

Essential Truths About the Great Work of Montana's Public Schools

Jointly Prepared for Public School Advocates by
MASBO, MEA-MFT, MREA, MTSBA, MQEC and SAM
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Introduction and Executive Summary

The 2013 Legislative Session is rapidly approaching and K-12 public policy issues are anticipated to be among the most critical issues facing legislators in the upcoming session. Issues like whether Montana's public schools are succeeding or failing; whether schools will be adequately funded; whether community ownership and local control will be honored; and whether limited resources will be diverted to fund private alternatives to public education will all be discussed, often disputed, and ultimately decided in the upcoming Legislative Session.

Correspondingly, how those issues are decided could depend heavily on our success or failure as public school advocates in informing legislators of the facts regarding the value of public education to Montana's citizens. In some cases, we will have to succeed at nothing less than changing the opinions of legislators operating under a misplaced and inaccurate belief that public schools are failing, inflexible, inefficient, overfunded and expensive by convincing them of the *essential truths* that public schools in Montana are succeeding, improving, innovative, efficient, and in need of additional funding to continue their good work with kids.

The purpose of this Advocate Information Packet is to help equip public school advocates with data and other information that can be used to engage in deeper and more meaningful discussions with legislators that get beyond the misinformed rhetoric with which they have been deluged and toward a fact-based understanding of the good work occurring in our public schools as well as the recognition of such work accorded by Montana Voters.

We are hopeful that through access to the information in this Advocate Information Packet, you will be able to lead locally-initiated efforts across the state, in a collaboration between elected school boards, administrative staff and union leadership, parents and families and your communities, to help ensure a broader understanding among legislators of the essential truths about the great work occurring in Montana's public schools.

Thank you for your advocacy on behalf of the students of our public schools. We look forward to supporting your efforts during the 2013 Legislative Session and hope that you are able to use this packet to start the conversations necessary to ensure our collective success.

Essential Truths About the Great Work of Montana's Public Schools

1. **Montana's Public Schools are High Performing and Efficient!** Montana public schools offer a tremendous opportunity for high achievement to children, close to or at the top of the nation in comparison to other states, at a relatively low cost to Montana Taxpayers.
2. **Montana's Public Schools Engage Communities to Support Innovation and Customization!** Montana public schools are innovative and offer unique opportunities for community input, accountability and access that cannot be replicated by diverting public resources to pay for private education alternatives.
3. **Montana's Public Schools are Supported by and in Harmony with Montana Voters!** Montana voters are in synch with and strongly supportive of the efforts of Montana's public schools in fully developing the potential of the kids. They support additional funding for schools, community ownership and local control, time for educators to focus on instruction instead of record keeping and want public schools to be able to offer a well rounded education to all kids. They also believe that the quality of public schools is comparable to the best of what private schools offer and they oppose the use of public funds for private and public education alternatives.
4. **Montana's Public Schools are Unified In Support of a Long-Term Vision of Success and a Legislative Plan for the 2013 Session!** MASBO, MEA-MFT, MREA, MTSBA, MQEC and SAM all share a common long-term vision for the success of public education in Montana. We have also gained consensus on short-term goals that are linked to the achievement of the long-term vision and Senator Llew Jones of Conrad has embraced those goals in LC 132. LC 132 includes a balanced combination of:
 - a. Funding and increased flexibility for innovation, improved academic achievement and inflationary costs;
 - b. Significant school district property tax relief;
 - c. A solution to ensure that income generated off of school trust lands is exclusively devoted to meet the needs of K-12 public schools and the taxpayers that support our schools; and
 - d. An alignment of the success of natural resource development and K-12 public schools and taxpayers

A VISION FOR PUBLIC EDUCATION IN MONTANA – MASBO – MEA-MFT – MREA – MTSBA – MQEC – SAM



ALL STUDENTS NEED TO EXPERIENCE A CURRICULUM THAT PROVIDES A CLEAR CONNECTION BETWEEN SUCCESSFUL SCHOOL COMPLETION AND SUBSEQUENT SUCCESS AND SATISFACTION IN LIFE.

The Core Purpose of public education in Montana is to fully develop the educational potential of each child served in our public schools.

Why Act and Why Now?

