

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 12, 1981

The 20th 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 9:08 a.m. by the Chairman, Senator Hims1, for the purpose of hearing House Bills 610 and 611.

CONSIDERATION OF HOUSE BILL 610: Representative Bob Anderson, District 16, Flathead County, explained the bill as the School Foundation Program bill. He said the idea of the school foundation program was that it properly fund the schools of Montana. He showed an overhead with sections of the law which pertained to the school foundation program funding and told of the limitations in 29-3-16 in the constitution.

Representative Anderson passed out exhibit 1, proposed amendments to House Bill 610, exhibit 2, a chart showing the rising costs of school financing, and including charts on total school budgets for '81-'82 and for '82-'83. These were also put on the overhead projector and discussed by Representative Anderson. He said it was the intent of 610 and 611 to provide the relief through funding the foundation program, or at least to move back in that direction where the state provided the funding required by the law.

Representative Anderson said in 1949 when it was established, it was expected that schools would be supported by 80% approximately. The permissive levy was about 7.5% and permissive at 11.3%. The permissive levy has not come up a lot - 13.2% for the current year. The voted levy amount is 33.6%, and the foundation program has diminished to 53.2%. We have not met our obligation to the foundation program.

Senator Smith asked if he could interrupt for a point for clarification. He asked: Do you have the dollar figure for 80-81? Do you have the contribution in 1949? Representative Anderson: In 1949-50 it was \$1,907,000; today it is over \$98 million. I am told it would be roughly about five times that figure - about 81.2 million. Senator Smith: That would be roughly 4 x \$1 million, nine hundred thousand dollars? Representative Anderson: About that.

Representative Anderson said that House Bill 610, without the amendments, would be to move back to where the state was in 1949. Inflation has steadily increased, and we have failed to fund the foudation program accordingly. He said he would talk about ANB (average number belonging), which pertains to the enrollment of the school. In addition, we use schedules, and the amendments are

pertaining to the schedules. There are five pages of amendments here. It interprets to be 18% increase the first year and 15% increase the second year of the biennium. The amendments also do away with the so-called "caps". In this bill with the amendments, we are no longer talking about 90% or 25% "caps". We are no longer talking about an extra-ordinary levy. The local school districts will make a decision as to what the levy will be. The idea of local control is here. We are making the changes in the bill for a number of reasons, principally because of the objection to "caps". When placing the "caps" on we are getting different effects. In some schools the caps are drastic; and using the formula of past years, we can rectify it by using a "non-cap" device. We will be moving off the 53% level, and it is not as drastic a move as 610, but a move in the right direction - we are making some assumptions and will move up to about 55% in the second year.

Representative Nordtvedt spoke as a proponent of House Bill 610. He said that House Bill 610, if amended, was a very good bill, and will accomplish something. It will start us in an evolutionary way back to funding properly. He posed a hypothetical example, and then said that through the 18 and 15% funding, we will pick up the inflation in the local districts. He quoted some of the increases in costs of education and said if you analyze what is responsible for the increases, that part was the fact that the state was responsible for some of it through their programs, and this was at fault about as much as inflation. He said in many cases student problems would rise faster than inflation, and we should do our part to perhaps increase our schedules somewhat faster than inflation, but not in a sudden way. Local districts will have to do their share and realize they cannot increase faster than inflation.

Senator Blaylock, district 35, said he supports the House Bill 610, as amended. He said, I would like to point out to the fellow educators we can fund that amount at this time with probably no general fund appropriation because we lucked out this last biennium with a tremendous increase from oil and gas leases. Next biennium you will not have it, and your schedules will not be increased the next time, and you will have to dig into your pockets to fund it. We cannot cut all the taxes and still fund this and the other things Montana wants.

Bob Lawmeyer, Boulder, said they still support the original bill without the amendments. 25.8% in the first year and 12% in the second year, you would make a drastic contribution to offset the badly eroding foundation fund. There are more than adequate safeguards in the bill as written. There were three things: 1. To put the foundation program up to where it should be by law; 2. If you are a taxpayer you get local tax relief guarantees in the cap; and 3. Some schools with unique problems can vote levies. It becomes the obligation of the local district to get out and explain it to the people.

Mr. Lawmeyer continued to say he did not think anyone here could tell if the inflation would continue, or if this was the beginning of a leveling off period. He said they are mandated to have a comparable education for all. This goes back to 1949, and putting the state support so that every student is guaranteed a basic education.

Ed Argenbright, Superintendent of Public Instruction, spoke as a proponent for the bill, his testimony is attached, exh. #3.

David Sexton, Montana Educational Association, spoke as a proponent for the bill. He said they were in support of the original bill, as a genuine attempt to bring the foundation program in compliance with the law and relieve the local taxpayers. He said a few districts would lose budgeting by the program. We would like to see a move to finance it at a faster rate, but realize the limitations. We support the amendments with the caps. The levies will decline but not nearly as much as in the original bill. I would urge the committee and the legislature to move the bill quickly. Schools plan our budget and set levies in March. These increases are similar to the Governor's proposal, and I would ask you to expedite the process on the bill.

