



School Funding Interim Commission

64th Montana Legislature

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ELSIE ARNTZEN
TOM FACEY
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

September 23, 2015
Room 137, 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.

COMMISSION MEMBERS PRESENT

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

STAFF PRESENT

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

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMISSION ACTION

The commission:

- elected Sen. Facey as presiding officer and Sen. Arntzen as vice presiding officer;
- adopted the interim committee guidelines and rules with the exception that proxy voting will not be allowed;
- agreed to examine four issues during the January meeting: recruitment and retention, facilities, special education, and district structure and boundaries;
- directed the staff to take a poll among the commissioners to identify topics for review during the next commission meeting;
- agreed to meet in January 2016.

CALL TO ORDER and ROLL CALL

00:04:26 Sen. Facey called the commission to order at 8:00 a.m. The commission secretary called roll. **(Attachment 3)**

00:05:59 The members and staff of the commission introduced themselves.

ADMINISTRATIVE MATTERS - Pad McCracken, Research Analyst

00:11:52 Mr. McCracken provided a brief review of commission rules, procedures, and guidelines. **(Exhibit 1)**

00:11:55 Sen. Whitford arrived.

Commission discussion on proxy votes

00:23:37 Sen. Facey

Motion/Vote

00:23:45 Sen. Hansen moved to not allow written proxy voting.

00:24:54 Sen. Facey asked Sen. Hansen to amend the motion.

00:25:07 Sen. Hansen moved to amend her previous motion and to utilize general rules and procedure as general operating rules with the exception of proxy voting not being allowed.

00:25:36 Rep. Kelker asked whether somebody can participate in the meeting via conference call. Mr. McCracken stated that commissioners can participate via phone if necessary.

00:26:37 The motion passed unanimously by voice vote.

00:26:49 Sen. Whitford introduced herself to the commission members.

- 00:27:36 Mr. McCracken further discussed commission rules, procedures, and guidelines. Mr. McCracken also discussed Article X of the Montana Constitution and SB 128. **(Exhibit 2)**
- 00:44:45 Sen. Facey asked Laura Sankey, Staff Attorney, about what constitutes a bill study.

ELECTION OF OFFICERS

Motion/Vote

- 00:45:43 Sen. Moe nominated Sen. Facey for presiding officer and Sen. Arntzen for vice presiding officer of the commission.
- 00:46:09 The motion passed unanimously by voice vote.
- 00:46:35 Sen. Facey spoke about schedule for today's meeting.

COMMISSION WORK SESSION #1: INPUT ON SCHOOL FUNDING STUDY

SURVEY RESULTS - Pad McCracken, Research Analyst

- 00:47:13 Mr. McCracken discussed survey results from the school funding study. **(Exhibit 3)**

Commission questions of Mr. McCracken

- 00:52:35 Sen. Rosendale asked whether there is a breakdown of how many counties and school districts are represented in the study.
- 00:52:46 Mr. McCracken replied and resumed his presentation.

Commission discussion of the school funding study

- 01:04:46 Sen. Arntzen
- 01:05:25 Sen. Rosendale

INPUT FROM THE OFFICE OF PUBLIC INSTRUCTION AND THE BOARD OF PUBLIC EDUCATION - Madalyn Quinlan, OPI, and Pete Donovan, BPE

- 01:05:58 Ms. Quinlan discussed priorities and specific issues found important by the OPI. Ms. Quinlan also spoke about what documents and information are available for commissioners' and public information. **(Exhibit 4)**
- 01:19:55 Mr. Donovan expressed gratitude to Mr. McCracken and Ms. Sankey.

Commission questions of Ms. Quinlan and Mr. Donovan

- 01:22:17 Rep. Essmann asked about School Size and Enrollment from Exhibit 4.
- 01:24:45 Rep. Essmann asked about facilities financing and preferences in sources for the reimbursement account.
- 01:26:13 Rep. Kelker asked about special education cooperatives.
- 01:27:25 Rep. Kelker asked about the inflationary costs with respect to special education, as well as about competition between regular education funding and special education funding.
- 01:28:08 Sen. Moe asked about recruiting and retaining educators, as well as the

certification standards for educators.

