



Education and Local Government Interim Committee

60th Montana Legislature

SENATE MEMBERS

KIM GILLAN
BOB HAWKS
SAM KITZENBERG
RICK LAIBLE
DAVE LEWIS
JIM PETERSON

HOUSE MEMBERS

GARY BRANAE
WANDA GRINDE
ROBIN HAMILTON
BOB LAKE
BILL NOONEY
JOHN WARD

COMMITTEE STAFF

CASEY BARRS, Lead Staff
LEANNE HEISEL, Research Analyst
JEREMY GERSOVITZ, Staff Attorney
FONG HOM, Secretary
ALAN PEURA, Fiscal Analyst

MINUTES

June 13, 2008

Room 137, Capitol Building
Helena, Montana

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

COMMITTEE MEMBERS PRESENT

SEN. KIM GILLAN
SEN. BOB HAWKS
SEN. RICK LAIBLE
SEN. DAVE LEWIS

REP. GARY BRANAE
REP. WANDA GRINDE
REP. ROBIN HAMILTON
REP. BOB LAKE
REP. JOHN WARD

COMMITTEE MEMBERS EXCUSED

SEN. SAM KITZENBERG
SEN. JIM PETERSON
REP. BILL NOONEY

STAFF PRESENT

CASEY BARRS, Lead Staff
LEANNE HEISEL, Research Analyst
JEREMY GERSOVITZ, Staff Attorney
FONG HOM, Secretary
ALAN PEURA, Fiscal Analyst

Visitors

Visitors' list, Attachment #1.

COMMITTEE ACTION

- A committee bill draft to amend statutes to create a dentist/student loan repayment program and to consider a letter to the Governor stating support for five additional dental slots be put into the Executive Budget and a copy of that letter be sent to the Executive Branch.
- The committee approved LC8888 as draft legislation and LC9999 as a placeholder bill.
- The committee passed LC9999 as a placeholder bill to be a study resolution to study the process for creating a community college district.

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Laible called the meeting to order at 8:32 a.m. The committee secretary took the roll visually. Sen. Peterson, Sen. Kitzenberg and Rep. Nooney were excused.

Casey Barrs, Research Analyst, LSD, talked about the passing of Eddy McClure, and introduced Jeremy Gersovitz as the new staff attorney.

The minutes of the March 14, 2008 meeting were approved unanimously.

AGENDA

Recap of the subcommittee meetings

00:07:32 K-12 Subcommittee

Rep. Ward said that committee heard updates on the MQEC court filing update and a presentation by Tom Bilodeau on the Oregon Educator Benefits Program. Joe Triem gave an update on the facilities inventory. An executive summary of the inventory will be available in July.

00:11:36 PEPB Subcommittee

Sen. Hawks talked about the Shared Policy Goals for higher education that have been worked on for four interims. He said that the intent has been to help frame the budget for the University System for the upcoming session. The subcommittee discussed the Bitterroot Valley Community College process, as well as faculty and staff retention issues. There was a decision to separate this from the Shared Policy Goals document and put it in the form of a resolution which describes the situation, along with a letter to be sent to the Governor's Office and a resolution to make the Legislature aware of the status of this particular segment of the restructuring supporting the University System.

00:18:45 Joint Meeting of PEPB and K-12

Alan Peura distributed the document "Shared Policy Goals" (**Exhibit 1**) to the committee. Sen. Hawks said that the rationale behind creating the PEPB subcommittee had been to improve continuity in education and bring people together to discuss the connections that are necessary to make the system work well. Rep. Lake wanted to have shared policy goals not only with the University System but with K-12 and also an overall shared policy set of goals for the whole K-20 spectrum.

Comments

00:23:34 Rep. Hamilton said that Mr. Barrs gave a nice history about the formation of committees since the 1999 Legislature and the possibility of separating education and local government issues into a different committee structure.

00:24:13 Sen. Laible said that without objection, he would move that a shared leadership concept be developed for both the K-12 system and the whole K-20 spectrum of education.

