

SENATE FINANCE AND CLAIMS AND
HOUSE APPROPRIATIONS COMMITTEE I

Rep. Jack Moore, Chairman

Sen. Harold Nelson, Vice Chairman

Rep. Esther Bengston
Rep. Tom Conroy
Rep. Gene Ernst
Rep. Bob Thoft
Sen. Mark Etchart
Sen. Jack Haffey
Sen. Judy Jacobson

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

November 2, 1981

The first meeting of the Senate Finance and Claims Committee met as a joint committee with the House Appropriations as a pre-session meeting for the Special Session of Legislature. Called to order at 8:37 a.m. by Chairman Rep. Gene Donaldson, it was adjourned to the House Chambers for more space.

Representative Donaldson introduced the secretaries who would be handling Committees I, II and III; Senator Himsl as the Chairman of Finance and Claims, Senator Smith as Chairman of the Finance Committee and Judy Rippingale as chief of staff for the Fiscal Analysts.

Representative Donaldson said the meeting would be composed of three parts plus questions from the committee members followed by questions from other legislators. 1. Dave Lewis would give the Governor's recommendations, 2. Senator Smith would chair a Finance Committee meeting, and 3. Presentation from local governments.

Dave Lewis, Director of the Office of Budget and Program Planning passed out the Governor's budget recommendations and introduced his people who would be working with the different committees. He then explained the budget book and the way it was set up, showing the members how to follow through. He said in general they are asking for \$13.8 million total, most of which would be going to SRS. He explained the reserve fund for schools, and said if this were not included, they would be asking for \$22 million, depending on what happens. He disclaimed any spending irresponsibility pointing out that already 220 people have been laid off, and that this will have a tremendous impact on the agencies, but that the remaining question is whether we can still afford to maintain this level of funding. The question, Mr. Lewis said, revolves around the base of ongoing revenue. We are half way through 1982 and can operate with a lower balance since there are less uncertainties. We think we can pull it down to \$12 million which is less than a 2% fluctuation in the balance.

In answer to questions, Mr. Lewis said the base of the fluctuations are the amount of highway contracts let. We anticipate about \$40 million loss of appropriation funds here and \$8 million to \$12 million in CETA funds. We have prepared the amended budget of the governor and the specific call to the legislature is to consider it. He explained the letter, second paragraph, by saying they had started the biennium with a balance of \$65 million. We projected to pull it down to \$18 million and are now projecting to pull it down to

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\$12 million. We ended up with a balance for 1981 of \$9 or \$10 million more than anticipated. Discussion was held on funds changing around because of the changes in the foresters, DCA, etc., and that the fund balances were also reflected here. There is \$60 million in education, also monies in highway that are in base level projects and even with those out they can pull it down to \$12 million. There will be an increase in oil severance tax for instance that will build the revenue base to maintain the programs to the level we have recommended.

Representative Marks asked if rather than the \$13.7 million there wasn't actually \$23 million of open-ended authority here. Mr. Lewis answered that this was the accrual issue, and the totals of House Bill 500 included the accrual figures. In his calculations he was asking to use this in a different way. He also mentioned some reversions such as Old West \$90,000, coal tax \$93,000, Swan River, etc., and the \$13.8 is the net of all that.

Representative Bardanoue pointed out that this money had been given to pay bills at the end of the biennium in 1983 and he did not like to see a bookkeeping process have those bills go in dispair. Mr. Lewis pointed out that the legislature had appropriated for 3 years and they only need the one time appropriation and that LaFaver is using the money appropriated in 1981 to do this. Representative Quilici pointed out that the accrual of \$1.9 million, in his understanding, was to go to medicaid. Mr. Lewis said they are asking that it be re-appropriated and that most of it would go to the counties. About 1/2 of the SRS request is to back up some of the cost to the counties.

Senator Himsl asked if on page i the \$9,135,000 was included in the \$351 million on that page. Mr. Lewis said that all along we have considered it as a part of the total. We are simply asking for a different way of using it.

Discussion was held on the end of the fiscal year for the federal and the state and if this was apt to cause any problems. Mr. Lewis said this fiscal year for federal government will carry us through October of the next fiscal year. It is closer to January and we can look forward to handle any further problems in the next legislature.

Representative Donaldson recessed the joint meeting and Senator Ed Smith opened the Finance Committee meeting. Senator Smith introduced the members of the finance committee and the Legislative staff--Judy Rippingale director of LFA, the staff, members of the committee, and asked Mrs. Rippingale to give a preview of their analysis.

Judy Rippingale introduced the new members from their office and the staff members working with each committee. She said their budget analysis is put together at the requirement of the law, and is an independent review of the executive budget. The purpose is to show you alternatives, and this one is put together differently from previous books. She went through the various steps of following through the book on an issue or a department and explained how it worked by using an example.

She said she had a slightly different version from the Executive budget. The Governor's recommendations exceed the revenue on expenditures. The 1981 school foundation general fund balance was approximately \$40 million. Had it not been there, it would have been supported by a general fund appropriation. Therefore there is a \$40 million of one time items shown as coming from the general fund. There also happens to be \$40 million on a one time assumption in from the general fund. This offsets the other, so looking at it as a whole, the Governor's budget is out of balance. This is not good. The good parts last only so long as you have a savings balance. To keep up this policy we believe will lead to a radical change in tax and spending policy. You do have money, but it is money generated previously, it is not ongoing. The LFA staff has estimated the revenue at \$12 million less than the Executive, and if they are correct it would leave a zero balance. The Executive general fund balance is substantially less than the 3% we recommend. There are problems that could arise---proposals, unforeseen emergencies, things that could come up. Financially there should be between 3 and 5% margin, and we have tried to have them maintain at least 3%. I would give a word of caution---personal income and corporate income tax---the base has essentially been destroyed. Trying to determine the impact and what will happen is just a matter of poor judgment. Interest is another. The ability to come in high, and if it don't you are in trouble. The federal government says it will lower substantially, but interest is high and they say people will not take advantage and buy equipment etc.

Mrs. Rippingale mentioned other revenue figures such as oil, coal tax etc., and pointed out the dangers of estimating too high. She mentioned some of the questions her office had with the Governor's amended budget. The contingency fund for SRS---how long does SRS have to have before they turn over the remainder? When would they get it? What amount would be available to revenue? Would they get \$5 million or \$2 million? The answers to those questions have quite an impact. How will the money be distributed? Is this a one-time thing to the counties? Do you just deal with the past losses? How do you intend to deal with the future losses? A 12% cutback on property that starts in 1982 will have quite an impact.

The Department of Highways---the Executive sees definite cutbacks. My staff says this has a potential of great trouble.

You should remember none of this is final, we take you through and show you what the potential problems are. Schools-- we have considerable disagreement with the executive budget. School lunch money is going to subsidize middle and upper families, not the poor. They put more money in OSPI than they asked for, and more than the loss of federal funds. In the Health Department--they are not asking you for a great deal of money. They have quite a bit of shifting around, and you need to be attentive to where it is being shifted.

Mrs. Rippingale went into SRS requests, the changes in AFDC requirements, the tightening of requirements in various areas such as two-parent recipients of welfare, pregnant women to the third trimester, and finished by saying there is a \$1.7 million difference in the LFA and the executive budgets, and it needs to be straightened out.

Questions and answers were held and Representative Conroy asked for a revenue estimate break-down to know where the difference in the two estimates lie. Mr. Lewis said he would have one available for them to be handed out.

Representative Bardanouve questioned where the money for the special session was coming from and Mrs. Rippingale said the Executive had allocated \$250,000 and that would probably be House Bill 1. Some estimates had come in that the cost would run as high as \$400,000.

Discussion was held on the pro's and con's of recommendations for cutting the case loads in welfare and what would happen on the local levels as a result of the tightening regulations. Mrs. Rippingale pointed out on page 276 the uneven distribution of funds to the counties, and that perhaps direct aid to recipients would be better than paying salaries since it would be cheaper for the state and possibly less devastating to the counties.

Representative Conroy said he had been to a conference where it was suggested it might be good to coordinate some of the services between the state and the Indian Services to see where there is duplication.

A MOTION made by Representative Conroy to let the Feds look at this and maybe coordinate some of the federal grants with the states. A letter would go out to the Federal Government at the Denver office to this effect authorizing the Federal Government to make inquiries into the feasibility of coordinating grants.

Discussion was held on the sensitivity of this area and the distrust felt by the Indian people for the "white man". The committee members advised extreme care and all effort should be made to provide services and get them to the people who really need them.

QUESTION was called, the motion voted and passed unanimously.

MOTION by Representative Moore that the committee accept the LFA analysis. Voted and passed.

The Finance Committee was adjourned and the Joint Finance and Claims, Appropriations Committee re-convened. Representative Donaldson announced the committee Chairman as: Committee I, Representative Moore, Vice Chairman Senator Nelson; Committee II, Representative Hurwitz with Senator Smith as Vice Chairman; and Committee III, Representative Cozzens with Senator Story as Vice Chairman. He said all legislators were encouraged to attend and can partake of the deliberations, and they would reserve some space for them. He said they would be putting out a news letter for the legislators who are not here, there is a Watt line to get information and they would try to have an informed person available to answer it.

The meeting was adjourned until 1:30 p.m. when the local government people would give thier input to the committees.

The meeting was re-convened at 1:30 p.m. for a scheduled hearing with the Local Government participating. Chairman Donaldson said they would start off with the cities and towns, followed by the counties with questions from committee members and then other legislators.

Don Peoples, League of Cities and Towns, Butte-Silverbow Local Government said they were talking about programs that affect their residents. They represent 6 major Montana cities and the situation there is serious. The property valuations are down, employment decreased, property taxes have decreased and the erosion of the property tax is a real problem to the cities. He said he felt the block grants should be designed to go directly to the recipient and not have them rely on the property tax. He said he would introduce speakers from the different areas on different aspects of the situation.

Gene Marciel, Polson said the administration of the community block grant program through the years had been administered by the HUD program. We would strongly recommend that the state of Montana assume the liabilities formerly administered by HUD; that the state of Montana establish immediately a planning committee to advise on regulations and administration of the program in Montana, and that the state of Montana honor the multi-year commitments to the cities that have community block grant programs. We also feel they should remain competitive and provide technical assistance to the cities that request such in preparing the applications necessary. One of the major recommendations is that regulations that are brought forth from the committee allow the funds to be put into the cities in a timely manner.

Mike Young, speaking for the cities and towns said the mills levied have increased 21%, reduced expenditures about 10%, and decreased employment about 10%. In small cities increase in property tax is 21%, taxable valuation down about 18% and reduced expenditures about 12%.

Dan Warsdell, Anaconda-Deer Lodge talked about some of the problems they are having and are feeling with the cutbacks. Human services expects a 20% cutback and this is general relief and general medical (the safety net for social services), and the impact could be 100% funded from property tax while they are now at a level where many are unable to increase the mill levy. The concern is a "do nothing" attitude toward the safety net and the county property tax will have to take a full burden on this. If someone out there is hungry or starving, and that is what the safety net is for, the cutback will impact this. He said if they do not support the administrations proposal to put \$8 million into this program, then the counties will have to pick up the impact and may not be able to afford it.

Al Thielen, Billings City Manager, said Highways have their problems and city streets are a low priority with them. The cutbacks will definitely effect the cities in regard to streets in the urban areas. Highways have a priority for the interstate highways then the primary and secondary road systems. We would urge the committee to reinstate some of the money the state is going to lose, particularly in the highway system if you address the issue of short run for highway maintenance and highway development. The unprecedented increase in property taxes throughout the state, some areas very sharp increases, and the fact that the property taxes next year will top this year's is a problem. It is to the point where the people paying taxes are going to revolt.

Vill Verwolf, city of Helena, said part of the problem is the error due to the state on property assessment and the resulting 34% rollback. The cities, counties and school districts have their expense budgets based on income before the roll back and the expenses go on. He said this causes a 6 mill increase (2 for the county, 2 for the cities and 2 for the schools), and since this was an error by the state the result was that the state basically changed an accounts receivable to a bad debt overnight. The business tax is coming up while it is a tax credit now, in two years they will quit paying it and this will add 2 to 4 mills to all jurisdictions, again making it a 6 to 12% total increase.

Jim Nugent, Missoula spoke on the action taken in convention, at the League convention. He said in regard to the block grants they had urged 7 conditions be considered and with those they would accept the administration's proposals.

1. A planning committee be established to formulate a block grant advisory committee; 2. Honor the on-going projects that are now going down the road; 3. Assume control of the block system without interruption of the funding cycle; 4. Remain competitive; 5. Maintain current funding categories and multi-funding; 6. Provide formal technical assistance; and 7. In forming an organization, a mechanism to assure distribution of funds in a timely manner.

John Evans, Bozeman, summed up the testimony of the cities very briefly touching on the main points of each speaker.

Questions from the committee followed.

Representative Hurwitz commented that according to his information the city development block grant will be increased by 9% in 1982 and '83. Even though the cities are hurting, he said, I cannot understand why they should be hurt by the community development grants. Mr. Peoples said the point is that he feels the state should take the responsibility if the cities want any input into the community block grant system. Representative Hurwitz presented some figures for them by saying the 1980 revenue was \$5,999,000, the 1981 \$5,738,000; the 1982 will be \$6,423,000 and the 1983 will be \$6,423,000 which is an 11.9% increase.

Nancy Leifer, Department of Commerce addressed the above figures by saying she felt there was some confusion because of the community development block grant being such a limited program while we are talking about a variety of block grant programs. This particular grant is very limited as to what it can be used for. It does not necessarily answer the local government problems that cover the needs of the other areas. Mr. Peoples said it also covers the needs of other areas and includes the multi-year projects. Ms. Leifer answered that there were \$2,517,000 in annual multi-year projects out of the \$6.3 million commitment.

Representative Donaldson asked that they clarify whether the cities and towns want the state to assume the responsibility. Ms. Leifer said the Department of Commerce has been assuming responsibility as though they would be taking on the program. We have taken steps to get suggestions from them, people for the advisory group, etc. We have a cap of 2% federal funds which is matched dollar for dollar by the state for administrative costs and we think we can get the entire process in line and have it take place to get the grants by July 1st, with this money.

In reply to a question from Representative Bardanouve in regard to the commitments made in the past and what commitments they are being asked to pick up. Mr. Peoples answered that the direct relationship between the cities and the federal government are shifting to a relationship between the state and the federal government. When the state makes the determination on rules and regulations they would ask that the cities'

programs and those residents who expect to be represented through input from the cities and towns.

Representative Waldron asked if they are not asking for more funds, or simply asking the state to assume the administration of the program and Mr. Peoples said from the standpoint of a county official we are very concerned about the welfare program--the program by the department. We think that the assistance must be provided, as AFDC is terminated other programs are changing. Unemployment is running out and we are afraid when we see a lot of people needing assistance that we will have the big cost transferred to us on this needy assistance.

Questions and answers involved discussion on the make-up of the advisory committee, reimbursement from the state for the loss of revenue to the city through its error on assessment, the tax levy on people as a result of the state error, pressure on increasing penalty on delinquent taxes and the tax credit on inventory tax which would be replaced, but with a 6 month lag, the vehicle tax effect on counties, etc.

Following the cities presentation the counties gave theirs and Ed McCaffree acted as spokesman.

Testimony is attached for Ed McCaffree, County commissioner from Rosebud county; Everett Elliott, Pondera county commissioner and first vice president of MACo; Jim Straw, Yellowstone county commissioner; John Nesbo, Toole county commissioner; John Gottfried, Toole County commissioner and fiscal officer of MACo.

Questions and answers followed with concerns on DD saying if it were not properly funded we would be having a return to warehousing at the institutions; GA (general assistance) and medical assistance to the counties. Senator Smith asked if the commissioners approve the proposed plan to aid counties and Mr. McCaffree said there are mixed feelings on this and it will depend on the final program made; that they felt the state should pay a portion of the GA. They felt the LFA projections with the discrepancies on distributions to the counties need study. There were questions and answers in regard to the local control and what would happen with the state paying the salaries of the welfare workers, allowing flexibility in the rules and regulations that are set up by the state, and the amount of levy in the various counties and whether they are at a maximum levy.

Representative Waldron pointed out that a fair hearing process had been mentioned. He said when you have a client that is getting GA you go on to a fair hearing. SRS administers that hearing, but SRS has no economic interest so that rather than going along with the states proposal, if the state picks up

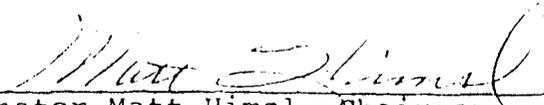
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some general assistance the state would have an economic interest in insuring that the system was not abused by clients and SRS would be a little tougher to deal with. Mr. McCaffree agreed.

The meeting was adjourned by Chairman Donaldson at 3:38 p.m.



Representative Gene Donaldson
Chairman, Appropriations Committee



Senator Matt Himsl, Chairman
Finance and Claims Committee

ROLL CALL

COMMITTEE

LEGISLATIVE SESSION, 19__

Date

Name	14/2														
Sen. Bill Thomas	✓														
Sen. Larry Stimatz	✓														
Sen. Fred Van Valkenburg	✓														
Rep. Chuck Cozzens	✓														
Rep. Earl Lory	✓														
Rep. Walt Sales	✓														
Rep. John Shontz	✓														
Rep. Steve Waldron	✓														
Rep. Joe Quilici	✓														
Sen. Pete Story	✓														
Sen. Gary Aklestad															
Sen. Paul Boylan	✓														
Sen. Harold Dover	✓														
Sen. Pat Regan	✓														

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
<i>Gene Jenkins</i>	<i>OBPP</i>			
<i>Perry W Johnson</i>	<i>OBPP</i>			
<i>George H. Johnson</i>	<i>OBPP</i>			
<i>Ron Wainak</i>	<i>---</i>			
<i>Doug Booker</i>	<i>OBPP</i>			
<i>T. Cohen</i>	<i>OBPP</i>			
<i>Glen Leavitt</i>	<i>OBPP</i>			
<i>FRANCIS OLSON</i>	<i>OBPP</i>			
<i>Ken Rutledge</i>	<i>MT Hosp. Assoc</i>			
<i>Tom Crosser</i>	<i>OBPP</i>			
<i>Dave Lewis</i>	<i>OBPP</i>			
<i>Sandy Mesdinger</i>	<i>LWV MT</i>			
<i>Jay Bunch</i>	<i>LWV - MT.</i>			
<i>Dave Depew</i>	<i>MPEA</i>			
<i>Cort Harrington</i>	<i>Leg Council</i>			
<i>Lee Hinson</i>	<i>Leg. Council</i>			
<i>Doug Petesch</i>	<i>Leg. Council</i>			
<i>Warren Stone</i>	<i>Gallatin County Rep. Cent. Comm.</i>			
<i>Don Pratt</i>	<i>MT Optometrist Assoc MT Funeral Directors Assoc</i>			
<i>Richard Manning</i>	<i>Rep Dist 35</i>			
<i>Joe Hays</i>	<i>Mountain Bell</i>			
<i>...</i>	<i>" "</i>			
<i>Allen L. Russell</i>	<i>Representative # 34</i>			
<i>Brian McCullough</i>	<i>Dept of Commerce</i>			
<i>Harold Cole</i>	<i>" "</i>			
<i>Steve Story</i>				

COMMITTEE ON

LPH Budget Book

Received

use that have
not signed in

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Esther Bengtson	Representative			
John Shertz Rep	HD 53			
Joe Quilici	Dist 84			
Francis Barbone	Dist 6			
Walter Salis	" 79			
Just Sparwick	Dist 115			
Earl Lora	Dist 99			
Charles J. Stewart	Dist 10			
Carl K. Moore	Dist 41			
Lee Mellson	HD 29			
Ed Smith	Dist # 1			
Max Stines	Dist # 9			
Carl Harrington	Leg Council			
Greg Peters	Leg council			
Lee Heiman	"			
Judy Johnson	OPI			
Jay Seuerwald	OPI			
Ray Shalkeford	OPI			
Ed M. Skoog	MCHA			
Perry Lagnee	League of Women Voters			

DATE

11/2/81

COMMITTEE ON

Budget Book Received LFA

If you have not
signed in -

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
GARRY J MOES	The Associated Press			
JOHN LAFAVER	BRS			
James Toole	Rep. HERRING			
J. H. ...	Sen. ...			
Pat ...	Leg. ...			
Robert ...	Rep. ...			
Tom ...	Sen. ...			
Tom Conroy	House Dist # 58			
Bill Thomas	Sen. Dist 70			
Tom ...	Sen. Dist # 49			
Bob ...	HD 92			
Budd ...	Dist 98			
Rep. ...	Dist # 11			
Ch. ...	Dist 23			
James ...	H. D. 64			
Heath ...	Sen. Dist 27			
Gene ...	HD # 47			
Mark ...	Sen. District 2			
Pat ...	Senate District 31			
Lucy ...	Senate District 42			
Jerry ...	Dist 43			
Gene ...	House Dist 97			
...	Sen. Dist 35			
...	Sen. Dist 11			

Wed

(F.A.) COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Howard E Johnson	Emission Quality Council			
John E Kauter	EAC			
Deborah Schmidt	EAC			
Tony Bergene	Senator's Staff #36			
Ben Johnson	Dept SRS			
Shirley Thomas				
Janelle Fullan	Montana Chamber			
Deanna Brown	Mont. Chamber			
James S. Gustafson	State Rep Dist 31			
Mark Jensen	State Rep Dist			
Hal Harper	HD 30			
EMILY METCALF	HD 31			
JOE LAMSON	MT. DEMOCRATIC PARTY			
Joe Wally	Self			
Richard O'Connell	Leg # 34			
Richard W. Harrington	Leg Dist 35			
REP. TERRY SPILKER	Dist # 30			
Rep. Dick Marks	# 30			
Beverly Gibson	M A Co			
A.D. Holmes	Mont Institute of Arts Foundation			
Dave Deperew	DDDEX			
Chap. Pessera	LFA			
Janice May	LFA			
Julie Linton	LFA			

DATE 11/10/11

COMMITTEE ON Budget and Revenue

If you have not
signed in

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
JOHN LAFAVER	SRS			
Donnelly Cole	Senate Dist 39			
Tom Courney	House Dist # 58			
Bill Thomas	Sen Dist 70			
Jim Wolf (Johnson)	Sen Dist # 49			
Bob Craft	HD 92			
John DeB...	Dist # 11			
...	Dist 23			
...	...			
...	Senate Dist 17			
...	HD # 47			
...	Senate District 2			
...	Senate District 31			
...	Senate District 42			
...	Dist 43			
...	...			
...	...			
...	...			

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
<i>Escher Bengtson</i>	<i>Committee</i>			
<i>Joe Giulini</i>	<i>Dist 84</i>			
<i>James B. ...</i>	<i>Dist. 6</i>			
<i>Walter ...</i>	<i>" 79</i>			
<i>Bruce ...</i>	<i>Dist 25</i>			
<i>Earl ...</i>	<i>Dist 99</i>			
<i>...</i>	<i>Dist 23</i>			
<i>...</i>	<i>Dist 41</i>			
<i>...</i>	<i>Dist 24</i>			
<i>...</i>	<i>Dist # 1</i>			
<i>...</i>	<i>Dist # 9</i>			
<i>...</i>	<i>Council</i>			
<i>...</i>	<i>"</i>			
<i>...</i>	<i>OPI</i>			
<i>...</i>	<i>OPI</i>			
<i>...</i>	<i>OPI</i>			
<i>Page M. Skoog</i>	<i>MFLA</i>			
<i>Perry ...</i>	<i>League of ...</i>			

EROSION OF PROPERTY TAX BASE

In addition to long-standing exemptions from property taxation (such as public buildings, charity and religious property and public art galleries), the legislature has removed or lowered the taxable value of other properties during the past five sessions, including the following:

Household goods

Freeport merchandise

Unprocessed fruits and vegetables

Unprocessed agricultural products

Livestock under nine months

Swine under three months

Bankshares

One-half of coal contracts if producer extracts less than 20,000 tons annually

Pickup toppers less than 300 pounds

Property of nonprofit community service organizations

Sprinkler irrigation systems

Senior citizen centers

Business inventories (due to end after Jan. 1, 1983)

Automobiles and light trucks (effective Jan. 1, 1983)

Livestock and poultry (from 8% to 4%)

100% disabled veterans (depending on adjusted gross income)

Rollback taxes

Agricultural machinery and trucks (from high book to low book)

Aircraft (to low book)

Trucks over 3/4 ton (to low book)

Construction Equipment (to low book)

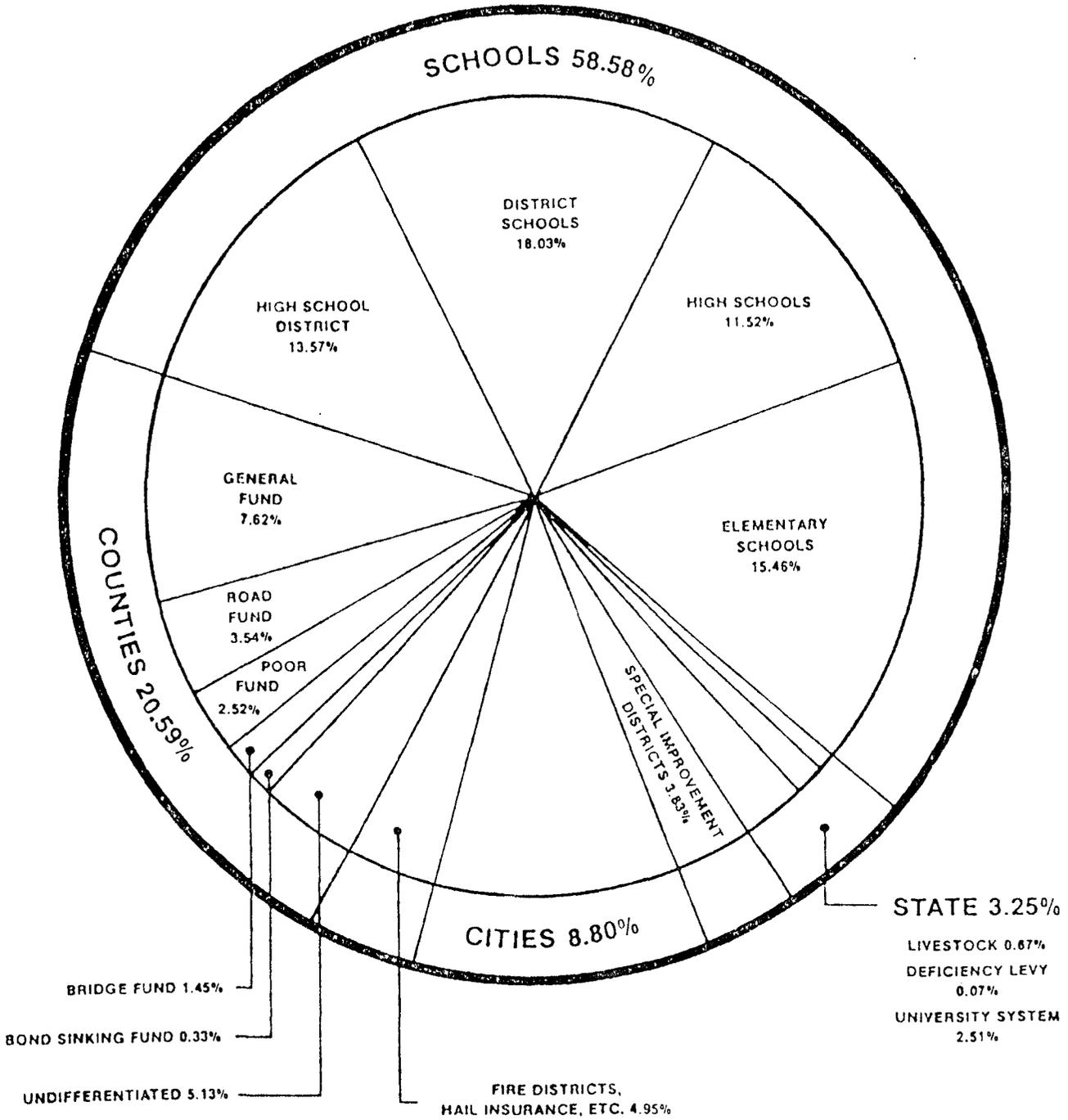
Motor boats (to low book)

Boat trailers (to low book)

Motorcycles (to low book)

Windfall profits tax (deducted from net proceeds tax)

PROPERTY TAXES LEVIED 1980



LAWS AUTHORIZING COUNTY TAXES

EXHIBIT C

<u>General Fund Tax.</u>	Up to 27 mills for 4th, 5th, 6th, 7th class. Up to 25 mills for 1st, 2nd and 3rd class.
<u>Economic Development.</u>	1 mill (requires voter approval).
<u>Poor Fund Tax.</u>	Up to 13.5 mills.
<u>District Court Tax.</u>	Up to 6 mills for 1st and 2nd class. Up to 5 mills for 3rd and 4th class. Up to 4 mills for 5th, 6th and 7th class.
<u>Bond Sinking and Interest Fund Taxes.</u>	No limit.
<u>Capital Improvement Fund.</u>	No separate mill levy; funds established from existing levies.
<u>County Road Tax.</u>	Up to 15 mills for 1st, 2nd, 3rd class. Up to 18 mills for 4th, 5th, 6th, and 7th class.
<u>Emergency Levies.</u>	Up to 2 mills.
<u>Unemployment Compensation.</u>	As needed.
<u>Public Employees Retirement Tax.</u>	As needed.
<u>Group Insurance.</u>	As needed.
<u>County Bridge Tax.</u>	Up to 4 mills. Up to additional 1 mill for excess bridges in low-valuation county. Up to additional 2 mills for excess bridges in medium-valuation county.
<u>Additional Tax For Road and Bridge Construction.</u>	Additional levy up to 10 mills (requires voter approval).
<u>Special Bridge Tax.</u>	Up to 5 mills (for city bridges).
<u>Airport Taxes.</u>	Up to 2 mills.
<u>Airport Authorities.</u>	No limit (for payment of bonds.)
<u>Public Ferry Tax.</u>	Up to 2 mills.
<u>District Fair Taxes.</u>	Up to 1½ mill in host county. Up to 1 mill in other counties in district.
<u>County Fair Taxes.</u>	Up to 1½ mills.
<u>Purebred Livestock Show.</u>	Up to 1/4 mill.
<u>Capital Improvement Fund.</u>	Funding from unexpended (fair) budgets.
<u>Library Tax.</u>	Up to 3 mills.
<u>Joint City-County Library.</u>	Up to 3 mills.
<u>Library Depreciation Reserve.</u>	Funded from unspent budgets or federal funds.
<u>Rodent Control Tax.</u>	Up to 2 mills (in district).
<u>Insect Pest Tax.</u>	Up to 3 mills.
<u>Weed Control Tax.</u>	Up to 2 mills.
<u>Agriculture and Home Economics Extension.</u>	No limit.