01:30:25 Rep. Kelker asked about the costs of basic education.

01:31:06 Rep. Kelker asked whether the Board could make recommendations about the costs of basic education.

01:31:34 Rep. Kelker asked about the relation between the costs to teach and the minimum level of funding.

01:32:27 Commissioner Myhre asked whether it would take 17 million dollars to fund a hundred percent pro rata.

01:33:14 Commissioner Myhre asked whether that amount is based on the number of districts that have passed bonds and that are needing and requiring to qualify for finding.

01:33:30 Commissioner Rasmussen asked for background information of how often and how much the funding amount for special education had increased.

01:35:10 Commissioner Lewis asked for additional information about the relationship between total funding and the enrollment numbers over the ten-year period.

01:36:17 Sen. Rosendale asked for information showing relation of the percentage of funds that were provided by the state to the percentage of funds provided by the federal government.

01:36:42 Commissioner Hubbard asked to clarify about the special education funding with respect to special education cooperatives.

BREAK

01:48:38 Sen. Facey spoke about the importance of the next hour of today's meeting.

01:49:52 Mr. McCracken spoke about organizational matters, laptops, and name cards. **(Exhibit 5)**

Public Comment

01:51:42 Sen. Facey spoke about rules of giving public comments, including written comments.

01:52:56 Rep. Pope, HD 65, spoke in support of extending public education to the age of 21 for students with special needs. **(Exhibit 6)**

01:57:23 Sen. Caferro, SD 41, ARC Montana, spoke in support of extending public education to the age of 21 for students with special needs.

01:59:19 Christine McCullough, self, spoke in support of extending public education to the age of 21 for students with special needs.

02:01:11 Alyson Ball and Ondrej Ball, self, spoke in support of extending public education to the age of 21 for students with special needs. **(Exhibit 7)**

02:04:17 Katalin Patterson, self, spoke in support of extending public education to the age of 21 for students with special needs. **(Exhibit 8)**

02:06:54 Mikaela Caracciolo, Project SEARCH Intern, spoke in support of extending public education to the age of 21 for students with special needs.

02:09:26 Shelly Dowdle, Bozeman Special Education PTA, spoke in support of extending public education to the age of 21 for students with special needs.

02:13:11 Julie Merritt, POINTS (Parents and Others Invested in Nurturing Talented Students), spoke in favor of increasing funding for gifted learners. **(Exhibit 9)**

02:18:00 Karen Graf and Ty Graf, self, spoke in support of extending public education to the age of 21 for students with special needs. **(Exhibit 10)**

- 02:21:47 Beth Brenneman, staff attorney, Disability Right Montana, spoke in support of extending public education to the age of 21 for students with special needs. **(Exhibit 11)**
- 02:25:51 Charlie Briggs, Great Falls Easter Seals Goodwill, spoke in support of extending public education to the age of 21 for students with special needs.
- 02:27:38 Kevin Nelson, Billings, commented on the taxation and school funding as not being equitable in tax increment financing (TIF) districts in Montana.

Commission questions

- 02:34:17 Sen. Hansen suggested to have commissioners ask questions of those who provided public comment before moving to the next agenda item. Sen. Hansen also asked Ms. Dowdle to explain her statement in which she said that her son was supposed to receive transition services but that he did not.
- 02:36:29 Sen. Hansen asked Ms. Dowdle to confirm that some of the services were supposed to be provided by the school district.
- 02:37:11 Sen. Hansen asked Ms. Brenneman to further elaborate on the Ninth Circuit Hawaii Court Case.
- 02:38:17 Sen. Hansen asked Ms. Merritt to provide the contact information for POINTS group.
- 02:39:09 Sen. Arntzen asked Ms. Quinlan about special education graduation rates in comparison to other states.
- 02:40:00 Sen. Arntzen asked about transition services.
- 02:40:35 Sen. Moe asked Ms. Brenneman whether the outcomes of the Hawaii Court Case, namely the fact that some services were provided to students without disabilities but not to students with disabilities, can be found in Montana. Sen. Moe also asked Ms. Brenneman to provide a list of services offered to children without disabilities but not to children with disabilities in Montana.
- 02:41:48 Rep. Jones asked Ms. Brenneman whether the programs that Ms. Brenneman mentioned are state sponsored OPI programs or district-specific programs.