- ☑ To improve and broaden public understanding of the challenges and opportunities facing Montana's public schools and translate that improved understanding into support for our vision for public

education

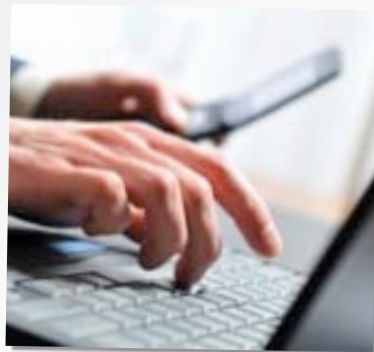
- ☑ To ensure meaningful engagement of communities with their public schools
- ☑ To create a single inspiring vision to help bring focus to the purpose of public education in our state
- ☑ To ensure our students are

competitive in a global economy

- ☑ To increase student performance in all of our public schools
- ☑ To ensure appropriate curricula and the integration of technology for a new generation of learners
- ☑ To be more responsive to students' individual needs



SUCCESS IN COLLEGE



SUCCESS IN CAREER



SUCCESS IN LIFE



CORE PURPOSE

The Core Purpose of Montana’s Public Schools is as set forth in the Montana Constitution, Article X, Section 1:

“It is the goal of the people to establish a system of education which will develop the full educational potential of each person.”

Envisioned Future

“Montana’s K-12 public schools work collaboratively with each other, with state policymakers and with their communities to successfully develop the full potential of every child in Montana through a system that is flexible, adequately and rationally funded, and community-owned.”

VIVID DESCRIPTIONS OF SUCCESS

Policymakers at all levels:

- Consistently support each community’s ownership of its public schools and each district’s ability to meet student needs.
- Support the resources needed by Montana’s public schools to fully develop the educational potential of each student educated in Montana’s public schools.

Montana’s public school districts are focused, adaptable, innovative, engaging, and driven to help every student succeed by consistently:

- Ensuring that public school students’ knowledge and skills match contemporary needs.
- Using technology to link each student to the world in which they will learn and succeed.
- Designing, updating and operating in facilities that enhance learning.
- Engaging families, the community and each other to meet the needs of every student.
- Driving the design and use of effective data systems to support and enhance each student’s success.

As a result of the support of policymakers and the leadership of Montana’s public school districts, Montana’s public school students:

- Think critically and engage as responsible citizens.
- Succeed without regard to circumstances of life that could otherwise interfere in achievement of their full potential.
- Use the knowledge and skills they develop in Montana’s public schools to succeed in whatever future they choose and wherever they go.



CORE VALUES

1. We honor and hold ourselves and others accountable for compliance with all elements of Article X of the Montana Constitution.
2. Shared Authority, Responsibility and Accountability: School districts share authority and responsibility with the state for developing the full educational potential of each student. All are jointly accountable to the public for providing a system of education that is worthy of the goal of the people.
3. Equality of Educational Opportunity for All.
4. Recognition of and commitment to the preservation of the distinct and unique cultural heritage of American Indians in Montana.

Areas of Focus for the Coming Years

1. Student Success
2. Teaching and Learning
3. Governance, Leadership and Accountability
4. Culture, Climate and Social Values
5. Community Engagement

Montana's Public Schools are High Performing and Efficient!

As we approach the time for the 2013 Legislature, you will likely hear from a limited few with a perspective that Montana's Public Schools are failing and in need of serious reform. These same people will argue that Montana should adopt charter schools without elected school boards, tax proposals to fund private education with public funds and a "reform" agenda to turn Montana's public schools around.

Nothing could be further from the truth.

Montana's Public Schools produce high student achievement through a system that respects local community ownership and parent involvement. The tremendous value that our public schools provide to students, parents and Montana citizens is proven through virtually every performance measure used. We remain committed to continuously improving academic achievement of Montana's school-aged children in collaboration with state policymakers and local communities. This is the Montana way, with community ownership and local control as the foundation of our success. Our results stand up to any comparative scrutiny and exceed those of other states that are often held up as models of success when it comes to student achievement. Consider the performance of Montana compared to that of Florida, a state often held up as an example of impressive student achievement gains:

1. Montana's graduation rate is ranked 11th in the nation at 82%. Florida's is 44th at 68.9%. There are many rural school districts in Montana that have achieved graduation rates in the high 90's and even 100% over the course of not just several years but even decades. Where graduation rates have been a challenge, the Graduation Matters initiative has been catching on and showing impressive results in the communities implementing the initiative. In Missoula, where Graduation Matters was first initiated, graduation rates have increased from 80%-nearly 90% since 2009 and the drop out rate has been halved in only three years.
2. Montana's ACT Average Composite score of 22.1 ranks 17th in the nation. Florida's is 47th at 19.6. Additionally, Montana tests 60% of its eligible students, compared to only 29.5% tested among the states ranked ahead of us. Only three states in the nation, Iowa, Wisconsin and Minnesota test a higher percentage of their children and have average scores above those in Montana. The ACT is the predominant test of college readiness used throughout the nation.

