

School Funding Commission Forwards Bill Drafts Addressing Recruitment and Retention, School Facilities, and Special Needs Funding [article submitted for Oct Interim Newsletter]

The commission tasked with conducting a review of Montana's K-12 school funding formula completed its interim work on August 29 at the Capitol. The commission accepted public comment, then discussed, amended, and adopted its final report along with 11 bill drafts that will be proposed for the consideration of the 2017 Legislature.

The School Funding Interim Commission, sometimes referred to as "the decennial study", was created by SB 128 (Hansen; 2015) and fulfilled an existing statutory requirement that the legislature, at least every ten years authorize a "study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools."

The 16-member 2015-2016 School Funding Interim Commission was composed of Senators Elsie Arntzen (R-Billings), Tom Facey (D-Missoula), Kristin Hansen (R-Havre), Mary Sheehy Moe (D-Great Falls), Matthew Rosendale (R-Glendive), and Lea Whitford (D-Cut Bank) and Representatives Jeff Essmann (R-Billings), Don Jones (R-Billings), Kathy Kelker (D-Billings), Debra Lamm (R-Livingston), Edie McClafferty (D-Butte), and Susan Webber (D-Browning). The four public members were former legislator Dave Lewis of Helena; Aidan Myhre, chair of the Helena Public Schools Board of Trustees; Patricia Hubbard, chief financial officer of Billings Public Schools; and Renee Rasmussen, superintendent of Bainville Public School. Sen. Facey chaired the commission and Sen. Arntzen served as vice chair.

After soliciting input through a public survey and hearing from education stakeholders at its initial meeting in September 2015, the commission focused its attention on four main topics over the interim:

- Recruitment and retention
- School facilities
- Special needs (including special education and gifted and talented)
- District size, structure, and equity

While the commission was able to dive deeply into these and other topics, members acknowledged the complexity of school funding and suggested in the final report that K-12 funding be examined on a regular basis more often than every 10 years, perhaps through an existing or restructured interim standing committee or subcommittee. The commission's final report with a recap of its investigations, links to resources, and a complete list of findings and recommendations is available on the commission's website at www.leg.mt.gov/sfc. Following is a summary of the commission-adopted bill drafts with newly assigned LC #s (and the LC names used while commission drafts).

Recruitment and Retention

LC 292 (LC QELP)—revises the existing Quality Educator Loan Assistance Program to target aid to rural schools located further from population centers and provide an increasing repayment amount for returning teachers to foster retention

K-12 Employee Health Benefits

LC 302 (LC HLTH)—creates a temporary task force to study public employee health benefits during the 2017-2018 interim, aimed at determining whether improvements could be made in providing consistent, cost-efficient health care options for employees of school districts and other local government subdivisions

School Facilities

LC 293 (LC ICAP)—revises the existing INTERCAP loan program to increase the utility of low-interest loans to school districts through the Board of Investments

LC 294 (LC EFBT)—allows school district trustees to transfer unexpended general fund dollars to the building reserve fund for facility expenditures

LC 295 (LC GRT1)—eliminates the existing Quality Schools Facility Grant Program, replacing it with a formula grant program for school facility major maintenance that requires local planning and matching funds; shores up funding for facility reimbursements (debt service GTB)

LC 296 (LC GRT2)—revises the Quality Schools Facility Grant Program to require local planning and matching funds; shores up funding for facility reimbursements (debt service GTB); reduces state general fund pressure by eliminating the STEM scholarship program, eliminating the Natural Resource Development (NRD) payment, and “capturing” unencumbered 95 mills on tax increments

Special Needs Funding

LC 297 (LC SE01)—increases the special education payment for each year of the 2019 biennium by the equivalent of the inflationary adjustment applied to other funding components

LC 298 (LC SE02)—increases the special education payment for each year of the 2019 biennium by the equivalent of the inflationary adjustment applied to other funding components plus an additional \$2 million directed to special education cooperatives by changing the statutory distribution percentages of the special education payment

LC 299 (LC SE03)—increases the special education payment for each year of the 2019 biennium by \$2 million directed to special education cooperatives by changing the statutory distribution percentages of the special education payment

LC 300 (adopted as a substitute to LC GFTD by the commission at the final meeting)—increases the appropriation for the existing gifted and talented grant program by \$1.25 million in each year of the 2019 biennium

LC 301 (LC SNSY)—resolution requesting a study of special needs funding during the 2017-2018 interim

