MINUTES

MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION

JOINT SELECT COMMITTEE ON EDUCATION FUNDING

Call to Order: By **CHAIRMAN DON RYAN**, on March 22, 2005 at 8:50 A.M., in Room 335 Capitol.

ROLL CALL

Members Present:
Sen. Don Ryan, Chairman (D)
Rep. Holly Raser (D)
Sen. Bob Story Jr. (R)

Members Excused: Rep. Bill E. Glaser (R)

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Eddye McClure, Legislative Branch
Lois O'Connor, Committee Secretary
Jim Standaert, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Continued Discussion on Education Funding

{Tape: 1; Side: A; Time Counter: 2.4}

SEN. ROBERT STORY, SD 30, said that the Subcommittee is still struggling with the classroom-unit issue and that he was not interested in worrying about a study. He felt that the Subcommittee could review the Augenblick & Meyers study--Personnel Requirements of K-12 Prototype Schools to Achieve Desired Results Given Specified School Characteristics: Small, Moderate, Large, and Very Large--and other available reference materials related to the components of a classroom system. There are also people working on a successful, school-costing model which could be used as a balance to the Augenblick & Meyers study. If the Subcommittee is committed to moving to a fixed-cost, classroom-type funding system, it needs to do it because time is running out. **SEN. STORY** requested other suggestions from stakeholders about a classroom, support staff, building model of funding in their areas.

SEN. DON RYAN, SD 10, shared an updated version of the draft working paper that the Subcommittee used in its deliberations of a classroom model. **REP. HOLLY RASER, HD 98,** added that the Subcommittee is not discussing how many teachers would be allocated per school. It is looking at what provisions are needed for a teacher/classroom model and what adjustments must be made for different size schools in different areas of the state.

EXHIBIT(jes63a01)

Lance Melton, MT School Boards Association (MTSBA), suggested that instead of having three separate units (teacher and instructional paraprofessionals, health insurance, and retirement), have just one unit under teacher including salary and all benefits and strike "retirement" and insert "mandated payroll taxes".

{Tape: 1; Side: A; Time Counter: 10.1}

Julie Mitchell, Helena School Board, said that the Helena Public Schools employ people who serve under administration but allow teachers to teach in their classroom without being a curriculum or personnel director, for example. She asked if they would be part of the equation. **SEN. RYAN** said that they have been considered, but the Subcommittee did not want to tell every Class C school district, for example, that they had to have a personnel or curriculum director because the accreditation standards set those standards.

{Tape: 1; Side: A; Time Counter: 12.3}

SEN. STORY said that the Subcommittee began its discussions under the concept of a 1-room school with a classroom. The classroom would eventually get enough students where it would need a teacher aide or another teacher and two classrooms, and so on. After some time, the accreditation standards would require an administrator. If the Subcommittee could get by the classroom issue, the standards would drive the rest.

REP. RASER felt that in the interest of time, the Subcommittee could accept the classroom component as including the vast majority of educationally relevant factors that are covered as basics or adjustments. **Mr. Melton** suggested taking the definitions under SB 152 to ensure that all of the bases are covered. He added that in order to comply with the Court's ruling, the Legislature has to assess educational needs. At some point, the Subcommittee will have to confront how it is going to assess those needs. He recommended that the assessment involve the appointment and identification of educational professionals and an affordibility analysis.

{Tape: 1; Side: A; Time Counter: 18.5}

REP. RASER said that the Augenblick & Meyers study considered prototype schools while the Subcommittee was looking at one school with so many students. As the school expands, there would be a progression for all schools, not just prototype schools. It has not been looking at costs, only the number of staff and the needs. **Mr. Melton** commented that it would help if the Subcommittee categorized when and how it intends to address costs. His concern is that where the Subcommittee is currently going is not going to satisfy the Court's ruling. **SEN. RYAN** said that the Subcommittee is trying to move forward and felt that **Mr. Melton** was being counter-productive when he states that the Subcommittee is going the wrong way.