MQEC court filing update

00:33:53 Jeremy Gersovitz, Staff Attorney, LSD, gave an update on the lawsuit filed by the Montana Quality Education Coalition. A document entitled "Scheduling Order - Show Cause Proceedings" (**Exhibit 2**) was distributed to the committee.

Questions

00:37:23 Sen. Gillan asked if it was possible to get any documents that are to be filed. Mr. Gersovitz said that he would provide any documents that she prefers.

Impact of Legislative and Executive Actions on K-12 State Costs - Jim Standaert, Fiscal Analyst, LFD

00:39:45 Mr. Standaert, Fiscal Analyst, LFD, talked about some of the things that the Legislature has done since the court case in 2005. He said that two questions contained in the set of Interrogatories from the Attorney General's Office were: Does the state contend that the Legislature has determined the costs of providing a basic system of free quality public elementary and secondary schools as defined in 20-9-309, MCA? Does the current formula reflect those costs? Mr. Standaert said that he cannot answer those questions but he does know what has been happening over the last four years, especially in 2005. The Quality Schools Interim Committee met over 20 times in trying to come up with the cost of a basic system of free quality elementary and secondary schools. By December of 2005, they produced an estimate of that costs. We had the Special Session of 2005 where some of the elements that were put forward by the QSIC

were picked up by the Governor, proposed to the Legislature, and the Legislature passed several of those elements. He will show the committee those things that were passed and other things that have happened since 2005.

He discussed the spreadsheet "Impact of Legislative and Executive Actions on K-12 State Costs and Maximum Budget since FY 2005 - In FY 2009" (**Exhibit 3**) that was distributed to the committee.

Questions

00:48:45

Sen. Gillan asked Mr. Standaert if he produced the information being used in the court case, or was this information from the Legislature or the Attorney General's Office? Mr. Standaert said that the original request came from the Attorney General's Office.

Rep. Lake asked if there was any way to track the money as to where it went and how much of it ends up in the district. Mr. Standaert said that all the money ends up in the school districts. They budget for it before it goes to the schools and they account for it after it gets there and after it is spent.

Sen. Gillan asked Mr. Bilodeau why he did not include in his analysis the other factors that Mr. Standaert had included. **Tom Bilodeau, Research Director, MEA/MFT**, said that Judge Sherlock found that Montana's system of school finances was overwhelmingly and predominantly based on a seriously flawed ANB-based system of funding. Mr. Bilodeau said that if you look at current funding for fiscal year 2008 - 2009, the increases in ANB payment to a school district is an increase of about half of the current 4.2% rate of inflation. He noted that those additional ANB allocations, formula adjustments for the current biennium are above recent years' allocations, however, are short. They do not come close to substantially changing the structure of Montana school finance, they do not directly address the issue of over dependence on an ANB formula as the primary basis for Montana school funding.

Rep. Ward commented that it upsets him that we are ignoring the fact that the parties that are suing the state, took two years off from the upgrade of the state's education obligations, to put all the emphasis and all the pressure on All Day Kindergarten, for example, and that the same parties are saying that we delayed for two years the implementation of meeting it. In the last session, the whole emphasis was on All Day Kindergarten and new goodies, and it was the same dollars that would have been applied to meeting the court's requirements, and everybody is ignoring that. Sen. Laible said that he appreciates his comments, and we as Legislators understand his concerns over this.

Review of Quality School Interim Committee Findings

01:04:19 **Jim Standaert, Fiscal Analyst, LFD**, distributed the Quality School Interim Committee's Final Report to members of the committee which summarizes what was done in the QSIC.

Mr. Standaert distributed a Status Sheet (**Exhibit 4**) with regard to the components of the QSIC's funding model. Both Mr. Standaert and Madalyn Quinlan, OPI, discussed the components:

- Per Student
- Classroom
- Accredited Program
- Operation & Maintenance
- Special Education
- Indian Education for All
- Transportation
- Capital Projects
- Debt Service
- Health Insurance

Sen. Lewis said that if you look back at the actions of the QSIC committee, there were several 5-3 votes. He thought that was the part of the committee action that was interesting. He said that he is hesitant to discuss the QSIC because of the pending lawsuit.

