



School Funding Interim Commission

64th Montana Legislature

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TOM FACEY -Chair
ELSIE ARNTZEN - Vice Chair
KRISTIN HANSEN
MARY SHEEHY MOE
MATTHEW ROSENDALE
LEA WHITFORD

PUBLIC MEMBERS

PATRICIA HUBBARD
DAVE LEWIS
AIDAN MYHRE
RENEE RASMUSSEN

COMMITTEE STAFF

PAD McCRACKEN, RESEARCH ANALYST
LAURA SANKEY, ATTORNEY
KATYA GROVER, SECRETARY

MINUTES

April 4, 2016
Room 137, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the "Exhibits" is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed. Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. TOM FACEY - CHAIR
SEN. ELSIE ARNTZEN - VICE CHAIR
SEN. KRISTIN HANSEN
SEN. MARY SHEEHY MOE
SEN. MATTHEW ROSENDALE
SEN. LEA WHITFORD
REP. JEFF ESSMANN
REP. DONALD JONES
REP. KATHY KELKER
REP. DEBRA LAMM
PATRICIA HUBBARD
DAVE LEWIS
AIDAN MYHRE
RENEE RASMUSSEN

COMMITTEE MEMBERS EXCUSED

REP. EDIE McCLAFFERTY
REP. SUSAN WEBBER

STAFF PRESENT

PAD McCRACKEN, Research Analyst
LAURA SANKEY, Attorney
KATYA GROVER, Committee Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTION

The commission took no formal action, but provided direction to staff on materials to prepare and information to gather for the May 4-6, 2016, commission meeting.

PART 1

Note: The audio/video recording for April 4 is broken into 3 parts: Part 1, Part 2, and Part 3. The minutes log will indicate when each part begins. Please note that the time stamps correspond with the audio recording.

CALL TO ORDER and ROLL CALL

- 00:00:02 Sen. Facey called the commission to order at 8:06 a.m. The commission secretary called roll. **(Attachment 3)**
- 00:01:03 Sen. Facey welcomed the commission members and briefly went over today's agenda.

ADMINISTRATIVE MATTERS

Budget Update and Agenda review - Pad McCracken, Staff Research Analyst

- 00:01:47 Mr. McCracken
- 00:02:06 Sen. Whitford arrived.
- 00:05:38 Sen. Facey went over the two-day agenda.

COMMISSION WORK SESSION ON DISTRICT STRUCTURE AND EQUITY ISSUES

Review of Previously Distributed Materials - Pad McCracken, Staff Research Analyst

- 00:08:11 Mr. McCracken

Commission Questions of Mr. McCracken

- 00:17:11 Rep. Essmann asked for a historical analysis of money that is distributed through GTB vs. the money that comes in through the levying of the 95 education mills.
- 00:21:31 Rep. Essmann clarified that the analysis that he requested should be biannual.
- 00:21:43 Rep. Kelker asked about the dedicated fund.
- 00:22:57 Sen. Hansen asked about the retirement fund and about contributions to it by the state vs. districts.
- 00:25:59 Commissioner Rasmussen followed up on Rep. Essmann's information request.

Overview of Nonlevy Revenue - Pad McCracken, Staff Research Analyst

- 00:27:41 Mr. McCracken

Commission Questions of Mr. McCracken

- 00:31:01 Sen. Hansen asked Mr. McCracken to elaborate on the block grant concept.
- 00:32:25 Sen. Facey addressed Sen. Hansen's question.
- 00:34:46 Mr. McCracken also addressed Sen. Hansen's question. **(Exhibit 1)**

Use of Permissive and Voted Levies; County Levies - Rob Miller, LFD Fiscal Analyst

00:35:03 Mr. Miller ([Exhibit 2](#)) ([Exhibit 3](#))

Commission Questions of Mr. Miller and Commission Discussion

00:43:01 Sen. Hansen asked whether the 750 to 800 million dollars that Mr. Miller mentioned in his report is an annual or biannual figure.

00:43:18 Rep. Kelker whether the state source includes special education funds.

00:43:45 Sen. Hansen asked about the data reflected in the graph on page 2 of Exhibit 3.

00:45:30 In addition to Mr. McCracken, Commissioner Rasmussen also addressed Sen. Hansen's question.

00:46:06 Mr. Miller continued his presentation.

Commission Questions of Mr. Miller and Commission Discussion

00:47:34 Sen. Hansen addressed Commissioner Rasmussen's comment.

00:49:12 Commissioner Rasmussen replied to Sen. Hansen.

00:50:54 Commissioner Lewis asked about numbers from page 2 of Exhibit 3.