3. Montana's Average 8th Grade Reading Score on the National Assessment of Educational Progress is 270, good for 7th in the nation. Florida's is 30th at 264.
4. Montana's Average 8th Grade Math Score on the National Assessment of Educational Progress is 292, good for 6th in the nation. Florida's is 34th at 279.
5. Montana's Average 8th Grade Science Score on the National Assessment of Educational Progress is 162, good for 1st in the nation. Florida's is 32nd at 146.

Montana is also making substantial headway on addressing achievement gaps through state and local partnerships. A notable example can be found in the progress of Frazer Elementary, a rural school district located within the boundaries of the Fort Peck Reservation with a 94% free or reduced lunch eligible student population. Frazer Elementary has shown remarkable improvements in academic achievement through its participation in the Montana Schools of Promise – School Improvement Grants Initiative, a program developed under the leadership of Superintendent of Public Instruction Denise Juneau that partners with schools and communities to improve Montana's most struggling schools. Frazer Elementary went from struggling in addressing achievement gap issues to making AYP under the No Child Left Behind Act for the first time through its participation in the Schools of Promise program.

Additional indications of Montana's statewide success in tackling the achievement gap can be found in the fact that the Education Trust has recognized Montana for increasing student achievement in reading and math for both American Indian and White students over the past six years and that Montana was also one of six states recognized for achieving significant progress toward closing the achievement gap between low-income students and their peers. Montana has one of the smallest achievement gaps between low-income students and higher-income students in the nation.

Nearly as impressive as Montana students' academic performance is the relative efficiency of Montana's Public Schools when compared to spending in the rest of the Nation:

1. Per pupil current expenditures in Montana's Public Schools are ranked 29th in the nation, approximately \$850 below the nationwide average.
2. Per capita expenditures in Montana's Public Schools are ranked 41st in the nation, approximately \$292 below the nationwide average.
3. School revenues Per \$1,000 in Personal Income in Montana's Public Schools are ranked 29th in the nation.

4. Montana public school administrator staffing is effective and efficient with 1100 students per Superintendent and 257 students per Administrator (Superintendents and Principals), as well as, supervision of nearly 26 licensed professional and paraprofessional staff per Administrator. These ratios compare very favorably to other public and private sector industries, and disprove the popular but inaccurate refrain that there is too much administration in Montana's public schools.

Montana public schools offer a tremendous opportunity for high achievement to children, close to or at the top of the nation in comparison to other states, at a relatively low cost to Montana Taxpayers. We don't need to look elsewhere when it comes to producing increased academic performance of the children in our public schools. We need only dedicate ourselves to a continued vigorous pursuit of the full development of each child's educational potential as envisioned in the Montana Constitution, engaging parents and voters through high quality educators and elected school boards.

Montana's Public Schools Engage Communities to Support Innovation and Customization!

Montana's public schools have innovated throughout the state to meet the needs of children in each community. Montana's school districts are eager to engage their communities in meaningful and thoughtful discussions regarding how to best serve Montana's school aged population. These discussions have resulted in choices that flourish throughout the state. Open enrollment with no tuition for out of district students in a large majority of our public schools; 4 day school week programming in many of our rural schools; online learning options available to all children of the state through the Montana Digital Academy; courses taken for concurrent high school and college credit; Montessori schools; alternative high school programs where high achievement is the constant and time is the variable (a partnership of Bozeman, Lame Deer and Havre high schools); International Baccalaureate programs in Kalispell and Missoula; part time enrollment for home school students; and even religious instruction release time are just a few of the flexible innovations available in Montana's public schools.