Owen Nelson spoke as a proponent and passed out a sheet, exhibit 4, of Montana public school general fund budgets and explained what the various columns meant in their inter-reaction to the others. He said when school costs go up, the foundation program goes up a certain percentage, and the rest is taken up with the levies.

Wayne Buchanan, Montana School Board Association, said he has supported 610 from the beginning. He said approximately 70% of the school districts would support the original bill without the caps. The fact that they support this, is a measure of the desperation we felt. The vast majority of the facilities are marginal. More than 50% of the money we raise goes into teachers salaries. The average beginning salaries for teachers is around \$11,000. The legislature has consistently and seriously underfunded the foundation program. We feel the 18 and 15% is a minimal amount. We hope you will run this through quickly, if we don't know what we are getting. we will have to run a special levy.

Dan Marinkovich, Anaconda Board of Trustees and Anaconda Task Force, read testimony, attached as exhibit 5.

Jesse Lang, School Administration of Montana, said he was in support of the original 610. We have not had a chance to get a reaction from the members on the amendments, but many were concerned with caps. Fiscal responsibility of the school districts is a great concern. We would ask your early support of this so that school districts can make their dollar figures. He handed out a sheet showing how the schools would be affected with the amended bill at 18 and 15%, with the assumption that levies are not increased, and declining enrollment figures that were affecting many school budgets. Exhibit 6.

Russ Carlson, Havre Superintendent, said he felt their circumstances were unique. We have an arrangement that is all its own with the ANB (average number belonging). Our high schools are going from 1250 down to about 725. We could live with 610 in the elementary with no trouble, but the high school is something else. We have been cutting, and all there is left is to cut the programs. Perhaps advanced math, etc. We would urge the passage of the amendments.

Harry Riggs, Superintendent of Belgrade, spoke on the importance of getting the bill through before the budget deadline. He said he would add \$500 to \$2500 to the cost of every district to run the levy the 21st of April or March, or whatever. We have to have a budget plan by the 16th. The 17th is the deadline.

Joy Stevlingson, Montana P.T.A. said they support the bill.

There were no further proponents, and the Chairman asked for any opponents to House Bill 610.

Shauna Thomas, Montana Federation of Teachers, spoke in opposition to the bill. If you tell the people you are giving tax cuts without adequate funding, the state mandates 80%, and when it does not fund it, it puts an inequitable tax on the taxpayers of the districts. We feel there should be caps put on this.

No further opponents, Senator Himsl asked for questions from the committee.

Senator Keating: What inflation factors are you using for the next two years? Representative Anderson: I believe it was 12.1, but I would defer to Mr. Stockton. Bob Stockton, OPI: 12.1 for both years.

Senator Keating: I would like to ask Representative Nordvedt this question. Do you know what factor in the school system contributes most to inflation? Nordvedt: Energy. I would say energy is by far the largest, followed probably by materials. Federal mandates and regulations have a part in this also.

Senator Keating: Are we looking at 10 or 12% increase in salaries for teachers? Anderson: I don't think we looked into that. It would be according to local districts. One association is settling for several schools and that will be around 10 to 12%.

Senator Keating: What happens to the whole formula if the inflation factors are considerably higher than 12%? Nordvedt: If higher, then everybody is going to be in trouble.

Senator Keating: I think they are going to be higher than 15% in the next two years.

Senator Van Valkenburg: The first I heard about the three-year rolling average was today. Anderson: It is House Bill 665 by Representative Menahan. The bill was amended in the House

Education Committee, and it came out on the floor and was amended back to the original figures. The price tag is \$12 million for the biennium, and would establish that schools could go back to the year they are in and move back to previous years and average them out. The amendments were to put a trigger mechanism on it. There was a 6% triggering on, and use the rolling average. They were removed on the floor of the House. It probably will come before this committee sometime.

Senator Haffey: Would you say what the dollar effect of using a rolling average for a biennium, if the 6% figure was used?

Anderson: It would have been \$2.5 million, rather than the \$12 million.

Senator Haffey: How many school districts do you think would be helped if a rolling average, but triggered to make school districts absorb some of the cost, would be? How many would be helped from the current year's ANB? Anderson: One hundred and twenty school districts would be triggered, I think. Stockton: One hundred and eighteen elementary districts and 73 high school districts.

Senator Haffey: Bob, are you aware that for the university system we tentatively adopted a concept of a three-year rolling average, or an estimated year, whichever was higher? Anderson: I have not followed it.

Senator Haffey: I wanted to know if this would be helpful. Would it help them if taken? Anderson: The criticism of 610 was the declining average, but I believe that was to be an answer to 610 as a companion bill before the amendments were added. With the amendments, they can go back to voted levies and many of the districts said they would be happy with the bill if amended and the capping removed. They said that would take care of their needs. There are some bills in on enrollment, one by Bob Brown and one by Vincent.