Input from Education Community

- 02:43:10 Lance Melton, Executive Director, Montana School Board Association (MTSBA), suggested areas of focus for the commission. **(Exhibit 12) (Exhibit 13)**
- 02:56:05 Dave Puyear, Montana Rural Education Association (MREA), commented on Mr. Melton's speech, as well as expressed MREA's concerns about the issue of educator shortages across the State.
- 02:57:00 Kirk Miller, Executive Director, School Administrators of Montana (SAM), spoke about school funding issues. **(Exhibit 14)**
- 03:02:43 Dianne Burke, Executive Director, Montana Quality Education Coalition (MQEC), offered her assistance in answering commissioners' questions.
- 03:03:42 Marco Ferro, Director, Montana Education Association-Montana Federation of Teachers (MEA-MFT), expressed MEA-MFT's recommendations and concerns with respect to facilities, recruitment and retention, and inflationary increase for special needs education.
- 03:05:22 Denise Williams, Executive Director, Montana Association of School Business Officials (MASBO), expressed MASBO's recommendations and concerns with respect to facilities, recruitment and retention, and inflationary increase for special needs education.

03:06:02 Bob Story, President, Montana Taxpayers Association (MTA), spoke about issues that need to be solved with respect to school funding.

Commission questions

03:15:27 Rep. Essmann commented that the commission needs to be data-driven and asked Mr. Melton how soon he could deliver the data from the survey that he discussed.

03:18:37 Rep. Essmann commented that not all school districts have issues with recruitment and retention of teachers and asked Mr. Melton whether his study shows the data with regards to which districts may have these issues and which districts do not have these issues.

03:22:09 Rep. Essmann asked Mr. Melton whether the issues with recruitment and retention of teachers are due to the demographics and whether his study takes this point into consideration.

03:24:40 Sen. Rosendale asked Mr. Melton for information regarding performance of students taught by certified teachers as opposed to students taught by teachers who are not certified or provisionally certified.

03:25:20 Rep. Jones asked Mr. Melton to clarify the term "labyrinth" used on page 2 of Exhibit 13.

03:28:56 Rep. Kelker asked Mr. Melton for information regarding benefits and salaries with respect to recruitment and retention.

03:30:58 Commissioner Rasmussen asked Mr. Melton about non-certified staff.

03:32:10 Commissioner Rasmussen asked Mr. Melton about how much the option that takes into consideration the permissive levy has been accessed.

03:35:34 Commissioner Rasmussen asked Mr. Melton about accessing special education money through state allocation rather than through local taxpayers.

03:37:45 Sen. Moe noted that each commissioner represents an array of expertise rather than a school district.

03:39:04 Sen. Whitford asked Mr. Melton whether the studies surveyed participants with respect to the reason as to why they wanted to hold positions of classified staff as opposed to certified staff.

03:41:45 Sen. Whitford suggested to Mr. Melton to ask people holding classified staff positions about the unemployment during the off-school period.

03:43:43 Sen. Whitford asked Mr. Melton if an assessment of the conditions of Montana schools has been done.

03:46:03 Sen. Whitford asked Ms. Quinlan for information about the Indian education for all and the American Indian achievement gap.

03:47:11 Sen. Hansen asked Mr. Nelson to provide his notes based on which he made his public comment.

03:47:59 Rep. Jones asked Mr. Nelson to provide a definition of a TIF district and provide some examples of where the money was diverted into the projects for the TIF districts.

03:50:30 Sen. Facey concluded the discussion.

COMMISSION WORK SESSION #2: SCHOOL FUNDING IN MONTANA

50,000 FOOT LEVEL - Pad McCracken, Research Analyst

03:51:25 Mr. McCracken provided overview of school funding in Montana. **(Exhibit 15)**

04:01:47 Sen. Facey talked about possible changes in the schedule for today's meeting.