Innovations are occurring not only at the local level but also through local school districts' collaboration with the Board of Public Education. More recently, K-12 advocacy groups worked together with teachers, administrators and parents from across the state in recommending significant updates and improvements to the Board of Public Education's Accreditation Standards. These changes, which were ultimately adopted in October by the Board of Public Education with the support of MASBO, MEA-MFT, MREA, MTSBA, MQEC and SAM, include:

1. New performance standards to help measure and stimulate efforts to increase rigor and academic achievement;
2. An amendment to the rule on teacher and administrator evaluations designed to increase the thoroughness, consistency and overall quality of such evaluations through models developed collaboratively by representatives of elected school boards, administrators and teachers while also preserving local school districts' rights to develop comprehensive evaluations on their own; and
3. Providing improved opportunities for flexibility and innovation for schools in pursuing alternatives to the assurance or "input" standards through a review by peers nominated from the field. Every input standard included in the Accreditation Standards other than standards also required by law (e.g. educator qualifications) are eligible for variance, provided that the district has developed a plan to produce comparable or better student performance under the alternative.

The bedrock principles that promote innovation and choice in Montana’s public schools begin with a community-driven process that leads to an assurance of community ownership and include safeguards to protect the right of input and influence that are uniquely characteristic of public education:

1. Collaboration with all parents and taxpayers in the community;
2. Accountability to voters through their rights to elect trustees; approve or disapprove discretionary levies; and demand transparency through access to information regarding school performance and expenditures.
3. The engagement of classroom teachers and other educators as the sources of both ideas for innovation and delivery of instruction; and
4. The assurance that all such offerings are provided on a nondiscriminatory basis in pursuit of the full development of the educational potential of each student as required under the Montana Constitution.

In recent public policy discussions regarding the use of public funds to pay for private education in Montana, there are critical facts that are lost in the details.

Using public funds for private education essentially makes “private” education now “public”, only without the accountability, rights and choices made available to the public when interacting with their existing public schools. Each of the following rights or choices under current law would be notably absent if public funds were used to support private schools:

1. Your choice of which trustees to vote for and elect to represent the community and oversee how the school district spends taxpayer funds;
2. Your choice of whether to support requests for funding and other voted matters required to be placed before the voters by public schools;
3. Your right to observe, participate in and challenge the deliberations and decisions of public schools through open meeting laws;
4. Your right to know and assess how well the schools you are supporting with your taxes are performing on various standardized measures of student performance. Private schools are exempt assessing and disclosing their performance to the public.
5. Your right to enroll your child in a school. Unlike public schools, which are required to serve all resident school aged children, private schools have the right to deny admission for a variety of reasons that would be unlawful if used as a basis for denial of admission in a public school.

With all of the choices available within our accountable statewide system of public schools, why would we sacrifice any, much less all of the benefits for children above by using public funds to pay for private education in any form that lacks the accountability, transparency and voter control present in our public schools? The short answer is that we should not accept anything less and should in fact be pursuing an increased presence of the voice and role that the public currently enjoys in influencing the decisions of our public schools as they work to serve the children of this state.

Montana's Public Schools are In Harmony with Supported by and Montana Voters!

Several key education advocacy groups recently commissioned a public opinion poll regarding Montana's public schools. Covering a wide range of topics and using highly reputable polling firm Zogby Analytics of Utica, New York, the poll results demonstrate that Montana voters are in synch with and strongly supportive of the efforts of Montana's public schools in fully developing the potential of the kids.

Montana Voters:

1. Believe their public schools are doing a good job and trust in their teachers, administrators and elected school boards to act in the best interests of kids;
2. Believe the school district consolidation should be decided locally, by those affected;
3. Want schools funded first when it comes to how their taxes are spent and support elected officials who support increased funding for schools;
4. Want teachers and administrators to have the time to focus on instruction of kids rather than on record keeping and data entry;
5. Want public schools to cover more than just the basics and offer a well rounded education to all kids;
6. Believe that the quality of public schools is comparable to the best of what private schools offer in Montana and is better than many private alternatives; and
7. Oppose the use of public funds for private and public education alternatives that lack supervision and control by accountable elected trustees.

Issue	Summary Conclusion	Detail of findings from 2012-13 Zogby Poll
Grading the Performance of Montana's Public Schools	Montanans believe that their public schools are doing a good job.	This year, as expressed in our previous polls from 2010 and 2011, Montana Voters believe the schools in their community are doing a good job with nearly 57% giving the schools in their community either an A or a B. This is much more favorable than the sentiment of voters nationwide, both with regard to national opinions of voters regarding schools in their own community (48% gave A's and B's in the recent national PDK poll) and with regard to national voters' opinions regarding the nation's public schools overall (with fewer than two of 10 assigning a grade of either A or B to the nation's public schools).
School District Consolidation	Montanans oppose forced consolidation.	This year, as expressed in our polls from 2010 and 2011, Montana Voters continue to express a strong support for community ownership and local control. When asked to identify who should be responsible for determining if a school district consolidates, an overwhelming majority (73.1%) identified the communities impacted by the consolidation as the group that should be in charge of whether consolidation occurs. The only other answer trending with more than single digit percentages was the state superintendent with 11.9%.
School Funding	Montanans support prioritizing funding of public schools by the Montana legislature.	This year, as expressed in our previous polls from 2010 and 2011, Montana Voters continue to express an overwhelming preference for prioritizing state funding of K-12 public education over other key governmental services. When asked what should be the highest priority when it comes to how state government spends their tax dollars, 51.6% chose K-12 public schools. The next highest response was "not sure" with 14.1%. Only one other option was at more than single digits - social programs for the aged and disabled at 11%.

