

**1999 SENATE EDUCATION
SB 2138**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2138

Senate Education Committee

Conference Committee

Hearing Date January 11, 1999

Tape Number	Side A	Side B	Meter #
1		x	3-1611
Committee Clerk Signature <i>Jinda Christman</i>			

Minutes:

SENATOR COOK opened the hearing on SB 2138. . SENATOR FREBORG was absent.

JULIE KNUTSON testified in favor of SB 2138 (see attached testimony).

SENATOR COOK: Are there any questions? Thank you. Any testimony in favor of SB 2138?

SENATOR COOK closed the hearing on SB 2138.

SENATOR KELSH moved for a DO PASS.

SENATOR FLAKOLL seconded the motion on SB 2138.

The bill was held for discussion. SENATOR FREBORG was present during discussion.

SENATOR FREBORG: Any discussion on SB 2138?

SENATOR COOK: The written test references reduce the reserve fund requirement from 2% of unpaid principle balance to .25%. The federal government is setting aside \$7.5 million to put claim to drives the money down to .25%.

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Senate Education Committee

Bill/Resolution Number Sb2138

Hearing Date January 11, 1999

SENATOR WANZEK: That confirms why we need to do this.

SENATOR FREBORG: We have a motion so we'll ask the Clerk to take the roll.

SENATOR REDLIN: Because of the changes in the statutes as amended through December of 1998, we need to make changes to accommodate and be in line with them.

SENATOR FREBORG: The clerk will take roll.

SB 2138 passed for a DO PASS. There were 7 Yeas, 0 Nays, and 0 were absent or did not vote.

The carrier will be SENATOR KELSH .

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2138 Amendment to: _____

Requested by Legislative Council _____ Date of Request: 12-30-98

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

The changes are not expected to result in increased revenues or expenditures

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	0	0	0	0	0	0
Expenditures:	0	0	0	0	0	0

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: 0
- c. For the 2001-03 biennium: 0

4. **County, City, and School District** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed *Julie Kubisiak*

Typed Name Julie Kubisiak

Date Prepared: 1-5-99

Department Student Loans

Phone Number 328-5621

REPORT OF STANDING COMMITTEE (410)
January 11, 1999 11:55 a.m.

Module No: SR-05-0465
Carrier: Kelsh
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2138: Education Committee (Sen. Freborg, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2138 was placed on the
Eleventh order on the calendar.

1999 HOUSE EDUCATION

SB 2138

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2138

House Education Committee

Conference Committee

Hearing Date 2-9-99

Tape Number	Side A	Side B	Meter #
Tape # 1	x		16.6 to 19.2
	x		22.7 - 24.0
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Chairman R. Kelsch , Vice-Chair Drovdal , Rep Brandenburg , Rep Brusegaard , Rep. Haas ,
Rep. Johnson , Rep. Nelson , Rep. Nottestad , Rep. L. Thoreson , Rep. Grumbo , Rep. Hanson ,
Rep. Lundgren , Rep. Mueller , Rep. Nowatzki , Rep. Solberg .

Chairman R. Kelsch : We will open the hearing on SB 2138 and ask the clerk to read the title.

Julie Kubisiak: Director of Student Loans of North Dakota. (see written attached). I am speaking
in favor of the amendments to SB 2138.

Chairman R. Kelsch : Anyone else wishing to testify in support of SB 2138? Anyone wishing to
testify in opposition of SB 2138? Hearing none, we will close the hearing on SB 2138.

Later in the day, committee decided to take action.

ACTION: Rep Brusegaard made a motion to DO PASS and Rep. Hanson seconded the motion.

• VOTE: 15 YES and 0 NO and 0 ABSENT. Passed. Rep. Hanson will carry the bill.

Date: 2-9-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB-2138

House Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Brusegaard Seconded By Hanson

Representatives	Yes	No	Representatives	Yes	No
Rep. ReaAnn Kelsch-Chairperson	✓		Rep. Dorvan Solberg	✓	
Rep. David Drovdal-Vice Chair	✓				
Rep. Michael D. Brandenburg	✓				
Rep. Thomas T. Brusegaard	✓				
Rep. C. B. Haas	✓				
Rep. Dennis E. Johnson	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				
Rep. Howard Grumbo	✓				
Rep. Lyle Hanson	✓				
Rep. Deb Lundgren	✓				
Rep. Phillip Mueller	✓				
Rep. Robert E. Nowatzki	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Hanson

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

REPORT OF STANDING COMMITTEE (410)
February 25, 1999 7:51 a.m.

Module No: HR-34-3505
Carrier: Hanson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2138: Education Committee (Rep. R. Kelsch, Chairman) recommends **DO PASS**
(15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2138 was placed on the
Fourteenth order on the calendar.

1999 TESTIMONY

SB 2138

Testimony on SB 2138

My name is Julie Kubisiak and I am the Director of Student Loans of North Dakota (SLND). SLND is administered by the Bank of North Dakota and guarantees, originates and collects student loans reinsured by the federal government in case of death or default. I am speaking in favor of the amendments to SB 2138.

The language in line seven and part of line eight were moved from lines 22, 23 and part of 24 in the original section. This language "fits" more appropriately at the beginning of the section as we may not guarantee loans until and unless we enter an agreement with the federal government.

The language deleted in line 14 and part of 15 and the new language in lines 15, 16 and part of 17 relate to the recent reauthorization of the Higher Education Act of 1965. This change would bring the required reserve amount in line with the federal regulation requirement. It would reduce the reserve fund requirement from 2 percent of the unpaid principal balance to .25 percent. We really have no choice but to reduce this reserve requirement to match the federal standard because the federal government takes reserves from us in excess of the reserve ratio they set.

The deletion and addition of language in line 19 reflect the change of calculating the reserve amount on the outstanding balance of the supplemental student loan program. If a default or death claim is presented to Student Loans of North Dakota, we pay the claim only on the outstanding principal amount. Therefore, the reserve fund need only insure the principal balance not principal and capitalized interest.

The deletion of the word "such" in line five of the second page is a housekeeping item as it is not needed.

I would be happy to take your questions.

**TESTIMONY TO THE
HOUSE EDUCATION COMMITTEE
FEBRUARY 9, 1999**

SENATE BILL 2138

**JULIE KUBISIAK
DIRECTOR - STUDENT LOANS OF NORTH DAKOTA**

Student Loans of North Dakota, administered by Bank of North Dakota, guarantees, originates, and collects student loans that the Federal government reinsures in case of death or default. I am speaking in favor of the amendments to SB 2138.

The language in line 7 and part of line 8 were moved from lines 22, 23, and part of 24 in the original section. This language "fits" more appropriately at the beginning of the section, as we may not guarantee loans until and unless we enter an agreement with the Federal government.

The language deleted in line 14 and part of 15 and the new language in lines 15, 16, and part of 17 relate to the recent reauthorization of the Higher Education Act of 1965. This change would bring the required reserve amount in line with the federal regulation requirement. It would reduce the reserve fund requirement from 2 percent of the unpaid principal balance to .25 percent. We really have no choice but to reduce this reserve requirement to match the federal standard, because the Federal government takes reserves from us in excess of the reserve ratio they set.

The deletion and addition of language in line 19 reflect the change of calculating the reserve amount on the outstanding balance of the supplemental student loan program. If a default or death claim is presented to Student Loans of North Dakota, we pay the claim only on the outstanding principal amount. Therefore, the reserve fund need only insure the principal balance, not principal and capitalized interest.

The deletion of the word "such" in line 5 of the second page is a housekeeping item as it is not needed.

I would be happy to take your questions.

Thank you.