

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/05/2019**

Bill/Resolution No.: SB 2141

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$161,966	\$0	\$161,966
<b>Expenditures</b>	\$0	\$0	\$899,476	\$0	\$899,476	\$0
<b>Appropriations</b>	\$0	\$0	\$105,000,000	\$0	\$105,000,000	\$0

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>	\$0	\$0	\$0
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

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

Funding \$5,000 for each of 21,000 newborns estimated to be born every biennium in ND, administrative support, record keeping and investing for the program by hiring a brokerage firm.

- 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.*

BND estimates \$105 million in funding for the 2019-2021 biennium for the estimated 21,000 newborns and has been asked to administer and manage the allocated resources.

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.*

Revenue to BND to administer the plan is based on .10 basis points, or the same administrative fee the Bank currently receives for managing the 529 College SAVE Plan and assumes a 3 percent rate of return on the appropriation. Revenue projections for the first year of the 2019-2021 biennium are \$52,500 and revenue projections for the second year of the 2019-2021 biennium are \$109,465. Total revenue for the 2019-2021 biennium is projected at \$161,966 and continues on for the following biennium.

- 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.*

Expenditures to have the appropriation managed by a professional brokerage firm is based on .55 basis points, or the same administrative fee direct sold participants are currently charged in the 529 College SAVE Plan and assumes a 3 percent rate of return on the appropriation. Expenditure projections for the first year of the 2019-2021 biennium are \$297,413 and expenditure projections for the second year of the 2019-2021 biennium are \$602,063. Expenditures for the 2019-2021 biennium are projected at \$899,476. This includes the .10 basis points of the administrative fee referred to in section 3A.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Appropriation is estimated at \$105 million for the 2019-2021 biennium and continues on for the next biennium.

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**Date Prepared:** 01/11/2019

**2019 SENATE EDUCATION**

**SB 2141**

# 2019 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Sheyenne River Room, State Capitol

SB 2141  
1/15/2019  
Job #30812

- Subcommittee  
 Conference Committee

Committee Clerk: Lynn Wolf and Alicia Larsgaard
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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to the allocation of resources at the time of a child's birth; and to provide legislative intent.

## Minutes:

Attachments: 0
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**Chairman Schaible:** Called the hearing to order on SB 2141.

**Senator Larson, District 3:** This is a bill that was introduced a couple sessions ago. There were some ideas that floated around about what we should do with the Legacy fund prior to being able to crack into it. My thought is, when they voted for the Legacy Fund, they voted that they would be able to utilize it. I am for utilizing it for large projects and the big picture of ND. I think that a lot of the individuals also voted that there might be something that could help them individually. When the state of Alaska was purchased from Russia, they did not allow any of the mineral rights to be given to the citizens. We shafted on that as well as the people owning property in Alaska that can not own any of the acres. When that happened, and when oil was discovered, there was a trust made that so individuals in that state could receive a check and they continue to do that today. Every citizen that lives and resides in the state of Alaska does receive a check, including my relatives who live there now. In ND, when this first evolved, there was one county that if you were born in that county, you went to school in that county and you had free college at UND Williston. This bill did pass the Senate as a study so this was an idea that was embraced and moved forward. It did lose its steam in the House. Since then, there are 5 counties that if you graduate high school, you can go to UND Williston for free education. There is Mandan-Hidatsa-Rikora tribe that when the Garrison damn went up and was flooded, there was money set aside for them when they turned 18 that they could receive. I don't know if that is currently the case. When I was teaching at the job core in Minot, I would get a lot of good students who would enjoy when people would come over and get some additional training. Unfortunately, what would happen is that they would receive the check and they would do something else with the money instead of education and later they would come back. There were no strings attached and there isn't in Alaska. In these 5 counties in ND, there are no strings either, you just have to go to school. There might be a required GPA. The bill is an allocation. Each ND citizen born in ND can get the ND scholarship. It is only at a certain age and for a certain amount of

money. If we give them the \$5,000 at birth, instead of just a little bit of funding when they are in college, it truly can become a real college scholarship. That was the intent. The bill has strings but it is not given to the individual. You still have to meet the same guidelines that students today are getting to receive that scholarship. That would change. What that would do, is that the funding that is already going out, would be offset. It would be more money that would come from the Legacy Fund interest. It isn't coming out of the principle which is the intent of the bill. It has to be in a credited institution. They could go to a tech school, a university, or a two year. One part in here that someone pointed out to me, is that they thought it would be better to have them stay at ND schools. I don't know. I think that people getting that opportunity, they should be able to go wherever they want. We have vets, dentists, and chiropractors. They wouldn't be able to use it if they were going out of state. I don't know if there is any movement towards that to make it in house. I used to really push a lot of people to go into the service so they could get the GI bills and all the kickbacks and see the world. One kid said, "Am I not good enough for ND to receive this scholarship? I am going to be a Marine." He testified a few years ago and talked about that. If they decided not to use this, on their 20<sup>th</sup> birthday, another trigger would come that if they decided to start a business, go into the family farm, or a home mortgage loan. The funding would not go to them; it would go to the institution. When someone qualifies for the scholarship, the money doesn't go to that person even though they have secured the scholarship; it goes to the institution. There are some people that are not able to use it for that if they didn't need to go to college or they might have had a trust and they already could afford the cost. The last string would be for long term care which we have issues with in the state. They could use that money to the facility for that as well. If anything happened to it such as a felony, that would trigger the account to be closed and the funding would go back to the Legacy Fund. Everything would continue to go back to the Legacy Fund and not the General Fund. I think the last language was going to dump it into the General Fund which I didn't like. I am surprised that this bill is in Education because to me, it is alternatives to incarceration, it is an infrastructure bill and a long term care bill. That is the idea and I am sticking to it.

