

2019 SENATE EDUCATION COMMITTEE

SB 2161

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

Bill #2161
1/15/2019
Job #30845

- Subcommittee
 Conference Committee

Committee Clerk: Florence Mayer for Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact section 15.1-36-08.1 of the North Dakota Century Code, relating to a rapid enrollment school construction grant program; to provide an appropriation; and to provide for a transfer.

Minutes:

Attachment #1-3

Chairman Schaible: Called the meeting back to order and opened the hearing for SB 2161.

Senator David Rust, District 2: Testified in favor of SB 2161 and provided **Attachment #1**.

(6:54) Chairman Schaible: This is for 2 years? So \$75M for 2 years? That was confirmed.

What if the SIIF fund doesn't have any money in it?

Senator Rust: Well I'd like to think they'd take this first.

Chairman Schaible: That's part of the thing, so the SIFF bucket fills up and there's a lot of infrastructure funds going out, which includes roads.

Senator Rust: Let me tell you why I picked the SIFF fund. I remember another Senator telling me his legislative district was 2 square miles, but 4 stories high. And that makes a difference on how people vote.

Senator Davison: I don't remember reading this, is this a 2% interest rate?

Senator Rust: It's a grant, not a loan. For lack of better words, it is a gift.

Senator Oban: I've been biting my tongue a little. I've been struggling philosophically with some of the conversations we're going to have throughout this session. Where we are identifying needs that property tax payers are refusing to pick up anymore. There is a feeling whether it is accurate or not, that they can't take on the burden anymore. Then legislators like us, come and want SIFF funds. Then everyone says "we can't afford it", but there has

been a decision over the last ten years to cut every source of revenue we have at the state level too. I don't know how we are surprised that we don't have the money at the state level now, to be funding projects that I believe are very worthy of that funding. I would ask if you voted to cut all the state revenues throughout the course of your time in the legislature, we are now asking for those state revenues that potentially don't exist anymore.

Senator Rust: You're asking me if I voted for those? I probably voted for some of them, I believe I have. I think there was a point in time where we were on one of these trajectories, where it appeared to me we could do that and it wouldn't hurt. I should have been smart enough. When I came here in 2009 we were on one of these trajectories. We talked about the oil money we were getting, and I would say "these things can go away just as fast as they happened". The next time it came back in 2011, it had doubled. I still said the same thing. The next time it came back, it had tripled. By this time, I'm almost starting to believe this isn't going to end, we thought we were going to hit the moon. Then in 2015 in the matter of just a few months we were down. I presume I was voting no or yes on those, because it appeared we were going to be ok. Knowing full well we have been through this more than one time. Unfortunately, some places in the state have an economy that goes up and then comes down. There is no model to predict these things.

Senator Oban: I just think there has to be a recognition at some point, if we're going to continue to come to the state to ask for more revenues to help cover the impacts. The legislature made the decision to cut away all those revenue services, including the oil extraction tax which partially funds the SIFF fund and income taxes. Now there will be an effort to eliminate that completely. There are people warning this time could go away, and now that time is here. We can't keep asking for money and claiming that the money is not there.

(13:03) Senator Rust: I know I'm asking for \$75M from the SIFF fund. I'm going to restate it one more time, how does that money get there? Basically because of oil and gas. And if your problem in the school system is, you have a lot of kids coming in for what reason? If you created that problem, you should be able to use that money to help solve the problem.

Senator Brad Bekkedahl, District 1: Testified in support of SB2161. Understands the concerns brought up by Senator Oban. We've seen oil and gas revenues from as low as \$1B to as high as \$6B a biennium, averaging \$4B a biennium the last 3 cycles. Will continue to add people to our area with every Bakken well drilled brings more families. Williston has averaged over 800 births versus the old average of around 200. The Williston region, assuming that includes Watford City, has had 112% growth in the last 10 years in enrollments. Fargo region, including West Fargo, had about 17%. Overall number Fargo region had 4850 new students, and Williston had 4750. Should we be giving grants to school districts with rapid growth environments? I would ask that you support that with a "Do Pass". If we do approve this, it will get referred to appropriations, and then brought back to the Senate.

