

MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON EDUCATION AND CULTURAL RESOURCES**

Call to Order: By **CHAIRMAN BILL GLASER**, on March 16, 2001 at 3:37 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bill Glaser, Chairman (R)
Sen. Jack Wells, Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Jon Ellingson (D)
Sen. Jim Elliott (D)
Sen. Alvin Ellis Jr. (R)
Sen. Sam Kitzenberg (R)
Sen. Don Ryan (D)
Sen. Debbie Shea (D)
Sen. Mike Sprague (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. Dale Berry (R)

Members Absent: None.

Staff Present: Linda Ashworth, Committee Secretary
Eddy McClure, Legislative Branch

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

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: SB 79
Discussion: SB 500

EXECUTIVE ACTION ON SB 79

Motion: SEN. SHEA moved that SB 79 DO PASS.

Discussion:

SEN. DEBBIE SHEA reminded the committee that classified school personnel currently could not receive unemployment benefits during the summer months. She suggested the committee discuss the pros and cons of the bill. **SEN. SHEA** submitted additional information, **EXHIBIT (eds60a01)** and **EXHIBIT (eds60a02)**.

SEN. ALVIN ELLIS distributed information regarding the percentage of the budget that pertained to teachers' salaries, **EXHIBIT (eds60a03)**. **SEN. ELLIS** declared that 31.6% of education funding was distributed to teachers. He maintained schools would have to shift the education costs from the teacher and the classroom, if SB 79 were to pass.

SEN. JIM ELLIOTT theorized the additional expenses could be spent on other things, instead of additional classified employees. **SEN. ELLIS** argued that many certified school employees may not be teachers. He referred to librarians and counselors. He maintained the bill would increase a district's percentage of costs outside the classroom.

SEN. ELLIOTT asked for the breakdown of the money spent outside the classroom. **SEN. ELLIS** related that he did not have a breakdown of that money.

SEN. MIGNON WATERMAN queried **SEN. ELLIS** to define the term "teacher". She suspected the numbers, presented by **SEN. ELLIS**, did not include teachers in the areas of music, special education, physical education and library. **SEN. ELLIS** reiterated that the figures were given to him by the American Federation of Teachers. He assumed the figures were consistent nation wide.

SEN. JACK WELLS suggested the numbers were accurate. He recalled that there had been 12 proponents and 5 opponents when the bill was originally heard in committee. He recollected that the education community was among the opponents.

SEN. JON ELLINGSON enjoined support for SB 79, stating that other seasonal workers were allowed to collect unemployment benefits. He asserted that classified personnel were not paid well and were expected to do a tremendous amount of work in the schools.

SEN. MIKE SPRAGUE maintained the unemployment compensation issue had been dealt with in the Business and Industry Committee. He warned that the money would not be available to fund added programs. He felt classified personnel should be offered the opportunity to receive their wages over a twelve month period instead of nine months.

SEN. JOHN COBB wondered if there was a new fiscal note. **CHAIRMAN BILL GLASER** commented the auditor had determined the money would be a county wide retirement fund expenditure. The amount of money would be dependent upon the guaranteed tax base in each district.

SEN. COBB debated that the fiscal note was too high, reasoning that the note was based on the assumption that all classified personnel would be receiving unemployment benefits. He suggested the classified personnel be hired under contract, which would eliminate the need for unemployment benefits during the summer months. **SEN. DON RYAN** responded that all classified people in the Great Falls district were terminated in the spring and then rehired in the fall.

SEN. COBB restated that those employees could be contract employees, which would eliminate the need for unemployment benefits. **SEN. RYAN** guessed that 90% of the classified personnel were hired back each fall.

SEN. COBB asked **SEN. ELLIS** to relate the situation in his school district. **SEN. ELLIS** related that he knew of only 3 clerks in the past 40 years and the percentage would be the same in smaller schools.

SEN. JOHN BOHLINGER sympathized with classified personnel, but maintained that unemployment benefits were provided for people with unexpected job termination. He stated his concerns regarding fiscal hardship when dealing with the added costs of providing benefits.

SEN. ED BUTCHER rationalized since other seasonal employees abuse the system, we should not encourage others to use the insurance system to acquire more money. He argued that classified staff were no different than school teachers that were idle during the summer.

SEN. WATERMAN purported the system was not equal, maintaining that male dominated professions received unemployment while classified personnel in school districts, that are predominately female do not receive benefits. She challenged the members of the committee, opposed to SB 79, to carry bills that would eliminate unemployment benefits for male dominated professions.