Questions

01:28:20 Sen. Hawks said that he noted the difference in the actual expenditure component for quality educators versus classroom component, but from a basic definition standpoint, it seems to him that the quality educator did not put the number of students into the equation. He asked if Ms. Quinlan saw any difference between the quality educator and the per classroom component? Ms. Quinlan said that the classroom component in this model was based on the number of students in the district. The quality educator payment that is in statute reflects the number of teachers that are employed by a school district.

Sen. Hawks said that the natural question that arises is, that there would seem to be a ratio of ANB and quality educator component that might help balance these needs. The question is, if one were to adjust the ANB down and the quality educator up, where do you reach the point of balance that truly represents the question of fairness? Ms. Quinlan said that the issue of per-ANB payment is that as we have declining enrollments, the school district is going to lose money. One

of the roles of the quality educator payment is to provide some stability in our school funding formula. That balance question is a key question.

01:32:47 Rep. Grinde asked Ms. Quinlin when the data collection conducted by OPI will be available. Ms. Quinlan said that they are two years into the new student information system. The first year they were bringing the system online. This year there is a full year's worth of data collection which they call Achievement in Montana (AIM) to input. They are still working closely with school districts in terms of the quality of that data and making sure that the timeframe for collecting it is understood.

01:37:13 Sen. Laible asked Ms. Quinlan if small schools would meet the accreditation standard, the E6 and E5, and is that within the criteria that they share librarians within a district? Ms. Quinlan said that she was not suggesting that they were sharing librarians within a district, she was suggesting that it was the sharing of librarians among districts.

Sen. Laible quoted Mr. Standaert as saying that the increase in costs to the state was somewhere between zero and \$300 million. He asked if the increase was based on the implementation of this? Mr. Standaert said that in his estimation, it is about \$160 or \$170 million per year more than the base budget.

Oregon educators benefits - Tom Bilodeau, Research Director, MEA/MFT

01:43:47 Mr. Bilodeau talked about the Oregon Educators Benefits Board (OEBB) (**Exhibit 5**).

Questions

01:56:14 Rep. Grinde asked if Mr. Bilodeau has drawn any conclusions or done any comparisons between the plans in Oregon and Montana? What might be the implications of school employees being included in the state health insurance plan? Mr. Bilodeau said that they did some of that work in 2005 when that issue was discussed.

02:01:41 Rep. Hamilton asked Mr. Bilodeau what the costs would be to the state to get that plan started? Mr. Bilodeau said that Oregon made a \$5.2 million loan to the newly established Oregon's Educators Benefit Board to get the 10-person board and 20-person staff up and running.

Public Comment

None at this time.

Report on HJR 22 - Sen. Hawks

02:05:03 Sen. Hawks said that the committee was assigned HJR 22 - Dental Study **(Exhibit 6)** to come up with methods to get dental care into underserved areas in the state. Sen. Hawks talked about possible incentives to address the study:

- Open the number of slots to an additional five in the Western Interstate Commission for Higher Education (WICHE) at a cost of about \$20,600 per student.
- All students pay a surcharge on tuition that goes into a loan repayment plan benefiting dentists who work in underserved areas of the state. Those students who chose not to come back forfeit those benefits.
- Ask for a funding level to support the costs of students in their rotations and housing if they work in underserved areas in the state.

02:17:53 **Sen. Hawks moved for a committee bill draft to amend statutes to create a dental student loan repayment program and to consider a letter to the Governor stating support for five additional slots be put into the Executive Budget.**

Discussion

02:19:50 Sen. Lewis said that he is nervous having a legislative committee write a letter to the Governor suggesting something that should go in the Governor's budget. Sen. Laible suggested separating Sen. Hawks' two motions.

