

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2481

2007 SENATE EDUCATION

SB 2401

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2401

Senate Education Committee

Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: 2133, 2211

Committee Clerk Signature

Minutes:

Senator Taylor introduced the bill. The bill deals with the rising cost of diesel fuel, tires and other costs associated with school bus transportation. As a child he was first on the school bus and last off so he has a lot of experience with school buses. School buses serve a vital roll in our rural districts and some of our urban districts. We have been engaged in a thoughtful discussion this session about educational equity and adequacy. Before we can educate our children, they have to get to the door of the school. The Governor's Commission rightly chose not to get involved in transportation issues as they worked on a new formula. The school districts across the state have faced rising costs in their transportation systems. Transportation has been block granted the last couple of sessions, based on a formula of miles and rides. This bill takes the large rural buses from \$.67 cents to \$1/mile, small rural buses from .40 to .60 per mile. He intended to increase the rate for large city buses but he must have been working with old numbers because the bill does not show an increase. He would be amiable to an amendment. He discussed two handouts he distributed related to transportation costs. The current cost per mile is \$1.55 so at \$1 per mile the state is still not covering 2/3. Senator Gary Lee asked if there were an amendment to include large city buses, how much increase would he recommend.

Senator Taylor said there are different parameters for city buses because of ridership and student numbers. 70 cents maybe. He doesn't think it would increase the fiscal note very much because they don't use the transportation dollars as much as the rural folks.

Senator O'Connell testified in favor of the bill. . Since 1997 there has been no change in the per mile reimbursement. The rate was dropped at one point when the state was struggling financially.

Sandy Clark, North Dakota Farm Bureau, testified in favor of the bill. The costs have increased for school transportation. A lot of their members sit on school boards and are parents. They like the block granting system. They have no problem with an increase in the city rate as well. She thinks there was an increase in the city rate a couple of sessions ago. There is a hefty fiscal note and they can understand if the committee needs to back off and rearrange the numbers. They appreciate the intent of the bill. Their members do not expect 100% payment for transportation expenses.

Karla Pulvermacher, North Dakota Farmers Union, testified in favor of the bill. There is a substantial fiscal note but it is vital to help keep the rural communities viable.

Brian Nelson, Lewis and Clark school district testified in favor of the bill. His district includes Berthold, Ryder, Makoti and Plaza, 880 square miles. He is the transportation supervisor in his district. School buses that they used to buy for \$56,000 4 years ago are now priced in the upper \$60,000 range for both Bluebird and Ward. The standards must have changed; they have jumped \$12,000 in price. Fuel costs are up. They run 10 routes. They drive old buses for extra curricular activities.

Senator Flakoll asked if their buses are gas or diesel.

Mr. Nelson said they are all diesel. They have 7 spares that are used for extra curricular activities or for break downs. They had to overhaul a motor recently and it cost \$12,000.

Debby Marshall, Superintendent, TGU school district, testified in favor of the bill. They have a large district, 1100 square miles. They had 14 routes in 03 – 04 and have 11 current routes. They lost 6.25% in their enrollment last year. Even though they decreased their bus routes, they have only decreased their miles by 17,000. Their routes change constantly. Their budget in 04-05 increased by \$66,000. Last year they spent over \$70,000 in diesel fuel. This year they are projecting \$110,000 in diesel fuel expenses. They have a budget of \$372,000 for their bus routes.

Steve Holen, Superintendent of McKenzie County school district, testified in favor of the bill. Their district is 1679 square miles and may increase, surrounding districts are dissolving and they may be taking in that land. They have about 25 routes, 300,000 miles per year, budget of \$500,000 annually which has increased substantially the last 2 years. They have students that already ride in the 90 minute range. Bus costs have increased. They have a fleet of 35 buses. It is hard to find drivers; they must have competitive wages to compete with the oil field.

Doug Johnson, NDCEL, testified in favor of the bill. The school districts need more money for transportation.

Senator Gary Lee asked if the estimate that 50% of costs are paid by the state is correct.

Mr. Johnson said he doesn't know, he would guess that is pretty accurate.

