

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN DON RYAN**, on January 31, 2005 at 3:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Don Ryan, Chairman (D)
Sen. Gregory D. Barkus (R)
Sen. Jim Elliott (D)
Sen. Kim Gillan (D)
Sen. Bob Hawks (D)
Sen. Sam Kitzenberg (R)
Sen. Jesse Laslovich (D)
Sen. Jeff Mangan (D)
Sen. Dan McGee (R)
Sen. Bob Story Jr. (R)

Members Excused: Sen. Jerry W. Black (R)

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Lois O'Connor, Committee Secretary

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

Committee Business Summary:

Hearing and Date Posted: None.
Executive Action: SB 170

First meeting in a series of roundtable discussions on school funding.

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EXECUTIVE ACTION ON SB 170

Motion: SEN. JEFF MANGAN moved that SB 170 DO PASS.

Motion/Vote: SEN. BOB STORY moved that the Committee reconsider its action on amendment #SB017004.ace passed on January 26, 2005, and strike it from SB 170. Motion carried unanimously by voice vote.

Motion/Vote: SEN. STORY moved to adopt amendment #SB017006.ace.

EXHIBIT(eds24a01)

Discussion: SEN. STORY said that SB017006.ace does the same thing that SB017004.ace proposed, the only difference being that SB017006.ace is worded correctly.

Vote: SEN. STORY'S motion to approve amendment #SB017006.ace carried unanimously by voice vote.

{Tape: 1; Side: A; Time Counter: 4.2}

Motion: SEN. STORY moved to adopt amendment #SB017005.ace.

EXHIBIT(eds24a02)

Discussion: SEN. STORY said that SB017005.ace creates a definition for "minimum aggregate hours". When schools start funding on an hourly basis, he wanted to ensure that the Legislature was not funding for lunch or recess hours.

SEN. KIM GILLAN asked, if SB017005.ace related to the calculation of ANB for home school students. SEN. STORY said that SB017005.ace will relate to SB 170 as well as further legislation yet to be introduced. He said that he will introduce legislation that breaks ANB paid out into quarters instead of one-halves--students must attend school for two hours in order to get one-quarter of ANB funding. SEN. GILLAN asked if the key language was "pupil instruction". SEN. STORY said yes, adding that OPI and Committee staff drafted SB017005.ace.

Vote: SEN. STORY'S motion to adopt amendment #SB017005.ace carried unanimously by voice vote.

Motion: SEN. MANGAN moved amendment #SB017003.ace.

EXHIBIT(eds24a03)

Discussion: SEN. MANGAN felt that schools should not be penalized for emergencies, particularly if they have a hard time making up those days. SB017003.ace provides for one school day a year for an unforeseen emergency without penalty.

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SEN. DAN MCGEE asked if it were possible to insert language stating that the Legislature recognizes that there could be emergency school closures and that school boards shall justify the loss to OPI" versus the 1-day language. He felt that one day was an arbitrary number. SEN. MANGAN hesitated to include open-ended language not knowing how school districts would react to the emergency closures. He felt it wiser to see what happens in the next biennium and review documentation. If the language needs to be changed, revised, or expanded, it could be done by the next Legislature.

SEN. BOB HAWKS said that the bottom line is what is educationally significant, and there is a point at which education is affected negatively if the time missed is not made up. He preferred that SB 170 include the flexibility.

SEN. STORY said that if the Legislature adopts the concept of hours rather than days, it will be much easier for schools to make up time because they do not have to block a day. He preferred that the time not be expanded any further than the proposed one day.

SEN. GILLAN liked the idea of flexibility but preferred to keep it at one school day. She felt that if too much flexibility was given, learning would decrease in trying to make up the time.

Motion/Vote: SEN. MANGAN'S motion to adopt amendment #SB017003.ace carried on a 9 to 1 voice vote with SEN. BARKUS voting no.

