EXHIBIT 3
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HB 124

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Linda McCulloch
Superintendent

School Empolyee Health Insurance Plan
HB 124 – Rep. Tom Facey
Testimony of State Superintendent Linda McCulloch
January 18, 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.

The House Select Committee on Education was created to specifically craft legislation to address the issues raised by the recent Supreme Court decision on school funding.

Regardless of whether or not there was a lawsuit, the Montana Legislature would still be faced with the task of providing for a "basic system of free quality public elementary and secondary schools."

Central to accomplishing that goal is the retention and recruitment of highly qualified educators. No other bill before the Legislature more directly deals with this challenge than the bill Representative Facey has brought before you today.

Some may ask what does employee health insurance have to do with providing a quality education in the classroom? A good question.

It's no secret that Montana teachers are among the lowest paid teachers in the country. Every year we see more than 70% of Montana's newly graduated teachers leave the state for positions that pay higher salaries and benefits.

This exodus of teaching talent is not limited to new teachers. Recruiters from across the country regularly seek out experienced Montana teachers for their classrooms.

At the same time, a very high percentage of Montana's existing teachers are approaching retirement age.

All these economic factors conspire to create a growing teacher shortage. It is not limited to our rural schools or certain disciplines. School districts of all sizes and locations find it increasingly difficult to recruit and retain the high quality of educators that Montanans have come to expect.

If schools are not given sufficient resources to address this problem then we are seriously threatening the ability to put a high quality teacher in every classroom.

Without our quality teachers, quality education in the classroom becomes more and more difficult to attain.

You will hear before you today convincing testimony on the alarming increase in the cost of providing health insurance for school employees.

Montana schools now spend $86 million a year to provide health insurance for their employees. School employees contribute another $22 million to cover premium costs. It is estimated that total health insurance costs may reach $124 million in fiscal year 2007.

HB 124 creates a voluntary, statewide school employee health insurance pool. The state would provide $200 a month for each eligible employee. Participating school districts would receive $2400 a year per eligible employee to cover health insurance costs.

This would require the state to provide $46.5 million to fund the program in fiscal year 2007.

Granted the cost to the state is substantial, but if the state does nothing, local districts will still be paying more than $86 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 $39 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.