



Quality Schools Interim Committee

59th Montana Legislature

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HOUSE MEMBERS

MONICA LINDEEN--Chair
WILLIAM GLASER
HOLLY RASER
PAT WAGMAN

SENATE MEMBERS

ROBERT STORY--Vice Chair
DAVE LEWIS
DON RYAN
JON TESTER

EX OFFICIO MEMBERS

LINDA MCCULLOCH
KIRK MILLER
DAVID EWER

COMMITTEE STAFF

CONNIE ERICKSON, Research Analyst
CHRIS LOHSE, Research Analyst
EDDYE MCCLURE, Staff Attorney
FONG HOM, Secretary

MINUTES

Please Note: These are outlined minutes with audio recording. These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities.

July 21-22, 2005

Capitol Building, Room 137
Helena, Montana

COMMITTEE MEMBERS PRESENT

REP. MONICA LINDEEN, Chair
SEN. ROBERT STORY, Vice Chair

LINDA MCCULLOCH
KIRK MILLER

SEN. DAVE LEWIS
SEN. DON RYAN
SEN. JON TESTER

REP. WILLIAM GLASER
REP. HOLLY RASER
REP. PAT WAGMAN

COMMITTEE MEMBERS EXCUSED

CONNIE ERICKSON, Research Analyst

STAFF PRESENT

EDDYE MCCLURE, Staff Attorney
FONG HOM, Secretary

Visitors

Visitors' list (**Attachment 1**).

COMMITTEE ACTION

- Voted to send a letter to the Legislative Council requesting additional money for the Committee's operation.
- Agreed that each Committee member will send three recommendations for the 15-member Professional Judgement Expert Panel to the working group.

CALL TO ORDER AND ROLL CALL

00:02:11 Chair Lindeen called the meeting to order at 9:06 a.m. Secretary took visual roll (**Attachment 2**).

BUDGET ISSUES

00:03:13 Greg Petesch gave a presentation regarding the budget for the remaining meetings.

00:05:51 Motion made by Rep. Raser, seconded by Sen. Ryan, and passed unanimously for the Committee to write a letter to Legislative Council for an additional allocation of money.

CONSULTANTS' UPDATES

00:07:30 Update by Dr. Young regarding the teacher compensation study.

00:08:46 Sen. Lewis asked about an article written by Dr. Young and Dr. Watts regarding teacher salaries.

00:15:28 Sen. Ryan asked questions regarding second incomes and home ownership.

00:19:15 Superintendent McCulloch asked Dr. Young questions regarding the article that Dr. Stoddard wrote.

00:22:11 Sen. Story asked Dr. Young about overlap of his work with Dr. Wood and tying them together.

00:26:26 Sen. Tester asked Dr. Young which years he is using for his analysis.

00:26:45 Dr. Young explained the years that data was gathered nationally and in Montana.

00:29:37 Steve Smith gave an update (via teleconference phone) on how the methodologies are proceeding.

The Committee had questions regarding the Professional Judgment Analysis, the Needs Assessment, and public schools surveys and their progress.

00:34:21 Rep. Raser requested an explanation of Mr. Smith's criteria in selecting and determining which schools were successful schools. (phone disconnected)

Jim Standaert responded that on Proficient Judgment, Mr. Smith ranked the 120 schools on their proficiency in math and reading.

00:35:22 Dr. Merle Farrier responded to the criteria for successful schools and said that Dr. Wood and Mr. Smith are doing that study.

00:43:21 Superintendent McCulloch asked Dr. Farrier if the public survey had been corrected so that a person couldn't send in several responses electronically.

00:44:48 Rep. Raser said to Mr. Smith that she is concerned about criteria used for the successful schools model and would like to know what the factors and breakouts are.

00:47:33 Superintendent McCulloch asked when Mr. Smith was developing the successful schools criteria, did he use things other than quantitative factors; did he use qualitative factors.

00:48:14 Steve Smith will be providing quantitative results in the near future and Dr. Farrier will be looking, via his advance statistical analysis, at these types of measures.

00:49:16 Sen. Ryan wants to make the distinction between successful districts versus successful schools.

00:50:52 Sen. Ryan asked that when talking about successful schools and graduation rates, is data about at risk students being looked at.

