

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1058

2001 HOUSE EDUCATION

HB 1058

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1058

House Education Committee

Conference Committee

Hearing Date 01/22/01

Tape Number	Side A	Side B	Meter #
#1	X		37 to 2378
#4	X		431
Committee Clerk Signature <i>David Albertson</i>			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunskor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will open the hearing on HB1058.

Rep. Byerly: In front of you is a packet that has some information in it that I will refer to. This bill came about as a result of some work that we did in the interim on Legislative Audit and Fiscal Review. As you know, Legislative Audit and Fiscal Review is our body that receives the reports from the state auditors office and outside accountants that do audits on different agencies. In the course of looking at the audit on DPI, we discovered a minor glitch in the way the system operated. What it was was that, when we receive federal grants, in most cases, there's always some set aside for the administration of those grants... Some dollars, and on appropriations committee, one of things that we always try to do is maximize the use of other dollars rather than

general dollars. General dollars are those dollars derived from your constituents paying their taxes. We get these grants coming in and in that packet are just some samplings of some of the types of grants that we get. The second page from the front is a Xeroxed copy right out of the budget that we all received, and if you look over at the right hand side, there's a figure of \$12,273,865. That's the amount of money we spend on salaries and wages in DPI or were slated to spend. Not all of that is general fund dollars, there are some of these that are dollars that are derived from some of these grants, and it seems to me about 60% of those funds are general fund dollars. If you look at the first page, this is pg. 2 of a report that we all received, basically for a \$10 increase in foundation aid payments, if we're able to come up with \$1.1 million, for every student that's out there, a school district will get \$10 more in a biennium. What this bill does is this says that basically, we're going to be maximizing the use of those federal dollars, or those grant dollars when they do say that there is some administration dollars available to us. If we were able, just on that one line item, able to save \$1.1 million, it would mean that every school district in the state of ND would get an additional \$10 per student; the advantage of this approach, first, we maximize those dollars, we save those dollars for other things. Our philosophy on this one, if we had already appropriated these general fund dollars under the general heading of education, we would give them back to the schools without strikes, so that they can use this money wherever they see fit. That basically covers the intent of the legislation. We came across this, and we ended up, also in one of budget section meetings, this came up for a topic of conversation more than once. There were people that used to be here, that if they were still here would be on this bill. Former Rep. Dorser was the one that did some leg

work on this and discovered that there are other states in the union that do this exact same thing. Florida was one.

Rep. Haas: Based on the last years work of the Audit and Fiscal Review Committee, did you quantify any amount that might be available in a given biennium?

Rep. Byerly: No, we don't actually know the number that's involved, because the audit came back, basically saying that they had a difficult time trying to track it, and we couldn't put a finger on it. If you peruse that list, you can see that there are significant funds running around out there. In a discussion with some of the people from the department, they made the statement that, 'if there is any money left over, they just send it out in additional grants'. The drawback to that is every grant that goes out of anywhere, there are significant strings that are attached to that money. That's one of the reasons why, when we were going through all of this, we thought that a better approach was, if we maximize the use in the department of these overhead dollars, or these administration dollars, then we can turn around and send any general fund dollars that we had already appropriated back to the schools, and I think that that's the bottom line, to maximize the number of dollars that we can get into the school districts, and maximize the number of dollars we can get into a school district without strings attached to it.

Rep. Monson: I was asked to sign onto this bill, partly because I feel we can try to save some money on the administration end on some of these programs, and pass that money on to the students through foundation. Rep. Byerly forgot to mention that it provisions of this subsection do not apply as the superintendent is required by federal law, by the terms of a grant, to employ additional personnel, so if more people are needed to administer this through the grant, and they

have to do this through the provisions of the federal grant, there will be more people who can get paid through this.

Chairman Kelsch: I do have the proposed amendments that Rep. Byerly would like to consider. The comment that Rep. Monson made are very pertinent to the bill that, if the grant requires that they have to employ more employees in order to fulfill the grant that they would be able to do that.

Rep. Mueller: Tell me about how the school will get that money, should there be excess administrative funds that come back in the general funds, and tell me about when they would know what they are getting.

Rep. Monson: I'm not probably the one to ask that question of, I understand that it will make a pool of money, and that pool will be distributed. When? I'm not sure.

Chairman Kelsch: The way it would work is it would go into a special fund, and in the odd number years, it would go out from the DPI, it would go out based on an ADM, so it would go out after June 30th of each year, and it would go out as ADM payments.

Rep. Mueller: So, the school district wouldn't budget this. This is not money that they could get X number of dollars at the end of the biennium or the school year?