Senator Haffey: What is your reaction to trying to implement such a thing as a rolling average if 6% to force the school district to absorb the "staying-around" costs in spite of declining averages? What is your reaction? Would it be helpful? Anderson: Very definitely it would be. To find the percentage declining would be difficult, the 6% hits a tremendous amount of districts. You might want to ask Representative Nordvedt about this.

Representative Nordvedt: I moved to strike the 6% from Representative Menehan's bill. It would not do what you are suggesting it would. The way the bill was written, if you had 5% falling enrollment, you got no compensation, and if 6%, you got full 6%. The bigger population got less money from the state.

Senator Haffey: The idea is being used with the university of a using of a three-year rolling average or the current year actual.

The point is, with or without a trigger, would it do the thing that should be done? Nordvedt: I have mixed feelings. I think you have to leave it to the school districts to cooperate, but it must be done so that some don't get a bonanza and others get nothing.

Representative Anderson closed by saying he should mention that the amendments not only take out the adjustments you see before you, they take out \$25 million from the program. It was mentioned earlier that it could be a problem with the oil and gas leases that are causing a surplus this year, and that we might not have this another year. It is conceivable that there may be more. Some of the money comes from coal and that will continue, also. I agree that it might not be a wise idea to count solely on the surpluses to fund it. These were some of the considerations we used in making the amendments. I don't believe the laws in federal funds to school districts will be felt in the next two years. They should get most of their Special Ed funding this year and probably next year. They will also have to take into consideration the declining average. We hope to see a leveling of this by 1986. A lot of assumptions are being made. There is another House Bill, 757, which deals with the flexibility of the ANB. It seems a very harsh conclusion. I think the last thing I want to mention is the need for this measure to be expedited as soon as possible. Mr. Erickson said most of the districts will raise their levy in anticipation of a lower amount. It is critical that the bill comes out as soon as possible. The deadline is March 18, so that it can be coordinated with the trustees election and save the cost of another election.

Senator Hims1 declared the hearing closed.

CONSIDERATION OF HOUSE BILL 611: Representative Anderson, District 1 Flathead County, explained the bill as the appropriation measure that is a companion to 610. He handed out amendments for 611 and an estimated fiscal note from the Fiscal Analyst's Office. He said, you have before you somewhat of a makeshift fiscal note as to how it will look. Exh. 1 and 2. General fund appropriation \$4.96 million. The school surplus amount would account for \$16.8 million. The figure would be \$25.65 million in '83.

There were no further proponents and no opponents, and the questions from the committee follow.

Senator Haffey: Could you explain the handouts and kind of illustrate what Senator Blaylock was talking about? Could you explain the impact on the general fund of the state in this bien-nium if 18 and 15% are used, the increase in other sources of funds and the next biennium if we have to maintain the and increase the schedule. Representative Anderson: I don't have any projections as to what will happen in '84 and '85. The closest we could come is in the handouts of 610. If we are going to maintain the level in the handout, I would estimate we would have to look at the cost of living factors at that time, and make a determination. It would be up to the 48th legislative session to make that decision. Perhaps Mr. Stockton would have some insight.

Senator Haffey: I am asking for whether or not a double whammy could hit us in the next biennium. There will be a necessity to pick up the 25 or 21% along with what else?

Bob Stockton: It is not projected that way. Last year we had General Fund money of about \$50 million, this year about \$4 million. You are using those surplus funds to take it up. The growth of taxable valuation and the growth of the state - it is extremely difficult to make any prediction.

Senator Hims1: The account balances. Those are both public, but are earmarked for that purpose. General Fund is also public funds.

Representative Nordvedt: I think I know what Senator Haffey is getting at. If you wanted a measure of the true ongoing spending of the state that will develop on the General Fund in the future. You will have to imagine that it is back in the General Fund some-day. We can't count on piling it up every year. With a \$580 million General Fund, imagine taking on the \$40 million. The total budget would be about \$620 million, and that is what we are committing ourselves to in general fund spending that will not be there in the future.

Senator Haffey: The way you are looking at it is about the same as Senator Blaylock. Nordvedt: But I think we are in a healthy balance with the passage of 610.

Senator Stimatz: Where is the \$41 million? Stockton: it comes in the earmarked revenue fund. The biggest thing when the legislature was sitting in the last session, it was estimated that the interest and income money would be about \$19 million. It came in about \$41 million this year, so that is the biggest single chunk. It also occurred in some other funds.

Representative Anderson closed by saying: I might mention that some of the other things are state interest and income. He listed several different sources of income, among them grazing leases, etc.

Representative Anderson cited two law cases, Rodriquez vs. San Antonio, Texas, and another, both a class action suit against the state for a failure to fund their schools. Recently two other states have found they have not come up to their constitutions, Washington and Wyoming. In Texas they were supposed to be funding at an 80% level. This is what we are supposed to be doing.

Senator Hims1 declared the hearing closed, and since many of the members had to leave for other committees, he would try to meet later in the day to vote on these two bills.

The meeting adjourned at 10:22 a.m.

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

3/12/81

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 Hims1	✓		

DATE

3/12/81

COMMITTEE ON

Finance & Claims

BILL NO.