{Tape: 1; Side: A; Time Counter: 23.8}

Dr. Bruce Messinger, Superintendent, Helena Public Schools, requested that the four proposed components address information technology and related costs and building reserves as both long-term and day-to-day operational costs. He also asked if Indian Education For All (IEFA) was assumed in the four components. **SEN. RYAN** said that building improvements and reserves will not be a part of the proposed general fund but a separate component, and there has been agreement that information technology has become a prime expenditure. Setting money aside for large purchases will be addressed in the proposed capital improvements component. In addition, IEFA and at-risk students will be addressed in the teacher/classroom component under professional development and

under SB 152, the per-student amount will be weighted and based upon educationally relevant factors. **Dr. Messinger** said that they may also be addressed under health services. He said that, technically, the Helena School District does not have to employ one nurse or paraprofessional, and it could turn to the county health department for them to assume the responsibility. Although the county health department is helpful, many students receiving health services are not necessarily identified as special education or at-risk students. The Augenblick & Meyers study addresses nursing staff as a staff position in larger schools and a contracted service or county health department in smaller schools. He felt that it would be beneficial for the Subcommittee, as it proceeds, to give some definition to the level of at-riskness.

{Tape: 1; Side: A; Time Counter: 29.6}

REP. RASER asked if at-risk meant anything that prevented a student from meeting the accreditation standards. **Madalyn Quinlan, Office of Public Instruction (OPI),** said at-risk students are students who are affected by environmental conditions that negatively impact the student's performance or threaten a student's likelihood of promotion or graduation.

Referring to IEFA, **SEN. RYAN** asked if turnover rate information is available on reservation schools to see what staffing adjustments, etc., needed to be made.

{Tape: 1; Side: B; Time Counter: 2.3}

Wayne Koterbe, Superintendent, Westby Public Schools, said that Westby Schools have put a lot of money into the district over the years for building maintenance, so those costs are relatively low currently. Westby is now dealing with the everyday, routine things and expenses.

Ron Meredith, Baker Schools, added that over the last several years, Baker Schools have tried to upgrade its facility using building reserves in order to decrease the emphasis on the general fund. However, it is currently issuing a lighting bid and was told to add 15% for the isolation factor. Another issue is the cost of extracurricular activities and the costs associated with them. He said small schools have a much higher use of extracurricular activities resulting in a higher, pro-rated cost per student.

{Tape: 1; Side: B; Time Counter: 4.5}

SEN. STORY said that the Subcommittee understands the need for extracurricular activities but questioned how much the Subcommittee should build extracurricular activities into the new funding formula, if at all, or should they become a local effort. **Mr. Meredith** said that because of the isolation factor, Baker's extracurricular transportation costs were $190,000 last year. Whereas, schools in the same conference were between $20,000 and $30,000.

{Tape: 1; Side: B; Time Counter: 5.6}

SEN. RYAN said that if transportation dollars were made available at the same percentage based upon the need for transportation, it would not make any difference. SB 152 includes language related to the consolidation of school funds to decrease the number of funds flowing into schools that would allow flexibility. Transportation cost are both long-term and on-going costs. **Mr. Koterbe** said that transportation costs are permissive.

SEN. STORY said that the definition states the basic quality system is what is in the standards. He was unsure whether extracurricular activities were included in the standards, and if so, how much state support will be included in those programs. He said that when school budgets become tight, extracurricular programs are the first cuts to be made, usually at the junior high level. **Dr. Messinger** said that 6% of the Helena High School District budget goes to activities, part of which are general fund and part gate receipts. Gate receipts alone do not come close to paying the cost so extracurricular is heavily subsidized with general fund. He said that Montana does not have strong city recreation programs, and communities must be empowered to provide those activities for them. He believed that communities would find unacceptable the exclusion of extracurricular activities in their school budgets.

{Tape: 1; Side: B; Time Counter: 12.5}

REP. RASER said that the Subcommittee discussed the possibility of extracurricular activities being a voted levy. **SEN. RYAN** said that extracurricular activities are a part of any successful school model. Regarding facilities, he asked what determines the fixed cost of school districts. **Mr. Meredith** said that, currently, Baker schools cannot budget fixed costs, but he felt that it could be done on a square footage basis. Five years ago, Baker had three elementary buildings, one has been closed because of underutilization. However, it also has two elementary schools that are not totally utilized making funding by square footage an issue.