<u>Fire Protection - Fire Districts.</u>	As needed (in district).
<u>Rural Fire Control.</u>	\$15,000 maximum.
<u>Soil Conservation Districts.</u>	Up to 1½ mills (in district). (Regular assessment). Up to 3 mills (special assessment.)
<u>Conservancy Districts.</u>	Up to 2 mills (in district) for running district. Up to 3 mills to pay bonded indebtedness.
<u>Cemetery Tax.</u>	Up to 4 mills (in district).
<u>Refuse Disposal Districts.</u>	Fees for service.
<u>Local Board of Health.</u>	Mixed funding (federal, state and local). Up to 5 mills outside city limits for city-county board (class 1 & 2 Additional appropriation allowed from general fund for city-county board, if needed (class 1 & 2). For other than class 1 & 2, county may appropriate from general fund, plus levy up to an additional 1 mill.
<u>Museum Tax.</u>	Up to 1 mill.
<u>Mosquito Control District.</u>	Up to 5 mills (in the district).
<u>Planning & Zoning Commissions.</u>	Up to 1 mill (in the district).
<u>Planning Board.</u>	Up to 2 mills (1st class). Up to 3 mills (2nd class). Up to 4 mills (3rd class). Up to 5 mills (4th class). Up to 6 mills (5th, 6th, 7th class).
<u>Community Based Services (DD).</u>	Up to 1 mill.
<u>Public Hospital District.</u>	Up to 3 mills (in the district). Up to an additional 6 mills (with voter approval).
<u>County Park Commission.</u>	May contract indebtedness up to 13% of county valuation (voter approval).
<u>Livestock Protective Committees.</u>	Up to 50¢ per head on cattle (owner petition). Up to 5¢ per head on sheep (owner petition).
<u>Cattle Protective Districts.</u>	Up to 50¢ per head on cattle (owner petition).
<u>Civic Center Tax.</u>	Up to 2 mills.
<u>Metropolitan Sanitary & Storm Sewer Districts.</u>	May set rates up to \$7 for operation and maintenance. Additional \$7 per unit for operation and maintenance. Up to 2 mills (for revenue for reserve fund).
<u>County Water Districts.</u>	May set rates. May levy taxes as needed to pay operating expenses and pay bonds.
<u>Rural Special Improve- ment Districts.</u>	May create a revolving fund, by making transfers from the general fund, as a loan; or by levying a tax on all property in the county up to 5% of the outstanding principal on the bonds and warrants, to be used as a loan.
<u>Television Districts.</u>	As needed, per person owning a set.
<u>Ambulance Service.</u>	Up to 1 mill.
<u>Recreational.</u>	Up to 1 mill (for elderly).

Comprehensive Insurance. As needed.

Gasoline Tax. 2¢ per gallon (local voted option).

Maximum Levy Exceeded. A county voted levy may be imposed above all other levies.

Flood Control Projects. As needed to pay off bonds.

Open Space Land Act. Up to 1 mill for bonds.

Schools, University. Basic 46 mills.

RESOLUTION 2

A RESOLUTION BY THE MONTANA LEAGUE OF CITIES AND TOWNS ENDORSING THE ASSUMPTION OF THE COMMUNITY DEVELOPMENT SMALL CITIES BLOCK GRANT PROGRAM BY THE STATE OF MONTANA.

WHEREAS, the Montana League of Cities and Towns has a responsibility to assist the cities and towns of Montana in every way possible; and

WHEREAS, the State of Montana will be required under the emerging Block Grant Program of the Federal Government to exercise an option relative to administration of the Small Cities Community Development Program; and

WHEREAS, the Montana League of Cities and Towns desires to see the Block Grant Program continue to aid the cities and towns in their efforts to provide a better environment for their citizens;

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA LEAGUE OF CITIES AND TOWNS THAT THEY DO ENDORSE THE PROPOSED ASSUMPTION OF THE SMALL CITIES BLOCK GRANT PROGRAM BY THE STATE OF MONTANA UNDER THE FOLLOWING CONDITIONS:

SECTION 1: That a Planning Committee be established to formulate State Community Development Block Grant Regulations. That this committee be composed of appropriate State and local officials, and that this group be a permanent advisory committee but not participate in ranking or evaluating Community Development Block Grant applications.

SECTION 2: That the State of Montana honor multi-year commitments previously made by the department of Housing & Urban Development.

SECTION 3: That the State of Montana assume control of the Community Development Block Grant Program as soon as practical without interrupting the existing funding cycle.

SECTION 4: That the Community Development Block Grant Program remain competitive with the State of Montana adopting, as close as possible, the existing Department of Housing & Urban Development ranking criteria.

SECTION 5: That the State of Montana maintain the current funding categories (single purpose comprehensive and multi-year) and that limits be established for each category.

SECTION 6: That the State of Montana provide formal technical assistance to communities requesting such assistance and that no person serving as a technical representative be involved in ranking or evaluating procedures.

SECTION 7: That in the formalization of Community Development Block Grant Regulations, a mechanism be developed to assure distribution of funds in a timely fashion.

MINUTES OF THE MEETING OF THE SENATE FINANCE AND
CLAIMS AND HOUSE APPROPRIATIONS COMMITTEE I--SPECIAL SESSION
November 3, 1981

The meeting was called to order by CHAIRMAN JACK MOORE at 1:30 p.m. on November 3, 1981 in Room 135 of the Capitol Building, Helena, Montana.

Members present were; Chairman Jack Moore; Rep. Esther Bengston; Rep. Tom Conroy; Rep. Gene Ernst; Rep. Bob Thoft; Sen. Harold Nelson, Vice Chairman; Sen. Mark Etchart and Sen. Judy Jacobson. Absent was Sen. Jack Haffey, who was excused.

CHAIRMAN MOORE conducted committee business. He announced that the Mental Health meeting has been changed from November 9 to the afternoons of the 5th and 6th; Title I and the University System have been moved to Monday, November 9. These changes have been published in the new schedule.

CHAIRMAN MOORE advised that this afternoon hearings will be conducted on the State Library Commission, the Montana Arts Council and the School for the Deaf and Blind. He outlined the procedure: the budget office will first cover the general area, then the agencies will be given time to testify and then there will be time for the visiting legislators to testify, then the general public. Adherence will be given to the time schedule and witnesses will refrain from repetition. It would be appreciated if one witness would be elected as a spokesman for repetitious statements.

CHAIRMAN MOORE announced that at 2 p.m. VICE-CHAIRMAN HAROLD NELSON would take over the chairmanship.

GLEN LEAVITT of the OFFICE OF BUDGET AND PROGRAM PLANNING pointed out that the Montana Arts Council has had a \$100,070 reduction in grants. The council may lose \$85,570 in funds for pass-through grants and \$14,500 for program operations. They are not asking for any general fund replacement for those funds. The State Library is facing a loss of \$54,953 each year in Federal funds or \$109,906 for the biennium. The School for the Deaf and Blind is losing \$35,000 of career education funds, \$31,766 of vocational education funds, \$32,530 of Title I funds. In reference to the career education's \$35,000, we believe the School for the Deaf and Blind say they have covered this loss by administrative measures. They are not asking for extra general funds to cover loss. Concerning the vocational education amount of \$31,766 we recommend this be picked up with interest and income. Title I, \$32,530, is almost completely covered with Title I carry-over funds. There is no recommendation on Title I. The recommendation is for \$31,766 from interest and income to cover vocational educational loss.

DAVID NELSON, Executive Director of the Montana Arts Council, said Congress appears to be supporting a no-cut concept,

particularly for State money. The House figure, \$157 million, which is \$4 million less than received last year, is comparable to last year. The Reagan task force on arts report was very positive, very supportive of activities, very supportive of the mechanisms by which the money is distributed.

REP. ESTHER BENGSTON remarked that nobody is asking for any money. A question was raised that Mr. Nelson had originally requested money.

HENRY McCLERNAN, of the State Library Commission, said that \$109,000 was originally requested to replace federal funds used for grants to the federations. However, because of some internal accounting problems, the Library Commission had not accurately calculated the amount of carry-over funds available. The Library Commission concurred with the legislative staff analysis and asked that their request be withdrawn from consideration.

CHAIRMAN MOORE noted that the library is going to have more money for distribution to the federations as a result of increased Coal Tax Revenues. Mr. McClernan answered that more money will be available to local public libraries but also to look for potential cuts.

Further testimony on the State Library Commission was given by J. D. HOLMES representing the Montana Arts Advocacy, the legislative arm of the Institute of Arts Foundation. He said that the three state agencies interested are the Montana State Library, the Montana Arts Council and the Montana Historical Society. None are asking for funds.

There were no further comments or questions on the State Library Committee.

ROBERT J. DEMING, Superintendent of the Montana School for the Deaf and the Blind, spoke on an attachment, see EXHIBIT A attached, which he prepared for the State Board of Education meeting on Thursday. His request is to replace vocational education funding as reduced by Federal funding as of October 1, 1982. He stated that the School for the Deaf and Blind has no children--- the children belong to the local public school districts. The children are those with severe hearing and vision loss on the fringe of their public school and in receiving those kinds of services necessary for image, human relationships and capacities. The vocational special needs project addresses these children. The goal for these children is to attend Great Falls High School to learn sign language and to participate in the interpreter tutor program.

CHAIRMAN MOORE asked Mr. Deming if he has had a chance to go over his information with the Fiscal Analyst.

Mr. Deming answered, "Very briefly."

There were no further comments. The meeting was turned over to VICE-CHAIRMAN HAROLD NELSON.

REP. BENGSTON asked Mr. Deming if there were two vocational teachers offering different course subjects or why were there two teachers?

REP. BENGSTON again questioned the special needs for vocational teachers now.

MR. DEMING said there are two part-time teachers.

REP. BENGSTON asked if the need for additional teachers was because of the impact of additional students.

MR. DEMING said that he was not asking for an increase.

MR. LEAVITT explained that the school was asking for replacement of Federal funds.

There were no further questions from the committee.

VICE-CHAIRMAN NELSON asked if there were questions from other legislators.

REP. EUDAILY questioned Mr. Deming on shift of funds. The reply was that the administration has eliminated the position of assistant superintendent and the resources were redirected. Rep. Eudaily also asked why the shift was made.

MR. DEMING answered that last year the committee was requesting public schools to take part but that had not occurred. Now it has occurred and a teacher has been eliminated. The funding under Title 6-C has been returned.

REP. EUDAILY further questioned the shifting of teaching staff. He asked where the money they are saving from reducing the teaching staff has gone.

MIRAL GAMRADT, Business Manager of the School for the Deaf and Blind, anticipates reductions in the Title 6-C Program. He said the Federal government is placing responsibility on the states. They received the general fund for the program to place the children in public school. They did that and eliminated one of the teachers.

BRUCE SHIVELY, Fiscal Analyst, referred to Table 1 in the Budget Analysis. He said there is an increase of one teacher and questioned where the resources went. He asked if the funds could be shifted back to handle this additional position.

He was unaware that the funds had been returned.

REP. CONROY asked if, when the previous position was eliminated, it was categorized as a teaching position.

MR. SHIVELY asked if it was part-time from the existing staff.

MR. DEMING said the Full Time Employee is being used in education, child care service and in the teaching staff. Much of the Title 6-C money has gone for public instruction and indirect services, not direct services to children.

There were no further questions.

VICE-CHAIRMAN NELSON said this question will have to be answered before the executive session. He asked if anyone in the audience would like to comment.

MS. NELSON of Cascade County, was sure the question could be settled based on program needs, contingent upon Federal funding.

The meeting was adjourned at 2:08 p.m.



REP. JACK MOORE, CHAIRMAN

dr

ROLL CALL
 FOR SENATE FINANCE AND CLAIMS
 AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-3-81, 1:30 p

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	X		
Rep. Esther Bengston	X		
Rep. Tom Conroy	X		
Rep. Gene Ernst	X		
Rep.. Bob Thoft	X		

Sen. Harold Nelson, Vice Chm.	X		
Sen.: Mark Etchart	X		
Sen. Jack Haffey			X
Sen. Judy Jacobson	X		

November 5, 1981

ITEM 78-401-P1181

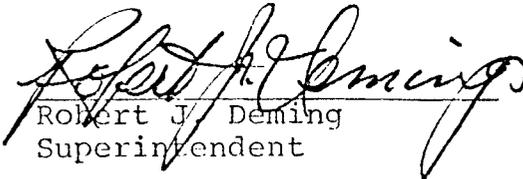
Special Legislative
Session Up-date

INFORMATION:

Please find attached the written testimony concerning your school's presentation to the House-Senate Committee I on November 3, 1981.

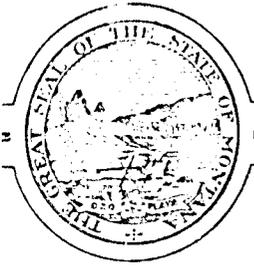
The presentation was by your Superintendent and related to the Committee the "iffy" situation Vocational Education monies from the Federal Government are in for FY'83.

Respectfully submitted,


Robert J. Deming
Superintendent

jc

SCHOOL FOR THE DEAF AND THE BLIND



STATE OF MONTANA

3911 CENTRAL AVENUE

GREAT FALLS, MONTANA 59401

(406) 453-1401

November 3, 1981

To: House-Senate Committee I - Special
Legislative Session - Honorable Jack Moore,
Chairman

From: Administration - Montana School for the Deaf
and Blind

Subject: Testimony concerning Special Needs Vocational
Program funding during 2nd year of the biennium.

Mr. Chairman and Members of the Committee:

The administration of your school wishes to thank this committee for its favorable consideration during the most recent legislative session.

This request is for you to consider the school's needs in the 2nd year of this biennium in terms of the Special Needs Vocational Education Program.

In school year 1979-80, because of our interpreter-tutor program and selective mainstreaming of students to Great Falls Public Schools, there was not a vocational teacher on staff at your school.

During the last two FY's it was requested from the Legislature to have 2 FTE on federal project funds. Your school received a high priority from Office of Public Instruction (OPI) for this project and it was and is funded with federal dollars for 2 FTE vocational teachers.

These students referred to as "fringe" or "corner" kids, are being generated to your school through the Child Study Team process.

These "fringe" or "corner" students present a totally different program need from our regular interpreter-tutor program because these children don't fit the mold. That is to say, programmatically you must address the needs of these children whose singularly unique characteristics

of severe hearing or sight loss inherently resists adaptation or accomodation to mainstreaming. However, three students, as a result of this Special Needs Project, are now being selectively mainstreamed in the interpreter-tutor program.

Unless a medical breakthrough occurs, Montana, for the population served, will need a school for these Special Children for many years to come. These children cannot be denied an equal and appropriate educational program.

The uncertainty of Federal Vocational Education dollars being available for application, on a competitive basis, through Office of Public Instruction, for school year 1982-1983, now appears very slim. Therefore, this administration is addressing a basic programmatic need in terms of general fund dollars. This request is for replacement of \$31,766 to fund 2 FTE vocation teachers.

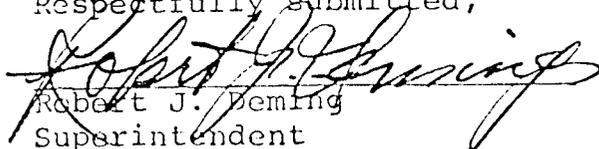
Your School's Administration is in the process of redirecting resources both personnel and fiscal, within programs, to meet the school's ever changing population and that populations needs.

The elimination of an administrative position in this FY', coupled with resources being refocused to meet the needs of children served, is a beginning of this process. Within funding levels authorized by the recent legislature, the process of refocusing resources within the agency, has allowed for a reduction in total agency FTE.

Your school's request today for consideration, by this Committee, is very "iffy". If Vocational Education funding should be reduced or eliminated on October 1, 1982, this request is to allow your school the authority to expend interest and income (I & I) dollars for support and continuation of this basic Vocational Education program.

This administration is not requesting an increase in authorized expenditure levels or requesting additional FTE's. This request is for authority based on program need and contingent on if the competitive federal grant is not available through the Office of Public Instruction in FY'83.

Respectfully submitted,


Robert J. Deming
Superintendent

RJD/jc

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEE I-
SPECIAL SESSION
November 4, 1981

The meeting was called to order by CHAIRMAN MOORE at 1:30 p.m. on November 4, 1981 in Room 135 of the Capitol Building, Helena, Montana.

SENATOR JACK HAFLEY was absent and REP. ESTHER BENGSTON and SEN. JUDY JACOBSON were late.

CHAIRMAN MOORE stressed the need to keep to a time schedule and announced that the meeting would be over by 4:00 p.m. Business for the session will include: testimony from the Office of Budget Program Planning; the Superintendent of Public Instruction Office; the five Vo-Tech centers; Committee Legislators; the public; and questions and answers of people who testified by members of the Committee.

GLEN LEAVITT of the Office of Budget Program Planning said funding for the Office of Public Instruction was more in a state of flux than others. The numbers in the budget book will not resemble the numbers to be given today. The OPI reported a loss of \$6 million originally; that was changed to \$1.8 million which included \$464,000 to take up the loss of Federal funds at the Vo-Tech centers and \$779,000 for secondary vocational education. The executive budget was published two weeks ago and recommendations were changed since then. Presently the Governor is recommending for vocational education budget \$464,318 to replace the loss of Federal funds of Vo-Tech centers. This is the only money recommended for vocational education. The executive is also requesting \$1.8 million in funds for the school lunch program.

CHAIRMAN MOORE noted that this time is designated for only Vo-Ed and Vo-Tech. The school lunch program is to be taken up at another session.

ED ARGENBRIGHT, Superintendent of Public Instruction, asked if he could give an overview of several issues because he cannot attend all of the meetings (Exhibit A).

CHAIRMAN MOORE gave permission to his request.

MR. ARGENBRIGHT said that funding is not a very definite thing at this point. They are just projections. He will not have the definite numbers until Congress acts. Figures were initially made in September and then changed. The best figures to date for the educational block grant legislation will become effective either June 1, 1982 or October 1, 1982. Federal funding through June 30, 1982 is largely already set for Federal fiscal year 1982. Returning local decision making to local school districts is worth the effort.

MR. ARGENBRIGHT introduced his assistants. Judy Johnson will be at the meeting tomorrow to testify. Issues include block grants. He anticipates education will receive one million dollars more than on the old method of distributing Federal funds. Total amount of \$2.4 million is uncertain and may be less than what is being projected in over 40 programs. Block grant effects on Title 5 is of interest. 80 percent of the block grant is scheduled to go to local school districts. The remaining 20 percent will leave a shortage in OPI. The staff will be reduced by 17 percent in the OPI office and additional cuts will be made. The total amount of reductions for OPI is \$800,000. They will absorb about \$300,000 in additional cuts. He requested the committee for replacement dollars of \$497,000. Included in that is \$144,000 for Vo-Ed.

Other issues include numerous programs not affected by budget reductions. He is concerned about programs facing reduced Federal funding. The state will not be able to, nor should attempt to, make up for losses.

Public Law 874 may be cut from 15 percent to 31 percent in the "A" student category (military or Federal program); and from 56 percent to 100 percent in the "B" student category (employed in related Federal work) range. This \$378,000 to \$665,000 is disastrous to the programs. "A" includes the Indian reservation schools who do not have a tax base. Their recommendation is that this matter be given attention.

Title I, remedial reading and math, has a 12 percent reduction. They are not requesting the state to make up for the losses.

There have been rate changes in food service. The projected loss is uncertain. Fifty percent of the districts responding said that the cut-back would be insignificant to moderate. 44% said the cuts would be severe. Heavy use of hot lunch occurs later in the year so the figures might not be realistic. There is a need for hot lunches in large families and where both parents work. They are looking at the possibility of buying in quantity (central purchasing). The most recent Washington action may change the reimbursement emphasis from cash to commodity. Schools can cope with the current reductions but further reductions would be very serious, particularly in large schools. He is not asking for additional money.

Vo-Ed, especially the five Vo-Tech centers, feel the cut-backs. They recommend \$464,000 State support.

REP. TOM CONROY questioned who would be the representative at the next meetings who can answer questions.

MR. ARGENBRIGHT said there would be someone there.

GENE R. CHRISTIAANSEN, Assistant State Superintendent of Vocational Education Services, was named as the next speaker.

Because of crowded conditions, the meeting was moved to the House Chambers. The meeting continued there at 2:00 p.m.

MR. CHRISTIAANSEN pointed out recent information received from Washington, D. C. on the budget, see Exhibit A. His testimony revolves around two aspects: the impact upon Vo-Ed and OPI. His request represents the difference between what the Legislature appropriated for fiscal 1983 for the Vo-Tech Centers and an additional \$144,000 to retain the staff at the OPI to fulfill statutory requirements. No request is being made at this time for losses in categorical aids to secondary schools. Reference was made to the figures in Exhibit B, and particular attention was given to the \$1,084,170 loss. \$464,000 is being requested for the Vo-Tech Centers.

SEN. GEORGE McCALLUM, Chairman of the Montana Advisory Council for Vocational Education, made a request that the State appropriate dollars to replace the proposed Federal funding cuts. He referred to the \$144,000 for administration. He stressed the importance of funding the staff. He said that during the past five years OPI and Vo-Tech Centers have worked cooperatively to develop quality programs. Exhibit C was entered.

Representatives of the Vo-Tech Centers in Billings, Butte, Great Falls, Helena and Missoula gave brief reports on losses in funding and the shaky future of the schools without funding. Exhibit D was accepted from the Butte Vo-Tech Center. The exhibit notes a loss of \$67,976 for fiscal year 1983 because of Federal grant reductions.

SEN. EUDAILY said it is not a matter to decide the need, the need is there. Without the money there has to be a reduction in the program.

ROBERT VANDEMERE of Helena said that a variety of students come to the Vo-Tech in Helena. 86 percent of them will be working as soon as they get out. Because of industry problems, some may not find work. He said there has been an increase in the electricians division by 25 percent. He recommended digging into the State funds if necessary.

ALLEN STOHLE presented the committee with Exhibit E. He said elimination of the OPI staff would have devastating effects on secondary instructors across the state. They depend on OPI staff more than anybody else.

DOUG POLETTE of the Montana Industrial Education Association, spoke in support of Gene Christiaansen's comments for funding Vo-Tech Centers and the OPI office. He said it is not a cost of the state but an investment in the youth of Montana. Exhibit F was presented to the committee.

NORM MILLIKIN, vocational teacher educator at Montana State University spoke in support of the \$144,000 request, Exhibit G.

Approximately nine other supporters of the request briefly stated their interest.

MR. CHRISTMAN, Training Director for the Montana Electrical Training Committee, said his organization has always received funds for additional educators in the classroom. The loss of funding will have a definite impact---it will reduce opportunities for young people to become electricians and will affect the quality they are able to give to them. Under the Montana Apprenticeship Bureau, they have to provide a certain amount of training. They would like to train more people.

DAN MILES, Chief of the Montana State Apprenticeship Bureau, expressed his support for funding for the apprenticeship program.

KEVIN CAMPANA of the Montana Contractors Association spoke on the apprenticeship issue. He referred to Table I, Exhibit A, projected funds for the fiscal year of 1983. He does not think it was included with the OPI report. Training programs are currently funded by the contractors themselves. Some money has gone to high quality instructors for two to three weeks of intense training. He is asking for support beyond the OPI request. The contractors would like to go on record as supporting it.

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEE I -
SPECIAL SESSION
November 4, 1981

Page 6

REP. BENGSTON asked where the staff cuts were.

MR. CHRISTIAANSEN said the Department of Vo-Ed has lost two members and a half person.