(16:52) Senator Rust: Presented submitted testimony in support of SB2161 (**Attachment #2**); on behalf of Steve Holen, Superintendent of Schools, McKenzie County (Public School District #1, Watford City).

(21:27) Joanna Baltes, President of the Williston Public School District #1: Testified in favor of the bill and presented **Attachment #3**.

(31:56) Senator Davison: What percent of eligible voters have children in the school district?

Joanna Baltes: The census data puts the population at 22,000 in 2016. We believe the estimates are 37,000 for the population of Williston at this point. We have 43,086 students in our district right now, along with 2 private schools that have less than 500 students. We had issues with the get out to vote. In ND you have to have a driver's license to vote. We have such a diverse area and it takes a while to build that community base. We are less established than a lot of regions.

Senator Davison: Your population. Is that for your district or the people you serve?

Joanna Baltes: That is the city of Williston. Our tax bill evaluation is 78% of the city of Williston, in District #1. District #8, which is the rural district surrounding us, has the balance of it. One issue, is because we're 16 sq. miles and landlocked, as Williston has expanded our district is still stuck. The century code is very clear how district lines are bound and it would require a reorganization or a dissolution.

Senator Rust: Looking at the last years Mill Levy, last year the total was \$124.80 for general fund. Do you have this year with you?

Joanna Baltes: I think that is our current. And 80.95 Mills for our general.

Senator Rust: You also have an evaluation of \$27,900, from a year ago, per student. The state wide average is about 2,000 per student. That must also enter into that picture.

Joanna Baltes: I don't want to keep using the word "unique", but we are different than a lot of ND. Our tax bill evaluation is low, it's 112M with 16 sq. miles. We have 4,500 students. It's a significant impact.

(36:13) Jeff Thake, Superintendent of Williston School District #1: Testified in support of SB2161. One of the number one reasons teachers are leaving, is because it's hard to sell being in a class of 30 plus students, as an appealing teaching environment. Recruiting and retaining is very difficult. As our population has grown so have other demographics, such as Hispanics, African-American, and Native American students. We need to find an equitable solution for our students, and to be able to recruit and retain staff members for Williston. I will be presenting at the NDCEL at the end of January and beginning of February. Presenting educational transformations that will be happening in our district.

(38:48) Representative Patrick Hatlestad, District #1: I agree with everything that was said. Oil activity has been up and down since the 1950s, but we have had significant repercussions. Almost insurmountable problems. The cost to meet the needs of the city, county, school districts has fallen on property taxes. Our population is saying enough; they can't afford anymore. Our older population has moved away, due to being unable to afford the community. We have a number of bills in the hopper this year to try to deal with some of that inequity. I know you'll give serious consideration to our situation. I ask your support.

Senate Education Committee

SB2161

January 15, 2019

Page 4

Chairman Schaible: Other testimony in favor of? Agency testimony? Opposition?
Hearing was closed on SB 2161.

Announced committee work for Wednesday afternoon.

2019 SENATE STANDING COMMITTEE MINUTES

Education Committee
Sheyenne River Room, State Capitol

SB 2161
1/30/2019
31762

- Subcommittee
 Conference Committee

Committee Clerk Signature Lynn Wolf

Explanation or reason for introduction of bill/resolution:

A bill relating to a rapid enrollment school construction grant program; to provide an appropriation; and to provide for a transfer.

Minutes:

Senator Rust: Motion to approve the SB 2161.

Senator Oban: Second.

Discussion of the bill.

Roll call vote: Yeas: 3; Nays: 4

Motion Failed.

Motion by Davison Do Not Pass on SB 2161,

Second by Fors.

Roll call taken: Yeas: 4; Nays: 3; Absent: 0

Motion to Do Not Pass is carried.

