

EXHIBIT 4
DATE 2/9/2011
HB 136BROADUS PUBLIC SCHOOLS
500 N. TRAUTMAN - BROADUS, MT 59317

"COMMITTED TO EDUCATIONAL EXCELLENCE"

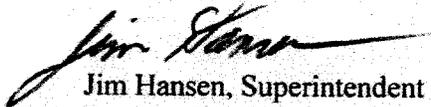
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February 8, 2011

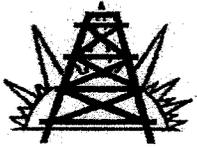
Dear House Education Committee Members,

This letter is to express our district's opposition to HB 136. A decision to reduce funding of the quality educator payment (QEP) with the hope of recouping this revenue from oil and gas producing school districts is not only risky, but adversely affects taxpayers in oil producing districts. Broadus Public Schools has utilized this revenue to support its base budget, thereby reducing local property as well as state guaranteed tax base dollars. This bill would have removed \$340,481.39 from Powder River County School Schools during the 2009-10 school year. During the 2009-10 school year \$355,996.42 was used to fund our general fund base budget providing both state and local taxpayer relief. I can assure you that our local school board does not support HB 136 nor will our taxpayers support the levy needed if this bill passes.

Sincerely,


Jim Hansen, Superintendent
Broadus Public Schools

2/8/2011



SUNBURST SCHOOL DISTRICT #2

P.O. BOX 710
SUNBURST, MONTANA 59482

TO: The Honorable House Education Committee
FROM: Tim Tharp, Sunburst Superintendent of Schools
DATE: February 9, 2011
RE: House Bill 136

Members of the House Education Committee, I would like to be there in person to deliver my testimony, but in our rural schools in Montana, many of us in administration wear multiple hats. Last night I had a meeting as a member of the board for Front Range CASA-GAL and a training meeting for the Toole County Ambulance. This morning I am the pronouncer for the Sunburst Elementary School Spelling Bee and tonight I have a meeting for the Sunburst Fire Department. So you see that a four-hundred mile round-trip to Helena today is not reasonable.

I am writing you to express my concern and opposition to HB 136. This bill can only be described as an unprecedented raid on the oil & gas money that goes to a significant percentage of schools in Montana. By taking this money and redistributing it to everyone at the expense of a few is unreasonable and not fair. You undoubtedly have heard a few examples of schools with millions of dollars in their flex funds, but these are the exception and certainly NOT the rule for the vast majority of the schools in Montana that receive oil and gas revenues. I will list just a few reasons I am opposed to HB 136.

- You must understand that oil/gas revenue is not stable. Right now with increased exploration, it is easy to project that the next few fiscal quarters might be good, but when the revenues drop (as is the natural boom-bust cycle of oil/gas) the local property taxes will once again take a hit. A reasonable amount of reserves is necessary to avoid significant swings in property tax levies on all other property owners in my school district.
- As mentioned above, the boom-bust cycle of oil/gas is inevitable, and what follows in oil/gas country is a boom-bust cycle in our enrollment as well as people move in and out of the area. A reasonable reserve is necessary to allow us to mitigate the swings in funding that is tied to our enrollment so that we don't have to continually look at reducing staff and then in a couple years trying to bring them back.
- It is not all peaches & cream to live in oil/gas country! With oil & gas production comes increased heavy truck traffic and the damage they do to our roads, bad smells of sulfur and the other by-products of oil/gas production, increased risk to our local fire & ambulance personnel when accidents do occur, and increases in property values as it becomes very difficult to find affordable housing.
- Our schools (and other employers) have a difficult time hiring bus drivers and other classified personnel when oil is on an upswing. It is nearly impossible to convince someone to drive your bus routes when they can make three or four times the money driving truck for one of the oil companies or doing other work in the fields.

For the above and other reasons, I encourage a NO vote on HB 136 and strongly encourage your support of the proposal that Senator Llew Jones is finalizing. This compromise greatly increases the amount of oil/gas money going to the state while not destroying the economic stability of our current oil/gas schools. Also, Senator Jones has spent countless hours working directly with affected schools to negotiate a solution that is fair. As written, HB136 creates a system which routes money from rural Montana to our urban centers with no justification nor an ability for the schools affected to mitigate their losses. Thank you for your time and your consideration.

February 8, 2011

To: Representative Scott Reichner, Education Committee Chair
From: Dan Lantis, Superintendent
RE: Oil and Gas Revenue for Schools

The Oil and Gas Revenue stream has become essential for the survival of and improvements needed in this school district, and I assume many other schools impacted by the development of the Bakken and Three Forks Formations.

Not only have the historical inability of schools in Eastern Montana to afford necessary maintenance and improvements for our facilities impacted our programs, but the high cost of any goods and services makes for financial problems. Goods and services are extremely high in cost both due to our remote location and the boom in the oil field business. Construction costs are estimated to be as high as 35% over similar projects in the Billings area. In addition, many services are just not available in a timely manner at any cost.

We are a small school district with an enrollment of 96 students K-12. We have excellent programs and the achievement of our students will compare very favorably with any other school in Montana. All students have the opportunity to participate in various activities and almost all do take advantage of that.

We have utilized the Oil and Gas revenue to fund ongoing expenses to provide a quality education for our students, as well as save up a portion of the revenue stream for needed remodeling and upgrading of our facility. The estimates we have received of a 6 to 7 million dollar cost of needed improvements to the facility far exceed the 1.8 million dollar limit on bonding capacity of the district. At this point we have enough funds saved to begin with about half of the essential parts of our facility needs. These include replacing an aged and deteriorated coal fired steam heating system with a ground source heat pump hot water system, and improving the locker rooms and making the facility handicapped accessible.

The loss of the Oil and Gas revenue stream will make it impossible to continue saving funds to complete making the facility meet current standards and educational needs. The loss of this revenue will also make it extremely difficult to continue to offer a quality educational program for students. We offer a basic educational program and are not extravagant or wasteful in our use of available funds.

Obtaining qualified quality teachers in Eastern Montana is even more difficult than it is in other parts of the State. With the paltry beginning salaries Montana schools are able to offer, we also have the geographic isolation that many potential applicants cannot accept. In order to attract teacher candidates the school has to be able to provide housing. With the oil boom here, there are no houses available for teachers. The school must either build housing, or buy existing housing as it becomes available to have any housing available for newly hired faculty. The majority of our faculty will be retiring within the next few years, so teacher housing will very soon be a critical issue.

There are many hidden costs and unexpected levels of expenditure encountered in operating a school system in the Oil and Gas producing areas of Eastern Montana. The revenue that currently comes from Oil and Gas production is essential for our school to continue providing a quality program for our students.

As the production from the Bakken and Three Forks formations is developed, the revenue that the State will receive will rise significantly, and I see little reason to take a short sighted and damaging view that State government should basically steal all the revenue from the impacted portions of Montana. Making the Eastern part of the State unable to provide necessary services to the residents will negatively impact the economic development of the major revenue producing portion of Montana. I see it as essentially killing the goose that lays the golden egg that benefits all of Montana.

Personally, I am quite frustrated with the concept that this area of the State needs to come to Helena and plead to keep the local revenue that is essential for providing needed services here. It feels like being put in the position of begging a bandit not to steal.

Thank you,

Daniel W. Lantis
Superintendent