610-611

VISITOR'S REGISTER

NAME	REPRESENTING	BILL NO	Check One	
			Support	Opp
Jack Copps	Helena School Dist. #1		✓	
ROGER EBLE	" " " "		—	
Don Waldron	Libby School Dist #4		✓	
Joe W. Lane	Sch/Adm of MT		✓	
Glenadene Ferris	Lake Co. Schools		✓ No CAP	
Russ Carlson	Haure Public Schools		✓	
Shauna Thomas	Mont. Fed of Teachers	610 611		✓
Mike Anderson	School Dist #8 WSS	610	✓	
Bob Anderson	Dist 16, Flathead Co.	610-611		
Toni M. Ombler	NEA	610-611	✓	
Owen Nelson	"	610	✓	with
David Sexton	"	610	✓	friends
WAYNE BUCHANAN	MISBA	610	✓	
Robert I. Laumeyer	Boulder	610	✓	
Harry D. Erickson	Bellevue	610	✓	
Ed Augenbright	Supt. of Public Instruction	610	with amendment	
Joy Sterlingson	Mont. PTA	610	✓	
Tom Prosser	OBPP	610	—	
Paul A. Mackell	OBPP	610	—	
Jan Mackell	Sch Dist #10	610	✓	
John Mader	M.F.T.	610		✓
DAVE GOSS	Billings Chamber of Commerce	610	—	
Ken Naultvick	Dist 77	610	with amendment	
Eric Fesver	HEA	610	with amendment	
Ch. Blaylock P.	Senat	610	✓	
Senator N. F. Hoffman	Senat	610	✓	

Amendments to House Bill 610
Third Reading Bill

1. Title, line 13.

Following: ";"

Insert: "AND"

2. Title, lines 14 and 15.

Following: ";" on line 14

Strike: remainder of line 14 through ";" on line 15

3. Page 1, line 23.

Following: line 22

Strike: "\$16,608"

Insert: "\$15,578"

4. Page 1, line 25.

Following: "\$12,002"

Strike: "\$16,608"

Insert: "\$15,578"

5. Page 2, line 1.

Following: page 1, line 25

Strike: "\$694.10"

Insert: "\$651"

6. Page 2, line 4.

Following: "\$16,516"

Strike: "\$22,855"

Insert: "\$21,438"

7. Page 2, line 5.

Following: "\$501.60"

Strike: "\$694.10"

Insert: "\$651"

8. Page 2, line 8.

Following: "\$26,665"

Strike: "\$36,490"

Insert: "\$34,227"

9. Page 2, line 9.

Following: "\$314.10"

Strike: "\$434.70"

Insert: "\$407.70"

10. Page 2, line 16.

Following: line 15

Strike: "\$1,613"

Insert: "\$1,513"

Following: "\$1.13"

Strike: "\$1.57"

Insert: "\$1.47"