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2161**

Senate Education Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rust Seconded By Oban

Senators	Yes	No	Senators	Yes	No
Chairman Schaible:		✓	Senator Marcellais:	✓	
Vice-Chairman Fors:		✓	Senator Oban:	✓	
Senator Davison		✓			
Senator Elkin:		✓			
Senator Rust:	✓				

Total (Yes) 3 No 4

Absent 0

Floor Assignment _____

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

Date: 1-30-19
 Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2161**

Senate Education Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Davison Seconded By Fors

Senators	Yes	No	Senators	Yes	No
Chairman Schaible:	✓		Senator Marcellais:		✓
Vice-Chairman Fors:	✓		Senator Oban:		✓
Senator Davison	✓				
Senator Elkin:	✓				
Senator Rust:		✓			

Total (Yes) 4 No 3

Absent 0

Floor Assignment Schaible

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

Passed

REPORT OF STANDING COMMITTEE

SB 2161: Education Committee (Sen. Schaible, Chairman) recommends **DO NOT PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2161 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2161

Mr. Chairman and Members of the Senate Education Committee:

SB 2161
6-15-19
AH. #1
p1 of 3

For the record I am David Rust, Senator from District 2.

There are a handful of school districts in ND that have been experiencing "significant" enrollment increases year after year. Some are in oil country or on the fringe, but not all.

So, this isn't just a "western ND" issue. For example, the West Fargo School District has been averaging nearly 500 (488 to be exact) more students every year for the past five years or more. Bismarck and Williston around 250 per year; McKenzie County and Dickinson around 150.

Such increases force these school districts to submit to their patrons building/bonding increases on top of bond increases that were passed fewer than ten years prior.

The generally accepted attitude is that this is a local issue accompanied by the statement, "We (meaning the legislature) are not into bricks and mortar." However, that hasn't always been the case. In the late 1970s and early 1980s significant grants along with significant loans were awarded to schools in coal country to build and equip classrooms due to significant enrollment increases in coal country.

For those schools who are now experiencing significant yearly growth, it is a very real problem. Taxpayers are weary of the increases in their property taxes to fund building projects in schools whose populations have increased through no fault of their own. As a state, we need to have a serious conversation about those districts and the students that are affected, and we need to come to their aid.

I'm here to introduce SB 2161 which will establish a "Rapid Enrollment School Construction Grant Fund."

The Concept for the Bill to Provide Grants to Schools Experiencing "Significant Increasing Enrollments" and the bill's provisions include:

1. Minimum enrollment K-12 increase of an average of 125 students per year over the most recent five-years. **Section 1, 4. a.**
2. Minimum General Fund Levy of 60 mills or, if under 60 mills, the maximum General Fund Levy possible as authorized by NDCC 57-15-14.2. **Section 1, 4. b.**
3. Minimum combined Building Fund and Sinking and Interest Fund levies of 30 mills. **Section 1, 4. c.**
4. Provide grants to be used for new facilities, renovations, and additions. **Section 1, 5.**
5. Each grant can not exceed 50% of the cost of construction and related costs, up to a maximum of \$15 million per school district. **Section 1, 6.**
6. Provide an appropriation of \$75 million for the above grants from the Strategic Investment and Improvements Fund(SIIF). **Sections 2**
7. The above appropriation of \$75 million is to be placed in the Rapid Enrollment School Construction Grant Fund (**Section 3**) with said grants administered by the Bank of ND on a first come-first awarded basis. (**Section 1, 3.**)

Why \$15 million? That's about half the cost of an elementary school building. As an alternative, the \$15 million and \$75 million amounts could be reduced to \$10 million and \$50 million, or some other number. But the fact is that these rapid enrollment school districts (and their respective taxpayers) need assistance in getting the facilities they need to educate students who come into their districts.

I encourage your favorable consideration of this bill and will try to answer any questions you may have. Mr. Chairman.

