

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

February 14, 1981

The 11th meeting of the Senate Finance and Claims committee met on the above date in room 108 of the State Capitol Building. The meeting was called to order at 11:08 a.m. by Senator Himsl, Chairman, roll call was taken and is attached. Senator Himsl said the meeting would be open for hearing House Bill 23.

CONSIDERATION OF HOUSE BILL 23: Representative Donaldson, the chief sponsor of House Bill 23 will do away with the airplane pool we have conducted the past six years. They have been working with the Governor's office and others in trying to get the cost down. The bill came out of the interim finance committee and it has been amended considerably. It does four things: 1. terminates the air pool, 2. authorize sale of aircraft, 3- allow for the transfer of planes and hangers and 4. it has an effective date immediately.

In going through the bill Representative Donaldson said on page 1, line 19 -- there are a number of hangers in the air pool and we are transferring them back to the original agencies. This one is the special-use Cessna 180 and 2 hangers. (2) it the Highway hangers; (3) We will retain the Duke for the use of the Governor and transfer it to the Governor's office. (4) convey to the aeronautics division the Bonanza which is presently in the Department of Community Affairs. This is the plane they have used to inspect airports, etc. and along with it goes \$38,888 from the Capitol Replacement Account. (5) will convey to the Department of Natural Resources the regular Cessna 180. Upon closure of the airpool all remaining cash will go to the general fund.. They have some outstanding debts to be paid first, etc., and we do not have the final figure yet, but it will probably be about \$10,000. (7) We are appropriating funds to repay the general fund loan to the aeronautics division. The airpool has lost this amount over the last 4 years and this money was loaned to them to keep it afloat. (8) Appropriate to the Governor's office \$45,000 to pay for one pilot, maintenance for the Duke, Duke loan payment and travel costs until July. Included in the Governor's budget will be the amount to handle this after that date

In concluding his testimony, Representative Donaldson said he could only say that this was one of the tremendous ideas that did not work and we have to face up to the fact and straighten it out.

Dave Wanzenried, Active Director of the DCA said they support this House Bill. The pool was a good idea, but it did not work. We are incurring a deficit each day and will appreciate the committee's favorable and expeditious response to the bill.

There were no further proponents and there were no opponents. Questions from the committee follow:

Senator Boylan: What about the FTE? What do they do with them?
Donaldson: One FTE to fly the Duke. There are only two in there now and in effect, I think we will be dropping one.

Senator Thomas: What if state agencies would like to go to eastern Montana? Would they have to go by commercial line?
Donaldson: Governor Schwinden feels the Duke is his airplane for his use and disposal. To justify his having it it is probably his intention to have it used as often as possible. He sort of indicated he would encourage the use of this airplane by other agencies.

Senator Thomas: This is changed back to the Governor's office where it was? Donaldson: yes.

Senator Thomas: Isn't there another twin engine plane you have not mentioned? Donaldson: The lease is being cancelled, it is a Cessna from Billings.

Senator Himsl: I would refer you to the fiscal note. This is just sort of shuffling this money back and forth--what is the net effect on the general fund? Donaldson: \$113,000 is the pay back to Revenue, \$158,000 is the pay back over the losses to Revenue, \$45,000 is appropriated to the Governor's office and \$38,000 is aviation surplus. General fund would yield from the sale of the planes.

Senator Himsl: If we take the \$113,597, \$158,000, \$45,000 general fund. Offset--are we to reclaim the other two? Donaldson: No. the \$113,000 is a revenue. We don't know what the net will be because we don't know what will be in there when it is closed. The net effect should be about \$125,000.

Senator Himsl: On the revenue--\$113,000. We are spending \$303,000. Is the other from earmarked funds? Donaldson: The difference there will be appropriated out of General fund--\$89,000 will be charged to the general fund.

Senator Boylan: What about hangers? They will still have to have someplace to put their planes. Donaldson: The rest have hangers, but the Governor's plane is the one you will have to worry about. Norm, could you address this?

Norm: There is room in the yellow hanger and there is money in the budget to take care of it.

Senator Aklestad: We have not sold any out of State government? Just transferring them back to the agency that had them before?
Donaldson: The Natural Resources plane was a special use plane. The wings are tipped back for fires, etc. and when they need it, they need it badly. If we do not send it back they will be requiring one next biennium. It will be a lot cheaper to give them this one than to buy a new one 2 years from now. The other one is the Governor's plane. They had talked about leasing the Governor's plane, but to have one that is safe and available when the Governor wants it would be financially impossible.

DISPOSITION OF HOUSE BILL 23: MOTION by Senator Dover that

House Bill 23 BE CONCURRED IN. Voted, unanimous with Senators Story, Johnson and Etchart absent. Senator Smith to carry the bill on the floor.

