SENATE FINANCE & CLAIMS
Exhibit No. 1
Date 3-23-07
HB 809

Montana Office of Public Instruction

Linda McCulloch
State Superintendent

HB 809 Biennial Funding for K-12 Education
Senate Finance and Claims Committee
March 23, 2007
Supt. Linda McCulloch Remarks

Full Remarks for the record below-Supt. McCulloch will give abbreviated remarks-Check against delivery

Good morning, Mr. Chair, members of the Senate Finance and Claims Committee. For the record, I am State Superintendent of Public Instruction Linda McCulloch.

I rise in opposition to HB 809.

HB 809 is not good for public education. It reduces $100 million dollars for schools from the Governor's Budget. It fails:
1) to fund Full-Time Kindergarten,
2) to increase funding to schools through the Quality Educators Component,
3) to correct the federal retirement costs now taken out of low income student programs,
4) to set aside monies for school facility needs, and more.

And, I have to be honest, I wanted to see even more funding to schools through the Quality Educator's Component than was in the Governor's budget.

HB 809 cuts 22% from the existing OPI activities. It completely zeros out funding for the OPI's Indian Education for All efforts. It fails to fund existing pay raises to bring state employees onto the new state pay plan. While in a time of state budget surplus it does not fund curriculum specialists, in fact we are the only state that does not offer our schools and teachers curriculum help in specific areas, like math, reading, and science. HB 809 fails to complete the tribal histories and convert them into usable K-12 curriculum materials. All these and more are within the Governor's balanced budget.

Montana Public Education

So we are all on the same page - when we talk schools in Montana for the current 2006-2007 school year we are talking about 145,416 students, 12,215 licensed staff, 430 school districts, and 834 public schools. Ninety-Three percent (93%) of our students attend public schools, 5% attend private schools and 2% are home schooled. These percentages have remained stable for years. The decisions you make as Legislators and the decisions I make as State Superintendent impact every child and every household in Montana. The Office of Public Instruction is your direct link to those students and those classrooms. It is the Office of Public Instruction that provides services and support to our public schools.

·1227 11th Avenue · P.O. Box 202501 · Helena, Montana 59620-2501·
tel: (406) 444-3095 · Fax:(406) 444-2893 · TDD (406) 444-0169 · www.opi.mt.gov

There doesn't appear to be time to go over information in much detail with you today as I have in past Sessions in House Bill 2 during the full Senate Finance and Claims Committee, but I have brought a handout of highlights for you.

Program 09 – Local Education Activities, Distribution to Schools

HB 809 leaves schools woefully short of funding for this next biennium or better put, the next two school years. HB 809 is $100 million short of the Executive Budget. There is no funding for **Full-Time Kindergarten**, which handily passed the Senate on a bipartisan vote. (SB 123 and SB 152) HB 809 also fails to provide OTO money for Full-Time Kindergarten start up costs.

HB 809 fails to add the **inflationary adjustment to the new school funding components** put in place in the 2005 Special Session. The 2005 Special Session created four new school general fund components – Quality Educator Payment, At-Risk Student Payment, Indian Education for All Payment, and an American Indian Achievement Gap Payment. These components were provided to address the adequacy school funding lawsuit. As such, inflationary increases should be provided for these new payments, as they are for the Basic and Per ANB Entitlements.

There is no increase in school funding through the **Quality Educator Payment**. You'll remember that this component recognizes the need for professionals in our schools to teach our children. The funding does NOT go to the professionals, but goes into school budgets for the locally elected school trustees to decide how it should be spent. It is a funding component that is entirely state funds and does not raise local property taxes. The Governor's budget proposed to raise this component from the current $2000 to $2790. In my HB 152 I proposed to raise it to $4000. HB 809 doesn't include any funding increases to schools beyond the inflationary adjustment. (SB 152 and HB 152)

HB 809 fails to increase the **Indian Education for All payment** to schools as found in both HB 152 and SB 390.

HB 809 also fails to correct the **federal retirement costs** now taken out of low income student programs. I am still appalled that the 2003 Legislature took money from student programs such as Title I and Special Education to help balance the State's budget that biennium. I am even more appalled that it has not been corrected since that Session. (SB 56)

HB 809 fails to address **school facility** needs found in SB 152 and SB 55, using State Lands Royalties for a School Facilities Trust. This would set aside $40 million during the 2009 biennium for future distribution to schools, providing royalties from mineral production rights purchased through a loan from the coal severance tax permanent fund in excess of the amount necessary to repay the loan transferred from the guarantee account to the school facility improvement account. (SB 495, 2001 Session)

HB 809 fails to acknowledge the rising costs facing our schools for **utilities and transportation fuel**. I have proposed a OTO increase of $4 million over the biennium to provide relief to school districts to assist with rising energy rates. In the 2005 Special Legislative Session this body recognized the need to provide relief to our schools for the 2006-2007 school year. I am asking you to continue this relief.