Grants	Beulah	Hazen	Center	Glen Uilin	Zap	Stanton	Washburn Reeder	Golden Valley	Underwood	Wilton	Dodge		
05/14/82			\$10,000	\$11,000									
11/05/82	\$1,071,174	\$1,112,174			\$148,432	\$191,300	\$206,000						
10/01/81							\$20,000						
04/20/81	\$378,000		\$115,500	\$30,000	\$326,500		\$69,500	\$50,994					
04/25/81						\$38,300							
05/20/81		\$447,198											
11/03/80									\$225,000	\$30,000	\$6,000		
10/26/78						\$8,000							
12/11/78		\$376,843											
01/04/79	\$1,023,272												
10/31/78							\$59,357						
06/21/78									\$125,265				
10/29/76						\$281,000							
05/13/77		\$606,000											
12/02/75	\$185,000												
04/15/77							\$465,000						
03/19/76									\$170,580				
06/17/77										\$190,000			
Total	\$2,657,446	\$2,542,215	\$125,500	\$41,000	\$474,932	\$518,600	\$799,857	\$20,000	\$50,994	\$520,845	\$220,000	\$6,000	\$7,977,389

Loans	Beulah	Hazen	Center	Glen Uilin	Zap	Stanton	Washburn Reeder	Golden Valley	Underwood	Wilton	Dodge	
June, 1978										\$40,000		
April, 1978	\$700,000											
June/Sept, 78		\$700,000										
June, 1980			\$238,000									
Nov, 1982									\$50,000			
Feb, 1982	\$400,000	\$400,000										
Aug, 1982			\$90,000									
April, 1982		\$450,000										
Total	\$1,100,000	\$1,550,000	\$328,000	\$0	\$0	\$0	\$0	\$0	\$90,000	\$0	\$0	\$3,068,000

SB 2161
 1-15-19
 Att. #1
 pg. 3

SB 2161
1:15-19
Att # 2
p1 of 2

HB 2161
Chairman Schiable
Senate Education Committee
January 15th, 2019

Good Morning. Chairman Schiable and members of the Senate Education Committee, for the record, my name is Steve Holen and I am superintendent of schools for the McKenzie County Public School District #1 in Watford City. I am here to testify in support of HB 2161.

The MCPSD #1, along with other school districts impacted by rapid student enrollment increases the past several years, has required community and taxpayer support for multiple building projects to address student enrollment growth and to ensure quality educational facilities that meet the need of all students. My school district currently supports annual debt payments of over \$5 million dollars annually toward an elementary addition and new high school construction; which will be increased by our recent passage of a \$35 million bond referendum for a new elementary school. These efforts often put excessive strain on local taxpayers and the ability to continually support necessary building projects and maintain infrastructure that is needed to support the families and workforce that is driving the need for such facilities. Portable classrooms can serve a purpose, however, they do not replace long-range facilities in meeting the needs of students and the community as a whole.

SB 2161 provides necessary support for school districts that satisfy rigorous criteria and exhibit specific needs that warrants additional support for voter approved building projects. School districts qualifying for SB 2161 have exhibited substantial "skin in the game" and warrant outside support to continue to meet the needs of students and communities. The school districts and communities impacted by SB 2161 have experienced dramatic challenges the past several years in meeting the needs of the workforce and to support the industries and quality of life present in their region. The investment made by SB 2161 is valid and assures its purpose to provide quality education programs to the fastest growing areas in North Dakota and to allow for the communities to adequately provide facilities to meet the growing needs in these areas.

While the state has refrained from getting involved with school building construction to this point; it is important to support these school districts and to assure their tax bases are not overly burdened with the responsibility of funding all building projects. The ability of the qualifying school districts and communities to continue and support the workforce and economic factors that are driving the need for more facilities not only helps the individual school districts, but the state itself in its economic vision and capacity. The communities that are potentially impacted by SB 2161 have put substantial resources and local support for their school district facilities over the past several years; these communities have invested in their school district's educational system and have done their part to support the need;

SB 2161
1-15-19
Att. #2
Pg. 2

however, it is time to provide outside resources to support these local efforts that are continually tapped for additional capacity and struggle to maintain the needs of our fast growing communities in the state.