Amendments to House Bill 610
page 3

21. Page 3, line 24.
Following: "~~\$1,408~~"
Strike: "\$1,949"
Insert: "\$1,828"

22. Page 3, line 25.
Following: "~~\$1.43~~"
Strike: "\$1.98"
Insert: "\$1.85"

23. Page 4, line 3.
Following: "~~\$1,265~~"
Strike: "\$1,751"
Insert: "\$1,642"

24. Page 4, line 4.
Following: "26"
Strike: "36"
Insert: "34"

25. Page 4, line 7.
Following: "~~\$1,186~~"
Strike: "\$1,642"
Insert: "\$1,540"

26. Page 4, line 20.
Following: "~~\$13,202~~"
Strike: "\$18,618"
Insert: "\$17,915"

27. Page 4, line 23.
Following: "~~\$13,202~~"
Strike: "\$18,618"
Insert: "\$17,915"

28. Page 4, line 24.
Following: line 23
Strike: "\$778.10"
Insert: "\$748.70"

29. Page 5, line 2.
Following: "~~\$18,168~~"
Strike: "\$25,620"
Insert: "\$24,654"

30. Page 5, line 3.
Following: "~~\$551.70~~"
Strike: "\$778.10"
Insert: "\$748.70"

Amendments to House Bill 610
page 3

21. Page 3, line 24.
Following: "~~\$17,400~~"
Strike: "\$1,949"
Insert: "\$1,828"

22. Page 3, line 25.
Following: "~~\$1.43~~"
Strike: "\$1.98"
Insert: "\$1.85"

23. Page 4, line 3.
Following: "~~\$17,265~~"
Strike: "\$1,751"
Insert: "\$1,642"

24. Page 4, line 4.
Following: "26"
Strike: "36"
Insert: "34"

25. Page 4, line 7.
Following: "~~\$17,186~~"
Strike: "\$1,642"
Insert: "\$1,540"

26. Page 4, line 20.
Following: "~~\$13,202~~"
Strike: "\$18,618"
Insert: "\$17,915"

27. Page 4, line 23.
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Strike: "\$18,618"
Insert: "\$17,915"

28. Page 4, line 24.
Following: line 23
Strike: "\$778.10"
Insert: "\$748.70"

29. Page 5, line 2.
Following: "~~\$10,168~~"
Strike: "\$25,620"
Insert: "\$24,654"

30. Page 5, line 3.
Following: "~~\$551.70~~"
Strike: "\$778.10"
Insert: "\$748.70"

Amendments to House Bill 610
page 4

31. Page 5, line 6.
Following: "\$29,006"
Strike: "\$40,905"
Insert: "\$39,361"

32. Page 5, line 7.
Following: "\$345.50"
Strike: "\$487.30"
Insert: "\$468.90"

33. Page 5, line 14.
Following: line 13
Strike: "\$1,808"
Insert: "\$1,740"
Following: "\$1.25"
Strike: "\$1.76"
Insert: "\$1.69"

34. Page 5, line 18.
Following: "\$1,207"
Strike: "\$1,702"
Insert: "\$1,638"

35. Page 5, line 19.
Following: "\$1.12"
Strike: "\$1.61"
Insert: "\$1.54"

36. Page 5, line 22.
Following: "\$979.60"
Strike: "\$1,381"
Insert: "\$1,329"

37. Page 6, line 9.
Following: "\$75,210"
Strike: "\$106,068"
Insert: "\$102,066"

38. Page 6, line 11.
Following: "\$3,134"
Strike: "\$4,420"
Insert: "\$4,253"

39. Page 6, line 12.
Following: "\$17.09"
Strike: "\$24.10"
Insert: "\$23.19"

40. Page 6, line 15.
Following: "\$2,860"
Strike: "\$4,034"
Insert: "\$3,882"

41. Page 6, line 16.
Following: "\$17.09"
Strike: "\$24.10"
Insert: "\$23.19"

42. Page 6, line 19.
Following: "\$17,835"
Strike: "\$2,588"
Insert: "\$2,490"

43. Page 6, line 20.
Following: "\$2.86"
Strike: "\$4.03"
Insert: "\$3.88"

44. Page 6, line 23.
Following: "\$17,549"
Strike: "\$2,184"
Insert: "\$2,102"

45. Page 6, line 24.
Following: "\$1.57"
Strike: "\$2.22"
Insert: "\$2.13"

46. Page 7, line 2.
Following: "\$17,392"
Strike: "\$1,963"
Insert: "\$1,889"

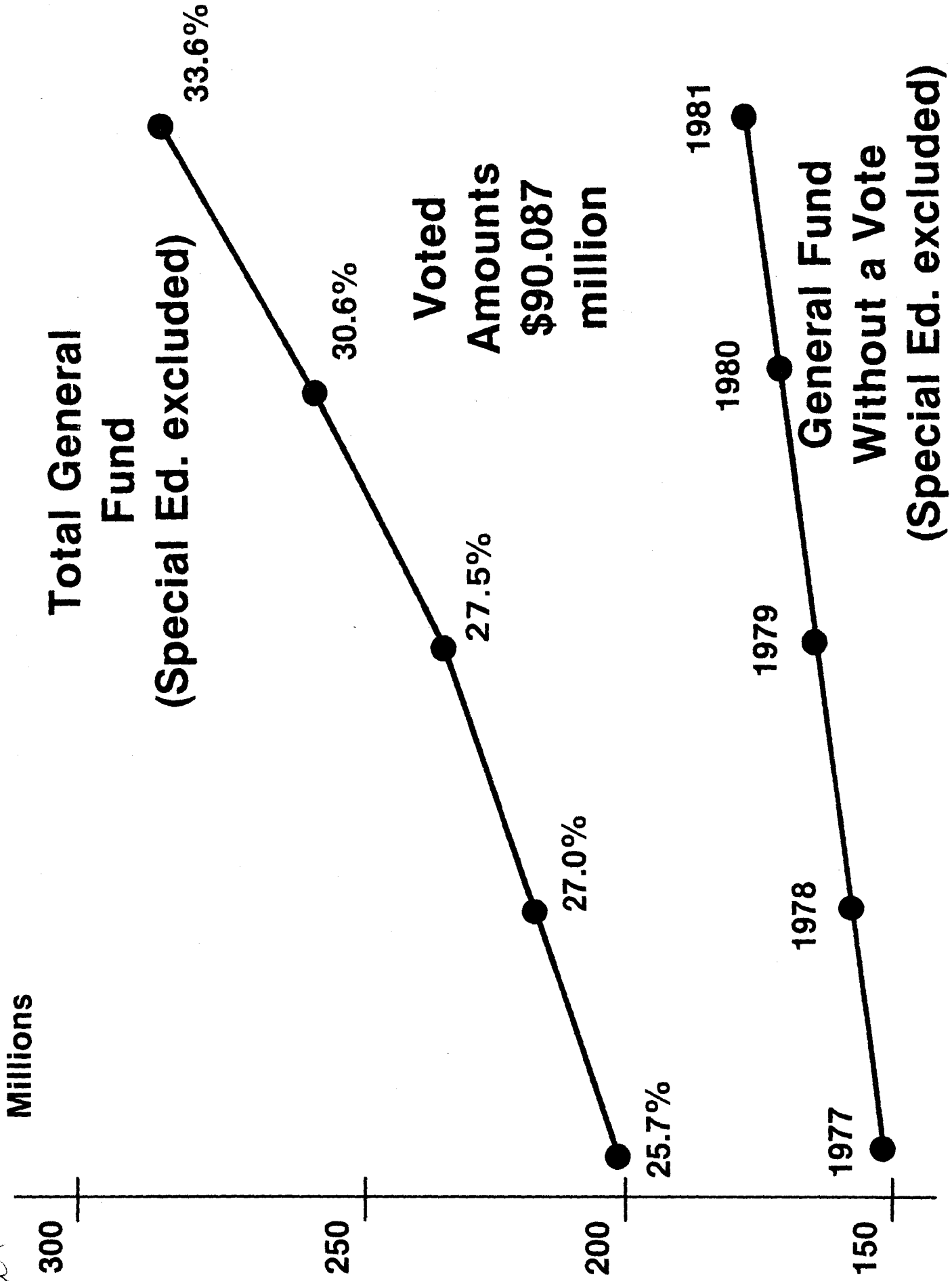
47. Page 7, line 3.
Following: "28"
Strike: "41"
Insert: "39"