REP. BENGSTON asked how many staff people were at the universities teaching Vo-Ed subjects.

MR. CHRISTIAANSEN did not know the number. He mentioned 32 programs at Northern which are considered Vo-Ed and funded by the university system.

SEN. JACOBSON pointed out a difference in the budget where \$436,000 was appropriated for 1983 and the request is for \$447,000. If cuts were being made in the administration, why was \$11,000.00 extra being requested.

MR. CHRISTIAANSEN said that did not reflect what the dollars would be for 1983. He could not answer the question, which would have to be answered by the Legislative Fiscal Analyst.

REP. BENGSTON referred to the transfer of funds from different programs.

MR. CHRISTIAANSEN said transfers could be made on some but not others. Those with matching funds cannot be transferred.

REP. BENGSTON asked about carry-over funds.

MR. CHRISTIAANSEN said there is a misunderstanding of carry-over funds. An institution has two years to expend funds on a competitive basis. Some dollars appear to be carry-over but they are assigned to projects.

There were no further questions by the committee.

EXHIBITS H, I, J and K are attached, in addition to EXHIBITS A-G.

The meeting adjourned at 3:05 p.m.



REP. JACK MOORE, CHAIRMAN

K

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date Nov. 4, 1981

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	X		
Rep. Esther Bengston		X <i>late</i>	
Rep. Tom Conroy	X		
Rep. Gene Ernst	X		
Rep. Bob Thoft	X		

Sen. Harold Nelson, Vice Chm.	X		
Sen. Mark Etchart	X		
Sen. Jack Haffey		X	
Sen. Judy Jacobson		X <i>late</i>	

VISITORS' REGISTER

HOUSE Committee T. COMMITTEE

ILL _____

Date Nov. 4, 1981

SPONSOR _____

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
McLonnor	Butte, MT	Butte Vo-Tech		
William Milligan, Sept	Butte, MT	Butte Public Schools		
Wm A. Christman	Helena, MT	Mt. Elec. JATC		
Wright R. Pinc	Billings	Billings Public Schools		
D. Garboun	Butte	Butte Vo-Tech		
R.E. Bauer	Billings	Billings Vo-Tech		
Robert Van Dusen	Helena	Concord City		
Walter Lutz	Helena	O.P.I.		
Neil Christensen	Clancy	O.P.I.		
Don H. Stolle	Missoula	Mont Voc Assn	<input checked="" type="checkbox"/>	
Norman Melchior	Bozeman	UOC Teacher Ed.		
Bob Scott	Helena	U.S. Dept of Labor Surv. & Appr. Trng.		
Roggy Olson	Helena	O.P.I.		
Bill Patton	Missoula	U of M		
Mary Thurnay	Helena	UOC Ed. Adv. Council	<input checked="" type="checkbox"/>	
Tom B. Hays	Missoula	UOC Ed. Technol. Director		
Shirley Rammus	Great Falls	Mont. Ag. Action Comm.		
Jan Mills	Helena	Mont. App. Bureau		
George McBellevue	Plains Mont	Vo Ed. Advisors Council	<input checked="" type="checkbox"/>	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

November 4, 1981
Testimony of Ed Argenbright
before Committee I

Mr. Chairman and Committee Members:

The situation regarding education is influenced by federal actions. We have been requested by the Governor's Office of Budget and Program Planning and the Legislative Fiscal Analyst to make estimates about projected federal funding levels. Let me emphasize these are just projections and make the whole process very difficult because the numbers change almost daily and won't be firm until Congress acts. Figures we initially used were back in September and have changed in the last month as the Congressional process grips the issues. The figures we give now may differ from earlier estimates, but are the best we have to date. Dollar amounts are at best uncertain.

The educational block grant legislation along with the funding of other programs in education will become effective either July 1 or October 1 of 1982. Federal educational funding through June 30, 1982 is largely already set. It is the federal fiscal year 1983 that we are talking about. This projection into the future adds to the difficulty of your deliberation. We are not asking for replacement dollars for any of the cuts experienced in FY82.

It is my feeling the block grant direction and reduction of federal interference are good and I will support efforts to make it work in Montana. Returning decision-making to the local district level is a worthy effort.

As you continue your work, feel free to call upon my office for assistance as needed. With me today is my deputy, Ray Shackelford, and my assistant for vocational education, Gene Christiaanson. Tomorrow my assistant, Judy Johnson in special services, and Gary Steuerwald in administrative services will be presenting specifics and will be prepared to answer your questions as needed. I'm impressed with their capabilities and I'm sure you will be too.

The issues from my point of view include block grants - we anticipate education in Montana will receive approximately \$1 million more than they would have under the old categorical method of distributing federal funds. The amount, \$2.4 million total, still isn't certain and may be less.

As you know, over 40 programs have been include in the block grant. The one of concern to me at the state level is the Title V state grant. This money

has been appropriated in the past to reduce general fund state expenditures for basic Office of Public Instruction services. Under the new approach 80% of all block grant money will go to the local schools. The remaining 20% will leave a shortage in the Office of Public Instruction.

During my tenure here we have reduced staff by 17% and will be making additional cuts as we support the block grant proposals. The total amount of federal reduction is more than \$800,000 for the office. We propose absorbing over \$300,000 in additional cuts, which leaves a request of your committee to replace \$497,000. This includes \$144,000 for vocational education administration. My ability to perform statutory duties would be jeopardized without this support.

Other issues outside the block grant legislation include numerous programs not affected by the budget reductions. Right now I'm concerned about the programs facing reduced federal funding, realizing the state will not be able to, nor should they, make up every lost federal dollar. In my judgment, these are the most critical issues. One issue recently surfacing and not addressed in the budget proposals is P.L. 874 impact funds. The range of cuts appears to be \$1.5 million (15%) to \$3.1 million (31%) in "A" student reduction, which is one category and the "B" student category reduction is \$378,000 (56%) to \$665,000 (100%). "A" students include Indian reservation schools that do not have a tax base to use for replacement funds and students whose parents live on, or work on federally impacted areas such as military bases. "B" students include students of parents who are indirectly employed in federally impacted areas. The likelihood of the "A" reductions, when considered by Congress, is remote, but I would recommend this matter be given attention.

Title I remedial reading and math programs have had reductions in FY 81, 2.6% in the current year, 1982, and 12% projected for 1983. We are not requesting state dollars in the light of the 2.6% reduction and the proposed 12% reduction.

Special education is facing a cut of \$300,000, which is about what we can't currently spend due to the attached strings and regulations. We are not asking for replacement dollars.

Food service programs are involved in reimbursement reductions caused by rate changes. The projected loss due to these changes is very uncertain. In our local district survey of last week, 56% of those responding said the cut back would be of insignificant to moderate in its effect on the programs, 44% replied it would be severe. This usually isn't the heavy-use time of the year and that fact could alter the survey. In this day and age of both parents working, the need is there for these programs. In my office we are looking to assist local lunch programs through state quantity purchasing and other ways to make the programs adaptable and attractive. This should increase student participation, thereby increasing efficiency. The most recent Washington action may change the emphasis from cash reimbursement to commodities, which will be good for Montana agriculture. We hope there will be no further reductions. Our contact with schools indicate they can cope with current reductions. Further reductions may be very serious as indicated in my office's individual contact with schools, particularly with the larger schools. My school foods people have been in contact with legislative staffs in Washington to insure minimal additional reductions. Should programs actually be in jeopardy, we will be back in 1983. At this time we are not asking for additional money.

Vocational education, especially the five Vo-Tech centers look to have their education efforts damaged by the proposed cuts. We certainly don't want to get the snowball going down the hill - where cuts chop programs, programs chop students, lost students mean lost tuition revenue, which in turns causes more cuts in programs. Although short-term options are available, it is my recommendation that this area be given state support in the amount of \$464,000.

Enkist B

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE I

To: Rep. Jack K. Moore, Chairperson, Great Falls
Sen. Harold C. Nelson, Vice Chairperson, Cut Bank
Rep. Esther G. Bengtson, Shepherd
Rep. Thomas R. Conroy, Hardin
Rep. Gene N. Ernst, Stanford
Rep. Bob Thoft, Stevensville
Sen. Mark Etchart, Glasgow
Sen. Jack Haffey, Anaconda
Sen. Judy Jacobson, Butte

For the Record: Name: Gene R. Christiaansen
Position: Assistant State Superintendent
Vocational Education Services

Re: Supplemental Budget Request for Fiscal Year 1983

Introduction: The current level of uncertainty with respect to fiscal year 1983 budgets has prompted the Department of Vocational Education to appear before this committee today. At best, the actions of the federal government will result in a status quo funding of vocational education in Montana; at the worst, projected reductions will have a serious effect upon vocational education within the State.

Information received recently from Washington, D.C. indicates that there are three proposed budgets relating to the funding of vocational education in the nation. They appear below with a projected funding level for Montana's vocational education system noted immediately beneath the three federal proposals.

Budget Versions FY 1983

	House	Senate	President
National	703,000,000	696,000,000	549,000,000
Montana	2,671,400	2,644,800	2,086,590

The effects of rescission and the trend for a reduced receipt of federal support for Montana's vocational system (see Table I) has prompted this presentation in the direction of the President's recommended funding level.

Consideration therefore must be given to the effects upon the system of vocational education in light of the facts that the current continuing resolution will expire in November 1981 and that a reauthorization of vocational education will not be realized or brought to fruition prior to 1984.

Finally, as a concluding introductory statement, it is the position of the Department of Vocational Education that a supportative action is necessary, with the understanding that should federal action result in funding fiscal year 1983 at, or slightly above, that received in fiscal year 1982, no supplemental appropriations of state dollars would be made in 1983 to support the system.

Purpose: The Office of Public Instruction, Department of Vocational Education is appearing to testify before this Committee that a substantial reduction of federal funds which support vocational education efforts in the state has been evidenced in the interim of fiscal year 1981 to fiscal year 1982 and that further reductions are anticipated for fiscal year 1983.

The actual reductions between fiscal year 1981 at a funding level of

\$3,125,671 to fiscal year 1982 at a funding level of \$2,541,034 illustrates a reduction of \$584,637.

The projected fiscal year 1983 (based upon the President's recommendation) reflects the trend for reduced support in the amount of \$454,444 resulting in a total support level of \$2,086,590.

It is anticipated that the projected budget allocation from the federal level will have a serious effect upon the state system's ability to maintain existing educational programs and services for vocational education.

In order to meet the intent of the Legislature expressed in current law to maintain and improve the system, the Department of Vocational Education respectfully requests favorable consideration to the granting of a supplemental appropriation amounting to:

1. \$464,318 To maintain programs at the postsecondary vocational-technical centers; and
 2. \$144,000 To maintain staffing and services at the Office of
_____ Public Instruction.
- \$608,318 Total supplemental request.

No request to support losses of categorical aids in disadvantaged and handicapped areas for the secondary vocational efforts will be made at this time.

Historic Review

In order to summarize the trend of reduced funding, Table I was developed to illustrate a two year actual and third year projected budget perspective.

(See Table I)

TABLE I

Federal Funds Received by Montana
Under the Vocational Education Act 1981-82
and Projected 1983

	Funds Received			Differences		Projected Funds		Total - 2 yr Differences
	FY 81	FY 82	FY 81 to FY 82 +	FY 82	FY 83	FY 82-83 +		
Section 120 (Basic Grant)								
Disadvantaged	418,148	397,738	- 20,410		326,532	- 71,206	- 91,616	
Handicapped	227,381	198,869	- 28,512		163,266	- 35,603	- 64,115	
Apprenticeship	75,000	49,766	- 15,234		45,000	- 4,766	- 20,000	
Postsecondary	1,113,328	1,028,880	-171,120		843,682	-185,198	-356,318	
Emergency and Emergency Occupations	245,000	81,308	-106,236		22,680	- 58,628	-164,864	
Sex Bias	50,000	50,000	0		50,000	0	0	
State Administration	170,000	180,625	+ 10,625		180,000	- 625	+ 10,000	
Displaced Homemaker	20,716	1,500	0		1,300	0	0	
Subtotal	2,319,573	1,988,686	-330,887		1,632,960	-356,026	-686,913	
Section 130 (Program Improvement)								
Disadvantaged	104,537	72,774	- 31,763		59,748	- 13,026	- 44,789	
Handicapped	56,845	36,387	- 20,458		29,874	- 6,513	- 71,760	
State Administration	42,500	31,875	- 10,625		40,000	+ 8,125	- 2,500	
Guidance	104,537	85,388	- 19,149		59,748	- 25,640	- 44,789	
Research	61,783	30,852	- 30,931		24,374	- 6,478	- 37,409	
Exemplary	0	0	0		0	0	0	
Curriculum	18,712	12,870	- 5,842		0	- 12,870	- 18,712	
Teacher Development	133,771	93,720	- 40,051		85,000	- 8,720	- 48,771	
Subtotal	522,685	363,866	-158,819		298,744	- 65,122	-268,730	
Section 140								
Special Disadvantaged	82,752	57,473	- 25,276		47,148	- 10,328	- 35,604	
Subtotal	82,752	57,473	- 25,276		47,148	- 10,328	- 35,604	
Section 150								
Consumer and Homemaking	179,973	116,639	- 63,334		95,757	- 20,882	- 84,216	
Subtotal	179,973	116,639	- 63,334		95,757	- 20,882	- 84,216	
Section 102 D								
Planning and Evaluation	20,688	14,367	- 6,321		11,981	- 2,386	- 8,707	
Subtotal	20,688	14,367	- 6,321		11,981	- 2,386	- 8,707	
TOTALS	3,125,671	2,541,031	-584,637		2,035,590	-454,744	-1,084,170	
State Matching	261,782	213,392			235,000			

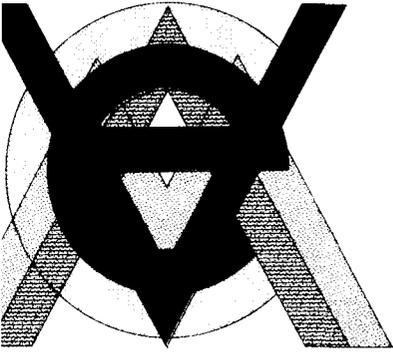


Exhibit BC

MONTANA ADVISORY COUNCIL FOR VOCATIONAL EDUCATION

Mary Thoman, Ph.D.
Executive Director

TESTIMONY TO APPROPRIATIONS SUB COMMITTEE

November 4, 1981
Room 135 - Capitol
1:30 p.m.

I'm Senator George McCallum, Chairman of the Montana Advisory Council for Vocational Education.

The Montana Advisory Council would like to go on record in support of the request for state appropriated dollars to replace the proposed Federal funding cuts. We support funding not only for the five (5) Voc-Tech Centers but also for the staffing of the Office of Public Instruction, Vocational Education Department.

As you know, the amounts of the proposed cuts are \$464,318 for the five (5) Voc-Tech Centers and \$144,000 for state administration.

It is the feeling of the Council that this cutback will have a devastating effect on the five (5) Voc-Tech Centers causing possible elimination of programs and drastic operational cutbacks.

Because of the current economic trend it is important that we train people for jobs; have them working and paying taxes rather than unemployed or on the welfare roles.

We are endorsing the support of state administration because we feel if the Office of Public Instruction is to provide the kind of direction and leadership out in the field that vocational education needs, it is important that at least the current staffing level be maintained.

During the past five years, the Office of Public Instruction and the five Voc-Tech Centers have worked cooperatively to develop some quality vocational programs. If we in Montana want to continue to provide occupational training to students, your support in this matter is essential!

Exhibit D

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

November 4, 1981

TESTIMONY

FOR THE RECORD

NAME: H. J. Freebourn *HJ*

POSITION: Butte Vo-Tech Center Director

As noted, Federal Grant reductions will create a loss of \$67,976 in Fiscal Year 1983 for the Butte Vocational Technical Center. Budget areas such as Administration, Student Services, Operation, Plant and Capital Equipment were funded at just a "maintaining level" by the 47th Legislature. These services must be provided by the Center to the students whether the Center's enrollment is at capacity level or not.

Since Instructional is the only category vulnerable, the Butte Vocational Technical Center would be forced to reduce its instructional staff by 2.13 FTE; which further creates a spiral effect reducing student FTE by 40.32 annually. Thus, by reducing student FTE by 40.32 the spiral effect continues by reducing the amount of student tuition to be collected by \$14,514. In essence, the Butte Vocational-Technical Center FY 83 budget would realize a deficit of \$67,976 in Federal Funds plus a deficit of \$14,514 in student tuition for a total deficit of \$82,490.

The deficit of \$14,514 represents a further reduction of .46 Instructional staff FTE which represents a reduction of 8.71 in student FTE. The total reduction amount of \$82,490 then represents an estimated reduction of 2.56 Instructional staff FTE and 49.03 student FTE for FY 83.

Thus, Federal Grant reductions will create a loss in Fiscal Year 1983 which will result in a reduction of teaching staff and a reduction or elimination of some programs at the Butte Vocational-Technical Center.

Hopefully, with the blessing of this Committee, the Butte Vocational

Technical Center will receive the necessary funding from the General Fund in order to continue to provide vocational training for the citizens of the State of Montana at the present funding level for Fiscal Year 1983.

E. Philet E

SENATE FINANCE AND CLAIMS AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE I

November 4, 1981

To: Rep. Jack Moore, Chairperson
Sen. Harold Nelson, Vice Chairperson
Rep. Thomas Conroy
Rep. Esther Bengtson
Rep. Gene Ernst
Rep. Bob Thoft
Sen. Mark Etchart
Sen. Jack Haffey
Sen. Judy Jacobson

My name is Alan Stohle. I am a secondary Industrial Arts and Vocational Education instructor for Missoula County High School. I represent the Montana Vocational Association as Past President and bring their concerns to you.

We are very concerned as to the devastating affect the loss of federal vocational monies will have on:

1. Funding of programs in our vocational-technical centers around the state.
2. Funding of vocational staff in the Office of Public Instruction.
3. Funding of start-up monies for new vocational programs.

I would like to target on item 2, funding of OPI staff. We instructors in the field depend on these specialists. Due to the shortage of people on staff at present we do not receive as much help as we would like in the areas of program evaluation, program implementation, inservice training, youth group coordination. A loss of any one of these people would greatly curtail the success of many programs and youth group activities around the state.

Removal of our dependence on federal dollars is an absolute must. In so doing we must look to support within the state. Our local districts are already facing many crises with high local mill levies, mill levy failures, loss of revenues, etc. That leaves the task to our State Legislature. With adequate state appropriations we can help the local taxpayer, reduce our dependence on

federal dollars that are fast diminishing, and control our own educational destiny. That should be our responsibility anyway.

Montana Industrial Education Association

November 3, 1981

Chairman Jack Moore
Committee I on Education
Special Session 1981
Helena, MT 59601

Dear Mr. Moore:

As President of the Montana Industrial Education Association I am writing to urge your committee's support for the subject area specialist in the Office of Superintendent of Public Instruction.

I have been involved with vocational education and industrial arts for the past 20 years in both Wyoming and Montana with the last ten of these years as a teacher educator in the industrial education field. I have found in recent visits to a large number of industrial education programs in Montana that the instructors are very interested in providing quality programs for their students. Therefore, they are continuing to look to the Office of Superintendent of Public Instruction to provide statewide services which will supply them with information on new and innovative programs, new teaching techniques, the development of curriculum materials, honest evaluations of their programs as compared to state and national standards, etc. These programs and activities have all been carried on by OSPI for several years and will be drastically reduced if Montana does not provide additional funding.

Without adequate support at the state level, Montana schools will fall further behind as we move into an era of more rapidly changing technological advancements. Therefore, I would like to request that your committee support the investment of a small portion of Montana resources to continue to provide up-to-

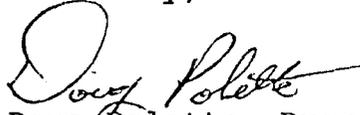
Chairman Jack Moore

November 3, 1981

Page 2

date quality education for the youth of Montana so they will be able to compete on an equal basis with the youth from other states.

Sincerely,

A handwritten signature in cursive script that reads "Doug Polette". The signature is written in dark ink and is positioned above the typed name.

Doug Polette, President
MIEA

DP/jlr

EXHIBIT 6



SCHOOL OF BUSINESS
BUSINESS, OFFICE & DISTRIBUTIVE EDUCATION DEPARTMENT
DR. NORMAN L. MILLIKIN, HEAD
MONTANA STATE UNIVERSITY, BOZEMAN 59717

TO: Legislative Committee on Education

FROM: Norm Millikin *NLM*
Vocational Teacher Educator
Montana State University
Bozeman, MT

DATE: November 3, 1981

RE: Funds for Maintaining Vocational Staff in the Office of
Public Instruction

During my ten (10) years at Montana State University, I have had numerous opportunities to witness the service performed by the vocational staff. They have provided assistance in curriculum development, local program evaluation, leadership conferences, workshops for teachers and administrators, research, funding and the general improvement of vocational education. I call on them regularly for assistance in vocational teacher preparation and find them to be an extremely valuable resource.

We are all aware of the impending cuts that are coming as a result of federal cutbacks. However, in these hard economic times, we will find students migrating towards education programs that will provide them with the background and skills to compete in the marketplace. Vocational education offers the type of programs needed, and the role of the state of Montana in providing leadership for these programs is critical.

The vocational staff of the Office of Public Instruction is already stretched in its efforts to provide the needed services for vocational education and further cutbacks would be most harmful.

NM/srl

Projection of Carry-over Amounts for FY 81, FY 82 Based on Currently Available Data

Total FY 81 funds available for carry-over into FY 82 = \$404,092. \$303,430 of this amount is specifically earmarked for expenditure by federal regulation and set aside in the following areas: Disadvantaged, Handicapped, Guidance and Special Disadvantaged. The balance of \$100,662 carry-over is in the following areas:

Emerging and Emergency Occupations	73,155
Apprenticeship	16,308
Teacher Development	<u>11,199</u>
	100,662

All of the funding areas presented above require a 50/50 state/local match with the exception of Special Disadvantaged and Teacher Development. Please note also that funds allocated from Sections 120 and 130 of the grant must maintain an 85/15 split in funding.

85 percent admin. from 120
15 percent admin. from 130

FY 82 Carry-over/FY 83 Carry-in

FY 82 projected carry-over is \$205,000. These figures are based on the amount of FY 81 carry-over available to 82 and projected demand for funds vs. decreased funds available.

Of this amount of \$205,000, \$168,000 is in areas with specific expenditure requirements per federal regulation--Disadvantaged, Handicapped, Special Disadvantaged. The balance of \$37,000 is in the following areas:

Apprenticeship	10,000
Emerging and Emergency Occupations	25,000
Teacher Development	<u>3,000</u>
Total	37,000

Again, please note that all funds represented require matching with the exception of Special Disadvantaged and teacher development.

FY 81 Carry-over

Section 120 Basic Grant

120 Dis. - 85,544 - must be allocated to Disadvantaged.

120 Handicapped - 138,424 - must be allocated to Handicapped.

120 Emerging and Emergency Occupations - 73,155 - available for 82 projects.

120 Apprenticeship - 16,308 - available for Apprenticeship projects in FY 82.

Section 130 Program Improvement

130 Dis - 24,284 - must be allocated to Handicapped programs.

130 Hcp - 52,223 - must be allocated to Handicapped programs.

130 Guidance - 70 - must be allocated to Guidance programs.

130 Teacher Development - 11,199 - available for 82 projects.

Section 140

140 Special Disadvantaged - 2,885 - must be allocated to Special Disadvantaged projects.

Total FY 81 Carry-over \$404,092.

FY 81 Carry-over that is specifically earmarked for expenditure by area by federal regulation - \$303,430.

*FY 82 Projected Carry-over

120 Dis.	70,000
120 Hcp.	60,000
120 Apprentice	10,000
120 E & E Occ.	25,000
130 Dis.	25,000
130 Hcp.	10,000
130 Teacher Dev.	2,000
140 Special Dis.	<u>3,000</u>
	205,000

Total Projected FY 82 Carry-over - 205,000

FY 82 Carry-over specifically earmarked for expenditure by area by federal regulation - 168,000.

*Carry-over based on the reduction of federal funds anticipated. Carry-over will decrease as federal funds available decrease.

FY 78	Carry-over	429,573
FY 79	Federal Grant	<u>2,315,715</u>
	Total Available	2,745,288
FY 79	Expended	<u>2,529,558</u>
	Balance	215,730
FY 79	Carry-over	215,730
FY 80	Federal Grant	<u>2,600,679</u>
	Total Available	2,816,409
FY 80	Expended	<u>2,471,878</u>
	Balance	344,531
FY 80	Carry-over	344,531
FY 81	Federal Grant	<u>3,125,671</u>
	Total Available	3,470,202
*FY 81	Expended	<u>3,066,109</u>
	Balance	404,093
FY 81	Carry-over	404,093
FY 82	Federal Grant	<u>2,541,034</u>
	Total Available	2,945,127
FY 82	Projected Expenditures	<u>2,740,127</u>
	Balance	205,000
FY 82	Carry-over	205,000 (est.)

NOTE: Included 71,120 reallocated to Centers from E & E.

Federal Grant FY 79	2,315,715	
Expended FY 79	<u>2,529,558</u>	109%
Difference	+213,843	
Federal Grant FY 80	2,600,679	
Expended FY 80	<u>2,471,878</u>	95%
Difference	-128,801	
Federal Grant FY 81	3,125,671	
Expended FY 81	<u>3,066,109</u>	98%
Difference	-59,562	
Federal Grant FY 82	2,541,034	
Projected Expend. FY 82	<u>2,740,127</u>	108%
Difference	+199,093	

Exhibit I

Montana Vocational Agriculture Teachers' Association

Affiliated with the National Vocational Agricultural Teachers' Association

AMERICAN VOCATIONAL ASS'N.

MONTANA VOCATIONAL ASS'N.

PRESIDENT

Duane Gebhardt, Cascade 59421
Box 21

VICE PRESIDENT

Alan Redfield, Pray 59065

TREASURER

H. W. Gilman, Alder 59710
Box 49

SECRETARY

Oscar Cantu, Winifred 59489
Box 14

NEWSLETTER EDITOR

Mark Lalum, Missoula 59801
1791 Bison Drive

November 4, 1981

To Chairman Jack Moore and Members of the Pre-session Finance Committee:

The Montana Vocational Agriculture Teachers Association would like to speak in favor of the proposed allocation of funds for the Vo-tech Centers and the proposed allocation of funds to maintain staff at the Department of Office of Public Instruction.

We feel a great need to continue to support the training of people in a vocational manner. With the federal cut backs directly effecting the State's Vo-tech centers money will have to be provided to continue to train people for the field of work.

We are very concerned about the money needed to maintain present level of staff in the Office of Public Instruction. If additional money is not provided it will mean a reduction of between 3 and 7 staff members. I would like to give an example of how this would effect the Montana Vocational Agriculture Programs. At the present time 1 staff member is responsible for 73 departments and approximately 2,500 Future Farmers of America members.

The work will not go away and we feel that a reduction of our state staff will greatly effect the quaility of the state Vocational Agriculture programs. We would like to have your favorable response to the proposed allocation of funds for both the Vo-tech centers and the maintance of staff for the O.P.I.