00:52:28 Sen. Facey also contributed to the discussion about permissive and voted levies.

00:53:57 Rep. Essmann noted that the commission needs to take a more detailed look at the characteristics of the 30% of those districts that are over the max.

00:54:50 Mr. Miller continued his presentation.

Commission Questions

01:00:29 Sen. Hansen asked to confirm that Dupuyer Elementary has no students and, thus, is closing.

01:00:45 Janelle Mickelson, Administrator, OPI, addressed Sen. Hansen's question.

01:01:09 Mr. Miller resumed his report.

01:05:03 Sen. Facey commented on the usefulness of the report from the OPI site.

Options for Equalizing BASE Mills - Pad McCracken, Staff Research Analyst

01:05:59 Mr. McCracken

Commission Questions of Mr. McCracken

01:08:41 Sen. Hansen asked about the data provided in [FY2015 Montana School District Equity Status](#), which is referred to in the document entitled *Explanation of District School Funding Maps* prepared by Mr. McCracken for the January 11-13, 2016, meeting.

01:10:10 Mr. McCracken continued his presentation. ([Exhibit 4](#)) ([Exhibit 5](#))

01:14:29 Sen. Facey brought commission's attention to the fact that when looking at property-rich or property-poor districts, the commission members need to consider ANB.

01:15:17 Mr. McCracken continued his presentation.

Commission Questions of Mr. McCracken

01:25:40 Sen. Facey asked Mr. McCracken to clarify on the term *basic entitlements*.

01:27:11 Mr. McCracken continued his presentation.

Commission Questions of Mr. McCracken

01:33:48 Sen. Facey asked to clarify on the District GTB ratio and the State GTB ratio from page 2 of Exhibit 5.

01:35:23 Rep. Kelker asked about possible benefits of equalization over the system that currently exists in Montana.

01:37:51 Mr. McCracken continued his presentation.

Commission Questions of Mr. McCracken and Commission Discussion

01:52:48 Sen. Arntzen asked about the guarantee multiplier.

01:53:55 Rep. Essmann asked Mr. McCracken to confirm his understanding of the information presented on page 5 of Exhibit 5 with respect to nonlevy revenue.

01:56:44 Commissioner Rasmussen talked about a past proposal that had the same idea as what is shown on page 5 of Exhibit 5.

02:00:19 Rep. Kelker noted that when the commission discusses equalization at the state or county level, the commissioners have to reflect on the complications that this process may bring.

02:02:23 Rep. Essmann commented on the block grant money that comes from HB 124 and on the tables from page 5 of Exhibit 5. Rep. Essmann asked Bob Story, Montana Taxpayers' Association, to correct his understanding of the situation if he is wrong.

02:05:58 Sen. Hansen asked to clarify what kind of nonlevy revenue has been discussed.

02:10:18 Ms. Mickelson addressed Sen. Hansen's question.

02:12:02 Mr. McCracken also addressed Sen. Hansen's question.

02:12:26 Commissioner Lewis reiterated what the commission members have discussed with respect to the nonlevy revenue.

02:13:05 Commissioner Hubbard asked about oil and gas distribution.

02:13:27 Ms. Mickelson addressed Commissioner Hubbard's question.

02:14:02 Sen. Facey talked about the small group breakout that will take place after a brief recess.

BREAK (reconvened at 11:00)

RECESS FOR SMALL GROUP BREAKOUT

02:31:17 The commission members split into two groups with stakeholders and public encouraged to discuss with commissioners options for addressing district structure and equity issues.

PART 2

RECONVENE FOR REPORT BACK AND COMMISSION DISCUSSION OF NEXT STEPS

Commission members reported on the outcomes of the breakout session and had a discussion about it. Due to technical difficulties, the recording for Part 2 did not start at the beginning of Sen. Arntzen's report. Breakout Session [Notes - Room 102](#), [Notes - Room 137 AM](#).

00:00:01 Sen. Arntzen
00:00:14 Sen. Facey
00:01:40 Rep. Essmann
00:05:50 Rep. Kelker
00:07:45 Rep. Essmann
00:08:43 Sen. Arntzen

Overview of Tuition Laws, Ramifications, Options - Laura Sankey, Commission Staff Attorney

00:09:59 Ms. Sankey ([Exhibit 6](#))

Commission Questions

00:15:44 Sen. Moe asked where a homeless student would fit in what Ms. Sankey has been reporting on.
00:16:25 Commissioner Rasmussen addressed Sen. Moe's question.
00:16:50 Ms. Sankey resumed her presentation, in which she also reported on a bill draft related to the topic under discussion that she was involved in.