48. Page 7, line 6.
Following: "\$1,305"
Strike: "\$1,840"
Insert: "\$1,771"

49. Page 8, lines 10 through 23.
Strike: subsections (A) and (B) in their entirety

50. Page 10, line 21 through line 6 on page 12.
Strike: sections 6 and 7 in their entirety

exp 27



TOTAL SCHOOL BUDGETS

1981-82

**Voted
Levy
30.1%
\$95,360,000**

**Permissive
Levy
13.9%
\$43,860,000**

**Public
School
Foundation
Program
56.0%
\$177,440,000**

1982-83

**Voted
Levy
28.4%
\$98,550,000**

**Permissive
Levy 14.1%
\$49,060,000**

**Public
School
Foundation
Program
57.5%
\$199,900,000**



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL
HELENA, MONTANA 59601
(406) 449-3095

Ed Argenbright
Superintendent

TO: Chairman Matt Hims1
FROM: Ed Argenbright
RE: House Bill 610 Amended

House Bill 610 was designed to assist schools that have been forced to keep pace with inflation. The suggested foundation program scheduled biennium increases of 25.8 and 12.1 are necessary to reduce voted levies averaging over 33%. Scheduled increases and budget limits made this bill significant in terms of local property tax relief.

The opposition voiced to the flexible budget limitations proposed in House Bill 610 and the revised revenue estimates apparently make it necessary to formulate another alternative.

As the school districts prepare to adjust to federal fund reductions and inflationary increases, a foundation schedule increase is an absolute necessity for providing adequate education programs for students.

The 18% - 15% amendment is a very minimum schedule adjustment. The budget limitations as proposed in House Bill 610 would definitely have to be removed. With inflation estimates of 12% and the current foundation program levels this may reduce the voted levies from 33% to 29%.

I would urge your support for this amended bill as it would be a step towards meeting the legislature's constitutional obligation for equalizing educational opportunities throughout the state.

MONTANA PUBLIC SCHOOL GENERAL FUND BUDGETS

(Special Education Funding Excluded)

1 2 3 4 5 6 7 8 9 10 11 12 13

Increase in Budget Schedule R.S.	General Fund Without a-Vote		General Fund Budget		% of GFB		ANB (Previous Year)	GFB Per ANB	CPI (M) (Dec.)	Teacher Salary Montana Ratio Average Rate
	Foundation Program	Permissive	Voted Levy	Fund Budget Total	Foundation Program	Permissive Levy				
10-75	\$ 97,866,000 +14.0%	\$24,428,000 +13.9%	\$41,317,000 +19.0%	\$163,611,000 +15.2%	59.8%	14.9%	177,028 -1.5%	\$ 924 +17.0%	155.4 +7.0%	\$10230 +9.0%
10-76	111,548,000 +11.2%	27,826,000 +11.3%	49,153,000 +9.2%	188,527,000 +10.7%	59.2%	14.8%	174,451 -1.4%	1,081 +12.3%	166.3 +4.8%	11150 +8.1%
10-77	124,068,000 +5.9%	30,969,000 +5.9%	53,652,000 +13.3%	208,689,000 +7.8%	59.5%	14.8%	171,944 -1.1%	1,214 +9.0%	174.3 +6.8%	12053 +5.1%
10-78	131,422,000 +5.9%	32,791,000 +5.9%	60,790,000 +8.6%	225,003,000 +6.6%	58.4%	14.6%	170,117 -1.4%	1,323 +8.2%	186.1 +9.0%	12668 +7.8%
10-79	139,160,300 +4.8%	34,733,600 +4.8%	66,021,000 +21.3%	239,914,900 +9.5%	58.0%	14.5%	167,664 -2.6%	1,431 +12.4%	202.9 +13.4%	13651 +7.5%
10-80	145,821,700 +6.5%	36,390,200 +6.7%	80,387,000 +21.5%	262,598,800 +11.1%	55.5%	13.9%	163,276 -3.1%	1,608 +14.7%	230.0 +12.4%	14680 +9.0%
10-81	155,362,400	38,814,500	97,675,300	291,852,200	53.2%	13.3%	158,196	1,845	258.7	16000 (Est.)
10-82	177,282,936 +12.6%	44,320,734 +12.6%	95,684,670 +4.2%	317,288,340 +10.0%	55.9%	13.9%	153,000 -2.1%	2,074 +12.4%		
10-83	199,611,454	49,902,964	99,658,804	349,173,122	57.2%	14.3%	149,800	2,331		