CONSIDERATION OF SENATE BILL 415: Senator Regan, the chief sponsor of Senate Bill 415 said this pertained to the Yellowstone Boys and Girls Ranch. Several years ago we said we would not buy indirect cost of special education in regard to financing special education and it has worked fine except for Yellowstone Boys and Girls Ranch where the school district is the ranch and a mill only raises about \$1. The bill amends this section of the law. I had this bill drafted by one of the researchers and asked them to work out the details with the OPI. Now they say "we have some problems with it" and they will be addressing those problems. The bill mandates the state pay 100% of the funding.

Judy Johnson spoke on this bill. A copy of her testimony is attached.

Gail Gray spoke on the bill, but referred to the testimony that Judy Johnson gave the committee on page 2. She explained the figures and the estimated fiscal note on page 3 of the testimony and said this was for the '81-'82 year, but was an estimate of expenses, and the figures above were for the years 1979-80.

Questions from the committee follow:

Senator Thomas: What will be the exact cost? What is the amount dropped from the rest of the districts? Judy Johnson: We are working with \$25 million or whatever. It is probably high for the biennium and will probably be around \$100,000.

Senator Thomas: That would only be a few dollars for each school district? Judy Johnson: Yes. It is a few dollars for each school district, but a lot of dollars for one.

Senator Aklestad: This would be about 65 total then? Ans. yes.

Senator Himsl: This budget you are estimating is just the budget for special education? Judy Johnson: That is the only budget they have.

Senator Himsl: It runs about \$7,000 a student, and this is the only budget then? Yes. The state money SRS has some for the board and room.

Senator Smith: What are the SRS payments? Senator Regan: You are being asked to look at the educational costs here. They have various boys placed there and have special money. Some will fund room and board through SRS. Some have special funds because they are Indian.

Senator Regan said she would like to make a comment: When this bill was being drawn up, I went to the researcher and asked them

to work with the OPI. They had one of their own people there. It was my understanding that the language in this bill had been agreed upon. The first indication I had of any problem was yesterday morning. Striking the word "fully" and the "100%" might help it. I am sure that when it is through, they will be asking the state to back it up because they have no base to tax. It is peanuts when spread out through the districts, but not when it is dropped in one district. I would point out that an attempt to collect tuition for these kids --many of the districts refuse to pay it. If they could collect them they could probably swallow the indirect costs. How to do this is a problem that the state could and should address.

Senator Himsl: Their whole program is special education? Ans. Yes. All they are asking is that their budget be increased by indirect costs. The office feels they are treating this different. I would ask an amendment, I think there is a danger here.

Senator Himsl: I would like to ask Judy a question. Is my statement correct that their whole program is special education? Judy Johnson: Yes, but I think there is a misunderstanding here in that we are being funded the indirect costs. I would like to ask Gail about this. Gail: The fiscal note on our estimate only speaks to allowable costs and does not include the indirect costs. That would make the tuition that goes out of the individual school district substantially less.

Mr. Stockton, OPI.: The confusion is that in the law there is allowable costs and does not include the indirect costs.

If all allowable costs were funded they would still have to pick up the indirect costs. Because of the caps we could not pay all the allowable costs. It would remove the cap and get full funding for the allowable costs, but it would not pick up the indirect costs.

Senator Regan: That was my intent. I left it with the researcher and the analyst. If you want to lay it aside and ask the OPI to come up with the proper language, it is okay with me. Without the proper language we would have to dispose of it somehow, I suppose.

Senator Nelson: Has Yellowstone turned out to be mentally retarded children? Ans. No. It is primarily orphans and disturbed children.

Senator Himsl: Let us agree to have the bill checked by the Department and if they can't come up with something we will kill it.

Gail: It is very difficult to eliminate them from the pro rata. The only way we can pay indirect costs would be to do so. If a cooperative department is composed of a number of districts they can pay some of the indirect costs such as heat, lights, etc. but the biggest problem is the law.

Senator Himsl: We will hold it over until Monday.

CONSIDERATION OF SENATE BILL 436: Senator Himsel said this is a committee bill requested of our committee and since his name was on it. He referred to line 22 of the bill which said "whenever the property was" etc. This bill would allow the sale price of equipment purchased from the revolving fund to be returned back to the revolving fund.

Dave Lewis, Office of Budget and Program Planning said that Morris Brusset had asked him to appear on behalf of the bill. It would help to solve the problem of the purchase of the new computer. He explained that some years ago the old equipment was turned in on the new equipment. but that at the present time more money could be realized from selling the old equipment out-right than from trading it in. He said the present law would return the sale price to the general fund, and it could not be used against the purchase price of the replacement.