Commission Questions

00:18:36 Sen. Hansen asked to clarify on ANB addressed in Ms. Sankey's presentation.
00:19:06 Ms. Sankey resumed her presentation.

Commission Questions

00:25:59 Sen. Hansen asked Ms. Sankey to return to the point about levy and elaborate on it more.
00:27:43 Commissioner Rasmussen asked Ms. Sankey to confirm that the bill under discussion did not include an ability of a district to refuse a special needs student who would require high costs.

Commission Discussion on Out-of-District Pupils and Funding Assistance

00:28:11 Sen. Hansen
00:30:52 Commissioner Rasmussen
00:32:40 Rep. Essmann
00:33:21 Mr. McCracken
00:34:31 Commissioner Myhre
00:35:04 Sen. Hansen
00:35:53 Sen. Rosendale
00:36:43 Rep. Kelker

Public Input

- 00:38:51 Bob Story, Montana Taxpayers' Association, provided a comment on block grants and a demographic concept that played a role in the development of the block grants. [\(Exhibit 7\)](#)
- 00:49:23 Kirk Miller, School Administrators of Montana, talked about the adequacy of the school funding formula.
- 00:53:13 Sen. Facey talked about the remaining agenda items for today.

LUNCH (reconvened at 1:40 p.m.)

WORK SESSION ON SCHOOL FACILITIES

Review of Previously Distributed Materials; Questions - Pad McCracken, Staff Research Analyst

- 02:01:11 Sen. Facey brought commissioners' attention to a handout that Mr. Story provided about trends on the revenue sources and spending. [\(Exhibit 8\)](#)
- 02:03:28 Mr. McCracken went over materials mailed to the commissioners prior to this meeting. These materials can be found on the School Funding Commission's web page, under [Background Materials Mailed March 16, 2016](#).

Facility Expenditures: Analysis by District Characteristics, Fund, Etc. -- Rob Miller, LFD

- 02:08:25 Mr. Miller [\(Exhibit 9\)](#)

Commission Questions of Mr. Miller

- 02:14:32 Rep. Essmann asked to clarify whether funds, other than GF, will be discussed today.
- 02:14:55 Rep. Kelker asked about data from page 2 of Exhibit 9.
- 02:16:14 Sen. Rosendale asked whether all facilities or only academic facilities are included in construction and maintenance. Sen. Rosendale also asked about data from page 3 of Exhibit 9.
- 02:18:18 Mr. Miller continued his presentation.

Commission Questions of Mr. Miller

- 02:20:25 Sen. Hansen asked Mr. Miller to clarify on the numbers for the debt services reflected on page 2 and page 4 of Exhibit 9.
- 02:23:57 Commissioner Hubbard asked about the state wide expenditures for all funds.
- 02:24:33 Mr. Miller continued his presentation. [\(Exhibit 10\)](#)

Commission Questions of Mr. Miller

- 02:26:13 Sen. Arntzen asked whether the graphs from Exhibit 10 show all the possible information the commission may need with respect to identifying a trend or whether Mr. Miller can produce a deeper analysis and provide more information.

Bond Election Passage and Failure - Bridget Ekstrom, Senior VP, Public Finance Banker, D.A. Davidson & Co.

- 02:28:11 Ms. Ekstrom [\(Exhibit 11\)](#)

Commission Questions of Ms. Ekstrom and Commission Discussion

- 02:37:04 Commissioner Lewis referred to the part of the graph from Exhibit 11 that talks about 2016 and asked whether those numbers include the Anaconda bond.
- 02:37:57 Sen. Hansen asked to elaborate on what the numbers represent for 2005 and 2014 in Exhibit 11.
- 02:41:10 Sen. Hansen asked whether the organization that Ms. Ekstrom represents is the leading bond underwriter in Montana, or if there are others.
- 02:41:48 Commissioner Myhre commented on average bond size changes from year to year reflected in Exhibit 11.
- 02:43:00 Sen. Hansen referred to Exhibit 11, as reflecting 11 years out of the 20-year cycle, and asked about the total outstanding bond amount.
- 02:44:21 Mr. McCracken addressed Sen. Hansen's question.
- 02:45:32 Rep. Essmann commented on the data provided in Exhibit 11.
- 02:46:22 Sen. Arntzen asked about the cost to run a bond in a district.
- 02:47:38 Sen. Hansen asked about the 20-year limit and whether a longer time limit would give districts more flexibility.
- 02:49:27 Rep. Essmann provided an example illustrating a cost of extending a loan term.
- 02:51:02 Sen. Facey asked how bonds have been secured against default.
- 02:52:44 Commissioner Lewis asked about the total refinance amount referred to in Exhibit 11.

