



# School Funding Interim Commission

## 64th Montana Legislature

PO BOX 201706  
HELENA, MONTANA 59620-1706  
(406) 444-3064

### HOUSE MEMBERS

JEFF ESSMANN  
DONALD JONES  
KATHY KELKER  
DEBRA LAMM  
EDIE McCLAFFERTY  
SUSAN WEBBER

### SENATE MEMBERS

TOM FACEY -Chair  
ELSIE ARNTZEN - Vice Chair  
KRISTIN HANSEN  
MARY SHEEHY MOE  
MATTHEW ROSENDALE  
LEA WHITFORD

### PUBLIC MEMBERS

PATRICIA HUBBARD  
DAVE LEWIS  
AIDAN MYHRE  
RENEE RASMUSSEN

### COMMITTEE STAFF

PAD McCRACKEN, RESEARCH ANALYST  
LAURA SANKEY, ATTORNEY  
KATYA GROVER, SECRETARY

## MINUTES

January 11, 2016  
Room 102, Capitol Building  
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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Please contact the Legislative Services Division at 406-444-3064 for more information.

### COMMITTEE MEMBERS PRESENT

SEN. TOM FACEY - CHAIR  
SEN. ELSIE ARNTZEN - VICE CHAIR  
SEN. KRISTIN HANSEN  
SEN. MARY SHEEHY MOE  
SEN. MATTHEW ROSENDALE  
SEN. LEA WHITFORD  
REP. JEFF ESSMANN (via phone)  
REP. DONALD JONES  
REP. KATHY KELKER  
REP. DEBRA LAMM  
REP. SUSAN WEBBER  
PATRICIA HUBBARD  
DAVE LEWIS  
AIDAN MYHRE  
RENEE RASMUSSEN

### COMMITTEE MEMBERS EXCUSED

REP. EDIE McCLAFFERTY

### STAFF PRESENT

PAD McCRACKEN, Research Analyst  
LAURA SANKEY, Attorney  
KATYA GROVER, Committee Secretary

## **VISITORS' LIST (Attachment 1)**

## **AGENDA (Attachment 2)**

### **COMMITTEE ACTIONS**

The commission

- provided further direction for staff regarding the commission's work plan and information needs for its next meeting, including the incorporation of ideas generated during breakout sessions (see Exhibit 42 from January 13).
- set its next meeting dates for April 4-5, 2016.

### **CALL TO ORDER AND ROLL CALL**

- 00:06:29 Sen. Facey called the commission to order at 8:06 a.m. The commission secretary called roll. **(Attachment 3)**
- 00:08:21 Sen. Facey welcomed the commission members and thanked the staff for the preparation of the meeting.

### **ADMINISTRATIVE MATTERS**

#### **Budget Update - Pad McCracken, Staff Research Analyst**

- 00:08:56 Mr. McCracken **(Exhibit 1)**
- 00:09:44 Rep. McClafferty arrived.
- 00:11:25 Sen. Facey spoke about the future commission meetings and their content for the remainder of the interim.

#### **Agenda Review**

- 00:14:07 Mr. McCracken went over the agenda for this commission meeting.
- 00:16:55 Sen. Facey also spoke about the agenda.

### **K-12 EDUCATION AND DEMOGRAPHICS: TRENDS AND PROJECTIONS - Mary Craigle, Census and Economic Information Center, Montana Department of Commerce**

- 00:17:33 Ms. Craigle **(Exhibit 2)**

#### **Commission Questions of Ms. Craigle**

- 00:25:28 Commissioner Rasmussen asked about determining state residence.
- 00:33:10 Sen. Moe asked about the charts reflecting population growth on page 18 of Exhibit 2.
- 00:34:12 Commissioner Rasmussen asked about trends in population growth in Bozeman and whether there is a way to predict them.
- 00:35:35 Commissioner Myhre asked about trends in demographics in Montana.
- 00:36:42 Sen. Arntzen asked about population mobility in the state due to Bakken drilling.
- 00:30:21 Ms. Craigle continued her presentation.

#### Commission Questions of Ms. Craigle

- 00:43:08 Sen. Facey asked to confirm that the school age enrollment population size in Montana will increase slightly.
- 00:43:53 Rep. Kelker asked to confirm that it can be expected that there will be some drop in the student population in rural areas but increase in urban areas.
- 00:45:03 Sen. Rosendale commented on areas in Montana that experience increase in student enrollment because of the transient type of families, as well as on different educational needs that those families have.
- 00:46:49 Commissioner Myhre asked Ms. Craigle how often she receives requests for information.
- 00:48:25 Sen. Facey added to Sen. Rosendale's comment by stating that the costs are higher for educating transient families than for families staying in the local communities for long periods of time.
- 00:48:43 Sen. Moe spoke about the demographics with respect to the areas with military population.

#### **CURRENT SCHOOL FUNDING FORMULA**

##### **Brief Review of Basics and Overview of Guarantee Account - Pad McCracken, Staff Research Analyst and Rob Miller, LFD**

- 00:49:38 Mr. McCracken brought commission's attention to some of the materials from the September 23, 2015, meeting, specifically [K-12 Education Funding Brochure](#).

#### Commission Discussion on Basic Entitlement

- 00:57:37 Sen. Rosendale
- 00:59:31 Sen. Facey
- 01:01:27 Mr. McCracken continued his review.

#### Commission Questions of Mr. McCracken

- 01:02:27 Sen. Moe asked about the special education component referred to in the *K-12 Education Funding Brochure*.
- 01:03:46 Mr. McCracken referred commissioners' attention to [Montana School Funding From 50,000](#) presented during the September 23, 2015, meeting.
- 01:06:00 Mr. Miller went over the guarantee account. [\(Exhibit 3\)](#)

#### Commission Questions of Mr. Miller

- 01:09:01 Sen. Arntzen asked to confirm that the million dollars that was statutorily appropriated for school technology is an ongoing funding as opposed to one time only.
- 01:11:27 Sen. Facey asked whether the money that was appropriated during the 2013 Session by SB 175 came from the general fund.
- 01:12:32 Sen. Rosendale asked about the 5 percent, or approximately 2.5 million dollars, that is transferred back into the main ballance of the corpus of the trust fund identified in Exhibit 3.
- 01:13:40 Sen. Hansen asked about the source of the money identified in box # 5, Trust & Legacy Investment Earnings, from Exhibit 3.