HB 809 does include statutory language in **Section 17** to require significant mandatory reporting for our schools. In my years working with the Legislature I have been repeatedly told that there

are more than enough reporting requirements on schools. I ask that you let our schools do what they do best – teach our children, not fill out more paperwork.

Program O6 - State Level Activities, OPI Agency Budget
It has been repeatedly stated the past week that agency budgets have not been reduced. This is not true. HB 809 cuts existing OPI activities by 22%. The entire OPI budget for Indian Education for All, almost $3.4 million has been gutted. $64,971 from salaries already paid to staff to bring them up to the new State pay plan was not funded.

Indian Education for All—Prior to HB809 House Floor Actions, March 14, 2007
Current funding activities for Indian Education for All include budget cuts in a couple of different ways. First, in the Biennial Appropriations or Indian Education for All Reestablished HB 809 cuts the OPI budget for Indian Education for All by $573,200 in FY08 and $73,200 in the second year, FY09 for a biennial total of $646,400.

The second cut in Indian Education for All involves a funding shift from $1.1 million in Ready-to-Go grants to just under $1.1 million for Indian Education for All Professional Development for classroom teachers and for funding to close the achievement gap for American Indian students focusing on dropout prevention efforts.

The Executive Budget has eliminated the Indian Education for All Ready to Go Grants and is using this funding to fund our request for Indian Education for All professional development and closing the American Indian achievement gap. This request is NOT for new money but for a shift in funding from Program 09 to Program 06 which results in a New Proposal in this process.

This funding shift is responsible management of funds – rather than requesting an increase in Agency funding to provide services and resources for Indian Education for All and for closing the American Indian Achievement Gap, I have accepted the funding shift included in the Executive Budget. This is an honest effort to do the right thing for our students – to continue to address Indian Education for All and to begin to address the achievement gap for Montana's American Indian students – and at no increase in funding for our agency, but instead a funding shift. For the HB 2 Subcommittee and for HB 809 this has become an opportunity to cut funding to the OPI's Indian Education for All efforts. Is this the price we pay for the responsible management of State funds and a reasonable request for funding? And in fact, a request that is not for increased funding, in fact a little decrease in funding. (-$79,925)

Indian Education for All—As of March 23, 2007—Post House Floor Session
On March 14, 2007 the bill sponsor of HB 809 offered an amendment on the floor of the House to strip the remaining Indian Education for All funding from the OPI, $1,554,667 and send this money to school districts through the Indian Education for All school payment. Schools are concerned that there will be no central entity producing curriculum materials and professional development and provide guidance on Indian Education for All. The amendment/bill sponsor repeatedly said that should schools not provide Indian Education for All that the individual school districts should be sued instead of the State of Montana.

For 12 years, 7 Legislative Sessions, as both a Legislator and State Superintendent I have witnessed numerous and often disproportionate funding cuts to the OPI. It was always followed by the explanation that there is just no money. There is now over a billion dollar surplus and we

are still receiving a funding cut to the Office of Public Instruction. Let's be clear, a cut to the Office of Public Instruction is a cut to public education in Montana. The sole purpose of the OPI is to provide services and resources to our schools and our students.

Tribal Histories

Funding was requested by the Executive for funding to complete the Tribal histories already underway ($25,000 for each 7 Tribal Colleges), funding for the Little Shell Tribe to do a Tribal history ($100,000 each year, for a biennial total of $200,000) and $100,000 for converting these Tribal histories into K-12 curriculum materials. This totals $475,000 for the biennium and is funded in the Governor's Executive Budget as a One-Time-Only expense. HB 809 funds Tribal histories at $200,000 for the biennium to fund the writing of the Little Shell Tribal Nation history. What a shame that there is no funding for the 7 Tribal Colleges to finish their tribes' histories and convert these once in a lifetime documents into usable curriculum materials for our K-12 students.

K-12 Student Achievement System

I appreciate the restoration of funding for the K-12 Student Achievement System, but I don't understand why a portion of it is OTO funding.

I understand that when funding was appropriated for this system in the last Legislative Session it needed to be one-time-only funding as there was not a billion dollar surplus. I didn't like it, but I understood the need for it. The Governor and Budget Director Ewer understood that this system is an ongoing system and needed continued funding. Thus, funding in the HB 2 Executive Budget for the 2009 Biennium was made ongoing funding and not OTO funding.

HB 809 once again funds this ongoing system with half OTO funding. This is irresponsible funding for an ongoing system when there is over a billion dollar surplus and the State Budget Director believes there is sufficient ongoing funding to completely fund this request with ongoing money.

Statewide Personal Services Adjustment

HB 809 fails to fund $64,971 for the 2009 Biennium ($31,590 FY08, $33,381 FY09). The new Pay Plan began its inception in the Racicot Administration and is now nearing completion statewide. We had some employees that were paid so low that they didn't even register on the new pay plan and had to be brought up in pay for equity and fairness purposes (and perhaps legal reasons).

