MINUTES

MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION

JOINT SELECT COMMITTEE ON EDUCATION FUNDING

Call to Order: By **CHAIRMAN DON RYAN**, on March 23, 2005 at 8:15 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:
Sen. Don Ryan, Chairman (D)
Rep. Bill E. Glaser (R)
Rep. Holly Raser (D)
Sen. Bob Story Jr. (R)

Members Excused: None.

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Eddye McClure, Legislative Branch
Lois O'Connor, Committee Secretary
Jim Standaert, Legislative Branch

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

Committee Business Summary:
Continued Discussion on Education Funding

REP. HOLLY RASER, HD 98, said that the next topic of discussion would be the buildings/facilities component. She asked if the stakeholders had other topics to add for consideration. She provided a draft copy of the four components for discussion.

EXHIBIT(jes64a01)

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Following a brief discussion, it was decided to put information technology under both the building/facilities and a new proposed capital projects component and that the e-rate programs, whose eligibility is based on free and reduced lunch counts, would fall under the administration/accredited program and the building/facilities components.

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Dave Puyear, MT Rural Education Association (MREA), stated that there needs to be a needs assessment conducted on information technology because the state has no complete picture of what is going on in Montana schools. **REP. RASER** said that the Subcommittee is just ensuring that it has the major foundation in place. Tweaking the system can come later because it will be several years before the amount of funding is known.

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Madalyn Quinlan, Office of Public Instruction (OPI), will provide information on school liability, building insurance, and expenditure reporting.

Rod Svee, Superintendent, Billings Public Schools, reminded the Subcommittee that square footage of school buildings is not reported, although it is available. Square footage is a logical connection to the new funding distribution. **REP. RASER** asked about the most efficient way for the Subcommittee to receive the current data on the square footage of schools and the cost of school insurance policies. **Jim Standaert, Legislative Fiscal Division (LFD),** said that a survey of schools could be conducted to find the cost of school insurance policies, but the square footage is another matter.

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Eric Feaver, MEA-MFT, was concerned about the relevance of square footage because it did not indicate anything about a building except its size. How it functions and what types of classroom instruction is going on would not be addressed by that

information. Furthermore, it seems to reference a school as a building. By definition, distance learning does not say that schools have to have classrooms in any traditional sense. **Mr. Feaver** added that if the state were to determine that the size of a building were a constant, not a variable, then someone would begin calculating how many students fit into so many square feet and that will be what the state funds.

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Mr. Puyear said that another complexity of calculating square footage is the in-depth decisions related to square footage. He said for example, Cascade School is 3-city blocks long, but it is all connected. For custodial use, student transfer, and transportation purposes, it is critical because it would be reflected in any square footage chart. However, without a needs assessment behind it, the state could easily compare it to Stevensville where the school buildings are separate. Then a formula would be developed based on square footage and the question would be asked why is Stevensville having trouble with custodial when its square footage is the same as Cascade.

REP. RASER said that according to previous discussions, the Subcommittee recognized that communities need to have a school facility. Its thought was that the state would pay a range of facility costs, and if communities want a larger building, local taxpayers can fund the rest. It is a range of building sizes that the state would provide a funding formula for. Referring to the needs assessment, **REP. RASER** said that there are differing views as to whether one is needed. It would be helpful to the Subcommittee to gather the necessary information before it attempts to assign values to them.

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Madalyn Quinlan, Office of Public Instruction (OPI), made a case for not basing facility payments on what currently exists across the state in terms of square footage. She felt that as the state has prototypes for the number of teachers it takes for a particular sized school, there are national standards for the equivalent in terms of facilities. She would rather see a design that looks at the prototypes and national standards for average square footage because that way a local district will always have to look at how its expenditures per square foot compares to the national. If the Subcommittee wants to give schools money that targets what schools need, then schools will have to adjust their own facilities over time if their costs are higher than the amount that they are receiving from the state.

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REP. RASER felt that the square footage data could be collected, and hopefully the state could distinguish the difference between a bus barn and a school building. **Ms. Quinlan** said that the Subcommittee would need to be very clear on having every building that a school district owns reported or give schools guidance on what information to report because many parts of buildings that school districts own are not used for instructional purposes. For example, one school may handle its storage within its building while another handles storage off sight. **REP. RASER** said that there are two pieces: (1) what is it that the state needs to fund and (2) how is the state going to fund it, knowing that a needs assessment will be a part of the solution.

Following further discussion, the Subcommittee and stakeholders included information technology and its current capability, maintenance and operation, and capital outlay as part of the four proposed components and included isolation, school contracts for construction repair, square footage and its utilization as adjustments for educationally relevant factors. **Mr. Svee** provided an elementary resource list.

EXHIBIT(jes64a02)

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Eddye McClure, Legislative Services Division (LSD), said that the Legislature has to make a policy decision on what it wants schools to look like. **Mr. Puyear** said that if the Legislature is not cautious with those decisions, it is a form of consolidation.

Mr. Svee recommended the formation of a school facility advisory committee for the state to set the guidelines, square footage, etc. The committee's recommendations would flow to a select committee of the Legislature, such as what is done in Wyoming.

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Mr. Puyear said that when discussions turn to prototypes, Montana schools lose because Montana is different and so A-typical that prototypes do not fit the constraints of what exists in Montana. **REP. RASER** felt that prototype schools would better fit in larger, urban areas. She requested that staff begin a draft of the Subcommittee's goals for educational funding.

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Ms. Quinlan felt it important to think of a school as an accredited program. It is an educational program that delivers a set of educational services. The facilities that the school is housed in is a separate issue. **REP. WILLIAM GLASER, HD 44,** agreed, adding that a building may house two or three schools with different grade levels or many buildings may contain one school.

