



Education and Local Government Interim Committee

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

57th Montana Legislature

SENATE MEMBERS

EDWARD B. "ED" BUTCHER
ALVIN A. ELLIS JR.
WM. E. "BILL" GLASER
LINDA J. NELSON
DON RYAN
DEBBIE SHEA

HOUSE MEMBERS

JOAN ANDERSEN
GARY BRANAE
TOM FACEY
JEFF MANGAN
GAY ANN MASOLO
ART PETERSON

COMMITTEE STAFF

CONNIE ERICKSON
RESEARCH ANALYST
EDDYE McCLURE
STAFF ATTORNEY
PAM JOEHLER
FISCAL ANALYST

April 18, 2002

MINUTES

College of Technology
Butte, Montana

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 documents.

COMMITTEE MEMBERS PRESENT

Rep. Joan Anderson
Rep. Gary Branae
Rep. Tom Facey

Sen. Edward Butcher
Sen. Debbie Shea
Sen. William Glaser

COMMITTEE MEMBERS ABSENT

Sen. Linda Nelson
Sen. Alvin Ellis
Sen. Don Ryan
Rep. Gay Ann Masolo
Rep. Art Peterson
Rep. Jeff Mangan

STAFF PRESENT

Connie Erickson, Research Analyst
Eddy McClure, Attorney
Miko Owa, Secretary

VISITORS' LIST

Visitors' list (ATTACHMENT #1)

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:00 p.m. by Rep. Anderson. Roll call (ATTACHMENT #2) was noted with all members present except for Rep. Masolo, Rep. Peterson, Rep. Mangan, Sen. Ellis, Sen. Nelson, and Sen. Ryan who were excused.

GOVERNOR'S PLAN

Madalyn Quinlan, Office of Public Instruction and Amy Carlson, Office of Budget and Program Planning, made a PowerPoint presentation to the public on the work of the Governor's Public School Funding Council (EXHIBIT #1). The presentation included a history of the study, the work of the Council, and the final recommendations.

The recommendations of the Council are as follows:

1. Create a countywide levy to fund the property tax portion of the BASE budgets of all school districts in a county.
2. Expand the county retirement levy to fund district health insurance costs.
3. Pursue the establishment of a statewide insurance pool for school district employees and require that all school districts join.
4. Use a weighted GTB calculation for both the countywide BASE budget levy and for the county retirement/insurance levy.
5. Adopt the transportation funding structure proposed in HB 163 from the 2001 legislative session.
6. Calculate the ANB for a district with declining enrollment by using the average enrollment over a 3-year period.
7. Provide an annual inflation adjustment tied to the Consumer Price Index for the basic entitlement, per-ANB entitlement, and special education funding.
8. Use the HB 124 block grant for debt service to expand school facility payment to all low-wealth school districts that have outstanding general obligation bonds and to increase the school facility payment.
9. Allow school trustees to allocate the remaining balance of a district's HB 124 block grants to any budgeted fund of the district.

The Council also looked at the issue of school district consolidation and found:

- no compelling evidence that reducing the number of districts would save costs; and
- no current significant "disincentives" to consolidation, except tax levels.

The Council encouraged school districts to look at the consolidation of education services when it benefits the students. Some examples of such a consolidation are greater use of distance learning technologies and cooperative arrangements among districts for administrative and educational services.

The Council recommended further study in three areas:

1. adequacy of school funding;
2. combining funds for bus depreciation, building, building reserve, technology acquisition, and lease or rental agreements into a capital projects fund; and
3. teacher shortages and teacher salaries.

A copy of the "Governor's K-12 Public School Funding Study Advisory Council Report and Recommendations" (EXHIBIT #2) was provided to the members of the public in attendance. Ms. Carlson also posted maps (EXHIBIT #3) for the public to view to show the changes in the mills for each county under Recommendation #1.

Sen. Shea asked Ms. Quinlan about insurance and what employees are paying out of pocket. Ms. Quinlan said that we do not know what employees are paying, only the employer.

