

**MINUTES**

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

**COMMITTEE ON EDUCATION AND CULTURAL RESOURCES**

**Call to Order:** By **CHAIRMAN DON RYAN**, on March 30, 2005 at 3:40 P.M., in Room 303 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Don Ryan, Chairman (D)  
Sen. Gregory D. Barkus (R)  
Sen. Jerry W. Black (R)  
Sen. Jim Elliott (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. Kim Gillan (D)  
Sen. Bob Hawks (D)

**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 & Date Posted: HB 522, 3/24/2005; HB 672,  
3/24/2005  
Executive Action: None.

**HEARING ON HB 522****Opening Statement by Sponsor:**

**REP. WILLIAM JONES (R), HD 9**, said that HB 522 is a bill to study dental education. The University of Washington (UW) proposed the study and invited Montana to participate. The study costs \$150,000 of which Montana's contribution would be \$10,000. He said that the study is intended to identify and address the problems that Montana is experiencing in the dental field, particularly the shortage of dentists in eastern Montana.

**REP. JONES** added that the hope is that dental students would begin their first year of medical school at Montana State University (MSU) to do their academic programs, go to UW to continue their dental education, and return to do clinical work throughout Montana.

*{Tape: 1; Side: A; Time Counter: 3.7}*

**Proponents' Testimony:**

**Mary McCue, Executive Director, Montana Dental Association (MDA)**, provided written comments in support of HB 522.

**EXHIBIT (eds67a01)**

**Keith Kolbo, Montana Primary Care Association**, spoke in support of HB 522.

**Opponents' Testimony:** None.

**Informational Testimony:** None.

**Questions from Committee Members and Responses:**

**SEN. JIM ELLIOTT, SD 7**, asked if the study would create a program similar to the WWAMI program--a cooperative program of the University of Washington School of Medicine and the states of Wyoming, Alaska, Montana, and Idaho. **REP. JONES** said, yes.

**SEN. ROBERT STORY, SD 30**, said that HB 522 in its original form required students to return to Montana after completion of their dental education. He asked why it was amended to now "encourage" the students to return. **REP. JONES** said that the language of HB 522 was amended at his request because the study is a UW study, it is primarily paid for by UW, and because it was difficult to force people to return to Montana if they desired not to.

**{Tape: 1; Side: A; Time Counter: 9.8}**

**SEN. STORY** asked if the study contemplated that a 4th-year medical student would return to Montana for his or her rotation.

**Ms. McCue** said that it was more than a supposition and envisioned that the study would address the issues of how lengthy and where in Montana that rotation would be. **SEN. STORY** asked if the UW was trying to create a new regional dental program similar to the WWAMI program or was it just studying a current, operational program to see if Montana fit in and what stake Washington would have in approaching Montana to participate in the dental study.

**Ms. McCue** understood that Montana was the first state that the UW approached to participate in the dental study. She added that the UW is trying to meet a regional need. One of the ways that the UW can meet that need is by having first-year students in Montana because it frees up clinical space at the UW for its other students. **SEN. STORY** asked if Montana students had any other state dental school option. **Ms. McCue** said that Oregon is building a new dental school, and it has started conversations with the MDA about reserving places, such as is currently done under the Western Interstate Commission for Higher Education (WICHE) program at the University of Minnesota. Although it is not Montana's only option, it is an option that the MDA would like Montana to look at. The MDA feels that Montana will need opportunities beyond what the UW can offer. **SEN. STORY** asked about the percentage of doctors that have returned to Montana after completing the WWAMI program. **Laurie Tobol, State Certifying Officer for the WICHE, WWAMI, and the Minnesota Dental Programs**, said that the current return rate in the WWAMI program is 44%. If WWAMI students from other states are counted, the percentage is 58%.

**{Tape: 1; Side: A; Time Counter: 16.7}**

**Closing by Sponsor:**

**REP. JONES** said that the cost of having a dental school in Montana is very high, but the cost of incorporating a program that is already in place at MSU reduces that cost. He added that one of the problems at the UW is getting enough patients with severe problems who need dental care. However, in eastern Montana, there are many patients and willing dentists to help those students. In addition, getting into dental school is very competitive, and Montana runs the risk of losing the slots it has in other schools.

**HEARING ON HB 672**

**Opening Statement by Sponsor:*****{Tape: 1; Side: A; Time Counter: 19.1}***

**REP. EDWARD BUTCHER (R), HD 29**, said that HB 672 is very important for the long-range planning of school district budgets. Schools have large budgets each year, and many things are unknowns, such as utility costs. If schools have a surplus at the end of the year, there is a scramble to spend it or it reverts back to the state's general fund. HB 672 allows schools to deposit 10% of its unreserved fund balance into the school's flexibility (flex) fund to be used for facility repairs and maintenance.

***{Tape: 1; Side: A; Time Counter: 24.3}*****Proponents' Testimony:**

**Stacey Vestal, Business Manager, Lewistown School Board**, said that at year's end, schools scramble to spend rather than revert. At the same time, school budgets are getting smaller and smaller. Where schools cut first is the maintenance of their buildings because it is a place within the budget that schools can cut and get quite a bit of money at one time, and it has the least effect on what people see as money for their students. HB 672 allows schools to transfer 10% of their unreserved fund balances into their existing flex funds for facility repair and maintenance. Schools could start to plan how they are going to keep their infrastructures in working conditions.

***{Tape: 1; Side: A; Time Counter: 27.6}***

**Bob Vogel, MT School Boards Association (MTSBA), and speaking for the School Administrators of Montana (SAM)**, said that when districts try to make their budgets balance, one of the things that suffers is maintenance. Maintenance of their school buildings is deferred, and over time, it becomes a problem. Under HB 672, schools can reserve 10% of its ending balance and deposit it into their flex fund so that it can accrue over time to address their maintenance needs.