- 01:14:40 Sen. Facey commented on the administrative costs reflected in Exhibit 3..
- 01:15:07 Commissioner Hubbard asked about the permanent trust shown in Exhibit 3.
- 01:15:24 Sen. Hansen asked about coal and gas royalties for this year and whether the guarantee account is going to be substantially smaller this year.
- 01:16:13 Sen. Arntzen asked for information on a ten-year trend regarding the guarantee account.
- 01:17:01 Mr. Miller continued his presentation. **(Exhibit 4)**
- 01:20:28 Sen. Facey commented on the surplus with respect to the guarantee account.

**BREAK** (reconvened at 10:00 a.m. )

**Overview of District Level Funds, Revenue Sources, Expenditures, Accounting, Flexibility - Denise Williams, MASBO**

- 01:33:20 Sen. Facey introduced Ms. Williams to the commissioners.
- 01:34:26 Ms. Williams **(Exhibit 5)**

Commission Questions of Ms. Williams

- 01:44:42 Sen. Hansen asked about debt service fund.
- 01:45:47 Sen. Facey asked how much money is re-appropriated back to the state on a yearly basis. Sen. Facey also asked about transportation and retirement funds discussed in Exhibit 5.
- 01:47:38 Ms. Williams continued her presentation. **(Exhibit 6)**
- 01:48:51 Sen. Hansen spoke about the audit that was done in 2013 with respect to School Transportation and said that this commission needs to address concerns raised in the audit.
- 01:50:32 Sen. Facey addressed Sen. Hansen's comment.
- 01:50:56 Sen. Arntzen said that copies of that audit need to be distributed to the members of the commission.
- 01:51:32 Ms. Williams resumed her presentation.

Commission Questions of Ms. Williams

- 01:53:07 Sen. Hansen asked Ms. Williams to elaborate on the Bus Depreciation fund referred to in Exhibit 6.
- 01:57:37 Rep. Kelker asked about school districts that don't own their own busses.
- 01:58:30 Ms. Williams resumed her presentation.

Commission Discussion on Accepting Tuition-Free Students in Various School Districts

- 01:59:16 Sen. Facey
- 02:00:20 Sen. Hansen
- 02:02:56 Commissioner Rasmussen
- 02:06:27 Sen. Hansen

02:08:09 Rep. Lamm  
02:08:27 Commissioner Hubbard  
02:08:59 Commissioner Myhre

02:09:28 Ms. Williams resumed her presentation.

Commission Questions of Ms. Williams

02:12:00 Rep. Kelker asked about re-appropriation of money for replacement of the technology equipment.  
02:16:16 Rep. Lamm asked to clarify whether there is a limit on an allowable expenditure with respect to facilities or equipment expansion.  
02:20:09 Sen. Facey encouraged commission members to ask questions during the breakout sessions.  
02:20:44 Ms. Williams resumed her presentation. **(Exhibit 7)**

Commission Questions of Ms. Williams

02:27:48 Sen. Rosendale asked for clarification about the allocation for students with disabilities.  
02:32:19 Sen. Facey asked to clarify on the difference between debt service and building fund.

Commission Discussion on 'Pay to Play' Practice

02:34:59 Sen. Moe  
02:36:41 Sen. Rosendale  
02:37:20 Commissioner Rasmussen  
02:38:35 Ms. Williams resumed her presentation.

Commission Questions of Ms. Williams

02:43:43 Sen. Hansen asked about the non-budgeted funds that were not listed during the presentation.

**Fund Balances and Reserves - Rob Miller, LFD**

02:47:21 Mr. Miller **(Exhibit 8)**

Commission Questions of Mr. Miller

02:52:11 Sen. Facey asked to confirm that all funds zero out.  
02:53:20 Sen. Facey asked about the self insurance fund.  
02:54:07 Sen. Rosendale asked about the tuition fund.  
02:55:04 Sen. Facey made a comment.  
02:55:30 Sen. Hansen asked about bus depreciation fund.  
02:56:38 Commissioner Myhre added to the discussion above.  
02:57:19 Mr. Miller concluded his presentation.

**Federal K-12 Funding Overview - Madalyn Quinlan and Ken Bailey, OPI**

02:59:20 Ms. Quinlan **(Exhibit 9)**

03:01:06 Mr. Bailey

Commission Questions of Ms. Quinlan

03:04:46 Rep. Lamm asked for an update on any other grants that might be coming forward as a result of the recently passed Every Student Succeeds Act (ESSA).

03:08:37 Sen. Hansen asked about a school climate grant, as well as about pre-school development grant.

03:13:20 Sen. Hansen asked whether OPI would be able to parse the numbers from Exhibit 9 with respect to the numbers reflecting the first half of FY 2016. Sen. Hansen also asked to confirm that districts can apply for various funds that the state has to apply for.

03:13:40 Ms. Quinlan resumed her presentation.

Commission Questions of Ms. Quinlan

03:19:21 Sen. Facey referred to Exhibit 9 and asked whether the total sum of all the federal grants, excluding the food grants, equals to 35 million dollars.

03:20:11 Sen. Rosendale had an information request addressed to Frank Podobnik, OPI, regarding the total funds, both state and federal, being allocated for special education and the matter in which they are distributed.

03:21:11 Rep. Jones asked about school grants that go through other departments, like DPHHS.

03:23:27 Sen. Moe asked about grants being housed in the Commissioner of Higher Education office.