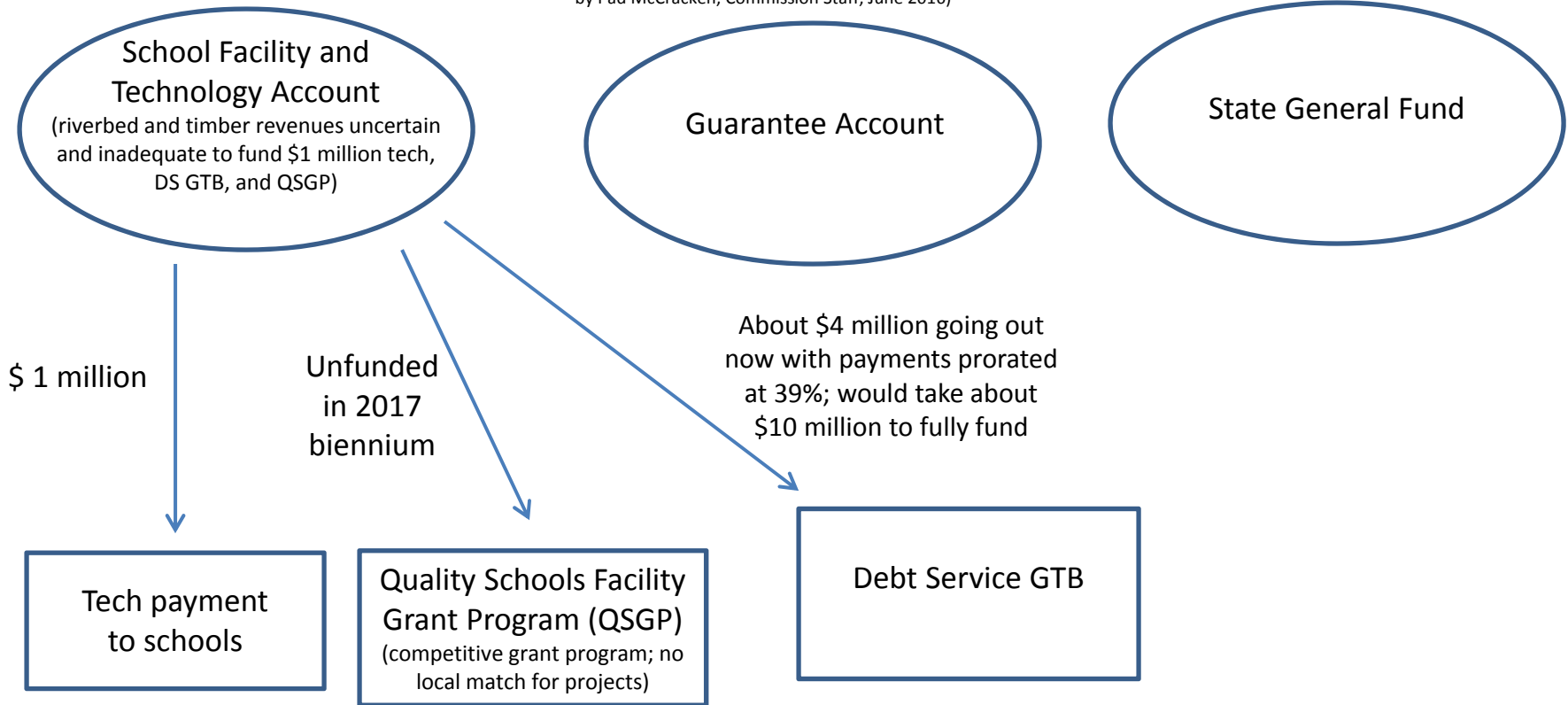
For more information, visit the commission’s website or contact Pad McCracken, commission staff.