<p>School Funding</p>	<p>Montanans support elected officials that support increased funding for schools.</p>	<p>Related to the previous question and consistent with past poll results as well, Montana Voters demonstrate that they support elected officials who support increased funding for Montana’s public schools. When asked what type of elected official they support more, one who supports increased funding for K-12 public education or one who supports decreasing or freezing spending for K-12, 68.4% expressed a preference for an elected official who supports additional funding for K-12 public education. Only 13% expressed a preference for an elected official who supports decreasing or freezing funding.</p>
<p>Trust of public officials</p>	<p>Montana Voters trust public employees and officials directly involved in public education to do what is right by kids.</p>	<p>When asked to identify who they trust the most when it comes to deciding what is best academically for students in Montana’s public schools, Montana Voters expressed a strong preference for those directly involved in our public schools. Montana Voters overwhelmingly place their highest levels of trust in classroom teachers (38.7%), elected school boards (13.2%), the state board of public education (12.3%), and school administrators (combined percentage of 16.8% for superintendents and principals) compared to the trust they vest in the Executive (6.3% between the Governor and State Superintendent) or Legislative (1.3%) branches to decide what is best academically for the kids in Montana’s public schools.</p>

PLEASE CONTINUE TO THE FOLLOWING PAGE FOR FURTHER RESULTS

<p>Instruction of kids</p>	<p>Montana Voters want their teachers and administrators to have time to teach kids, improve performance and engage families and communities.</p>	<p>When asked to identify how they believe a teacher’s and a school administrator’s time should be spent, Montana Voters express a strong preference for protecting the time needed for direct instruction of kids and engagement of families and communities over preparing for standardized testing and tracking and entering data. When asked to identify the most important use of a classroom teacher’s time, Montana’s Voters overwhelmingly identified instruction of kids (82.7%) first, followed by those identifying improving knowledge and instructional skills (47.3%). Remaining priorities chosen as the most important use of a teacher’s time included interacting with parents (15.7%); preparing students for standardized testing (15.1%); and, in last place, tracking and recording data regarding academic progress (14.4%).</p> <p>When asked to identify the most important use of a school administrator’s time, Montana Voters were similarly decisive in identifying instructional support and evaluation of teachers (55.7%) as the most important use of a school administrator’s time. Remaining priorities chosen as the most important use of a school administrator’s time included keeping the public informed regarding the public schools (25%); regulating student conduct (21.7%); interacting with parents (18.5%) and, in last place, maintaining record keeping obligations for statewide and federal accountability programs.</p>
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<p>Scope of K-12 Public Education, Quality or Basic?</p>	<p>Montana Voters want public schools to provide a well-rounded education, more than just the basics, to Montana’s kids.</p>	<p>When asked whether public schools should offer the basics or a well-rounded education, Montana Voters speak loud and clear. In the most decisive answer in the entire poll, 91.8% of Montana Voters said public schools should provide a well-rounded education to all children, including items such as all day kindergarten, gifted and talented classes, music, art, physical education, technology and advanced placement courses. This perspective aligns nicely with the goal of our system of public schools (“fully developing the educational potential of the state’s citizens”) as set forth in the Montana Constitution.</p>
<p>The Quality of Public vs. Private and Home Schools</p>	<p>Montana Voters believe public schools are better than most and comparable to the best private education alternatives available in Montana.</p>	<p>When asked to rate how good an education each provides, excellent, good, fair or poor, Montana Voters believe that Montana’s public schools hold their own with the best of private alternatives. The percentage of Montana Voters rating schools as excellent or good was 68.8% for independent private schools, 68.2% for public schools, and 64.3% for private parochial schools, with the top two statistically tied within the 3.7% margin of error for the poll. Those identifying home schooling as excellent or good lagged significantly behind at 41.7%.</p> <p>The results on this question demonstrate Montana Voters’ recognition of the quality of Montana’s public schools and is in stark contrast a recent national poll comparing the quality of the nation’s public schools to private education alternatives, where the nation’s public schools came in last place behind private, parochial, charter and home school options.</p>

