

MINUTES OF THE MEETING
LEGISLATIVE SUBCOMMITTEE ON APPROPRIATIONS FOR EDUCATION

January 16, 1979
8:30 a.m.
Room 104
State Capitol Building
Subject: LFA Presentation
Non-University

The meeting was called to order by Chairman Carroll South, with the following members being present:

Sen. Larry Fasbender
Sen. Harold Nelson
Rep. Jack Moore
Rep. Esther Bengtson

Rep. Oscar Kvaalen was absent. Also present in the meeting were: Miral Gamradt, Fiscal Analyst; Glen Leavitt and Tom Crosser, Office of Budget and Program Planning; officials from the Historical Society; and officials from the Library Commission.

Mr. Gamradt went over the procedures he used in determining the budget for each agency and then went into individual issues for each agency as discussed in the budget analysis. The analysis containing the materials on non-university agencies was referred to for each agency. He explained that fiscal year 1979 was used as a base for the personal services and that there were no salary increases contained in the budget recommendations. Three percent vacancy savings was used in most instances. Exceptions occurred when programs had very few employees or when programs historically had a low turnover ratio. Fiscal year 1978 was used as a base for projecting operating expenses; contracted services and equipment were zero based. Recurring travel expenses were included at the 1978 level.

The individual agencies are discussed below, including some of the issues discussed. Mr. Gamradt basically followed the issues contained in the budget analysis.

BOARD OF PUBLIC EDUCATION

Answering a question from Rep. Moore, Mr. Gamradt explained that the administrative officer position for this agency was split at the start of fiscal 1979. The position is now occupied half time by the previous professional assistant and the other half by the previous secretary. They also hired a new secretary so there are still two FTE. There were no vacancy savings computed on this agency because of the low number of staff. There is a \$300 contingency reserve recommended for any unexpected travel. The Board requested additional funds for hearings officer costs relating to teacher certificate suspension requests. In fiscal 1978 three requests required hearings. Current level contracted services were included to cover attorney fees for necessary hearings. If the Board experiences more hearings than funds allow, either the Board's assistants or the Board of Public Education can hold the hearings.

FIRE SERVICES TRAINING SCHOOL

The 1977 legislature appropriated \$15,000 rent funds per year for the vo-tech center. The legislature intended the funds would be paid to the Great Falls Vo-Tech and used in the center's budget. The Board of Public Education did not consider these funds when allocating the legislative appropriation; therefore, the fiscal analyst recommends no rent funds be appropriated to the school and the school remain housed in the Great Falls Vo-Tech.

SUPERINTENDENT OF PUBLIC INSTRUCTION

There will be a separate presentation to the committee on this agency by Curt Nichols.

SECONDARY VOCATIONAL EDUCATION--General Fund Support

A general fund appropriation is not recommended to support secondary vocational education. This is due to the 1977 legislature beginning to phase out the general fund support of secondary vo-ed over a three-year period. The 1978 appropriation was two-thirds of the 1977 appropriation. Fiscal year 1980 was intended to be the last year of the phase-out period; therefore, the Fiscal Analyst's office does not recommend general fund support in the 1981 biennium.

The reason for the phase out was due to the method of distribution of the funds in the past. The funds were used to start vocational programs in the secondary schools. As the programs were established, the amount of funding from the superintendent reduced each year. This caused a shifting of the tax burden to the local school districts. This was the primary reason for phasing out the program.

VOCATIONAL EDUCATIONAL CENTERS

Chairman South stated that the governor's office has estimated a 6% revenue growth in millage, and the LFA's office has estimated a 4½% growth; he questioned how this could be. Mr. Gamradt stated that his millage is based on expected inflationary rates which were supplied by the Department of Revenue. He applied these to the actual 1978 millage reported by the centers. Chairman South stated that in one instance the LFA's office was recommending a 6% increase which was the same as the governor's office; as Mr. Gamradt recalled, it depends on whether the inflationary amounts were applied to the budgeted fiscal year 1979 millage or if it was applied to the 1978 actual. He thought this could account for the \$15,000 difference.

The LFA recommended that student fees at the centers be increased. Presently the centers charge \$40 per quarter for in-state students, and \$150 per quarter for out-of-state students. The LFA recommends these fees be doubled. A number of surrounding states' vocational education institutions were surveyed, and the results showed Montana's fees were significantly below those in other states.

The LFA discussed the center's funds contained outside fund "21". It was explained that some of the 2.3 million dollars which was spent outside fund 21 in fiscal 1978 related directly to the operations of the centers. The LFA recommended these funds either be appropriated by the legislature or approved through the budget amendment process prior to being spent.

In response to Rep. Moore's question with regard to why capital monies were used for personal services, Mr. Gamradt explained that it was because the 1977 legislature appropriated funds for salary raises which were commensurate with those provided state employees. The vo tech centers subsequently negotiated salaries with the local school districts at significantly higher rates than funds allowed. This resulted in a shortage of funds at the vo-tech centers. The centers were required to reduce capital purchases in order to provide sufficient funds for the negotiated salary increases.