***{Tape: 1; Side: A; Time Counter: 29.1}***

**Lynda Brannon, MT Association of School Business Officials (MASBO)**, provided written comments from various cities and towns throughout the state in support of HB 672.

**EXHIBIT (eds67a02)**

**Ms. Brannon** said that HB 672 would encourage districts to save money. The current system does not allow districts to save money because they get penalized if they do. HB 672 decreases the use-it-or-lose-it mentality and helps districts save money for unplanned and unexpected maintenance.

**{Tape: 1; Side: B; Time Counter: 2.5}**

**Paul Stengel, Supervisor of Buildings and Grounds, Lewistown School District**, said that it would be very nice to have a pot of money that is not designated for specific things or that does not have to be spent by a certain date. He added that HB 672 makes good business sense because it is almost impossible for schools to meet all of their maintenance needs without some place to save money and have it available when it is needed. He urged the Committee to support HB 672.

**Opponents' Testimony:** None.

**Informational Testimony:** None.

**{Tape: 1; Side: B; Time Counter: 6.9}**

**Questions from Committee Members and Responses:**

**SEN. STORY** asked if it was the intent of HB 672 that the 10% be used only for facility repair and maintenance. **REP. BUTCHER** said, yes, and that a separate account would be set up in the existing school flex funds for this specific purpose.

**{Tape: 1; Side: B; Time Counter: 7.6}**

**SEN. STORY** said that the school flex funds can be used for many different things. He asked if HB 672 would in any way limit how the 10% could be used once it is deposited into the flex fund. **Mr. Vogel** said that the purpose of a flex fund is for a district to use the fund for any purpose that is identified in the flex fund statute. HB 672 attempts to earmark the 10% for facility repair and maintenance, but technically, he was unsure whether it could work.

**{Tape: 1; Side: B; Time Counter: 9.1}**

**SEN. JERRY BLACK, SD 14**, said that school general fund balances vary across the state, but he asked if there was a good estimate of how much money would be involved in the 10%. **Mr. Vogel** said that the balances vary greatly among the districts, and there are districts that do spend their entire general fund budgets so that they do not have many dollars left over. Typically, a district

will have some funding left over at the end of the year. **Ms. Vestal** added that year-end fund balances are not huge amounts of money, and HB 672 requests 10% of that amount. She said that the Lewistown Elementary District's general fund budget, for example, is \$4.512 million. It may move between \$20,000 to \$30,000 to the flex fund, and it is the decision of the local school board.

**{Tape: 1; Side: B; Time Counter: 12.1}**

**SEN. STORY** asked if Lewistown's reserve fund was full and was it used to maintain cash flow or was it a savings account also. **Ms. Vestal** said that Lewistown carries 10% reserves in its elementary district and 9.2% in its high school. It does not need all of the funds for cash flow.

**{Tape: 1; Side: B; Time Counter: 13.1}**

**SEN. STORY** asked, because schools had to levy to the 80% funding level to remain legal, was there the opportunity for schools to take the money that they are not using and reverting, deposit it in the flex fund, and still mill up to the 80% funding level. In other words, could HB 672 provide schools with a way of building a facility reserve fund without going to the voters. **Ms. Brannon** said that some districts sitting at the 80% level may spend 77%. Under the current program, they have to reappropriate the remaining funds, lowering their amount of state guaranteed tax base (GTB) subsidy. If they spend 77% of the 80%, the incentive is there for schools to go buy things and not revert it which is not good stewardship of money. **SEN. STORY** said that schools would not have to do that under HB 672. They would put the money into the flex fund and levy local taxes again to get back to the 80% level without going to a vote of the people to get the money. **Ms. Brannon** said that, technically, that could happen, but there are very few districts that are sitting at an 80% level that have the financial ability to "gouge" their taxpayers. **SEN. STORY** said that GTB is relatively high in Indian impact aid schools. He asked if there would be an incentive for those districts, if they were not spending to the 80% level, to put the money in the flex fund and then the state refill their funding to the 80% level. **Ms. Brannon** said it could happen, but many impact aid districts are sitting at the 80% level, and they have only a handful of taxpayers. The majority of the GTB subsidy is from the state, but the dollars in total would be very minimal.

**{Tape: 1; Side: B; Time Counter: 17.3}**

**SEN. BLACK** requested an explanation of assumption #2 of the fiscal note--allow K-12 districts to transfer \$1 million that would have been reappropriated to lower GTB aid into their flex

fund. **REP. BUTCHER** said if the remaining money is reappropriated, local taxpayers would lose approximately 33% of the \$1 million because everything would revert to the state.

**{Tape: 1; Side: B; Time Counter: 19.1}**

**Connie Erickson, Legislative Services Division (LSD)**, asked how difficult it would be for a district to keep track of money coming from a specific source to be used for a specific reason.

**Ms. Vestal** said that the current OPI accounting system makes the tracking of funds extremely easy. There is a set of accounting codes--equity transfer--used strictly for maintenance and repair of facilities that has an earmarked project number on it.

**Closing by Sponsor:**

**REP. BUTCHER** said that HB 672 had merit, and it made good, common business sense. He requested the Committee's support.

**ADJOURNMENT**

Adjournment: 4:35 P.M.

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SEN. DON RYAN, Chairman

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LOIS O'CONNOR, Secretary

DR/lo

Additional Exhibits:

**EXHIBIT ([eds67aad0.PDF](#))**