LUNCH BREAK

04:37:32 Sen. Facey announced rescheduling a presentation prepared by Denise Williams, Executive Director, Montana Association of School Business Officials (MASBO), until the commission's next meeting.

04:38:32 Mr. McCracken made a clarification on his "50,000 Foot Level" presentation regarding the changes brought by SB 175.

OVERVIEW OF DISTRICT GENERAL FUND - Rob Miller, LFD

04:41:09 Mr. Miller provided an overview of district general fund. **(Exhibit 16)**

Commission questions of Mr. Miller

04:54:01 Rep. Essmann asked to clarify the intended meaning of "BASE Budget" and "Maximum Budget" on page 2 of Exhibit 16.

04:54:50 Rep. Kelker asked what special education appropriation that Mr. Miller mentioned included.

04:55:59 Sen. Arntzen asked about the Special Education Payment on page 2 of Exhibit 16.

04:58:46 Sen. Moe asked about calculating at-risk payment based on ANB.

04:59:38 Sen. Moe noted that "gifted and talented" are not in the category of "at-risk students".

ESTABLISHING A DISTRICT GENERAL FUND BUDGET HANDS-ON EXERCISE - Janelle Mickelson and Paul Taylor, OPI

05:07:23 Ms. Mickelson and Mr. Taylor provided a presentation explaining the exercise. **(Exhibit 17)**

Hands-on exercise

05:17:44 Commissioners worked on an informal hands-on district budgeting exercise with Ms. Mickelson and Mr. Taylor assisting the commissioners. This part of the commission meeting consists of the explanation of the exercise and working on the actual exercise.

06:23:37 Commissioners took a brief break.

BREAK

06:34:28 Commissioners resumed working on the exercise.

07:02:12 Commissioners completed their work on the hands-on exercise.
07:02:26 Sen. Facey concluded the exercise.

Commission discussion and questions of Mr. Taylor

07:03:05 Rep. Jones asked about taxable value.
07:04:13 Rep. Lamm asked about other districts using the same tool that the commissioners had used to work on the hands-on exercise.
07:05:26 Commissioner Hubbard contributed to the discussion and said that information about the "taxable value" can be found on the OPI website.

COMMISSION WORK SESSION #3: COMMISSION RESOURCES AND DISCUSSION OF WORK PLAN

GIS SCHOOL DISTRICT MAPPING TOOL - Michael Fashoway, GIS Analyst, Montana State Library

07:06:29 Mr. Fashoway demonstrated how to navigate the interactive map showing Montana schools and school districts developed by the Montana State Library.

Commission questions and discussion

07:12:28 Sen. Hansen asked about users of this information.
07:13:57 Rep. Essmann asked if it would be possible to overlay this map with something like MapQuest to see how long it would take to drive between schools.
07:15:19 Rep. Essmann explained the reason for his question stated above.
07:16:47 Rep. Essmann asked whether other libraries and other states have developed the software that could monitor the time it could take to drive between schools.
07:17:19 Commissioner Myhre commented on the previous question.
07:17:46 Commissioner Rasmussen noted that such software programs exist but that there is no reason to use them in many places.
07:18:31 Rep. Essmann explained again the reason for his question and stated that because buses compete for students, this issue needs to be examined.
07:19:25 Sen. Whitford asked Commissioner Rasmussen about a waiver to be submitted to schools.
07:19:53 Commissioner Rasmussen replied and spoke about charter schools.
07:23:09 Rep. Essmann spoke about the logic behind school boundaries.

GEMS DATA WAREHOUSE SCHOOL FINANCE - Denise Bond, OPI

07:24:03 Ms. Bond, Business Analyst OPI, showed how to access the OPI website.
07:26:42 Mr. Taylor continued the presentation and provided more information about the data for GEMS (<http://gems.opi.mt.gov>).

Commission questions

07:31:31 Rep. Lamm asked about a directory that could help navigate the warehouse website.

EDUCATION COMMISSION OF THE STATES AS RESOURCE - Mike Griffith, Senior Policy Analyst, ECS

07:33:16 Mr. Griffith provided background information about the Education Commission of the States. Mr. Griffith elaborated on what the research shows, what other states do, and what has been found successful.

