

MINUTES OF THE MEETING  
OF THE LEGISLATIVE SUB-COMMITTEE ON EDUCATION APPROPRIATION

February 17, 1977

8:00 A. M.

Room 132

State Capitol Building

Subject: Foundation Program

Food Service, Transportation

Vice-Chairman Matt Hims1 called the meeting to order in the absence of Chairman Carroll South. Members of committee present were:

Sen, Larry Fasbender

Rep. Oscar Kvaalen

Rep. Ora Halvorson

Rep. Jack K. Moore

Also present in the meeting were Judy Rippingale, Fiscal Analyst, Robert Stockton, Bob Byers, Steve Colburg and John LaFaver from Office of State Superintendent of Schools.

Mr. Byers briefed the committee on the Food Service Program. It is planned on a cost-sharing basis with the federal government and provides meals to all school children in the state through high school age. The program is guided by federal regulations on how much reimbursement to expect. Each state agency shall match each dollar of general cash for food assistance on a basis of 3-1 but in Montana's case, the match is at .275 requirement. Since Montana has less than average per capita income the required match has been decreased.

All states are rated on per capita income. Montana has to match 27% of the previous year's federal Title IV lunch money. Projections are based on a full 30% match and any balance remaining is refunded. Last year there was approximately \$31,000 general fund reverted; the previous year there was approximately \$110,000 general fund reverted. What is being requested would be the maximum that would be expected to be paid.

In answer to a question by Sen. Fasbender regarding the source of figures, Mr. Byers said that a survey done by the Department of Agriculture Food and Nutrition Service Child Food Service Program, School Lunch Section IV, FY 76. It gave information which showed the per capita figures for Montana below average.

Sen. Fasbender wanted to know if the match requirement had been decreasing. Byers said that the match had been going up. It has gone from 8 to 10 percent since the 76 match. Byers said that the match requirement was going up because it was the federal law.

Vice-chairman Hims1 suggested to members of committee that they write in on the budget sheet given to them the figures showing OSPI figure for 1978 as being \$669,000--Fiscal Analyst - \$582,000 and OSPI figure for 1979 as being \$745,000--Fiscal Analyst - \$655,000.

Vice-Chairman Himsel wanted to know if the estimated increase in the number of meals had been included in the OSPI projection. Byers said that it had. Byers said if there is a review and the ratio goes up, then there would have to be a higher match.

Rep. Moore wanted to know how the OSPI could anticipate an increase in the number of meals when they also are anticipating a decrease in the number of total students from 171,000 to 167,000. Byers said that the increase would be because of the number of high school meals where the enrollment is increasing at this time. The decrease is in elementary school figures and many of these children normally go home for meals if possible. Mr. Stockton said that the school lunch program has never served all of the school children in the state. He reminded committee that if the projection did not materialize, the money would be returned to general fund.

Vice-Chairman Himsel said that they apparently did not look for an increase in reimbursement from this program. Byers said no.

Rep. Kvaalen asked if the match was three ways--federal, state and local. Stockton said that it was not an even match. A smaller amount was intended and has always been borne by the local.

Rep. Moore inquired about the reimbursement program and Byers said that the school district will submit claims to OSPI, it will be audited, showing the cost per meal. They will determine which type of meal they had and the rate that will be reimbursed. The reimbursement at present time is about 13.5 cents per meal. Then if the federal pays a portion of it, the state is expected to come in with a match.

Vice-Chairman Himsel asked if the meal included the milk program. Stockton said that milk is included in what they call a Class 8 meal and that only federal monies are involved in this program.

There is also a Breakfast Program which is used mainly on the reservation. The school districts on the reservation can use what is known as Public Law 874 monies where it replaces local property taxes. The other exception is for the aged. There is no BIA money involved in this but it is federal, state and the local district monies. This is called Federal Impact money. Great Falls gets it because of Malmstrom Air Force Base and this includes all reservation lands. Impact money is paid to the local districts in lieu of property taxes that they would normally receive.

Rep. Moore wanted to know how much state money is involved in these programs that pay impact money. Stockton said that it depended upon the number of children involved in the program and whether or not children can afford to pay. If they can pay for lunches, they are required to, but if they are in a low-income bracket, they do not have to pay for lunches.

It was again emphasized that any balance of unmatched general fund money does revert--it cannot be used in any other area.

Rep. Moore asked how much School District 1 gets of impact money because of Malmstrom AFB. Stockton said that he did not have that information with him. The money is used in Great Falls to reduce property taxes because it is money that normally would be property tax. This is also true of districts which include forest lands.

Vice-Chairman Himsl asked that the OSPI staff brief the committee regarding the area of transportation. The cost of transportation was originally to be borne in the elementary districts--a third by the county, a third by the district and a third by the state. The high school transportation was to be borne 2/3 by the county and 1/3 by the state. Last legislature OSPI received their first rate increase in the rate in which reimbursement can be made when it went from a rate increase of 20 cents to 35 cents. The cost had already gone to 45 cents per mile prior to that time. There is a bill in the legislature now to raise that rate increase to 52 cents per mile. Transportation at the present time is about half contracted and half district owned vehicles. The larger school districts are all contracting their service mainly because they feel it is more economical and more convenient. Butte went from contracted service this year to district owned buses.