Sen. Hawks said that his motion did not include the provision to go to the Governor's Office for a recommendation. The first motion was to include the two other options that Mr. Peura had mentioned.

The motion passed unanimously with Sen. Peterson's proxy voting aye.

02:20:53 **Sen. Hawks moved that the committee notify the Executive Branch that the committee would like funding of an additional five slots in the WICHE program for the dental students to be included in House Bill 2.**

After a discussion on the appropriateness of requesting the Governor to include the costs of adding five slots to the dental program without knowing what the budget would be, Rep. Lake suggested that the committee look at the content of the letter to advise the staff of the Governor's budget office the results of the study and the findings of the committee. Sen. Hawks suggested that a letter should be also be directed to the Board of Regents asking them to request the Governor to consider the five slots and copy the letter to the Governor.

Sen. Hawks withdrew his motion and moved for a substitute motion that a letter with the HJR 22 Subcommittee's recommendation to provide five additional dental slots in the WICHE program be addressed to the Board of Regents, with a recommendation that they include that in their budget request to the Governor's Office, and copy that letter to the Executive Branch. The motion passed with Sen. Peterson's proxy voting aye.

Public Comment

None.

BREAK

Bitterroot Valley Community College Update - Alan Peura, Fiscal Analyst, LFD

02:48:10 Mr. Peura gave an update on the possible creation of the Bitterroot Valley Community College (**Exhibit 7**) and the bill draft LC8888, a joint resolution approving the Bitterroot Valley Community College District in Ravalli County.

Motion

03:03:09 **Rep. Lake moved that the Education and Local Government Interim Committee approve LC8888 as a committee bill for the upcoming session.**

Public Comment

03:11:20 **Sheila Stearns, Commissioner of Higher Education**, complimented the people who are developing a community college from scratch and the heroic effort they are making. The staff in Commissioner's Office has worked hard and diligently with the Bitterroot Valley Community College advocates to make sure that the election process was thorough and sound.

03:16:10 **Victoria Clark, Bitterroot Valley Community College**, said they have been well served by Commissioner Stearns and her staff and wanted to extend their thanks to Kathy Swift, Legal Counsel, and to Tyler Trevor and his staff, to Mary Moe, and to the Legislative Services Division staff, for the diligent and objective work they have done. She said they look forward to continuing to work with them and to a positive outcome when the committee makes their vote.

03:19:02 **The motion to approve LC8888 passed with Sen. Peterson voting aye by proxy.**

LC9999: Clarifying legislative approval by joint resolution of the organization of a community college district following approval by local voters and positive or negative

recommendation by the Board of Regents

03:21:13 Alan Peura talked about LC9999 (**Exhibit 8**). He said it changes the statute on creating a community college, 20-15-209, MCA, to take into account the Attorney General's opinion stating that the Legislature is the final authority for deciding whether there should be a new community college.

03:24:18 Rep. Lake said that if we are going into this area of modifying the Code as to how to form a district, the committee would be remiss if they did not learn from the challenges that they ran into while establishing a Bitterroot Valley Community College. He said he would request that staff add to the revisions be brought in a single document to the Legislature, making it easier to deal with than bringing it in piecemeal.

Sen. Laible said that we should pass LC9999 as it is now and included in the motion that staff could work with the Office of the Commissioner of Higher Education (OCHE) in going through these items and coming back with a report to the committee on how we want to address it.

03:26:43 **Kathy Swift, Legal Counsel, Montana University System**, talked about running elections in six different school districts, ordering the elections for trustees, for the organizations, and the local school districts, elementary school districts in the anticipated community college district, and how to run the elections. She said it is worth looking at from a public policy standpoint as to who should do that, what the role of the Board of Regents should be in that process, who should actually operate the election, and who should bear the costs of those elections. These are issues that will come up if this legislation is proposed for revision.

Sen. Laible said that the committee should pass LC9999 and also get a study resolution bill.