Chairman Kelsch: It was difficult for us to say that at the end of each biennium there would be \$2 million or \$5 million or \$10 million, however we do know that there would be moneys in there that could be distributed, so it would be more or less a wind fall for the districts.

Rep. Monson: As I would see it as well.

Chairman Kelsch: Anyone else who wishes to appear in support of HB1058? Anyone who wishes to opposition to HB1058?

Bonnie Miller; (Fiscal Director for DPI) The department is neutral on this bill. I'd like to begin by stressing that the department supports passing any money through to the districts whenever possible. *Please refer to attached testimony*

Rep. Haas; If there was a person in the department that is working exclusively, or even a portion of the person's time, devoted to a particular grant, then their time could be reimbursed, if the grant allows for administrated expenses out of the general grant. Is that correct?

Miller; That is correct, and each large staff that works on a federal grant is required to keep a detailed time sheet.

Rep. Haas; Let's say that we were applying for a federal grant, and I'm working in the department, but at the present time, my salary and expenses are all funded with general fund money, and the decision is made that they want me to spend half of my time on that grant. Would it be considered supplanting if part of my duties were assigned to someone else, and then half of my time was paid for by the grant?

Miller; No it would not be considered supplanting, provided that the duties that support the program for which federal funds are designated and that a detailed time report is kept so that that can be tracked by the auditors. There is considerable oversight and excellent internal control in place on the issue of supplanting, and that is the state auditors through their audits of both the financial and federal programs that they have.

Rep. Nottestad; Looking at the administration page, when you look at the federal funds under column 3, line 6, you speak that these can be carried over 27 months, and I know that that's a fact, but is there anyplace where figures runs out of the 27 months that shows the balance at

point. Do you have any documentation of that, because this has meaning but yet it doesn't have any meaning, it's going to go off into the next 2 months or 15 months, we don't have any idea.

Miller: I don't have something of that nature with me, but we can certainly get that to you.

Rep. Nottestad: That would show actual figures, where this is correct, but it doesn't show the figures that we're talking about right here.

Miller: The amount of the federal funds that are returned to the federal funds is minimal. Some federal programs allow us, if we aren't using it's entirety to 'pass that on to the districts'.

Rep. Nottestad: You say it would pass on to the districts. Could it be passed and funneled into other federal projects.

Miller: It would depend on the particular program. Most are designated for particular purposes. In some cases there is some overlapped allowed by the federal government for certain programs.

Chairman Kelsch: We will close the hearing on HB1058.

Chairman Kelsch: Let's take up HB1058. What are the wishes of the committee?

Rep. Brusegaard: I move the amendments for the proposed amendments on 0064.0101.

Rep. Hawken: Second.

Chairman Kelsch: Committee Discussion. All those in favor signify by saying 'ay', all those opposed, same sign. Motion carries. What are the wishes of the committee?

Rep. Nelson: I move a DO PASS AS AMENDED.

Rep. Bellew: Second.

Chairman Kelsch: Committee discussion. Clerk, call the roll.

Motion of DO PASS AS AMENDED passes with 15 YES 0 NO 0 ABSENT.

Floor Assignment: Rep. Nelson

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: HB 1058

Amendment to:

1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

None.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Bonnie Miller	Agency:	Public Instruction
Phone Number:	328-2346	Date Prepared:	12/20/2000

HB 1058

10064.0101
Title.

Prepared by the Legislative Council staff for
Representative Byerly
January 22, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1058

Page 1, line 4, after the second period insert:

"1."

Page 1, line 5, after the period insert:

"2."

Page 1, line 9, after the period insert "The provisions of this subsection do not apply if the superintendent is required by federal law or by the terms of a grant to employ additional personnel.

3."

Renumber accordingly

Date: 1/22/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1058

House House Education Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Rep. Nelson Seconded By Rep. Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman-RaeAnn G. Kelsch	✓		Rep. Howard Grumbo	✓	
V. Chairman-Thomas T. Brusegaard	✓		Rep. Lyle Hanson	✓	
Rep. Larry Bellew	✓		Rep. Bob Hunskor	✓	
Rep. C.B. Haas	✓		Rep. Phillip Mueller	✓	
Rep. Kathy Hawken	✓		Rep. Dorvan Solberg	✓	
Rep. Dennis E. Johnson	✓				
Rep. Lisa Meler	✓				
Rep. Jon O. Nelson	✓				
Rep. Darrell D. Nottestad	✓				
Rep. Laurel Thoreson	✓				

Total (Yes) 15 *Click here to type Yes Vote* No 0 *Click here to type No Vote*

Absent 0

Floor Assignment *Click here to type Floor Assignment* Rep. Nelson

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

