

MINUTES OF THE MEETING  
EDUCATION COMMITTEE  
MONTANA STATE SENATE

February 8, 1977

The thirteenth meeting of the Senate Education Committee was called to order by Senator Ed Smith, Acting Chairman, on the above date, in Room 402 of the State Capitol Building at 11:00 o'clock A. M.

ROLL CALL: All members of the Committee were present.

Acting Chairman Smith announced the State Superintendent's office has invited members of the Committee to an information session at noon today in her office regarding the foundation program, to explain the program more fully; and that he was acting as Chairman of the meeting to allow Senator Blaylock to present his bill.

CONSIDERATION OF SENATE BILL No. 271: Acting Chairman Smith called on Senator Chet Blaylock to present his testimony on Senate Bill No. 271.

Senator Blaylock stated this Bill was prepared by the Montana Education Association and calls for an increase in the general fund budget for elementary and high schools for the Montana Foundation Program of 13.6% for the first year and 11.5% in the second year of the biennial. He also stated they would be faced with making a decision on how much money to put into the foundation program and what is to be made up at the local level. He then called on Maurice Hickey of the M.E.A. to explain this Bill further.

Maurice J. Hickey, representing the Montana Education Association, in support of Senate Bill 271, handed out a letter from the MEA stating its assumptions and rationale of the Montana Foundation Program on school financing as based on the principles that it should provide funds sufficient for a quality basic education for every child regardless of local ability to support educational programs, and that the educational opportunity should be financed through state tax equalization. He explained that although there were several schools with declining enrollments, these were not presently sufficient for staff reduction and that the State's taxable valuations will increase with the new assessments, tending to defray some of the increase.

Lloyd A. Markell, also representing the M.E.A., in support of the Bill, handed out schedules of taxable valuation and percent change and property tax base per public school ANB and Adequacy of Permissive Budget Allowances, 1976-77, Analysis and Comparison of 1976-77 General Fund Budget charts and fiscal breakdowns and a booklet entitled "An Explanation of Montana's Equalization Foundation Program" which explains Montana's school financial structure, the foundation program and how it works, copies of this material is attached to these minutes. Mr. Markell went over these schedules and charts in considerable detail, pointing out tax levy comparisons, ANB budget allotments, the

State deficiency and permissive levy. He further explained that this Bill was not concerned with special education budgeting and was a flat percentage increase across the board of about 10%.

Senator Dunkle asked what was meant when referring to the general fund, to which Mr. Markell replied that they were talking about the district's general fund.

Mr. Markell testified further that in dealing with levies to be voted on, there is some psychological effect in the way it is handled; for example, if a levy to be voted on were the minimum, in all probability, the people would reject it, apparently thinking that the schools could actually operate by cutting down on costs; but if there is a 27% increase to be voted on, they seem to go for it. He also mentioned the tax contribution figures may differ if checked against each other depending on if you used the Legislative Analyst's figures or the State Budget Director's. Also mentioned was the fact that the county re-assessment would produce more money and unless this was contemplated and taken into account in computing the budget, it could result in the district receiving very little in state equalization funds.

Senator Dunkle was excused to keep another appointment.

Senator McCallum in mentioning reference to Ravalli County and other small rural schools that did not have school budget elections, he questioned if these schools were giving students a good education. Mr. Markell answered that they seemed to meet the accrediting requirements but that he had not visited any of these schools to see what curriculum was offered; that on such a minimum budget there was not much that could be taught but the very basic kind of programs.

Senator Mathers inquired what the total percentage increase would be in this Bill; Mr. Markell stated the figures are 13.6% in the first year and 11.5% on the second half of the biennium, or about a total of 25% to 26%.

Senator Mathers then inquired what dollar amount increase was put in the Governor's bill on this same matter; Mr. Markell stated he understood the fiscal note on the governor's appropriation bill, HB 365, from the general fund this year is for 22.81 million dollars with state permissive requirement of 7.03 million dollars, making a total of 29.84 for the first year compared to this Bill of 32.02 general fund appropriation without the state permissive for this year. For next year, the Governor's bill asks for 20.23 million dollars general fund appropriation with 8.63 permissive, totaling 28.86 as compared to 37.22 foundation and 12.88 general fund appropriation for the next fiscal year. He stated this Bill asked for an average of 10% increase straight across the board and he didn't have the figures for the Governor's bill, but that it wasn't enough to support the school foundation program requirements.