INTERCAP Loan Program - Julie Flynn, Board of Investments

- 02:54:15 Ms. Flynn ([Exhibit 12](#))

Commission Questions of Ms. Flynn

- 03:00:39 Sen. Rosendale asked about temporary cash flow deficiency in Culbertson Elementary School District reflected in the spreadsheet of Exhibit 12.
- 03:02:19 Rep. Kelker asked Ms. Flynn to confirm that the only organization in Montana that can issue large bonds is D.A. Davidson & Co.
- 03:04:07 Sen. Arntzen asked about the reason as to why only 10% of INTERCAP loans go to schools and whether there have been any districts that have been turned away.
- 03:05:28 Sen. Facey asked Ms. Flynn to confirm that there is a statutory limit to have a certain number of outstanding bonds. Sen. Facey asked whether there is a statutory limit to have a certain number of outstanding bonds issued by INTERCAP. Sen. Facey referred back to Exhibit 12 where it says that new constructions must be voted to use INTERCAP per statute and said that the commission needs to consider whether this limitation needs to be removed. Sen. Facey also asked Ms. Flynn to elaborate on 15 years being the maximum term for a loan. In addition, Sen. Facey asked to confirm whether those districts in which bonds are paid by the General Fund are "above the base" in that respect that they obtained permission from their voters at some point to increase their levy.
- 03:08:52 Commissioner Rasmussen asked whether one million is the maximum loan amount limited statutorily and whether INTERCAP Loan Program has had requests for a loan exceeding one million dollars.

03:10:55 Mr. McCracken added to the question-answer session and referred commissioners' attention to the document that addresses some of their questions. [\(Exhibit 13\)](#)

Facilities Funding Options - Pad McCracken, Staff Research Analyst

03:12:49 Mr. McCracken [\(Exhibit 14\)](#)

Commission Questions of Mr. McCracken

03:27:41 Rep. Kelker asked what is included in operations and maintenance.

03:32:56 Sen. Rosendale commented on the length of the loan and bond programs.

Options for Reliable Revenue Stream for State Support

03:33:52 Nick VanBrown, LFD [\(Exhibit 15\)](#)

03:36:02 Sam Schaefer, LFD

03:41:21 Mr. VanBrown continued the presentation.

Commission Questions and Commission Discussion

03:45:11 Commissioner Lewis asked Mr. Schaefer about gas tax.

03:46:09 Sen. Hansen commented on the gas tax and said that she would not support it.

03:46:36 Sen. Moe asked Mr. Schaefer whether the profits from the lottery bill were at a record level in 2015.

03:47:56 Sen. Arntzen asked to elaborate about the 95 statewide education mills.

03:49:03 Rep. Essmann commented on the revenue stream that Sen. Arntzen referred to and noted that it would be the cash flow that is captured currently in the TIF districts.

03:51:14 Sen. Arntzen followed up on the discussion above and noted that only those 95 mills are captured in TIF districts.

03:51:38 Rep. Kelker noted that the commissioners have to keep in mind the order of magnitude of how much money is the state's responsibility for deferred maintenance and how much it costs to assist with that service.

03:52:53 Rep. Essmann expressed his hope that during the upcoming breakout session there will be a discussion about whether there is an obligation on the part of the state to contribute to deferred maintenance or whether the state's duties are to deal with problems of equity.

03:54:00 Sen. Facey talked about changes in today's agenda.

BREAK (reconvened at 3:47 p.m.)

RECESS FOR SMALL GROUP BREAKOUT

04:19:39 The commission split into two groups with stakeholders and public encouraged to discuss with commissioners options for addressing school facility funding issues.

PART 3

RECONVENE FOR REPORT BACK AND COMMISSION DISCUSSION OF NEXT STEPS

Commission members reported on the outcomes of the breakout session with respect to maintenance of school buildings and had a discussion about it.

Breakout Session [Notes - Room 102](#), [Notes - Room 137 PM](#).

00:00:01 Mr. McCracken
00:02:18 Ms. Sankey
00:06:05 Sen. Arntzen
00:06:38 Commissioner Myhre
00:07:17 Mr. McCracken
00:07:50 Rep. Essmann
00:13:04 Rep. Kelker
00:16:07 Rep. Jones
00:17:20 Commissioner Rasmussen
00:19:05 Rep. Jones
00:19:39 Sen. Hansen
00:19:48 Sen. Facey
00:20:43 Sen. Hansen
00:22:33 Rep. Lamm

Public Input

00:23:25 Kirk Miller, School Administrators of Montana, commented on differences between city and county and school districts budgets.
00:24:33 Bob Story, Montana Taxpayers Association, commented on school budgets being capped.
00:27:06 Denise Williams, Montana Association of School Business Officials, addressed Sen. Hansen's questions with regards to resources for school districts to use.