PUBLIC COMMENT

Tom Cotton, Superintendent, Deer Lodge, said that he is concerned about the current funding formula being inherently flawed and the proposals presented will not correct those problems. He said that special education is a big issue and one of the things that never made sense is that special education funding is based upon your ANB. He said that funding special education at the expense of the general education fund is the biggest problem faced in schools today. He also expressed concern over rising health insurance costs.

Sen. Butcher asked Mr. Cotton if special education mandates need to be addressed with the federal government. Mr. Cotton said that the mandates are difficult to deal with, but the state distribution of funds is illogical. Sen. Butcher asked if there will be a higher identification of special education students if the distribution of funds is based upon the number of special education students and not the ANB. Mr. Cotton said that schools are audited regularly and it would be hard under the current monitoring system to inflate those numbers.

Mike Redburn, Superintendent, Bozeman, said that three valuable recommendations are to expand the county retirement levy fund, averaging the ANB for districts with declining enrollment, and the annual inflator. But CPI is not appropriate. He asked that averaging not be used for increasing enrollments. Mr. Redburn then reviewed a handout regarding special education funding (EXHIBIT #4). He said that schools are seeing increases in the number of emotionally disturbed children, but the state is cutting back on mental health services.

Sen. Shea asked Mr. Redburn if he knew the actual increase in special education students. Mr. Redburn said no.

J.R. Richardson, Business Manager, Butte, said that the problem needs to be addressed further. He said that the proposal for extending the county retirement levy is very attractive as it will reduce strain on the general fund. Averaging ANB would help Butte because the district is at their maximum budget and is losing students. He said that the annual inflator tied to CPI is not the answer to the entire problem but would assist the school district.

Rose Brock, School Board Chair, Butte, encouraged the Committee to use the information that is going to come out of the coalition study. She said that some of the questions that the Council was not able to address will be addressed by the coalition. She also said that 80% of the kids born in Butte were born to Medicaid families which translates to more special needs children in schools. She said that poor nutrition and inadequate medical care is going to have an impact on schools in about 5 years.

ADJOURNMENT

The meeting adjourned at 8:27 p.m.

Draft



Education and Local Government Interim Committee

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

57th Montana Legislature

SENATE MEMBERS

EDWARD B. "ED" BUTCHER
ALVIN A. ELLIS JR.
WM. E. "BILL" GLASER
LINDA J. NELSON
DON RYAN
DEBBIE SHEA

HOUSE MEMBERS

JOAN ANDERSEN
GARY BRANAE
TOM FACEY
JEFF MANGAN
GAY ANN MASOLO
ART PETERSON

COMMITTEE STAFF

CONNIE ERICKSON
RESEARCH ANALYST
EDDYE McCLURE
STAFF ATTORNEY
PAM JOEHLER
FISCAL ANALYST

April 18, 2002

MINUTES

College of Technology
Butte, Montana

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 documents.**

COMMITTEE MEMBERS PRESENT

Rep. Joan Anderson
Rep. Gary Branae
Rep. Tom Facey

Sen. Edward Butcher
Sen. Debbie Shea
Sen. William Glaser

COMMITTEE MEMBERS ABSENT

Sen. Linda Nelson
Sen. Alvin Ellis
Sen. Don Ryan
Rep. Gay Ann Masolo
Rep. Art Peterson
Rep. Jeff Mangan

STAFF PRESENT

Connie Erickson, Research Analyst
Eddy McClure, Attorney
Miko Owa, Secretary

VISITORS' LIST

Visitors' list (ATTACHMENT #1)

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:00 p.m. by Rep. Anderson. Roll call (ATTACHMENT #2) was noted with all members present except for Rep. Masolo, Rep. Peterson, Rep. Mangan, Sen. Ellis, Sen. Nelson, and Sen. Ryan who were excused.

GOVERNOR'S PLAN

Madalyn Quinlan, Office of Public Instruction and Amy Carlson, Office of Budget and Program Planning, made a PowerPoint presentation to the public on the work of the Governor's Public School Funding Council (EXHIBIT #1). The presentation included a history of the study, the work of the Council, and the final recommendations.