There was discussion of school financing, mill levy requirements and the merits of state deficit financing versus local tax levies and the state tax base being more equalizing.

The Acting Chairman asked for other proponents.

John B. Campbell, representing the Montana School Boards Association, testified in support of the Bill that the foundation program financed basic education on a state-equalized taxable basis, so, increase is more equitable and with new state and federal regulations going into effect with which schools must comply, the increased funding is very necessary.

Bob Stockton, representing the Office of the State Superintendent of Public Instruction, in support of the Bill, stated there was another bill in the House (HB 578) that pertained to this subject also but called for an over-all increase of 14% as compared to this increase based on spending; that his office supports the concept of state equalization and explained some of these budget items raised were based on the National Consumer Index, but those costs applying to schools are rising at a much faster rate. A survey showed about 80% of the school budget was for salaries, but that teachers' salaries had increased only about 6%.

Senator Murray questioned whose salaries had increased more than that, and Mr. Stockton replied that administrators' salaries have gone up 12% and went on to explain declining student enrollment was a financial problem also.

John Krutar of the State Budget Office stated the declining ANB figures questioned earlier were supplied by the O.S.P.I.

There being no further proponents, opponents were called for. No opponents appearing, the Acting Chairman asked if Senator Blaylock would like to make a closing statement which consisted of a brief word of appreciation directed to Mr. Stockton for his teacher versus administrators' salary increase figures.

Acting Chairman Smith called for questions by the Committee.

Senator Mathers asked if there was a suggestion on how the 32 million dollars could be raised. Senator Blaylock replied it could be levied on a state-wide deficiency, on property taxes, as it was the fairist form of taxing.

Senator Fasbender questioned Senator Blaylock if he agreed that when a school levy to be voted on was smaller, its chances of passing were decreased. Senator Blaylock answered that in his experience, that might be true as people tended to think schools asking only a small mill levy could probably get along without; and in reply to Senator Murray's inquiry about loading a levy just so it would pass, he stated

that most school boards are fiscally conservative and the budgets are prepared fairly close, but if people want the improvements, they'll spend the money for them.

Senator Fasbender questioned the purpose of the higher figure increase requested if teacher's salaries only rose 6%, to which Mr. Stockton replied that costs of school supplies and maintenance has increased greatly, especially paper supplies, and that fuel costs have gone up about 25%; that schools used to let bids on fuel, but now because of the gas shortage, they have to pay pump price.

There being no further questions, the hearing on Senate Bill No. 271 was closed.

ADJOURN:

There being no further business, the meeting was adjourned at 12:30 P.M.

A handwritten signature in cursive script that reads "Ed. Smith". The signature is written in dark ink and is positioned above a horizontal line.

Ed Smith, Acting Chairman

ROLL CALL

COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date Feb. 8, 1977

NAME	PRESENT	ABSENT	EXCUSED
Senator Chet Blaylock, Chairman	✓		
Senator Ed Smith, Vice Chairman	✓		
Senator George McCallum	✓		
Senator Bill Mathers	✓		
Senator William E. Murray	✓		
Senator Frank Dunkle	✓		
Senator Paul Boylan	✓		
Senator Larry Fasbender	✓		
Senator Bill Thomas	✓		
Senator Margaret Warden	✓		

DATE February 8, 1977

COMMITTEE ON EDUCATION

SENATE BILL NO. 271

# VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Michael H. Kerby	MEA	X	
Irene Nelson	MEA	X	
David Sutor	MEA	X	
Gene Womack	M.E.A.	X	
John B. Campbell	MSBA	X	
Maurice Shockey	MEA	X	
Linda Bruggeman	INEA - Baker Lodge	X	
L. Fredric Bruggeman			
Monte Silk	teacher - Park High	X	
Leonard H. Sargent	MSBA	X	
Jim McGarvey	Mont Fed of Teachers	X	
Bob Shultz	OSPOT		X
Joe Krotar	OBPP (St. Wendel office)		

NAME: Maurice J. Whelan DATE: 2/8/77

ADDRESS: 1232 E. 6<sup>th</sup> Ave.

PHONE: \_\_\_\_\_

REPRESENTING WHOM? Mont. Ed. Ass'n

APPEARING ON WHICH PROPOSAL: SB 271

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: \_\_\_\_\_

COMMENTS: \_\_\_\_\_



NAME: John B. Campbell  
ADDRESS: Helena

DATE: 2/8/77

ADDRESS: Helena

PHONE: \_\_\_\_\_

REPRESENTING WHOM? MSBA

APPEARING ON WHICH PROPOSAL: SB 271

X

AMEND?