Commission Discussion on Funding for Migrant Education and Homeless Children

03:25:20 Sen. Hansen

03:28:54 Sen. Whitford

03:29:37 Sen. Moe

03:30:22 Rep. Kelker

03:31:10 Commissioner Hubbard

03:32:02 Commissioner Rasmussen

03:33:07 Rep. Jones

03:33:59 Sen. Arntzen

**Other State Approaches to District Funds, Reserves, and Funding Equity Related to District Size - Mike Griffith, Senior Policy Analyst, Education Commission of the States**

03:37:38 Mr. Griffith ([Exhibit 10](#))

Commission Questions of Mr. Griffith

03:51:00 Rep. Jones asked about the 65% of budget that goes toward teachers' salaries and benefits.

**Public Comment**

03:52:33 Kevin Nelson provided a comment on tax and equity, and TIF districts with respect to school funding. ([Exhibit 11](#))

Commission Questions of Mr. Nelson

03:58:05 Sen. Hansen asked Mr. Nelson to share the information that the DOR gave him.

04:05:01 Bob Story, Montana Taxpayers' Association, commented on the reserves.

**LUNCH** (reconvened at 1:30 p.m.)

**Quality Schools Grant Program - Kelly Lynch, Community Development Division  
Administrator, Montana Department of Commerce**

05:03:45 Ms. Lynch

Commission Questions of Ms. Lynch

05:13:16 Rep. Lamm asked Ms. Lynch to provide the commissioners with documents containing data that she used during her presentation.

05:13:37 Commissioner Lewis asked what steps would need to be taken if the grant was not funded during the 2015 legislative session.

05:15:15 Rep. Lamm asked about applications that did not get funded.

**School Funding Legal Background - Laura Sankey, Staff Attorney**

05:16:42 Ms. Sankey ([Exhibit 12](#))

**Current Equity Status - Rob Miller**

05:20:38 Mr. Miller ([Exhibit 13](#))

Commission Questions of Mr. Miller

05:27:15 Sen. Facey asked to confirm the numbers regarding elementary districts from page 2 of Exhibit 13.

Commission Discussion on Reasons for Max Budget

05:28:56 Rep. Lamm asked what causes a school to be over-maxed.

05:29:50 In addressing Rep. Lamm's question, Mr. Miller distributed a document titled "year to year budget comparison". ([Exhibit 14](#))

05:37:18 Mr. McCracken offered to make his part of the presentation later due to time constraints.

**COMMISSION WORK SESSION ON SCHOOL FACILITIES**

**Brief Review of Previously Distributed Materials - Pad McCracken, Staff Research Analyst**

05:38:53 Mr. McCracken provided a review of selected [materials relevant to the current topic that were mailed](#) to the commissioners.

**Funding for Capital Improvements Overview - Denise Williams, MASBO**

05:45:17 Ms. Williams ([Exhibit 15](#))

#### Commission Questions of Ms. Williams

06:01:18 Commissioner Rasmussen asked whether the dollar amount in QZAB authority identified on page 2 of Exhibit 15 refers to the sum in total or per district.

#### **Review of 2008 School Facility Inventory - Joe Triem, LFD**

06:02:12 Mr. Triem provided an overview of 2008 school facility inventory report to the commission members, which is referenced in the mailed materials from December 4, 2015: [Overview of 2008 School Facility Inventory](#).

#### Questions of Mr. Triem

06:15:59 Sen. Moe asked whether local school districts have the ability to continually update the school facility inventory report.

06:17:41 Sen. Moe asked if there would be any economy of scale in creating a multi-district approach to modernizing school facilities or whether the cost would be the same if individual districts did it separately.

06:19:49 Sen. Rosendale asked to confirm that a school district may not necessarily choose to renovate a facility simply because it is an old building.

06:21:35 Rep. Kelker commented on the 2008 school facility inventory report and asked whether the group that put this report together had suggestions about how to prioritize the issues so they are manageable.

06:28:31 Sen. Facey concluded the discussion and referred commissioners' attention to a letter submitted during the September 23, 2015, meeting as a response to the 2008 school facility inventory report. ([Exhibit 16](#))

#### **School Facility Entitlements (Debt Service GTB) - Rob Miller, LFD, and Pad McCracken, Staff Research Analyst**

06:36:03 Mr. McCracken ([Exhibit 17](#))

#### Commission Questions

06:28:58 Sen. Hansen asked Mr. Miller about possible funding sources for school facilities.

06:34:19 Sen. Hansen asked about school districts that qualify to apply for the appropriated debt service assistance.

06:46:28 Rep. Kelker asked Mr. McCracken about factors that determine when there is not enough money for full reimbursement.

06:49:15 Mr. McCracken provided an overview of the debt service summary. ([Exhibit 18](#))

#### Commission Questions of Mr. McCracken

06:51:45 Sen. Hansen asked about the revenue sources for the school facilities and technologies account.

#### **School Facility Funding in Other States, Prioritization of Projects - Mike Griffith, Senior Policy Analyst, Education Commission of the State**

06:53:41 Mr. Griffith ([Exhibit 19](#))



#### Commission Questions of Mr. Griffith

- 06:57:14 Sen. Rosendale asked whether there is a correlation between students' performance and the funding that the schools receive.
- 06:58:30 Sen. Rosendale asked whether there is a correlation between the condition of the facilities and the academic performance nationwide.
- 07:00:11 Sen. Hansen asked to confirm that some states put more into their capital funding but less into their per capita funding and vice versa.
- 07:08:03 Commissioner Rasmussen asked about trends with respect to programs or funding formulas for school facilities.
- 07:09:15 Rep. Kelker asked whether in most of the other states school infrastructure projects are separated from other infrastructure projects.

#### Public Comment

- 07:11:32 Scott Reiter, Billings Public Schools, spoke about school facilities.
- 07:16:15 Steve Johnson, Deputy Superintendent Operations, Bozeman Public Schools, spoke in support of full funding of the dept obligations.
- 07:19:15 Bob Story, Montana Taxpayers' Association, spoke about Property Tax.

