

MEMORANDUM

TO: School Renewal Commission

SUBJECT: Draft November 24, 2003 Meeting Summary and next steps

FROM: Steve Meloy, Board of Public Education
Kris Goss, Office of the Governor

DATE: December 19, 2003

PARTICIPANTS

Members Present: Tonia Bloom (alternate), Steve Johnson, Carter Christiansen, Erik Burke, Rep. Verdell Jackson (alternate), Ron Laferriere, Garla Boland (alternate), Karen Duncan (alternate), Linda McCulloch, Bob Keenan, Bruce Messinger, Rep. Carol Juneau, Kirk Miller, Mike Nicosia, Lt. Gov. Karl Ohs, Darrell Rud, Sen. Don Ryan, Scott Seilstad, Rep. Pat Wagman, Jules Waber, Carmen McSpadden, and John McNeil.

NEXT MEETING

January 12, 2003 at 10:00 AM. Room Change Notification: Rooms C209 A & B in the Cogswell Bldg DPHHS Building behind capitol on corner of Lockey and Roberts Streets.

OPENING REMARKS AND INTRODUCTIONS

Lt. Governor Ohs, permanent chair of the commission, reviewed the agenda and opened the discussion of the third draft of the vision/mission statements. The proposed vision statement draft shall remain unamended. Several comments were offered regarding the mission statement. Changes were discussed regarding the mission statement and the commission directed staff to make the changes and the commission agreed to review those changes before the next meeting.

APPROVE MEETING SUMMARY

The summary of the November 3, 2003 meeting was approved without revisions.

DISCUSSION OF OPTIONS FOR MAKING LOCAL AND STATE GOVERNANCE SYSTEMS FOR PUBLIC EDUCATION MORE EFFICIENT AND EFFECTIVE

More effective regional opportunities: Professional development training, pooling of administrative services, all financial services could be done on a more cooperative basis, need highly trained people to deliver these services, what would give a district incentive to join a cooperative-possibly health insurance.

There is a disconnection between how a community survives and appropriate efficiencies to deliver quality education services. Proposals for statewide budgets-based on need and quality should be considered. Some laws allow for inefficiencies (example: open a new facility rather than using an already existing facility)

Consider the formation of cooperatives for special ed, providing services to children in remote areas, support for kids at risk, IDEA risk pools, and the rights of parents.

Flexibility in law is needed in order to meet the accreditation needs. Consider pooling administrative costs and services on a regional level. Separate costs of school-related activities versus community-related activities. Are there things that the law prevents you from doing more efficiently?

Consider wide area of curriculum consortiums, ITV teachers, sharing of teachers, sharing of cooperative purchasing. Specialists can come into schools to train aides to provide local services to special needs kids when too much distance is an issue. State could be divided up into autonomous workable groupings, county-wide. Technology in-services are possible through co-op effort. Look at possible ways of how we fund schools so as not to be so reliant on property tax for funding.

Look at transportation of children, centralized program for special needs children, look at the big picture, district expenditure and enrollment cost per student. Fiscal 2002 Enrollment, Total Spending and Total Revenue per Student: All Districts was handed out and the figures include all funds except adult funds, enterprise funds and bond issue funds.

There is a co-op in Columbia Falls for autistic children already under way, may need to be expanded. Federal funding is crucial to new improvements. The inability to co-mingle funds impacts quality of education

Consider revenue producing systems-use excess dollars; possibly a cooperative investment pool that would offer school districts state incentives for being part of an investment pool. The liability of collaboration is inhibiting. Provide graduated tax incentives to consolidate

Be careful of combining resources, school districts in small communities, could be cutting jobs from small communities to go to a larger community. If there was adequate funding for school districts, some of these issues would not be discussed

The local community has to take some responsibility to keep schools there, revise funding formula to keep schools in communities. The 1988 Schwinden Study examined mechanisms for communities to keep schools open; for example: having the ability outside of the educational funding system to create additional funds that come from/for community development.

Regionalization is inconsistent; there are pockets of resistance and mediocrity. Consider using regional services divisions from OPI. Incentives for local districts to are needed to utilize the system. There are some pockets of excellence that need to be consistent.

Consolidation isn't the only answer. It gives less control over finances and bigger is not necessarily more efficient, control should be more local, school districts have been eliminated when local residents find combining districts more efficient. The question of whether there are any laws inhibiting collaboration was addressed. Availability of general fund budget authority is an inhibitor.