## OPPOSE?

COMMENTS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Montana Education Association

1232 East Sixth Avenue  
Helena, Montana 59601

Telephone 442-4250

## ASSUMPTIONS AND RATIONALE

### SENATE BILL 271

The Montana foundation program approach to school finance is based on two major principles:

1. It should provide funds sufficient to guarantee a quality basic education for every Montana child regardless of the ability of his local community to support that educational program.
2. This equality of educational opportunity should be financed through an equalizing of tax effort for school support.

Although Senate Bill 271 does not provide permissive budget schedules adequate to fulfill these principles, it is a reasonable and necessary improvement.

The schedules are based on these assumptions:

1. School general fund budgets will increase an average of 10% for 1977-78 and an additional 10% for 1978-79. The average annual increase in Montana since 1967-68 has been approximately 10.5% compared to a national average of 10.2%. The average annual general fund budget increase during the current biennium has been 13.85%.

2. Declines in school enrollment in some communities will result in a decreased ANB averaging approximately 1.5% for each year of the biennium. This decline will not be accompanied by a parallel decrease in budget requirements since in most schools the enrollment loss will not be sufficient

Feb. 8-77

# HERE'S HOW!

(it works)



AN EXPLANATION  
OF  
MONTANA'S  
EQUALIZATION  
FOUNDATION PROGRAM  
(1975 Revision)