Thank you for your consideration

Duane A. Gebhardt



President, MVATA

GREAT FALLS PUBLIC SCHOOLS



ADMINISTRATION

HAROLD WENAAS, Ed. D., SUPERINTENDENT
JAMES D. BERGENE, ASST. SUPT. SECONDARY EDUC.
JOHN U. KRANICK, ASST. SUPT. ELEMENTARY EDUC.
EARL B. LAMB, ASST. SUPT. BUSINESS
ROBERT K. MCLEOD, DIR. PERSONNEL SERV.
JERRY C. HATCH, ADMINISTRATIVE ASST.

BOARD OF TRUSTEES

WARREN C. WENZ, CHAIRMAN
OWEN ROBINSON, VICE CHAIRMAN
NANCY DAVIDSON
SHIRLEY M. GRAY
MICHAEL L. MCPHERSON
BRADLEY D. TOLLIVER
ALBERT W. THURBER

October 28, 1981

RECEIVED

OCT 29 1981

OBPP

TO: Francis Olson
Office of Budget, Program, and Planning
State Capitol
Helena, Montana 59601

FROM: Harold Wenaas, Ed.D., Superintendent
Great Falls Public Schools

RE: School Food Service in Great Falls Public Schools

Early last spring the Federal Government was proposing to cut \$1.5 billion from the 1981-82 National School Lunch budget. The intent was to remove all cash subsidies and most of the commodity allocations for the paying child. Full federal support was still to be received for the truly needy school children. The breakdown for Great Falls last year showed that 65% of our participating students paid full price, 9% paid a reduced price, and 26% received free meals. Our major concern was that the loss of federal support for the paying child would force us to raise our lunch prices to a level that would drastically affect participation. We were very apprehensive at being left with only a welfare program to provide meals for the non-paying children. Added to this was the continual bite of inflation for food and supplies plus the need for staff wage adjustments to meet the minimum wage requirements. At one point, it appeared that lunch prices would need to be raised from 55¢ elementary/60¢ secondary to right at or very near \$1.00.

The full amount of the originally-announced School Lunch budget cuts was not put into effect for the 1981-82 school year. However, the cuts that were made and the steps taken to offset these cuts have had an impact on our program in Great Falls. To offset the federal cuts, inflation and minimum wage increase, full-price lunch prices were raised this year from 55¢ elementary and 60¢ secondary to 80¢ elementary and 85¢ secondary. Even though a 25¢ per meal increase is a considerable jump, we are still closely monitoring our expenditures and income to be sure this is enough. Reduced price meals were increased from 20¢ to 40¢ per lunch. Adult meals and ala carte prices were also increased.

The increase in meal prices has resulted in a participation decline even greater than we had anticipated. Last year's participation averaged about 8,200 lunches per day. Initially, our participation this year was around 6,000 and is now up to about 6,500 lunches per day. There has been an increase in ala carte sales at the secondary level, but brown baggers certainly are more prevalent than before.

Francis Olson
October 28, 1981
Page 2

The government program being discussed for next year calls for altering the guidelines. This year's meal pattern calls for meals to meet one-third of a child's daily nutritional requirements as opposed to one-fourth for next year. Nationally and locally, School Food Service is definitely opposed to this change from a nutritional standpoint.

H. W.

vs

Butte Public Schools
OFFICE OF THE SUPERINTENDENT

BUTTE, MONTANA 59701

October 27, 1981

RECEIVED

OCT 28 1981

OBPP.

Mr. Francis L. Olson
Office of Business and Planning
Capitol Building
Helena, Montana 59620

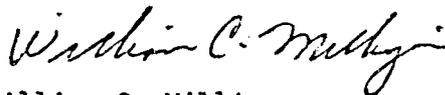
Re: Federal Budget Cuts in Food Service Program

Dear Francis,

School District No. 1 for the 1981-82 fiscal year increased our food service lunch prices from 65 cents to 80 cents for paid student; 20 cents to 40 cents for reduced lunch; and, 75 cents to \$1.25 for adults. In addition, the district reduced its work force by approximately 10 percent, and is anticipating further reduction in our work force.

It is apparent that any further reduction in federal or state support in the food service program that the district will understandably take measures to reduce the scope of the service and that would be in effect to not to have food service at the elementary level, with the possibility of having it only at the secondary level.

Sincerely,



William C. Milligan
Superintendent

WCM/es
cc: Rick Kravas

BILLINGS PUBLIC SCHOOLS

SCHOOL DISTRICT #2 OF YELLOWSTONE COUNTY
101 TENTH STREET WEST
BILLINGS, MONTANA 59102

TELEPHONE (406) 248-7421



OCT 30 1981

OBPP.

October 29, 1981

Dr. Francis Olson
Office of Budget and Planning
State Capitol Building
Helena, MT 59620

Dear Dr. Olson:

The impact of Federal budget cuts in the School Food Services area needs to be addressed in the upcoming legislative meetings on block grants.

School District No. 2 in Billings will experience a loss of \$245,000 in cash reimbursement and commodity support to the paid student lunch during the 1981-82 school year. Further losses will be incurred in the area of free and reduced lunches through the changes in Federal Guidelines for income qualification.

The Trustees of School District No. 2 have taken the position that the School Food Program must be self-supporting except for some indirect costs such as providing building space, utilities, etc.

As a result of the cuts in Federal support and the position taken by our Board of Trustees, all of the burden of increased costs must be borne by the paying child.

All possible measures have been taken to reduce the cost of lunches before prices to students are increased. The labor force in School District No. 2 was reduced by 30% and menus were cut back to the essential Type A pattern through the elimination of desserts, etc.

The prices for fully paid lunches increased from seventy and seventy-five cents in 1980-81 to ninety and ninety-five cents in 1981-82. The price of lunch to the reduced child increased from twenty cents to forty cents in the same period. Breakfast prices for paying children increased from twenty-five cents to fifty cents.

With the exception of continued inflation in food and labor costs of at least nine percent, further increases are anticipated for 1982-83 and possibly at the semester of the present year.

BOARD OF TRUSTEES

Maurice R. Coberg, Jr. Chairman
Michael L. Young, Vice Chairman
William T. Doolen
Richard A. Heizer
Frank J. Kolenduch
Robert H. Lyon
Douglas B. Soren
James R. Taylor

Dr. Virgil R. Poore
Superintendent

John B. Deaney
Assistant Superintendent

Dirk D. Reich
Clerk & Director of Accounting

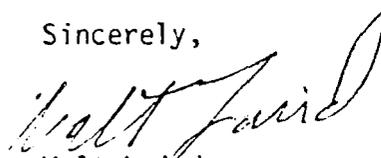
As I have indicated earlier, all of the possible cuts in food and labor costs in the program have been taken. Increases will necessarily be passed directly on to the paying child.

Student participation in this School District declined by 29% during September of 1981. We estimate an annual decline of 18 to 20%.

I am certain that further reductions of Federal support will be proposed and possibly enacted in future years. This action would put our district in the position of passing on these losses to the student in increases in lunch prices. I am certain this would cause even greater reductions in participation until a point is reached where our district would have to consider other options to the present feeding program.

The situation in Billings is not unique I am sure. This is a problem state-wide and needs to be considered in the upcoming session.

Sincerely,



Walt Laird
Director of Food Services/
Federal Programs

WL:bw

cc: Dr. Virgil Poore
Superintendent of Schools

Dr. John Deeney
Assistant Superintendent

MELSTONE PUBLIC SCHOOLS

District No. 64J
Melstone, Montana 59054
Phone: (406) 358-2352

RECEIVED
NOV 4 1981
OBPP

October 29, 1981

Francis Olson
Office of Budget and Program Planning
State Capitol
Helena, Montana 59602

Dear Mr. Olson:

As per our telephone conversation, I am writing this letter concerning the impact of less funding and less commodities by the Federal Government to our lunch program.

It has been necessary already this term to pay some of the lunch bills from the general fund budget. This puts a greater burden on the taxpayers immediately.

Also, we feel when it becomes necessary to increase the charge we will lose students, especially in the higher grades to french fries, candy and pop from downtown; due to the fact that this age group eats pretty much what they like and if we are unable to offer some variety, only higher prices, they will not come to eat. This trend has already started so it is not a supposition. Therefore, we are losing some of the nutritional value of the program very early in the term.

Sincerely,

Jay M. Oster
Clerk

Brady Public Schools

Brady, Montana

SUPERINTENDENT
John Hebnes

CLERK
Reba Donnell

59416

BOARD OF TRUSTEES

Leroy Rouns, Chairman
Dale Johnson
Rosalie Preputin
Forest Long
David Forsman

November 2, 1981

Francis Olson
Office Budget Program Planning
Capitol Building
Helena, Montana 59620

Dear Mr. Olson;

The federal budget cuts in school lunch programs will have some, though not drastic affects on our particular food service.

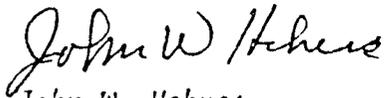
The Brady Schools is a small rural school which serves on the average of seventy school lunches per day. The price per meal on a monthly ticket basis, is 50¢, and is 60¢ for single tickets. No increase in meal price has been made for several years. Approximately fifteen percent of our students participate in the free or reduced price lunch plan, while the remainder are from middle or upper middle income families.

At the present time we employ one full-time cook and two student helpers. The staff cut (from two cooks to one) was due to declining enrollment rather than food service budget cuts. All of our food service wages are paid from the General Fund and not the School Food Service Fund. The revenue from the sale of lunch tickets, and Federal reimbursements is used expressly for the purchase of food supplies. (Please refer to the enclosures.)

In July 1979 we had a surplus of \$4,655.97 in our food services fund. Up until this time we were serving approximately 100 meals per day. The surplus is strictly from meal ticket sales and Federal reimbursements. However, by the end of the 1981-1982 school year, this surplus will be depleted. The reasons for this depletion are inflation, declining enrollment, and maintaining very low meal ticket rates.

Therefore, I do not expect the budget cuts to make to much difference in our food service fund for several reasons. The first of these is the fact that salaries are paid from the General Fund. We definitely have an advantage here over schools whose salaries come out of their food services fund. Secondly, our enrollment has stabilized and may even increase in the next few years, increasing also the number of meal tickets sold. And the third reason, is that we will raise the price of our meal tickets which, is substantially lower than many schools in the state.

Sincerely,



John W. Hebnes
Superintendent

JWH/jwh

Stevensville Public Schools

SCHOOL DISTRICT NO. 2

STEVENSVILLE, MONTANA 59870

Oct. 29, 1981

RECEIVED

OCT 30 1981

OBPP.

Office of Budget & Program Planning
Capitol Building
Attn: Frances Olson
Helena, Mont. 59620

Dear Frances:

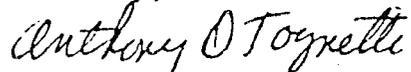
Regarding our School Lunch Program for 1981-1982:

Due to rising costs and Federal cutbacks we have been forced to raise our lunch prices to 50¢ from 40¢ for K-6 and to 75¢ from 50¢ for 7-12 grades. We have, as a result of the raises, even though they are held as low as possible, lost about 200 students to our lunch program.

We served about 800 students last year and we have been serving about 600 this year. Our total school population has declined only about 30 total students from 1980-1981 to 1981-1982.

Hope this gives you the needed information.

Sincerely,



Anthony D. Tognetti
Superintendent

ADT/fp

NOV 1 1981

^{OBPP}
SCHOOL DISTRICT NO. 5

Phone 755-5015 - 233 1st AVE. EAST - KALISPELL, MONTANA 59901

October 30, 1981

KATHEAD HIGH SCHOOL
Principal: William Vogt
KALISPELL JUNIOR HIGH
Northridge Heights
Principal: Larry Schultz
LINDERMAN SCHOOL
Principal: Larry Schultz
St. Principal: Joseph Suwe
ELROD SCHOOL
Principal: Russell Winters
RUSSELL SCHOOL
Principal: Leanna Isakson
PETERSON SCHOOL
Principal: Charles Hildebrand
HEDGES SCHOOL
Principal: Mary Jones
EDGERTON SCHOOL
Principal: Rick Davis

Francis Olson
Office of Budget & Program Planning
Capitol Building
Helena, Montana 59601

Dear Mr. Olson;

At your request, the following is a summation of the Food Service Program for School District #5, Kalispell, Montana, comparing School Year 80-81 to current 81-82 school year.

Q - What Budget cuts have been done to lunch program?

A - Dropped our average down approximately 250 lunches per day. These losses are 99% in full price paid meals. Budget cuts have also created a loss of \$2143.00 monthly cash reimbursement and a loss of \$1624.00 monthly commodity reimbursement. Also, we have lost an average of \$650.00 per month milk reimbursement.

Q - What is your count?

A - Our average count this year is 1800 daily compared to 2060 for last school year. This is a drop of approximately 250 lunches per day.

Q - What is the price of lunches?

A - Our lunch prices were increased 15¢ per lunch as follows: Last year K through 7 - 65¢, 8 through 12 - 75¢
This year: K through 7 - 80¢, 8 through 12 - 90¢. This 15¢ raise in lunches actually covered our loss in lunches.

Q - Number of free and reduce lunches?

A - Last year we averaged 341 free and 116 reduced lunches per day. This year we are averaging 371 free and 97 reduced lunches per day.

I hope this information is beneficial to you and in the future if I can help you in any way please ask.

Sincerely;



Daryl Lundgren
Food Service Manager
School District #5

DL/as

cc: Tom Drumbull

Havre Public Schools

ELEMENTARY SCHOOL DISTRICT NO. 16 * HIGH SCHOOL DISTRICT "A"

BOX 791

Havre, Montana 59501

ADMINISTRATION PHONE

406/265-4356

RECEIVED
NOV 4 1981
OBPP

November 3, 1981

Mr. Francis Oison
Budget Program Planning
Governor's Office
State Capitol
Helena, MT 59601

Dear Francis:

Please accept the following information as the impact of federal budget cuts upon the Havre Public Schools in 1981-82 and in the future.

Program

Current School Year

Impacted Future Reductions

1. School Foods

We raised our prices 15¢ at the high school level and 10¢ at the elementary school level.

We are existing this year fairly well with the price increase.

We'll probably get by in 1982-83 with the same price as this year. However, this is based upon still receiving commodities.

If we lost commodities such as flour, cheese, butter, turkey, chicken, we would have to make up about \$12,000 with another price increase.

2. Title I

We revamped our program and made some cuts. No major problems getting by with what we have.

Additional cuts will begin to lessen services to kids.

3. Special Education

We are getting by with existing programs.

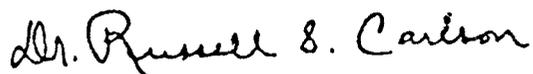
Additional requests for expanded physical therapy and attention to pre-school children are not possible within the current budget.

Future reductions will begin to diminish program services to nearby schools as our trustees will not subsidize other districts in terms of rents, supplies, etc.

<u>Program</u>	<u>Current School Year</u>	<u>Impacted Future Reductions</u>
4. Secondary Vocational	No significant change this year.	If we receive a 36% decrease it will impact heavily on supplies, equipment replacement.

In general, we have adjusted to cuts for this school year. However, cumulative cuts in the future will undoubtedly lead to program reductions as the local levy has all it can do to keep up with other necessary cost increases.

Sincerely,



Dr. Russell S. Carlson
Superintendent
Havre Public Schools

RSC/cc

Exhibit K



DEPARTMENT OF AGRICULTURAL & INDUSTRIAL EDUCATION

COLLEGE OF AGRICULTURE

MONTANA STATE UNIVERSITY, BOZEMAN 59717

November 3, 1981

Representative Jack Moore
Committee 1
State Capital Building
Helena, MT 59601

Dear Representative Moore:

I would like to urge the passage of the supplemental appropriations for operational monies requested by the Office of Superintendent of Public Instruction. As you can appreciate, the Office of Public Instruction is the central focus of the elementary and secondary school network of our state. As an educator and a citizen of our state, I sincerely feel we have in the past, and hopefully will in the future, keep our educational system as strong as possible.

The Office of Public Instruction is a viable institution and needs the support we can give it to accomplish its leadership role. The Office of Public Instruction is the central focus of education and plays an extremely important role in stimulation and coordination of matters in both general and vocational education in our state. I believe the supplement requested is legitimate and deserves your committee's support.

Sincerely,

A handwritten signature in cursive script that reads "Max L. Amberson".

Max L. Amberson, Head
Agricultural & Industrial Education

MLA:mm

CC: Representative Gene Donaldson
Superintendent Ed Argenbright

MINUTES OF MEETING

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. I A.M.

November 5, 1981

The third meeting of this Committee was called to order by the Chairman, Representative Jack Moore, at 9:00 a.m. on the above date in Room 135 in the Capitol Building.

ROLL CALL: All members of the Committee were present with the exception of Representative Bob Thoft.

Chairman Moore gave the Committee a format of the meeting.

Glenn Leavitt from the Office of Budget and Program Planning gave a brief description of the hot lunch program. Mr. Leavitt spoke on the cost of the hot lunch program. He stated that if a family of three makes over \$13,080 per year they would not qualify for reduced prices. If a family makes \$13,081 per year, some schools would pay forty dollars per month per child. That \$13,081 includes salaries, etc. of the program. He further stated that the major reason for request for funds is that they believe many districts will lose the program if they don't place more funds in this. The average cost last year was \$1.22. This year it was \$1.34. Over \$1 must be made up by the school district and they don't feel the school district can afford to make up this amount. Mr. Leavitt referred to Exhibit "A" in his remarks to the Committee. Exhibit "A" is attached to the minutes.

Gary Steuerwald from the Office of Public Instruction referred to Exhibit "B" and went through this report with the Committee. Exhibit "B" is attached to the minutes. Mr. Steuerwald stated that the figures on these reports change very rapidly.

Judy Johnson, Office of Public Instruction, explained the Block Grant categories to the Committee. This information is part of the report in Exhibit "B" which is attached to the minutes. According to this report, the Block Grant would amount to about \$11 per child. Ms. Johnson believes this is an exciting concept and they will be able to use the money much more freely than they have been able to before. They call this the "Freedom Shock". Miss Johnson feels the questions and answers part of the report explains many of the concerns of the Block Grant.

This refers to the actual number of children enrolled--both public and private schools.

Chairman Moore stated that Superintendent Argenbright is not asking for any additional funds. Mr. Steuerwald and Miss Johnson said this was correct.

There was no further discussion on the testimony submitted, and there were no other witnesses.

DISCUSSION BY THE COMMITTEE:

REPRESENTATIVE BENGTON: Who checks the incomes of the parents?

GLEN LEAVITT: I don't believe there is any monitoring of this.

REPRESENTATIVE BENGTON: On Block Grants, does the local school district have to present a plan to OPI or do they get the money directly with no plan submitted?

JUDY JOHNSON: They do have to submit a plan. They make out a check sheet. They must tell the percentage of funds they will spend.

REPRESENTATIVE BENGTON: Do the private schools submit a plan in order to get part of those Block Grants?

JUDY JOHNSON: There is no money allocated for the private schools. They get services only.

There was discussion about monies allocated on the reservations.

REPRESENTATIVE CONROY: Asked how the reservations get the funds.

GARY STEUERWALD: It is sent directly to them. Their payments are not monitored.

SENATOR HAFLEY: Why isn't the OPI asking for school lunch monies?

GARY STEUERWALD: The information we have is that the effect is not significant. However, we are watching it closely.

Chairman Moore submitted Mr. Argenbright's testimony of November 4, 1981 to the Committee. This testimony is Exhibit "C" and is attached to the minutes.

Mr. Skiles from OPI told the Committee their office is currently working on volume purchasing for distribution to the schools. They hope to save up to ten percent on some items.

REPRESENTATIVE BENGTON: Is additional staff required?

BRIS SKILES: No, they are using their present staff."

SENATOR HAFNEY: Are there any figures that tell the income levels and the number of students taking advantage of the lunch program in the full-paying categories?

GLEN LEAVITT: I don't believe there are any statistics on that.

REPRESENTATIVE BENGTON: Is there any way we can absorb more of those administrative costs to administer those Block Grants?

GARY STEUERWALD: This was as far down as they could go.

CHAIRMAN MOORE: Asked about the funding of Title V-B.

GARY STEUERWALD: He referred them to page 2 Re: Block Grant Administration on Exhibit "B".

CHAIRMAN MOORE: Requested that the Committee look at the Superintendent's testimony and the reasons why he wasn't requesting additional funds. He stated that he wouldn't like to see the hot lunch program become a political football.

Chairman Moore called the hearing closed at 10 a.m. The Committee recessed for ten minutes.

EXECUTIVE SESSION

After a brief ten-minute recess Representative Moore reconvened the Committee I. Representative Moore stated he would propose that we do a little committee work regarding the Vo-Tech Centers and the Vo-Ed areas, the office administration, etc. We would like to talk about our projection of carry-over funds. Curt's got a little more work to do on it. (Reference was made to Page 181 and 184 of the Budget Analysis) He stated that Funding on Table II represented the worst case. But as far as the options available to us I am going to suggest as far as vocational technical centers are concerned that we disregard Option No. 1 - disregard Option No. 2 - disregard Option No. 5, and disregard Option No. 6. We'll then be down to Option No. 3 and Option No. 4. Curt is going to clarify the carry-over funds. (At this time Curt gave committee members copies of Exhibit "D") (Exhibit "D" is attached to the minutes.) He said on the table you can see the comparison of the tuition in different states. At this time Curt Nichols, Senior Fiscal Analyst, stated that if we were to go to \$140 rather than \$120 scheduled now for 1983 you add \$156,000 to the amount collected for tuition. This would be added to what is already there.

SENATOR HAFLEY: Your saying if it goes to \$140 it will be a \$20 increase over what it was already going to be.

CURT NICHOLS: The assumption of these projections is that enrollment doesn't drop off when tuition is raised.

REPRESENTATIVE CONROY: You have got a non-resident fee of \$300.

CURT NICHOLS: The last time we checked that, the out-of-state tuition was minimal.

SENATOR JACOBSON: You said you have information that enrollment would drop if tuition was raised.

CURT NICHOLS: We talked to the Financial Aid Officers at the Centers. In the decision to go to school tuition is a relatively small consideration.

SENATOR HAFLEY: I personally haven't ruled out any of the options yet. Why did you rule out Option No. 2 in your mind?

REPRESENTATIVE MOORE: Actually I think the testimony in talking with OPI they have tightened this thing down as tight as they possibly could. The apprenticeship program - I seriously doubt you would like to remove that \$25,000. The inhalation Therapy Center at Great Falls will drop out this year and the Teacher Development Program - I think we might have to work at some of those figures as far as the State Administration is concerned. If there is a possibility of using some of the carry-over funds

for office administration then we would be somewhere at \$140 and \$170 a quarter tuition range.

SENATOR HAFNEY: What is the tuition at the University of Montana?

CURT NICHOLS: That's one I don't know.

GLEN LEAVITT: I think it's \$477 per year.

SENATOR HAFNEY: What percentage of total education cost for the Vo-Tech Centers in these various states has tuition covered relative to Montana? Is it higher - increasing at a faster rate than in comparable states?

CURT NICHOLS: We could survey those states.

SENATOR HAFNEY: How has that been going in Montana? What's the trend?

REPRESENTATIVE MOORE: You say some of those might be operating out of a quonsut hut. Our Vo-Tech Centers have some of the finest facilities you find anywhere. That's our problem - they are so elaborate and so large and cost a lot of money to operate. I know you are well aware that the primary funding is from the general fund. We have not seen the effects of tax indexing yet. We have not seen the effects of the tax surtax that was dropped. We don't know where the general fund is going to be until we go into the session. I am reluctant to use the general fund to look after people who can look after themselves.

REPRESENTATIVE BENGTON: When you talk about raising tuition - 55% of the students already are on financial aid. Raising \$180 a quarter you would have a great impact. I do think there are some programs that can be shifted.

REPRESENTATIVE MOORE: They are requesting \$144,000 in OSPI's. I would like to see what methods we can use out of the options to bring the short-fall monies to the vo-tech centers.

REPRESENTATIVE BENGTON: They would say the carry over funds are committed.

REPRESENTATIVE MOORE: Estimated \$205,000 in carry-over funds.

REPRESENTATIVE CONROY: If we raise tuition to meet dollar amounts we are only 20% of what tuition is at college across town.

REPRESENTATIVE MOORE: If you will recall, your projected enrollment is 3248 students. As the enrollment drops there should be general fund savings. Even if the tuition were increased then

you still get a ratio there of your FTE and your incomes from tuition - everything is a projection and we have got 14 months until we are back in session. Fiscal year '83 is what we are talking about.

REPRESENTATIVE ERNST: Why the disparity in amount of county levies in testimony yesterday?

REPRESENTATIVE MOORE: O.K. - there is a basic levy with any school district of 1.5 mills. We had a problem with teacher's salaries about 3 years ago. Now we passed a law that the Legislature would appropriate so much money. If the local school teachers wanted to award higher salaries they had to go to additional millage but that is for teacher's salaries over and above the salaries authorized by the Legislature.

REPRESENTATIVE CONROY: Ready for the motion?

REPRESENTATIVE MOORE: We will hold the motions until tomorrow afternoon. I do intend we take executive action on everything taken up this week by the end of tomorrow afternoon. The next thing we can take up is discussion of the other items on Table II. (Page 181 Table 2 of Budget Analysis)

REPRESENTATIVE MOORE: The \$144,000 is what they say is the short-fall. Would like to have a discussion by the committee on the \$144,000 on their current level of administration. Ed has already cut the office back from 25 to 24.

CURT NICHOLS: The Budget Office has it reduced to 13.

REPRESENTATIVE MOORE: I don't think we can make a final decision until we find out what the carry-over can be used for. Within these programs listed here it says that they have some money to play with within that \$144,000 with the OPI. That's a management prerogative.

REPRESENTATIVE CONROY: The loss came out of the Title 5 Program. That was my understanding yesterday.

CURT NICHOLS: The \$144,000 is the request for the loss of vocational education.

SENATOR JACOBSON: We are not inadvertently putting back CETA money.

REPRESENTATIVE MOORE: CETA money was dropped. No CETA money involved. I have already checked that out.

REPRESENTATIVE BENGTON: I am confused in what we got yesterday and the testimony of Gary Steuerwald today.

CURT NICHOLS: \$144,000 for office administration and vocational education. The figures are revised since yesterday.

REPRESENTATIVE MOORE: \$677,564 figure includes the \$144,000.

BRUCE SHIVELY: What he said is wrong. They have to have \$677,564.

SCHOOL LUNCH:

SENATOR HAFNEY: I don't want it to be a political football either. What about people who need that - the low income people. Can't we get some measure of what the impact will be?

BRUCE SHIVELY: They are not entirely certain. What's going to happen in peak usage months in January and February?

REPRESENTATIVE MOORE: As explained to me by the Superintendent's Office and the Fiscal Analyst - children on the free program - it shouldn't be an impact on those kids. The problem is the 70% who pay full fee, they may help subsidize the free lunches.

SENATOR HAFNEY: I think that's wrong. They are being subsidized as it is.