#### RECESS FOR SMALL GROUP DISCUSSION

- 07:21:56 Sen. Facey spoke about the small group discussion.
- 07:25:16 The commission split into small groups for a discussion on school facilities.
- 08:26:08 Upon commissioners' return from the small discussion groups, Sen. Facey announced changes in the agenda: tomorrow's meeting will start at 8:00 instead of 8:30 A.M., and the commission members will report on the outcome of the group discussion tomorrow instead of today.

#### Public Comment on the Group Discussion Sessions

- 08:27:59 Kevin Nelson commented on the conflicting accounts of how 1.5 million dollars got diverted into TIF from the centrally accessed property by DOR.
- 08:32:57 Bob Story, Montana Taxpayers' Association, provided a comment on schools' budget being personnel driven, as well as addressed Mr. Nelson's comment.
- 08:35:45 Sen. Facey informed Mr. Story that Dennis Parman from OPI will be attending the SFIC meeting tomorrow to talk about alternative standards for accreditation.
- 08:36:34 In response to Sen. Hansen's request, Mr. McCracken brought a report on transportation audit to commissioners' attention.

#### RECESS

- 08:37:07 With no further business before the committee, Sen. Facey announced recess at 5:05 p.m.

January 12, 2016  
Room 102, Capitol Building  
Helena, Montana

**COMMITTEE MEMBERS PRESENT**

SEN. TOM FACEY - CHAIR  
SEN. ELSIE ARNTZEN - VICE CHAIR  
SEN. KRISTIN HANSEN  
SEN. MARY SHEEHY MOE  
SEN. MATTHEW ROSENDALE  
SEN. LEA WHITFORD  
REP. DONALD JONES  
REP. KATHY KELKER  
REP. DEBRA LAMM  
REP. EDIE McCLAFFERTY  
REP. SUSAN WEBBER  
PATRICIA HUBBARD  
DAVE LEWIS  
AIDAN MYHRE  
RENEE RASMUSSEN

**COMMITTEE MEMBERS EXCUSED**

REP. JEFF ESSMANN

**STAFF PRESENT**

PAD McCracken, Research Analyst  
LAURA SANKEY, Attorney  
KATYA GROVER, Committee Secretary

**VISITORS' LIST** ([Attachment 4](#))

**CALL TO ORDER and ROLL CALL**

00:03:32 Sen. Facey called the commission to order at 8:03 a.m. The commission secretary called roll. ([Attachment 5](#))  
00:04:22 Sen. Facey went over changes in today's agenda.

**REPORT BACK OF SMALL GROUP DISCUSSION**

00:06:05 Commission members reported on the outcomes of small group discussion from January 11, 2016: identifying problems and possible solutions to address problems related to funding of school facilities.  
00:07:06 Sen. Facey reported on the outcomes of the discussion in group 1: 'Class A and B and large Ind Elem focus'. ([Exhibit 20](#))  
00:11:34 Sen. Hansen reported on the outcomes of the discussion in group 2: 'Class C and small Ind Elem focus'. ([Exhibit 21](#)) Sen. Hansen also requested more information from staff on certain topics based on the discussion in group 2.  
00:19:15 Sen. Arntzen reported on the outcomes of the discussion in group 3: 'Class AA focus'. ([Exhibit 22](#))

### Commission Discussion on the Outcomes of the Group Discussions

00:24:02 Sen. Hansen and other commission members discussed some key issues identified in the small group discussions.

00:24:55 Sen. Facey

00:25:07 Commissioner Myhre

00:26:20 Commissioner Hubbard

00:26:57 Rep. Kelker

00:27:59 Mr. McCracken

00:32:22 Sen. Facey

**BREAK** (reconvened at 8:45 a.m.)

### **COMMISSION WORK SESSION ON RECRUITMENT AND RETENTION**

#### **Presentation on School Staffing Difficulties - Dr. Richard Ingersoll, University of Pennsylvania (by phone)**

00:43:15 Sen. Facey introduced Mr. Ingersoll to the commission members.

00:45:06 Mr. McCracken distributed presentation materials on behalf of Mr. Ingersoll.  
**(Exhibit 23)**

00:45:48 Mr. Ingersoll

#### Commission Questions of Mr. Ingersoll

01:14:49 Commissioner Lewis asked about charter schools and whether there is a trend in teachers moving from public to charter schools.

01:17:52 Rep. Kelker asked to elaborate on induction programs.

01:20:52 Mr. McCracken referred to the student loan forgiveness program as a policy lever and asked whether this policy may be useful in bringing some of the reserve pool back to the classroom.

01:22:39 Rep. Lamm asked to elaborate on number one reason that Mr. Ingersoll mentioned for teacher turnover: dissatisfaction with administration. Rep. Lamm also asked for a link to the type of survey Mr. Ingersoll used to backup this portion of his presentation.

01:26:05 Sen. Rosendale asked about an average length of time that a teacher enters the profession and then leaves, as well as asked for information on what type of industries teachers tend to migrate to if they leave during the first five years of their employment.

01:30:01 Commissioner Myhre asked to elaborate about the newly qualified teachers with only non-education degree and how these teachers can be attracted.

01:35:14 Rep. Jones asked whether Mr. Ingersoll had a graph where respondents only had one choice in identifying the biggest source of their dissatisfaction with the teaching profession.

01:37:00 Sen. Facey asked about specific mentorship programs for new administrators, as well as about accountability for the mentorship programs for teachers.

#### **Brief Review of Previously Distributed Materials - Pad McCracken, Staff Research Analyst**

01:42:05 Mr. McCracken encouraged commissioners to ask questions of those present in the audience during the breakout sessions.

01:43:00 Commissioner Rasmussen added to Mr. McCracken's remarks.

