

MINUTES OF THE MEETING
LEGISLATIVE SUBCOMMITTEE ON APPROPRIATIONS FOR EDUCATION

January 29, 1979
8:15 a.m.
Room 104
State Capitol Building
Subject: Work Session

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

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

Also in attendance were Miral Gamradt, Fiscal Analyst; Judy Rippingale, Fiscal Analyst; Tom Crosser and Glen Leavitt from the Office of Budget and Program Planning.

Chairman South stated he didn't anticipate making any decisions but that the committee would review alternatives on the smaller budgets.

Chairman South stated that he had introduced House Bill No. 293 that relates to how community colleges are financed, enrollment counts, etc. In going over a funding history handout for Miles City Community College, the percentage increase in the total budgets from 1971 until the present time show that the increases are well beyond inflationary increases, 24.2% increase between 1975 and 1976, 19% between 1976 and 1977, and 19.7% between 1977 and 1978. In most cases the state appropriation after 1975 did not keep pace with these same percentages. Chairman South stated that in 1972-73 and 1974-75, the community colleges were limited by state law to a 3 mill mandatory levy; the remainder had to be voted. In 1975 that law was changed and it allowed them to raise 35% of the Regents' approved budget with student fees and the mandatory mill levy. That is when the large increases began in the mandatory levy and the large decreases in the voted levy began. That trend continues through the present fiscal year. When both mill levys (mandatory and voted) are added together, in fiscal 1979 there is \$300,000 being raised locally, and of that \$250,000 does not require a vote. There seems to be a serious trend that under the current 65-35% law it is an open-ended taxing authority for the local trustees; therefore, the introduced bill would tie the mandatory portion of the voted mill levy directly to the legislature's appropriation so that the legislature would always control the amount of the mandatory mill levy; with the voted levy, they could go to any amount they wished, as long as the voters approved it.

The legislature would develop a budget for the community colleges and that budget would be based on similar aspects as the university budgets (enrollment and inflation factors); the legislature would then appropriate 65% of its approved budget, and the community could raise the remaining 35% with student fees and voted mill levies. Chairman South explained the wording in the bill and stated that that way the legislature would always control the mandatory levy.

The last session granted an increase in general fund dollars of around 40% to community colleges. This was done on the assumption that they would not have to go to a voted mill levy and would not have to levy the teachers' retirement under law. Flathead in fiscal 1978 was roughly within the 65% appropriated because they had no voted mill levy; the same was true of Dawson; but Miles City Community College had a voted mill levy and were down to 61% in 1978. In 1979 they went down to 59%. Chairman South further explained that as a practical matter there is no way that the state can ever provide 65% of the funding for community colleges if they base that 65% on the Regents' approved budget. As long as they have the authority to go with the voted mill levy, then that voted mill levy tends to get built into their budget base for the next year and become a mandatory mill levy.

Tuition and fees are generating about half as much revenue at Miles City Community College as they were in 1972. Chairman South felt that either the budget is growing entirely too fast or student fees need to be raised. He stated that his major purpose for the bill is to, by law, apply the amount of the mandatory mill levy to the appropriation.

With regard to the vo-tech centers, Chairman South stated that a lump sum is currently appropriated to the Board of Public Education for five centers; they disburse the money to the centers. After the last session, the budgets were built, programs were closed down and salaries were paid far in excess of what was anticipated by the legislature. Chairman South feels that the committee can line-item in personal services, capital and operations to each of the five vo-tech centers, thus taking some of the control that the Board of Public Education presently has.

If this were done, budget amendments would be necessary to transfer money out of programs into personal services. Chairman South did not feel there would be any statutory or constitutional problems in doing this; he feels the centers can be adequately controlled through the appropriation process.

Representative Moore felt that the only way to gain control of the centers' spending is to appropriate by line item.

Senator Fasbender felt it would make the legislature aware of what they were doing, but would not affect the Board if they wanted to keep existing programs because the salaries are locally negotiated. Chairman South felt it would be the same as the university system where it is frowned upon to take money out of other areas into personal services.

Chairman South felt that local districts knew they had a designated amount for salaries and if they paid salaries above the guidelines they would have to lay people off, this would have an effect on their negotiations. Senator Fasbender agreed that it would have that effect, but questioned whether if programs at one center were cut and not at another, they would be allowed transfer of funds.