Could we do it better or more effectively working together? Data management is a challenge due to NCLB, data management collaboration. Research how other states address this issue, what laws inhibit collaboration-availability of general fund budgeting, and legal authority for and liability of collaboration,

Inability to move funds between elementary and high school districts is a problem.

PUBLIC COMMENT

Dave Puyear - Issues of regional service centers are the heart of MREA (will support), special education and curriculum consortiums. Consider what was proposed prior to 2003 legislative session-(OPI-Linda Peterson). Consider what the centers might look like-caution the commission with the area of administration, school leaders in particular, so tied to local control. One hundred and seventy full time superintendents do it all in rural communities. State law issues-MREA investigated and examined-timeline problem embedded in law. There is the issue of school being focus of local community

Claudette Morton-Montana Small Schools Alliance - Small school staff are quite efficient and inexpensive. Consolidation does not save money, state provided tax level is the only protection, funding is an issue with special ed cooperatives, small schools can not afford to pay for regional services in special ed areas. Economy of scale is an issue in Montana. Elementary and secondary programs are already combining administration costs, will have more expensive transportation.

Senator Ryan-suggestion to add a column on historical enrollment and total spending per student form to include 2002 within the cap, and general fund state contribution to each district

Bob Vogel-proposed deleting federal funds from the historical enrollment and total spending per student report. Look at efficiencies in school districts; looked at a statewide investment pool, barriers are not necessarily related to statute; the barrier is the local county treasurer. Some have tried cooperative purchasing but it was rejected due to loss of local businesses.

LUNCH RECESS

OPTIONS CONTD.

Madalyn Quinlan, OPI: Reviewed co-ops and the existing statutes. Larger school districts do not participate in co-ops. A memorandum passed around by Ms. Quinlan addressed the statutes that affect full service education cooperatives. This memo states that, as a result of 1991 legislation, there was an expansion of authorization for special education cooperatives to include “full service education cooperatives.” As a result, there are now curriculum cooperatives, distance learning cooperatives, and purchasing cooperatives in various parts of the state.

A document was passed out regarding School Consolidation Issues-Select MCA Sections. No comments or concerns were raised regarding the document.

Consolidation should be looked at on a school-by-school basis in order to assess any savings

OTHER COMMENTS ON OPTIONS

- Develop a system with direct state aid-GTB 80%-100%=tax shelters go away
- Community may have local districts assess community levies
- Currently, K-12 can not become an elementary district

DISCUSSION OF *INCENTIVES* FOR MAKING THE LOCAL AND STATE GOVERNANCE SYSTEMS FOR PUBLIC EDUCATION MORE EFFICIENT AND EFFECTIVE

- Co-op gets federal money, participation is voluntary, preserve local control, lack of centralized bureaucracy that imposes mandates, financial incentives
- Basic entitlements
- Consolidation of salary schedules
- Lack of consolidation means low teacher salaries, trouble with recruitment and retention
- Some small elementary schools have lower cost per student
- Source of revenue to pay staff
- Funding mechanism-statewide salary schedule, statewide insurance policy so state taxpayer will be on the same page.
- What are districts willing to give up in order to get to equity? Homeowners bear an uneven burden.
- Different funding mechanism whereby weighing losses or gains isn't considered, just the education of all children in Montana.
- Property taxes to be used as a possible funding mechanism
- GTB (guaranteed tax base) at 80%
- State funds entire base budget (80%) with the rest (20%) going to local
- Dedicated sales tax, statewide vote on sales tax, statewide mills, county tax base not bound by equalization, dedicated lottery, identify dollars for inflation
- Constitutional amendment to limit sales tax to 4%
- Resources:

- LFA Office
- Legislative Auditors Office
- Dept. of Revenue
- Look at other funding sources in order to lower property taxes, power equalization between rich and poor districts-level at 80%
- Business tax based on ability to generate revenue
- Distribution system-with GTB-\$/child statewide not impacted by change in centrally assessed taxes.
- Proposed GTB portion of any budget exclude centrally assessed properties, which would be fairer to homeowners. Also, 80% of all natural resources to state.

DISCUSSION OF OPTIONS FOR STREAMS OF REVENUE

- Natural resource taxes
- Sales tax, transaction tax, gross receipts tax, fair share tax initiative
- Expanding 80% formula
- What is the cost of the state fully funding 80% GTB is the cost of the state funding between 80% and 100%
- Take centrally assessed money of out of GTB and move to state revenue

COMMENTS REGARDING REGIONAL DELIVERY SYSTEM

Have we addressed all of the issues that should be considered in a regional delivery system?