Stockton said that for a 48-passenger bus in Area 1 which includes Flathead, Granite, Lake, Mineral, Missoula, Ravalli and Sanders counties averaged in 1975-76 a cost of 56.8 cents per mile to operate. That was a district-owned bus. In that same area on a contracted bus it cost 65 cents per mile. If reimbursement rate is set and the real cost of operating continues to increase, then the local school district pays the difference.

Rep. Kvaalen asked Judy Rippingale if she anticipated a bill would be introduced to raise pay schedules. She referred the question to John LaFaver. He said that there was a bill that would raise the schedule by one percent. Stockton said that it would raise it from the present 35% base rate to a 52% base rate. Sen. Kvaalen said that the program would cost about 3 million dollars and Stockton and Stockton said that he was right; however, Stockton reminded the committee that this would decrease the amount that must be paid by local school districts by 3 million dollars. It is a direct off-setting situation. These bills are already being paid by local districts so the more the state pays, the less the local districts will have to pay. In Great Falls, the contract price is \$1.25 per mile; in Billings \$1.09--these prices are being paid right now.

Vice-Chairman Himsl yielded the chair to Chairman South at 9:00 A. M., and briefed him on the information which had been given to the committee.

Stockton said that any balance in transportation money also reverts to the general fund as explained in food service.

Chairman South asked about the item 'traffic education'. This is part of monies collected for fines within a county--a portion of it is used for traffic education and driver education programs in the schools. It is also matched money. This year more was received from fines than from appropriation so they were limited by the appropriation. All funds reverted back to school districts.

There was discussion regarding bills that would use fine money for police communication and education.

Chairman South directed the meeting to the discussion of the foundation program. John La Fever offered a schedule to members of committee showing percentages and what each one would mean in dollars. He said that as enrollment falls, in order to get a given percentage increase in the budget, one would have to give a higher than that percentage increase in the schedules.

In answer to a question by Sen. Fasbender, La Fever said it takes into account new construction and new value but it does not take into account higher mills or new appraisal. He said that the Executive Budget does include new appraisal and the full mill levy.

Sen. Hims1 asked John if they didn't anticipate that there would be an increase in the appraised value. He said that what they did include in their recommendation was that the legislature change the percentage moving from appraised value to taxable value. Right now, for example, if a house is for sale at 12%, we recommend that you lower that percentage to offset re-appraisal. There is a bill in to float the mill levys. In either case that will lower the amount of mill levys you will generate. We feel if you change the taxable value, you key in only on the class of property that is being reappraised. If you float the forty mills, you spread that savings over all classes.

Sen. Hims1 asked if the proposal is to increase the general fund support and regardless of what the reappraisal values might increase, there would be structured an increase in the system so that dollars generated by local taxes won't be more. John said that was correct.

Sen. Fasbender asked what the mill levy value of total taxable value is that is being estimated for fiscal year 1979. John said that they use one value for the forty mills and another value for the permissive.

Chairman South asked that you mention that the governor has proposed 58.7 million for general fund and it takes 67.4 to increase the schedules that we have in HB 365? John answered that was correct--if they don't raise the property tax. He said that where we get that 9 million is on the second year of the biennium, they are over-estimating what forty mills will bring in as well as the permissive. South asked where the 9 million comes from and John answered that in the permissive area, they are taking the increase in the Colstrip area and saying that it is a statewide increase. South said that the error is greater in the permissive area and John answered that he didn't know if you could say that it is an error but that's the way they calculate it. He said that the percent of the total budget that the voted levys now generate would fall in every case. The only added revenue that would be generated from what is now a voted bill would be due to the new construction, higher prices of cattle, etc.

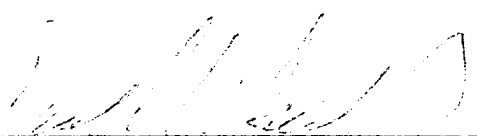
Rep. Kvaalen remarked that the school people use the argument that they want budgeting authority and don't necessarily care about the funding. John said that was true; however, they understand that if money doesn't come from general fund it will come from property tax.

Chairman South said that is one thing to be considered that if we don't have general fund money and want to raise the schedules, we can always go to the deficiency mill levy which in essence would take some of the additional values down in the coal area and spread it throughout the state. That is a political decision that has to be made. It would have an equalizing effect especially in those areas that are growing very rapidly.

Steve Colburg gave the committee a chart giving the general description of the funding for the foundation program and the permissive amount and the other sources for funding. Sen. Kvaalen and Sen. Fasbender were involved in a conversation with Steve Colburg which is recorded in its entirety on tape. Sen. Fasbender said that originally the permissive levy which has always been a part of the foundation program was strictly up to the local district and that was borne totally by the local district; then the state got involved with it because it was felt that there would be more equalization in proportion. The permissive levy was then picked up by the state. Then when you got down to the state deficiency, you went back to a statewide equalization rather than having it on a district by district basis. So, if the statewide deficiency were levied statewide which we aren't doing right now, you would increase the forty mills that is mandatory and have an additional mandatory statewide levy that would increase the equalization. Though it made it more complicated, it did spread the cost of education over all of the state.

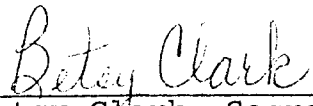
There is discussion on tape regarding the explanation of this budget, student-teacher ratio and enrollment. A full tape of this meeting is on file in the office of the fiscal analyst.

The meeting adjourned at 11:45 A. M.



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CARROLL SOUTH, CHAIRMAN



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Betsy Clark, Secretary