

EDUCATION COMMITTEE

MONTANA LEGISLATIVE COUNCIL  
LIBRARY

January 14, 1977

The meeting was called to order at 3:35 p.m., with all members present except Reps. Barrett and Lund, who were excused.

Rep. Eudaily moved to reconsider action taken Wednesday on House Bill 69. He said that further information had come to his attention and he would like more time to consider the bill. The motion passed with Reps. Kvaalen and Hand voting NO (Reps. Barrett, Lund and Kessler not present). The Chairperson postponed action on the bill.

The Chairperson introduced Rae Haas, the new researcher hired to replace Terry Cohea, who will be working full time for the Taxation Committee. She then asked representatives from the Governor's Office of Budget and Program Planning, the Legislative Fiscal Analyst's Office, Office of the Superintendent of Public Instruction, the Montana Education Association and the American Federation of Teachers to present their data on the school foundation program and tell the committee what assumptions their conclusions are based upon.

Bob Stockton, OSPI, distributed material to the committee members (attached). He said that in making any kind of projections, assumptions are made. OSPI assumed that the rate of cost increases in school districts would stay the same. Also, ANB increases would be the same as for the last several years. The 1975 Legislature expected 11% increase in voted levies--the large increase you see in this category is due to voted levies that the people voted on themselves. Mr. Stockton called attention to the fact that ANB is declining; the peak year was 1976. He said that ANB is consistently higher than enrollment and the foundation program gives money per ANB depending on the size of the school. The projections are on the last page of the handout. Figures indicate that \$41.5 million more will be needed for the next biennium than was distributed last biennium. In answer to a question, Mr. Stockton said he doesn't think ANB is the best factor for computing revenue. OSPI has a federal grant of \$117,000 over the next 28 months to study the delivery system of money to school districts. It will be starting in April and OSPI will have suggestions for the 1979 Legislature. ANB is distributed according to the size of the school--more dollars per ANB go to small schools.

Maurice Hickey, representing the MEA, said Senator Blaylock is submitting the MEA bill. Their figures are not ready for presentation, but will be by the time the bill is before the committee.

Mike Billings, Director of OBPP, distributed a handout showing the Governors budget (attached). He said it is to be a taxpayers budget that will not increase or encourage taxes to increase. There was enough money to fund a non-inflationary budget that will not increase taxes but will supply state government. OBPP's final figure is 6% allowance for inflation generally for all state government, which is a little bit higher than necessary. School budgets are built from the ground up on a per student basis. In answer to the question of why school costs have increased so much, Mr. Billings said he did not know. Schools are protected from government control or interference, so OBPP cannot audit them. The general inflation rate is 5-1/2% and school rate is 12.3%. OBPP figures are based on those used by OSPI, which Mr. Billings feels is a little on the conservative side. All of the revenue sharing money received by the state will be used for education. Mr. Billings then introduced Jon Krutan, analyst in OBPP who will be dealing with education.

John LaFaver, Legislative Fiscal Analyst, distributed material to the committee (attached). It is a page from his budget analysis. He said it is a matter of what the Legislature feels is appropriate in terms of resources available and what it wants to supply for education. The major assumption he used was that the total school budget would be up 7-1/4% per year. This is because enrollments are falling. In any operation in government, as less and less is produced, the cost per unit goes up, because fixed costs stay the same and therefore the cost per student is going up. Another difference with the OBPP is the way taxable value is calculated. They used an 11% increase in property values. That is about 2 times the increase that the state is realizing in recent years and it is attributable to reappraisal. They also assume that it is uniform statewide. Property tax values in 1976 increased \$41 million but some counties account for \$28 million of that.- the southeast part of the state where coal has increased property values. If the OBPP budget is followed, there will be significantly higher increases, especially in the major cities of the state. We also feel OBPP is overly optimistic in the amount of revenue a mill will raise.

John Sullivan, Association of County Superintendents, made a statement to the effect that he feels all the proposed budgets are putting a lid on educational expansion. He said the more money put into the foundation program, the less trouble at the local level with voted levies, negotiating with unions, etc.

Leroy Corbin, Montana Federation of Teachers, submitted statement in support of OSPI figures. Mr. Stockton said that by next week his office will have the actual expenditure figures.

Maurice Hickey, MEA, said that the total budget is increasing greatly because of the special education programs. Lloyd Markell said the figures for the last 3 years were: first year, 52% increase, second year, 60% increase, and this year a 54% increase in the budget attributable to special education. When these

are excluded from the general fund budget, the increase is an average 13% per year. Teacher salaries are increasing approximately 8-1/2 to 9% per year.

Bob Stockton said that he will have records of administrative cost increases for the committee next week. He said OSPI can do actual cost comparisons in school districts to a degree. OSPI must build a system that can be used by both types of school districts - the very small and the very large. He also said OSPI will be doing a cost analysis of indirect costs of special education. If they find it is a consistent figure, they will grant an amount to the district for these costs that will not have to be accounted for.

The Chairperson said that Rae Haas is a C.P.A. and for the last 4 years has been in OSPI as Director of Administrative Services. She requested Ms. Haas to prepare an analysis of the fiscal reports and submit it to the committee.

There being no further business, the meeting adjourned at 5:25 p.m.

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ANN MARY DUSSAULT, Chairperson

|           | <u>HB 56, DNP</u> | <u>HB 66, DP</u> | <u>HB 69, DNP</u> |
|-----------|-------------------|------------------|-------------------|
| Dussault  | Yes               | Yes              | No                |
| Gilligan  | Yes               | Yes              | No                |
| Courtney  | Yes               | Yes              | Yes               |
| Estenson  | Yes               | No               | No                |
| Gunderson | Yes               | Yes              | No                |
| Hand      | Yes               | Yes              | Yes               |
| Kennerly  | No                | Yes              | No                |
| Kessler   | No                | Yes              | No                |
| Uhde      | Yes               | Yes              | Yes               |
| Barrett   | No                | Yes              | Yes               |
| Eudaily   | Yes               | Yes              | Yes               |
| Kvaalen   | ----              | Yes              | Yes               |
| Lory      | Yes               | Yes              | No                |
| Lund      | No                | Yes              | Yes               |
| Meyer     | Yes               | Yes              | Yes               |
|           | 10 Yes            | 14 Yes           | 8 Yes             |
|           | 4 No              | 1 No             | 7 No              |