In summary, SB 2161 provides hope and assurance the state is concerned with the tax burden placed on communities that are highly impacted with the challenges and needs of the current workforce and expansion of community services and population growth. It is imperative school districts and communities meeting the criteria established by SB 2161 are supported with grant funds that ensure the community is willing and able to continue to support important public projects that are pushed by the workforce and student/population growth this is driving the state economy. SB 2161 is a good faith effort to provide state support for public infrastructure that should not be overly burdened on individual communities that in turn support the entire state economy with their involvement and participation in infrastructure and quality of life initiatives in their region.

Thank you for your time and consideration.

SB 2161
1-15-19
A# #3
p. 1 of 3

Senate Education Committee

To: Senator Donald Schaible
Senator Robert Fors
Senator Kyle Davison
Senator Jay Elkin
Senator Richard Marcellais
Senator Erin Oban
Senator David Rust

We are here to represent the community of Williston and Williston Public School District #1. My name is Joanna Baltes and I serve as School Board President. Also here is Tom Kalil, Vice President of the School Board, our Superintendent Dr. Jeffrey Thake, and our Business Manager Jodi Germundson.

Thank you Senators. Thank you for the opportunity to address the Education Committee as you consider SB 2160/2161. We are here today to testify in support of both bills and to provide details on the current plight of public school in Williston, North Dakota.

I am sure I don't have to detail the enormous growth that Williston has experienced in the past decade. Enrollment in K-12 schools in Williston has grown by 100% from 2185 in 2009 to 4386 today. Williston has been fortunate to invest in infrastructure that has improved the quality of life for Williston residents and has provided stability for the oil and gas industry. Major facility investments include over 28 miles of water main, 22 miles of new sewer, 33 miles of new street construction and renewal, new fire stations, a new water resource recovery facility, a water treatment plan expansion, improvements to City Hall and the Law Enforcement Center, and a new recreation facility. Arguably, schools have been impacted as much as any other category of infrastructure or social service in Williston, but our K-12 schools have not received the same type of financial benefit. Schools in our District have seen a massive influx of students over the past decade and for several years struggled with educating children who followed their parents' schedule of 2 weeks on and 1 week off in the oil field. Many of our teachers finish the school year with a completely different group of students that they started the year with. Although that trend has dissipated in the last three years, we continue to experience record annual growth.

Revenue generated in the Williston area through the oil & gas industry directly benefits residents across North Dakota. In fiscal year 2018, Williams County was responsible for contributing over 16% of the State's total oil and gas tax revenue collections. During the third quarter of 2018, Williston contributed \$430 million in sales tax revenue, second only to Fargo at \$671 million. Williston's sales tax revenue has increased 28.8% from the third quarter last year.

Williston needs to continue to provide excellent education for all children in our District for our entire community or we will not sustain our economic growth. We know that a major factor that influences whether companies will continue to expand production

SB 2161

1-15-19

AH. #3

pg. 2

in the Bakken is whether they can convince their employees and management teams to move their families to Williston. The perceived quality of education is one of the top three factors and our current school infrastructure does not paint a pretty picture. Our schools are overenrolled and aging and within two years of opening, our new high school is already overcapacity. No one in the State of North Dakota will benefit if oil and gas companies determine that other parts of the United States offer better infrastructure and more attractive options for their employees. As a growing city, Williston needs to be able to attract professionals and those who provide specialty services. We are aware of at least two specialty-health care providers who cited the current state of our overcrowded schools as the primary reason for declining employment in Williston.

Our District's 5 elementary schools were constructed between 1951 and 1983. They currently house our K-4 students and 120 Pre-Kindergarten special needs children. The K-4 buildings have a capacity of 1,580 students. We currently educate 1,821 K-4 students and 121 Pre-Kindergartners for a total of 1,942. Those buildings are now 23% over capacity. Without counting growth, we will be overcapacity by 27% for the 2019 school year for our K-4 population. None of our aging elementary schools are ADA compliant, and they are either too expensive to remodel or are in areas where we can't significantly increase the square footage for educational space. Accordingly, we have increasingly relied on modular classrooms. Overall our District educates 33% of our K-4 population in modular classrooms and for one lucky school that number rises to 83%. None of the elementary schools have increased common space despite the increase in modular so our gym, cafeteria, and kitchen spaces are grossly inadequate for the students they serve. At Wilkinson Elementary, our dedicated staff cooks lunch on the stage in the gym while students at McVay Elementary perform PE in modular classrooms. These are just two of the many examples of how our students and staff are impacted by our overcrowded facilities.