00:52:29 Sen. Tester asked Steve Smith about nine surveys that have been returned.

00:52:59 Sen. Tester and Dr. Farrier had a discussion concerning the difference between the survey sent out to the school districts that aren't the successful models and the number of surveys that have been returned.

00:53:22 Sen. Tester asked what the deadline is for those surveys.

00:53:52 Sen. Story said to Dr. Farrier that he was asked a question about people replying more than once to the survey. What are the possibilities of a person answering the survey and emailing that to several other people for them to respond with those answers; are they set up to identify those answers?

00:55:26 Chair Lindeen asked if we do not meet get the needed percent return rate of answered surveys, what effect will that have on the results.

00:59:04 Chair Lindeen said there were reports of some technical problems; is that with the school district survey or with the public survey, or both; has that been addressed?

00:59:44 Chair Lindeen asked, regarding successful schools, in his initial comments Mr. Smith planned to have results by the end of next week; what is the procedure for having those results sent out. Does the Committee have input before another survey is sent out?

01:00:42 Jim Standaert ask Mr. Smith if he was going to send out another survey to the successful schools; when will that survey go out; and when do they expect returns.

01:02:42 Rep. Raser asked what followup procedures do they have for contacting school districts that have not yet responded to the schools survey.

01:03:15 Dr. Kirk Miller had comments on the time it took to answer the first survey. Had concerns about the structure and format of the Professional Judgment Survey and the followup that Mr. Smith sent with changes made to the grade level categories. Are there some alternatives that can be looked at in place of what has come out now as that Professional Judgment?

01:07:37 Steve Smith's response was that he understands the at risk issue. Can

send out another email stating that at risk was for free and reduced lunch students. Discussed having an expert panel confirming results of the study.

- 01:09:55 Chair Lindeen asked that if the 120 districts or schools filling out that particular survey aren't starting with same understanding of assumptions and definitions, how does that affect the outcome of data and how effective can that be?
- 01:15:30 David Ewer asked Mr. Smith if he has taken comments from the field and made changes to the Professional Judgment survey.
- 01:16:50 David Ewer asked Mr. Smith that he document those changes carefully.
- 01:17:05 David Ewer discussed with Greg Petesch the concerns of Dr. Miller regarding content and changes in the survey. What are we doing to document that we are, as humanly possible, making a good faith effort to meet our requirements.
- 01:18:20 Greg Petesch responded that we are saving every document in a central file and have asked consultants to provide copies of all documents that they are using and maintaining those in the central file.
- 01:20:45 David Ewer urges that we be as participatory as possible, that we have a clear record that we are showing good faith. Greg Petesch said that the Committee minutes will reflect that staff recognized that Mr. Smith adjusted the survey in response to comments from districts to accommodate what they actually collect. That demonstrates good faith and cooperation and that's why the change was made. Also, the working group is keeping records of what they are doing.
- 01:24:03 Dr. Miller asked Mr. Smith if he has picked a target number of responses necessary out of the 120 Professional Judgment surveys and what strategies will be used if we don't meet the 80% target number.
- 01:26:51 Dr. Miller asked what the time line of expectation is to complete the analysis from Professional Judgment viewpoint.
- 01:29:16 Discussion was held regarding the expert panel with Steve Smith. Mr. Smith said he had a discussion with Sen. Ryan (phone disconnected)...

- 01:29:44 Sen. Ryan talked about his conversation with Steve Smith regarding the selection of the expert panel.
- 01:31:51 Chair Lindeen asked questions relating to the expert panel. Sen. Story said before jumping into this, someone should sit down and put numbers and categories together.
- 01:34:34 Discussion about how to select the members for the expert panel and the deadline for getting the names together.
- 01:38:27 Sen. Tester asked if Mr. Smith utilized any of the groups such as MREA, school administrators, school board groups and asking for their help.
- 01:41:20 Sen. Tester asked Dr. Miller about the issues he brought up about definitions and assumptions and the amount of time spent on answering the survey. What does he think can be done to help remedy the situation to make sure people are on the same page.
- 01:44:28 Sen. Tester made the point that he wants to make sure that everyone knows that the time line they're dealing with is for our benefit.
- 01:45:51 Jim Standaert and Dr. Miller discussed the time it took for him to fill out the survey. Jim Standaert wanted to know if stakeholders had access to the survey and is the survey on the Internet.
- 01:46:53 Sen. Story asked if the returned surveys indicated a good cross section of groups. Dr. Miller asked several questions about stratification of those survey tools (phone disconnected).