- 01:43:30 Mr. McCracken provided a review of selected **materials relevant to the current topic that were mailed** to the commissioners.
- 01:52:28 Sen. Moe commented on synchronous teaching in Montana and on challenges that it brings.

**Current Pathways to Licensure - Dennis Parman, OPI**

01:53:15 Mr. Parman (**Exhibit 24**)

Commission Questions of Mr. Parman

- 01:59:16 Rep. Lamm asked to define praxis and elaborate on what kind of test it is.
- 02:01:19 Sen. Moe asked whether a teacher, who has teaching experience from a different state, still have to go through the process of Praxis in Montana.
- 02:03:52 Sen. Moe asked about the background check of a potential teacher in relation to teaching in other states.
- 02:09:31 Sen. Moe asked about recognizing experience as opposed to education. Sen. Moe also commented on Prior Learning Assessment.

Commission Discussion on Class 5 Teaching License

- 02:11:28 Rep. Lamm and other commission members discussed obtaining teaching license by individuals with non-education background.
- 02:14:44 Sen. Hansen
- 02:15:28 Commissioner Hubbard
- 02:16:46 Sen. Hansen
- 02:17:19 Commissioner Rasmussen
- 02:21:04 Sen. Moe

**BREAK** (reconvened at 10:30 a.m.)

**Flexibility in Meeting Accreditation Standards - Dennis Parman, OPI**

02:31:38 Mr. Parman (**Exhibit 25**)

**Salary Information**

Pad McCracken, Staff Research Analyst  
Diane Fladmo, Director of Research and Bargaining, MEA-MFT

- 02:46:07 Mr. McCracken (**Exhibit 26**)
- 02:52:06 Ms. Fladmo (**Exhibit 27**)

Commission Questions of Ms. Fladmo

- 03:00:48 Rep. McClafferty asked about district and out-of-pocket contribution referenced to in Exhibit 27.
- 03:03:33 Sen. Rosendale asked how the premiums compare to those from three years ago.
- 03:04:56 Sen. Rosendale asked how much the deductibles have gone up, as well as expressed his concern about increased premiums and deductibles.
- 03:06:03 Sen. Moe asked about an optional pool of districts to get a more attractive healthcare plan.

- 03:07:18 Sen. Hansen asked to explain why the salary schedule still controls Montana's starting salaries as the lowest in the nation.
- 03:08:35 Rep. Kelker asked whether there is any feedback from teachers on entry level in Montana who are eligible for food stamps.

**Health Care Benefits - Christi Sharp, President, Montana School Services Foundation**

- 03:09:15 Ms. Sharp spoke about health care benefits and about Montana Unified School Trust (MUST).

**Commission Questions of Ms. Sharp**

- 03:19:18 Sen. Hansen asked about ACA and losing the ability to use the flexibility account.
- 03:21:17 Commissioner Rasmussen asked about utilization of Doctors' Choice and how it has been affected in Montana, especially in areas on the border with other states.
- 03:23:43 Sen. Facey spoke about the upcoming public comment.

**Public Comment**

- 03:25:33 Caroline Lonski, Parents and Others Invested in Nurturing Talented Students (POINTS), spoke in support of funding for Gifted and Talented education.
- 03:33:03 Julie Merritt, POINTS, spoke in support of funding for Gifted and Talented education.
- 03:35:53 Tracy Missett, Professor in Gifted Education, University of Montana, spoke in support of funding professional education for teaching gifted children.
- 03:40:08 Margaret Bentwood, Helena resident, spoke in support of funding for Gifted and Talented education.
- 03:46:24 Shawn Clark, Public School Educator, spoke on the issues of recruitment and retention

**Commission Questions of Those Providing Public Comment**

- 03:50:10 Sen. Hansen asked Ms. Missett about the content of the existing program in gifted education at the University of Montana.
- 03:52:55 Sen. Hansen asked whether Montana already has in place the individualized education program (IEP) for identifying special needs kids.
- 03:54:01 Sen. Hansen said that in the past gifted children were hosted in separated classes and asked whether there are programs around the state where gifted children are grouped together or whether it is something that this commission needs to explore.
- 03:55:26 Sen. Hansen referred to IEP and asked to elaborate on the situation with respect to students who would be eligible for services because of their high level abilities but who, at the same time, have disabilities.
- 03:57:08 Sen. Hansen asked about gifted programs in states like Maine or Nebraska with existing segregated programs.
- 03:58:30 Sen. Hansen asked Ms. Missett to clarify on the request for funding for professional development: whether it means that there is no course work currently available for professional development.

04:00:25 Sen. Facey commented on public comment and talked about today's agenda.

**RECESS FOR SMALL GROUP DISCUSSION**

04:02:05 The commission split into small groups for a discussion on recruitment and retention. ([Attachment 6](#))

**LUNCH** (reconvened at 1:40 p.m.)

**COMMISSION WORK SESSION ON DISTRICT STRUCTURE AND BOUNDARIES**

**Brief Review of Previously Distributed Materials - Pad McCracken, Staff Research Analyst**

05:38:03 Mr. McCracken provided a review of selected [materials relevant to the current topic that were mailed](#) to the commissioners.

**Cooperative Efforts Between Districts**

Lance Melton, Montana School Boards Association  
Kirk Miller, SAM (was not present)  
Dave Puyear, MREA

05:48:33 Mr. Melton ([Exhibit 29](#))

06:02:13 Mr. Puyear ([Exhibit 30](#))

06:08:27 Mr. Melton commented that there is a great degree of regulatory oversight that is not unique to Montana.

Commission Questions of Mr. Puyear

06:10:07 Rep. Kelker asked whether the cooperative services provide just-in-time orders.

**Regional Education Service Areas - Madalyn Quinlan, OPI**

06:12:33 Ms. Quinlan ([Exhibit 31](#))

Commission Questions of Ms. Quinlan

06:18:08 Rep. Kelker asked about methods of payments for participating in the training programs.

06:18:53 Sen. Moe asked about workload: whether positions of directors are full time jobs.

