

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

SELECT-COMMITTEE ON SCHOOL FUNDING

Call to Order: By **CHAIRMAN JOHN COBB**, on February 18, 1993, at
3:00 p.m.

ROLL CALL

Members Present:

Rep. John Cobb, Chairman (R)
Rep. Ray Peck, Vice Chairman (D)
Rep. Bill Boharski (R)
Rep. Russell Fagg (R)
Rep. Mike Kadas (D)
Rep. Angela Russell (D)
Rep. Dick Simpkins (R)
Rep. Dave Wanzenried (D)

Members Excused: None

Members Absent: None

Staff Present: Andrea Merrill, Legislative Council
Eddie McClure, Legislative Council
Evy Hendrickson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 558
Executive Action:

HEARING ON HB 558

Opening Statement by Sponsor:

REP. STELLA JEAN HANSEN, HD 57, Missoula, said there was a technical error in Section 3, page 6, following line 4. They had failed to include the fourth member of the committee which would be an administrator. Also, in Section 4, page 6, line 13, the reference to one meeting should be stricken as she believes they will need more than one meeting. She then read written testimony which she submitted. **REP. HANSEN** said the opposition to this bill will say they're not sure it will even save money but down the road we know it will. She said education is the key to the economic development of Montana. **EXHIBIT 1**

Proponents' Testimony: There were no proponents.

Opponents' Testimony:

Kay Cain, Chairman of the Board, Hellgate Elementary District #4, Missoula, said it has been repeated many times that consolidation will save money. Since there is no proof of these savings, she believes the opposite. The cost per student for outlying school districts in Missoula County is lower than the city district. The same is true for schools around Kalispell and Billings. In every case, the smaller school districts have lower costs per student. Two reasons to consolidate have been suggested: one is to save money, and the other is to improve the product. No one has proven this will save money and said if you want to cut, cut those people not directly involved in education.

Don Spritzer, Trustee of Hellgate Elementary District #4, Missoula, said if they were to consolidate with the high schools and District #1 in terms of personnel salaries, it would cost \$175,000 to move their staff to the salary scale being paid in the larger district. The high schools and District #1 have had discussions about a possible unification scheme, and it is estimated it would cost the taxpayers between \$1 and \$3 million unless the multi-tiered salary scheme was put into place. MEA and MFT have said they would not stand for a multi-tiered arrangement. Consolidation may save money in some areas but not in his district or anywhere in Missoula. The other question is whether it will improve the quality of education. They have been able to accomplish many things because of the independence of their local trustees, i.e., set up a junior first grade for children coming out of kindergarten who are not ready for first grade work. He said they were the first district in the state to accomplish that; it is a very successful program and has since been emulated by other districts. They were also one of the first districts to establish an assertive discipline program, which has worked extremely well. The last four to five years they have concentrated on automation. These accomplishments would not have happened without their independent school board. Innovation comes from independence.

Craig Brewington, Hellgate Elementary, Missoula, said the high school and elementary districts are considering unification and their best estimate was somewhere between \$2 and \$3.5 million in additional costs to unify K-12. They can't add that \$2-\$3.5 million to what they are levying now in permissive levies. The only place that money can come from is reduction of staff members.

Don Waldron, representing the Montana Rural Education Association, said Wyoming did this very thing and today their costs per pupil are above Montana's. Smaller districts and locally responsible school boards usually bring parents closer to their schools and that brings better support and understanding of what the schools are trying to accomplish. The rural outlying

schools don't want the city schools telling them how to run their schools. He said large districts should have the right to vote if they want small districts, and small districts should have the right to decide if they want to join the larger districts. He urged the committee to give the bill consideration and then asked for a do not pass. **EXHIBIT 2**

John J. McNeil, Superintendent of Schools, Savage, stated there was not a district in northeastern Montana that would be a proponent of this bill. He said their reasons have already been stated by previous opponents. They don't see a savings. He asked the committee to give the bill a do not pass.

Glynn Anderson, Teton County Superintendent of Schools, said HB 558 would adversely affect the quality of education in Montana. She said in Teton County, the number of trustees would go from 36 to 7, and any time the number of people involved in making decisions about educating children is narrowed, the scope and creativity of what can happen in education is also narrowed. This would be an 80% reduction in trustees, which could be translated to 30 legislators rather than 150. Lowering the number of school districts to 56 would make them more easily influenced by special interest groups and there are many who would like their special interests injected into the school districts. She was also concerned that if the money was all in one big pot, the rivalry between neighboring school districts could become vicious as they compete for dollars. She asked the committee to allow for continuation of local control, to allow consolidation to continue at the local level, and give HB 558 a do not pass.