MONTANA EDUCATION ASSOCIATION  
1232 East Sixth Avenue  
Helena, Montana 59601

# TAXABLE VALUATION AND PERCENT CHANGE - 1972-73 to 1976-77

COUNTY	TOTAL TAXABLE VALUATION						PERCENT CHANGE OVER PREVIOUS YEAR									
	1972-73	1973-74	1974-75	1975-76	1976-77	1972-73	1973-74	1974-75	1975-76	1976-77	1972-73	1973-74	1974-75	1975-76	1976-77	1976-77
Beaverhead	\$ 14,215,652	\$ 15,369,525	\$ 16,766,799	\$ 16,098,618	\$ 15,556,748	4.84	8.12	9.09	-3.99	15,556,748	4.84	8.12	9.09	-3.99	15,556,748	-3.37
Big Horn	14,479,872	15,324,343	29,412,823	40,513,241	47,881,802	3.46	5.83	91.94	37.74	47,881,802	3.46	5.83	91.94	37.74	47,881,802	18.19
Blaine	10,137,946	11,918,271	16,245,573	17,146,999	18,394,853	2.67	17.56	36.31	5.55	18,394,853	2.67	17.56	36.31	5.55	18,394,853	7.28
Broadwater	5,118,990	5,466,891	5,914,736	5,970,183	6,215,051	-1.11	6.80	8.19	0.94	6,215,051	-1.11	6.80	8.19	0.94	6,215,051	4.10
Carbon	15,873,719	16,202,154	17,272,161	19,769,207	19,727,170	0.68	2.07	6.60	14.46	19,727,170	0.68	2.07	6.60	14.46	19,727,170	-0.21
Carter	6,080,719	6,635,679	7,583,625	7,431,994	7,523,185	4.35	9.13	14.29	-2.00	7,523,185	4.35	9.13	14.29	-2.00	7,523,185	1.23
Cascade	82,154,407	84,555,839	86,898,192	87,363,795	90,252,070	5.84	2.92	2.77	0.54	90,252,070	5.84	2.92	2.77	0.54	90,252,070	3.31
Chouteau	22,414,336	22,705,106	23,503,886	23,957,857	23,851,355	18.37	1.30	3.52	1.93	23,851,355	18.37	1.30	3.52	1.93	23,851,355	-0.44
Custer	14,830,892	15,973,790	17,871,987	16,925,536	17,765,457	2.86	7.71	11.88	-5.30	17,765,457	2.86	7.71	11.88	-5.30	17,765,457	4.96
Daniels	5,700,727	5,920,704	6,350,597	6,987,875	6,974,846	1.83	3.86	7.26	10.03	6,974,846	1.83	3.86	7.26	10.03	6,974,846	-0.19
Dawson	16,573,194	17,134,138	18,852,072	19,661,400	20,280,347	3.50	3.38	10.03	4.29	20,280,347	3.50	3.38	10.03	4.29	20,280,347	3.15
Deer Lodge	17,070,139	18,393,846	19,730,024	21,482,543	21,467,267	10.84	7.75	7.26	8.88	21,467,267	10.84	7.75	7.26	8.88	21,467,267	-0.07
Fallon	19,357,674	20,714,648	25,638,391	34,112,338	36,067,687	6.91	7.01	23.77	33.05	36,067,687	6.91	7.01	23.77	33.05	36,067,687	5.73
Fergus	21,014,277	21,736,221	23,200,820	22,660,067	22,851,383	2.11	3.44	6.74	-2.33	22,851,383	2.11	3.44	6.74	-2.33	22,851,383	0.84
Flathead	47,756,328	51,253,863	55,966,523	56,943,596	63,083,263	2.95	7.32	9.19	1.75	63,083,263	2.95	7.32	9.19	1.75	63,083,263	10.78
Gallatin	33,066,163	37,321,311	41,305,147	47,263,917	45,256,064	5.23	12.87	10.67	14.43	45,256,064	5.23	12.87	10.67	14.43	45,256,064	-4.25
Garfield	5,720,120	6,240,076	7,270,309	6,933,520	6,679,525	4.30	9.09	16.51	-4.63	6,679,525	4.30	9.09	16.51	-4.63	6,679,525	-3.66
Glacier	23,191,110	21,306,747	20,937,707	27,734,665	27,078,786	6.46	-8.13	-1.73	32.46	27,078,786	6.46	-8.13	-1.73	32.46	27,078,786	-2.36
Golden Valley	3,499,707	3,602,153	3,905,317	3,601,001	3,643,523	0.79	2.93	8.42	-7.79	3,643,523	0.79	2.93	8.42	-7.79	3,643,523	1.18
Granite	5,332,497	5,637,114	5,795,210	5,976,901	5,691,981	1.40	5.71	2.80	3.14	5,691,981	1.40	5.71	2.80	3.14	5,691,981	-4.77
Hill	20,545,244	21,884,348	25,407,154	26,158,132	29,056,835	2.51	6.52	16.10	2.96	29,056,835	2.51	6.52	16.10	2.96	29,056,835	11.08
Jefferson	8,519,822	8,025,541	8,534,055	8,972,331	8,853,197	21.06	-5.80	6.34	5.14	8,853,197	21.06	-5.80	6.34	5.14	8,853,197	-1.33
Judith Basin	8,955,947	9,306,854	9,770,869	9,091,892	9,061,129	1.28	3.92	4.99	-6.95	9,061,129	1.28	3.92	4.99	-6.95	9,061,129	-0.34
Lake	18,734,055	20,817,015	22,576,849	23,602,945	23,385,344	6.96	11.12	8.45	4.54	23,385,344	6.96	11.12	8.45	4.54	23,385,344	-0.92
Lewis & Clark	37,728,536	39,947,902	44,434,320	46,366,309	47,709,414	5.43	5.88	11.23	4.35	47,709,414	5.43	5.88	11.23	4.35	47,709,414	2.90
Liberty	7,355,555	7,261,773	7,728,721	9,527,747	10,871,367	2.64	-1.27	6.43	23.28	10,871,367	2.64	-1.27	6.43	23.28	10,871,367	14.10
Lincoln	17,219,326	18,672,613	18,753,075	20,075,712	19,730,930	2.41	8.44	0.43	7.51	19,730,930	2.41	8.44	0.43	7.51	19,730,930	-1.72
Madison	10,386,386	11,430,141	14,961,625	15,289,533	14,133,612	3.21	10.05	30.90	2.19	14,133,612	3.21	10.05	30.90	2.19	14,133,612	-7.56
McCone	6,629,372	7,811,188	8,167,486	8,727,711	8,657,554	-1.73	17.83	4.56	6.86	8,657,554	-1.73	17.83	4.56	6.86	8,657,554	-0.80
Meagher	4,970,680	5,335,069	5,851,683	5,580,126	5,147,538	4.32	7.33	9.68	-4.63	5,147,538	4.32	7.33	9.68	-4.63	5,147,538	-7.75
Mineral	3,670,893	3,856,291	3,886,865	3,828,187	4,027,809	-2.48	5.05	0.79	-1.51	4,027,809	-2.48	5.05	0.79	-1.51	4,027,809	5.21
Missoula	58,851,254	65,646,625	73,055,620	75,590,676	78,477,037	7.11	11.55	11.29	3.47	78,477,037	7.11	11.55	11.29	3.47	78,477,037	3.82
Musselshell	7,595,619	8,914,924	10,528,934	17,909,851	20,174,857	7.60	17.37	18.10	70.10	20,174,857	7.60	17.37	18.10	70.10	20,174,857	12.65