**Chairman Schaible:** This seems like an entitlement to everyone that is born. You are taking the interest out of the Legacy. Does that rise above the needs of healthcare, special needs, infrastructure, etc.? It is always a push pull list and especially with education. By doing this, it seems that we are taking this pot of money out and entitling people and not addressing the problems we have. I look at it as if we have extra money, we have extra problems we need to address to make our schools better. Such as making them more affordable as well as making our infrastructure better. We have just begun to touch the social needs of the behaviors in school. Is this above the priority of that? Should we be focusing on that?

**Senator Larson:** All the more reason that the bill has standing. We hear a lot about how we have to have prevention and we have to head this off before it gets worse and dump. We just came from human services and we are dumping a ton of money into prevention and peer-to-peer work. Someone gets out of prison and we have to pay someone to hand hold them and help them with this program and help them get off their addiction. Tons of money is going to that. My thought is that there are about 10,000 babies born a year. Say \$53 million that comes into the program. When I was out campaigning, I will never forget this trailer park where there are some really poverty stricken kids. I asked this kid if he was ready for school to start and he was so excited for recess. That kid had nothing and if that kid knew that he had \$5,000 for his future and if he had an advisor in 3<sup>rd</sup> grade that showed him how to invest it and told

him tips like if you stay out of jail, you get this money, that would be a huge life change. When I was growing up, if I had something like that to grasp on to, that would've kept me out of a lot of trouble. I know that there is a population that if they had that hope, they would stay in school. There was no money in technical class, but I was offered a skill and that came to a huge cost at the school. If we are going to give them peanuts at the beginning and we invest \$5,000 in one individual and they had that hope to make it last through 18, then maybe they will have something to do something with. I have been around people that have had the money and no strings attached and they lose their mind. Myself included. If you have to adhere to these standards to get that, maybe people aren't going to do it. If it doesn't work, then the money goes back to the Legacy Fund and we don't lose anything. I hear that we build our prisons for the people who are being knuckleheads in 3<sup>rd</sup> grade.

**Senator Rust:** I am looking at the bill and I am seeing on section 5 that it talks about depositing stuff in the Legacy Fund. Where does it say that the money comes out of the Legacy Fund to begin with?

**Senator Schaible:** It should be. That is the intention of the bill that is comes out of the Legacy Fund.

**Senator Rust:** I am trying to figure out where that is.

**Senator Schaible:** The intention of the bill is that it comes from the interest off the Legacy Fund. If that needs to be clarified, then that needs to be put in. I do not know where the committee stands on if the person has to reside and graduate from high school. That was another question that people from Moorhead and the bordering states might come to ND towns to have their kids. That might be another issue to address. We want people that reside in ND. The other issue was if they attend a university or a high learning in ND.

**Senator Schaible:** Other testimony in favor? Any agency testimony to provide information? Any testimony opposed? With that, we will close the hearing on SB 2141.

# 2019 SENATE STANDING COMMITTEE MINUTES

**Education Committee**  
Sheyenne River Room, State Capitol

SB 2141  
1/22/2019  
31217

- Subcommittee  
 Conference Committee

Committee Clerk Signature Lynn Wolf

## Explanation or reason for introduction of bill/resolution:

A bill relating to relating to public and nonpublic high schools offering elective instruction on the Bible.

## Minutes:

**Chairman Schaible:** What are the wishes of the committee on bill 2141.

**Senator Rust:** Move Do Not Pass on SB 2141.

**Senator Davison:** Second.

**Chairman Schaible:** Motion and a second for do not pass. Committee discussion.

**Senator Rust:** I am opposed to giving money to someone just because you are born. I think it is just a little dangerous to giving money – there are all sorts of timing issues.

**Chairman Schaible:** Our state does a tremendous job of providing scholarships to all facits. There is a tremendous amount of help for students. The best way to help kids is to put the money into per pupil payments.

Motion on the floor for Do Not Pass on SB 2141. Other discussion.

**7 Yeas; 0 Nays; 0 Absent.**

**Motion Carries.**

**Senator Rust will carry the bill.**



**REPORT OF STANDING COMMITTEE**

**SB 2141: Education Committee (Sen. Schaible, Chairman) recommends DO NOT PASS**  
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2141 was placed on the  
Eleventh order on the calendar.