Motion/Vote: SEN. MANGAN moved that SB 170 DO PASS AS AMENDED. Motion carried unanimously by voice vote. SEN. BLACK voted aye by proxy.

{Tape: 1; Side: A; Time Counter: 20.6}

FIRST IN A SERIES OF ROUNDTABLE DISCUSSIONS ON SCHOOL FUNDING

Committee members identified school funding areas for possible discussion and what factors the Committee should consider in the areas of how the members' opinions differ, such as how to fund fixed costs and variable costs. The list is as follows:

- (1) Review whether the funding formula could include incentives for possible school unification;
- (2) Review separate models for funding fixed and variable costs because it would work well in the areas of special needs, gifted and talented, and transportation and because it recognizes that not every school district is going to have the same need based on educationally relevant factors discretionary dollars that are earmarked to address demonstrated needs;
- (3) Include incentives or disincentives to address accreditation standards as they relate to class size;
- (4) Review a formula that does not rely so heavily on a per-student basis. A per-student basis only works if districts have BASE funding and increased enrollment in order to cover costs and inflation. It does not work when there are declining enrollments;
- (5) Review funding districts on a possible per-school or per-classroom basis--inflationary and utility costs can be added in as they rise, while at the same time keeping the rural flavor and quality that is needed at the local level;

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

- (6) Review inflationary costs, such as health insurance and teacher salaries, and how they affect the formula;
- (7) Review a formula that provides rural schools with funding for gifted and talented and information technology personnel;
- (8) Review Wyoming's school funding system and how it funds the different components, such as transportation and facilities.
- (9) What allowances can be given to different types of schools and schools in different parts of the state;
- (10) Develop discrete barriers between different sections of the budget so that money cannot be taken from one part of the budget and put into another, which means that the parts must be funded;

{Tape: 1; Side: B; Time Counter: 9.9}

- (11) Simplify the school funding formula so that school boards and citizens could have some sense of its meaning;

- (12) Review the possibility of moving educational instruction in the direction of individualized instruction. It may take more PIRD days to reorient teachers on an annual basis as to the system that is necessary to further that cause;
- (13) Discuss the concept of funding individual classrooms--a possible proposal by **REPRESENTATIVE BILL GLASER**;
- (14) Review a formula that does not tie down districts whose costs of living are high and where it costs more to educate students because of those cost--this may take the review of a cost of living adjustment(COLA);
- (15) Review whether the BASE entitlement be flipped with what the state is currently paying for ANB in order to make the impact on schools less;
- (16) Anticipate and identify when a school is no longer cost effective;
- (17) Review the possibility of having one administrative district per county where the chairman of every school board was a member of an administrative, county-wide school board;
- (18) Creating a county entity could facilitate getting people at the local level to talk to each other and face realities, whatever they may be;
- (19) Request a comparative analysis on a 3-year, versus a 4-year, versus a 5-year, averaging to see what it does to the funding curves;
- (20) Review the possibility of individual student performance to ensure that they have attained a minimum level of adequacy to move on to the next level;

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- (21) Review the complexity of different school funds that come from different areas;
- (22) Identify inflationary costs and the possibility of adding to the consumer price index (CPI); and
- (23) Discuss the CPI and how MT school districts compare to it--what are the schools' actual inflationary costs.

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SEN. STORY cautioned the Committee about ensuring that in its discussion about school funding, that some revenue remains, if needed, to implement the plan before the end of the biennium.

SEN. DON RYAN said, that school funding is not easily simplified. Simplification will be attained when taxpayers know what they are paying for. He said, that **SEN. MCGEE'S** idea about county-wide school districts makes a lot of sense. However, in his county, the small districts do not want to be dominated by Great Falls.

If every school district was given a seat on the proposed county-wide board, he questioned whether it would be in violation of "one man-one vote", which could dominate what happens in the overall school district.