Jack Noble, University System, said they would like to have an amendment in the bill so that it would also apply to them, since they had the same problem in regard to replacements and sales of the old equipment at the Universities. He suggested that on line 23 and 24 and in the title to amend following "revolving" to insert "or designated subfund" and that they would support both the amendment and the bill.

There were no further proponents, no opponents and the hearing on Senate Bill 436 was closed.

Senator Smith asked if the funds would still be appropriated by the subcommittees, and was told, yes.

DISPOSITION OF SENATE BILL 436: MOTION by Senator Regan that the amendments be adopted. Voted, unanimous, Senators Etchart, and Johnson absent.

MOTION by Senator Regan that Senate Bill 436 DO PASS AS AMENDED. Voted, unanimous with Senators Etchart and Johnson absent.

The meeting was adjourned at 12:15 p.m.



Senator Himsel, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/14/81

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart			
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover			
Senator Johnson	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Himsl	✓		



OFFICE OF PUBLIC INSTRUCTION

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Ed Argenbright
Superintendent

29th SB 415

To: Members of the Finance and Claims Committee

From: *Judy Johnson* Judith A. Johnson, Director, Special Education

Re: Senate Bill #415: "An act to provide that the Yellowstone Boys and Girls Ranch, Elem. Dist. #58, Special Education Program is to be funded at 100% level of the Budget approved by the Superintendent of Public Instruction, amending section 20-7-431, MCA"

As you will remember during the 1979 session of the legislature, the appropriations for special education were significantly reduced and all indirect costs such as rent, heat, and lights were not allowed in the 1980 budgets. The school districts were prorated at 92% and 97% during this biennium.

We appreciate the fact that Yellowstone Boys and Girls Ranch has no taxable means of picking up this pro-rata and that no ANB is generated because the children are all self-contained (20-9-311, sec. 2). During the second year of the biennium YBR began charging the local sending districts tuition based on the indirect costs and the pro-rata or \$1249 per year. (page 2 contains a complete budget breakdown)

Again, funding YBR at 100% is not a problem but the committee should remember that this \$75000+ plus tuition will come out from under the capstone and will reduce the percentage of the budgets of the 399 other districts with special education budgets, including Whitefish, Dagmar, Laurel, Anaconda, Malta, Helena, Plains, Stevensville, and Great Falls.

We would ask the committee to at least consider amending the bill on page 6 line 1 by striking the word FULLY in order for OPI to have the discretion of cutting the budget according to our guidelines.

The other amendment to make this fair and equal would be to fully fund all districts at 100%

CHILD COUNT
YELLOWSTONE BOYS AND GIRLS RANCH
SCHOOL DISTRICT NO. 58, YELLOWSTONE COUNTY

December 1, 1979	57 students
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Cumulative Count 1979-80 School Year	81 students
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December 1, 1980	65 students
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1981-82 Estimate *

1980-81

1979-80

Approved State
Special Ed Budget

\$291,531

\$261,291

\$379,319 Allowable Sp Ed Costs
21,110 Summer School
49,044 Indirect Costs
449,473 Total District Budget

Out of State Tuition

+24,000

Total

** 285,291

Pro Rata

92%

N/A

Unknown at this time,
Estimated at 80%

Total State Sp
Ed Funding

246,129

261,291

Unknown

EHA Part B Funds
(Federal)

7,279

10,916

0

* Figures obtained from District 58, 2-13-81.

** Tuton or educational fees are being collected and this amount will be
available for expenditure in District 58.

Fiscal Note: 1981-82 School Year

\$379,319 Estimated Allowable Sp Ed Costs

80% Estimated Pro Rata

303,455.20

Total Amount to be Received by District 58 with Pro Rata

75,863.80

Fiscal Impact on Sp Ed Capstone if District 58 Budget
is not Prorated

STANDING COMMITTEE REPORT

February 14

19 81

President

MR.

We, your committee on Finance and Claims

having had under consideration House Bill No. 23

Senator Smith to carry.

Respectfully report as follows: That House Bill No. 23

BE CONCURRED IN

~~OCFASX~~

~~Statement of Present Condition~~

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STANDING COMMITTEE REPORT

February 14 19 81

MR. President

We, your committee on Finance and Claims

having had under consideration Senate Bill No. 436

Respectfully report as follows: That Senate Bill No. 436 introduced bill, be amended as follows:

1. Title, line 7.
Following: "FUND"
Insert: "OR DESIGNATED SUBFUND"
2. Page 1, line 23.
Following: "fund"
Insert: "or designated subfund"
3. Page 1, line 24.
Following: "fund"
Insert: "or designated subfund"

and, as so amended,

DO PASS