**School District Structure/Reorganization in Other States; Effects of Consolidation on Costs and Achievement - Mike Griffith, Senior Policy Analyst, Education Commission of the States**

06:19:53 Mr. Griffith ([Exhibit 32](#))

Commission Questions of Mr. Griffith

06:28:46 Sen. Hansen asked to define a one-school district state and elaborate on Hawaii as an example of such.

06:30:52 Commissioner Rasmussen asked to elaborate on what makes consolidation efforts successful.

06:34:36 Rep. Jones asked about successful school consolidation incentive programs.

### **Public Comment on Consolidation**

- 06:36:14 Rep. Cuffe, HD 2  
06:45:00 Shawn Clark, Public School Educator  
06:46:37 Bob Vogel, Montana School Board Association ([Exhibit 33](#))  
06:47:22 Bob Story, Montana Taxpayers' Association  
06:52:40 Sen. Rosendale commented that there should be consolidation of school districts vs. consolidation of schools. Sen. Rosendale asked about an effect that consolidation of school districts would have on the tax rate.

### **Variations in State Funding Per Pupil - Pad McCracken, Staff Research Analyst**

- 06:55:21 Mr. McCracken ([Exhibit 34](#))

#### **Commission Questions of Mr. McCracken**

- 07:17:13 Commissioner Myhre asked whether taking a total district general fund budget and dividing it by the number of students would yield expenditure per pupil.  
  
07:20:27 Mr. McCracken answered Commissioner Myhre's question and showed the commissioners maps relevant to the commission's work. ([Exhibit 35](#))

#### **Commission Discussion on Consolidation of Districts**

- 07:34:00 Sen. Hansen and other commission members discussed issues concerning complexity of consolidating school districts.  
07:35:43 Commissioner Rasmussen  
07:38:32 Sen. Rosendale  
07:39:16 Sen. Hansen  
07:40:05 Sen. Facey  
07:40:40 Commissioner Rasmussen  
07:41:14 Mr. Griffith  
07:43:51 Mr. Story  
07:46:40 Sen. Moe  
07:47:45 Sen. Hansen  
07:48:55 Mr. McCracken  
07:51:04 Sen. Rosendale  
07:51:35 Sen. Hansen  
  
07:53:35 Sen. Facey spoke about the remaining items on today's agenda.

### **RECESS FOR SMALL GROUP DISCUSSION**

- 07:54:15 The commission split into small groups for a discussion on district structure and boundaries.

### **REPORT BACK OF SMALL GROUP DISCUSSION**

- 08:36:46 Commission members reported on the outcomes of small group discussion: identifying problems and possible solutions related to recruitment and retention, as well as district structure and boundaries.  
  
08:36:56 Sen. Facey reported on the outcomes of the discussion in group 1: 'Class A and B and large Ind Elem focus'. ([Exhibit 36 A](#)) ([Exhibit 36 B](#)) ([Exhibit 36 C](#))

08:40:29 Sen. Rosendale asked whether, in case DOR presents a report to the commission, DOR should include information on TIF districts as well.

08:43:23 Sen. Hansen and Commissioner Rasmussen reported on the outcomes of the discussion in group 2: 'Class C and small Ind Elem focus.' [\(Exhibit 37 A\)](#) [\(Exhibit 37 B\)](#)

08:50:48 Sen. Arntzen reported on the outcomes of the discussion in group 3: 'Class AA focus'. [\(Exhibit 38\)](#)

08:54:47 Commissioner Myhre added to Sen. Arntzen's report.

08:57:26 Rep. Kelker commented on the reasons for the layout of school districts.

08:58:00 Sen. Facey spoke about tomorrow's agenda, as well as asked Mr. McCracken to save the notes produced during the three small group discussions from January 11 and 12, 2016.

**RECESS**

09:00:55 With no further business before the committee, Sen. Facey announced recess at 5:50 p.m.



January 13, 2016  
Room 102, Capitol Building  
Helena, Montana

**COMMITTEE MEMBERS PRESENT**

SEN. TOM FACEY - CHAIR  
SEN. ELSIE ARNTZEN - VICE CHAIR  
SEN. KRISTIN HANSEN  
SEN. MARY SHEEHY MOE  
SEN. MATTHEW ROSENDALE  
REP. DONALD JONES  
REP. KATHY KELKER  
REP. DEBRA LAMM  
REP. EDIE McCLAFFERTY  
REP. SUSAN WEBBER  
PATRICIA HUBBARD  
DAVE LEWIS  
AIDAN MYHRE  
RENEE RASMUSSEN

**COMMITTEE MEMBERS EXCUSED**

REP. JEFF ESSMANN  
SEN. LEA WHITFORD

**STAFF PRESENT**

PAD McCracken, Research Analyst  
LAURA SANKEY, Attorney  
KATYA GROVER, Committee Secretary

**VISITORS' LIST (Attachment 7)**

**CALL TO ORDER and ROLL CALL**

00:07:54 Sen. Facey called the commission to order at 8:00 a.m. The commission secretary called roll. (Attachment 8) Rep. Facey spoke about today's agenda.

**COMMISSION WORK SESSION ON SPECIAL EDUCATION**

**Brief Review of Previously Distributed Materials - Pad McCracken, Staff Research Analyst**

00:10:31 Mr. McCracken provided a review of selected **materials relevant to the current topic that were mailed** to the commissioners.

**Commission Questions**

00:12:48 Rep. Jones asked Mr. McCracken whether the fiscal note is from the actual bill.

00:13:24 Commissioner Hubbard asked Mr. McCracken to confirm that the fiscal note was written only based on children who already were served in the district with funding that is there right now.

00:16:08 Sen. Arntzen referred to the graph on page 6 of EAQ1 that Mr. McCracken discussed and asked about what services were provided with that money, as well as what services would cease to be provided once that funding was used up.