Chair Lindeen called for a 15 minute break.

DISCUSSION ON EXPERT PANEL SELECTION

- 02:04:00 Discussion lead by Sen. Ryan regarding the 15-member expert panel. The MASS region map was used to decide which member would take which region. **(EXHIBIT 1)**
- 02:06:10 Sen. Story had objections about staff having to pick people to be on the expert panel.
- 02:07:27 Chair Lindeen asked each Committee member to send their three

recommendations to staff to take to the working group.

REPORT FROM BOARD OF PUBLIC EDUCATION - Steve Meloy, Executive Secretary

- 02:07:52 Steve Meloy gave his report on the Montana School for the Deaf and Blind/State Supported Special School. **(EXHIBIT 2)**
- 02:12:38 Steve Gettel, Superintendent of the School of Deaf and Blind, commented on the situation at his school.
- 02:19:14 Sen. Lewis asked Mr. Gettel what the percentage increase that the appropriation bill had for teacher salaries.
- 02:20:08 Sen. Tester asked for clarification of two numbers on page 8 of Mr. Gettel's report, if early intervention was only applicable to the hearing impaired, and how did the division splits with five districts come about.
- 02:22:56 Dr. Miller hopes this information and the needs assessment for the special school would go to the consultants to be put with the other information.
- Chair Lindeen asked what Mr. Gettel wanted the Committee to do with this report.
- 02:25:09 Discussion between Sen. Story and Mr. Gettel regarding student needs, at risk students, funding formula, and policy decisions that need to be made about funding for schools. Comments about this from Dr. Miller.
- 02:29:41 Chair Lindeen asked Dr. Farrier if RC Wood team had any discussion regarding the unique situation of the School of Deaf and Blind and requested that a copy of their needs and assessment be given to Dr. Farrier for possible discussion with his team.

FUND STRUCTURE TASK FORCE REPORT - Eddy McClure, LSD, and Joan Anderson, OPI

- 02:31:07 Eddy McClure and Joan Anderson presented the Fund Structure Task Force Report. **(EXHIBIT 3)**.
- 02:39:44 Sen. Tester asked where the money comes from for the litigation fund.
- 02:40:24 Sen. Tester asked questions regarding funds for payment of judgments

and tuition.

- 02:44:05 Discussion with Superintendent McCulloch, Sen. Story, and Ms. McClure regarding the proposed fund structure and the Joint Select Committee report.
- 02:48:47 Jim Standaert and Joan Anderson discussed miscellaneous programs funds, state and local grants and donations, and a federal programs fund.
- 02:52:11 Sen. Lewis' commented on the Fund Structure Report.
- 02:54:41 Sen. Ryan commented on why the fund structure was being looked at.
- 02:56:04 Joan Anderson reported on the three areas of guaranteed tax base in current fund structure: general fund, retirement fund, and the facilities acquisition reimbursement program. Also covered points about the advantages and challenges when combining funds; budget amendments; transportation funding and issues; retirement issue; changes in budget process itself; transitional issues including disposition of fund balance; tax levy issues; building reserves; and existing bond proceeds.
- 03:05:19 Sen. Story commented on the Committee making decisions on the fund structure and the problems of changing funding formulas.
- 03:07:44 Chair Lindeen recognized that Rep. Bob Lake has been assigned by the Revenue and Transportation Interim Committee to attend the Quality Schools Interim Committee meetings, and Rep. Lake was invited to sit at the table during the meetings.

LUNCH

Part 2

SCHOOL TRANSPORTATION REPORT - Jim Standaert, LFD

- 00:01:12 Jim Standaert presented the School Transportation 2005 Report.
(EXHIBIT 4)
- 00:05:52 Sen. Ryan asked if it was possible for the school district to buy the fuel for the contractor for the bus services and save that portion.

