



Education and Local Government Interim Committee

PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

58th Montana Legislature

SENATE MEMBERS

DON RYAN--Vice Chair
GREGORY BARKUS
WILLIAM GLASER
RICK LAIBLE
JEFF MANGAN
DEBBIE SHEA

HOUSE MEMBERS

JOAN ANDERSEN--Chair
NORMAN BALLANTYNE
SUE DICKENSON
TOM FACEY
VERDELL JACKSON
LARRY LEHMAN

COMMITTEE STAFF

CONNIE ERICKSON, Research Analyst
EDDYE MCCLURE, Staff Attorney
PAMELA JOEHLER, Fiscal Analyst

K-12 EDUCATION SUBCOMMITTEE MINUTES

May 27, 2004

Rm. 137, Capitol Building

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

COMMITTEE MEMBERS PRESENT

REP. LARRY LEHMAN, Chair
REP. NORMAN BALLANTYNE
REP. TOM FACEY
SEN. WILLIAM GLASER, attending for REP. JACKSON, without proxy

COMMITTEE MEMBERS EXCUSED

REP. VERDELL JACKSON

STAFF PRESENT

CONNIE ERICKSON, Research Analyst
EDDYE MCCLURE, Staff Attorney
KIP DAVIS, Secretary

Visitors

Agenda, Attachment #1
Visitors' list, Attachment #2

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:30 p.m. by CHAIRMAN LEHMAN, the Subcommittee

members and staff introduced themselves, and attendance was noted (ATTACHMENT #3). The Council voted unanimously to adopt the minutes from the January 9, 2004, Subcommittee meeting.

Report from Health Insurance Working Group

CONNIE ERICKSON explained that the original purpose of the meeting had been changed when the apparent consensus among the members of the Health Insurance Working Group was undermined by a decision by the MTSBA and MREA to withdraw their support from the Working Group and its proposed legislation only 2 days before this meeting. Although the MEA-MFT and MTSBA have recently stated their willingness to work together to reach an acceptable proposal, there was no mention of requesting or receiving input from the other working group members and MS. ERICKSON recommended that the Subcommittee not require staff to spend any additional time on this issue unless the full Committee chooses, at its September meeting, to adopt the MEA-MFT/MTSBA proposal as a committee bill. (*EXHIBIT #1* is a copy of MS. ERICKSON'S remarks and *EXHIBIT #2* is a copy of the original report on the working group's activities and proposals for legislation.)

CHAIRMAN LEHMANN, seeking clarification, asked if the parties were in agreement on May 5. MS. ERICKSON replied that the only controversy was over mandatory membership versus optional membership in the plan and there was agreement on all other issues. EBMS, Billings Deaconess Clinic, and MTSBA had expressed concerns over the membership issue, and MREA had problems with the employee eligibility specifications, but that she had believed there was enough agreement among the parties to proceed with a proposed bill draft.

Lance Melton, Executive Director, Montana School Boards Association, distributed a handout offering the MTSBA position on the statewide school health insurance plan (see *EXHIBIT #3*) and told the Subcommittee that this late-hour disagreement should not come as a surprise, because his organization had made clear, throughout the process, their concern with the threshold of minimum hours (30 hours), and he was not suggesting major revisions to the proposed bill draft.

CHAIRMAN LEHMAN questioned the major discrepancy in the calculations in terms of the Board of Investments and the number of employees that might be eligible. **Mr. Melton** said that the issue was how many employees there were working 30 hours or more and suggests that there must be a sound mechanism for determining that number.

Dave Puyear Montana Rural Education Association, told the Subcommittee that MREA would strongly support the compromise proposal offered by MTSBA. The primary concern of the MREA is local control. Another concern of the MREA and smaller school districts around the state is, because of the primary focus on the local control part-time issue, many interested persons have not had time to review the bill carefully and the association needs time to get the bill draft out to their membership. However, when this bill draft is presented to them for review, the typical response is that until the local control issue is resolved they do not care to review the bill draft.

Tom Bilodeau, MEA-MFT, explained that the issue of mandatory versus voluntary enrollment has been contentious but, at this point in time, there is a prospect that the MEA/MFT and the MTSBA can come to some kind of compromise on that one issue. The Board of Investments has stated their unwillingness to provide loan startup or reserve-building money for any program that includes voluntary participation, and mandatory membership in the health

insurance plan addresses the issue of equity between the school districts while achieving public policy directives. State funding is critical and, according to our estimates, a useful health insurance plan will require about \$48 million per year, which works out to about \$200 per month, per eligible employee. That was the basis on which consensus was believed to be achieved--if the program was voluntary or quasi-voluntary, included heavy incentives, and if it included the \$200 state contribution per employee per month, most school districts would take advantage of the program, with what we would anticipate to be no fewer than 16,000 school employees.

Marty York, Missoula, expressed her disappointment at the failure of the consensus and the sidetracking of the democratic process and expressed her belief that working group members who attended all of the meetings should have the opportunity to hear the rationale why these changes were made at the last minute by a few organizations who did not attend all of the meetings.