With the committee's consent, Chairman South asked Mr. Gamradt to develop some recommendations on budgets for each of the five centers, and if it is decided to give the Board more flexibility the totals from the five centers can be given as one total and they can distribute them in the three-category appropriation. This would give them the flexibility to move money between units. Chairman South stated that the Board of Regents presently have no control over the vo-tech centers. Senator Fasbender stated there is some support to parallel vo-tech centers with community colleges, thus putting them under the Board of Regents. Chairman South felt it would force a much higher mill levy if they went to the community college concept.

Representative Bengtson questioned whether, if salaries were negotiated over a certain amount, they would have to levy additional millage at the local level. Chairman South thought this could be done but would be rather cumbersome.

Representative Moore didn't think this was feasible because it would impose an additional levy on the local people when many of the students were out-of-county. Representative Kvaalen stated that many students could not get in because priorities were given to local students. Judy Rippingale, Fiscal Analyst, stated it is recommended that the fees be doubled at the vo-tech centers and it does not appear to be any controversy over this.

Senator Fasbender stated that the area of salaries is not the only problem area with the vo-tech centers. He stated there are a lot of areas which are a "no-man's land" as to who does what and who has authority. Consequently, the individual units, rather than being controlled, are using the fact that they have two different masters to do whatever they choose.

Chairman South stated that these were some of the reasons the law needs to be changed, but that if it isn't, they will need a form of appropriation with some control.

Glen Leavitt, Fiscal Analyst, thought that the vo-tech centers would be competing with the elementary and secondary districts if it was necessary to go to the public for a voted mill levy, and the local trustees would be reluctant to do this.

The following small budgets were reviewed:

Board of Public Education

The executive budget does not have the student travel cost. Mr. Crosser of the Office of Budget and Program Planning stated that the non-recurring expense was travel for 1978 which would not recur in 1980 and 1981. He further stated that he believed there were some things in contracted services which were not in the LFA recommendation, i.e., accounting charges and personal services charges. These would amount to about \$600. Mr. Crosser stated that the student travel was requested as a modified; the travel portion of the Board's budget was not reduced by 15% since the

nature of the Board is largely travel. The proposed changes would be student travel costs (\$1,000), reestablishing the secretarial position (\$5,700) at .5 FTE and reestablishing non-recurring expenses (\$1,295).

Fire Services Training School

Mr. Crosser stated the reason the executive budget reduced the rent to \$10,000 was because the rationale for not paying the additional \$5,000 was that they didn't have enough space to justify that amount. What they are proposing to do this biennium is rent a classroom facility for instructional purposes. Chairman South felt that if the rent is going to be paid, it should go directly to the school. The LFA recommendation is \$122,379 and the executive's is \$124,905. Chairman South questioned that if \$10,000 were taken out of the executive's recommendation, it would be \$8,000 below that of the LFA's. Mr. Crosser believed that difference was largely in travel; he also had a substantial reduction in supplies and materials. Travel was reduced approximately 33% of the 1978 actual, the justification being the elimination of travel for one of the five FTE. Out-of-state travel was reduced completely; the LFA left one out-of-state trip for the director. Representative Moore felt this was not proper because of the necessity of travel for the School's function. Again it was explained that the FTE was added back in, but the travel was not.

With regard to the reestablishing of non-recurring expenses, Mr. Gamradt explained that he put back in the expenses which he had originally taken out to bring them back up to current level. There were expenses identified as one-time expenses, i.e. purchase of postage meter. The \$5,000 grant was explained as being a federal grant which was applied for; the School is unsure whether it will be received, but the LFA showed it, should the legislature decide to fund it. Mr. Crosser stated there may be a possibility the grant will be received during this fiscal year so a budget amendment would be required. If it is approved shortly, the budget amendment itself will be provided in a separate appropriation bill for budget amendments.

Representative Bengtson expressed her concern about how much money is spent in providing education to the school districts. Mr. Crosser believes the School's primary goal is to continue to train firefighters and that school education is a secondary goal and they do not have many expenditures in this area now.

Library Commission

The Budget Office recommended one modified for the Library Commission--consolidation of the DNR & DCA Libraries, \$25,000. These libraries would be consolidated into the State Library. One additional librarian position would be necessary at the State Library to maintain these collections. The two present positions have been reclassified and there would be one additional FTE.

The \$25,000 in the second year of the biennium is a rough estimate of what it would cost to maintain the collections at the current level. They would also need additional shelving. Mr. Crosser felt there may be advantages to waiting until the situation is resolved as to where the library will be moved before the consolidation into the State Library.