- 00:09:35 Sen. Tester and Jim Standaert discussed the situation where children in remote areas had their board and room paid, if that was paid out of transportation fund or general fund.
- 00:16:57 Rep. Raser asked why is there such a difference in what we're spending versus the nation?
- 00:18:18 Superintendent McCulloch commented on what she thought contributed to higher transportation costs.
- 00:33:35 Sen. Ryan asked if cash reappropriation becomes local share of next year's budget.
- 00:36:58 Sen. Ryan, referring to page 7, asked a question about district contracts.
- 00:43:51 Jim Standaert brought up three issues at end of report: three-mile transportation reimbursement rule; reimbursement for field trips; should transportation fund be combined with the district general fund.
- 01:03:25 Discussion between Sen. Story and Jim Standaert concerning the revenue for transportation fund, whether it is local or state money or combination. Can you run a bus route on state reimbursement?

TAX POLICY/TAX EQUITY - Dan Dodds, Nancy Hall and Ryan Jose, OBPP

- 01:09:29 Dan Dodds and Nancy Hall presented a report on Property Tax Issues in School Funding (**EXHIBIT 5A**); and Disparities in School Mill Levies (**EXHIBIT 5B**).
- 01:48:52 Nancy Hall, OBPP, talked about disparities of HB 124 and Tax Equity (**EXHIBIT 5C**).
- 02:00:47 Nancy Hall passed out document showing estimated percent of population in required mill levy groups (**EXHIBIT 6**); and a map showing total required mills for elementary and high school districts FY 2005 (**EXHIBIT 7**).
- 02:03:06 Sen. Story, referring to blue districts requiring mills 300 to 400, asked if those included bond issues.
- 02:03:50 Discussion between Dr. Miller and Nancy Hall regarding tax disparities

between districts side by side in a county.

- 02:06:00 Discussion between Rep. Glaser and Dan Dodds regarding true community wealth and tax equity.
- 02:09:31 Discussion between Sen. Lewis and Dan Dodds about disparities found on page 13 of OBPP's report. Should disparities and school mill levies that result from differences in taxable value per student and nonlevy revenue per student be reduced.
- 02:13:21 Sen. Story commented on Sen. Lewis' point that any time you move money around it creates holes that you have to fill up with property taxes.
- 02:16:56 Rep. Glaser went back to his original comment of community wealth. Brought subject of community wealth forward because property tax issue is always the one discussed.
- 02:19:14 Sen. Ryan discussed the graph with required mills and percentage of population paying the required mill. Is there average number in there of what those mills are? How much revenue would be generated if that average number was found?
- 02:21:29 Sen. Ryan wanted to know what the average number is as well as what a number would be if we looked at the total spending for schools. Chair Lindeen asked that that information be provided to the Committee.
- 02:22:26 Discussion between Sen. Story and Nancy Hall regarding the HB 124 reimbursements and nonlevy revenue causing disparities in the districts and the disbursement of revenue in 1999.
- 02:24:48 Chair Lindeen looked at the schedule as far as the timing in this process. If the Committee wants information from the Budget Office or Department of Revenue, please request it today so that the Budget Office has time to get it.
- 02:25:30 Rep. Wagman requests a comparison of those taxes in oil and gas industry nationwide and regionally to make sure we are either competitive or not.
- 02:26:06 Rep. Glaser wants Greg Petesch to look at tax equity and the need to understand that.

- 02:27:57 Rep. Raser discussed homeowner equity and the changing nature of the resources of the state. Asked if Class 4 is broken into residential and commercial, and if so, could she get the figures of actual mills paid by homeowners in Montana. Dr. Miller made a recommendation that people from Mr. Dodds' office get together with members of taxation and revenue group from the School Renewal Commission and make sure that all the best thoughts that were there could be combined with the best thoughts that are here and that analysis be provided to the Committee.
- 02:34:45 Sen. Ryan, referring to Table 5, page 4, showing the average mill levy statewide, pointed out that it's for all taxation purposes. Wants it broken down in a number as to how much of that is for schools.
- 02:36:17 Sen. Story discussed sorting bond issue numbers out of Sen. Ryan's request.
- 02:37:09 Sen. Tester wanted to know if the Committee agreed on Rep. Glaser's request to Greg Petesch.
- 02:39:26 Discussion about what is the definition of community wealth. Clarification called for by Sen. Tester on the question posed by Rep. Glaser.
- 02:42:09 Rep. Raser and Jim Standaert discussed what portion of the school funding comes from the general fund that is not property tax.
- 02:43:03 Jim Standaert said that there was an idea discussed during the Renewal Commission that we remove centrally assessed property out of the school tax base, a memo put out by Greg Petesch regarding the constitutional difficulty of doing that, and perhaps the memo should be revisited.
- 02:44:27 Sen. Story commented on the hazards of changing the structure of property taxes.
- 02:44:56 Sen. Tester asked if we create a hazard or are we in a hazardous situation.
- 02:45:25 Sen. Lewis said it would be helpful to him to ask the Budget Director if there is room for additional spending within the existing revenue sources and what his position is on where we're going with this.
- 02:47:42 Rep. Glaser had asked Terry Johnson to do some trending on whether