Motion

03:31:27 **Rep. Lake moved to pass LC9999 as a placeholder bill in the 2009 Legislative Session as a joint resolution.**

Public Comment

Commissioner Stearns said that they do not want to appear to Mr. Brad Johnson, Secretary of State, that they are trying to put the issue onto them without further consultation. More work needs to be done and they are happy to work on that.

The motion passed with Sen. Peterson voting aye by proxy.

Sen. Hawks moved for a study resolution requesting an interim committee to re-examine the process by which community colleges are established. The motion passed with Sen. Peterson voting aye by proxy.

Report on Montana 529 Investment Plan - Alan Peura, Fiscal Analyst, LFD

03:34:19 Mr. Peura gave an update on 529 Investment Plan (**Exhibit 9**).

Questions

03:49:01 Sen. Hawks said that it seems that we have a tax deduction for individuals on average over \$63,000 a year, which means that tax revenues are decreased coming into the state, so essentially the taxpayers of the state are subsidizing education for individuals over \$63,000, and it is in some ways coordinated back into the Montana system and recouped. Mr. Peura said that if he is investing into the Montana 529 Program, he can use those funds for his children to attend any eligible institution in the United States. He said that on page 3 of his report [Exhibit 9], it lists the costs per year to lost revenue. It would not be fair to say that it ends up coming back because those end up being checks written to Montana institutions.

Sen. Laible asked if we have any idea of how many people don not go into the Montana plan, but invest in 529 plans in other states, and how many other states have 529 plans that are open for participation across state lines?

03:52:21 **Robin Graham, Montana Guaranteed Student Loan Program, Office of the Commissioner of Higher Education**, said not they do know the statistics on who is investing outside of the Montana plan. She said that there is inconclusive evidence of who is investing where. They have a lot of information but nothing solid to report. She said that tax parity is where a resident of that state can invest in any plan outside of that state and still get the tax credit. There are five states that have parity and they are Missouri, Maine, Kansas, Pennsylvania, and Arizona.

03:54:07 Sen. Gillan asked Mr. Peura if there was a federal education savings account program? Mr. Peura said that this is a federal program that is authorized by IRS statute that is then allocated for states to administer.

Sen. Gillan said that she would not put forward a motion for a bill draft and that she recognizes that we will meet one more time. She said that one of the reasons she would explore this is that middle or upper middle class families definitely take advantage of this. Some of the low income things which sound good at first but could actually be counterproductive. She said that she would be

willing to work with a couple of people to look at this and report back.

Commissioner Stearns said the statute that enabled all of this stipulates an advisory committee that has seven members that welcome input, meeting twice a year. It takes seriously some of the issues that Rep. Lake was talking about, how to improve returns, how to communicate better, how to make sure that when we go out for the RFP for the next round, that we look at the best possible returns for Montanans.

04:01:40 Sen. Laible asked for a motion to pass one of all of the components of the Montana Family Education Savings Program. There were none.

BREAK FOR LUNCH

Administrative Efficiencies

05:01:17 **Darrell Rud, Executive Director, School Administrators of Montana**, gave a recap of data he gave to the committee in March. He said that the data he used was from a copyrighted book, entitled "Answering the Critics, What Are the Facts". He distributed to the committee a press release which cites the six criticisms of the level of school administrators in America (**Exhibit 10**). He also distributed a document "Answering the Critics of School Administration (Update 2008): Some Highlights" (**Exhibit 11**) to the committee.

Mr. Rud talked about a document that shows salaries of superintendents (**Exhibit 12**) and a document that shows principals' salaries (**Exhibit 13**).

Mr. Rud also distributed to the committee the Educational Research Service Budget Data for 2005-2006, National and Montana (**Exhibit 14**).

