



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

March 11, 2002

MINUTES

School District Board Room
Shelby, 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

Sen. Linda Nelson
Rep. Joan Anderson

Sen. Edward Butcher
Sen. Alvin Ellis
Sen. William Glaser
Sen. Don Ryan

Rep. Jeff Mangan

COMMITTEE MEMBERS EXCUSED

Sen. Debbie Shea
Rep. Gay Ann Masolo
Rep. Gary Branae
Rep. Tom Facey
Rep. Art Peterson

VISITING LEGISLATORS

Rep. Edith Clark

STAFF PRESENT

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

AGENDA & VISITORS' LIST

Agenda (ATTACHMENT #1)
Visitors' list (ATTACHMENT #3)

COMMITTEE ACTION

- Adopted minutes from the January 11, 2002 meeting

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:05 p.m. by Sen. Nelson. Roll call (ATTACHMENT #2) was noted with all members present except for Rep. Masolo, Rep. Peterson, Rep. Facey, Rep. Branae, and Sen. Shea who were excused.

ADOPTION OF MINUTES

Sen. Ryan moved to adopt the minutes of the January 11, 2002 meeting (EXHIBIT #1). Rep. Mangan seconded the motion. The motion passed unanimously.

COMMITTEE BUSINESS

Rep. Mangan expressed his concern regarding district court cost funding. Sen. Nelson responded that that issue will be on the next agenda. Rep. Mangan asked staff to prepare an overview of the issue for the Committee.

Sen. Ellis asked **Amy Carlson, Office of Budget and Program Planning**, about district court funding. Ms. Carlson said that in FY 2003 the district courts will mostly be operating on general fund money.

GOVERNOR'S PLAN

Jeff Hindoién, Governor's Office 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 #2). 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.

Sen. Butcher asked about small districts. Mr. Hindoiien responded that that is addressed in the tax equity issue.

Sen. Nelson expressed her concern about the presentation and that the presentation needs to address the recommendations and not necessarily the history. The Committee concurred.

Sen. Butcher concurred and presented to the Committee charts regarding school funding. He said that accreditation standards are hindering the ability of some schools to provide an education for their students.

Rep. Mangan said that the reason we are here is for the Committee to receive public input regarding the recommendations.

Mr. Hindoiien responded that they will be able to make adjustments to the presentation.

OTHER

Connie Erickson, Research Analyst, Legislative Services Division, provided to the Committee *Legislator Claims for Reimbursement of Interim Activities* (EXHIBIT #3). In addition, Ms. Erickson provided the agenda (EXHIBIT #4) and maps (EXHIBIT #5) to the Stevensville and Kalispell meetings.

ADJOURNMENT

The meeting adjourned at 5:00 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

March 11, 2002

MINUTES

School District Board Room
Shelby, 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

Sen. Linda Nelson
Rep. Joan Anderson

Sen. Edward Butcher
Sen. Alvin Ellis
Sen. William Glaser
Sen. Don Ryan

Rep. Jeff Mangan

COMMITTEE MEMBERS EXCUSED

Sen. Debbie Shea
Rep. Gay Ann Masolo
Rep. Gary Branae
Rep. Tom Facey
Rep. Art Peterson

VISITING LEGISLATORS

Rep. Edith Clark

STAFF PRESENT

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

AGENDA & VISITORS' LIST

Agenda (ATTACHMENT #1)
Visitors' list (ATTACHMENT #3)

COMMITTEE ACTION

- Adopted minutes from the January 11, 2002 meeting

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:05 p.m. by Sen. Nelson. Roll call (ATTACHMENT #2) was noted with all members present except for Rep. Masolo, Rep. Peterson, Rep. Facey, Rep. Branae, and Sen. Shea who were excused.

ADOPTION OF MINUTES

Sen. Ryan moved to adopt the minutes of the January 11, 2002 meeting (EXHIBIT #1). Rep. Mangan seconded the motion. The motion passed unanimously.

COMMITTEE BUSINESS

Rep. Mangan expressed his concern regarding district court cost funding. Sen. Nelson responded that that issue will be on the next agenda. Rep. Mangan asked staff to prepare an overview of the issue for the Committee.

Sen. Ellis asked **Amy Carlson, Office of Budget and Program Planning**, about district court funding. Ms. Carlson said that in FY 2003 the district courts will mostly be operating on general fund money.

GOVERNOR'S PLAN

Jeff Hindoién, Governor's Office 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 #2). 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.

Sen. Butcher asked about small districts. Mr. Hindoiien responded that that is addressed in the tax equity issue.

Sen. Nelson expressed her concern about the presentation and that the presentation needs to address the recommendations and not necessarily the history. The Committee concurred.

Sen. Butcher concurred and presented to the Committee charts regarding school funding. He said that accreditation standards are hindering the ability of some schools to provide an education for their students.

Rep. Mangan said that the reason we are here is for the Committee to receive public input regarding the recommendations.

Mr. Hindoiien responded that they will be able to make adjustments to the presentation.

OTHER

Connie Erickson, Research Analyst, Legislative Services Division, provided to the Committee *Legislator Claims for Reimbursement of Interim Activities* (EXHIBIT #3). In addition, Ms. Erickson provided the agenda (EXHIBIT #4) and maps (EXHIBIT #5) to the Stevensville and Kalispell meetings.

ADJOURNMENT

The meeting adjourned at 5:00 p.m.

Draft