

Joint Appropriations and Policy Committee Budget Hearing

Board of Public Education 2013 Biennium Budget

Good morning Chairman Hollandsworth and the Education Joint Appropriation Subcommittee, for the record, I am Steve Meloy, the Executive Secretary for the Montana Board of Public Education. The Montana Constitution created and empowered the Board of Public Education to supervise, serve, maintain, and strengthen Montana's system of free quality public elementary and secondary schools. The Board exists to promote high academic achievement for all Montana students through its standards setting. Though its rule making is provided for by constitutional law the Board cooperates with the legislature in many ways:

- All rule making follows MAPA to provide for transparency and public input
- The Board forwards all of its proposed rules to the LFD for fiscal analysis prior to implementation
- The Board has participated on three interim studies with legislative leaders of education funding in the past 10 years
- The Board has partnered with the legislature in setting goals for P-20 education

During the next biennium the Board of Public Education intends to achieve the following to comply with Administrative Rule of Montana 10.54.2503 that charges the Board in collaboration with the Office of Public Instruction to review and revise Montana's content and performance standards to ensure they are contemporary, effective, and supported by all school districts in their local obligations to meet high quality education for all Montana students:

- Order the distribution of Base Aid based on current accreditation status of schools
- Proposed 2012 adoption of the following standards: Chapter 55 (general accreditation standards); Career and Technology Education; Workplace Competencies; Health Enhancement; English Language Proficiency (ELP).
- Proposed 2013 adoption of the following standards: School Counseling; World Languages; Social Studies; and Arts.
- Proposed adoption of the Common Core State Standards in math and language arts upon possible recommendation by the Superintendent of Public Instruction.

- Respond to all professional educator disciplinary cases involving surrender, denial or revocation of licenses
- According to the accountability measures agreed upon by the K-12 Shared Policy Goals and Objectives the Board of Public Education agreed to the following:
 - * By June 30, 2013, contribute to the increase by 2% the number of students who graduate in four years with a regular high school diploma
 - * By June 30, 2013 contribute to the increase by 2% the percentage of schools meeting regular accreditation standards using 2011/2012 school year as a baseline
 - * By June 30, 2013, the K-12 education data warehouse will be established as the single source of information for reporting and analysis of K-12 student level data collected by the OPI as measured by the number of reports produced from the data warehouse
 - * By June 30, 2013, educators, policy makers, and the public will have access to data in the data warehouse through standardized reports and ad hoc query tools in accordance with the access rights established for the individual accessing the data as measured by the number of categories of users to enhance data driven decisions
 - * The number of schools served by the Statewide System of Support that show an increase in student achievement as measured by the statewide student assessment (criterion-referenced test) using the 2009-2010 school year as a baseline
 - * Increase public awareness of and engagement in the K-12 educational system recognizing the roles and responsibilities of the state and local education agencies and the legislature

The Board of Public Education's budget was designed under the premise of Montana Code Annotated 20-9-309 in regard to the legislature's provision for a "basic system of free quality public elementary and secondary schools." In addition MCA 20-9-309 (2) (a) specifies the BPE's standards "represent the minimum standards upon which a basic system of free quality public elementary and secondary schools is built." Special attention occurred in the following areas:

- Increased fixed costs of ITSD services, rent, etc... (ITSD 228% increase) (Rent \$400 FY2012 and \$800 FY2013)
- Litigation
- ARM Rules
- Travel expenditures
- NASBE dues (\$22,432 for 2011)
- Governor's budget reductions – supplies, travel, reducing number of BPE meetings (\$3,890 per fiscal year - \$7,780 for the biennium)
- Research fund switch (\$15,000 per fiscal year - \$30,000 for the biennium)

The greatest challenges and obstacles faced by the Board of Public Education in regard to budget development were:

- Research Fund Switch – The Board of Public Education's Research Fund balance was reduced over the past few biennia to a conservative level to allow reasonable cash flow and still maintain funding for the purposes stated in MCA 20-4-109. Referring to the LFD issue on page E-43 of the LFD Budget Analysis there is a chart that demonstrates the fund balance would be depleted to less than \$5,000 at the end of 2013 biennium if the decision package 101 is not approved as recommended by the Governor. The Board of Public Education considered the request to the legislature for increasing teacher and specialist fees for licensure, but believes that the Board of Public Education is constitutionally mandated, education is a public enterprise, and should be funded by the General Fund.

Linked to the challenge just described is section 17-2-108, MCA, requires, with limited exceptions, an office or entity of the executive, legislative, or judicial branch of state government to apply expenditures against appropriated non-General Fund money whenever possible before using General Fund appropriations. Exemptions to this law are the Montana Historical Society, Montana State Library, Montana School for the Deaf and Blind, and the Department of Public Health and Human Services.

- Governor's Budget Reduction - The Board of Public Education historically meets 6 times a year in addition to the 2 times of year with the Board of Education. To address the Governor's budget reduction, the BPE eliminated one meeting. This created challenges in meeting the legal caseload brought before the Board in a timely fashion, ensuring the timeliness of the BASE Aid Payment Schedule, and approving the Accreditation Status Recommendations from the Office of Public Instruction.
- Legal fees - The BPE is charged to consider action in material and non-performance, suspension, revocation, and denial cases against the license of a teacher, specialist, or administrator according to MCA 20-4-110. In surrender cases, the Superintendent of Public Instruction provides notice to the Board of Public Education according to ARM 10.57.605. The ability to hear these cases appropriately is problematic due to the fact that most of them are unanticipated and therefore not included in a biennial budget request. In past biennium the BPE has requested a legal contingency line item to cover unanticipated litigation which has always been denied.

If these budget issues are not addressed during the 2011 Legislative Session all of Montana students will be affected with the possible outcomes:

- Decrease in Montana's high school graduation rates
- Increase of school districts not complying to the Montana's content and performance standards
- Increase of schools not meeting accreditation standards
- Decrease in recruitment and retention of high quality teachers in all Montana school districts regardless of size, student enrollment, or wealth
- Increase in school districts not meeting Adequate Yearly Progress in accordance to the Elementary and Secondary Education Act (ESEA). (There is no reauthorization of ESEA at this time, so the trajectory goals as outlined in No Child Left Behind (NCLB) are still in effect

- Inability to adequately address licensure issues in regard to denials, surrenders, and revocations. This may allow teachers in question to continue working with students and being compensated by school districts until the issues are resolved
- Negative balance in the Research Fund prohibits the Board of Public Education to complete its constitutional obligations and the Certification Standards and Practices Advisory Council to perform its duties as described in MCA 20-4-133
- Currently the Certification Standards and Practices Advisory Council (CSPAC) does not bring in enough revenue with the \$4.00 portion of licensure fees (MCA 20-4-109) to fund its personal services, let alone any of its operating expenses

Conclusion: As stated in the LFD Budget Analysis the majority of the growth is associated with statewide present law adjustments for personal services and a minor operational increase. The predominant issue is the structural imbalance that exists in the Research Fund. Thank you, Chairman Hollandsworth and the Education Joint Appropriations Subcommittee, for this opportunity to present the budget on behalf of the Board of Public Education.