Answers to Questions Asked by Sen. Peterson and Sen. Gillan

05:13:06 Jim Standaert said in answer to Sen. Peterson's question "how do non-teaching employees in school districts in Montana compare with similar occupations across the state", he distributed a document (**Exhibit 15**) that was from a report presented by Stoddard and Young for the Quality Schools Interim Committee. He referred the committee to the second page, Table 14, which shows the average salary for the occupations in public schools and the average salary in Montana for other comparable employers, the ratio of the two numbers, and the US ratio for the same occupations, and discussed the findings.

24:46 Mr. Standaert said that in regard to Sen. Gillan's questions about county schools versus the school districts, he talked to Wyoming and found out that Wyoming

did not have county schools. He said that most of the school districts in Wyoming are one school per county, but where the population centers are they have two or three districts per city and for the county that the city is in. One of Sen. Gillan's question was, do they save any money because they have county school districts? Mr. Standaert said that from the data he found, the school district dollars that they spent per student are lower but the school principal costs are higher than in Montana per student. The second question was, is there a correlation between going to countywide school districts and student performance? He said that parts of Wyoming and North Carolina have one school district per county, but then noted national test scores which show Montana ranks above both those states in terms of both the SAT and NAEP data.

Student assistance and scholarships

05:40:41 **Alan Peura, Fiscal Analyst, LFD**, said that this presentation is an attempt to bring two agenda items together. During the last legislative session, the Joint Appropriation Subcommittee on Education laid out a performance measure related to financial aid and student assistance for the Montana University System and expressed concerns regarding scholarships, grants, student assistance. The Legislature requested a report during this interim examining whether there are gaps to the systems, how well they are meeting needs, to make clear merit-based versus need-based aid, and to bring recommendations to the Legislature if there were problems that were identified in the system.

Tyler Trevor, Associate Commissioner for Research, Technology and Communication, Office of the Commissioner of Higher Education, gave a presentation on Financial Aid (**Exhibit 16**). He talked about the following topics:

- Costs in attendance
- Shared policy goals
- Need-based aid versus merit-based aid
- Types of aid: grants, scholarships, waivers, loans, and work-study
- Summary, Options and Recommendations

Questions

06:07:55 Sen. Hawks asked if OCHE had an answer to the questions of whether there are too many loan programs to administer and what the administrative costs associated with the loan programs are? Mr. Trevor said that he does not have an answer to that. They have individual, specific anecdotal information but not for the whole system,. If you take a good look at the different programs in the state, we have three need-based grant programs.

Sen. Laible said that there does not seem to be one standard database with all the grants and scholarships listed. How do counselors in high schools counsel their students at what is available? **Bruce Marks** said that Montana does not have a central repository for the Free Application for Federal Student Aid (FAFSA) information. Many states have entire agencies that are dedicated to compiling that information. In answer to Sen. Laible's question, there are a handful of entities, including OCHE, that provide early awareness. They work closely with high school counselors.

06:15:57 Casey Barrs said that he was requested to contact WICHE to get an opinion about Montana's student aid portfolio. Mr. Barrs presented David Longanecker's, President of WICHE, response (**Exhibit 17**).

Mr. Barrs said that he was asked to provide hard data on the impact of the Taylor Plan in Louisiana to the committee (**Exhibit 18**).

Discussion

06:29:12 Sen. Laible said that it would be interesting to know what the costs would be if we were to implement something like this in Montana and if there is no objection from the committee, he would like to see Mr. Barrs bring back the data that he presented in March on the Wyoming plan, which is modeled after the Taylor Plan in Louisiana.

06:30:10 Rep. Lake said that when Louisiana initiated this, they were right at the edge of panic because they had a set of students in the secondary system that were at the bottom of all of the rating standards. He said he would question whether Montanans, if asked to fund a plan such as the Louisiana plan, would have that same sense of urgency that Louisiana had to get something like that off the ground.

Rep. Branae said that the task is to educate parents and counselors and others who are involved in the process as to how can we best get our children prepared for the future and what they need to do when.

Sen. Laible said that if we don't implement something like this, we will never close the gap on unmet need that Mr. Trevor talked about earlier. We will not close that gap unless we find a way to provide more scholarship funding.