Mr. Gamradt stated that the Coordinator for Blind and Physically Handicapped includes funds for the position, plus travel costs which they had estimated; the funding is broken down between general funds and federal funds in the same proportion that the funding was in 1978. The Coordinator of Special Services is an option for consideration. The LFA's budget states that the minimum amount of general fund go to the State Library Commission at \$317,000. On the full general fund appropriation, it shows what the cost to the general fund would be if you were to fund the administration of the library commission with total general fund money.

Reestablishing PNBC & TWX expenses are amounts of appropriation for general and federal funds that have to be made to allow the State Library Commission to continue supporting the total expenses, rather than having the library federations fund these expenses. The administrative officer position and amounts with proportionate funding; the executive and LFA don't contain these recommendations. The position was eliminated during the hiring freeze. Mr. Crosser stated that the Library Commission felt they didn't need this position. Chairman South stated that the Washington Library Network would be roughly \$200,000 for the first year and \$112,000 for the second year of the biennium.

Arts' Council

It is Chairman South's understanding that the Arts Council is going to use only enough general fund to generate half of the administrative costs. The excess they will give in the form of grants. Last session there was really much more than \$5,000 given for grants. Mr. Crosser stated that they used the excess general funds for their operating expenses.

Mr. Gamradt explained that the general fund recommendation is \$51,505. This is half of the administrative costs of operating the Council. The federal government will support the remaining half. For every dollar that we appropriate over the \$51,505, the physical dollar is used in administrative operations, but this allows them to use that extra dollar to match against federal funds and those monies go towards art projects and don't require local matching funds. In order to arrive at the comparable appropriation of what we had last session, the \$14,190 would be added on; this is in addition to the \$5,000 to reestablish general fund grants. Mr. Gamradt recommends that two separate appropriations be made--one specifically for administrative costs and one for grants. The federal government would then match the \$51,838 and free up the general fund for specific grants.

Mr. Crosser brought up the point that increasing the Arts Council budget by the large amount of federal funds that have been used for administrative costs through the grant clearance account may obligate the state to match those funds 50-50.

Mr. Gamradt further stated that these monies brought in are matched against local funds--these are the artists in the schools programs.

Mr. Crosser summarized by stating that basically the administrative costs of the Arts Council have to be matched 50-50; historically this has not been the case--they have been matched 60-40 and any local funds passed through grant funds that go out to local communities also have to be matched by local monies.

The LFA did not reduce travel for this agency and the executive had a standard 15% reduction in most cases.

School for the Deaf and Blind

The large difference on the general fund recommendation by the LFA was due to the interest and income monies which the School receives. There was \$138,000 accumulated in the account after 1978, and the LFA recommended appropriating that in place of general fund money. State law also requires that this money be spent. The executive budget stated they intended to spend this money during the fiscal year and revert to the general fund.

Mr. Gamradt went over the options. In reestablishing current level travel expenses, he identified travel expenses expended in 1978 that he didn't feel were appropriately expended, and he didn't continue these in 1980 and 1981. If travel were brought back up to current level, they would have to be added back in. Under the hearing aid equipment, these are also expenses which the LFA did not project over 1980 and 1981; funds were used for rental expenses on equipment that has been purchased, and they don't need to use the funds.

Mr. Gamradt explained the alternative where student travel funds would be appropriated directly to the School to eliminate the need for the parents' reimbursement. The School, in some cases, can send students home at 10 cents per mile which is a lesser amount than the parent would get reimbursed by the School District. The present car has 130,000 miles on it, but is not in either recommendation. There was further discussion.

Mr. Crosser stated there is one modified contained in both the executive and LFA recommendation for Title I during the summer; this is approximately \$7,800 in ESEA.

Historical Society

The LFA recommended an additional security guard, although it was in the Department of Administration budget; the analyst in the Administration Committee stated it had been recommended and funded. The Assistant Curator position was eliminated during the hiring

freeze and is not recommended by either the LFA or the OBPP. The Libby Dam Accountant, it was stated, spends 40% of his time on the Libby Dam financial management. There was further explanation of the accountant position. The LFA recommended that it be eliminated and they receive indirect costs. If the Libby Dam Accountant were reestablished, \$23,000 more general fund dollars would have to be put back in because the LFA recommended that administrative matters be handled by the existing staff and receive the indirect costs.

The meeting adjourned.



CARROLL V. SOUTH, CHAIRMAN

Transcribed by Linda Berg



Yvonne Borgmann
Yvonne Borgmann, Acting Secretary