Chairman Himself and Honorable Members of the Finance and Claims Committee. My name is Dan Marinkovich, Superintendent of the Anaconda Schools representing the Board of Trustees of School District No. 10 and the economic Task Force of Anaconda and I am speaking as a proponent of H.B. 610 and any other bill which would substantially increase the foundation program.

I would like to take this opportunity to tell you what H.B. 610 would do to Anaconda High School and the same would be true for the Anaconda Elementary system. I have broken down what would happen to Anaconda High School under H.B. 610.

1. If the schedule allowance per ANB were to be 25.8% for 81-82 and 12.1% for 1982-83 with the caps as proposed, because of our declining enrollment, H.B. 610 would allow us a 3.3% budget increase in 81-82 and a 1.9% increase in 1982-83.

2. If the schedule allowance per ANB were to be 18% and 15% without the caps, the increase in our foundation program would be 6.1% in 1981-82 and 3.5% in 1982-83.

3. If you were to amend the bill to provide for a rolling average of the previous 3 years for schools with declining enrollments the following would occur in Anaconda with the 18% and 15% increase in schedules. For 1981-82 a 26.3% increase in the foundation program and for 1982-83 a 6.6% increase.

4. If the schedule allowance per ANB were to be 15% and 15% without the caps, the increase in our foundation program would be 3.4% in 1981-82 and 3.5% in 1982-83.

5. If you were to amend the bill to provide a 15% increase each year and with a rolling average of the previous 3 years for schools

with declining enrollments, the following would occur in Anaconda. In 1981-82 the increase would amount to 23.1%, in 1982-83 the increase would be 6.6%.

Therefore, I recommend you amend H.B. 610 to provide for a rolling average of the past three years for schools with a declining enrollment. Also that the caps be removed for those schools who can possibly pass a voted levy and that the schedule allowance per ANB be as high as you feel you can fiscally allow.

I will not read the following, but it includes the rationale for my previous statements.

Thank you for the opportunity to testify.

H.B. 610 SCHOOL FOUNDATION PROJECTIONS
HIGH SCHOOL DISTRICT NO. 10 - ANACONDA

HIGH SCHOOL ANB

1978-79	1037	
1979-80	987	
1980-81	915	Rolling Average previous 3 years
1981-82	823 (Projected 10% less)	980
1982-83	741 (Projected 10% less)	903

1980-81 Budget	\$2,248,761.00
1980-81 Voted Levy (39.6%)	\$ 891,333.00

<u>SCHOOL YEAR</u>	<u>SCHEDULE ALLOWANCE PER ANB</u>	<u>ANB</u>	<u>GENERAL FUND BUDGET WITHOUT A VOTE</u>
1980-81	\$1,305.00 (+25.8%)	915 (-10%)	\$1,194,075.00
1981-82	\$1,641.69 (+12.1%)	823 (-10%)	\$1,351,110.87
1982-83	\$1,986.44	741	\$1,471,952.04

GFBWOV - means General Fund Budget Without Vote

GFB - means General Fund Budget without Special Education

1980-81	GFBWOV	\$1,194,075.00	
	Voted Levy	\$ 891,333.00	(39.6%)
	Total	\$2,085,408.00	

WITH CAPS. OPTION NO. 1 90% previous years levy
 OPTION NO. 2 25% of total budget

1981-82	GFBWOV	\$1,351,110.00	
	Voted levy	\$ 802,199.70	(90% of \$891.333)
<u>OPTION 1</u>	Total GFB	\$2,153,309.70	

	GFBWOV	\$1,351,110.00	
	Voted Levy	\$ 450,370.00	(25% of GFB)
<u>OPTION 2</u>	Total GFB	\$1,801,480.00	

Option No. 1 would be best choice since it would allow
\$351,829.70 more than Option No. 2

1982-83	GFBWOV	\$1,471,952.04	
	Voted Levy	\$ 721,979.73	(90% of \$802,199.70)
<u>OPTION 1</u>	Total GFB	\$2,193,931.77	

	GFBWOV	\$1,471,952.04	
	Voted Levy	\$ 490,650.68	((25% of GFB)
<u>OPTION 2</u>	Total GFB	\$1,962,602.72	

Option No. 1 would be best choice since it would allow
\$231,329.05 more than Option No. 2

The maximum General Fund Budget increases are as follows:

<u>80-81</u>	<u>81-82</u>	<u>82-83</u>
\$2,085,408.00 (+3.3%)	\$2,153,309.70 (+1.9%)	\$2,193,931.77

Thus for Anaconda High School H.B. 610 would allow a 3.3%
Budget increase next year and a 1.9% increase the following year.