Lowell Knowlen, citizen from Shepherd, said he is interested in the bill as the father of five children and is very satisfied with the current system. **Mr. Knowlen** distributed a handout, "General Information On School Districts in Montana." **Mr. Knowlen** also pointed out that if no schools were going to be closed, and if they kept those as separate budget units because of the 3-mile limit, the foundation payments would not be changed. Under current law, if they do consolidate, the salaries go to the highest level of the consolidated districts, and that would cost local taxpayers additional money. Because there would not be increased foundation payments but higher salaries, it would increase property taxes at the local level. He strongly urged the committee to table the bill or give it a do not pass. **EXHIBIT 3**

Ward Fifield, taxpayer and Superintendent of Schools, Teton County, stated this bill would remove local control and would add a considerable burden to local taxpayers by increasing salaries and benefits. He did not think it would decrease the number of administrators, as that is set by accreditation standards according to the number of students, not by number of districts. He asked the committee to table the bill.

Penny Koke, Montana City School, appeared in opposition to HB 558. She said the bill clearly attacks the integrity of the basic interests and intentions of locally elected boards of trustees. The bill assumes that locally elected trustees do not have the best interests of the students and taxpayers at heart. She said they reviewed consolidation in their district in 1986 and they found it not to be in the district's best interest. The local districts are providing an appropriate and quality education. She urged a do not pass on HB 558.

Ronald Stegman, Superintendent of Schools, East Helena, said it was not possible for their trustees to be present at the hearing but said all five trustees in District #9 voted in opposition to HB 558. These people represent the taxpayers in that district. He said he would not reiterate the testimony of the opponents from Missoula, but they have done an excellent job in stating the opposition to the bill.

Loran Frazier, School Administrators of Montana, appeared in opposition to the bill.

Dale Sailer, parent, taxpayer and Superintendent of Schools, Dutton, said this will not necessarily save money, but will shift it to the local taxpayer. He said he was a half-time superintendent and a half-time principal. His concern is which half will stay and which half will go. He asked that the committee not support this bill as he believes in local control.

Bob Anderson, Montana School Boards Association, said the members of the association across the state have talked about this legislation since the special session last summer and they are adamantly opposed to the bill. He wondered about how much research and study was devoted to this legislation, what the cost savings to the state and local taxpayers will be, and how it will affect the quality of the educational program in the state. He also asked if there was evidence that this bill would make school districts more accountable.

Questions from Committee Members and Responses:

There were no questions from committee members.

REP. SIMPKINS said he wanted to remind the superintendents present that they are invited to look at a new funding program being developed in the Legislative Auditor's Office.

Closing Statement by Sponsor:

REP. HANSEN said she is not a school administrator, but did put six children through the system. The opponents talked about how much this would cost, to which she responded that there are a great many other states that work with 15 school districts so

HOUSE SELECT SCHOOL FUNDING COMMITTEE

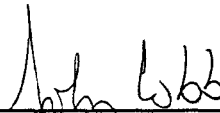
February 18, 1993

Page 5 of 5

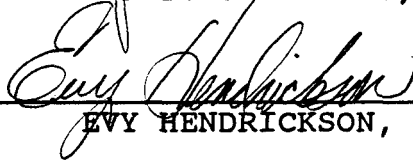
there must be some savings somewhere. This bill is asking the legislature to help balance the budget. Cuts are going to be made and schools are going to be a part of those cuts. She asked for the committee's consideration of the bill.

ADJOURNMENT

Adjournment: The meeting adjourned at 5:15 p.m.



REP. JOHN COBB, Chairman



EVY HENDRICKSON, Secretary

JC/eh/lis

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
SELECT COMMITTEE ON SCHOOL FUNDING

ROLL CALL

DATE

2-18-95

[illegible]

HR:1993
wp.rollcall.man
CS-09

TESTIMONY

*February 17, 1993
House Bill*

Mr. Chairman and members, my name is Representative Stella Jean Hansen, House District 57, Missoula.

House Bill _____ reduces school districts from 538 districts to about _____ districts.

I bring this bill to the legislature because I believe the time has come when we must cut the K-12 system. The time is now. By the third week in April, we must balance the budget for Montana for the next two years. The schools are going to have to take a cut. Where that is going to be taken, at this moment I do not know. But, if history repeats itself, some at least will come by reducing non teaching staff, cutting teachers by not renewing contracts, and allowing teachers tenure, etc. Cutting sports does not bother me, but over crowded classrooms do. In my own county, especially at the high school level, I personally have experienced problems, and parents and teachers who live in my district have pointed this out to me.