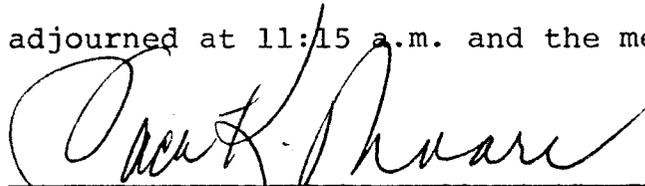
REPRESENTATIVE MOORE: What I'm talking about is those who pay the partial and those who pay the full.

SENATOR HAFNEY: If the state doesn't address that particular matter right there the possibility is the programs will stop.

REPRESENTATIVE BENGTON: I think there are a lot of people who are paying the full price who would qualify for the reduced price. I would hate to see any of those programs dismantled.

REPRESENTATIVE MOORE: Curt and Bruce have got some more information to dig up for us. This afternoon we have Mental Health and continue Mental Health tomorrow morning.

The Executive Session was adjourned at 11:15 a.m. and the meeting was adjourned.



REPRESENTATIVE JACK K. MOORE, CHAIRMAN

ROLL CALL
FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-5-81

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	✓		
Rep. Esther Bengston	✓		
Rep. Tom Conroy	✓		
Rep. Gene Ernst	✓		
Rep. Bob Thoft	✓	✓	

Sen. Harold Nelson, Vice Chm.	✓		
Sen. Mark Etchart	✓		
Sen. Jack Haffey	✓		
Sen. Judy Jacobson	✓		

Exhibit A

GREAT FALLS PUBLIC SCHOOLS

2



ADMINISTRATION

HAROLD WENAAS, ED. D., SUPERINTENDENT
JAMES D. BERGENE, ASST. SUPT. SECONDARY EDUC.
JOHN U. KRANICK, ASST. SUPT. ELEMENTARY EDUC.
EARL B. LAMB, ASST. SUPT. BUSINESS
ROBERT K. MCLEOD, DIR. PERSONNEL SERV.
JERRY C. HATCH, ADMINISTRATIVE ASST.

BOARD OF TRUSTEES

WARREN C. WENZ, CHAIRMAN
OWEN ROBINSON, VICE-CHAIRMAN
NANCY DAVIDSON
SHIRLEY M. GRAY
MICHAEL L. MCPHERSON
BRADLEY D. TOLLIVER
ALBERT W. THURBER

October 28, 1981

RECEIVED

OCT 29 1981

OBPP

TO: Francis Olson
Office of Budget, Program, and Planning
State Capitol
Helena, Montana 59601

FROM: Harold Wenaas, Ed.D., Superintendent
Great Falls Public Schools

RE: School Food Service in Great Falls Public Schools

Early last spring the Federal Government was proposing to cut \$1.5 billion from the 1981-82 National School Lunch budget. The intent was to remove all cash subsidies and most of the commodity allocations for the paying child. Full federal support was still to be received for the truly needy school children. The breakdown for Great Falls last year showed that 65% of our participating students paid full price, 9% paid a reduced price, and 26% received free meals. Our major concern was that the loss of federal support for the paying child would force us to raise our lunch prices to a level that would drastically affect participation. We were very apprehensive at being left with only a welfare program to provide meals for the non-paying children. Added to this was the continual bite of inflation for food and supplies plus the need for staff wage adjustments to meet the minimum wage requirements. At one point, it appeared that lunch prices would need to be raised from 55¢ elementary/60¢ secondary to right at or very near \$1.00.

The full amount of the originally-announced School Lunch budget cuts was not put into effect for the 1981-82 school year. However, the cuts that were made and the steps taken to offset these cuts have had an impact on our program in Great Falls. To offset the federal cuts, inflation and minimum wage increase, full-price lunch prices were raised this year from 55¢ elementary and 60¢ secondary to 80¢ elementary and 85¢ secondary. Even though a 25¢ per meal increase is a considerable jump, we are still closely monitoring our expenditures and income to be sure this is enough. Reduced price meals were increased from 20¢ to 40¢ per lunch. Adult meals and ala carte prices were also increased.

The increase in meal prices has resulted in a participation decline even greater than we had anticipated. Last year's participation averaged about 8,200 lunches per day. Initially, our participation this year was around 6,000 and is now up to about 6,500 lunches per day. There has been an increase in ala carte sales at the secondary level, but brown baggers certainly are more prevalent than before.

Francis Olson
October 28, 1981
Page 2

The government program being discussed for next year calls for altering the guidelines. This year's meal pattern calls for meals to meet one-third of a child's daily nutritional requirements as opposed to one-fourth for next year. Nationally and locally, School Food Service is definitely opposed to this change from a nutritional standpoint.

H. W.

vs

MELSTONE PUBLIC SCHOOLS

District No. 64J
Melstone, Montana 59054
Phone: (406) 358-2352

RECEIVED
NOV 4 1981
OBPP

October 29, 1981

Francis Olson
Office of Budget and Program Planning
State Capitol
Helena, Montana 59602

Dear Mr. Olson:

As per our telephone conversation, I am writing this letter concerning the impact of less funding and less commodities by the Federal Government to our lunch program.

It has been necessary already this term to pay some of the lunch bills from the general fund budget. This puts a greater burden on the taxpayers immediately.

Also, we feel when it becomes necessary to increase the charge we will lose students, especially in the higher grades to french fries, candy and pop from downtown; due to the fact that this age group eats pretty much what they like and if we are unable to offer some variety, only higher prices, they will not come to eat. This trend has already started so it is not a supposition. Therefore, we are losing some of the nutritional value of the program very early in the term.

Sincerely,

Jay M. Oster
Clerk

Butte Public Schools
OFFICE OF THE SUPERINTENDENT

ONE 782-3315

BUTTE, MONTANA 59701

October 27, 1981

RECEIVED

OCT 28 1981

OBPP.

Mr. Francis L. Olson
Office of Business and Planning
Capitol Building
Helena, Montana 59620

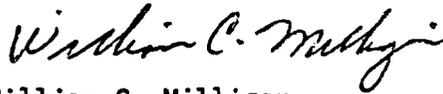
Re: Federal Budget Cuts in Food Service Program

Dear Francis,

School District No. 1 for the 1981-82 fiscal year increased our food service lunch prices from 65 cents to 80 cents for paid student; 20 cents to 40 cents for reduced lunch; and, 75 cents to \$1.25 for adults. In addition, the district reduced its work force by approximately 10 percent, and is anticipating further reduction in our work force.

It is apparent that any further reduction in federal or state support in the food service program that the district will understandably take measures to reduce the scope of the service and that would be in effect to not to have food service at the elementary level, with the possibility of having it only at the secondary level.

Sincerely,



William C. Milligan
Superintendent

WCM/es
cc: Rick Kravas

BILLINGS PUBLIC SCHOOLS

SCHOOL DISTRICT #2 OF YELLOWSTONE COUNTY
101 TENTH STREET WEST
BILLINGS, MONTANA 59102

TELEPHONE: (406) 248-7421



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OCT 30 1981
OBPP.

October 29, 1981

BOARD OF TRUSTEES

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Dr. Virgil R. Poore
Superintendent

Dr. John B. Deeney
Assistant Superintendent

Dick D. Reich
Clerk & Director of Accounting

Dr. Francis Olson
Office of Budget and Planning
State Capitol Building
Helena, MT 59620

Dear Dr. Olson:

The impact of Federal budget cuts in the School Food Services area needs to be addressed in the upcoming legislative meetings on block grants.

School District No. 2 in Billings will experience a loss of \$245,000 in cash reimbursement and commodity support to the paid student lunch during the 1981-82 school year. Further losses will be incurred in the area of free and reduced lunches through the changes in Federal Guidelines for income qualification.

The Trustees of School District No. 2 have taken the position that the School Food Program must be self-supporting except for some indirect costs such as providing building space, utilities, etc.

As a result of the cuts in Federal support and the position taken by our Board of Trustees, all of the burden of increased costs must be borne by the paying child.

All possible measures have been taken to reduce the cost of lunches before prices to students are increased. The labor force in School District No. 2 was reduced by 30% and menus were cut back to the essential Type A pattern through the elimination of desserts, etc.

The prices for fully paid lunches increased from seventy and seventy-five cents in 1980-81 to ninety and ninety-five cents in 1981-82. The price of lunch to the reduced child increased from twenty cents to forty cents in the same period. Breakfast prices for paying children increased from twenty-five cents to fifty cents.

With the exception of continued inflation in food and labor costs of at least nine percent, further increases are anticipated for 1982-83 and possibly at the semester of the present year.

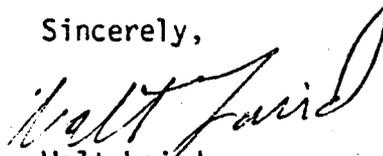
As I have indicated earlier, all of the possible cuts in food and labor costs in the program have been taken. Increases will necessarily be passed directly on to the paying child.

Student participation in this School District declined by 29% during September of 1981. We estimate an annual decline of 18 to 20%.

I am certain that further reductions of Federal support will be proposed and possibly enacted in future years. This action would put our district in the position of passing on these losses to the student in increases in lunch prices. I am certain this would cause even greater reductions in participation until a point is reached where our district would have to consider other options to the present feeding program.

The situation in Billings is not unique I am sure. This is a problem state-wide and needs to be considered in the upcoming session.

Sincerely,



Walt Laird
Director of Food Services/
Federal Programs

WL:bw

cc: Dr. Virgil Poore
Superintendent of Schools

Dr. John Deeney
Assistant Superintendent

KEITH L. ALLRED
Superintendent
KEN SIDERIUS
Asst. Superintendent

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NOV 1 1981

TOM TRUMBULL
Business Manager
GARY ROSE
Administrative Asst.

^{OBPP}
SCHOOL DISTRICT NO. 5

Phone 755-5015 - 233 1st AVE. EAST - KALISPELL, MONTANA 59901

October 30, 1981

FLATHEAD HIGH SCHOOL
Principal: William Vogt
KALISPELL JUNIOR HIGH
Northridge Heights
Principal: Larry Schulz
LINDERMAN SCHOOL
Principal: Larry Schulz
Asst. Principal: Joseph Super
ELROD SCHOOL
Principal: Russell Winters
RUSSELL SCHOOL
Principal: Leanna Isaacson
PETERSON SCHOOL
Principal: Charles Mideman
WEDGER SCHOOL
Principal: Karis Jones
EDGERTON SCHOOL
Principal: Rick Davis

Francis Olson
Office of Budget & Program Planning
Capitol Building
Helena, Montana 59601

Dear Mr. Olson;

At your request, the following is a summation of the Food Service Program for School District #5, Kalispell, Montana, comparing School Year 80-81 to current 81-82 school year.

Q - What Budget cuts have been done to lunch program?

A - Dropped our average down approximately 250 lunches per day. These losses are 99% in full price paid meals. Budget cuts have also created a loss of \$2143.00 monthly cash reimbursement and a loss of \$1624.00 monthly commodity reimbursement. Also, we have lost an average of \$650.00 per month milk reimbursement.

Q - What is your count?

A - Our average count this year is 1800 daily compared to 2060 for last school year. This is a drop of approximately 250 lunches per day.

Q - What is the price of lunches?

A - Our lunch prices were increased 15¢ per lunch as follows: Last year K through 7 - 65¢, 8 through 12 - 75¢ This year: K through 7 - 80¢, 8 through 12 - 90¢. This 15¢ raise in lunches actually covered our loss in lunches.

Q - Number of free and reduce lunches?

A - Last year we averaged 341 free and 116 reduced lunches per day. This year we are averaging 371 free and 97 reduced lunches per day.

I hope this information is beneficial to you and in the future if I can help you in any way please ask.

Sincerely;



Daryll Lundgren

Food Service Manager

School District #5

DL/as

cc: Tom Drumbull



ADMINISTRATION PHONE

406/265-4356

Havre Public Schools

ELEMENTARY SCHOOL DISTRICT NO. 16 * HIGH SCHOOL DISTRICT "A"

BOX 791

Havre, Montana 59501

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November 3, 1981

Mr. Francis Oison
Budget Program Planning
Governor's Office
State Capitol
Helena, MT 59601

Dear Francis:

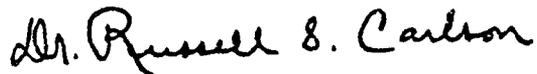
Please accept the following information as the impact of federal budget cuts upon the Havre Public Schools in 1981-82 and in the future.

<u>Program</u>	<u>Current School Year</u>	<u>Impacted Future Reductions</u>
1. School Foods	We raised our prices 15¢ at the high school level and 10¢ at the elementary school level. We are existing this year fairly well with the price increase.	We'll probably get by in 1982-83 with the same price as this year. <u>However</u> , this is based upon still receiving commodities. If we lost commodities such as flour, cheese, butter, turkey, chicken, we would have to make up about \$12,000 with another price increase.
2. Title I	We revamped our program and made some cuts. No major problems getting by with what we have.	Additional cuts will begin to lessen services to kids.
3. Special Education	We are getting by with existing programs. Additional requests for expanded physical therapy and attention to pre-school children are not possible within the current budget.	Future reductions will begin to diminish program services to nearby schools as our trustees will not subsidize other districts in terms of rents, supplies, etc.

<u>Program</u>	<u>Current School Year</u>	<u>Impacted Future Reductions</u>
4. Secondary Vocational	No significant change this year.	If we receive a 36% decrease it will impact heavily on supplies, equipment replacement.

In general, we have adjusted to cuts for this school year. However, cumulative cuts in the future will undoubtedly lead to program reductions as the local levy has all it can do to keep up with other necessary cost increases.

Sincerely,



Dr. Russell S. Carlson
Superintendent
Havre Public Schools

RSC/cc

Stevensville Public Schools

SCHOOL DISTRICT NO. 2

STEVENSVILLE, MONTANA 59870

Oct. 29, 1981

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OCT 30 1981

OBPP

Office of Budget & Program Planning
Capitol Building
Attn: Frances Olson
Helena, Mont. 59620

Dear Frances:

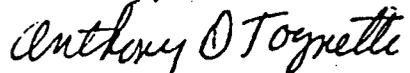
Regarding our School Lunch Program for 1981-1982:

Due to rising costs and Federal cutbacks we have been forced to raise our lunch prices to 50¢ from 40¢ for K-6 and to 75¢ from 50¢ for 7-12 grades. We have, as a result of the raises, even though they are held as low as possible, lost about 200 students to our lunch program.

We served about 800 students last year and we have been serving about 600 this year. Our total school population has declined only about 30 total students from 1980 -1981 to 1981-1982.

Hope this gives you the needed information.

Sincerely,



Anthony D. Tognetti
Superintendent

ADT/fp

Brady Public Schools

SUPERINTENDENT
John Hebnes

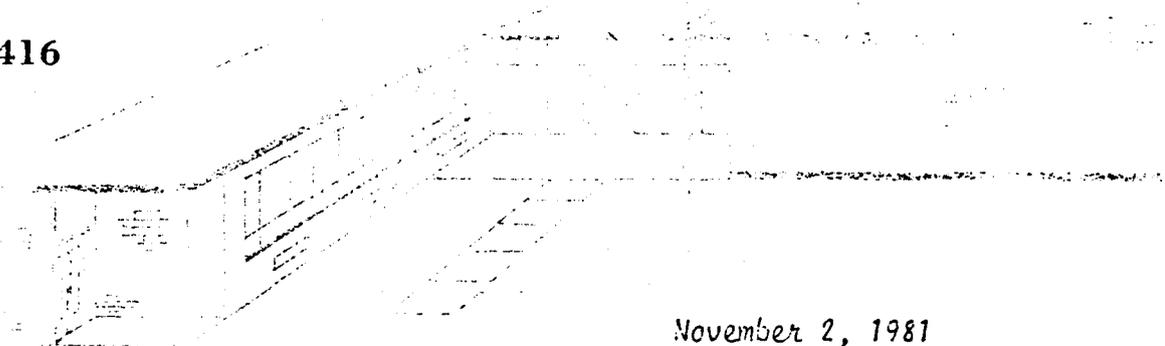
CLERK
Reba Donnell

Brady, Montana

59416

BOARD OF TRUSTEES

Leroy Rouns, Chairman
Dale Johnson
Rosalie Preputin
Forest Long
David Forsman



November 2, 1981

Francis Olson
Office Budget Program Planning
Capitol Building
Helena, Montana 59620

Dear Mr. Olson;

The federal budget cuts in school lunch programs will have some, though not drastic affects on our particular food service.

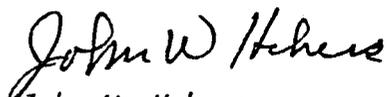
The Brady Schools is a small rural school which serves on the average of seventy school lunches per day. The price per meal on a monthly ticket basis, is 50¢, and is 60¢ for single tickets. No increase in meal price has been made for several years. Approximately fifteen percent of our students participate in the free or reduced price lunch plan, while the remainder are from middle or upper middle income families.

At the present time we employ one full-time cook and two student helpers. The staff cut (from two cooks to one) was due to declining enrollment rather than food service budget cuts. All of our food service wages are paid from the General Fund and not the School Food Service Fund. The revenue from the sale of lunch tickets, and Federal reimbursements is used expressly for the purchase of food supplies. (Please refer to the enclosures.)

In July 1979 we had a surplus of \$4,655.97 in our food services fund. Up until this time we were serving approximately 100 meals per day. The surplus is strictly from meal ticket sales and Federal reimbursements. However, by the end of the 1981-1982 school year, this surplus will be depleted. The reasons for this depletion are inflation, declining enrollment, and maintaining very low meal ticket rates.

Therefore, I do not expect the budget cuts to make to much difference in our food service fund for several reasons. The first of these is the fact that salaries are paid from the General Fund. We definitely have an advantage here over schools whose salaries come out of their food services fund. Secondly, our enrollment has stabilized and may even increase in the next few years, increasing also the number of meal tickets sold. And the third reason, is that we will raise the price of our meal tickets which, is substantially lower than many schools in the state.

Sincerely,



John W. Hebnes
Superintendent

JWH/jwh



Exhibit "B"
Submitted by:
Gary Steuerwald, OPI
& Judy Johnson, OPI

OFFICE OF PUBLIC INSTRUCTION

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

Ed Argenbright
Superintendent

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE I

TO: Rep. Jack K. Moore, Chairperson, Great Falls
Sen. Harold C. Nelson, Vice Chairperson, Cut Bank
Rep. Esther G. Bengtson, Shepherd
Rep. Thomas R. Conroy, Hardin
Rep. Gene N. Ernst, Stanford
Rep. Bob Thoft, Stevensville
Sen. Mark Etchart, Glasgow
Sen. Jack Haffey, Anaconda
Sen. Judy Jacobson, Butte

FOR THE RECORD:

Name: Gary W. Steuerwald
Position: Assistant Superintendent for
Administrative Services

RE: Block Grant Administration

The Block Grant federal appropriation picture is very unclear at this time. We currently have three different proposed levels of funding for Block Grant Administration:

1. \$547,770
2. \$487,754
3. \$325,600

The Office of Public Instruction supplants its state General Fund appropriation with 2.7 million federal dollars. These dollars originate in three areas: Title I, EHA-Part B and the Block Grants. Title I and EHA-Part B monies are earmarked by the Acts that authorized them to direct support of Title I or EHA-Part B. These funds may not be used for general support of the Office of Public Instruction. It is from the blocked grant and indirect cost that the Office of Public Instruction has been able to supplant the General Fund.

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES
RE: Block Grant Administration
Page 2

This year the Office of Public Instruction received an appropriation of \$1,300,000 from federal funds generated by Block Grants (\$950,000) and indirect costs (\$350,000) to support the General Fund.

In 1972, \$503,410 of federal Title V-B funds were used to supplant state General Fund dollars. For the current year we received an appropriation of \$583,410 from Title V-B to fund the Office of Public Instruction's data processing, planning and evaluation, resource center, public information and legal services. These are functions of the Office of Public Instruction that serve the office and state as a whole and, as such, are services to be maintained through General Fund support. Because of the consolidation effort, we are able to reduce these costs to \$475,000 for FY 83.

This year Block Grant programs have generated \$950,000 for the Office of Public Instruction. In FY 83 we are estimating the Block Grant revenue will be \$325,600. Of this revenue, \$150,447 must be spent in direct support of the Block Grant programs. The remaining \$175,153 plus the requested supplemental General Fund appropriation of \$299,847 will allow the Office of Public Instruction to maintain its services to the state.

The indirect costs of \$350,000 taken from federal programs are used to support accounting, personnel and internal services. With the reduction of funding, we are estimating the indirect revenue to be \$277,592. The difference is composed of a \$52,117 reduction from the Block Grant and \$20,291 from CETA. Because the indirect pool provides essential basic services to the office as a whole, we are requesting that the indirect cost pool be supplemented by the General Fund in the amount of \$72,408.

Front only

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES
RE: Block Grant Administration
Page 3

Mr. Christiaansen spoke earlier about the Vocational Education Administration supplemental request of \$144,000.

In total, then, the Office of Public Instruction is requesting a supplemental General Fund appropriation of \$516,225 to offset the reduction in the Block Grant in FY 83.

GS:lag

BLOCK GRANT ADMINISTRATIVE FUNDS

<u>Program</u>	<u>FY 83 Appropriations</u>	<u>Needs</u>		<u>OPI Reductions</u>
		<u>Program</u>	<u>Indirect</u>	
ESEA Title II	\$ 52,500		\$ 9,817	\$ 42,683
ESEA Title IV-B	144,612	\$ 75,000	17,250	52,362
ESEA Title IV-C	142,500	60,000	13,800	68,700
ESEA Title V-B	583,410	475,000		108,410
Community Ed.	41,164		7,697	33,467
Teachers Center	20,000			20,000
Career Ed.	19,000	15,447	3,553	-0-
National Origins	-0-			-0-
	<u>\$1,003,186</u>	<u>\$625,447</u>	<u>\$52,117</u>	<u>\$325,622</u>
TOTAL BLOCK GRANT NEEDS: \$677,564				

CETA FUNDING

<u>Program</u>	<u>FY 83 Appropriation</u>	<u>Needs</u>		<u>OPI Reductions</u>
		<u>Program</u>	<u>Indirect</u>	
CETA	\$108,520	-0-	\$20,291	\$88,219

VOCATIONAL EDUCATION FUNDING

<u>Program</u>	<u>FY 83 Appropriation</u>	<u>Needs</u>		<u>OPI Reductions</u>
		<u>Program</u>	<u>Indirect</u>	
Vo-ed Admin.	\$445,290	\$362,024	\$83,266	-0-

TOTALS

Total Expenditure Needs: \$445,290
 Less Vo-ed Funds Available: 301,290
 SHORTAGE: \$144,000

BLOCK GRANT OF \$1,628,000 POSSIBLE

Expenditure Needs \$625,447
 Less Block Grant 325,600
 Shortage without Carryover \$299,847
 Indirect costs 72,408
 Vo-ed 144,000
\$516,225

As of
November 5, 1981

VARIOUS BLOCK GRANT ALLOCATIONS

	<u>TOTAL</u>	<u>LEA</u>	<u>ADMINISTRATION</u>
Authorization Reconciliation Bill	\$2,738,000.00	\$2,190,230.00	\$ 547,770.00
Allowance (House)	2,424,900.75	1,937,146.00	487,754.00
Allowance (Senate)	1,600,000.00	1,275,000.00	325,000.00

Montana is a "hold harmless" floor state and will not receive less than 0.50 percent of the proportional share.

October 1981

EDUCATION BLOCK GRANT CATEGORIES
FROM
OMNIBUS BUDGET RECONCILIATION ACT OF 1981

1. LEA will submit plan for use of funds.
2. LEA will include private school children count along with local district count of children (5-17).
3. Allocations should be available by July 1982.

USE OF FUNDS

Subsection A - Basic Skills Development (formally ESEA II)

Diagnostic Assessment to Identify the Needs of All Children
Establishment of Learning Goals and Objectives
Preservice/Inservice and Program Development to Improve Instruction
Support and Participation of Parents to Aid in Instruction
Testing Students and Evaluating Effectiveness of Programs

Subsection B - Educational Improvement and Support Services (formally ESEA IV, V-B, VI, NSF and HEA V)

Acquisition and Utilization of School Library Resources
Acquisition and Utilization of Instructional Equipment
Development of Programs to Improve Educational Practices--Especially Special Needs (Educationally Deprived) and Gifted/Talented
To Address Educational Problems Caused by Isolation or Concentration of Minority Groups
Comprehensive Guidance, Counseling and Testing Programs Including Preparation of Employment
Programs and Projects to Improve Planning, Management and Implementation of Educational Programs Including Fiscal Management
Programs and Projects to Assist in Teacher Training and Inservice Staff Development
Programs and Projects to Assist in Meeting the Needs of Children in Schools Undergoing Desegregation

Subsection C - Special Projects (formally ESEA III, Career Education and Follow Through)

Preparation of Students to use Metric Weights and Measurements
Emphasis on the Arts as an Integral Part of the Curriculum
In-School Partnership Programs for Parents of Children in Follow-Through Programs
Preschool Partnership Programs for Children in Head Start
Consumer Education Programs
Preparation for Employment Between Academic Skill Development and Work Experience

Lower

Subsection C - Special Projects (continued)

Career Education Projects

Environmental Education Projects

Health Education Projects

Education About Legal Institutions and the American System of Law

Studies on Population and the Effects of Population Change

Academic and Vocational Education of Juvenile Delinquents/Youth Offenders

Introduction of Disadvantaged Secondary Students to the Possibility of Careers in Biomedical and Medical Sciences

Provision of Educational, Recreational, Health Care, Cultural and Other Related Community and Human Services for the Community Through Public Education Facilities

Special Programs for Children Who Give Evidence of High Performance in the Areas of Intellectual, Creative, Artistic and Leadership Capacities or Specific Academic Fields

Establish Educational Proficiency Standards for Reading, Writing, Mathematics or Other Subject Areas (Coordinated with Subsection A)

Promote Safety in Schools and Reduce Crime and Vandalism

Plan, Develop and Implement Ethnic Heritage Studies Programs

Training and Advisory Services Under Title IV of the Civil Rights Act of 1964 (National Origin)

CATEGORICAL*/BLOCK GRANT

	1981-1982 (Categorical)	Projected** 1982-1983 (Block Grant)
ANACONDA	\$ 16,404	\$ 29,480
BILLINGS (Lockwood)	66,137	183,832
BOZEMAN (Anderson) (Monforton)(Gallatin Gateway)	35,174	50,952
BUTTE	48,873	78,716
CUT BANK	2,299	11,209
DAGMAR	-0-	154
EMIGRANT	-0-	-0-
FAIRFIELD	7,709	3,894
GLASGOW	12,604	15,499
GREAT FALLS	87,447	151,877
HARDIN	12,004	19,162
HARLEM	6,668	6,655
HELENA	63,657	79,739
KALISPELL (Helena Flats) (Deer Park)	62,684	49,896
LEWISTOWN	4,331	19,019
MANHATTAN	1,885	4,565
MISSOULA (Hellgate) (DeSmet) (Bonner/Lolo)	100,056	128,337
SHELBY	7,401	8,800
SHEPHERD	1,290	5,973
SIDNEY	7,767	18,150
STANFORD	588	2,244
STEVENSVILLE	3,406	11,561
THOMPSON FALLS	1,362	6,710
WHITE SULPHUR SPRINGS	939	4,356

*Categorical grants funded under ESEA Title IV-B, Title IV-C, Career Education, Nutrition Education and Title II

**\$11.00 per child

As of
November 5, 1981

EHA-B (94-142)

APPROPRIATION PROFILE

<u>PROGRAM</u>	<u>1981</u> <u>APPROPRIATION</u>	<u>1982</u> <u>AUTHORIZATION</u>	<u>WHITE HOUSE</u> <u>MARCH</u>	<u>HOUSE</u> <u>PASSED</u>	<u>SENATE</u> <u>MARK UP</u>	<u>WHITE HOUSE</u> <u>SEPTEMBER</u>
State Grants	\$ 874.5M*	\$ 969.8M*	\$ 737.6M	\$ 914.5M	\$ 900.0M	\$ 649.8M
Preschool	25.0M	25.0M	20.0M	25.0M	25.0M	17.6M

*Montana is considered a floor state and will receive an appropriation accordingly.