00:17:15 Bob Story, Montana Taxpayers' Association, answered Sen. Arntzen's question.

**Overview of Current Special Education Funding; Role and Funding of Special Education Cooperatives; Federal Requirements and Funding - Frank Podobnik, Special Education Division Administrator, OPI**

00:21:51 Mr. Podobnik ([Exhibit 39](#))

Commission Questions of Mr. Podobnik

00:24:26 Sen. Arntzen asked about indications of a school district not being a member of the special education cooperatives.

00:25:26 Sen. Moe asked whether these special ed coops coincide with speech pathologists coops, and whether services for gifted and talented are provided by those coops.

00:27:51 Sen. Rosendale asked whether the testing is conducted consistently and similarly throughout the state so every child gets the same review.

00:33:36 Commissioner Lewis asked whether the data singles out those communities that had higher percentages of students with learning disabilities.

00:35:17 Commissioner Rasmussen commented on audit done at the school she represents.

00:40:44 Sen. Rosendale asked where the money that is reverted back go.

00:44:28 Rep. McClafferty asked about a district overspending its money.

00:44:59 Sen. Facey commented on the special education funding and students with special needs.

00:36:57 Mr. Podobnik continued his presentation.

00:47:51 Mr. Podobnik asked Mr. McCracken to comment on unique special education costs.

Commission Questions of Mr. Podobnik

00:48:53 Commissioner Myhre asked Mr. Podobnik whether cooperatives hire employees and if they do, whether cooperatives provide health insurance and benefits.

00:51:03 Sen. Hansen asked whether, in a special education situation, the tuition is required or whether it is a district's decision whether or not require tuition.

00:54:22 Sen. Rosendale asked about effects of students with special educational needs on the funding formula.

00:56:14 Commissioner Rasmussen addressed Sen. Rosendale's question as well.

00:57:46 Sen. Facey asked whether children from 3 to 5 years of age are included in the funding.

00:58:29 Rep. Lamm asked that in the event that a school receives additional funding for students between the ages of 19 and 21, what would happen with funding if such school did not have students 19 and older. Rep. Lamm also asked about the appropriated amount per student.

00:59:45 Sen. Moe reiterated Mr. Podobnik's point that the calculation on federal level is based in part of students living in poverty and asked about the reasons why these students are included in calculations for special education funding.

01:00:37 Commissioner Hubbard asked whether the IDEA funding at the federal level goes to a higher age based on other states funding through a later age.

### Commission Discussion on Services That Fall Outside of School Mandated Services

01:01:30 Rep. Kelker  
01:04:42 Sen. Rosendale  
01:06:38 Rep. Kelker  
01:07:29 Sen. Rosendale  
01:07:59 Rep. Kelker  
01:09:36 Sen. Facey  
01:10:14 Mr. Podobnik  
01:11:2 Sen. Hansen  
01:12:56 Sen. Facey  
01:13:31 Rep. Lamm  
01:14:24 Sen. Moe  
01:16:36 Sen. Rosendale

01:14:03 Mr. Podobnik introduced Chris Rice, Director of Central Montana Learning Resource Center Cooperative, and Tim Miller, Director of Bitterroot Valley Education Cooperative, who will speak in support of more state funding for special education cooperatives.

01:23:14 Ms. Rice

### Commission Questions of Ms. Rice

01:26:45 Rep. Jones asked to name the other 2 issues with regards to issues concerning funding for special education cooperatives.

01:27:17 Mr. Miller

01:41:37 Ms. Rice added to her presentation.

### Commission Questions

01:50:13 Sen. Moe asked Ms. Rice about the composition of her cooperative's board.

01:50:36 Sen. Moe commented about districts, but not cooperatives, receiving funding for disproportionately high costs for special education in some instances. Sen. Moe asked if providing the same funding for coops as for school districts would be an improvement.

01:51:47 Mr. Podobnik reported on per pupil funding.

### Commission Questions

01:52:14 Sen. Facey asked Mr. Miller whether, in case his cooperative is unable to raise funds, the cooperative has the leverage to decline certain services.

01:54:30 Mr. Miller answered Sen. Facey's question and distributed a handout.  
**(Exhibit 40)**

### Commission Discussion on Block Grants For Special Education

01:55:14 Sen. Hansen  
01:58:30 Sen. Hansen  
02:05:05 Rep. Kelker  
02:07:00 Ms. Quinlan

02:09:27 Commissioner Myhre  
02:12:26 Sen. Rosendale  
02:18:17 Sen. Rosendale  
02:21:05 Rep. Kelker  
02:23:40 Sen. Facey  
02:25:16 Sen. Rosendale

### **Public Comment and Committee Questions**

02:25:56 Kirk Miller, School Administrators of Montana, spoke about the special education funding issues, especially about the inflation portion of the funding formula.  
02:29:17 Tracy Missett, University of Montana, spoke about intellectually gifted students who have disabilities.  
02:31:33 Tim Miller, Director of Bitterroot Valley Education Cooperative, spoke about whether or not schools should be required to participate in coops.  
02:37:46 Commissioner Myhre asked Mr. Miller to confirm that every coop has a different funding formula in terms of how the members are supporting its efforts.  
02:38:33 Judy Povilaitis, Executive Director of Special Education, Student Services in Billings Public Schools, provided public comment.  
02:42:10 Commissioner Lewis asked Ms. Povilaitis about percentage for the total enrollment.  
02:43:00 Sabrina Steketee, Boulder Area Trustee, addressed Sen. Rosendale's earlier question about the criteria for early enrollment into kindergarten.  
02:44:57 Sen. Rosendale replied to Ms. Steketee's explanation.  
02:46:23 Sen. Caferro, SD 41, spoke in support of providing state funding for students until the age of 21, as well as in support of putting inflationary factor in place for students with disabilities  
02:53:55 Beth Brenneman, Disability Rights Montana, spoke about providing state funding for students to graduate at the age of 21.  
02:58:48 Rep. Lamm asked Ms. Brenneman whether, given that students with disabilities are allowed to stay in school until the age of 21, all students, who are identified as having special needs, would be capable of becoming productive citizens.  
03:01:20 Sen. Facey concluded public comment.