You only have to look at the number of school districts per student and know it can't go on.

Putting off this discussion only delays solving the problem and postpones the savings that eventually has to come from finally bringing the district numbers below 100.

I have been asked to wait until we see the results of the study. I am a veteran in these halls, and in the past ten years I have yet to see a study that this legislature implemented to any degree, etc. Next session the legislators will not be anymore prepared to make these difficult decisions. Many will not return and funding will still be a major problem.

In 1985- Then Senator Ted Neuman introduced a consolidation bill that was very similar. If it had passed then, by now the general fund would be experiencing the savings this cut would produce. Representative Kadas tried again in 1987. The time has come when the legislature needs to "bite the bullet" and make the cut. Postponing the decision will only prolong the problem. This issue has come up all five sessions I have been here. The answer has always been the same. The school system will consolidate themselves. I believe the legislature is going to have to make it happen.

We are kidding ourselves I believe, if we think we can continue to fund this out of date system. The sales tax, I do not believe, will provide that kind of money, and we

do not know now if we will have a sales tax. Just remember the same people will also pay sales tax as pay property tax. We may add some more, but the greatest number will be the property owners. I have yet to see how we can reduce property tax. Even if we do pass the sales tax legislation, shifting of the financial responsibility for programs that we are funding now, to local cities and counties, will increase property taxes significantly.

The people, by 105, have expressed their concerns with the property tax. It has become impossible for many families to acquire homes. A large increase on the property tax will make it even harder.

By decreasing the number of school districts we at least are protecting education from some of the process that is going on now. By 1997, or the 1999 session, we should see a savings.

I hope you give this bill some consideration. We have to begin to make the cuts that will help us in the long term.

*Stella Jean Hansen
Representative, HD 57*

SJH:ag

EXHIBIT 1
DATE 2-18-93
HB 558

TESTIMONY IN OPPOSITION TO HOUSE BILL 558

Don Waldron, MREA Lobbyist

The Montana Rural Education Association is comprised of 165 primarily rural school districts in the State of Montana. A common objective of these school districts is to maintain "local control" of the destiny of their schools. Are we against consolidation? The answer is no. Consolidation can be worthwhile in some cases. In all cases it only works when the voters of these districts vote to consolidate.

Montana is a rural state and will most likely always keep its rural nature. When looking at Montana, only 33 of its population centers could be considered to be urban. (2500 or more inhabitants.) Their total population is approximately 387,000. The other 432,000 Montanans live in what is considered rural by national standards.

The real questions are whether consolidation would significantly save the State of Montana money, and would it result in a better quality education for the students. Unfortunately, there are no answers to those questions at this time. The Montana School Boards Association has commissioned a comprehensive study of this entire area and we would urge that the legislature defer acting without full knowledge of the reasons for its actions and their ramifications.

Montanans know when to close or consolidate their school districts. In 1920 there were over 3,500 school districts in

Montana. In 1945 we had 1,700 school districts, which is now reduced to just over 500. Districts continually close or consolidate as the local taxpayers decide they are no longer needed, or that educational services can be more efficiently provided elsewhere.

I once read: "When you cut the school a community bleeds." You will hear from these communities today which would be adversely affected by HB 558 and you can see for yourself how those communities would bleed.

In 1985 and 1987 I made a study of Missoula elementary school districts as to what could be saved by consolidating six elementary schools. I found that if we closed five districts and all joined with the one remaining district, there would be a savings of \$480,000 in superintendent office costs. Taking the per student cost we found it would cost over \$1,000,000 to consolidate and some of those superintendents would need to be rehired as principals.

Just this year Missoula County High School and Missoula elementaries looked at combining and the \$200,000 that might be saved was offset with over \$1,000,000 to just move all staff to the high school's high salary schedules. No, I don't think cost savings is what would be accomplished by this bill.

Smaller schools and locally responsive school board trustees usually bring the parents closer to their schools and that brings better support and understanding of what schools are trying to accomplish.

No, I don't think that West Valley, a fine school in the Flathead area, wants Kalispell schools telling them how to run their school. The same goes for Somers and the many other schools in the Flathead Valley.

Large districts should have a right to vote if they want small districts and small districts the right to vote if they want to give up their school. This well intended bill is not what Montana schools want or need. I urge you to stop House Bill 558 right here in this committee today.

I have had a few meetings with the sponsor of this bill and I'm sure she had good intentions for bringing it before you. For a minute let's review the introduction to the bill on pages two and three:

1. The first "Whereas" we agree with. The State does have limited funds to fund such an important public obligation as the State's public schools.