The Office of Public Instruction is trying to establish some standardization among all the vocational educational centers. Chairman South inquired why there are such discrepancies in the various nursing programs, and Mr. Gamradt explained that there is no coordination of programs at this time among the centers; the standards are presently being set by the local centers and the local school districts.

In answer to Rep. Bengtson's inquiry, Mr. Gamradt felt that if the centers go to complete local control there will be even less state control and standardization. Mr. Gamradt also explained the problems with the student contact hour information.

ADVISORY COUNCIL FOR VOCATIONAL EDUCATION

The total LFA recommendation for this agency is \$150,000. This is a federally mandated agency. The agency has 2 FTE and an advisory council. The executive budget recommends that funds received by the council over the executive's budgeted expenditure level be returned to the federal government. This would be approximately \$27,000. Rep. Moore inquired whether the salary increases for the 2 FTE is included in the \$150,000 LFA recommendation, and Mr. Gamradt responded that additional authority would not be required for salary increases.

STATE LIBRARY COMMISSION

The reason for the executive's recommendation being over the LFA recommendation is due mainly to the executive's recommending to move the department of natural resources and department of community affairs libraries to the state library. The LFA has not received a budget modification request and has not received information to show the move will be cost beneficial. The LFA recommends that the minimum amount of general fund money be appropriated to the state library commission. The minimum amount of general fund money that must be put into the State Library Commission is \$317,000, and this is the amount recommended by the LFA. Mr. Gamradt then explained the funding history of the state library. The executive did not compute vacancy savings for the library commission. It was recommended that since only

45% of the usage of the Pacific Northwest Bibliographic Center and the TWX services was by state agencies, that the library only be appropriated 45% of its costs. The remaining costs would be paid by the library federations.

Rep. Bengtson inquired about the extra bookkeeping which would be required by the individual federations if they contributed to the cost of using the PNBC and what their source of funding would be. Mr. Gamradt said the federations can use the federal grant money which is allocated by the state library to the individual library federations. It was felt by the FA's office that there would perhaps be better monitoring of the system if the federations had to expend their own money for the services. Also, the expenses relating to the federations' usage of the services does not constitute a state expense and should not be paid by a state agency. Mr. Gamradt discussed the Pre-White House Conference and recommended the library commission be granted a supplemental federal appropriation of \$17,474.

HISTORICAL SOCIETY

The LFA total fund recommendation is \$1,871,303 for this agency. The LFA explained the past and present problems with the revolving fund programs. Due to the problems the LFA recommended the publications program be placed on a self-supporting basis. In order to accomplish a changeover of the publications program to a self-supporting program, it was recommended by the LFA that the publications program be permitted to use the fiscal 1980 profits generated in the merchandizing program to support the publications operation.

In response to Rep. Bengtson's question as to what the publications and merchandizing programs' functions are, it was explained that the publications program is responsible for publicizing a quarterly magazine on Montana History; the merchandizing program is located in the lobby of the Historical Society and sells books, prints, etc. The FA then went on and explained the other issues discussed in the budget analysis.

MONTANA ARTS COUNCIL

The LFA recommendation for this agency is \$482,754 in total funds. The reason for the large difference in the operating expenses from 1978 to 1980 is that the Montana Arts Council has been spending operational funds out of the clearing account without legislative appropriation authority being granted. The 1980 and 1981 recommendations would include appropriation for this. It is recommended that the state contribute only the required 50% of administrative operating costs. Then if the legislature decides to fund art projects with general fund money, a specific appropriation could be established for that purpose.

SCHOOL FOR DEAF AND BLIND

The LFA total funds recommendation for this agency is \$3,190,867. In answer to a question presented by Sen. Fasbender whether there was any consideration given to appropriating the students' travel money to the School for the Deaf and Blind rather than reimbursing the parents and having them pay the school, Mr. Gamradt stated that there are both county and general funds in the school transportation fund. If this was done, the state would be paying a greater share than it presently is. Mr. Gamradt then went on to explain the issues discussed in the budget analysis.

COMMUNITY COLLEGES

The total LFA recommendation is \$3,349,549 for this agency. Mr. Gamradt explained the present funding mechanism for the community colleges. He said the 1977 legislature funded the community colleges at 65 percent of what was considered adequate operating budgets for the colleges, although Miles and Dawson obtained special levies in addition to the 65/35 budget. The LFA cited the sections of law which made the legality of the special levies questionable.

Mr. Gamradt went on to explain the effect of including the special levies as part of the expenditure bases of the colleges. He then recommended the special levies not be considered when calculating the 1981 biennium budgets.

The LFA then discussed the reductions made as the result of the retirement levies and the student enrollment decline.

GENERAL

Rep. Bengtson complimented Mr. Gamradt for contacting the various agencies and conferring with them on their figures. Rep. Moore asked whether there would be more specific recommendations with regard to the Historical Society.

There was further discussion by committee members on which campuses would be visited. Chairman South believed the University of Montana should be visited because of the situation which existed there during the last session. Each committee member was to give Chairman South a priority list.

CARROLL SOUTH, CHAIRMAN

Linda Berg, Secretary