Providing quality education for children includes appropriate class sizes and facilities. Learning still occurs in large class sizes but we need to be concerned about overtaxing our teachers. The feedback I receive from departing staff is directly related to class size and conditions of our facilities. Our teachers are aware that our numbers continue to climb and that by 2020 almost all our class sizes will exceed 30 students and in many cases will be significantly higher.

Williston Public School District #1 is the smallest school district in North Dakota, covering just 16 square miles, but we have the 6th largest enrollment and are the second-fastest district in the State in terms of growth. We also have a neighboring K-8 district so over 90% of their high school students attend our high school. At 240 students, that makes up 20% of our high school population. Although we do receive the operational funding for all our out-of-district students, we receive no corresponding benefit for capital construction projects and are over capacity within just two years of opening. Next year we project that we will be 15% over-capacity at our high school

Property taxes are our only source of revenue for construction projects. The size of our district and the impact of our neighboring K-8 district have disproportionately

SB 2161
1-15-19
AH. #3
Pg. 3

impacted our District's residents. For example, in West Fargo a recent \$100 million bond cost taxpayers \$15 per year per \$100,000 of true and full residential property value, while a proposed \$60 million bond would cost Williston taxpayers \$169 per \$100,000 of true and full residential property value. Our history of passing bond measures is a testament to that fact. Last Tuesday our voters rejected a \$60 million bond package that would have allowed us to build two new elementary schools, provide \$7 million in upgrades to our aging elementary schools, and a 400-seat expansion to our High School. Last March, the voters rejected a \$77 million bond. In December 2012, our voters rejected a proposal to build a new middle school but approved a bond in 2014 to build a new high school (which is now overcrowded). In 2003, our voters approved a bond based on sales tax to build a new middle school. That school was paid off early but in 2007, the State Legislature repealed the sales tax enabling statute.

Last night at our school board meeting, we voted to put our \$60 million bond issue back to the voters on April 9th, after waiting our mandatory 90 days. We are also seeking an increase in our mil levy from 10 to 20. If successful, we will add 1,200 elementary school seats and increase our K-5 capacity by 76%; we will add 400 seats to our high school to increase our capacity by 33%. Overall, we seek to increase our District-wide capacity by 40% to accommodate our enrollment projections over the next 5-10 years.

What does the future look like for schools in Williston if we cannot get property tax relief and find other sources of revenue to fund school construction? We will continue to experience overcrowding with a significant number of class sizes exceeding 30 in 2019 and 34 in 2020. We project our enrollment to grow by 28.9% in the next five years and 47.5% over the next 10 years. We will continue to lose teachers and face difficulty in recruiting teachers, despite having one of the most competitive compensation packages in the State. We will likely lose confidence from our business leaders in all industries, which will also lead to a loss of economic growth and sales tax revenue for the entire State.

Senators, we are not asking you to recommend passage of a bill solely to benefit our students in Williston. It's true that this bill would do a great deal to aid our students, but the reality is, this bill is a good idea for the entire state. The rapid enrollment growth faced by our school district isn't unique to Williston, and this bill would provide much needed help to communities beyond Williston, and even beyond the oil field. As we look to the future, we all hope that the economic and population growth of the oil field areas will be experienced in in other parts of our state and other areas of our economy. This bill would ensure that other areas of our state won't have to go through the same expansion pains that Williston has, and for that reason as well, I urge you to give this bill a "DO PASS" recommendation.

Thank you for your consideration.

Williston Public School District #1