The recommendations of the Council are as follows:

1. Create a countywide levy to fund the property tax portion of the BASE budgets of all school districts in a county.
2. Expand the county retirement levy to fund district health insurance costs.
3. Pursue the establishment of a statewide insurance pool for school district employees and require that all school districts join.
4. Use a weighted GTB calculation for both the countywide BASE budget levy and for the county retirement/insurance levy.
5. Adopt the transportation funding structure proposed in HB 163 from the 2001 legislative session.
6. Calculate the ANB for a district with declining enrollment by using the average enrollment over a 3-year period.
7. Provide an annual inflation adjustment tied to the Consumer Price Index for the basic entitlement, per-ANB entitlement, and special education funding.
8. Use the HB 124 block grant for debt service to expand school facility payment to all low-wealth school districts that have outstanding general obligation bonds and to increase the school facility payment.
9. Allow school trustees to allocate the remaining balance of a district's HB 124 block grants to any budgeted fund of the district.

The Council also looked at the issue of school district consolidation and found:

- no compelling evidence that reducing the number of districts would save costs; and
- no current significant "disincentives" to consolidation, except tax levels.

The Council encouraged school districts to look at the consolidation of education services when it benefits the students. Some examples of such a consolidation are greater use of distance learning technologies and cooperative arrangements among districts for administrative and educational services.

The Council recommended further study in three areas:

1. adequacy of school funding;
2. combining funds for bus depreciation, building, building reserve, technology acquisition, and lease or rental agreements into a capital projects fund; and
3. teacher shortages and teacher salaries.

A copy of the "Governor's K-12 Public School Funding Study Advisory Council Report and Recommendations" (EXHIBIT #2) was provided to the members of the public in attendance. Ms. Carlson also posted maps (EXHIBIT #3) for the public to view to show the changes in the mills for each county under Recommendation #1.

Sen. Shea asked Ms. Quinlan about insurance and what employees are paying out of pocket. Ms. Quinlan said that we do not know what employees are paying, only the employer.

PUBLIC COMMENT

Tom Cotton, Superintendent, Deer Lodge, said that he is concerned about the current funding formula being inherently flawed and the proposals presented will not correct those problems. He said that special education is a big issue and one of the things that never made sense is that special education funding is based upon your ANB. He said that funding special education at the expense of the general education fund is the biggest problem faced in schools today. He also expressed concern over rising health insurance costs.

Sen. Butcher asked Mr. Cotton if special education mandates need to be addressed with the federal government. Mr. Cotton said that the mandates are difficult to deal with, but the state distribution of funds is illogical. Sen. Butcher asked if there will be a higher identification of special education students if the distribution of funds is based upon the number of special education students and not the ANB. Mr. Cotton said that schools are audited regularly and it would be hard under the current monitoring system to inflate those numbers.

Mike Redburn, Superintendent, Bozeman, said that three valuable recommendations are to expand the county retirement levy fund, averaging the ANB for districts with declining enrollment, and the annual inflator. But CPI is not appropriate. He asked that averaging not be used for increasing enrollments. Mr. Redburn then reviewed a handout regarding special education funding (EXHIBIT #4). He said that schools are seeing increases in the number of emotionally disturbed children, but the state is cutting back on mental health services.

Sen. Shea asked Mr. Redburn if he knew the actual increase in special education students. Mr. Redburn said no.

J.R. Richardson, Business Manager, Butte, said that the problem needs to be addressed further. He said that the proposal for extending the county retirement levy is very attractive as it will reduce strain on the general fund. Averaging ANB would help Butte because the district is at their maximum budget and is losing students. He said that the annual inflator tied to CPI is not the answer to the entire problem but would assist the school district.

Rose Brock, School Board Chair, Butte, encouraged the Committee to use the information that is going to come out of the coalition study. She said that some of the questions that the Council was not able to address will be addressed by the coalition. She also said that 80% of the kids born in Butte were born to Medicaid families which translates to more special needs children in schools. She said that poor nutrition and inadequate medical care is going to have an impact on schools in about 5 years.

ADJOURNMENT

The meeting adjourned at 8:27 p.m.

Draft