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Mr. Feaver questioned why personnel was included in each of the four categories. He said that personnel insurance and benefits are not discretely laid out. A person who is a custodian may have a different benefit package from a teacher. **REP. RASER** said that personnel is required to maintain the building, but the draft discussion paper includes just those things that need to be accounted for under those components. It does not account for the costs.

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REP. GLASER said that the one item involved in schools that has the greatest swing is utilities, both location and service access. **Ms. McClure** questioned why gasoline was not considered a fixed cost of schools. **REP. RASER** asked if it could be included under the building/facilities component. **Ms. Quinlan** said that transportation, special education, capital projects, and debt service should be on top of the four components. **REP. RASER** requested a visual chart that included all of the components discussed and under what category. **Mr. Feaver** said that any mechanism designed must take into account the changes in demographics as well as the building construction itself. This does not include the current aging facilities.

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Barb Riley, Trustee, Columbia Falls Public Schools, said that any funding formula must give some consideration to those areas that need either expansion or to open new school facilities. **REP. RASER** said if new facilities are warranted and educationally relevant, they need to be included. However, for facilities that are facing declining enrollment and no longer being utilized to their full potential, at some point, the state share must decrease because the question becomes, is the facility open to benefit the community or is it open because the facility may be needed at some point in the future?

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Mr. Svee hoped that the Subcommittee would avoid addressing the long-term replacement of facilities but rather discuss the problem of deferred maintenance of its current facilities. Local communities can identify the need and the state can judge whether it fits the educationally relevant criteria. This way the state avoids an overall debt load.

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Ms. Quinlan asked if the state were to set the target of a high school not exceeding 1,200 students and if the district received an accredited-program entitlement for the first 1,200 students, the question is if a district is running one facility of 1,600 students, is there a need for another entitlement for the accredited program or is it not needed until another building is moved into. **Mr. Svee** said that because of capacity of both high schools in Billings, it cannot fit all of the students into one building. As a result, the freshman have been moved in each of the schools which has led to less long-term suspensions of students. In this case, a smaller learning environment resulted in better student contact.

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Ms. Quinlan asked if additional costs were associated with running accredited programs for a high school of 1,600 students versus a high school of 1,200 students. **Ms. Riley** said that Kalispell has over 2,000 students on its high school campus. Its middle school, grades 6, 7, and 8, was built for a capacity of 1,200 students, but currently houses 720 students. It has less discipline issues because of the smaller staff/student ratio. She said that the more people in the hallways requires more supervision. The decision is to pull staff away from instruction time or hire additional people for supervision. She added that the campus moves among three out-buildings, part of its bus barn is used for arts, and special education services have been moved to another area because of the lack of room on the main campus building. It also uses classroom time behind the bleachers in its gymnasium and its teachers have no classrooms for preparation time. There are additional costs associated with functioning above capacity. She was unsure whether an entitlement was the appropriate formula factor for that or another means.

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REP. RASER said that if the long-term goal was known, at some point, the additional funding or entitlement could be shifted to relieve that stress by putting in a second facility.

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Darrell Rud, School Administrators of Montana (SAM), said that when schools subdivide nationwide, they do not normally create two like schools. Some schools may put a greater emphasis on the arts or mathematics. Even if they are in the same building, their needs within the shell of a building is very different. There may be the need for a different type of staff with different training and different classroom configurations. **REP. RASER** said that the Subcommittee is trying to provide flexibility for local districts to design their delivery systems based on what is best for children. **REP. GLASER** said that if a school decides to have three units rather than one, the only time those units would be the same is when the school board decides that they know best rather than allowing the principals or superintendents to move toward what is in the best interest of their students. He added that students are better motivated if they are allowed to move toward the programs that best suit them. It is all about local control. He asked the education stakeholders what they felt was the ideal, maximum-sized school.

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Mr. Puyear said the issue of a school within a school breaks down in the funding formula if the state hints at not funding the whole thing. **REP. RASER** would prefer that the Subcommittee and stakeholders stay focused on what is needed in a school facility rather than funding it at this point. **Mr. Svee** said that unlike previous study plans, the Subcommittee has a Supreme Court decision that focuses it by saying "thou shalt". He said that Montana schools will not back away from the "thou shalt" because they are very committed.

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REP. GLASER said if the Subcommittee talks about money at this point, it would be making a terrible mistake. However, if it is talking the short-term, funding has something to do with the discussion because there is a finite amount of money available to address the needs of schools.

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Mr. Puyear and **Mr. Svee** agreed that in the short term, stakeholders understand that the new funding formula needs time to ramp up in an equitable manner, but it must ramp up very quickly or it will destroy programs.

Ms. Riley said that Columbia Falls Schools have done some short-term calculations. One of the goals of the interim period, as she understands it, is that no school feel much hardship as the Legislature works toward the long-term. Columbia Falls has cut over $2 million in four years. It will still be cutting after SB 177 is enacted, and it has nothing left to cut but programs or schools. One of the stop-gap measures that could be taken is for the Legislature to review taking the state general fund dollars that was in last year's school budgets and add 5% this year and 5% the second year. This would give schools a hard number to take back to their communities because schools are up against deadlines on setting levies. There would be no adjustments for increasing or decreasing enrollment, no ANB adjustments, or basic entitlements, nor does it affect the permissive mills.

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The Subcommittee and stakeholders continued to discuss levels of strategies that would meet long-term goals, such as isolated schools and keeping schools to sizes that are educationally best for children. They will be used as a guide for further discussion and Subcommittee deliberations.

The Subcommittee will meet March 30, and March 31, 2005.

ADJOURNMENT

Adjournment: 9:55 A.M.

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SEN. DON RYAN, Chairman

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LOIS O'CONNOR, Secretary

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Additional Exhibits:

EXHIBIT(jes64aad0.PDF)