

EDUCATION COMMITTEE

April 6, 1977

A special meeting of interested legislators was called to order at 7:20 p.m., in the Governor's Reception Room. Those invited were as shown on the attached sheet. Roll was not taken.

Chairperson Dussault said the purpose of the meeting was to discuss the 7% and 6% raises to the Foundation Program schedules that the House sent to the Senate in H.B. 365. She would like the people to respond to these schedules and let the legislators know if they feel they are inadequate, and if so, what they feel would be adequate. There are very few legislators that would agree that if the schedules are increased, the local levies will go down. This, historically, has not happened. Witnesses must convince the Legislature to impose the statewide deficiency levy.

Bob Stockton said that his office is able to substantiate the figures he has submitted as much as and in the same way the cost of living figures are reached and substantiated.

Dan Marinkovich, Superintendent of Anaconda Schools, speaking on behalf of his board of trustees, read and discussed the attached statement.

Penny Bullock, chairman of the Helena School Board and also speaking for MSBA, said in the past few years the school board has tried to keep the mill levy down, but elementary has increased 5.3 mills and high school has increased 4.9 mills in the last 6 years. An 8% increase has been projected for next year. Through our budget process, we have cut from 19% increase to a 12% increase and feel it is about as low as it can go. She distributed the attached sheets, and said that high quality education is the primary responsibility of the school boards. The least equitable type of tax is the property tax, but a statewide tax is an improvement on it, even though it is still on property.

Carl McCallum, Superintendent of Schools in Philipsburg, said their schools are in a very depressed area due to bureaucratic actions. Both the timber and mining industries have dwindled to nothing because of government studies. People are moving away and the schools are losing ANB and taxable value at the same time. We need more than 10% because 10% of our budget doesn't amount to much. In the last 3 years the schedules have been raised 78% but the truth is that most of that money went into special education programs, about 45% of it, and the schools did not get as much for regular programs as it seems. We lost 41 elementary and 16 high school ANB over the last year. Last year our budget was grossly underbudgeted because the superintendent was ill and inexperienced people made out the budget. Last year it rose 21% in elementary and 17% in high school, and the raises came from: administration - 10%; instruction - teachers 9%, others 6%; plant operation - 15%; maintenance - 22%; food service 30%; student services - 30%; parent charges - 20%; and capital outlay - 12%. The voted levy in 1972 was \$18,442 for high school. This year it was \$77,259. Because

the loss in enrollment, our maximum general fund is shrinking. This is 30% of the total elementary and 21% of the total high school budget.

Dr. Harold Wenaas, Superintendent of Schools in Great Falls, talked about problems in maintenance, insurance, etc. Everything a school buys is more expensive. We have a roof problem, \$120,000 to fix, of which \$80,000 was in the bond issue that failed yesterday in Great Falls. We also have labor problems in Great Falls. We estimated 8.3% increase in expenditures for this year. This is not out of line. In Great Falls there are 17,200 children to educate, so our budget, large though it looks, is not fat. In terms of percentages, the other people (aside from teachers) are the ones that got raises of around 11%. Teachers have not gotten that much. We need to come up with 30% more than what is in HB 365 in order to balance our budget. One of the greatest increases is in transportation costs.

Jim Watkins, Superintendent at Libby, said last year they had a 20 mill increase in their school levies. This year we told everyone to hold the line. The only item increased was salaries, which had been negotiated. High school budget increased 7-3/4% and elementary only 5%. We are losing enrollment at the elementary level because the dam is complete. At 7% increase, the schedules are alright, with 5% our mill levies will have to increase. We estimate that 25% of our budget is voted levy. We receive 874 money, about \$110,000 a year, so our increase on taxpayers is that they have to make up the difference when this federal money is dropped. Also, about 75% of our land is federal forest land so our taxable valuation is low.

The witnesses were asked about the variable spending ceiling.

Mrs. Bullock said she does not like it, that the voters are the best ceiling on spending.

Mr. Watkins said he is against a lid on anything because there are times when increases must be made. He said that it would not hurt them at this time, however.

Mrs. Bullock said Helena has to add 1 principal to be in compliance with accreditation standards, and that is where the increase is.

Alve Thomas said the answer to the question of how many administrators a district must have is in the standards, which are set by the Board of Public Education. Each district must have a superintendent, each school with 500 high school students must have a principal; 600 students in elementary schools. If a school does not meet the requirement, it can be put on probation and lose accreditation, but in the 11 years he has been in the SPI office, only 2 have lost accreditation and both had very few students. There are 116 high schools in Montana and all belong to

the Northwest Accreditation Association and their standards are similar to Montana standards.

Mr. Watkins said that if we had a 7% increase in our district the voters would have to make up the difference, and if the levy was voted down the programs would have to be cut and so would staff.

Dr. Wenaas said that regarding the concept that increases by the Legislature lowers local voted levies is historically not borne out; he does not believe that local boards raise just for more money. Whether they go to the voters is dependent on whether the need is there and whether people will vote for it. He does not believe it is true that districts will vote higher levies if the state makes higher schedules. The average elementary student cost in Great Falls is estimated at \$1100 and \$1300 for high school students.