<p>School Privatization and Charter Schools</p>	<p>Montana Voters oppose the use of public funds for private education</p>	<p>When asked whether they support providing tax benefits (tax credits or vouchers) for tuition at a private religious school, the percentage of Montana Voters opposed exceed the percentage in support by a 47.5% to 41.3% margin, with 11.2% unsure. Additionally, the percentage strongly opposing such proposals (27.8%) was significantly above the percentage strongly supporting (17.4%).</p>
<p>School Privatization and Charter Schools</p>	<p>Montana Voters oppose charter schools that are not under supervision and control of elected school boards</p>	<p>When asked whether they support or oppose legislation providing for public funding of charter schools that are not supervised by trustees subject to election in their community, Montana Voters were decisively opposed. Montana Voters oppose charter schools outside of supervision and control by elected school boards by a 50.6% to 32.8% margin, with 16.4% unsure.</p>

Montana's Public Schools are Unified In Support of a Legislative Plan for the 2013 Session! LC 132 by Senator Llew Jones, Conrad

1. SECTION 1: Creates a K12 Data Task force with trustees, administrators, tech staff, parents, school business officials and legislators to work with OPI to ensure that the statewide data system can be used by classroom educators, administrators and parents to collaborate in supporting students' academic needs.
2. SECTION 2: provides for the new Data for achievement payment referenced in the explanation of Section 5 below.
3. SECTION 3: Diverts half of the state's current share of oil and gas revenues that currently go to the general fund to the guarantee fund where it helps fund a new Natural Resource Development K-12 Funding Payment to support school district BASE budgets statewide (\$100 million gross biennial fiscal impact to the general fund projected, though as much as half of that may be offset by lower GTB costs, should substantially reduce district property taxes statewide).
4. SECTION 4: Adds the Flexibility Fund to statutory appropriations so that excess state land revenues deposited to that fund can be immediately distributed by OPI to school districts.
5. SECTION 5: Amends the law on data systems to ensure that there is a focus on bringing useful data to educators and parents to use to enhance instruction and academic performance of students. The intent through subsection 6(b) is to ensure that OPI and the K-12 Data Task Force work to ensure that the data system has a module or other capability of "talking to" and/or automatically converting data from other systems already in use in school districts (e.g. Power Schools) and/or by OPI, both so that districts using systems that have all the components sought in this bill will not have to reinvent the wheel and so that districts do not have to repeatedly input the same data multiple times for different elements of the statewide data system as it has existed in the past. There is also a contemplation that OPI and the K-12 Data Task Force will review options available through private companies that may satisfy the specifications and needs for a statewide data system.
6. SECTION 6:
 - a. Provides for statutory calculated inflation for the per-ANB entitlements (0.89% in FY14 and 2.08% in FY15 - \$20 million biennial fiscal impact in state aid for this increase, higher at BASE and MAX, increase in spending authority for districts.

There are additional costs associated with bringing the settlement cost forward into this biennium. See details at the end of this summary).

- b. Implements the K-12 Vision Group's per school unit entitlement concept, phased in over two years (\$30.6 million biennial fiscal impact in state aid, higher at BASE and MAX, increase in spending authority for districts) and address larger school system concerns with the one size basic entitlement under current law.
- c. Creates the "data for achievement payment" of \$20 per ANB as a new general fund component. This should increase funding for schools by approximately \$2.85 million per year.
- d. Creates a new Natural Resource Development K-12 Funding Payment that will be funded with oil and gas revenues previously in the state general fund and with excess interest and income generated off of state lands. The revenue will be a variable funding source distributed as a percentage of BASE funding costs of the basic and per-ANB entitlements, much in the same manner as currently used to fund direct state aid.

7. SECTION 7:

- a. Ensures that school districts that are over maximum can add increases in all general fund payments and entitlements to their prior year's budget. This basically ensures that over max districts will have increased spending authority to implement common core and Chapter 55 of the Board of Public Ed.
- b. Allows a school district to increase its over-base budget levy without a vote to the extent that the school district decreases other nonvoted levies imposed by action of the board of trustees. The authority to maintain the nonvoted increase in the over-base levy in future years is decreased to the extent of any subsequent increase in other nonvoted levies.