Public Comment

Commissioner Stearns said she has studied the Taylor Plan and would respectfully request that if there is further pursuit of this, to have it be considered

at PEPB. She said we should be as strategic as possible because we do not have the \$20 million that Mr. Longanecker had identified that we need, and if we do, let us not as Mr. Trevor warned, indulge in the creation of another bureaucracy is we can help it.

Sen. Laible said that he senses some disinterest from the committee in the Taylor Plan and has decided to drop the pursuit of the Taylor Plan.

Performance Measurement Report - BPE Content and Performance Standards

06:41:46 **Kris Wilkinson, Fiscal Analyst, LFD**, said that she is one of the co-leads on the Performance Measurement which was done by the Legislative Finance Committee. She talked about the memorandum "Highlights of the Education Subcommittee Meeting" (**Exhibit 19**). Ms. Wilkinson talked about the performance measurements of two projects: 1) improve the transferability of student credits/course work between the campuses of the Montana University System; and 2) the statutory and constitutional obligations of the Board of Public Education to set standards and the accreditation status of every public K-12 school in Montana.

06:49:54 **Steve Meloy, Executive Secretary, Montana Board of Public Education**, talked about accreditation standards for the ratio of librarians to school districts. He said their rules in ARM 10.55.709 stipulate anywhere from .5 FTE for 126 to 250 students to 3 FTEs for 2,001 or more students. He said that the committee asked a question regarding superintendents and administrators, which would be building people which would be principals, that is also guided by the Accreditation Standards and can be found in ARM 10.55.704 and 10.55.705.

Mr. Meloy talked about the performance measurements of one of their legislative goal, "Set standards for a quality education as defined by law" (**Exhibit 20**).

Mr. Meloy talked about No Child Left Behind. He said the Board would like to see all schools 100% in compliance with the accreditation standards. He said that BPE and OPI work with the schools but there are variances of the standards. Unfortunately, the report from the 2006 and 2007 school year, shows a decrease in the number of schools that are in regular status and an increase in the number of schools who are in advice and deficiency status.

Mr. Meloy said that the Board of Public Education feels strongly about the accreditation standard setting responsibilities and would like it to fit together, to make sense to the school districts and the Legislature.

Questions

06:57:52

Rep. Lake asked if the Board believes there is an opportunity to reach 100% achievement without the ability to draft your own students coming in. Mr. Meloy said that the accreditation standards address the infrastructure and framework under which every student should have an opportunity to learn. You are talking about student achievement. Are we ever going to hit 100% graduation rate if we cannot draft every kid that comes in? We would like to be able to say yes.

Sen. Laible said that when Mr. Meloy said that "we are talking about achievement", he is actually talking about meeting the criteria of the accreditation standards. In the sense of what we are trying to accomplish with performance measurements, he applauds Mr. Meloy on making and succeeding in the other areas that he has worked on and actually exceeded timeframes. In looking at the last component, Sen. Laible said he would suggest that rather than just having an open-ended "we'll keep working on it" concept, he would work with staff to see if some measurements could be put in place so that they can see improvement. Mr. Meloy said that accreditation standards do impact student achievement. It is all inter-related. When school districts are struggling to meet Adequate Yearly Progress (AYP) with their special education children, they are robbing Peter to pay for Paul to make that AYP and some of the other students are losing out or some of the other standards are violated.

Sen. Laible said that they are putting emphasis on distance learning. He asked if Mr. Meloy thought that in going forward, distance learning would help BPE in some of the areas in deficiencies where the teacher is not certified for that particular subject matter. Is that what you see taking place, helping rural schools that cannot afford to hire a teacher to teach whatever subject it is? Mr. Meloy said that they will create through this process an infrastructure to allow the school districts to find the best way to get the best instruction to their students. If it is through online learning, that is the 21st century. The BPE has never gotten into the capitalist idea of saying this is how you should do it. We just want to make sure that if it is done that way, it is done with the quality that we are charged to provide through regulation.