revenue is long-term or short-term, and asked if that could be made available to the Committee.

02:49:27 Rep. Lake addressed the Committee on the trending issue which Rep. Glaser had visited with Terry Johnson about

PUBLIC COMMENT

02:53:29 CAROL JUNEAU, Montana Indian Education Association, passed out letter from D. Fred Matt, Chairman of Montana Wyoming Tribal Leaders Council, that they support Indian Education for All (**EXHIBIT 8**) and document entitled Recommendations for the School Funding Formula written by Montana Indian Education Association (**EXHIBIT 9**). Wanted to share with Committee a handbook for teachers in the Blackfeet community.

02:58:02 DARRELL RUD, Executive Director of School Administrators in Montana, passed out a copy of a letter (**EXHIBIT 10**) from Jerry Pauli, Superintendent of Schools in Thompson Falls, regarding the Professional Judgment Analysis Survey. Chair Lindeen asked that RC Wood & Associates get a copy of the memo.

03:01:58 TOM BILODEAU, Research Director, MEA/MFT, commented on the matters discussed this morning on fund consolidation.

03:04:45 MARY WITTINGHILL, Montana Taxpayers Association, discussed tax equity.

03:07:08 NANCY SCHLEP, Farm Bureau, representing Ag Coalition, would like to be included in whatever is decided.

ANNOUNCEMENTS

03:08:13 Eddy wants members of Committee to bring calendars tomorrow because of changes in meetings in August and September.

ADJOURN

03:09:33 Seeing no further discussion or business, Chair Lindeen adjourned for the day at 4:30 p.m.

**Quality Schools Interim Committee
Room 137, Capitol Building
July 22, 2005**

CALL TO ORDER AND ROLL CALL

00:01:32 Chair Lindeen called the meeting to order at 8:30 a.m. Secretary noted roll visually.

RETIREMENT ISSUES - David Senn and Mike O'Connor

00:02:44 David Senn, Teacher Retirement System, discussed the Montana Teachers' Retirement System Funding Principle. **(EXHIBIT 11)**

00:24:25 Mike O'Connor, Executive Director of Public Employees Retirement System of Montana, discussed the various retirement systems administered by the Public Employees' Retirement Board (PERB). **(EXHIBIT 12)**

QUESTIONS

00:37:36 Discussion between Sen. Lewis, Mike O'Connor, and David Senn regarding an asset liability modeling study of the Board of Investments for 2001 and 2002.

00:41:21 Superintendent McCulloch asked Mr. O'Connor and Mr. Senn if PERS and TERS has recovered from the stock market decline of 2001? Superintendent McCulloch asked Mr. Senn about the future of retirees in TERS.

00:46:33 Superintendent McCulloch asked questions regarding HB 181 for TERS, why was it vetoed.

00:50:25 Discussion between David Ewer, Michael O'Connor and David Senn regarding actuaries' use assumptions, building a financial model to determine what the retirement system needs today, and unfunded liabilities.

01:02:25 Sen. Ryan and Mr. O'Connor discussed people under PERS who are employed by school districts with less than 4 years of service. Is there

wage data on that and is there a way to track that.