Chairman Freborg closed the hearing on SB 2401.

Senator Flakoll said he is more inclined to support a more modest approach to rural and city buses.

Senator Bakke said Grand Forks does not have bus service except for special education students.

Senator Taylor said there has not been an increase in the large bus rate for 10 years.

Chairman Freborg said we are a little ambitious. If we are serious about getting some more money for transportation, we need to be a little more realistic. There are too many bills coming out with a lot of money.

Senator Taylor said on the '97 formula, transportation payments were capped at 90% of the current transportation operating costs so we were doing considerably more than the 50% we are doing today. We have seen an increase in the per mile rate in small rural buses (currently .40/mile) and the city limit buses (currently .50/mile, 10 years ago .25/mile). They have seen some increase. What we would want to do most in the bill is get some kind of increase in the large rural buses. He likes the block grant idea and would want to have an amendment drafted so the new formula would be for the first year of the biennium and a block grant for the second year. When he asked the school districts why they run large buses, he was told that they hold up better on the rough country roads. That is part of the block granting, it allows them to innovate.

Chairman Freborg said we need to establish a new base.

Senator Flakoll said we propped up the small buses with the hope they would use smaller buses. We have heard testimony that we are paying about 50% of transportation costs, we pay 42% of education costs. We are trying to pay more education costs. We have a constitutional obligation for educational costs, not for bussing.

Senator Gary Lee said we have an obligation by law to provide transportation in a reorganized district.

Chairman Freborg said that started with major reorganization, years back. We get ourselves in trouble, times change. We wanted to promote reorganization, now we would rather we were not paying for transportation. The school districts have a choice.

Senator Gary Lee asked if the law no longer states the requirement for providing transportation.

Chairman Freborg said he is not sure, he doesn't believe it is exactly like it was. He remembers a one word amendment, shall to may. He remembers that now.

Senator Bakke asked if moving to .75 or .80 would be more acceptable. Small buses have increased from .25 to .40 and large city have gone from .25 to .50.

Senator Flakoll said when they increased urban buses, they did not add dollars, and they just reshuffled, based on relative percentages.

Senator Taylor said percentage wise that does not lend much to the direction we want to go. In city was doubled and small rural went up by a factor of 1.6. A 1.6 increase of .67 would be \$1.07. He would like the bill to move and he wants to look at large rural buses. If it would move along, we could look at .85.

Senator Flakoll said when we tweaked this in 2001, if we looked at incremental growth of 5 or 10 cents, we would be where Senator Taylor wants to be today. It's a matter of wanting to give up good for great.

Chairman Freborg said there are not a lot of proponents of not paying transportation. Put the money in foundation aid and that is why he does not want to be too ambitious or that is where it will end up.

Senator Taylor said he would hate to be the one who made that move; there would be quite a revolt. You can only kick a country kid so many times before they start fighting. .80 - .90 is fair. He does not want to motivate the folks who want to do something dastardly to bus transportation.

Senator Bakke said what if transportation was a weighting factor.

Senator Taylor said it would still be per student.

Chairman Freborg asked what Senator Flakoll thought was reasonable for a city rate.

Senator Flakoll said none of this will get to a point where he thinks it's reasonable. When a school takes a bus out in the country, they are paid .67 per mile, when the same students get into town; they are paid .50/mile. How much would it cost us if we raised it .05 in city and raised it .08 in the country to .75.

There was some discussion of in city rides and per student payments for rural students and the formula and how it relates to block grants.

Senator Flakoll said he would recommend large bus rural at .75 and large bus urban at .55.

Senator Bakke said she would rather put the extra .05 on the rural rate than the city rate, they have farther to go.

Senator Flakoll said that is why they are paid per mile.

Senator Flakoll said there are credible points on each side of the issue. In the country they have to deal with gravel roads. In town, they have to deal with potholes, brakes, poor mileage due to stop and go traffic.

Chairman Freborg requested a motion.

Senator Taylor said when you debate the issue, we hear from the rural superintendents; they want it changed the most. We never hear from the city superintendents. He would recommend an amendment with a 2nd year block grant, going to .80 on the rural (\$5 million additional fiscal) leave small rural at .40, city large buses to .55 and leave small city at .25.