Commission Website: www.leg.mt.gov/sfc

Commission Staff: padmccracken@mt.gov or 406-444-3595

Current revenue streams for existing facility programs

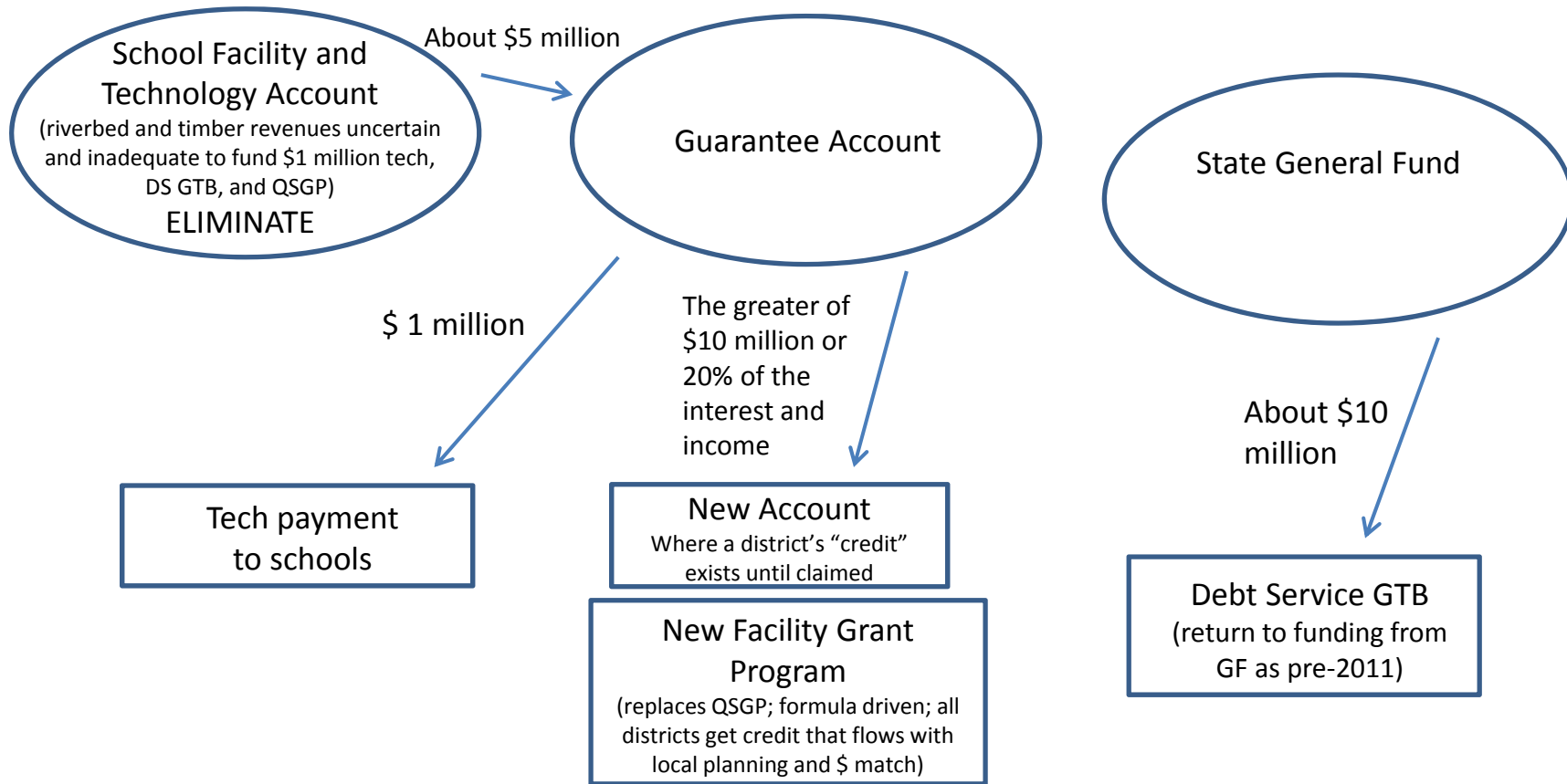
(these schematics prepared for the School Funding Interim Commission by Pad McCracken, Commission Staff, June 2016)



As we've discussed, the basic problem is too many straws sucking from a fairly empty cup.

While the Guarantee Account (GA) and State General Fund (GF) are not involved in this diagram, they factor into the drawings that follow. It is important to remember that the GA is the first source for BASE Aid to districts and when money is expended from the GA for a non-BASE-Aid purpose, there will be a corresponding expenditure from the GF to support BASE Aid.

Concept #1 (LC GRT1; Facey)



What would a \$10 million annual distribution for facilities look like based on different distributions?

Unit	State	\$ / unit	Missoula EL	Havre EL	Grass Range EL
Schools	826	\$12,100	12 = \$145,200	4 = \$48,400	2 = \$24,200
QEs	12,085	\$825	401 = \$331,000	105 = \$ 87,000	6 = \$5,000
"SB 175 BE units"	2,300	\$4,350	175 = \$761,250	33 = \$143,550	1 = \$4,350
ANB	150,401	\$66	5,388 = \$358,000	1,413 = \$94,000	42 = \$2,800
School + QE	\$6,050 per school; \$413 per QE		\$238,213	\$67,565	\$14,758
District + QE	\$8,000 per district; \$560 per QE		\$232,560	\$66,800	\$11,360

Note—school is based on OPI "school codes" which do not necessarily equate to school buildings. Montana has 826 unique school codes statewide. Grass Range gets 2 codes, one for its K-5 and one for its 6-8.

Concept #2 (LC GRT2; Essmann)