H. B. 610 Without the Caps and 18% First Year
and 15% Second Year Would be as follows:

SCHOOL YEAR	SCHEDULED ALLOWANCE PER ANB	ANB	GENERAL FUND BUDGET WITHOUT A VOTE
1980-81	\$1,305.00 (+18%)	915 (-10%)	\$1,194,075.00
1981-82	\$1,539.90 (+15%)	823 (-10%)	\$1,267,337.70
1982-83	\$1,770.89	741	\$1,312,225.79

Thus, for Anaconda High School, H.B. 610 with an 18% increase next year would result in a 6.1% increase in the Foundation Program while the second year 15% increase would result in an increase of 3.5%.

80-81	81-82	82-83
\$1,194,075.00 (+6.1%)	\$1,267,337.70 (+3.5)	\$1,312,225.79

If we were to use a rolling average of the previous 3 years for schools with declining enrollments, the following would occur for Anaconda High School

	ANB	
1980-81	915	1981-82 - 10% 823
1979-80	987	1983-83 - 10% 741
1978-79	1037	

SCHOOL YEAR	SCHEDULE ALLOWANCES PER ANB	ANB (3 yr. avg.)	GENERAL FUND BUDGET WITHOUT A VOTE
1980-81	\$1,305.00 (+18%)		\$1,194,075
1981-82	\$1,539.90 (+15%)	980	\$1,509,102.00
1982-83	\$1,770.89	908	\$1,607,968.12

Thus for Anaconda High School, H.B. 610 with the rolling average for schools with declining enrollments the following would occur for Anaconda High School:

1981-82	18% increase in schedule results in a 26.3 % increase
1982-83	15% increase in schedule results in a 6.6% increase

If the schedule were to increase 15% and 15% with the 3 year rolling average the following would result:

SCHOOL YEAR	SCHEDULE ALLOWANCES PER ANB	ANB (3 yr.avg.)	GENERAL FUND BUDGET WITHOUT A VOTE
1980-81	\$1,305.00 (+15%)		\$1,194,075.00
1981-82	\$1,500.75 (+15%)	980	\$1,470,735.00
1982-83	\$1,725.86	908	\$1,567,083.15

If the schedule were to increase 15% and 15% with the 3 year rolling average the following would result:

1981-82 15% increase in schedule results in a 23.1% increase
 1982-83 15% increase in schedule results in a 6.6% increase

If the rolling average were eliminated and the schedules were to increase 15% each year of the biennium the following would be the result for Anaconda:

SCHOOL YEAR	SCHEDULE ALLOWANCES PER ANB	ANB	GENERAL FUND BUDGET WITH A VOTE
1980-81	\$1,305.00 (+15%)	915 (-10%)	\$1,194,075.00
1981-82	\$1,500.75 (+15%)	823 (-10%)	\$1,235,117.25
1982-83	\$1,725.86	741	\$1,278,862.26

Thus if the schedule were to increase 15% and 15% without the rolling average the following would be the result for Anaconda High School:

1981-82 15% increase in schedule results in a 3.4% increase
 1982-83 15% increase in schedule results in a 3.5% increase

The above would also be true for our elementary system.

In conclusion, I recommend not only for Anaconda, but for all districts with a declining enrollment that you amend whatever Foundation Program you pass and include the rolling average for the previous 3 years. Otherwise, instead of helping the local taxpayer in reducing his local tax load, you are increasing it. If you wish to continue a program of quality and equitable educational opportunity for all students in Montana as directed by the Montana Constitution you will pass a Rolling Average Amendment to your Foundation Program bill.

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M

School Administrators of Montana

501 North Sanders

Helena, MT 59601

(406) 442-2510

March 12, 1981

Re: HB 610 Amended

If HB 610 is amended with an 18% schedule increase the first year and a 15% increase the second year and the assumption that levies are not increased above the current years level here is how a few schools will be affected.

	School	80-81 Budget	81-82 Budget	Percent	82-83 Budget	Percent
D I	Laurel Elem.	1,536,181	1,695,317	9.4	1,893,215	10.5
D I	Laurel HS	1,056,898	1,140,341	7.3	1,266,992	10.1
D D	Nashua Elem.	345,184	346,295	0.3	377,417	8.2
D D	Nashua HS	343,043	322,459	6.4	353,510	8.8
D I	Opheim Elem.	274,498	284,321	3.5	307,838	7.6
S S	Choteau HS	532,800	578,069	7.8	636,558	9.2
D D	Glasgow Elem.	1,808,402	1,914,525	5.8	2,092,204	8.5
D D	Glasgow HS	1,167,510	1,226,054	4.8	1,333,462	8.0

D=Decline I=Increase S=Steady Enrollment