{Tape: 1; Side: B; Time Counter: 15.5}

Ms. Mitchell said that her concern is that school boards and officials are making decisions based on the fact that they are having difficulty balancing their budgets rather than on the true needs of its students. The question and discussions should be what type of environment best allows for student learning. She said what the Subcommittee is doing is very similar to the Augenblick & Meyers study, and there is no cost attached to it. She was also confused about how the classroom model worked when it was actually funded. **SEN. STORY** said that the classroom model is driven by the numbers in the accreditation standards. The Subcommittee is struggling with how to deal with student overages, i.e., if a school has 20 classrooms, when does it increase to 21 classrooms. The Subcommittee is attempting to stay away from the FTE concept to some extent. He added that one Subcommittee concept was to fund, with both state and local money, up to some percentage that meets the definitions. **Connie Erickson, Legislative Services Division (LSD),** added that the Subcommittee is also looking at the certain local percentage being permissive rather than voted.

{Tape: 1; Side: B; Time Counter: 26.6}

Dr. Messinger said that one of the challenges that AA districts face is, because of the present funding formula, they receive $200,000 as a basic entitlement and get recognized as a high school district. The reality is that AA districts do not receive $200,000 per high school, it receives $200,000 per district. There is no recognition to groups of students, it is just a district. The Subcommittee needs to be sensitive to building issues. If a school is recognized as just a building or one threshold, then AA schools are obligated to have really large high schools.

Ms. Quinlan commented that the notion is that the accredited program category is a school not a district. If we were to target a 400-student elementary, a 1,200-student high school, and an 800-student middle school, for example, how are the middle schools addressed because there is not a separate entitlement for middle schools. **Dr. Messinger** said that the Helena School District pulled money from the amount of funding that the middle school students generate in order to fund its elementary schools. One way to recognize the middle school level is to review a per-building funding formula and increase the unit allocation so that one school did not have to borrow from one to fund the other. He would recognize the middle schools just like it would the elementary and high schools. When the state gets to adequate

levels of support, it needs to ensure that the support is distributed at the right levels.

{Tape: 2; Side: A; Time Counter: 0.3}

Darlene Schottle, Superintendent, Kalispell Public Schools, said that it is a challenge to determine how to provide ongoing maintenance rather than create a new district. Kalispell addresses it by increasing its 6th-, 7th-, and 8th-grade middle schools to 1,000 students, which creates another animal that is not in Kalispell's best interest.

SEN. STORY said that funding the operations and maintenance of buildings on a per-square-foot bases would solve a small part of the problem. Constructing a building would be addressed within the facilities component. The square-footage system could drive all schools to one building. **Dr. Messinger** said that the state could give districts incentives to create more appropriate-sized learning units.

{Tape: 2; Side: A; Time Counter: 9.1}

Ms. Schottle said that having the 7th and 8th grades funded at different levels is not an incentive for Kalispell because it has a growing population. There is more flexibility allowed between the consolidation of its districts or for the exchange of students between districts.

{Tape: 2; Side: A; Time Counter: 12.4}

SEN. STORY asked how many elementary districts feed into the Kalispell High School District. **Ms. Schottle** said that there are eight elementary feeder districts into the Kalispell High School District. It would be a huge benefit for Kalispell's adjacent borders to have incentives or legislative clarification for consolidation because in Kalispell it makes much more sense.

{Tape: 2; Side: A; Time Counter: 17.1}

Dr. Messinger said that the whole discussion of creating K-12 districts is controversial. He suggested that the Subcommittee look at other rural states that have been in the same situation--those that have a common tax base and that have shared students, boundaries, and administration. The discussion should include how the state can bring neighboring districts together to create efficient and appropriate-sized districts. He added that rural and urban consolidation and annexation should be two separate discussions.

ADJOURNMENT

Adjournment: 10:10 A.M.

_____
SEN. DON RYAN, Chairman

_____
LOIS O'CONNOR, Secretary

DR/lo

Additional Exhibits:

EXHIBIT(jes63aad0.PDF)