2. The next one says in effect that the numerous school districts need to be more cost efficient through organization and administration changes to reduce the numerous school districts. *Studies do NOT prove this happens.*

3. Equalization of district expenditures per pupil is an important consideration of the courts in evaluating the court finding on funding our school system. We agree in part.

4. The per pupil cost of many school functions are higher in smaller schools. Please look at the cost in Missoula County. The smaller schools with 300 to 1,000

students are operating at a lower (\$100.00 to \$400.00 lower) cost per pupil than your home district that has 4,000 plus students.

It's time for me to stop and give others a chance to vent their frustrations with consolidation of their school.

Thank you Mr. Chairman for hearing me out with MREA's feelings on forced consolidation.

General Information On School Districts in Montana

There are only 7 counties with more than 5000 ANB

There are only 13 counties with more than 2500 ANB

There are 21 counties with less than 1000 ANB

There are 14 counties With less than 500 ANB

There are 58 districts with less than 10 ANB

There are 106 districts with less than 20 ANB

There are 126 districts with less than 30 ANB

There are 133 districts with less than 40 ANB

There are 144 districts with less than 50 ANB

There are 148 districts with less than 60 ANB

There are 158 districts with less than 70 ANB

There are 167 districts with less than 80 ANB

There are 172 districts with less than 90 ANB

There are 183 districts with less than 100 ANB


EXHIBIT 3
DATE 2/18/93
HB 558

For these smaller districts it has been a local decisions to pay the higher tax levies necessary sometimes to keep the districts open. In many Instances the distance is so great that these additional locations are absolutely necessary. There are already perks built into the law to encourage district consolidation. There has been some consolidation over the last few years. It should be a local decision for consolidation not a legislated one.

This Information was compiled from the "92-93 Directory of Montana Schools" as published by OPI.

I Strongly urge that this committee either tables or recommends a do not pass for HB558.

Sincerely Yours,


Lowell R. Knowlen Jr.
Shepherd, Montana

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Select School Funding
DATE 5-18-93 SPONSOR(S) _____

COMMITTEE

BILL NO.

558

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Kay Cain	Hellgate Elementary		X
Jim Obie	MT City School		X
Maria C. Harrison	Goole Co.		X
Joe R. Larue	School Dist 21 Galata MT		X
Emily Hansmann	Pendroy School		X
Bob ANDERSON	MSBA		X
Kathy Eason	Moore School		X
Eric Slaw	MSA		X
Sandra F. Goodwin	MT City School		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

DATE 2-18-93

~~SENATE~~ ^{House} COMMITTEE ON ~~HB 558~~ Select Com. on School Funding

BILLS BEING HEARD TODAY: HB 558

Name	Representing	Bill No.	Check One	
			Support	Oppose
Don Waldman	WBEA	HB 558		<input checked="" type="checkbox"/>
Ward Field	Fairfield School	HB 558		<input checked="" type="checkbox"/>
Toussaint Knowlton	Self	HB 558		<input checked="" type="checkbox"/>
Rich Rynley	Choteau Schools	HB 558		<input checked="" type="checkbox"/>
Ray Scott	Greenfield School	HB 358		<input checked="" type="checkbox"/>
Michael Mitchell	Greenfield School	HB 558		<input checked="" type="checkbox"/>
Dale Sailer	Dutton School	HB 558		<input checked="" type="checkbox"/>
Paul H. Stagnan	E. Helena Elem. Sch.	HB 558		<input checked="" type="checkbox"/>
Mr. J. McNeil	SARAGO School Syst	HB 558		<input checked="" type="checkbox"/>
John O'Brien	Tetra Co	HB 558		<input checked="" type="checkbox"/>
Scotty Hargrave	Trustee No 45	HB 558		<input checked="" type="checkbox"/>
William Hargrave	Golden Ridge Board	HB 558		<input checked="" type="checkbox"/>
Pat Field	Pendroy School	HB 558		<input checked="" type="checkbox"/>
Linda Rice	Pendroy School Bd	HB 558		<input checked="" type="checkbox"/>
Lynnda Brannon	MASBO	HB 558		<input checked="" type="checkbox"/>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

School Funding

COMMITTEE

BILL NO.

558

DATE

2-18-92

SPONSOR(S)

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Don Spritzer 8840 Sharptail, Missoula, MT	Missoula Mt School Dist #4		X
Craig Brewington, 2313 42nd St, Missoula	Missoula - School Dist #4, Missoula		X
Wesley Buchanan	Bld of Public Ed		
Loren Frazin	S AM		X
Penny Foko	Montana City School		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.