Senator Flakoll reviewed the amendment and asked for an estimate on cost.

Senator Taylor said he would estimate \$5,018,000 for rural buses.

Chairman Freborg said that is somewhat better.

Senator Flakoll said it is hard to compute the cost of the city miles. Bismarck shows at \$1.4 million for transportation; that is what they get from the state. Department of Public Instruction knows. We would need a new fiscal note.

Senator Taylor moved an amendment to put the first year on a formula, the second year on a block grant; in subsection A, insert 5 to equal .55, in subsection B, strike \$1 and insert .80, and in lines 12 and 13, overstrike .69 and insert .40 (leave the language at the old rate), seconded by Senator Bakke.

Chairman Freborg said this is more acceptable.

Senator Flakoll said the advantage has gone from a .17 advantage to a .23 advantage, the big schools get beat up again.

Chairman Freborg said you are better off now than you were an hour ago.

Senator Flakoll said he just wants the big schools to be treated fairly.

The motion passed 4-1-0.

Senator Bakke moved a Do Pass As Amended and Rerefer to Appropriations on SB 2401, seconded by Senator Taylor. The motion passed 4-1-0. Senator Taylor will carry the bill.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2401

Senate Education Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: 2325

Committee Clerk Signature

Minutes:

Chairman Freborg opened the discussion on SB 2401. All members were present.

Senator Gary Lee moved to reconsider the action of the committee on SB 2401, seconded by Senator Flakoll.

Senator Gary Lee said there seemed to be some interest in changing the urban bus rate.

The motion passed 4 – 1.

Senator Flakoll moved to change the urban rate for large buses to 60 cents per mile, seconded by Senator Gary Lee.

Senator Flakoll said the Taylor amendment was at 55 cents.

Senator Taylor said he does not have a resistance to that. Does Senator Flakoll have a handle on the miles?

Senator Flakoll said he does not, it would be the same miles as yesterday.

Senator Taylor said if its 2 million miles, that's another \$100,000 on the fiscal.

Senator Flakoll said there is still a significant differential between the urban and rural buses, this levels it a little in some people's minds. There is a good bill out there that will use this number as a basis for increasing the potential by 10% for those folks who use biodiesel.

The motion passed 5 – 0.

Senator Taylor moved a Do Pass As Amended and Rerefer to Appropriations on SB 2410,
seconded by Senator Gary Lee.

The motion passed 5 – 0. Senator Taylor will carry the bill.

FISCAL NOTE
Requested by Legislative Council
03/15/2007

Amendment to: Engrossed
 SB 2401

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$33,500,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$33,500,000	\$0	\$0	\$0

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill sets the distribution methodology for school district transportation grants appropriated in SB 2013.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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.*

The language in the bill assures the entire amount appropriated will be distributed.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

SB 2013 appropriates \$33,500,000 for transportation grants to school districts.

Name:	Jerry Coleman	Agency:	Public Instruction
Phone Number:	328-4051	Date Prepared:	03/15/2007

FISCAL NOTE

Requested by Legislative Council

02/05/2007

Amendment to: SB 2401

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$37,850,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$33,500,000	\$0	\$0	\$0

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill sets the methodology for the transportation grants for school districts. Large rural bus rates are increased from \$.67 to \$.80 per mile. Large in-city bus rates are increased from \$.50 to \$.60 per mile. All other rates are as prescribed for the 2005-2007 biennium.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The rate changes result in increases in transportation entitlements of \$5,160,000 for the biennium based on 20 million annual bus miles (19.3 rural, .7 in-city).

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.*

Based on 2005-06 school transportation statistics, total transportation expenditures are estimated at \$37,850,000 for the biennium.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

SB 2013 appropriates \$33,500,000 for transportation grants to school districts.