Commission Discussion of the Content of Public Input and Commission's Upcoming Work

00:28:15 Rep. Jones expressed his agreement with Mr. Miller with the exception of the situation with charter schools in Billings.
00:28:44 Commissioner Rasmussen gave her reflections about points raised by Rep. Essmann with respect to maintenance.
00:31:44 Sen. Facey provided closing comments and assigned Sen. Hansen, Sen. Arntzen, Mr. McCracken and himself with producing a list of items that this commission will concentrate on during the remaining school funding commission meeting.

RECESS

00:34:03 With no further business before the committee, Sen. Facey announced recess at 5:01 p.m.

April 5, 2016
Room 137, Capitol Building
Helena, Montana

COMMITTEE MEMBERS PRESENT

SEN. TOM FACEY - CHAIR
SEN. ELSIE ARNTZEN - VICE CHAIR
SEN. KRISTIN HANSEN
SEN. MATTHEW ROSENDALE
REP. JEFF ESSMANN
REP. DONALD JONES
REP. KATHY KELKER
REP. DEBRA LAMM
PATRICIA HUBBARD
DAVE LEWIS
AIDAN MYHRE
RENEE RASMUSSEN

COMMITTEE MEMBERS EXCUSED

SEN. MARY SHEEHY MOE
SEN. LEA WHITFORD
REP. EDIE McCLAFFERTY
REP. SUSAN WEBBER

STAFF PRESENT

PAD McCracken, Research Analyst
LAURA SANKEY, Attorney
KATYA GROVER, Committee Secretary

VISITORS' LIST ([Attachment 4](#))

AGENDA ([Attachment 5](#))

CALL TO ORDER and ROLL CALL

00:00:01 Sen. Facey called the commission to order at 8:06 a.m. The commission secretary called roll. ([Attachment 6](#))

WORK SESSION ON RECRUITMENT AND RETENTION

Review of Previously Distributed Materials; Questions - Pad McCracken, Staff Research Analyst

00:02:05 Sen. Facey introduced the document to the commission members that Mr. McCracken compiled based on the breakout group discussions that took place on the previous day, April 4, 2016. ([Exhibit 16](#))

00:02:46 Mr. McCracken

Panel Discussion on Current Statewide Efforts

Kirk Miller, School Administrators of Montana

Bob Vogel, Montana School Boards Association

Marco Ferro, Director, Montana Education Association-Montana Federation of Teachers (MEA-MFT)

Dianne Burke, Executive Director, Montana Quality Education Coalition

Patty Muir, Accreditation Program Director, OPI

00:08:54 Mr. Miller (**Exhibit 17**)

Commission Questions of Mr. Miller

00:26:25 Sen. Facey asked about the total cost for the two programs that Mr. Miller discussed. Sen. Facey asked whether there are administrators who would like to expand their research base but do not have the time to invest in continuing this kind of professional education. Sen. Face also asked about loan forgiveness program and better ways to invest 0.5 million dollars.

00:32:42 Mr. Vogel (**Exhibit 18**)

Commission Discussion

00:39:22 Sen. Rosendale commented about the loan forgiveness program and expressed his disagreement with this program being continually subsidized.

00:43:31 Rep. Kelker said that people going through the practicum, need to do it in those communities where they think they might want to live.

00:50:48 Mr. Ferro

Commission Questions and Commission Discussion

00:52:26 Commissioner Rasmussen brought some points regarding teacher recruitment and retention to the commissioners' attention.

00:56:08 Rep. Essmann asked Mr. Vogel to bring the following point to the Board of Regents' attention: the tuition rate per credit is the same regardless of the type of the degree and it seems to be unfair.

00:58:47 Commissioner Hubbard asked Mr. Miller whether he has any data, specifically, with respect to Montana on how long teachers stay in communities and on the reasons for why teachers leave those communities.

01:00:04 Commissioner Myhre asked panelists whether they think that people going into teaching profession want more flexibility with their careers and whether there is a tendency for a dual degree to be more desirable than a degree in teaching only.

01:05:15 Rep. Lamm asked about the reasons for teachers who are now entering teaching profession to view this profession as a step as opposed to as a career.

01:12:05 Commissioner Myhre confirmed that the demographic trend of new teachers staying in the teaching profession for 5 to 7 years is accurate.

