miller, Principal, Nedrose Elementary School, Minot, who presented testimony regarding the joint powers agreement. Mr. Miller said the joint powers agreement is unique to school districts in North Dakota. He said it is a way by which school districts can work together. He said it has been used to share services by cities, counties, and various special districts, etc. He said at first there was a sense that it was time to do something in their area. He said they wanted to build a high school. He said discussions took place in the spring of 2001, and the participants soon came to understand that another high school in the area was not the answer. He said what they all wanted was a better education for their children. He said what they agreed to do was to share the easy goals. Ultimately, he said, they anticipate becoming one district with Minot. He said they have recognized the impact that the elementary districts have on Minot. He said they believe teacher salaries, mill levies, and common curriculum will eventually come out of the joint powers agreement.

Mr. Miller said there is a need to proactively take steps toward solving the problems that all school districts are facing. He said they understand that graded elementary school districts are going to be at the mercy of urban districts. He said the good and the bad of a joint powers agreement is that at any point any participant can decide they do not like what is going on and they can leave. He said the joint powers agreement works only if there is a complete and mutual understanding of the participants' needs.

Mr. Miller said graded elementary districts are acutely aware of the concerns regarding a declining population, declining dollars, and the need to standardize both mill levies and expenses across the state. He said the joint powers agreement is an excellent way to start moving forward. He said as time and needs dictate, he believes other schools will be pulled in and a more regionally inclusive approach will result.

In response to a question from Senator Cook, Mr. Miller said the mill levies of the participating school districts range from 165 to 235 mills.

At the request of Chairman Cook, committee counsel presented a background memorandum entitled *Teacher Compensation Package*.

In response to a question from Representative Delmore, Chairman Cook said information would be obtained regarding the experience of other districts that have implemented a performance-based pay plan.

At the request of Chairman Cook, Mr. Kent Hjelmstad, Superintendent, Mandan Public School District, presented testimony regarding teacher evaluations. Mr. Hjelmstad said evaluation is merely valuing employees enough to tell them what they are doing well and what they are doing poorly. He said the Mandan Public School District evaluates cooks, coaches, bus drivers, janitors, and teachers. He said evaluations can be used to review performance and can result in the removal of personnel. He said during the last six years the evaluation process resulted in the departure of 12 employees from the district. He said they were not fired but were simply moved out of the system.

Mr. Hjelmstad said people who evaluate others need training in conducting evaluations. He said training can be received at the college level or through inservice training. He said the North Dakota LEAD Center offers an excellent training program for administrators. He said incentives should be contemplated for schools that make use of such an excellent state resource.

Mr. Hjelmstad said evaluations and consequently their results need the support of board members. He said most board members are not 25- to 30-year veterans of education.

Mr. Hjelmstad said academic achievement can be most directly traced to three things. He said 78 percent of academic achievement is traced to the

quality of human relations between the adults in the education process and the children. He said 6 percent is directly affected by the teaching process, including things such as academic preparation, teaching techniques, and lesson presentations. He said if one does not have good relations with the students, one will not be a successful teacher. He said 16 percent of academic achievement is out of the hands of school personnel. He said education in North Dakota is excellent.

Mr. Hjelmstad distributed a document entitled *Confronting Mediocre Performance*. The document is on file in the Legislative Council office. He said administrators have to be able to identify excellent versus mediocre teaching, to describe the problems they see, and to facilitate improvement. He said administrators have to avoid evaluations that are glowing and general, and administrators need to focus on a teacher's areas of strength and areas of improvement.

Mr. Hjelmstad distributed a document entitled *Teacher Evaluation Guidelines*. The document is attached as Appendix F. He said one of the greatest motivators for teachers is to let them know what is expected of them. He said the evaluation process employed in the Mandan Public School District includes an assessment of a teacher's classroom management skills, communication skills, compliance with school policies, empathy with students, knowledge of subject matter, effectiveness of instruction, planning and organizational skills, use of instructional methods and materials, staff relationships, and professional preparation and scholarship. He said the rating system is black or white. He said either the teacher is effective with respect to a certain area or needs improvement. He said the evaluation tool has room for commendations and recommendations.

In response to a question from Representative Kelsch, Mr. Hjelmstad said parent-teacher conferences are used to communicate with parents, and success cards are used to let parents know what their children do well.

In response to a question from Representative Hanson, Mr. Hjelmstad said he monitors all evaluations by principals, and he sits in on only those evaluations that he conducts.

In response to a question from Representative Delmore, Mr. Hjelmstad said he tries to appoint a mentor for each new teacher. He said one has to make a link between experienced teachers and new teachers.