SEN. ELLIOTT echoed **SEN. WATERMAN'S** comments, addressing the numbers of people that would be affected by SB 79. He asserted the numbers would be less than the numbers indicated by **SEN. ELLIS**.

SEN. RYAN asked **Eric Feaver** if employed teachers pay into the unemployment fund. **Mr. Feaver** responded that all school personnel would pay into the fund.

SEN. RYAN wondered how many teachers utilized the fund. **Mr. Feaver** speculated teachers would typically not draw unemployment, since they would have a contract for the ensuing year. He reminded the committee that classified school employees would not be under contract for the following year.

SEN. RYAN advised that many people would not know until August if they would be rehired, due to last minute budget cuts. He avowed support for SB 79, since the money would be paid to the fund through school district salaries.

CHAIRMAN GLASER summarized the issue had been one of equity and would continue to be so for a long time.

Vote: **SEN. SHEA'S** motion that **SB 79 DO PASS failed 7-7 with Cobb, Ellingson, Elliott, Kitzenberg, Ryan, Shea, and Waterman voting aye.**

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DISCUSSION ON SB 500

CHAIRMAN GLASER compared SB 70 with SB 500. He contended that SB 500 would have a broader title, allowing for the inclusion of a flex plan and a vehicle for university funding.

SEN. WATERMAN argued that SB 70 should be kept alive because it would not deal with one-time funding. She believed it contained more flexibility for school trustees to spend the money.

CHAIRMAN GLASER explained that everything in SB 70 was included in SB 500 plus the flex fund and the enhancement fund for the university system.

SEN. WATERMAN maintained SB 500 contained an option for one-time spending. She narrated that the House had moved two funding bills forward, which would allow more flexibility in funding choices. **CHAIRMAN GLASER** contended the same argument on money, available for the schedules, would prevail for both bills.

CHAIRMAN GLASER reported the university system had submitted suggestions for amendments to SB 500. **Dr. Richards Crofts, Commissioner of Higher Education** explained the proposed amendments, **EXHIBIT (eds60a04)**.

SEN. COBB proposed that **SEN. WATERMAN'S** amendment be acted on first which would kill the flex plan, if funds were not allocated to the plan. He asserted he would offer an amendment that would kill the school and university flex plan. If those failed, the committee could argue the proposed university amendment. **SEN. COBB** suggested **SEN. ELLIS** explain his amendments prior to discussing several technical amendments.

CHAIRMAN GLASER advised the proposed amendments be discussed in the order of which they would be addressed during executive action.

SEN. RYAN suggested the committee begin with the basis of SB 70, before worrying about the flex plan. **CHAIRMAN GLASER** agreed the committee should look at the basic schedules and the question of direct state aid.

SEN. WATERMAN maintained **SEN. RYAN** desired to work on SB 70. **SEN. RYAN** recommended the committee maintain the positive aspects of SB 70 and then insert them into SB 500. **CHAIRMAN GLASER** argued that the basic entitlements and schedules would be identical in both bills, except for the numbers.

SEN. ELLIS professed faith in the current funding plan. He contended incremental increases should be inserted into the plan. He stated his support of a flex plan, after money was committed to protect current levels of funding. **SEN. ELLIS** endorsed a sunset in the bill, which would allow the next legislature to reexamine the flex plan. **SEN. ELLIS** punctuated his statements with additional information, **EXHIBIT (eds60a05)** and **EXHIBIT (eds60a06)**.

SEN. WATERMAN asked **SEN. ELLIS** if his proposed amendments would be for SB 70 or SB 500. **SEN. ELLIS** suggested the amendments would work on either bill. **SEN. WATERMAN** restated her desire to work with SB 70.

CHAIRMAN GLASER professed that any extra money should go into the schedules. **SEN. ELLIS** explained that his information referred to a total of 20 million dollars being applied to the schedules. The total would not reflect the 5 million dollars inserted into HB 2. He cited his belief that more money would become available before the session would adjourn.

SEN ELLIOTT requested **SEN. ELLIS** explain **EXHIBIT (6)**. **SEN. ELLIS** acknowledged the request, stating the differences in decrements.

SEN. ELLINGSON asked **SEN. ELLIS** to explain the definition of a decrement. **SEN. ELLIS** clarified that a decrement would be the amount that the "per ANB sum drops with each additional student". He related the big schools would lose their advantage over smaller schools if the decrement was dropped.