### **BREAK**

### **COMMISSION WORK SESSION ON TECHNOLOGY**

#### **Report on Broadband/District Connectivity**

Daniel Lloyd, Governor's Office of Economic Development  
Andrew Kenny, EducationSuperHighway (via video conferencing)

03:12:47 Sen. Facey introduced Mr. Lloyd  
03:13:43 Mr. Lloyd (**Exhibit 41**)  
03:18:00 Mr. Kenny (started with slide 5 of Exhibit 41)

#### **Commission Questions**

03:27:14 Sen. Facey commented on both presentations and talked about what the legislature can do right now because of the session's schedule and what local school districts and cooperatives can do.

03:28:20 Sen. Hansen referred to New Mexico's state match and asked Mr. Kenny what a corresponding number for Montana would be.

03:29:39 Sen. Hansen asked Mr. Kenny to confirm that E-Rate money is coming with or without the state match and that the state match provides additional funding.

03:30:20 Sen. Hansen expressed her disagreement with operating the entire network this way and asked Mr. Kenny whether there are any states that are operating the entire network or are moving in that direction.

03:32:22 Rep. Lamm asked Mr. Kenny whether the federal program he referred to is a grant program..

03:33:30 Rep. Jones asked Mr. Kenny to clarify which program run in Utah he is referring to.

03:35:56 Rep. Lamm requested the grant application and letter of intent from Mr. Lloyd.

03:36:51 Sen. Facey asked Mr. Kenny whether the broadband wiring would be done on the bid basis and whether a cooperation of two companies is possible.

03:43:32 Sen. Facey talked about the remaining agenda items.

**LUNCH** (reconvened at 1:35 p.m.)

### **Montana Digital Academy Update - Bob Currie, Director, Montana Digital Academy**

05:36:49 Sen. Facey opened the meeting and introduced Mr. Currie

05:37:52 Mr. Currie ([Exhibit 42](#)) ([Exhibit 43](#))

#### Commission Questions of Mr. Currie

05:46:12 Sen. Arntzen asked about classes which students use for recovery, as well as about the success rate.

05:49:52 Rep. Jones asked to clarify about AA students.

05:51:31 Sen. Rosendale asked about the age group of the homeschooled students who are using Digital Academy for the sole delivery of education.

05:52:12 Sen. Moe asked about percentage from the slide titled '2014 MTDA Enrollment and Unique Students' of Exhibit 42.

05:53:58 Sen. Arntzen asked to confirm that 19 year-olds have to be enrolled in public schools to be able to use the Digital Academy.

05:55:39 Sen. Moe asked whether interaction exists between students or only between individual students and the instructor.

05:58:10 Sen. Hansen asked whether *tutor.com* has ever been run through the State Library and whether funding exists for it. Sen. Hansen also asked about the cost the Digital Academy charges.

05:59:23 Commissioner Myhre asked about the cost structure of the Digital Academy and how and if the Academy charges school districts.

06:00:24 Sen. Hansen asked whether, with *tutor.com* being moved to the Digital Academy, one has to be enrolled in the Academy in order to be able to use *tutor.com*.

06:10:03 Sen. Hansen asked who provides the content for EdReady.

06:12:05 Sen. Arntzen asked about the source of funding and about duplication of administration.

### **Current Technology Funding - Rob Miller, LFD**

06:15:58 Mr. Miller ([Exhibit 44](#))

#### Commission Questions of Mr. Miller

- 06:20:45 Sen. Facey asked to confirm that the million dollars is distributed based on the BASE budget.
- 06:21:27 Mr. Miller distributed materials in reply to information request from Jan. 11, 2016. [\(Exhibit 45\)](#)

#### Public Comment

- 06:22:31 Gayle Roege, MT AGATE & Creative Erg, LLC, spoke about the connection between gifted education and use of technology.
- 06:27:29 Sen. Facey spoke about the remaining agenda items for today's meeting and announced a brief recess.

#### **BREAK** (reconvened at 2:40 p.m.)

- 06:40:49 Sen. Facey talked about the general content of the remaining commission meetings for the interim.
- 06:44:38 Mr. McCracken discussed Article X of the Constitution of Montana regarding education and public lands. [\(Exhibit 46\)](#)
- 06:45:33 Sen. Facey added to Mr. McCracken's presentation.
- 06:46:00 Mr. McCracken continued his presentation.

#### **COMMISSION WORK SESSION AND DISCUSSION OF NEXT STEPS**

##### **Scheduling Remaining Meetings**

- 06:47:20 Commissioners discussed the dates for the upcoming commission meetings and their general content.
- 06:54:07 Mr. McCracken refereed to the papers distributed by Sen. Arntzen during yesterday's meeting (refer to Exhibit 38), as well as handed out summary of the outcomes of all discussion groups from January 11 and 12, 2016. [\(Exhibit 47\)](#)

##### **Instructions to Staff**

##### **Continued Discussion of Possible Solutions and Additional Information Needs**

- 06:55:41 Commission members discussed and advised Mr. McCracken what points identified in Exhibit 47 they find important and worth studying during the upcoming meetings.

#### **Public Comment**

- 07:50:10 Gayle Roege, MT AGATE & Creative Erg, LLC, provided additional background information about Gifted and Talented Education. [\(Exhibit 48\)](#)
- 07:52:31 Marco Ferro, MEA-MFT, talked about importance of mentoring and induction of newly hired teachers.
- 07:53:54 Bob Story, Montana Taxpayers' Association, talked about the necessity to have a clear definition of "gifted and talented." [\(Exhibit 49\)](#)

**ADJOURNMENT**

08:01:41 With no further business before the committee, Sen. Facey adjourned the meeting at 4:10 p.m.

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