## ANALYSIS OF 1976-77 GENER

<u>ANB CATEGORY</u>	<u>NO. OF SCHOOLS</u>	<u>TOTAL ANB</u>	<u>TOTAL FOUNDATION PROGRAM</u>	<u>TOTAL PERMISSIVE</u>	<u>TOTAL VOTED</u>	<u>TOTAL GENERAL FUND</u>
ONE ROOM						
1-9	75	441	\$ 583,349	\$ 129,913	\$ 67,543	\$ 780,805
10-17	60	786	545,776	133,076	191,693	870,545
18-25	2	40	22,671	2,672	3,500	28,843
TOTAL 1-ROOM	137	1,267	\$ 1,151,796	\$ 265,661	\$ 262,736	\$ 1,680,193
TWO-ROOM						
18-50	62	1,654	\$ 1,225,545	\$ 298,312	\$ 343,003	\$ 1,866,860
TOTAL ALL RURAL	199	2,921	\$ 2,377,341	\$ 563,973	\$ 605,739	\$ 3,547,053
ELEMENTARY TOWN						
41-100	86	5,850	\$ 5,190,349	\$ 1,260,628	\$ 1,895,050	\$ 8,346,027
101-300	98	17,429	13,650,345	3,412,583	4,053,830	21,116,758
Over 300	71	87,777	65,184,113	16,295,296	25,132,728	106,612,137
TOTAL ELEM. TOWN	255	111,056	\$84,024,807	\$20,968,507	\$31,081,608	\$136,074,922
TOTAL ALL ELEMENTARY	454	113,977	\$86,402,148	\$21,532,480	\$31,687,347	\$139,621,975
(YELLOWSTONE BOYS R.)	-0-		(163,295)	(40,824)	-0-	(204,119)
			\$86,565,443	\$21,573,304	\$31,687,347	\$139,826,094
SPEC. ED. BUDGETS			\$11,669,257	\$ 2,917,314	-0-	\$ 14,586,571
TOTAL EXCL. SPEC. ED.	113,977		\$74,896,186	\$18,655,990	\$31,687,347	\$125,239,523

ANB: Average Number Belonging (Average Enrollment); FP: Foundation Program; GF: General

\* Above elementary flat rate of \$576.16 due to inclusion of Special Education and 7th

# ED BUDGETS, ALL ELEMENTARY SCHOOLS

ANB IS TOTAL ELEM.ANB	% FP. IS OF TOTAL ELEM.FP.	% GF. IS OF TOTAL ELEM. GF.	SCHOOLS USING PERMISSIVE LEVY			SCHOOLS WITH VOTED LEVY		AVE. FP. PER ANB	AVE. GF. PER ANB	% FP. IS OF GF. BUDGET
			FULL	PART	NONE	YES	NO			
0.39	0.68	0.56	61	12	2	25	50	\$1,322.79	\$1,770.53	74.71%
0.69	0.62	0.62	57	3	0	36	24	694.37	1,107.56	62.69%
0.03	0.03	0.02	1	0	1	1	1	566.78	721.08	78.60%
1.11	1.33	1.20	119	15	3	62	75	\$ 909.07	\$1,326.12	68.55%
1.45	1.42	1.34	57	5	0	39	23	\$ 740.96	\$1,128.69	65.65%
2.56	2.75	2.54	176	20	3	101	98	\$ 813.88	\$1,214.33	67.02%
5.13	6.01	5.98	82	3	1	64	22	\$ 887.24	\$1,426.67	62.19%
5.29	15.80	15.12	98	0	0	81	17	783.20	1,211.59	64.64%
77.02	75.44	76.36	69	2	0	65	6	742.61*	1,214.58	61.14%
7.44	97.25	97.46	248	5	1	210	44	\$ 756.60	\$1,225.28	61.75%
10.00	100.00	100.00	424	25	4	311	142	\$ 758.07	\$1,225.00	61.88%
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get

ude budgeting.