Figures presented are based on national appropriations, but are used to show the uncertainty of the federal appropriations to date.

94-142 (HANDICAPPED)

	1981-1982	Projected * 1982-1983
ANACONDA	\$ 56,366	\$ 49,603
BILLINGS	275,466	242,411
BOZEMAN	33,640	29,604
BUTTE	119,969	105,573
CUT BANK	11,499	10,119
DAGMAR	172	151
EMIGRANT	-0-	1,514
FAIRFIELD	2,231	1,963
GLASGOW	14,073	12,384
GREAT FALLS	191,539	168,554
HARDIN	31,751	27,941
HARLEM	11,156	9,817
HELENA	120,485	106,027
KALISPELL	43,594	38,363
LEWISTOWN	34,498	30,358
MANHATTAN	3,947	3,473
MISSOULA	115,678	101,797
SHELBY	10,984	9,666
SHEPHERD	6,007	5,286
SIDNEY	11,670	10,270
STANFORD	1,201	1,057
STEVENSVILLE	12,872	11,327
THOMPSON FALLS	13,216	11,630
WHITE SULPHUR SPRINGS	1,888	1,661

*12 Percent Reduction

DRAFT

**QUESTIONS AND ANSWERS CONCERNING THE EDUCATION
CONSOLIDATION AND IMPROVEMENT ACT OF 1981**

CHAPTER 2

These questions and answers represent the Department of Education's current positions on issues raised by the Education and Improvement Consolidation Act of 1981.

**U.S. DEPARTMENT OF EDUCATION
OCTOBER 1981**

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STATE AND LOCAL APPLICATIONS

1. Will there be a standard State application for Chapter 2?

No. Each State may send the Secretary of Education an application stating that it wants to apply for Chapter 2 funds. There is no prescribed form of application. Section 564 prescribes the content of the application.

2. Will the Secretary approve each State's application?

The application will be examined for compliance with the statutory requirements pertaining to applications. If the application meets these requirements on its face, then the application will be retained and filed. An application will be returned only if it fails to meet the statutory requirements. Only the criteria for distributing the 80% portion of Chapter 2 funds will be expressly approved by the Secretary, as required by Section 565 of the Act.

3. What is the function of the State with respect to local applications?

The State receives local applications and ensures that they meet the requirements of Section 566 of the Act. The State must make the appropriate allocation of funds to each local educational agency that has submitted an application meeting these requirements.

4. What recordkeeping requirements are imposed on State educational agencies (SEAs) and local educational agencies (LEAs) under Chapter 2?

Section 564(a)(6) requires each State to keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary under Chapter 2.

Each LEA, in its application, must agree to keep such records and provide such information to the SEA as may reasonably be required for fiscal audit and program evaluation, consistent with the responsibilities of the SEA under Chapter 2.

STATE ADVISORY COMMITTEE

1. What is the role of the State Advisory Committee?

According to Section 564, the State Advisory Committee (SAC) is to advise the SEA on the (1) allocation among authorized functions of funds (not to exceed 20% of the amount of the State's allotment) reserved for State use; (2) planning for development, support, implementation and evaluation of State programs assisted with these funds; and (3) formula for the allocation of funds to LEAs.

2. Does the State Advisory Committee deal with Chapter 2 only?

The only statutory responsibilities of the State Advisory Committee are those relating to Chapter 2, as provided in Section 564 of the Act. However, nothing in the law precludes a State, at its discretion, from vesting in the SAC other responsibilities that do not interfere with its statutory functions.

3. Does the advisory committee advise on the use of the LEA portion of Chapter 2?

No. The State Advisory Committee advises only on the State's use of the State discretionary funds, and on the formula for distributing the LEA funds. It does not advise on LEAs' use of their allocation.

4. Can the State Advisory Committee be appointed now?

Yes. Early appointment may be advantageous to a State in the implementation of its program. It can begin work with the SEA in reviewing formula options and plans for the use of the portion of Chapter 2 funds reserved for the State's use.

5. Can the State Board of Education be the State Advisory Committee?

The State Board of Education can be the SAC only if, under State law, the State Board is not the SEA. In addition, it would have to be appointed by the Governor and include the representation required by Section 564 (a)(2) of the statute.

6. If a State ignores the advice of the State Advisory Committee, is there a basis for Federal intervention?

The only basis for Federal intervention is a case in which the law's requirements are violated. The extent to which a State follows the advice of its SAC does not itself present an issue of compliance with the Act and is a matter for resolution at the State level.

DRAFT

7. Can costs incurred for expenses of the State Advisory Committee prior to July 1, 1982, be charged to the State's account after July 1, 1982?

Yes, pre-award costs may be paid from available resources and those accounts reimbursed after July 1 from the State's account. Also, these costs may be paid from funds appropriated in fiscal year 1981 to implement Title V-B of the Elementary and Secondary Education Act.

ALLOCATION OF FUNDS

1. What are the requirements that States must follow to determine the allocation of funds under Chapter 2 --

-- Regarding the funds distributed to LEAs?

Section 565 of the Act provides that the SEA must distribute not less than 80% of the sums that it receives under Chapter 2 to LEAs within the State according to the relative enrollments in public and nonpublic schools in those LEAs, adjusted by criteria to provide higher per pupil allocations to LEAs that have the greatest number or percentages of children whose education imposes a higher than average cost per child. (See Section 565 for examples of "high cost children.") In accordance with Section 564 and 565 of the Act, the criteria must be established in consultation with the State Advisory Committee appointed by the Governor and must be approved by the Secretary of Education.

-- Regarding the State discretionary funds?

Section 564 of the Act requires the SEA to consult with the State Advisory Committee on the allocation and use of those funds (not to exceed 20% of the amount of the allotment under Chapter 2) that the SEA reserves for State use. The applicability of additional requirements in Section 1742 of the Omnibus Reconciliation Act is now under review.

2. Will Chapter 2 require special legislative action at the State level?

Chapter 2 does not specifically require any new State legislation.

3. May an SEA make grants to LEAs on a competitive basis under Chapter 2?

Section 565 provides that an SEA must distribute at least 80% of the funds on a formula basis to those LEAs that have on file with the State applications that meet the requirements of the law. The remaining funds may be used directly by the SEA to carry out activities authorized under Chapter 2 through grants or contracts. Some or all of those grants may be made to LEAs on a competitive basis.

4. How should States deal with regional service centers, which are recognized as LEAs, in the Chapter 2 distribution formula?

The Chapter 2 distribution formula does not permit any double counting of children. Thus, when both a regional center and its component districts qualify as LEAs under the statutory definition of an LEA, Chapter 2 requires the State to choose which to fund or determine an equitable means of dividing the funds among the eligible LEAs. If a regional service center is providing services to children in the school districts within the center's area, one option is to allocate funds to the school districts which could contract with the center for those services. Other options may be available.

5. Must a State adjust its formula for the allocation to LEAs to account for "high cost" children?

Yes. Section 565 of the Act provides that the SEA shall allocate funds according to the relative enrollment in public and nonpublic schools within the school districts of the LEAs adjusted, in accordance with criteria approved by the Secretary, to provide higher per pupil allocation to LEAs which have the greatest number of percentages of children whose education imposes a higher than average cost per child.

6. In adjusting its formula to account for high cost children, can a State exclude LEAs without high cost children from receiving any allocations?

No. Section 565 requires the State to adjust allocations to provide higher per pupil allocations to LEAs with greater numbers or percentages of high cost children. States will have some latitude in deciding how to make an equitable adjustment for high cost children in making the allocations. However, Section 565 does not give a State discretion to provide no allocations to school districts without high cost children.

7. In designing the formula for the distribution of funds to LEAs, may other criteria be used in addition to those mentioned in the legislation?

Yes. Section 565(a) requires an SEA to adjust its formula to provide higher per pupil allocations to LEAs that have the greatest numbers or percentages of children whose

education imposes a higher than average cost per child. Since the list of examples of high cost children is not an exclusive one, an SEA may establish criteria, subject to the Secretary's approval, that include other high cost children such as handicapped or limited English-speaking children. It should be noted that adjustments may only be made for high cost children.

8. Can the State submit its formula for the distribution of the LEA funds and receive approval of it prior to filing the State application?

Yes. The formula may be sent in for early approval.

9. What will be the criteria used by the Secretary in approving each State's LEA formula?

Section 565(b) states that the Secretary shall approve criteria suggested by the SEA for adjusting allocations if such criteria are reasonably calculated to produce an equitable distribution of funds to LEAs which have the greatest numbers or percentages of children whose education imposes a higher than average cost per child. Because of varying circumstances from State to State with respect to the incidence of "high cost children" and State financial aid to LEAs, each State's proposed formula will be reviewed and approved by the Secretary on its individual merit under the statutory language.

DRAFT

USE OF FUNDS BY LEAS

1. Could an SEA or a State legislature set forth binding priorities--through their budget approval process or through other means--for the use of Chapter 2 funds made available to LEAs?

No. Section 566(c) provides that "each local educational agency shall have complete discretion, subject only to the provisions of this chapter, in determining how funds the agency receives under this section shall be divided among the purposes of this chapter in accordance with the application submitted under this section."

2. May an SEA reallocate to other LEAs Chapter 2 funds that an LEA refuses to accept?

Yes.

USE OF FUNDS BY STATES

1. May an SEA use its entire State discretionary allocation for the direct operation of programs or the administration of Chapter 2?

Section 564(a)(3) requires an SEA to set forth the planned allocation of its discretionary funds among subchapters A, B and C, including the administrative costs of carrying out the SEA's responsibilities and costs of providing services to children in private non-profit schools. Therefore, it could use these funds entirely for administering Chapter 2. It also could use all of these funds for the direct operation of programs. However, Section 564(a)(2) requires the SEA to consult with the State Advisory Committee, provide for timely public notice and public dissemination of its planned allocation of State discretionary funds.

2. May an SEA retain less than 20% and allocate more than 80% to LEAs?

Yes.

3. Can States "pool" their funds for a special project such as an interstate center?

Yes, States may pool any portion of the Chapter 2 funds over which they retain discretion.

PARTICIPATION OF CHILDREN ENROLLED IN NONPROFIT PRIVATE SCHOOLS

1. How will States distribute Chapter 2 funds where they do not count private school enrollment?

Section 565 of the Act requires each State to allocate Chapter 2 funds on the basis of the relative enrollments in public and private elementary and secondary schools, adjusted for "high cost" children. It is the responsibility of each State to determine how to comply with that requirement in developing its distribution formula.

2. Is an LEA obligated to serve children attending a private school in its geographic area even if the children reside in another district of the State, or in another State?

Yes. The requirement for providing services to private school children is based on enrollment in a private school within the school district.

3. If an LEA does not accept Chapter 2 funds, how do the private school children in that LEA receive Chapter 2 benefits?

They will be provided benefits and services through arrangements made by the State.

4. When the Secretary arranges for a "by-pass," where will the administrative and program funds come from?

Under Section 586(g) of the Act, both administrative and program funds will be deducted from the appropriate allotment of the State.

SUBCHAPTER A

BASIC SKILLS DEVELOPMENT

1. Under what circumstances is an LEA's approval required under Section 572?

If an SEA supports activities in an LEA under Section 572 (b)(2) of the Act designed to enlist the assistance of parents and volunteers working with schools to improve the performance of children in the basic skills in an LEA, those activities must be conducted with the approval of, and in conjunction with, programs of the LEA.

2. Do the provisions set out in Section 566(a)(4) requiring LEAs to consult with parents, teachers, and administrative personnel apply to all parts of Chapter 2?

No. The provisions in Section 566(a)(4) only apply to the funds allocated to LEAs under Chapter 2.

MONITORING AND TECHNICAL ASSISTANCE

1. What will be the scope of ED and SEA activities under Chapter 2 with respect to monitoring SEAs and LEAs?

The Act contains no specific requirements on monitoring. We would expect that monitoring activities by both SEAs and the Education Department will be limited to those required to ensure compliance with the Act.

2. To what extent will ED provide technical assistance activities under Chapter 2?

ED will provide technical assistance upon request.

FINANCIAL MANAGEMENT

1. When will money be available for implementing Chapter 2?

Money appropriated to carry out activities under Chapter 2 will be available for obligation on July 1, 1982.

2. Will the Department of Education use the 1980 Census in determining State allocations for Chapter 2?

If available, the 1980 Census will be used for distributing Chapter 2 funds.

ADMINISTRATIVE FUNDS

3. May Chapter 1 administrative funds be used to administer Chapter 2, or the reverse?

Neither Chapter 1 nor Chapter 2 funds can be spent to administer the other.

MAINTENANCE OF EFFORT

4. If an LEA does not maintain effort at the 90% level, what happens?

Under Chapter 2, maintenance of effort is calculated on the basis of aggregate State and local expenditures or per pupil expenditures for free public elementary and secondary education within the State. Thus, even though some LEAs did not maintain effort, expenditures by other LEAs and the State may make up for the failure of those LEAs to maintain effort. Section 585(a) of the Act describes the consequences of a failure to maintain effort on the basis of aggregate State and local expenditures or per pupil expenditures for free public elementary and secondary education within the State.

DRAFT

AUDITS

1. What are the audit responsibilities of States with respect to funds under Chapter 2?

The Education Department currently is reviewing the issue of the applicability of Title XVII of the Omnibus Reconciliation Act, including Section 1745 concerning audits, to Chapter 2.

APPLICABILITY OF OMB CIRCULARS

1. Do the provisions of OMB Circulars A-87 and A-102 apply to Chapter 2?

OMB has advised the Education Department by letter (September 29, 1981) that Circulars A-87, "Cost Principles for Grants to State and Local Governments," and A-102, "Uniform Requirements for Grants to State and Local Governments" need not be applied to Chapter 2. States may apply equivalent procedures of their own for financial management and control of the programs. States continuing to use the provisions of Circulars A-87 and A-102 will be considered to be in compliance with the accountability provisions of the Act. ED will amend its general administration regulations so that these circulars will not be applicable to Chapter 2.

2. May the State, SEA and LEA continue to charge an indirect cost rate for Chapter 2?
 - Yes. While the provisions of Circular A-87 are no longer mandatory, these agencies may continue to charge reasonable indirect costs. Since Chapter 2 is subject to a requirement that the Federal funds may not be used to supplant State and local funds, any indirect cost rate must be designed to comply with that requirement. As a guide, State and local agencies may wish to refer to the rules relating to establishing a restricted indirect cost rate under EDGAR 34 CFR 75.563-75.568 (formerly 45 CFR 100a.563-100a.568).

DRAFT

GENERAL EDUCATION PROVISIONS ACT/EDUCATION
DEPARTMENT GENERAL ADMINISTRATIVE REGULATIONS

1. Does the General Education Provisions Act (GEPA) apply to Chapter 2?

Under Section 596 of the Act, Section 412 of GEPA applies to Chapter 2. Section 412 concerns the availability of appropriations for expenditure on an academic or school-year basis and for one fiscal year beyond the fiscal year for which the funds were appropriated. Sections 434, 435, and 436 of GEPA are inapplicable to Chapter 2 except to the extent that they relate to fiscal control and fund accounting procedures (including the title to property acquired with Federal funds). The Education Department current is reviewing other sections of GEPA to determine their applicability to Chapter 2.

2. Will EDGAR apply to Chapter 2?

No. The regulations will make it inapplicable; however, some sections of EDGAR may be referred to as guidance.

ANTECEDENT PROGRAMSPROGRAM REQUIREMENTS

1. What program requirements from existing categorical programs will be carried over?

None for Chapter 2. The statutes governing the categorical programs included in Chapter 2 are repealed, effective September 30, 1982.

2. If the SEA or LEA chooses to expend funds for Educational Improvement and Support Services, must 15% of the funds be utilized for programs for the handicapped?

No. Since this requirement was not included in Chapter 2, such use is not mandated.

REPORTING REQUIREMENTS

3. What is the responsibility for continuing reporting for existing categorical programs?

Unless a report is required by statute, the Education Department expects that grantees will only be required to submit quarterly and final expenditure reports, but not the performance or end-of-year financial status reports.

USE OF CATEGORICAL FUNDS ON JULY 1, 1982

1. On July 1, 1982, what happens to funds that have not been obligated by an SEA or LEA and that were appropriated for fiscal year 1981 for categorical programs now in Chapter 2.

Section 514(b)(2)(B) provides that funds appropriated for fiscal year 1981 for any program (except Follow Through) that has been consolidated under Chapter 2 which are not obligated by a State or local educational agency prior to July 1, 1982, "shall remain available to such agency but shall be expended and used in accordance with Chapter 2...."

We interpret this provision to require the State to distribute all funds that remain unobligated at the State level on July 1, 1982, according to Section 565 of the Act. This means that at least 80% of the unobligated funds would be subject to distribution to LEAs and the remaining funds may be retained for State use. These Chapter 2 requirements concerning distribution of funds would apply as of July 1, 1982, to funds not obligated by the State irrespective of whether the funds were intended, under the antecedent authority, for use at the State level or LEA level.

Fiscal year 1981 funds that have been made available to an LEA but that remain unobligated by the LEA as of July 1, 1982, remain available to the LEA for expenditure under Chapter 2. These funds are not counted in determining the SEA/LEA ratio of funds to the LEA for fiscal year 1982.

TITLE XVII

1. To what extent does the Title XVII apply to Chapter 2 funds?

The transition provisions in Section 1743 of Title XVII do not apply to Chapter 2. As a result, States do not have to file certifications under Section 1743(b). The Education Department currently is reviewing the applicability of other Title XVII provisions to Chapter 2, including those on proposed use reports, public involvement, and audits.

DRAFT

MISCELLANEOUS

1. The previous categorical programs provide significant opportunities for involvement of institutions of higher education. Is there a role for these institutions in programs authorized by Chapter 2?

Yes. Section 564 of the Act requires representation of institutions of higher education on the State Advisory Council appointed by the Governor. Additionally, subchapters A - Basic Skills Development, B - Educational Improvement and Support Services, and C - Special Projects, authorize SEAs and LEAs to carry out the full range of the former categorical programs which are now included in those subchapters either directly or through grants and contracts with LEAs, institutions of higher education, and other public and private agencies, organizations, and institutions.

November 4, 1981
Testimony of Ed Argenbright
before Committee I

Mr. Chairman and Committee Members:

The situation regarding education is influenced by federal actions. We have been requested by the Governor's Office of Budget and Program Planning and the Legislative Fiscal Analyst to make estimates about projected federal funding levels. Let me emphasize these are just projections and make the whole process very difficult because the numbers change almost daily and won't be firm until Congress acts. Figures we initially used were back in September and have changed in the last month as the Congressional process grips the issues. The figures we give now may differ from earlier estimates, but are the best we have to date. Dollar amounts are at best uncertain.

The educational block grant legislation along with the funding of other programs in education will become effective either July 1 or October 1 of 1982. Federal educational funding through June 30, 1982 is largely already set. It is the federal fiscal year 1983 that we are talking about. This projection into the future adds to the difficulty of your deliberation. We are not asking for replacement dollars for any of the cuts experienced in FY82.

It is my feeling the block grant direction and reduction of federal interference are good and I will support efforts to make it work in Montana. Returning decision-making to the local district level is a worthy effort.

As you continue your work, feel free to call upon my office for assistance as needed. With me today is my deputy, Ray Shackelford, and my assistant for vocational education, Gene Christiaanson. Tomorrow my assistant, Judy Johnson in special services, and Gary Steuerwald in administrative services will be presenting specifics and will be prepared to answer your questions as needed. I'm impressed with their capabilities and I'm sure you will be too.

The issues from my point of view include block grants - we anticipate education in Montana will receive approximately \$1 million more than they would have under the old categorical method of distributing federal funds. The amount, \$2.4 million total, still isn't certain and may be less.

As you know, over 40 programs have been include in the block grant. The one of concern to me at the state level is the Title V state grant. This money

has been appropriated in the past to reduce general fund state expenditures for basic Office of Public Instruction services. Under the new approach 80% of all block grant money will go to the local schools. The remaining 20% will leave a shortage in the Office of Public Instruction.

During my tenure here we have reduced staff by 17% and will be making additional cuts as we support the block grant proposals. The total amount of federal reduction is more than \$800,000 for the office. We propose absorbing over \$300,000 in additional cuts, which leaves a request of your committee to replace \$497,000. This includes \$144,000 for vocational education administration. My ability to perform statutory duties would be jeopardized without this support.

Other issues outside the block grant legislation include numerous programs not affected by the budget reductions. Right now I'm concerned about the programs facing reduced federal funding, realizing the state will not be able to, nor should they, make up every lost federal dollar. In my judgment, these are the most critical issues. One issue recently surfacing and not addressed in the budget proposals is P.L. 874 impact funds. The range of cuts appears to be \$1.5 million (15%) to \$3.1 million (31%) in "A" student reduction, which is one category and the "B" student category reduction is \$378,000 (56%) to \$665,000 (100%). "A" students include Indian reservation schools that do not have a tax base to use for replacement funds and students whose parents live on, or work on federally impacted areas such as military bases. "B" students include students of parents who are indirectly employed in federally impacted areas. The likelihood of the "A" reductions, when considered by Congress, is remote, but I would recommend this matter be given attention.

Title I remedial reading and math programs have had reductions in FY 81, 2.6% in the current year, 1982, and 12% projected for 1983. We are not requesting state dollars in the light of the 2.6% reduction and the proposed 12% reduction.

Special education is facing a cut of \$300,000, which is about what we can't currently spend due to the attached strings and regulations. We are not asking for replacement dollars.

November 4, 1981
Testimony of Ed Argenbright
before Committee I
Page 3

Food service programs are involved in reimbursement reductions caused by rate changes. The projected loss due to these changes is very uncertain. In our local district survey of last week, 56% of those responding said the cut back would be of insignificant to moderate in its effect on the programs, 44% replied it would be severe. This usually isn't the heavy-use time of the year and that fact could alter the survey. In this day and age of both parents working, the need is there for these programs. In my office we are looking to assist local lunch programs through state quantity purchasing and other ways to make the programs adaptable and attractive. This should increase student participation, thereby increasing efficiency. The most recent Washington action may change the emphasis from cash reimbursement to commodities, which will be good for Montana agriculture. We hope there will be no further reductions. Our contact with schools indicate they can cope with current reductions. Further reductions may be very serious as indicated in my office's individual contact with schools, particularly with the larger schools. My school foods people have been in contact with legislative staffs in Washington to insure minimal additional reductions. Should programs actually be in jeopardy, we will be back in 1983. At this time we are not asking for additional money.

Vocational education, especially the five Vo-Tech centers look to have their education efforts damaged by the proposed cuts. We certainly don't want to get the snowball going down the hill - where cuts chop programs, programs chop students, lost students mean lost tuition revenue, which in turns causes more cuts in programs. Although short-term options are available, it is my recommendation that this area be given state support in the amount of \$464,000.



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406 449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

November 4, 1981

TO: Representative Moore, Chairman
Committee 1

FROM: Curtis M. Nichols, Senior Fiscal Analyst

SUBJECT: Vocational Technical Centers Tuition

Neighboring states were surveyed to obtain tuition fees charged at vocational technical centers in those states. The purpose of this survey was to compare the tuition charged in Montana's vocational technical centers with the tuition charged at neighboring states' vocational technical centers.

In general, the tuition charged at Montana's vocational technical centers was lower than the tuition charged at vocational technical centers in the surrounding states. Table 1 summarizes the tuition charged at vocational technical centers for Montana and three neighboring states. In some cases, tuition had to be standardized to reflect a per quarter fee rather than a per semester fee.

Table 1
 Vocational Technical Center Tuition Comparison
 Resident and Non-Resident
 Fiscal Year 1982

<u>State</u>	<u>Resident Tuition Per Quarter</u>	<u>Non-Resident Tuition Per Quarter</u>
Montana	\$100	\$300
South Dakota	\$240	\$240
North Dakota	\$155-177	unknown
Idaho	\$64-230	\$128-567

The variability of tuition charged in North Dakota and Idaho's vocational technical centers is due to the vocational education programs being offered primarily in the states' post-secondary educational units, such as colleges, junior colleges and universities. In Montana and South Dakota where the majority of the vocational education programs are offered in designated vocational technical centers, the tuition fee is uniform at all centers.

CMN:jt:j

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEE I - SPECIAL SESSION
November 5, 1981

The meeting was called to order by CHAIRMAN JACK MOORE at 1:30 p.m. on November 5, 1981 in Room 135 of the Capitol Building, Helena, Montana.

All members were present except REP. BOB THOFT, who was excused.

CHAIRMAN JACK MOORE announced the sequence for the meeting: the Budget Office, the Department of Institutions, Representatives and Senators, special presentations: (1) operation of the mental health services; (2) Mrs. Ashby.

TOM CROSSER, Office of Budget and Program Planning, called attention to an error in the Budget Book, page 140. Recommended modified services for fiscal year 1983 shows \$1,203,541; it should be \$1,179,138. This mistake was caused by human error. This would delete 1 1/2 positions from the program---a program member and word processing operator; \$71,221 the first year and \$171,395 the second year. The remainder of the excess would be reallocated for an evaluation and planning function within the division to implement block grant procedures, rules and regulations. It is recommended that the entire amount of the block grant be used to maintain the same level of services as in the last session.

CARROLL SOUTH, Director, Department of Institutions distributed copies of Exhibit A. He discussed the fee-for-service arrangement. He noted that the present system does not take county funds into account. He hopes that the counties will participate more. Fee for service (see EXHIBIT A) is for services required by Federal mandate. The general fund money is used if there is not enough money left---it is used for people who would otherwise be in Warm Springs General Hospital. He noted that county funds are not allocated. The pay rates differ from region to region. The budget was derived from using the same pay plan used for State employees. Net cost is to the State but the State should be billed as the last resort. Inaccurate information may have been submitted which would make the estimates too low. Regarding block grants, they are necessary to maintain the current level of services. They hoped to use the same criteria for allocation of State money. That does not work because of Federal requirements. Block grant money is better used where the State has not established its authority. Categorical grants are still being received in some regions plus the block grant. There is a reduction in Federal funds in some areas because categorical grants will be almost gone in fiscal 1983. To offset that, the State general fund allocation will be used. This will provide enough out-patient service at the present level. \$429,000 in out-patient services other than

State participation services is needed. The proposal is to carry over as much of the block grant as possible. Page 129, Table 5, indicates approximately \$360,000 in fiscal 1982 to be carried over to fiscal 1983. It appears that the amount of general funds and block grants for 1984 will probably be less than what it will take to maintain current level services. There is more money than needed this year and it will be carried over into the next year. \$360,000 of this year's revenue will be used to do it. He pointed out the importance of the Ritz program in Great Falls for seriously disturbed juveniles. EXHIBIT A explains the Ritz funding. He referred to page 125, Table 1 for an explanation of Community Support Project grant money. MR. SOUTH feels that the clinical position will be used to evaluate how State money is spent in the specific areas. If Congress reduces the appropriations by 12 percent Social Rehabilitation Services will be looking at reducing Medicaid services. If something should happen within the next four or five months the general fund money already appropriated will not be able to be spent. There could be a serious problem later on because loss of revenue from Medicaid would be devastating.