SEN. JIM ELLIOTT felt that **SEN. McGEE'S** concept would not be in violation of one - man - one vote because members of the county-wide administrative district would be appointed and not elected. The proposed administrative district could also have issues of rural school districts versus urban school districts. However, a weighted vote or veto power could be applied. **SEN. ELLIOTT** said, that it made sense to have a single board to oversee the functions that are essentially county-wide rather than district-wide. It could facilitate discussion between the different school boards who know the issues, concerns, and problems of other school boards. He said, one of the first steps in dispelling fear is to understand the other issues.

SEN. HAWKS questioned whether the concept could expand on the County Superintendent of schools' roles.

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SEN. McGEE said, that currently, Montana has individual school district with no coordination between them. His concept would require reviewing the needs of the schools on a county-wide basis. He said that the state has not consolidated individual school district, but his concept would at least consolidate some of the issues that are county wide.

SEN. GILLAN added that theoretically it could be said, that every school district must have a minimum of 5,000 students which might encourage unification. **SEN. McGEE** suggested that Committee discussions begin with the county concept and grow from there.

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SEN. MANGAN said, that discussions on county-wide districts have been discussed in the past (Governor Martz's K-12 Public School Funding Advisory Council). He requested staff to research the issue. He also requested that the Committee begin discussing the weighting of rural students and districts. **Ms. Erickson** said, that for years the Legislature has been discussing county-wide school districts and county-wide equalization as a way to eliminate some of the disparities between districts within a county because it is a barrier to consolidation. Some districts have high taxes while others have low taxes, and they sit next to each other. Districts refuse to annex or consolidate because one district does not want its taxes to increase.

There was also discussion during that study about weighted ANB. There are states that have an ANB amount, and they assign a value to different populations.

{Tape: 2; Side: A; Time Counter: 9.6}

SEN. STORY said, that the present funding system has caused the creation of many shared services, such as music teachers, superintendents, and combined athletic teams. The Committee needs to understand how much and how many schools use shared services and be cautious, as it creates its new funding system, that it does not reverse it. The only problem with shared services is distance. It is hard to share certain services, easy to share others, and inconvenient to share many.

SEN. RYAN said, the current funding system does not allow for growth in the budget. Larger school districts have trouble meeting accreditation standards, but if the state builds another school, it adds another fixed cost that the state cannot afford. He felt that individual schools should be funded first, and then based upon their enrollment, how many teachers are needed to meet those standards, etc. The discussion then turn to at what point in time do schools become inefficient. The state should fund the education portion. The community portion, that portion to keep towns alive, should be locally voted on every year to cover non-educational related services.

SEN. GREGORY BARKUS said, that the Kalispell district has a huge school, and its citizens voted in a \$50 million levy. However, the issue was the placement of the new school. The problem is in Big Fork which is in desperate need of a new school and the new school placement was between two schools that had no needs. He also felt that many rural districts that cannot offer third-level language or higher-level mathematics, for example, are in violation of "No Child Left Behind".

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SEN. GILLAN questioned, whether there should be a statewide study of where Montana needed additional high schools. **SEN. GILLAN** said, that while she is sympathetic to rural citizens who do not want their children to travel 40 miles on a bus, there is a part of her that says that they made the decision to live there. **SEN. GILLAN** was unsure how the state could continue to afford to allow everyone to live wherever they want and assume that everyone else had to pay for it.

SEN. HAWKS questioned whether the Committee was suggesting that the state does not fund facilities and transportation as much as it does other educationally relevant factors. **SEN. RYAN** said, no that it was not advocating leaving those issues to local dollars only. **SEN. HAWKS** said, that the state has a transportation formula and it receive economies of scale by widening out transportation. However, when buses run across lines to pick up students, costs increase. The question is whether it would be more cost efficient to transport teachers to the children or transport children in.