8. SECTION 8: Oil and Natural Gas Revenue Issues as follows:

- a. Providing for local area sharing of oil and gas revenues in concentric circles emanating from the originating source of revenue and impacts, first to the other half of unified school districts, then to immediate adjoining districts then to districts throughout the county, then to districts in contiguous counties, then to all schools statewide. (\$24 million biennial fiscal impact).
- b. Reduces the amount that school districts have to budget in oil and gas revenues in their general fund to 25% of oil and natural gas revenues received. The language also provides additional flexibility in how this money is allocated, with only 50% of the

amount used to reduce the BASE budget and with the remaining 50% available for the over BASE portion of the budget.

- c. Exempts certain school districts from the obligation to budget in the general fund at all (e.g. Districts under \$1 million, districts with low spending, districts with unusual enrollment increases, etc.).
- d. Expands the 130% cap on oil and gas revenues for any district with an unusual enrollment increase approved by OPI, by \$45,000 for each additional ANB (150 square feet per pupil times \$300 per square foot build cost).

9. SECTION 9:

- a. Adds a new count in December to the existing enrollment counts in October and February to gain an additional data point for calculating ANB.
- b. Adds a new provision that allows a district to count students who achieve proficiency on particular classes in fewer hours than what would otherwise be required by the law. This is the "learning is the constant, time is the variable" concept that we have previously discussed and which has been discussed in the K-12 Vision Group. in innovating and customizing learning for each student.
- c. Aligns the existing power under current law for the Board of Public Education to be able to pull funding for a school that loses accreditation with the new blended accreditation model under Chapter 55.

10. SECTION 10: Reduces the threshold for when a school district is entitled to an immediate increase for an unusual enrollment from 6% under current law to the lesser of an increase of 4% or 25 ANB. This change also ensures that schools with unusual enrollment increases will receive funding for all additional ANB rather than just those over the threshold.

11. SECTION 11: Extends the date for when ending fund balance and flex fund limits kick in from 2016 to 2020. This changes the law that was created last session in SB 329.

12. SECTION 12: Changes the law so that excess interest and income in state land revenues during an interim gets split 50%- 50%, tax relief and increased spending for schools. To give you an idea regarding how this works, this change, had it been in effect a couple of years ago, would have brought school districts \$40 million in increased spending and \$40 million in district property tax relief when Otter Creek bonus payments were received by the state.

13. Section 13: Amends 20-9-344 to coordinate funding with the Board of

- Public Education's accreditation standards and to address the distribution of the natural resource development K-12 funding payment and data for achievement payment, which will be distributed in the same manner as other general fund payments.
14. SECTIONS 14 through 24 are all about adding oil and natural gas revenues as a source of bonding capacity. This is the same change upon which Senator Jones and education advocates collaborated in SB 403 last session.
 15. SECTION 25: This is a provision to allow districts with small amounts of oil and gas revenues, in insufficient amounts to address impacts, qualify for funds out of this account. This also changes the law so that amounts over \$7.5 million go to the guarantee account for distribution as part of the natural gas K-12 payment rather than to the state general fund.
 16. SECTION 26: Minor changes to statutory references in the county school oil and natural gas impact fund needed to align with the bill.
 17. SECTION 27: The changes to the Flex fund to receive excess state land revenues and allow distribution of such funds to school districts. Schools must first use the funds to address any key deficiencies in the school facilities study by DOA and, once those deficiencies have been addressed, for any other purpose allowed for Flex funds.
 18. SECTION 28: Changes to the Guarantee Account to segregate funds coming from development on state lands and oil and gas revenues previously flowing into the general fund to create a new "Natural Resource Development K-12 Funding Payment." As this money comes in, which should be at approximately \$50 million per year initially, it will be used to reduce BASE property taxes. As this portion of the BASE funding grows, it should decrease GTB costs over time, because increases in Direct State Aid generates a savings of as much as 50 cents on each dollar increase in the GTB area of the BASE budget. If and when the funding source ever becomes large enough to pay for all BASE aid, additional amounts go to the Flexibility Fund for increased spending by school districts.
 19. SECTION 29: An important purpose provision specifying that the amounts in this bill that allow school districts to increase their previous year's budget authority above inflation are to be used by school districts to implement common core, changes to Chapter 55 and to otherwise enhance efforts at improving academic achievement for students in our public schools. The funding in this bill is at least \$36 million higher than inflation over the biennium, without taking into account any amounts that might be distributed to schools as excess state land revenues over the coming biennium. The ability to increase

above inflation for Senator Jones is intrinsically linked to his ability to specify that it be for value added, specifically common core and Chapter 55.