Maynard Olson said that in Helena it costs \$800-900 for elementary, \$1100 for jr. high, and \$1300 for high schools. There are 7600 students in Helena, and the total budget is \$10,058,330 which includes special education.

Mr. Watkins said the cost in Libby is \$890 for elementary, \$1038 for high school. Their total budget is \$3,250,000.

Rep. Jack Gunderson said he still has not heard testimony that has convinced him that school costs have increased more than 7%. All the figures do not show exactly where these great increases are.

Dr. Wenaas said that it is a great problem to guess what utility costs are going to be when making up the budget--he has not guessed right for the last 2 years.

Rep. Gunderson said up to 1975 teachers salaries were 45% of the total budget, but between 75-76 it dropped to 36% of total costs. If teachers are getting all the money, he wondered why this percentage is going down.

Rep. Moore said that the general fund has increased from \$43.5 million for 1974-75 to \$289 million for the coming year. He wondered why it is so much more when the enrollments are dropping.

Mr. McCallum said a lot of the increases come from mandated programs such as special ed and Title IX. He said the state has only paid about half of the cost of basic education mandated by the 1972 Constitution.

Mr. Marinkovich said there has been a drop in Anaconda. Two years ago was 55 mills, this year 103 mills but a drop in ANB each year. The drops are so scattered that costs cannot be cut. The only real cut would be if a school could be closed. Anaconda is in a depressed area, however, the school district is the second biggest employer in Deer Lodge County.

Mr. Stockton said special education allowable cost becomes minimum budget without a vote and of that 80% is foundation program and 20% is permissive levy. Under the permissive levy laws, schools would not need to exceed 9 mills for elementary and 6 for high schools to support the permissive amount. Therefore, in most school districts 100% is paid for special education. In a few rich districts they might pay a part of the 9 and 6 permissive mill levies.

Dr. Wenaas said he feels special ed budgets should be isolated from regular school budgets.

Chairperson Dussault asked the witnesses what percentage of their budgets the local voted mill levies are and what increase they would require to keep them at the same level.

Mr. Marinkovich said out of a \$5 million budget, their special levy was \$1,936,000 last year. They need 10 mills and it would be doubtful if the same education could be provided. He recommended a 12% increase each year but then said he knew that was impossible.

Mrs. Bullock said the elementary levy is 20% and the high school is 26%. A 9% raise is the very minimum for Helena, and it would be the largest increase for the last 6 years. She believes no less than 10% would be required to keep Helena static.

Mr. McCallum said their voted levy for the last 5 years was around 12% until last year and then it was 20%; this year it is 30%. He said he cannot answer the question because they do not have a stable ANB, but he guessed that it would be 12% in normal times. This year 22% would put them on an even keel.

Dr. Wenaas said 8.3% is what Great Falls has budgeted, which is fine as long as the ANB doesn't change. The state increase would be 11% to get the 8% necessary for the budget in Great Falls.

Mr. Watkins said they have 21% voted levy, 20% high school, 8.6 elementary, which means a 10 mill levy increase in their elementary budget due to 123-student decrease. The difference between 6.8% in that would mean a 10 mill increase and 10% which would mean it would be about 4% in our case.

Mr. Stockton said an interesting item is that instruction costs went down slightly but everything else went up slightly.

Rep. Gunderson said the big problem the legislature and the schools face is that we have declining enrollment and declining economy also. He said maybe changing accreditation standards would lower costs. Mr. Olson said he does not think the standards are the problem. Their intent is to raise standards of education for the children. The added staff in Helena is what we feel will improve the instructional program. There are other costs we must meet also, but we have worked our budget down to 11.2% increase, which is as low as we can go.

Rep. Courtney asked how many ANB would have to be reduced to see a decrease in costs. Dr. Wenaas said the only thing that can be done is to cut teaching staff, and there would not be much reduction there until you could close a school, which people do not like. It is very hard to say how declining ANB decreases costs.

Senator Blaylock said if we are going to meet the needs that have been outlined, special levies will have to be put on. He asked what a fair deficiency levy would be. Dr. Wenaas said the statewide levy is what he wants because it is fair.

The Chairperson said if schedules are increased 6% we would need an additional \$14 million over what is in that budget (the Governor's) so that even at 6% we must come up with \$14 million. The 7% and 6% raises means \$17 million more; the 9% raise means \$28.5 million over and above the Governor's budget.

Mr. Marinkovich said the legislators must do what is right for the children of Montana. Mr. McCallum said the statewide levy is to tax the people same as the local levy, but as least his area would be better off. Mr. Olson said he is in favor of the statewide deficiency levy.

Senator Smith asked if this would include \$12 surplus? Chairperson Dussault said that the surplus would cover errors. She said she is in favor of the statewide deficiency levy and that the state should have the surplus.

The meeting adjourned at 9:15 p.m.

ANN MARY DUSSAULT, Chairperson