BILL WARFIELD, Chairman of the Council of Mental Health Centers, introduced mental health representatives from the centers.

MARY NORTH of the Mental Health Association, Billings, gave a demonstration of mental health services in Montana. She gave a history of mental health and the political decision-making process affecting it. She stressed the need for out-patient services to high-risk groups and for early intervention in patients.

NORMA ASHBY, a volunteer with the Mental Health Association of Montana, offered EXHIBIT B. She explained the accomplishments of the non-profit organization and expressed her concern for the cutbacks in mental health.

CHAIRMAN MOORE called upon center directors in the different regions to comment.

RON HUGHES of Region 2 noted that his region is faced with the loss of \$589,000 from their budget. They need a replacement for those funds. They have been very aggressive in trying to find ways to economize and still meet the target needs. There is a problem trying to replace Federal funds because the government does not pay for some of the non-certified staff. Only 63 percent of the amount billed is paid. With economizing, even less is expected to

be collected. Most of the target groups have very little money.

CLARK ANDERSON, Region V, spoke in support of MR. SOUTH'S presentation. He said that there are less than 200 chronic patients and 3,000 others. He feels that the 3,000 should be not so low on the priority list. There are very few chronic patients in his area. He would endorse a new program providing funding for out-patient services. There is a particular need for housing for chronic patients. He feels there should be additional funds for people coming out of Warm Springs and for children's services.

REP. BUDD GOULD asked MR. SOUTH about the \$360,000 carry-over.

MR. SOUTH replied that that amount can only be seen in 1983, when they will be overspending. The services will have to be reduced.

At 2:55 p.m. the committee took a recess.

The meeting reconvened at 3:10 p.m.

CHAIRMAN MOORE asked MRS. NORTH if she would like to see non-profit agencies go back to being State agencies. She said no.

CHAIRMAN MOORE commented that full service has to be provided in institutions but not in the communities. There are several problems with Federal funds and a possibility that in the not too distant future we may have to go back to a State agency. The limit on appropriations will impose problems upon the State and local governments. It was not intended that the State tax share dollars pick up these programs built up by the Federal government.

RON HUGHES said that 36 percent of Region 2's budget is State general fund money.

CHAIRMAN MOORE questioned MR. SOUTH about the windfall block grant funds and asked what he would have done to make up the revenue gap.

MR. SOUTH replied that his office would have survived in 1982 but there would have been drastic reductions in 1983; in fact, they would have been devastated in 1983. He expressed some concern on evaluation of the clinics. The fee for service would require dependency upon the honesty of the regions and the honesty of

the professional staff.

CHAIRMAN MOORE said that in reviewing the cost of service in the book he noted a disparity of the cost among regions for the same service.

MR. SOUTH replied that travel and inaccurate information both effect the rate.

There was some discussion on insurance provisions.

REP. BENGSTON asked if the evaluation section is part of the program prevention since it is not a State priority.

MR. SOUTH said the CSP grant allowed for 3 1/2 employees and they have terminated 1 1/2. Work should be done to see if people in Warm Springs could go to communities.

No money is being spent on prevention now. The request is for 1982 and 1983.

REP. BENGSTON asked if some of the money for evaluation could be spent for prevention.

MR. SOUTH said that the high priority is to keep people out of Warm Springs. Consultation and education is an easy service to mainpulate---i.e., consultants could invite themselves to a school and bill it.

REP. CONROY asked MR. SOUTH when he would want the committee to look at the 50 percent limitation.

MR. SOUTH said if Medicaid is cut off they could not spend all the general funds. With fee for service the 50 percent is meaningless.

REP. CONROY asked if nobody could afford to pay the bills, the centers could get back into being a State agency.

MR. SOUTH did not recommend that the centers become State agencies, that non-profit is fine. He said if the request for Federal block money is authorized and nothing happens to Medicaid the centers are in good shape. he said the State has a vital interest in mental health centers---general fund money for the services is no good without the centers. Reduction of budgets will mean laying off staff. We should have as many centers in

the State as we can. It costs 40 percent more to keep an individual in Warm Springs as in the community.

CHAIRMAN MOORE pointed out the need for seeking a workable solution.

REP. BENGSTON asked MR. SOUTH about the evaluations and if there were objectives.

MR. SOUTH said the rate structures are set up. The same person would monitor the billing and another individual would do site evaluations in the clinical area. Federal dollars will be used to do this.

VICE CHAIRMAN NELSON asked MR. SOUTH what percent of the budget is going to go into the process of checking the centers?

MR. SOUTH said 6.2 percent. They are trying to become a contractor for Medicaid and would establish rates for the area.

VICE CHAIRMAN NELSON asked about preventive measures and increased reliability on the centers.

MR. MOORE said a Federal court decision says the only time you can institutionalize people is when they are a danger to themselves or to society. Warm Springs must be reserved for that group of people.

The meeting was adjourned at 3:45 p.m.



CHAIRMAN JACK MOORE

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date Nov. 5, 1981

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	X		
Rep. Esther Bengston	X		
Rep. Tom Conroy	X		
Rep. Gene Ernst	X		
Rep. Bob Thoft		X	

Sen. Harold Nelson, Vice Chm.	X		
Sen. Mark Etchart	X		
Sen. Jack Haffey	X		
Sen. Judy Jacobson	X		

Exhibit A

WESTERN MONTANA REGIONAL COMMUNITY MENTAL HEALTH CENTER

LEVEL OF FUNCTIONING SCALE
OVERVIEW AND DETAILS DESCRIBING THE FOUR CRITERIA

The scale is used to describe a client's overall ability to function autonomously in the community. A scale rating is assigned at intake and at termination by balancing the relative contributions of four criteria as they affect a person's overall ability to function autonomously:

1. Personal self-care
2. Social functioning in ordinary social unit and in the general community
3. Vocational and/or educational productivity
4. Evidence of emotional stability and stress tolerance

Dysfunctioning in any one or more of the four areas could affect a person's overall ability to function autonomously.

Remember that the scale is designed to describe a person's ability to function autonomously in the community. Factors such as brief situational stresses, isolated physical illness, or injury should not be weighted heavily unless the person's reactions are quite inappropriate and/or the final outcome appears to have permanent or lasting effect.

The balance weighting of the four criteria must always be considered in terms of the age and circumstances of the individual. The vocational-productivity demands for the head of a household of six are different from those of a single person, and different from the productive criteria of a housewife or a retired person. The criteria, when applied to children, are always in terms which are relative to the expectations of children in a given age bracket. Special notes are indicated below where such considerations may be necessary.

1. Personal Self-Care (for children, adjust to age level)
 - a. Personal maintenance of washing, dressing, eating, elimination chores.
 - b. Ability to recognize and avoid common dangers.
 - c. Taking responsibility for own maintenance, e.g., caring for own room, personal belongings, daily schedule, personal finances, selecting own clothing and accessories.
2. Social functioning (adjust by age, living conditions, and possibly by community)
 - a. Familiar--the degree to which those familiar with the person, particularly those in the ordinary social unit (family, roommate, other boarding house residents) can tolerate and interact with the person, i.e., jointly socialize and/or participate in recreational activities with the person.
 - b. Impersonal--the degree to which relative strangers can interact with the person and vice versa, e.g., store clerks, policemen, or others encountered in ordinary pedestrian, vocational, or recreational activities.
3. Vocational and/or Educational Functioning
 - a. Working Adults
 - (1) The ability to support one's self and one's dependents
 - (2) The ability to meet the demands and pressures of one's chosen (or present) vocation, be it lawyer or janitor
 - b. Homemakers and/or Parents and/or Elderly Persons
 - (1) The ability to organize and/or monitor the daily routines of the household, e.g., meals, child care, washing, etc.
 - (2) The ability to organize, maintain and/or monitor family budgeting, shopping, social and/or recreational activities
 - c. Children
 - (1) Should be considered by general age categories of 0-5, 6-11, 12-14, 15-18
 - (2) Play and social activities such that constructive and productive social learning can occur
 - (3) Educational activities and performance such as would be expected of that age
4. Evidence of Emotional Stability and Stress Tolerance
 - a. The degree to which the symptom(s) reflects personality disorganization of such degree that the symptoms and the accompanying disorganization cause discomfort to whomever the person would ordinarily interact with.
 - b. The degree to which the person can tolerate the amount of expected daily variation in present social, vocational and/or educational realms.

NOTE: There is often an interaction among the social, vocational/educational, and emotional factors such that the strength in one area affects

LEVEL OF FUNCTIONING SCALE

With regard to the balance of the four criteria (personal self-care, social, vocational/educational, and emotional symptoms/stress tolerance), the person's ability to function autonomously in the community is at Level X, where X can assume one of the following nine (9) levels:

- LEVEL 1: Dysfunctional in all four areas and is almost totally dependent upon others to provide a supportive protective environment.
- LEVEL 2: Not working; ordinary social unit cannot or will not tolerate the person; can perform minimal self-care functions but cannot assume most responsibilities or tolerate social encounters beyond restrictive settings (e.g., in group, play, or occupational therapy).
- LEVEL 3: Not working; probably living in ordinary social unit but not without considerable strain on the person and/or on others in the household. Symptoms are such that movement in the community should be restricted or supervised.
- LEVEL 4: Probably not working, although may be capable of working in a very protective setting; able to live in ordinary social unit and contribute to the daily routine of the household; can assume responsibility for all personal self-care matters; stressful social encounters ought to be avoided or carefully supervised.

NOTE: Levels 5 through 8 describe persons who are usually functioning satisfactorily in the community, but for whom problems in one or more of the criteria areas force some degree of dependency on a form of therapeutic intervention.

- LEVEL 5: Emotional stability and stress tolerance are sufficiently low that successful functioning in the social and/or vocational/educational realms is marginal. The person is barely able to hold on to either job or social unit, or both, without direct therapeutic intervention and a diminution of conflicts in either or both realms.
- LEVEL 6: The person's vocational and/or social areas of functioning are stabilized, but only because of direct therapeutic intervention. Symptom presence and severity are probably sufficient to be both noticeable and somewhat disconcerting to the client and/or to those around the client in daily contact.
- LEVEL 7: The person is functioning and coping well socially and vocationally (educationally); however, symptom reoccurrences are sufficiently frequent to maintain a reliance on some sort of regular therapeutic intervention.
- LEVEL 8: Functioning well in all areas with little evidence of distress present. However, a history of symptom reoccurrence suggests periodic correspondence with the Center, e.g., a client may receive a medication check from a family physician who then contacts the Center monthly, or the client returns for bi-monthly social activities.

LEVEL 9: The person is functioning well in all areas and no contact with the MH/MR services is recommended.

10
9
8
7
6
5
4
3
2
1

	2	3	4
	INPATIENT	EMERGENCY	TRANSITIONAL PARTIAL CARE
PERSONAL SERVICES, DIRECT	824206	914733	497318
PERSONAL SERVICES, ALLOCATED	97286	65499	441845
TOTAL PERSONAL SERVICES	421492	160232	982260
OPERATING COST, DIRECT	1762	4060	110935
OPERATING COST, ALLOCATED	39271	30525	179573
TOTAL OPERATING COST	41033	34585	290513
TOTAL COSTS	462525	194817	1272773
TOTAL UNITS OF CLIENT SERVICE	16580	5193	179657
COST PER UNIT OF SERVICE	70.21	37.51	7.08
FEDERAL FUNDS	54720	18623	164159
COUNTY FUNDS	-	-	-
FEES, RESERVES, & OTHER	161000	39781	325429
TOTAL COLLECTIONS	215720	58359	489588
AMOUNT COLLECTED (OVER)/UNDER COST	246205	136753	780135
STATE GENERAL FUND	246205	136753	780135
FUNDING EXPRESS / (DEFICIT)			
GENERAL FUND HOUSEHOLD			
BUTZ FUNDING			
BLOCK GRANT			
MD # 1 REQUEST			
MD # 2 REQUEST			

Unfunded Need

5	6	7	8
OUTPATIENT STATE PART.	OUTPATIENT OTHER	C & E	NON HEALTH
1587734	300446	810930	68810
956654	52814	248672	28043
2494388	1546760	529652	91353
41445	22575	1786	-
472722	144262	89773	14122
514167	166937	91559	14122
3008555	1513697	621211	108575
75725	39106	22034	11108
3473	39173	23119	9.50
458973	241412	100125	1533
-	14460	27977	11591
613016	69952	241309	87213
1063999	1087604	621211	63989
193566	129083	-	41536
1729566	-	-	-
	(429093)		(41586)

TOTAL

3979005
2671361
6650361
367875
1093618
1461993
8111851
1164248
435528
2427485
4027261
4084593
3613961
(470629
12491
10000
6000
295138
101

Exhibit B



Mental Health Association of Montana

A Division of the national Mental Health Association
State Headquarters
201 South Last Chance Gulch
Helena, Montana 59601
(406) 442-4276

Nov. 5, 1981

Comments by Norma Ashby, Board Member
MHA of Mt.; President Cascade Co. MHA

As a volunteer in the Mental Health Association of Montana for the past five years, I have had the opportunity to work with some of the most dedicated people I have ever known.

First a word of explanation about what the MHA of Mt. is: it is a non-profit association of volunteer citizens; it is an advocacy group. It operates no clinics, or other facilities dealing with the mentally ill, but it supports wholeheartedly other organizations, governmental, private and individuals that do.

It receives no governmental funds. It is supported by its own members through fund raisers, bequests, endowments and grants.

We have three basic goals: 1) To prevent mental illness; 2) To promote mental health; 3) To work for the improved care and treatment of the mentally ill.

So what are some of the specific ways we strive to accomplish these goals.

1) We have a strong legislative committee which functions during and between sessions to keep well-informed on needs of the mentally ill in Montana.

2) Our MHA Chapters have sponsored a number of legislative breakfasts to help our legislators better understand some of the complex problems ^{that we see} facing us in Montana regarding our mentally ill population.

3) We have focused on the needs of our young people in Montana and have brought in nationally known speakers on the subject. In April, 1981, one of our speakers, a Texas Teacher, Charlotte Douglas, gave a workshop on "Building Self-Esteem in Children". This was attended by 260 people from 18 Montana communities. The workshop is now available on videotape and audiocassettes and has been endorsed by M Argenbright, State Supt. of Public Instruction for use by teachers and counsellors in school systems throughout Montana. This entire project was financed through a major fund raiser in Cascade County.

4) The Fund-raiser is the Mile of Quarters for Mental Health and in the two years it has been held over \$6,000 or approximately 27,000 quarters



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have been raised. Hundreds of volunteers made the event a success. It is held in May at Holiday Village Mall and in September, the Mall received an International Award from the International Council of Shopping Centers at its meeting in Miami Beach, Fla. Our Mile of Quarters was in the category of Community Relations and brought to Montana and Mental Health international recognition.

In addition to fund-raising, other long-range benefits from the Mile of Quarters is the favorable publicity about mental health we receive in all media, the hundreds of pieces of mental health information distributed to the public, clients themselves who enjoy being involved in an event of this nature which contributes to their self-esteem and the hundreds of volunteers from all walks of life who by working on a public event of this nature are helping to take mental illness out of the closet and present a more positive approach to it.

5) One of the finest uses of the moneys we have raised in our part of the state has been for the purchase and distribution of "Life Skills for Mental Health" guides developed by the Georgia Center for Continuing Education at the University of Georgia. We gave these as gifts to all the public and parochial schools in Great Falls and to the Cascade County schools as well. They were tested on a trial basis by a Title I Counsellor last year and were found to be highly effective.

6) Cartoonist Stan Lynde is in his third year as Honorary Chairman of the MHA of Mt. and has designed a slogan for us "Mind's Matter" which was printed on bumper stickers and t-shirts and distributed statewide. Stan has made radio and TV spots for the MHA of Mt. He has donated his time and talent for our cause as have all the broadcast media in running our spots without charge. Stan even endorsed our Best Western Character Contest this year with funds going to ^{our} Mental Health Association and with the winner appearing as a character in his nationwide comic strip Latigo. Stan has been an effective and dedicated spokesman for the MHA of Mt. He was keynote speaker at the Legislative Buffet in Helena in January, 1981.

7) Many of us are in close touch with our mental health professionals. *with public & private,* They are strong supporters of the best possible care being provided at the



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Page 3...

local level through our mental health centers and privately owned facilities. We have toured Warm Springs State Hospital and never hesitate to ask questions again wanting the best care for our more seriously mentally ill.

3) We also serve as a support group for those who personally or have someone close to them that is experiencing mental illness. Like alcoholism I feel mental illness is a subject that is coming more out in the open. Through public education, promotion of mental health in the media, in seminars and on a one to one basis, the stigma that used to surround mental illness is being overcome.

We have made positive strides but our work is far from done.

The bottom line is that what we do as volunteers for the Mental Health Association of Montana, whether it's putting on a public seminar in Plentywood, or hosting an outing for group home residents in Big Timber or working with a Hope Club in Billings, it is not costing the taxpayer a single cent. It is contributing to our most basic concern...better mental health for all citizens of Montana.

We are concerned about any further cutbacks in services. We think that would be detrimental to the entire system. We know of your fiscal concerns but we also feel preventive measures are among the best solutions to meet these concerns. That is why many of our efforts are aimed at prevention.

As a person who is called upon to serve on many boards and committees, I can truthfully say my time spent on mental health is some of my most satisfying and productive time.

A final word...the symbol of the Mental Health Association is a bell cast from the shackles that once bound the mentally ill in asylums. Surrounding the bell are 12 figures holding hands signifying the month after month, year after year effort of people working together on behalf of those that often are unable to speak for themselves.

Volunteers and Government...both are important in the overall approach in dealing with mental illness. We feel we're holding up our end of the bargain. We hope you'll hold up yours. Neither of us can afford to shirk the responsibility before us.

Thomas Ashby

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS SUBCOMMITTEE I SPECIAL SESSION
November 6, 1981

The November 6th meeting of this committee was called to order by the chairman, REPRESENTATIVE JACK MOORE, at 9:00 a.m. on the above date in Room 135 in the Capitol Building.

ROLL CALL: All members of the Committee were present. Chairman Moore stated that Representative Bob Thoft had been excused from the meeting on November 5, 1981.

CHAIRMAN MOORE stated that the committee would take executive action on Mental Health.

CHAIRMAN MOORE asked RAY HOFFMAN, Senior Fiscal Analyst, to go over once again the issues in the Mental Health area. Mr. Hoffman referred the committee to pages 123 and 124 in the Budget Analysis book. ISSUE 1 is the Community Support Project (CSP). ISSUE 2 is Excess Federal Authority, and ISSUE 3 is the Block Grant. Mr. Hoffman explained the table on Planning and Evaluation on page 125.

REPRESENTATIVE BENGSTON asked for more explanation on the professional review they will be undertaking. Mr. Hoffman went over this for the committee. MR. SOUTH stated that this had not been done before because there was no reason to do this before. From July 1 on he feels that they must monitor the diagnosis being made.

REPRESENTATIVE CONROY asked about the duplication of services. MR. SOUTH stated that the staff is there and one is coordinating the services available. The other fiscal staff person is also working on this program.

REPRESENTATIVE CONROY asked Mr. South if there was any discrepancy in their findings. MR. SOUTH stated that they had not begun to do that, but he believes they have to do this. In terms of the fiscal area he is not happy with how they are handling that. He would like to have the next fiscal year to determine whether in 1983 they can bill them for each individual client. He stated that the billing process is very complicated.

There was discussion on the subgrant monies. CSP will be defunct as of February 1982. They would like to take a portion of the block grant money to fill the void.

MR. HOFFMAN went over some of the block grant information on pages 125 and 127 of the Budget Analysis book.

CHAIRMAN MOORE questioned the table on page 129 regarding the amount of money requested for funding.

MR. HOFFMAN stated that they didn't know how the federal government

will allocate the funds available for distribution for 1984 and 1985. They do not have any spending authority at present. General fund authority in the Department of Institutions is all they have. MR. SOUTH thought they would have a spending limit, however.

CHAIRMAN MOORE asked what level of federal spending authority they gave them for 1982 and 1983.

MR. SOUTH referred to the table on page 125. This gives direction for planning and evaluation. The amount given in fiscal 1982 would be \$60,000 and in fiscal 1983 the amount would be \$121,819.

REPRESENTATIVE BENGSTON asked Mr. South about prevention.

MR. SOUTH stated that they were asking money for Consultation and Evaluation (C &E) and for prevention. He further stated that in 1983 they would be spending more money than they have and some decision need to be made regarding this.

CHAIRMAN MOORE stated there was more program accountability and more fiscal accountability. There will have to be a retrenchment and a good hard look to give the most effective and most efficient services.

SENATOR HAFLEY asked about the continuing nature of the funds in excess of those available.

MR. SOUTH stated that additional planning is necessary in the next few months.

MR. TOM CROSSER of the OFFICE OF BUDGET PROGRAM AND PLANNING (OBPP) spoke in support of adequate funding.

MR. SOUTH stated that they have one of the staff going out and doing site visits at Mental Health Centers. Mr. Hoover spent two weeks at Warm Springs and in February and March most of the time will be spent on children's treatment.

MR. PETER BLOUKE, Department of Institutions, stated that the staff included personnel who were in the Manpower Project in addition to the staff from management services division. There are two aspects which must be considered: (1) Fiscal, and (2) Programatic. They must be able to tie them together, and one of the methods is the review of treatment plans. There are 45 different offices scattered around the state. Usually there are four people who go out on evaluations. These are critical to insure quality.

CHAIRMAN MOORE stated that with loss of CSP at the end of

February there will be no money to pay for these two positions any longer.

REPRESENTATIVE CONROY asked if all block-grant money could be transferred to 1983.

MR. SOUTH stated that they would like to come to the 1983 legislature and explain funding. They need these ten months to look at long-term services.

MR. HOFFMAN stated that if they determine there should be extra dollar amounts and the Department of Institutions have severe financial problems, the director could request that carry-over funds be transferred to FY 1984 and FY 1985.

REPRESENTATIVE CONROY asked if there was a possibility of cutting some people in the field.

MR. SOUTH stated that they will be looking at rate structure in 1983.

REPRESENTATIVE ERNST moved that there be authorization in modified services for Planning and Evaluation in the Department of Institutions in the amount of \$23,747 for FY 1982 and \$79,370 for FY 1983.

SENATOR HAFHEY SECONDED the motion.

The committee voted unanimously by roll call vote to adopt the motion.

REPRESENTATIVE CONROY brought out the fact that there had been some trouble with travel costs.

REPRESENTATIVE BENGSTON asked why not give them ten percent for their administrative costs.

CHAIRMAN MOORE stated that there was quite a difference in the money being allocated and the amount that the ten percent would be. The committee recessed for five minutes at 10:25 a.m.

The meeting reconvened at 10:40 a.m.

CHAIRMAN MOORE stated that everything was very, very loose until 1977 and we brought people up from New Mexico and established an accounting system in the five centers. It has been more refined since that time.

A MOTION was made by SENATOR ETCHART and SECONDED by REP. BENGSTON that we approve the \$60,000 in sub-grants in fiscal 1982 and \$121,819 in fiscal 1983. Upon roll call vote, the motion carried

unanimously.

At this time, REP. CONROY MOVED that we approve to appropriate \$298,138 for fiscal 1982 and 50% of the \$1,179,138 for fiscal year 1983. The motion was SECONDED by REP. ERNST.

RAY HOFFMAN recommended that the motion be specific as to the dollar amount and that language be written that will allow the department to request the funds in fiscal 1983, if needed.

REP. CONROY amended this motion to read that the spending authority will be \$298,138 in fiscal 1982 and \$589,569 in 1983 but that the department is authorized to request the full amount from the Federal Government for the block grant of \$1,179,138.

REP. CONROY further amended his motion that we appropriate \$298,138 in fiscal 1982 and 50% of the 1983 total and the department is authorized to request the full amount from the Federal Government of the Block Grant.

MOTION was made by REP. CONROY and SECONDED by REP. BENGSTON to reduce the excessive spending authority to the CSP program \$71,221 in fiscal 1982 and \$171,395 in fiscal 1983. Upon voice vote the motion carried unanimously.

Recess was called at 11:00 a.m.

The meeting was reconvened by CHAIRMAN MOORE at 11:10 a.m. and action on OPI will be taken. At this time CHAIRMAN MOORE asked CURT NICHOLS to clarify the question from yesterday. Letters were passed out to the committee members.

REP. MOORE asked MR. GENE CHRISTIAANSEN of the Office of Public Instruction, to speak further about carry-over funds and the other funds that are restricted from transfer.

MR. CHRISTIAANSEN stated that at this point he would like to meet further with Curt and Dennis Sheehy so we can come before this committee unified rather than splintered. I have been laboring under false information.

REP. MOORE said the committee would take up the Deaf and Blind School at this time. He referred to page 201 - table 4 in the Budget Analysis Book. He stated that in order for us to have a cushion for the Deaf and Blind School those grants that are designated to the Deaf and Blind School through oil and gas or anything else, it goes into that pot - so what I propose to do, and I checked with MRS. RIPPINGALE and others, that for programs they want to continue there, the request is \$99,296.

BRUCE SHIVELY, Assistant Fiscal Analyst, stated that the School for the Deaf and Blind have a number of program decisions to make. Once you have done that you have funding decisions to make. You can increase the reversion by using the interest and income. If you use vacancy savings you are using the general fund.

SEN. JACOBSON: My concern was with the CETA funding.

REP. MOORE: All CETA funds dried up July 1. They have 120 resident students from all over the state. The programs are there. They have been operating for several years.

BRUCE SHIVELY stated they eliminated the position of Superintendent but you are not increasing their base.

REP. MOORE: I have gone over about two or three options. We are not increasing their general fund base. We can take the vacancy savings and put it in but we know we will have this \$154,000 plus for the Deaf and Blind School.

REP. CONROY: What is the FTE?

MR. SHIVELY stated two FTE involved in the vocational education program. One in continuing education program and .71 in the Title I program.

REP. MOORE: There is one full-time staffer in there and there is one half-time and one aide.

MR. SHIVELY: You have \$99,000 worth of requests--you want to know how much of \$95,000 savings we are using.

At this time, REP. CONROY MOVED that we fund the \$35,000 for continuing education, \$31,766 for vocational education, \$32,530 for Title I. Utilize \$23,618 of carry-over funds into Title I plus \$75,678 from the \$95,000 vacancy savings and then there would be a reversion of \$19,322. MOTION WAS SECONDED by SEN. ETCHART. 8 voting YES and 1 NO. Motion carried.