- 01:05:39 Discussion between Sen. Story, Sen. Ryan, Mr. O'Connor, and Mr. Senn regarding an unfunded liability in a retirement system.
- 01:10:01 David Ewer commented on the retirement systems and unfunded benefits and where the Administration stands on those issues.
- 01:18:36 Discussion between Rep. Bob Lake, David Senn, and David Ewer regarding unfunded liability that cannot be achieved in the 30-year payout. What rate of return are you projecting, and if you backed up to an actuarially sound payout in 30 years, what would that number be to your current unfunded liability?
- 01:24:57 Sen. Story asked, assuming that the system remains the same, employer contribution doesn't go up, can't reduce benefits and actuarially stays the same, what kind of rate of return would be needed on investment pool to bring the amortization period to 30 years?
- 01:25:50 Chair Lindeen asked if State Administration and Veterans Affairs (SAVA) Interim Committee has included anything in their work plan to study this issue.
- 01:27:33 Chair Lindeen asked David Senn and Mike O'Connor what options they are asking to look at, such as potential possibility of combining retirement systems into one.
- 01:29:18 Chair Lindeen wants this Committee to monitor and get reports back from the SAVA Committee on what they're looking at and rolling that into what the Quality Schools is doing for the upcoming Special Session.
- 01:29:50 Sen. Story asked if this situation is comparable to the Work Comp problem in the late 80s where you might have to shut down the two systems and pay them out and create a new system.
- 01:30:38 Chair Lindeen acknowledged that this is a complex issue and looks forward to hearing what SAVA has done to date and whether they will have something for the Committee in a timely manner.

HEALTH INSURANCE DATA GATHERING - Amy Carlson, OBPP

- 01:31:10 Amy Carlson reported on the Health Insurance Data Gathering process.
- 01:34:04 Chair Lindeen asked why the delay in getting information from MUST if they had an agreement to have that information by June.
- 01:34:38 Bob Robinson, Chief Executive Officer for Montana Unified School Trust (MUST) responded.
- 01:36:57 Amy Carlson told Committee that New West Health Insurance, Jimmy Senterfitt, cannot give his presentation but will give written testimony to the Committee.
- MUST will provide the information requested by Chair Lindeen to Ms. Carlson by Tuesday.

PANEL DISCUSSION ON HEALTH INSURANCE COVERAGE

Connie Welsh, Department of Administration
Bob Robinson, Montana Unified School Trust (MUST)
Randy Cline, Blue Cross/Blue Shield
Susan Witte, Allegiance Benefit Plan Management, Inc.
Ron Duzen, President of Allegiance Benefit Plan Management, Inc.
Jim Edwards, Mountain West Benefit Solutions

- 01:39:23 Connie Welsh, Department of Administration, as moderator for the panel, began the discussion. Panelists introduced themselves.
- 01:42:26 Bob Robinson, Montana Unified School Trust (**EXHIBIT 13**).
- 02:00:37 Sen. Ryan asked Mr. Robinson if each district is rated differently?
- 02:05:11 Sen. Lewis asked Connie Welsh for comparison. What would be two-party rate of insurance?
- 02:06:13 Jim Edwards, Mountain West Benefit Solutions (**EXHIBIT 14**).
- 02:27:16 Sen. Tester asked that for school districts, does everyone have to have the same policy or plan, or is there flexibility for married or single people?

02:31:13 Susan Witte and Ron Duzen, Allegiance Benefit Plan Management, Inc. **(EXHIBIT 15)**.

02:42:44 Sen. Ryan asked for explanation of how the administrator fees are determined.

02:45:43 Sen. Lewis asked Connie Welsh for the equivalent percentage to state pool for comparison purposes.

02:46:03 Rep. Raser asked Allegiance a question regarding the size of the pool for small school districts.

02:48:55 Sen. Story asked if self-insured pools are regulated.

02:49:38 Sen. Tester asked if you don't have reserves, how do you start a self-insurance pool. What happens if the first year out you have a million dollar claim.

02:53:35 Randy Cline, Blue Cross/Blue Shields.

03:10:20 Sen. Ryan asked about school health insurance in small rural communities.

Sen. Ryan asked the panel what the total number of people covered by insurance in the State of Montana is.

Sen. Tester asked Mr. Robinson if MUST's administrative costs include the costs the Allegiance charges to MUST?

Sen. Tester asks the panel that if they were in the Legislature, what would be the least expensive thing they could do to make health insurance more affordable for educators.

03:23:42 Dr. Miller asked the panel what can be done to assist in this whole process.