In response to a question from Senator Cook, Mr. Hjelmstad said most teachers are comfortable with the evaluation process.

In response to a question from Senator Cook, Mr. Hjelmstad said if a knowledge-skills based pay plan were implemented in the Mandan Public School District, he as the administrator would try to involve the teachers in the development of the process. He

said telling people that something is being done to them is somewhat problematic. He said a knowledge-skills based pay system requires additional funding and inclusion, empowerment, and a realization that we are dealing with human beings who are nurturing children.

Chairman Cook called on Mr. Joe Westby, Executive Director, North Dakota Education Association, Bismarck, who distributed a document entitled *Teacher Salary Components of HB 1344*. The document is attached as Appendix G. Mr. Westby said in 1998-99 North Dakota was at 71.5 percent of the national average with respect to teacher salaries.

Mr. Westby distributed a document entitled *North Dakota Teacher Salary Data*. The document is attached as Appendix H. He said the average salary for 2000-01 was \$30,891, which was an increase of 3.44 percent from the previous year.

Mr. Westby distributed a document entitled *NDEA Policy Statement for Compensation Systems*. The document is attached as Appendix I. He said if school districts and local associations consider alternative compensation systems, those systems must be implementable at the building level with staff approval and acceptance, and they must be fair and accessible to all.

Chairman Cook called on Mr. Larry Klundt, Executive Director, North Dakota Council of Educational Leaders, Bismarck, who said there will be some interesting things facing North Dakota education in the coming years. He said the council wants to be a participant in any discussions regarding restructuring of the education process. He said the most difficult thing is to allow people to think with their hearts. He said it is very easy to allow people to think with their minds. He said he is being facetious, but the reality is that special education units do not have a history of competing football teams, and therefore, they have an easier time of sharing than do some school districts. He said we need to provide outlets for the strong emotions held by people in order to help consolidations and any restructuring work. He said sometimes financial incentives can help people overcome their concerns about transitions.

In response to a question from Senator Cook, Mr. Klundt said when discussions regarding reorganizations become contentious, reminding people there is \$400,000 on the table sometimes helps people in their decisionmaking.

In response to a question from Representative Mueller, Mr. Klundt said the Council of Educational Leaders promoted a seminar this spring focused on collaboration and consolidation, which was attended by 24 administrators and board members. He said they are hoping to replicate that seminar across the state. He said the seminar focused on the logical and the emotional aspects of consolidation.

In response to a question from Representative Nottestad, Mr. Klundt said when the people of the

community are ready, movement is made. He said sometimes it takes a long time for people to get ready. He said sometimes that does not happen until there is only one student left in a grade.

At the request of Chairman Cook, committee counsel presented a background memorandum entitled *State and Local Tax Structure for Funding Elementary and Secondary Education*.

Senator Kelsh said there is some concern about the amount of property that is not on the tax rolls.

Representative Nottestad said in lieu of taxes paid by nonprofit property owners should be noted as well.

Representative Hawken requested information regarding property that is not on the tax rolls.

Senator Cook said local control versus state control is the issue that we need to address. He said the background memorandum pointed out that as the financial burden moves from the local to the state entity, so too does the amount of control and decisionmaking entity.

Representative Kelsch said the mission, the moneys, and the measurement come from the state. She said the methodology actually comes from the parents, the schools, and the school boards. She said as the state continues to impose more and more rules and laws, it takes away more and more local control.

Mr. David Larson, Department of Public Instruction, distributed a document entitled *Teacher Compensation Claim*. The document is on file in the Legislative Council office. Mr. Larson said districts will log onto a secure web site and import information from the school level. He said a district has the

capability of making adjustments by adding or deleting information. He said validation checks are added to prevent a district from submitting erroneous information.

Mr. Larson said special education units and area vocational and technology centers have their own claim forms. He said he has presented this to school districts and it has been very favorably received. He said school district compensation reports should be ready by early 2002.

In response to a question from Representative Nottestad, Mr. Decker said right after the conclusion of the legislative session, personnel from the Department of Public Instruction, representatives of the North Dakota Education Association, the North Dakota School Boards Association, the Council of Educational Leaders, and Legislative Council staff met to review 2001 House Bill No. 1344 and to determine what the major questions would be. The Superintendent of Public Instruction subsequently placed the answers to those questions on the department's web site. He said after the first two weeks the questions slowed down to a trickle.

Chairman Cook adjourned the meeting at 3:30 p.m.

L. Anita Thomas
Committee Counsel

ATTACH:9