- Research how other states are dealing with the same problem, contact Dept. of Education in other states to access this information
- Contact AESA (Association of Educational Service Agencies)
- Distance learning (currently use ITV (interactive TV) co-op with MSU-B, Miles and Dawson, ongoing work with BPE on P-20 Committee (BOE) and E-Learning Committee
- Demands of NCLB

What kind of organizational structure would allow regional delivery systems to flourish?

- Get information from other states before we can answer this question
- Barriers:
 - Smaller groups
 - Costs-\$2,000/year
 - Leadership commitment

OPTIONS FOR EFFICIENCY

Laws or Rules that are Barriers

- 56 school districts per county

- Incentives given for elementary and high school consolidation within specific attendance areas
- Entitlements might be removed from districts under certain ANB
- One high school/county Distance learning alternatives, incentives established for districts (ITV)
- Incentives for schools and the communities (taxpayers) in consolidation/annexation process
- Revise statutes that cause confusion and discourage consolidation (moratorium on new school districts)
- All elementary align with high schools
- Contiguous borders=unified districts
- Revise funding formula to keep schools in communities
- Identify laws that are barriers
- Develop System with direct state aid-GTB 80%-100% will mean tax shelters go away
- Community may have local district assessment
- Community Levy plus other possible fees
- K-12 cannot become an elementary
- General fund availability limits use of cooperative
- Liability of collaboration
- Ability to move funds between elementary and high school

Regional Opportunities

- More Effective Regional Efforts
- Professional Development
- Pool Administrative Services
- Regional Services Districts
- Formation of Coops for needs in remote areas for special needs children
- IDEA Risk Pools
- Flexibility in law to meet accreditation standards
- Wide area curriculum consortium
- Share teachers
- Federal Money helps in classrooms
- Divide state into workable regions/county wide
- Technology in-services possible through coop effort
- Data management collaboration

Incentives to Encourage Efficiencies

- Incentives for districts to combine services
- Large districts closing schools because of caps: Funding cannot be increased
- Not funding schools reliant on property taxes

- Statewide based budget based on need and quality
- Law allows inefficiencies (open new school instead of utilizing new facility)

BUDGET AND FUND RAISING UPDATE

\$5,000 check and \$25,000 allocated by Governor. Thanked Helena Public Schools and OPI for sponsoring today's luncheon. County Superintendent's will be sponsoring lunch at next meeting.

REVIEW WORK PLAN

No conflicts with upcoming dates

January 12, 2004 is next meeting

PUBLIC COMMENT

Claudette Morton-expressed concern regarding distance education; Montana doesn't have a plan for comprehensive technology and all students do not have access to Internet. There is a digital divide. There is a February meeting of Small Schools Alliance to discuss health issues - 60 school districts that do not provide any health insurance.

Connie Erickson -K-12 Education Subcommittee meeting-Friday, January 9, 2004-to look at statewide insurance, Suggestion of Eddy McClure-laws that are barriers to consolidation-have a formal request system in the office.

MISSION AND VISION STATEMENT DISCUSSION

Clarification of "educational standards". Proposed moving the word "sufficient" up to the second bullet. Clarification is needed on the meaning of safe and accessible.

Finalize at next meeting

TASK LIST FOR JANUARY 12th MEETING

Examine Taxation Requests: Madalyn Quinlan and Working Group

Examine Other Rural States Regionalization: Kris Goss and Working Group

Examine Consolidation Issues: Lance Melton and Dave Puyear

AGENDA FOR JANUARY 12th MEETING

Reach Consensus on Definition of Quality Education

Reach Consensus on Efficient and Effective Structure

Reach Consensus on Mission and Vision Statement

DOCUMENT LIST

Documents Handed out at Nov 24 Meeting:

Augenblick and Myers Cost of Education Study Methodology
Fiscal 2002 Enrollment, Total Spending and Total Revenue per Student: All Districts
Options for Efficiency: 11/24 Morning Discussions
School Reorganization in Montana: 1993
Select MCA Sections – School Consolidation Issues
Subcommittee on Consolidation – Governor’s Council on School Funding
Quality of Education Decision Matrix
Governor Schwinden Study – 1988
Alaska Standards for Culturally Responsive Schools
Governor’s Funding Study Report - 2001