

OFFICE OF THE GOVERNOR
STATE OF MONTANA

BRIAN SCHWEITZER
GOVERNOR



JOHN BOHLINGER
LT. GOVERNOR

September 22, 2005

Dear Montana Educators:

I want to share with you my thoughts on several school related matters:

- where we are on school funding,
- our proposal for health care benefits,
- our public retirement problems, and
- the worrisome forecast for fuel costs this winter.

But first let me thank you for your dedication to our children. Montana kids can't learn the lifetime skills they need without you. As parents of three who are attending public schools, Nancy and I are keenly aware of how much you and all of the teachers of Montana do for our kids. As parents, we also recognize the importance of investing in a strong education system.

School Funding

School funding issues are complex. Fixing a broken system is a daunting challenge. I want to assure you that the legislature and my administration are making progress in addressing our constitutional challenge to assure all Montanans access to a basic system of quality education.

- In the 2005 legislature, we put more than \$80 million in new money into our K-12 schools, a historic increase.
- Now, for the first time, Montana has defined what a "quality" K-12 education means.
- Daily, legislators and other key officials are working diligently to craft a new funding formula to provide long-term solutions to the funding issues.

I have confidence that, working together, we can solve these vexing and challenging financial problems.

Health Care Benefits

Any school funding solution must address health insurance. Did you know just 40 individual health insurance claims for Montana's teachers can total more than \$12 million? I have proposed that the State assume the risks and costs of these most expensive health care cases. If the State manages "high cost" claims, we can work together and use our expertise to provide best care for the patient while reducing health insurance costs for school districts. In addition, my program would not just cover high cost claims. It would also offer a prevention wellness program including free, early and easy health assessments.

In summary, my health care proposal is voluntary, cost-effective and provides a real savings to a school district. By preserving local control, the district can decide for itself what health insurance plan to offer, and how to best use the savings from lower insurance premiums to benefit teachers, kids, and the taxpayers.

Retirement System Problems

Perhaps you have heard that when I entered office I was confronted with the fact that Montana's public retirement systems are facing great fiscal stress. The benefits the state owes far exceed the estimated investment earnings and employment contributions available in the foreseeable future. This dramatic shortfall is a \$1 billion challenge for Montana!

The State of Montana must act, and the sooner the better. To get a jump on this problem, I plan on putting at least \$100 million of the state's cash reserves into the Teacher's retirement fund. I will insist that any special session or regular legislative session must work to solve Montana's retirement system problem---first.

Energy Costs

Finally, no one anticipated Hurricane Katrina, but it has changed everything --energy prices are skyrocketing on all fronts. You will feel it personally at the gas pump and with your home heating bill. Schools, too, will feel the pinch in student transportation and heating bills. I am concerned about these affects on families and schools.

We cannot sit by quietly while schools and Montana's most needy, the elderly, and those on a fixed income face a looming fiscal calamity. I will work tirelessly to deal with this impending fuel crisis even if it means making funds available by emergency declaration.

In closing, I want to thank you again for your dedication to Montana's school children. My administration is committed to working together with you to find solutions to school funding, retirement problems, and escalating fuel costs.

I look forward to working with you and all Montanans to resolve these challenges and strongly support the kind of quality educational system that Montanans deserve.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Schweitzer", written over a vertical red line.

BRIAN SCHWEITZER
Governor