



701 Comm Sec
EXHIBIT 1
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HB 124

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Linda McCulloch
Superintendent

School Employee Health Insurance Plan
HB 124 – Rep. Tom Facey
Testimony of State Superintendent Linda McCulloch
March 22, 2005

For the record, I am Linda McCulloch, State Superintendent of Public Instruction. I come before you in support of HB 124 that would create a school employee health insurance plan. I thank Representative Facey for sponsoring this legislation.

Central to the debate surrounding the statewide school employee health insurance plan is the question of costs. Costs for not only establishing the program in this biennium, but also providing for the program in future bienniums.

I would add these points for your consideration.

Montana schools currently spend \$90 million a year to provide health insurance for their employees. School employees will contribute another \$22 million to cover premium costs. It is estimated that total health insurance costs may reach \$124 million in fiscal year 2007. I get emails all the time from teachers whose out-of-pocket premium expenses are \$700-800 per month – and these are often teachers whose average salary is well-below the state average.

If we do nothing, these costs to both the school and the employee will continue to rise. And as insurance costs continue to increase, fewer and fewer dollars will be available to meet other critical school needs, such as classroom programs.

The current \$90 million for school employee health insurance is paid by a combination of state and local education dollars.

The statewide school employee health insurance plan will cost the state \$46.5 million a year.

Granted the cost to the state is significant, but if the state does nothing, local districts will still be paying more than \$90 million a year for employee health insurance.

Creating the school employee health insurance plan has the potential to reduce those costs to schools by more than \$44 million in the first year.

With the passage of HB 124, Montana schools will not only receive a significant increase in state funding, but we will be establishing a program that will result in millions of dollars in cost savings in FY 2007 and into the future... savings that can be used directly by the local districts to meet the promise of a high quality teacher in every classroom.

Thank you for your consideration of this testimony. As always, the staff of the Office of Public Instruction and I stand ready to assist your committee in any way possible as you work through this and other education issues in the weeks ahead.