{Tape: 2; Side: A; Time Counter: 25.6}

SEN. KEITH BALES, SD 20, said that his problem is not unique to eastern Montana. His sons went to a rural school seven miles away from his home. During that time, the school had between 4 and 13 students. The nearest town to his home is Ashland--40 miles away--and it has no high school. The next nearest towns are Broadus--57 miles away and Sheridan, WY--65 miles away. When his son was in the 8th grade, they made the decision to purchase a home in Sheridan, WY. His wife lived there 9 months out of the year for 10 years. He said that when his school district ran out of students for three years, it was consolidated with the Broadus school district making Ashland, the nearest grade school to his home. It is impossible to bus children that far to school.

SEN. BALES said, that in his first session, Legislation was passed that allowed a school to reopen with two students. However, he was told that it would not happen because there was no funding mechanism in place to make it possible. Many people in eastern Montana chose to live there because they want to remain ranchers, but how do they continue to ranch under the current situation and which is getting worse. It poses problems for those who want schools for their grandchildren, and it severely depletes the labor pool for those ranchers who want to hire help.

In conclusion, **SEN. BALES** said, that the Constitution states that "the state would provide". Although he had no solutions to offer, he had a definite problem for the Committee. He hoped that with increased technology the state could possibly use a mixed system of distance learning. He requested that the Committee consider those districts that are becoming less populated and establish a funding mechanism that will address the need for a school or education in those areas.

SEN. ELLIOTT said, that the state cannot provide, and does not need to provide, the identical services or opportunities in all school districts. However, the state should not stint the rural areas.

The rural areas must also realize that they will not have the breadth of opportunity that urban schools have. He said that the things that lead to inefficiency are sentiment and emotion which keeps some rural schools open that should not be kept open. **SEN. ELLIOTT** asked, if Montana wanted a teacher pay scale that is commensurate with other wages in the state or one that is equal to New York, California, or Nevada. Montana is competing with other states for educators. In its deliberations, the Committee must keep that in mind. He felt that by equalizing salaries across the state, it would give rural and disadvantaged schools a greater ability to have teachers look at those areas. He felt that it was the best argument for a statewide pay scale, which he is not necessarily supporting.

SEN. GILLAN said, that in their earlier discussions, the Committee decided that a one-size-fits-all solution would not work. It talked about having different funds for demonstrated need. The current system does not accommodate **SEN. BALES'** circumstances. Schools are treated uniformly, and the Committee knows that school districts and circumstances are different.

SEN. BARKUS appreciated **SEN. BALES'** circumstances and hoped that the Committee could solve some of the problem by possibly subsidizing rural families telecommunications and possible home schooling and thereby offering their children the quality education that they deserve.

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SEN. STORY said, that when talking about a basic system of quality public schools, many in the education community do not want to talk about basic. The Legislature must continue talking about this issue because the state cannot offer everything in every place, but it needs to offer things that are necessary. He said that some of the fixed costs are not part of the basic system in total. They are part of what the community wants and needs, they are add-ons, and maybe they should be local obligations.

SEN. STORY added that some programs offered to larger schools will never be offered in the smaller schools. If those are considered a part of the basic system and it is known that the state cannot afford them, why make them part of the basic system. The Committee needs to ensure that the state's educational system is one of quality while, at the same time, discuss how far the state can stretch the equity issue if it meets the quality issue. He said, that everyone is guaranteed equal access to the system and the state's share must be equally distributed.

However, the more the Committee deals with individualized circumstances, the farther it gets away from equity.

SEN. RYAN said, that the concept of "homeowner equity" was discussed in the K-12 School Renewal Commission. It, in essence, means that when a person pays \$2.00 in taxes, it generates the same amount of money per pupil in a district. If this is done, there would be no need for caps, everyone would have equal access to revenue, and it would eliminate rich and poor districts.

SEN. ELLIOTT said, that constitutional language states "equality of" which intimates that the state need not have everything equal in school districts but that it offer an equality of opportunity.

ADJOURNMENT

Adjournment: 5:10 P.M.

SEN. DON RYAN, Chairman

LOIS O'CONNOR, Secretary

DR/lo

DR/lo

Additional Exhibits:

EXHIBIT ([eds24aad0.PDF](#))