03:33:32 Rep. Raser asked the panel about providing health insurance to small school districts.

03:39:00 Sen. Story asked a question about diminishing returns and cost containment.

03:43:05 Chair Lindeen thanked panel members.

Break for lunch to reconvene at 1:15.

Part 2

POLICY GOALS FOR HEALTH INSURANCE COVERAGE DISCUSSION

00:00:26 David Ewer discussed the policy goals for a health insurance program from the Office of Budget and Program Planning. **(EXHIBIT 16)** Chair Lindeen called for discussion from the Committee.

00:05:41 Sen. Story commented on what we learned about insurance this morning and is this an issue the Committee want to discuss. Committee discussed Sen. Story's question.

00:21:31 Rep. Raser asked questions about health insurance pools.

00:23:05 Eddy McClure responded by giving background on the SHIP. Connie Welsh responded by giving history of State Employee Benefit Plan.

00:29:10 Sen. Tester asked Director Ewer what his goal is.

00:32:38 Sen. Tester asked question on pools.

00:44:17 Sen. Story doesn't want to confuse the issue that MUST is a pool; MUST is an insurance company.

00:45:14 Sen. Tester discussed local control for health insurance.

00:50:26 Sen. Story posed questions to Committee regarding insurance program.

01:03:12 Sen. Story asked a representative from Blue Cross Blue Shield if an insurance company can reject a school district who applies for insurance. Discussion about small group reform and high risk pools.

01:07:29 Rep. Raser asked Ms. Ask, Blue Cross Blue Shield, if a small school can have access to insurance costing \$200?

01:09:11 Chair Lindeen said that between now and next meeting this Committee will have an opportunity to look at insurance issues and have discussion at

that time.

PUBLIC COMMENT

- 01:09:45 JOHN McNEIL, Superintendent of Savage School District, commented on retirement systems and how they are not meeting the needs of the teachers and administrators.
- 01:16:28 CLAUDETTE MORTON, Montana Small Schools Alliance, gave background on the \$200/month insurance program.
- 01:19:48 JANIE McCAULEN, Employment Benefit Management Systems, Billings; Deaconess Billings Clinic, believes that public schools need to have good insurance benefits. Supports local control and ability for school districts to be able to obtain and control their own insurance plans.
- 01:22:31 DR. BRUCE MESSINGER, Superintendent for Helena District, stated his concerns about the consultants and the study and the Interim Committees progress to date.
- 01:28:26 David Ewer questioned Dr. Messinger about his role on the Remedy Committee for the plaintiffs and asked if the plaintiffs would be prepared to petition the Court for an extension of time for resolution considering his issues?
- Sen. Story asks Dr. Messinger who he is representing in his comments. Sen. Story commented that Dr. Messinger serves as conduit of information to superintendents to keep them informed on the status of the Committee.
- 01:36:28 BOB VOGEL, Montana School Boards Association, commented on the school districts' need to respond, the number of phone calls received because the survey did not have better instructions, and the need for more guidance in answering the survey.
- 01:39:00 DARRYL RUD, School Administrators of Montana, comments on the number of administrators leaving the state.
- 01:40:55 TOM BILODEAU, MEA/MFT, commented on insurance matters, the retirement system, and insurance programs.

01:52:14 Connie Welsh commented on the Committee's reactions with the health insurance panel.

MEETING WRAP UP

01:55:15 Eddy McClure wrapped up the meeting by discussing meeting schedules for August, September and October.

02:20:24 Discussion about the Professional Judgment Expert Panel members. Discussion regarding public comment from education community, where to hold public comment. Change August 19 meeting date to August 30, 31, and September 1.

02:32:45 David Ewer said regarding bill drafting, it is unrealistic getting a bill draft in September. Suggested looking at bill draft writing no sooner than October 1. Discussed what his role is on the Committee, that the Administration is prepared to honor the October 1 date and moving toward a special session in December.

02:45:02 Chair Lindeen instructs the committee to email by noon on Monday to Eddy any conflicts regarding the tentative meeting schedule and names in prioritized order for Professional Judgment Expert Panel.

02:51:06 Sen. Tester commented about insurance issues and thanked everyone who took time out to give presentation.

ADJOURN

02:53:13 Motion to adjourn was made. Adjourned at 4:20 p.m.