01:12:50 Rep. Essmann asked the panelists whether it would make sense to split the Board of Regents to take away some of their power which is absolute right now.

01:19:11 Ms. Burke

01:21:12 Ms. Muir

Commission Discussion on Mentorship Programs

- 01:27:03 Commissioner Rasmussen commented on Ms. Muir's presentation.
- 01:27:54 Commissioner Lewis made a comment on teaching and mentoring programs in Montana.
- 01:29:30 Sen. Facey said that representatives from the university system had been invited to participate in the meeting today but were unable to attend.
- 01:30:14 Rep. Kelker said that the panelists indicated that Montana has great programs, such as mentoring programs, etc., and asked whether there are people or organizations who are against these programs.
- 01:32:14 Commissioner Myhre asked whether mobility (taking a mentoring program to a different district) represents a challenge.

Commission Discussion on Board of Regents

- 01:34:32 Rep. Essmann responded to the comment about the Board of Regents.
- 01:35:07 Sen. Facey noted that his local School Board meets more often than the Board of Regents and their budget is much smaller than that of the Board of Regent.
- 01:36:22 Rep. Kelker contributed to the discussion about the Board of Regents.
- 01:37:09 Commissioner Lewis also provided his comments about the Board of Regents.

Commission Discussion on Mentorship Programs - continued

- 01:37:40 Sen. Arntzen asked Rep. Jones, who is chairing Education & Local Government Interim Committee, and panelists where Montana is going with respect to mentorship programs.
- 01:39:36 Rep. Jones commented on the issue of people who are experienced in areas other than education being unable to become teachers.
- 01:41:29 Rep. Kelker expressed her agreement with what Rep. Jones said.
- 01:43:24 Commissioner Rasmussen also contributed to the discussion.

BREAK (reconvened at 10:00 a.m.)

Options for Defining "Isolated" District/School and Providing Targeted Support - Pad McCracken, Staff Research Analyst

- 01:58:33 Sen. Facey introduced the discussion on changes that might be proposed either by this commission or Board of Public Education on the definition of the isolated school districts.
- 02:00:22 Mr. McCracken ([Exhibit 19](#)) ([Exhibit 20](#))

Commission Questions of Mr. McCracken and Commission Discussion

- 02:05:06 Sen. Hansen asked Mr. McCracken to clarify the definition of "densely settled core of census tracts" from page 1 of Exhibit 19.
- 02:09:42 Sen. Hansen proposed a small working group to work out a definition of "isolated" that would be representative of Montana.
- 02:11:29 Sen. Facey asked Mr. McCracken to add this point to the list of topics to explore that he has discussed earlier (see Exhibit 16). Sen. Facey also talked about a possibility of forming a small working group to deal with this particular issue.

- 02:13:37 Rep. Essmann pointed out that the commission should look at the definition of *isolated* in a broader context as opposed to only looking at this definition with respect to recruitment and retention.
- 02:15:35 Commissioner Rasmussen agreed with Rep. Essmann's point and elaborated on it.

Panel Discussion on K-12 Health Benefits

Diane Fladmo, MEA-MFT
 Bob Vogel, Montana School Boards Association

- 02:18:32 Mr. McCracken introduced discussion on K-12 health benefits. **(Exhibit 21)**
(Exhibit 22)
- 02:20:58 Ms. Fladmo
- 02:29:01 Mr. Vogel

Commission Questions

- 02:36:05 Rep. Kelker asked how common it is for school districts to offer a family plan and whether districts are moving toward the market place to find a cheaper ACA (Affordable Care Act) plan.
- 02:38:46 Sen. Rosendale asked whether in the MUST program, a reinsurance program or supplemental program is utilized.
- 02:41:08 Sen. Hansen asked to clarify about the reinsurance program.
- 02:42:33 Commissioner Myhre also asked to elaborate more on the reinsurance program.

Commission Discussion on Insurance Pooling

Commission members discussed issues related to insurance pooling. They concluded that with the upcoming elections, the commission needs to either narrow this topic down and work with it or take it off the table.

- 02:46:01 Sen. Facey
- 02:46:22 Rep. Kelker
- 02:48:09 Commissioner Rasmussen
- 02:54:15 Sen. Hansen
- 02:57:37 Rep. Essmann
- 02:58:54 Rep. Kelker
- 03:00:05 Commissioner Lewis
- 03:03:28 Commissioner Rasmussen
- 03:04:35 Mr. Vogel
- 03:05:59 Ms. Fladmo
- 03:06:32 Rep. Essmann

Public Input

Commission members and stakeholders provided comment and had a discussion regarding issues with recruitment and retention.