SEN. RYAN wanted to know where the decrements would stop. **CHAIRMAN GLASER** informed the committee that the decrement cut-off point would be 800 students at the high school level. At the elementary level the cut-off would be 1000 students. SB 70 would change the cut-off numbers to 600 and 800 students, respectively.

SEN. SPRAGUE recommended the information be charted on a graph, which would enable members of the committee to visualize the numbers. **CHAIRMAN GLASER** indicated the graphs would be available before the next meeting.

SEN. WATERMAN agreed that the first effort should be to fund the schedule with the greatest amounts possible. For this reason she suggested working with SB 70, since it would incorporate more money into the schedules.

SEN. ELLIS inquired into the percentage increase, per year, in SB 70. **CHAIRMAN GLASER** indicated the increase was 3.3% and 2.5%, which was based on a revenue estimated Consumer Price Index. The amount would total approximately 40 million dollars. He theorized that **SEN. ELLIS'** efforts would be 10 million dollars below the final amount.

SEN. ELLIS related his concerns that extra funding had not been found. He restated his belief that 20 million dollars could be available by the end of the session.

SEN. RYAN examined the differences in **SEN. ELLIS'** proposal. He suggested an amendment that would reduce the direct state aid, which would increase the base and would also increase the school districts' budget authority. He affirmed that the proposal would result in an increase in local property taxes. **CHAIRMAN GLASER** elaborated that a decrease in direct state aid would result in an increase in local property tax. He maintained this could result in the state abandoning funding of the schedules.

SEN. COBB explained that the amendment would be referred to as the "Savage Plan". **SEN. ELLIS** charged the Savage Plan would result in a tax increase.

CHAIRMAN GLASER indicated **Mr. Standards** would attend the next meeting with the numbers that would show the immediate effect of

the Savage Plan. **SEN. ELLIS** suggested a poll of the committee in order to assess whether the proposal should be considered.

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SEN. RYAN stated his obligation to try to increase the budget authority in any way possible, from 3% to 4%. He maintained a variety of ways would be possible to meet this goal.

SEN. ELLINGSON implied that the Savage Plan would back away from full state funding of the educational system, while raising the budget caps. He reasoned it would also maintain equalization of school funding. **CHAIRMAN GLASER** theorized the bill would not require the Savage Plan, if the increment in state funding would increase 3% each year of the biennium.

SEN. ELLIS indicated that 90 schools in the state were currently at the cap. **CHAIRMAN GLASER** explained that the Savage Plan would decrease the direct state aid, shifting money in order to raise the caps.

SEN. RYAN explained the procedure to adjust the formula for the guaranteed tax base. **CHAIRMAN GLASER** replied the adjustment would provide state support for wealthier districts. He reiterated his desire to fund the schedules.

SEN. COBB wondered if education funding would be allotted 20 million or 40 million dollars. He reasoned the committee should set the amount needed to fund education. **CHAIRMAN GLASER** contended he would know by the next meeting how much money would be available to fund education.

SEN. BOHLINGER presented hope for additional funding. He indicated the taxation sub-committee was working on a bill that would provide an additional 17 million dollars for K-12 education. He inferred 11 million dollars could be raised by increasing the accommodation tax from 4% to 9%. He also suggested imposing a tax on rental cars, which would raise an additional 6.3 million dollars.

SEN. ELLIOTT commented that the state would ask everyone but Montanans to pay for what Montanans use. He maintained it was the responsibility of Montana taxpayers to fund their own systems. **SEN. BOHLINGER** reasoned that tourists travel very cheaply through the state of Montana.

SEN. ELLINGSON encouraged **CHAIRMAN GLASER** to inform the committee of the numbers available to fund education, before taking executive action on either SB 70 or SB 500. **CHAIRMAN GLASER**

indicated **Mr. Standards** would attend Monday's meeting with all the facts and figures.

SEN. ELLIS stated that Montana spends more per capita income than the other 15 western states. He maintained Montanans would always put a strong effort into funding education.

CHAIRMAN GLASER suggested the committee prepare amendments based on the projections of 30 million dollars and 40 million dollars.

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ADJOURNMENT

Adjournment: 5:10 P.M.

SEN. BILL GLASER, Chairman

LINDA ASHWORTH, Secretary

BG/LA

EXHIBIT (eds60aad)