Commission questions of Mr. Griffith

07:38:35 Rep. Kelker asked about research available on decrement system used in Montana.

07:39:49 Sen. Arntzen asked about formula applied for gifted and talented in other states.

07:43:21 Rep. Essmann asked about the correlation between the length of school bus rides and children's performance levels.

07:44:29 Commissioner Myhre asked about best practices with respect to facilities.

07:47:25 Commissioner Myhre asked whether there are states that conditioned funding for facilities based on either a new construction or technology.

07:48:29 Rep. Lamm asked about facilities in states that do services on their school facilities.

07:49:34 Rep. Lamm asked about influence of federal policies on what states are doing with respect to school funding.

07:52:22 Sen. Moe commented on the lawsuit, which led to the School Funding Commission being formed, and on driving distances. Sen. Moe asked about virtual learning and broadband learning.

07:55:54 Sen. Moe commented on dual and concurrent enrollment in Montana.

07:57:30 Sen. Arntzen asked about recruitment and retention in other states.

08:01:05 Rep. Lamm asked about studies on alternative teacher certification in other states.

08:01:50 Sen. Facey asked whether Mr. Griffith could participate in future SFC meetings by phone or in person. Sen. Facey also asked whether he had white papers available to the commission's staff members.

08:02:37 Sen. Arntzen asked whether it would be possible to sign up for bi-weekly or monthly mailing reporting on the research data.

08:03:31 Commissioner Rasmussen noted that currently there is no research available about the reasons for declining numbers of people who become school teachers.

08:05:48 Rep. McClafferty asked about actions that other states take to resolve issues regarding certification of teachers and non-traditional teachers.

08:07:56 Rep. Lamm asked whether Mr. Griffith can identify any issues with the funding formula.

08:11:08 Rep. Kelker asked how other states define the category of at-risk students.

08:15:59 Sen. Facey concluded the discussion.

DISCUSSION OF WORK PLAN

Commission discussion of topics to consider during the next commission meeting

08:16:35 Sen. Facey opened the discussion.

08:17:53 Each commission member talked about the topics that could be worked on during this interim session. **(Exhibit 18)** This document was part of the mailing to the commissioners for the Sept. 23, 2015 meeting.

Motion/Vote

08:49:19 Sen. Hansen moved to adopt work plan for the next three-day meeting to include the following topics: recruitment and retention, facilities, special education, and district structure and boundaries.

08:50:19 Mr. McCracken asked about the date for the next commission meeting.

08:50:59 Sen. Hansen moved to amend her previous motion in that the commission would adopt the work plan and include recruitment and retention, facilities, special education, and district structure and boundaries in the agenda.

08:51:21 Sen. Facey asked Mr. McCracken to do a survey monkey poll to identify dates for the next meeting and expressed his concern about long-term projects.

08:51:37 Mr. McCracken replied and expressed his concern about doing a substantial "costing-out" study due to not having enough time.

08:52:42 Mr. Griffith agreed and elaborated on how extensive surveys are done.

08:53:50 Sen. Facey further elaborated on the topic.

08:54:18 Sen. Moe spoke about meeting dates with respect to topics to be covered.

Commission's further discussion of topics and dates for the next meeting

08:54:45 Sen. Arntzen

08:55:38 Sen. Hansen

08:57:36 Sen. Rosendale

08:58:25 Mr. McCracken

08:58:55 Sen. Whitford

08:59:19 Mr. Griffith

09:02:01 Rep. Essmann added to the discussion and moved a substitute motion to Sen. Hansen's motion to study the four topics and move the meeting to early January.

09:03:08 Rep. Jones

09:03:52 Sen. Hansen clarified the motion: to have the same motion with the exception to schedule the next meeting in January.

09:04:05 Mr. McCracken

09:04:42 The motion passed unanimously on a voice vote.

09:05:00 Sen. Moe asked to add the definition of at-risk students to the next meeting's agenda.

ADJOURNMENT

09:05:48 With no further business before the committee, Sen. Facey adjourned the meeting at 5:04 p.m.