Standards of Accreditation

07:08:57

Kris Wilkinson, Fiscal Analyst, LFD, talked about her memorandum regarding Standards of Accreditation (**Exhibit 21**) and the Montana Board of Public Education's notice of public hearing on proposed adoption of amendments to the Information Literacy/Library Media Content Standards and proposed amendments to the Technology Content and Performance Descriptors for the committee's review.

Questions

07:12:41 Rep. Lake said that the intent of what Ms. Wilkinson talked about was to prevent rule changes from being imposed on a local school board without funding to cover it. The fiscal analysis that is going to be brought to us determines whether or not it is a big enough fiscal impact to the local district that the money needs to be appropriated at a session in order for them to comply with it.

Discussion

Sen. Laible said that we are not required to have a bill out of this committee because this is already in statute. He asked what happens if the Legislature says that we are not funding this? Mr. Meloy said that it feeds into the lawsuit. It is a perfect illustration that the Legislature is not providing for that system that the BPE defined. He said the BPE and OPI looked at the sentence "Both agencies have indicated their willingness to assist LFD with the fiscal analysis..." The law is specific, that responsibility falls on LFD to provide the information to the data.

Jim Standaert, Fiscal Analyst, LFD, said that putting a cost to this will not be easy. The Legislative Fiscal Division does not have the staff resources to do data collection and fact finding. The only agency big enough is the Office of Public Instruction and the committee will have to rely on them. He asked when the analysis should be done and what would be considered significant and what would not. Mr. Meloy said that "significant" is defined in statute but it is vague. It is defined as that amount of money that the school districts cannot readily absorb in their operating budget. Sen. Laible asked Mr. Standaert to work with Ms. Wilkinson and OPI to get this information before the end of the interim so that some guidance is provided to the Legislature in 2009.

Madalyn Quinlan, Chief, of Staff, Office of Public Instruction, responded to the discussion about the fiscal analysis and providing data by saying that she views this approach as being similar to the fiscal notes that OPI does during the session. Every state agency is expected to help the Governor's budget office in the preparation of fiscal notes which involves making assumptions about costs and also trying to pull numbers together. She said OPI needs to review the concepts and the assumptions and then trying to pull the numbers together.

Public Comment

None at this time.

Other Committee Business

07:21:02 There was a discussion on making Local Government and Education two separate committees. Some members felt that there is enough impetus for

dividing the committees but want to continue the discussion at the next meeting. Sen. Laible asked staff to present future possible committee configuration for the next meeting.

Report on HB 49 Study: Special Districts

Sen. Gillan said that there are special districts that provide a service to generate revenues and we need to make sure that if we combine them in an attempt to streamline them, we do not cause chaos. She said that there are excellent people on the subcommittee that can give a bigger picture of what would happen if changes were made. The subcommittee plans to meet during the summer and then give the full committee something in advance of where they started and where they have ended up.

Instruction to staff

07:31:46 Alan Peura, Fiscal Analyst, LFD, said that a large part of the staff process on the Shared Policy Goals would depend on the interim committee structure in terms of having a committee fully focused on education. He said that they will contemplate options for the interim committee structure in their report for the September meeting.

Sen. Hawks said there is a degree of uncertainty on how things will unfold on the education front. There is a need to have something that would be termed an educational bi-partisan summit after the election. He said that he would request that staff investigate the possibility of coordinating legislative training with an educational summit to give them a framework within which to operate. Sen. Laible asked Mr. Peura to work on that and come back with some suggestions.

Sen. Laible ask Mr. Peura to talk to Susan Fox to get that information and coordinate with Sen. Hawks and Rep. Lake to see what the possibility would be in putting something together and have a discussion in September.

Adjournment

07:38:23 With no other business before the committee, Sen. Laible adjourned the meeting at 4:11 p.m.

CI0425 8240fhxb.