

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1283

2001 HOUSE EDUCATION

HB 1283

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1283

House Education Committee

Conference Committee

Hearing Date 01/22/01

Tape Number	Side A	Side B	Meter #
#2	X		2529 to 3129
		X	1 to 627
Committee Clerk Signature <i>Jesse Albert</i>			

Minutes:

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

Chairman Kelsch: We will now open the hearing on HB1283

Rep. Eckstrom: (District 11) *Please refer to attached testimony*

Rep. Brusegaard: To be eligible for the program, it says in the bill, you had to have attended an institution of higher education in the state, so if you move out of the state after you graduate, you're still eligible for the program?

Rep. Eckstrom: That is correct.

Rep. Brusegaard: Would you be opposed to restructuring the bill so that it makes only students who stay in our state, eligible for the program?

Rep. Eckstrom: The problem has been more the students that have left us. Getting them back is key to development, according to the companies I've talked to. We're obviously anxious for folks to stay and not go in the first place, but they've indicated to me that they've had a difficult time filling the positions they have now.

Tracy Porter: (Chief Financial officer with NISC) We are a software developer for rural electric and telephone company all across the nation. One of my duties outside of the finance area is recruiting. I go to the college campuses and try to recruit them to work for us, it's been a challenge; it's been getting better, because more students are going into IT, but we would support any bill that gives incentive to these students to stay in ND. Either with Job Service or the Bank of ND, we have worked with both of those agencies, and they are absolutely outstanding agencies to work with.

Tom Peterson: (Division director with Job Service) We are in support of the bill and for the amendment. It took us by surprise when we found out that we were going to be responsible for a buydown program, because basically that isn't our business, but since that matter has been straightened out, we do support this bill.

Chairman Kelsch: Anyone here from the Bank of ND?

Julie Kubisiak: (Director of Student Loans of ND of Bank of ND)

Chairman Kelsch: What type of impact do you think that it would have on your student loan fund and the repayment? Basically what is this bill going to do?

Kubisiak: I think that this is a positive move for students and are in the technology field. At this point the Bank of ND does not track the occupation that the student may go into. We have a phenomenal record of student loan repayment, we've always had a very low default rate.

Chairman Kelsch: Are you comfortable, then, to administer this type of a program?

Kubisiak: This wouldn't create a problem at all for the Bank of ND.

Rep. Brusegaard: The fiscal note for the bill was prepared by Job Service, and they didn't feel qualified to put cost on it, understandably so. What kind of cost would be involved to the banks?

Kubisiak: It would just be a matter of identifying those students and tracking them. We deal with different interest rates currently, we have variable rates and set rates, so I don't think that it would create a problem at all for us.

Rep. Brusegaard: Could you ball park a guess?

Kubisiak: I'm sorry, I wish I could.

Rep. Hunsakor: If you were going to decrease the interest rate on a number of loans, would that in term, increase the interest rate of other students?

Kubisiak: The interest rates for the student loan program, it's a federal loan program, so those are set on an annual basis, variable interest rates, at this point in time, there is no change.

Chairman Kelsch: We will now close the hearing on HB1283.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1283 b

House Education Committee

Conference Committee

Hearing Date 2-19-01

Tape Number	Side A	Side B	Meter #
1		xx	660--1633
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chair Kelseh opened up discussion on HB1283.

Rep. Brusegaard : I have amendments for us to look at. **I move these amendments.**

Rep. Hawken : **I second.**

VOICE VOTE: ALL YES. Motion carried.

Rep. Hawken : **I move a DO PASS AS AMENDED.**

Rep. Mueller : **I second.**

VOTE: 11 YES and 3 NO with 1 absent. PASSED. Rep. Hawken will carry the bill.

FISCAL NOTE

Requested by Legislative Council

03/19/2001

Bill/Resolution No.:

Amendment to: Engrossed
 HB 1283

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	
Expenditures			\$0		\$0	
Appropriations			\$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

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

HB1283, first engrossment with Senate amendments, provides that the student grant programs line item included in SB2003 includes \$400,000 for the technology occupations student loan program. Currently, Engrossed SB2003 does NOT provide increased or earmarked funding for this program. If HB1283 passes, and if no additional funds are added to SB2003, funds would have to be reallocated within the student grant programs line item to support this program. This will result in a reduction in other student grant appropriations in SB2003 for the State Grant Program, Scholar's Program, Professional Student Exchange Program for veterinary medicine, optometry and dentistry and the Indian Scholarship Program.

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:	Laura Glatt	Agency:	North Dakota University System
Phone Number:	328-4116	Date Prepared:	03/21/2001

FISCAL NOTE
 Requested by Legislative Council
 02/20/2001

Bill/Resolution No.:

Amendment to: HB 1283

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						
Expenditures						
Appropriations						

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

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

HB 1283 calls for an interest rate subsidy for persons who: 1) are a current resident of this state; or 2) attended an institution of higher education in this state; and, 3) are employed in a technology occupation in this state which has been designated by Job Service.

From what we have been able to determine, Job Service has not defined "technology" occupations, and in fact, would likely need to put a great deal of effort into such a definition because of the evolving nature of "technology", nor do they have any idea how many people would be affected.

Since existing Bank systems do not support such a system of rate reductions, we would likely be looking at some sort of database application.

The benefits of this legislation are not limited to Bank of North Dakota borrowers, therefore, we would need to be able to make payments to other lenders.

The benefits of this legislation are not limited to future borrowers; existing borrowers would also be eligible.

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.*

n/a

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This bill contains no appropriation of monies. If the Bank of North Dakota is to fund it, we are concerned about the level of funding it will require and the impact on future earnings of the Bank.

For each 1,000 students eligible for these benefits, we estimate our costs for the biennium to be: Labor (1 FTE) - \$63,000; Operations costs - \$9,600; and Interest benefits - \$139,000, for a total of \$211,600.

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.*

None of these expenditures have been included in the appropriations requests of the Bank of North Dakota.

Name:	Al Nosbusch	Agency:	Bank of North Dakota
Phone Number:	328-5742	Date Prepared:	02/20/2001

FISCAL NOTE
 Requested by Legislative Council
 01/17/2001

Bill/Resolution No.: HB 1283

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						
Expenditures						
Appropriations						

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

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

An appropriation to finance administrative costs and interest buy-down costs will be necessary. Job Service cannot estimate the amount of administrative or interest buy-down costs at this time. Job Service has no experience in administering a program of this nature. If Job Service is to be the administrator for this program, additional time will be needed to determine the program costs.

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: Wayne Kindem	Agency: Job Service North Dakota
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Phone Number: 328-3033

Date Prepared: 01/19/2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1283

Page 1, line 2, remove "to be administered by job service North Dakota"

Page 1, line 6, replace "Job service" with "The Bank of" and after "Dakota" insert ", in cooperation with job service North Dakota,"

Page 1, line 18, replace "Job service" with "The Bank of"

Renumber accordingly