Judy Higgins, Great Falls Public Schools, also expressed disappointment in the situation that what the working group had agreed upon was now being changed. The changes are not totally bad, but this should have been discussed at the meetings.

Claudette Morton, Executive Director, Montana Small Schools Alliance, Montana Association of County Superintendents of Schools, told the Subcommittee that her organization supports the concept as presented in the draft bill and is committed to a plan to provide health insurance to all school districts, no matter how small. There are 70 schools in Montana that offer no health insurance at all, mostly because they are too small for collective bargaining.

CHAIRMAN LEHMAN asked how many employees in the 70 school districts are without insurance and **Ms. Morton** answered that it was about 300 people.

John Jones, Executive Director, Managed Care-Deaconess Clinic, Billings, said that it is embarrassing that the people we depend on in this state to educate our children don't have access to insurance. His organization is aggressively pursuing and supporting any effort to get the citizens of this state health coverage.

Joe Potter, Missoula County Public Schools, noted that, in Missoula, the school board is expected to represent both the administration and the people needing the insurance and suggested that the MTSBA should follow the same path and not get so involved with the administrative ends that the school employees are left by the wayside.

Joe Lamson, Office of Public Instruction, said that the key point he wanted to emphasize was that schools are facing rising insurance costs that are eating up more and more of the total school budgets and are affecting teacher pay and classroom services.

REP. BALLANTYNE asked **Mr. Puyear** why everyone in the working group hasn't gotten together to hash this out, because there must have been problems all along, and why did the consensus fall apart at the last minute. **Mr. Puyear** answered that he feels a debt of gratitude is owed to the MTSBA for bringing everyone together today. From the beginning, the working group had talked about deal breakers, and for the MREA it was local control. But during the process, the focus became the numbers and the fine details and the local control issue got set to the side.

CHAIRMAN LEHMAN asked **Mr. Puyear** how many working group meetings did he attend. **Mr. Puyear** answered that he had attended the first working group meeting and part of the second. CHAIRMAN LEHMAN then asked why did he wait until 5 days before this Subcommittee meeting to e-mail his concerns throughout the state and break the consensus. **Mr. Puyear** replied that he had been e-mailing his concerns to other group members throughout the process and he did not feel it was honorable, or productive, to attend the rest of the meetings. CHAIRMAN LEHMAN commented that he had always been supportive of schools and the education system and that it bothers him when education organizations lose sight of their initial intent and purpose for formation. There are currently within the state 86 organizations on the books as advocacy support groups for schools. With the many people you have available at your beck and call, and with the time parameters provided by this Subcommittee, something could and should have been done to resolve this situation a long time before this meeting.

REP. FACEY, noting that the reason the health insurance issue came up in the first place was teacher recruitment and retention, asked **Mr. Melton** if this was a real problem. **Mr. Melton** answered that it is a significant problem and Judge Sherlock said one of the key components of the inadequacy issue was teacher pay and benefits.

REP. BALLANTYNE, noting that during the work on HB302 there was a lack of current and accurate facts and figures, asked **Mr. Bilodeau** if would be possible to have more exact numbers by September. **Mr. Bilodeau** replied that he thought that was possible, because most of the actuarial study has been completed and local impact information is available. REP. BALLANTYNE asked if EBMS and Blue Cross/Blue Shield participated in the working group discussions. **Mr. Bilodeau** answered that both organizations were party to the working group and were welcome at the table. EBMS was an active participant to the discussions and representatives of BC/BS were at the meetings to answer insurance questions and provided valuable cooperation to the working group in terms of getting the basic data together.

CHAIRMAN LEHMAN indicated that he would welcome a motion on this issue.

REP. BALLANTYNE said that he would make a motion that the Subcommittee, at this time, not act on the draft bill but, instead, let the full Committee be informed and given the opportunity to act as the full Committee in September. REP. FACEY seconded the motion, with the amendment that, if the working group reaches a consensus for a bill draft, it must be presented to the Committee staff by August 1, for distribution to the full Committee for the September meeting. EDDYE MCCLURE reminded the Subcommittee that, because of the time restraints involved, the document presented in September needs to be complete, with as much consensus as possible. The motion passed unanimously, by voice vote.

CHAIRMAN LEHMAN said that the recommendation of this Subcommittee is to not take action on the bill draft that was sent out or the proposal offered today, and offered the working group the opportunity to continue working together to hammer out a proposal by August 1, although the working group would have to operate without any further assistance by the Committee staff. CHAIRMAN LEHMAN then commented that the Subcommittee would like to thank those members of the working group who brought this proposal as far as it has gone, and offered the opinion that this could be one of the best education bills to come out of the Legislature in a long time.

ADJOURN

CHAIRMAN LEHMAN adjourned the meeting at 3:38 p.m.

CI0429 4194dfxc.

Draft