Out of the 29 state agencies in Montana, 10 of those agencies did **not** have their personal services funded, 19 agencies received this funding. Guess what? The OPI was one of the 10 agencies NOT funded. In fact, it was the second smallest request of the agencies NOT funded. Is this fair and equitable treatment of state employees?

Curriculum Specialists

Montana is the only state in the country that does not have curriculum specialists in the State Education Agency. Our request, which is approved in the Governor's Budget, is for six curriculum specialists to assist schools with the revision of state content and performance standards and to assist schools as they develop curriculum and instruction which is aligned with

the state standards with a focus on accountability. Our public schools need technical assistance and expertise from the OPI to design and implement best practices that produce the strong student performance that Montanans expect.

In the mid-1990's the Legislature cut the funding for the curriculum specialists. Again, Montana is the only state that does not offer this resource to our schools and teachers.

Requests Not in House Bill 2, Executive Budget

Significant requests not included in the Executive Budget are:

1) Increase in the Quality Educator Payment from the current $2000 per professional to $4000 and inflated the second year of the biennium to $4120. ($50.914 million) (HB 152)
2) A one time only start up funding of $10 million for Full-Time Kindergarten for school districts to use to implement a Full-Time program. It is my intention that this funding be distributed on a per pupil basis to all school districts. ($10 million)
3) An increase in the Indian Education for All payment to school districts as found in Sen. Carol Juneau's SB 390. ($8.616 million)
4) A one time only payment to school districts to help offset fuel costs, much the same as the Legislature did in the 2005 Special Session. ($4 million)
5) An increase in the school bus mileage and funding to pick up or transport students within three miles of their school. ($2.6 million) (HB 135)
6) Add the new funding components from the 2005 Special Session to the required inflation amount that is currently in statute for the Basic and Per ANB entitlements. Those components are Indian Education for All, At-Risk Students, Quality Educator, and American Indian Achievement Gap. (approx. $0.7 million)

Challenge to Committee

The 2005 Regular and Special Sessions placed records amounts of new funding in our Montana public schools. This was in direct response to a decade of inadequate funding levels. Excellent progress was made to move Montana public schools forward.

HB 809 fails to continue to move this process forward at a time of an unprecedented budget surplus. The sad fact is HB 809 only provides for inflationary increases in K-12 BASE Aid and Special Education. We can certainly do better for Montana school kids.

There are far better alternatives now sitting in the House. My school funding bill, HB 152, Full-Time Kindergarten, SB 123, the Governor's school funding bill, SB 152 and HB 2, all provide solid programs to continue to move Montana schools forward.

Key elements of these bills involve the establishment of full-time kindergarten and increasing the quality educator payment.

These components have already received bi-partisan support in the Senate. In fact a majority of Senate Republicans and all Senate Democrats have now voted for full-time kindergarten.

SB 123, Full-Time Kindergarten, was heard Wednesday, March 21, 2007 in the House Education Committee. Thirty five parents, grandparents and educators spoke in support of Full-Time Kindergarten. Four opponents testified. No action has been taken to date.

I firmly believe these proposals also have bipartisan support in the House. Members of the full House need to be given the opportunity to hear these bills and debate their merits. These proposals need to be brought to the floor for full debate.

HB 809 doesn't do the job for our students.

Closing

Breaking up House Bill 2 into eight different pieces half way through this Legislative Session has not produced transparency or sunshine – sure, you can do it, but is it the right thing to do for my 145,416 students? I don't think so.

In order to figure out what is actually in HB 809 my staff has had to drill down into MBARS, a resource that the general public does not have access to. Even at that, we still had questions not readily apparent in HB 809.

I like change, but there should be a good reason for change, not change for change sake or worse yet, political reasons. And this is playing politics with my students. You see, school districts are right now working on their budgets for next year. They need to know what programs they have the funding to continue into next school year, what teachers there is the funding to rehire, whose contract they may need to terminate, etc. Many teachers in Montana are waiting on this Legislature to find out if they have a job or should they follow the pack and apply out of state for a teaching job and a higher salary. Anything that holds up this process is not good for our schools. Starting the State's budget all over again in what is essentially the 3rd quarter is a risk for our schools.

In closing, as a school librarian my students studied reference materials. We studied dictionaries, quotation books, encyclopedias and more. While studying quotations many years ago, we were finding great quotes everywhere – in reference books, the newspaper, speeches, etc. One of my students found a quote that has guided me through my teaching career, my years in the Legislature and as State Superintendent. It is - "Just because you have the right to do something, doesn't mean it's the right thing to do."

Just because you have the right to do something, doesn't mean it's the right thing to do...

Please do right by our public school students – all 145,416 of them.