20. Remaining provisions are standard codification instructions, applicability clauses and effective dates. It is important to note that one of the last sections of the bill, section 30, refers to provisions in SB 329 from last session. It does not terminate any section of this bill, but simply changes the termination date for sections passed in SB 329 last session from 2016 (as specified in SB 329) to 2020 (as amended by this bill).

Total Rough Approximation of and Summary of Provisions with a Fiscal Impact:

- a. Section 1, K-12 Data Task Force – there is an intent to fund the meetings of this group with a \$100,000 appropriation in HB 2.
- b. Section 3, State Oil and Gas funds to school guarantee account. This is projected to cost the state general fund \$100 million over the biennium, \$50 million per year, though as much as half of this cost (\$50 million over the biennium, \$25 million per year) could be saved through reduced GTB aid.
- c. Section 6:
 - i. The present law costs of increases in the per ANB entitlements is projected to cost \$47 million biennial. To be clear, this present law adjustment is really three pieces:
 - 1. The first is to pay the cost of the settlement on inflation that we attained with the state in FY13 (current biennium) and FY14 and FY15 (next biennium). The total of this portion is \$13.5 million.
 - 2. The second is the remaining increase in state funding for FY 2014 and FY 2015 above what was spent in FY 2012 to get to the FY 2013 entitlement levels, which was 2.43% higher than in FY 2012, (\$11.2 million); and
 - 3. The third, which is the only portion that will actually provide new money above FY13 funding levels, is the increase in state dollars for inflation of 0.89% in FY 2014 and 2.08% in FY 2015. (\$22.1 million)
 - ii. \$13.6 million for the first year costs of phasing in the revised basic entitlement and \$17 million in the second

year for a total of \$30.6 million over the biennium. The first year savings are intended to help fund the appropriation for OPI to improve its statewide data system.

- iii. The projected cost of implementing a new data for achievement payment is \$2.85 million per year for a total of \$5.7 million biennial.

- 21. Section 8 oil and gas revenue allocation changes are expected to cost the state general fund \$24 million biennial as that same amount is redistributed locally to school districts in oil and gas impact areas.
- 22. Section 9 Calculation of ANB will have an undetermined fiscal impact through the new ability of school districts to include pupils in their ANB count who are advancing their learning without satisfying the current seat time requirements. The December ANB count may also be projected to increase costs of the fiscal note estimates that the three way average of ANB from October, December and February will be higher than the two way count in October and February under current law.
- 23. Section 10 Unusual Increase in ANB will have an undetermined fiscal impact through the ability of school districts to get increased funding for unusual enrollment increases that are enhanced compared to current law. Current law requires growth of 6% and allows increased ANB funding only for growth above 6% while this proposal would lower the threshold to the smaller of 4% or 25 students and, once a district reaches that threshold, would allow funding for all increased students.
- 24. Section 12 should not have a fiscal impact in theory because it only allows for a distribution of excess state land revenues to schools when it is above the adopted revenue estimate. The fiscal note will almost certainly note the likelihood of increased funding for schools and may cite the Otter Creek example for illustrative purposes. If this language was in effect when Otter Creek came on line, schools and district property taxpayers would have both received \$40 million each.

THE TIME IS NOW!



- **DISCUSS** - TALK ABOUT THE VISION, KEY ISSUES, CURRENT INNOVATIONS AND SUCCESS OF PUBLIC SCHOOLS WITHIN YOUR COMMUNITY!
- **ENGAGE** - REACH OUT TO YOUR COMMUNITY AND ENGAGE THE SUPPORT OF OTHERS IN CONTACTING LEGISLATORS!
- **ACT** - DEVELOP AND INITIATE A PLAN TO TURN THE VISION INTO REALITY IN YOUR COMMUNITY!

The Time to reach out to your Legislator is Now!

The work of advocacy is important, and it is urgent. If we work together across the state, speaking with one unified voice in support of the interests of children in our public schools, we have a strong chance of success. Correspondingly, if we fail to follow through on our commitment and promise to the children of Montana, then our requests are sure to remain unanswered.

The time to embrace and create excitement for this exciting Vision for the Future of K-12 Public Schools is now. Our students deserve no less.