Name:	Jerry Coleman	Agency:	Public Instruction
Phone Number:	328-4051	Date Prepared:	02/05/2007

FISCAL NOTE
Requested by Legislative Council
01/23/2007

Bill/Resolution No.: SB 2401

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$45,100,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$33,500,000	\$0	\$0	\$0

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill sets the methodology for the transportation grants for school districts. Large rural bus rates are increased from \$.67 to \$1.00 per mile. Small rural bus rates are increased from \$.40 to \$.60 per mile. All other rates are as prescribed for the 2005-2007 biennium.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The rate changes result in increases in transportation entitlements of \$13,000,000 for the biennium based on 20 million annual rural bus miles (19.3 large, .7 small).

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.*

Based on 2005-06 school transportation statistics, total transportation expenditures are estimated at \$45,100,000 for the biennium.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

SB 2013 appropriates \$33,500,000 for transportation grants to school districts.

Name:	Jerry Coleman	Agency:	Public Instruction
Phone Number:	328-4051	Date Prepared:	01/25/2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2401

Page 1, line 4, after "1." insert "a." and replace "each" with "the first"

Page 1, line 8, replace "a. Fifty" with "(1) Fifty-five"

Page 1, line 10, replace "b. One dollar" with "(2) Eighty cents"

Page 1, line 12, replace "c. Sixty" with "(3) Forty"

Page 1, after line 13, insert:

- "b. During the second year of the 2007-09 biennium, the superintendent of public instruction shall distribute to each school district the same amount that the district received under this section for transportation services provided during the first year of the biennium."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2401: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2401 was placed on the Sixth order on the calendar.

Page 1, line 4, after "1." insert "a." and replace "each" with "the first"

Page 1, line 8, replace "a. Fifty" with "(1) Sixty"

Page 1, line 10, replace "b. One dollar" with "(2) Eighty cents"

Page 1, line 12, replace "c. Sixty" with "(3) Forty"

Page 1, after line 13, insert:

- "b. During the second year of the 2007-09 biennium, the superintendent of public instruction shall distribute to each school district the same amount the district received under this section for transportation services provided during the first year of the biennium."

Renumber accordingly

2007 SENATE APPROPRIATIONS

SB 2401

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2401

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-09-07

Recorder Job Number: 3329

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2401 at 2:25 pm on February 9, 2007 regarding School District Transportation Bus Grants.

The written testimonies that were presented on this bill will also go into SB 2408.

Senator Ryan M. Taylor, District 7, Towner provided written testimony (1) and (1A) and oral testimony in support of the bill.

Chairman Holmberg had question regarding the amount of the fiscal note.

Doug Johnson, Executive Director of North Dakota Council of Education Leaders and I am here in support of SB 2401. Mention was made of other bills and the governor's budget relating to this subject.

Chairman Holmberg asked if his organization had to prioritize if this would this come in ahead of the 80 some million dollars in the governor's budget.

Chairman Holmberg asked if anyone else wanted to testify on SB 2401. Seeing none, the hearing was closed on SB 2401.

Written testimony (2) was distributed to the committee after the hearing closed.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2401

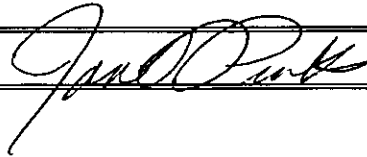
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02/13/07

Recorder Job Number: 3472

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2401 describing the bill.

Senator Christmann moved a DO NOT PASS on SB 2401, Senator Bowman seconded. A roll call vote was taken resulting in 8 yes, 6 no, 0 absent. The motion carried and

Senator Wardner will carry the bill.

Chairman Holmberg closed the hearing on SB 2401.

Date: 2/13/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2701

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DUP

Motion Made By Christmann Seconded By Bowman

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter		✓
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas		✓
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern		✓
Senator Randel Christmann	✓		Senator Larry J. Robinson		✓
Senator Tom Fischer	✓		Senator Tom Seymour		✓
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson		✓
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 8 No 6

Absent _____

Floor Assignment Wardner

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2007 8:30 a.m.

Module No: SR-31-3176
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2401, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO NOT PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2401 was placed on the Eleventh order on the calendar.

2007 HOUSE EDUCATION

SB 2401