- 03:08:07 Mr. Story
- 03:15:47 Sen. Facey
- 03:16:24 Madalyn Quinlan, Chief of Staff, OPI
- 03:19:27 Sen. Facey
- 03:21:34 Rep. Essmann

BREAK (reconvened at 11:30 a.m.)

Commission Discussion/Forum

Commission members discussed what specific topics they would like to pursue further and provided direction to staff regarding what the commission would like to consider for inclusion in its report.

03:32:22 Sen. Facey
03:34:29 Mr. McCracken
03:35:28 Sen. Facey
03:36:25 Rep. Kelker
03:37:25 Rep. Essmann
03:38:21 Sen. Rosendale
03:39:18 Sen. Hansen
03:41:07 Sen. Facey
03:41:21 Sen. Hansen
03:42:37 Rep. Kelker
03:43:27 Sen. Facey
03:44:26 Sen. Arntzen
03:45:12 Sen. Hansen
03:46:29 Sen. Facey
03:46:48 Rep. Essmann
03:47:26 Rep. Kelker
03:47:50 Sen. Facey
03:48:10 Commissioner Hubbard
03:48:48 Sen. Arntzen
03:49:40 Mr. McCracken
03:50:14 Sen. Hansen
03:50:49 Rep. Essmann
03:51:45 Sen. Facey
03:52:11 Mr. McCracken
03:53:55 Sen. Arntzen
03:54:18 Commissioner Rasmussen

LUNCH (reconvened at 1:00 p.m.)

WORK SESSION ON SPECIAL EDUCATION AND OTHER TOPICS

Proposal from Special Education Cooperative Funding Task Force

Frank Podobnik, Director of Special Education, OPI
Verne Beffert, Park County Cooperative
Chris Rice, Central Montana Learning Resource Center - *was not present*
Dale Lambert, Director of Student Services, Great Falls Public Schools
Kirk Miller, School Administrators of Montana

05:02:12 Sen. Facey introduced the panel presentation and panelists.
05:03:17 Mr. Podobnik ([Exhibit 23](#))
05:12:21 Mr. Beffert talked on his own behalf and on behalf of Chris Rice, Central Montana Learning Resource Center, who could not attend the panel presentation.

05:19:24 Mr. Lambert
05:21:08 Mr. Miller

Commission Questions and Commission Discussion

05:24:52 Commissioner Lewis asked Mr. Podobnik about administrative costs.
05:25:55 Sen. Hansen asked how much of special education funding the state is receiving per year from the federal government and how it is distributed.
05:27:52 Sen. Hansen asked whether there is a reporting burden on the district level.
05:31:21 Rep. Lamm asked about reporting requirements and how much time is spent in fulfilling those requirements.
05:33:41 Commissioner Hubbard addressed Sen. Hansen's questions about reporting for special ed and about federal money that goes through the e-grant system.
05:34:54 Rep. Kelker said that filing documentation has been a process for many years and that the commission needs to, instead, pay closer attention to equity and adequacy.
05:37:53 Sen. Hansen replied to Rep. Kelker's comment. Sen. Hansen also stated that she does not support the mandatory inflation.
05:40:26 Sen. Facey noted that the testimony shows that special education cooperatives are having a hard time making their budgets and asked why the legislation should increase the funding because the districts have the ability to raise the funds.
05:43:06 Sen. Facey concluded the discussion and advised panelists that the commission will take their suggestions for consideration for the June 13, 2016, commission meeting.

Panel on Transition Programs and Possibilities

Frank Podobnik, OPI
Jim Marks, Administrator for Vocational Rehabilitation and Disability Transition Services, DPHHS
Dale Lambert, Director of Student Services, Great Falls Public Schools
Christy Sofianek, Project SEARCH, Bozeman Deaconess Health Services

05:43:57 Sen. Facey introduced this part of the agenda.
05:45:29 Mr. Podobnik
05:49:25 Mr. Marks
05:56:19 Mr. Lambert
06:02:35 Ms. Sofianek ([Exhibit 24](#))

State Funding for Special Education Students Age 19-21; Overview of HB 451 (2015; Pope) - Pad McCracken, Staff Research Analyst

06:15:40 Mr. McCracken ([Exhibit 25](#))

Commission Questions

06:22:43 Rep. Kelker asked for some clarifications with regards to HB 451.
06:24:06 Sen. Facey asked Mr. Marks whether there are legal requirements for special ed students and whether there are school districts that are required to provide transitional services to those students.

- 06:32:06 Mr. Podobnik indicated that he could provide updated information for this year, as well additional information about the fiscal note to the bill.
- 06:33:13 Sen. Facey concluded the discussion.

Public Input on Special Education Topic

- 06:34:21 Rep. Christopher Pope, HD 65
- 06:36:26 Joel Peden, Summit Independent Living Center in Missoula
- 06:40:48 Mike Beers, Disability Activist, K-12 Trustee, Missoula

BREAK (reconvened at 3:03 p.m.)

Current Funding and Programming for Gifted and Talented (G&T)

Michael Hall, Director of Professional Learning and Tech. Support, OPI
Lisa Heitt, Clancy School
Shirley Lindburg, Missoula County Schools (via video conferencing)

- 07:03:44 Sen. Facey introduced this part of the agenda.
- 07:05:28 Mr. Hall (**Exhibit 26**)
- 07:15:53 Ms. Heitt
- 07:22:18 In her presentation, Ms. Lindburg referred to the following website:
<http://www.mcpsmt.org/domain/1276>

Commission Questions

- 07:29:42 Sen. Hansen asked Ms. Lindburg to elaborate on the classroom setting, whether or not students of different levels of learning abilities are placed in the same classroom. Sen. Hansen referred to cluster grouping, as well as asked what the barrier is for the inability of school districts to provide a separate classroom for higher achieving students.
- 07:38:28 Rep. Essmann asked Ms. Lindburg about grade acceleration and why it is not utilized. Rep. Essmann also asked whether there is evidence-based definition of "gifted and talented".
- 07:50:15 Rep. Kelker asked Mr. Hall about the range of grants that schools receive. Rep. Kelker also asked whether there are schools which do not offer programs for G&T. In addition, Rep. Kelker asked what next steps should be for Montana's school districts to become more equitable.
- 07:56:55 Commissioner Rasmussen commented on the issues that the panelists brought up and asked to confirm that the teachers do not know what to do in this situation.
- 08:03:42 Sen. Arntzen asked about small grants, as well as which districts or schools do not get served.
- 08:08:04 Sen. Facey asked for Mr. Hall's opinion on how the state can ensure most participation from most of the school districts.
- 08:11:33 Ms. Heitt addressed some of the commissioners' questions asked in this question-answer session.
- 08:13:44 Ms. Lindburg also addressed some of the commissioners' questions.
- 08:14:52 Sen. Facey concluded the discussion.

Public Input on G&T

08:15:35 Tracy Missett, Professor of Gifted Education, University of Montana
08:22:32 Stephen Merritt, school student, Missoula
08:29:15 Julie Merritt, POINTS, mother of Stephen Merritt
08:33:03 Kirk Miller, School Administrators of Montana, addressed the information request on the blended learning model.

Commission Questions of Those Providing Public Input

08:39:03 Commissioner Lewis asked Ms. Missett to elaborate on the issue of children, who are identified as gifted and talented, not wanting to be differentiated.
08:42:41 Rep. Essmann asked Ms. Missett, given the limited resources that G&T education has, how long it would take for a teacher to get educated in this area.
08:47:13 Ms. Missett provided additional comment to what she has said during the public input.

COMMISSION DISCUSSION OF NEXT STEPS, INSTRUCTIONS TO STAFF

Commission members provided staff with recommendations on what commissioners would like prepared for the May 4-6, 2016, meeting.

08:48:21 Sen. Facey
08:49:24 Mr. McCracken
08:51:29 Sen. Facey
08:53:11 Rep. Essmann
08:55:53 Commissioner Rasmussen
08:57:25 Sen. Facey
08:57:57 Rep. Essmann
08:58:03 Sen. Rosendale
08:59:06 Sen. Hansen
09:03:21 Rep. Essmann
09:05:29 Sen. Facey
09:07:40 Mr. McCracken
09:08:32 Sen. Facey
09:09:06 Sen. Hansen
09:09:52 Sen. Facey
09:10:05 Commissioner Lewis
09:11:51 Commissioner Rasmussen
09:13:22 Sen. Facey
09:14:27 Mr. McCracken
09:16:08 Rep. Essmann
09:16:46 Mr. McCracken
09:17:54 Sen. Facey
09:18:56 Sen. Rosendale
09:19:10 Sen. Facey
09:20:11 Mr. McCracken
09:20:28 Sen. Facey
09:21:00 Rep. Lamm
09:21:22 Rep. Essmann
09:21:48 Sen. Facey

09:22:52 Rep. Essmann
09:23:11 Sen. Facey
09:26:15 Commissioner Rasmussen

ADJOURNMENT

09:27:25 With no further business before the committee, Sen. Facey adjourned the meeting at 5:28 p.m.

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