A substitute motion was made by REP. THOFT that we approve the \$99,296 for funding for the three programs. MOTION was SECONDED by SENATOR NELSON.

REP. THOFT questioned the legality of the motion. I'm saying general fund monies should revert to the general fund expenditures.

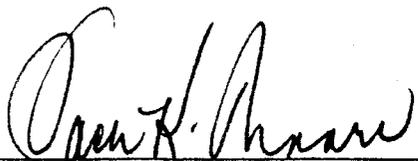
Substitute motion was made by REP. THOFT to segregate the breakdown of funding. The motion was seconded by SEN. NELSON. 5 voting YES and 4 voting NO, the substitute motion prevailed.

Motion was then made to approve the program as requested in the amount of \$99,296. On a roll call vote, the motion carried unanimously.

At this time, REP. MOORE moved to include the language in HB 500 limiting expenditures of interest and income to \$156,571 for FY 1982 and \$158,675 for FY 1983.

Upon roll call vote, the motion carried unanimously.

The meeting adjourned at 12:10 p.m.



REP. JACK K. MOORE, CHAIRMAN



Committee Secretary, Marjorie Nichols



Committee Secretary, Beverly Braut

The Executive Session reconvened at 1:00 p.m. in Room 135 of the Capitol Building with CHAIRMAN MOORE presiding.

CURT NICHOLS, Senior Fiscal Analyst, distributed EXHIBIT A and explained its contents. EXHIBIT A is concerned with tuition and financial aid at Montana Vocational Technical Centers.

GENE CHRISTIAANSEN reviewed Vo-tech needs and handed literature to members of the Committee. He explained the funding in various categories and pointed out matching funds. He said there is still a shortfall of \$111,018. Under emerging and emergency occupations there are no funds available for fiscal year 1983. He expressed concern that the special disadvantaged is not matched by the local districts. Program availability and services will have to be reduced. Consumer and homemaking has 384 programs. Fourteen depressed areas receive special consumer and homemaking funds. Those would all be reduced. Planning and evaluation is required this year as by Federal regulation they must rewrite a five-year plan for vocational education. There is no other way of funding this. He projected that by 1983 the curriculum development funding will disappear because of no funds.

In answer to a question by REP. BENGSTON concerning teacher development, Mr. Christiaansen explained that the staff travels around the state extensively. He explained the teacher development program and its importance.

REP. BENGSTON asked if that money could be better utilized in Vo-tech centers. Mr. Christiaansen answered that Federal money cannot be put into the Vo-tech centers.

CHAIRMAN MOORE questioned the sex bias program. Mr. Christiaansen explained that there is a Federal mandate for \$50,000 to eliminate sex stereotyping. The idea is to get women into non-traditional working areas. It is required to get a Federal grant and the \$50,000 cannot be spent on anything else.

CURT NICHOLS explained the flexibility in the categories.

There was some discussion on the merits and problems of raising tuition at Vo-tech. A tuition raise would make Vo-tech tuition comparable to that paid at the universities.

REP. BENGSTON made a motion to give authority to spend \$111,018 of general funds for the Vo-tech state administration office. The motion was passed.

A letter presented by GARY STEUERWALD of the OPI, to the committee was reviewed. It concerned reduction of FTEs on Title 2,

Title 4-B, Title 4-C, Title 5-B and distribution of funding. The request is for \$372,255. \$157,000 of that is in carry-over.

CHAIRMAN MOORE suggested that the \$150,000 carry-over be deducted and the remaining amount be considered. The fiscal year 1983 begins June 1; the centers will not know their needs until the end of June.

SEN. HAFLEY asked what would happen if the vote was no. He was answered that it would devastate the office. They are as far down as they can go.

SEN. ETCHART made a motion to recommend that the spending authority of Vo-tech centers be increased by \$464,318. The motion was passed.

There was discussion on the extent of the school lunch program. The Governor's office recommended additional appropriation for the school lunch program.

SEN. HAFLEY wondered if the request included supplemental funds to the end of the present school year.

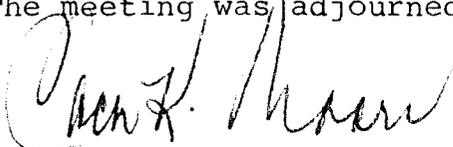
MR. RAY SHACKLEFORD submitted the results of a survey he had made of every school in the state to see if they needed additional funds. Forty percent of the schools had responded and Mr. Shackelford intended to do more followup.

REP. CONROY made a motion to go along with the Superintendent's request for no additional funds for the school lunch program. The motion was passed.

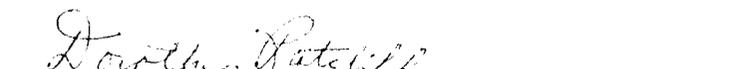
REP. CONROY made a motion to approve \$214,368 General Fund to OPI for administration of programs included in the Block Grant. The motion was passed.

CURT NICHOLS advised that Federal authority must be taken off the books. A Motion was made by REP. BOB THOFT to remove Federal authority from those funds. All were in favor.

The meeting was adjourned at 3:00 p.m.



JACK K. MOORE, CHAIRMAN



DOROTHY RATCLIFF, Committee Secretary

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-6-81

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	✓		
Rep. Esther Bengston	✓		
Rep. Tom Conroy	✓		
Rep. Gene Ernst	✓		
Rep. Bob Thoft	✓		

Sen. Harold Nelson, Vice Chm.	✓		
Sen. Mark Etchart	✓		
Sen. Jack Haffey	✓		
Sen. Judy Jacobson	✓		

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/6/81 Hearing on: Mental Health Time 10:20

NAME <i>Committee I</i>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman	✓	

Marjorie Nichols
Dorothy Ratcliff
Beverly Braut

Representative Jack Moore

Secretary

Chairman

Motion: by Rep. Ernst that there be authorization in
modified services for planning & evaluation in Dept. of Institutions
in the amt. of \$23,747 for FY 1982 & \$79,370 for FY 1983. Sen. Haffey
seconded the motion. Motion carried unanimously.

(include enough information on motion—put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-6-81 Hearing on: Mental Health Time 10:45

NAME	COMMITTEE I	YES	NO
Sen. Harold Nelson, Vice-Chairman		✓	
Sen. Mark Etchart		✓	
Sen. Jack Haffey		✓	
Sen. Judy Jacobson		✓	
Rep. Esther Bengston		✓	
Rep. Tom Conroy		✓	
Rep. Gene Ernst		✓	
Rep. Bob Thoft		✓	
Rep. Jack Moore, Chairman		✓	

MARJORIE NICHOLS
 Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: Etchart moved that we approve \$60,000
in sub-grants in fiscal 1982, and
\$121,819 in fiscal 1983. Upon roll
call vote motion carried unanimously.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-6-81 Hearing on: Sub. Deaf + Blind Time 11:45
Committee I

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston		✓
Rep. Tom Conroy		✓
Rep. Gene Ernst		✓
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman		✓

Marjorie Nichols
 Dorothy Ratcliff
 Beverly Braut

Representative Jack Moore

Secretary

Chairman

Motion: Substitute motion made by Rep. Thoft
to segregate the breakdown of funding. Motion
seconded by Sen. Nelson 5 voting yes and
4 no Motion carried

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/6/81 Hearing on: School for Deaf & Blind Time 11:51

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman	✓	

MARJORIE NICHOLS
Dorothy Ratcliff
Beverly Braut

Representative Jack Moore
Chairman

Motion: Motion was made to approve the proposal as requested in the amount of \$99,296. On a Roll Call Vote, the motion carried unanimously.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I

Date 11-6-81 Hearing on: Sch. Deaf + Blind Time 11:52

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft		✓
Rep. Jack Moore, Chairman	✓	

Marjorie Nichols
Dorothy Ratcliff
Beverly Braut

Representative Jack Moore

Secretary

Chairman

Conroy moved that we fund the 35,000 for
 Motion: Continuing education, 31,766 for vocational ed.,
32,530 for Title I and utilize 23,618 of carry-over funds
into Title I plus 75,678 from the 95,000 recency savings
and there there would be a reversion of \$19,322.⁰⁰
Motion seconded by Etchart. 8 voting yes and
no motion carried.
 (include enough information on motion--put with yellow copy of
 committee report.)

ROLL CALL

JOINT COMMITTEE # I

Date 11/6/81 Hearing on: D+B School Time Room

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman	✓	

MARJORIE NICHOLS
Dorothy Ratcliff
Beverly Braut

Secretary

Representative Jack Moore

Chairman

Motion: Rep. Moore moved to include the language in
AB500 as expenditures of interest & income \$156,571 FY 1982
& \$158,675 FY 1983

Motion carried unanimously.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-6-81 Hearing on: _____ Time 1:40

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey	X	
Sen. Judy Jacobson	X	
Rep. Esther Bengston	X	
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: REP. ESTHER BENGSTON moved that we give authority to spend
\$111,018 of general funds to the Vo-educational state administration
office.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-6-81 Hearing on: _____ Time 2:00

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey		X
Sen. Judy Jacobson		X
Rep. Esther Bengston		X
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: SEN, MARK ETCHART made a motion to recommend that the
spending authority for Vo-tech centers be increased by \$464,318.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I

Date 11-6-81 Hearing on: _____ Time 2:10

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey		X
Sen. Judy Jacobson		X
Rep. Esther Bengston		X
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: A motion was made by REP. TOM CONROY to go along with
the Superintendent's request for funds for the school lunch
program.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-6-81 Hearing on: _____ Time 2:30

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey	X	
Sen. Judy Jacobson	X	
Rep. Esther Bengston	X	
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: REP. TOM CONROY made a motion to approve \$214,368 from the general fund to the Office of Public Instruction for administration of the program included in the block grant.

(include enough information on motion--put with yellow copy of committee report.)

Exhibit A



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

November 6, 1981

TO: Members of the Committee

FROM: Curtis M. Nichols, Senior Fiscal Analyst *Curtis M. Nichols*
ijt

SUBJECT: Tuition and Financial Aid at Montana Vocational Technical Centers

This report addresses the relationship between tuition and federally funded financial aid.

A. When a center makes application to the department of education for federal financial aid funds, such as the basic educational opportunity grant (BEOG), the supplemental educational opportunity grant (SEOG) and college work study funds (CWS), it must indicate a number of historical characteristics about the center. For example, it must include such factors as, but is not limited to: number of full-time and part-time students, number of needy students and level of need and the tuition revenue received during the previous school year. From this and other information provided by the centers, the department of education allocates federal monies to the center for these programs. In this manner, tuition is considered in the allocation of federal dollars to the centers. However, holding all other factors constant, an increase in tuition will not have a corresponding dollar for dollar increase in allocated federal funds.

Sources from the regional student financial assistance office of the department of education indicated that using good, detailed, complete

information on the application form will enable centers to receive an equitable allocation. This application and subsequent allocation is performed annually.

B. When a student makes application for participation in these federally funded programs he/she must complete a financial aid form (FAF). This form is analyzed on a standard basis to determine the "estimated contribution" the student and his/her family can contribute towards the cost of the student's education. Several factors are considered here such as, but not limited to: income, number of wage earners, family size, number of children attending a post-secondary institution and age of the major wage earner.

Each center has its own education expense budget that estimates the costs of education at that center. These costs include tuition and fees, room and board, books and supplies, and miscellaneous and commuting. These budgets are adjusted to reflect marital and residency status of the student. They are also reviewed annually to reflect changes in the costs.

The difference between the education costs and the estimated contribution is the financial assistance need of the student.

Therefore, if tuition costs increase, total educational costs increase. Holding the estimated contribution from the student (and family) constant, this would directly increase the need of the student, thereby increasing his/her eligibility grant amount.

Facing cutbacks in federal funds available for financial aid and increasing educational costs, the effect at the centers will most likely be fewer students receiving larger grants.

C. The Montana guaranteed student loan is a loan made by a local lender and guaranteed by the federal government. At this time, persons or

families with annual incomes less than \$30,000 are not required to go through the needs analysis process described in section B. For those persons or families with annual incomes greater than \$30,000, a needs analysis must be performed before the student may make application for the loan. The same factors used to determine the need of the student for the grant programs are used for the guaranteed student loans. However, the need must be at least \$500 before this student would qualify for the loan.

As tuition costs increase, total educational costs increase. Holding the estimated contribution from the student (and family) constant, the need of the student would increase, thereby increasing his/her eligibility loan amount.

The qualifications and needs assessment for the guaranteed student loan program is anticipated to become much more strict during the current federal administration. It is not possible at this time to estimate the effect this may have on center enrollment, if any.

MINUTES OF MEETING

FOR SENATE FINANCE AND CLAIMS AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. I A.M.

November 9, 1981

The November 9 meeting of this Committee was called to order by the Chairman, Representative Jack Moore, at 9:00 a.m. on the above date in Room 135 in the Capitol Building.

ROLL CALL: All members of the Committee were present.

Chairman Moore stated that the Committee would discuss Title I monies, and asked the committee to refer to page 172 in the green book. Glen Leavitt, OBPP, stated that the Agency (OPI) was not requesting any additional funding to offset deductions in Title I and the Budget Office was recommending no additional funding. Judy Johnson, representing the Office of Public Instruction, stated that their agency is not requesting money.

Jay McCallum, representing the Office of Public Instruction, ESEA Title I Specialist, explained the Title I program in the state of Montana. Mr. McCallum distributed a booklet (Exhibit "A") to the Committee. This booklet is attached.

Mr. McCallum stated that currently they are projecting a 12% cut in Chapter I funds for the fiscal year 1983 (1982-83) school year. Title I will go out of business on July 1, 1982. It will become Chapter I of the Education Consolidation and Improvement Act. The programs will be continued as Title I.

Tom Crosser, representing the Office of Budget and Program Planning, stated that the Department of Institutions has not requested any replacement funds for Title I.

Warren Stone of Belgrade, Montana, representing himself as a concerned citizen, stated that he felt that for the first time in twenty years we have a State Superintendent who is concerned about quality education and he hoped his testimony would contribute to his support. Mr. Stone made comments on educational programs in the United States. See Exhibit "B" which is Mr. Stone's testimony and is attached to this report.

QUESTIONS FROM THE COMMITTEE:

REPRESENTATIVE CONROY: Do you have a figure where Montana stands nationally in state aid?

MR. STONE; We are doing a better job than most states in the nation, but we still have an abundance of waste.

REPRESENTATIVE MOORE: Do you know what would happen in the local school districts if we removed these federal funds?

MR. STONE: Yes, I do.

REPRESENTATIVE MOORE: Taxes would go so high we would have a taxpayers revolt.

REPRESENTATIVE THOFT: Would like to have a copy of Mr. Stone's testimony. Mr. Stone stated that he would provide copies for the Committee.

REPRESENTATIVE BENGSTON: I find it difficult to take all of these statistics at face value. She requested a response from Miss Johnson or Mr. McCallum.

MR. MCCALLUM: On the average, those who have participated in Title I have shown a gain at the end of the year. He stated that he could not speak regarding disabled children.

MISS JOHNSON: Stated that she thought the state was doing a very good job in special education programs. She did not have any statistics with her on this. Of the 12,990 children in special education only a little over 2,000 are entirely in special education classes. The rest are in a regular classroom situation with only a portion of their time spent in special education classes.

REPRESENTATIVE MOORE: Is there a possibility that over the next few years some would be able to be in the mainstream of education?

MISS JOHNSON: Yes, they already are.

REPRESENTATIVE BENGSTON: Mr. Stone, who is pressuring some of these superintendents to apply for federal money?

MR. STONE: It is not a one to one pressure, but rather a psychological thing. There is rivalry between school districts regarding programs. For example, in 1963 Billings was the first school district to have modern math. Many superintendents didn't want it at all, but they got it. Later Billings discontinued the modern math program. Billings presently has a gifted program because of two parents, and it is spreading like this all over the country.

Mr. Stone also stated that nine months after a student is in a gifted program the student wants out, but he can't get out due to pressure.

REPRESENTATIVE BENGSTON: If you have the answers to these problems, we would like to have the answers.

MR. STONE: Methods of teaching is not the answer. Preventive work is the key. When is the key for any child.

He further stated that most seven-year olds would teach themselves how to read. The child comes to school before he is ready to absorb the experience. This would be a very low-cost item.

REPRESENTATIVE ERNST: Asked the OPI about the tables in Exhibit "A". There appears to be some disparity between the counties and districts.

MR. McCALLUM: The Title I program is an allocation program. There are two criteria. One is an economic criteria, and the other is an educational criteria.

Chairman Moore called the hearing closed on Title I. The meeting was adjourned at 10:00 a.m. Committee I will recess until 1:30 p.m. when they will discuss the university system.

Exhibit "C", a reprint from the Reader's Digest, was submitted to the Committee by Mr. Stone and is attached to the minutes.



REPRESENTATIVE JACK K. MOORE,
CHAIRMAN

mln

ROLL CALL
FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-9-81

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	✓		
Rep. Esther Bengston	✓		
Rep. Tom Conroy	✓		
Rep. Gene Ernst	✓		
Rep. Bob Thoft	✓		
Sen. Harold Nelson, Vice Chm.	✓		
Sen. Mark Etchart	✓		
Sen. Jack Haffey	✓		
Sen. Judy Jacobson	✓		



OFFICE OF PUBLIC INSTRUCTION

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

Ed Argenbright
Superintendent

November 4, 1981

SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATION SUBCOMMITTEES

COMMITTEE I

TO: Representative Jack K. Moore, Chairperson, Great Falls
Senator Harold C. Nelson, Vice-Chairperson, Cut Bank
Representative Esther G. Bengtson, Shepherd
Representative Thomas R. Conroy, Hardin
Representative Gene N. Ernst, Stanford
Representative Bob Thoft, Stevensville
Senator Mark Etchart, Glasgow
Senator Jack Haffey, Anaconda
Senator Judy Jacobson, Butte

FOR THE RECORD: NAMES: Juanita A. Johnson
Assistant Superintendent

J. M. [Signature]
ESEA Title I Specialist

RE: Title I

ESEA Title I is the first title of the Elementary and Secondary Education Act of 1965. The purpose of this federally funded educational program is to provide federal dollars to local school districts and state agencies for supplementary educational services for educationally disadvantaged students. The program has been amended and reauthorized by Congress many times since 1965. The current law which governs Title I is Public Law 95-561.

ESEA Title I allocations are provided to the majority of Montana's school districts, Montana School for the Deaf and Blind, Boulder River School and Hospital, Warm Springs State Hospital and School, Eastmont Training Center, Mountain View School, Pine Hills School, Swan River Youth Forest Camp, Montana State Prison and the Montana Migrant Children's Program. The following chart will provide a picture of the ESEA Title I funds received by Montana from fiscal year 1976 to fiscal year 1982.

	FY '76	FY '77	FY '78	FY '79	FY '80	FY '81	FY '82
School Districts	5,141,798	5,944,931	6,421,517	7,943,720	9,195,012	9,054,708	8,821,494
Handicapped Institutions	352,811	372,368	372,368	372,368	358,536	327,131	307,500
Neglected or Delinquent Institutions	138,464	98,955	98,955	107,533	142,201	120,871	102,740
Adult Correctional Institution	1,158	2,062	2,062	3,645	4,718	17,259	14,670
Migrant	857,186	857,186	859,892	856,375	858,309	858,309	858,309
Totals	6,491,417	7,275,502	7,754,794	9,283,641	10,558,776	10,378,278	10,104,713

The ESEA Title I program is in its last year of existence. As of July 1, 1982, the ESEA Title I program will become Chapter 1 of the Education Consolidation and Improvement Act of 1981. However, the funding formula and purpose of the ESEA Title I program will remain in Chapter 1. Currently, the Office of Public Instruction is anticipating a minimum of a 12 percent cutback in Chapter 1 funds for the fiscal year 1983 (1982-83) school year.

Programs for educationally disadvantaged children are designed to meet the reading, math and language arts needs of those children. Projects at the local level hire teachers, tutors, aides and home-school coordinators to provide the supplementary educational services. The goal of each project is to raise the level of educational achievement of the Title I students to that which is appropriate for their grade placement. Basically, the program provides reading, math and language arts services for those children that are behind and not achieving with other students in their grade level. Through the ESEA Title I program, local projects have been able to show a Normal Curve Equivalent (NCE) gain of seven to eight points on the NCE scale. The average gain nationwide is about five NCE points. Therefore, it can be stated that ESEA Title I services to educationally disadvantaged children do make a difference and, in fact, Montana Title I children achieve better than other Title I students across the nation.

You will find attached the following:

1. Fiscal year 1982 (1981-82) Title I allocations.
2. Selected school districts and the effect of the 12 percent cutback in program funds.
3. Questions and answers regarding the changeover from ESEA Title I to Chapter 1 of ECIA (Public Law 97-35).

JRM:gs

Attachments



OFFICE OF PUBLIC INSTRUCTION

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

Ed Argenbright
Superintendent

Special Services

Bulletin No. 52

July 20, 1981

ESEA TITLE I FINAL COMBINED ALLOCATIONS FOR 1981-82 . . .

The Superintendent of Public Instruction has received final ESEA Title I allocations for fiscal year 1982. The allocations were received in two grants, basic and concentration. Allocations listed below for each school district reflect the combination of both grants. Your school district will not be required to account for each grant separately. There may be a difference in your final fiscal year 1982 allocation from what was reported to each school district on July 6, 1981 on the 1981-82 ESEA Title I funds memorandum. Payments are not automatic; school districts must apply for funds to finance ESEA Title I projects to help educationally disadvantaged children.

BEAVERHEAD COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Dillon Elem (\$68,721), Lima Elem (6,274), Lima H.S. (202), Jackson Elem. (266), and Beaverhead Co. H.S. (26,616).

BROADWATER COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Townsend Elem (\$49,146), Toston Elem (283), and Broadwater Co. H.S. (11,166).

CARBON COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Red Lodge Elem. (\$18,009), Red Lodge H.S. (14,165), Bridger Elem. (21,018), Joliet Elem. (15,646), Roberts Elem. (565), Boyd Elem. (602), Fromberg Elem. (4,954), Fromberg H.S. (9,304), Belfry Elem. (231), and Belfry H.S. (332).

BIG HORN COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Pryor Elem. (\$45,551), Plenty Coups H.S. (18,103), Hardin Elem. (108,544), Hardin H.S. (48,923), Big Bend Elem. (102), Lodge Grass Elem. (69,888), Lodge Grass H.S. (38,987), and Wyola Elem. (16,351).

BLAINE COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Chinook Elem. (\$17,335), Chinook H.S. (11,946), Harlem Elem. (89,450), Harlem H.S. (33,778), Cleveland, Lone Tree Bench & S. Fairview (192), Zurich Elem. (233), Turner Elem. (3,792), Hays-Lodge Pole Elem. (70,035), and Hays-Lodge Pole H.S. (36,751).

CARTER COUNTY

Code District

Table with 4 columns: Code, District, School Name, Amount. Rows include Ekalaka Elem. (\$24,156), Alzada Elem. (864), and Carter Co. H.S. (17,405).

*Allocation generated by children residing in local institutions for neglected or delinquent children.

CASCADE COUNTY

<u>Code</u>	<u>District</u>		
0098	1	Great Falls Elem.	\$571,787
		N or D Allocation*	2,784
0099	A	Great Falls H.S.	204,838
		N or D Allocation*	11,364
0101	3	Cascade Elem.	7,004
0102	B	Cascade H.S.	4,262
0104	5	Centerville Elem.	534
0105	C	Centerville H.S.	266
0112	29	Belt Elem.	10,094
0113	D	Belt H.S.	551
0117	6	Simms-Ft. Shaw Elem.	10,530
0118	F	Simms H.S.	8,165
0127	74	Vaughn Elem.	1,982
0131	85	Ulm Elem.	1,445
1210	97	Sun River-Crowe Elem.	231

CHOUTEAU COUNTY

<u>Code</u>	<u>District</u>		
0133	1	Fort Benton Elem.	\$ 20,149
0134	1	Fort Benton H.S.	45,242
0138	2	Big Sandy H.S.	592
0153	44	Geraldine Elem.	5,581
0154	3	Geraldine H.S.	9,627

CUSTER COUNTY

<u>Code</u>	<u>District</u>		
0172	1	Miles City Elem.	\$ 93,302
0187	63	Kinsey Elem.	142
0192	1	Custer Dist. Co. H.S.	37,909
		N or D Allocation*	1,383

DANIELS COUNTY

<u>Code</u>	<u>District</u>		
0193	1	Scobey Elem.	\$ 20,992
0194	1	Scobey H.S.	5,959

DAWSON COUNTY

<u>Code</u>	<u>District</u>		
0206	1	Glendive Elem.	\$ 41,919
0227	78J	Richey Elem.	1,762
0228	2	Richey H.S.	1,111
0207	Co.	Dawson Co. H.S.	36,736

DEER LODGE COUNTY

<u>Code</u>	<u>District</u>		
0236	10	Anaconda Elem.	\$ 81,355
		N or D Allocation*	353
0237	10	Anaconda H.S.	21,385
		N or D Allocation*	3,365

FALLON COUNTY

<u>Code</u>	<u>District</u>		
0243	12	Baker Elem.	\$ 41,013
0244	12	Baker H.S.	7,666
0254	50	Fertile Prairie & Yellowstone Elem.	632
0255	55	Plevna Elem.	379
0256	55	Plevna H.S.	506

FERGUS COUNTY

<u>Code</u>	<u>District</u>		
0258	1	Lewistown Elem.	\$116,417
0268	27	Grass Range Elem.	677
0273	44	Moore Elem.	300
0279	74	Roy Elem.	187
0290	115	Winifred Elem.	375
0259	1	Fergus H.S.	42,069

FLATHEAD COUNTY

<u>Code</u>	<u>District</u>		
1184	1	West Valley Elem.	\$ 11,124
0310	5	Kalispell Elem.	94,179
0311	5	Flathead H.S.	68,117
		N or D Allocation*	1,073
0312	6	Columbia Falls Elem.	92,566
0313	6	Columbia Falls H.S.	29,917
0316	9	Creston Elem.	549
0317	10	Cayuse Prairie Elem.	182
0320	15	Helena Flats Elem.	2,269
0323	20	Kila Elem.	390
0324	26	Batavia Elem.	10,399
0327	29	Somers Elem.	13,274
0330	38	Bigfork Elem.	26,168
0331	38	Bigfork H.S.	1,807
0334	44	Whitefish Elem.	39,890
0335	44	Whitefish H.S.	23,124
0339	50	E. Evergreen, W. Evergreen & Upper Evergreen Elem.	50,759
0342	58	Bissell & Olney Elem.	4,141
0344	62	Mountain Brook Elem.	5,768

*Allocation generated by children residing in local institutions for neglected or delinquent children.

GALLATIN COUNTY

Code	District		
0346	1	Logan Elem.	\$ 425
0347	3	Manhattan Elem.	8,588
0348	3	Manhattan H.S.	191
0350	7	Bozeman Elem.	95,613
0351	7	Bozeman H.S.	33,994
		N or D Allocation*.	1,720
0360	24-24	Three Forks Elem.	4,587
0361	24	Three Forks H.S.	661
0363	27	Monforton Elem.	4,256
0367	43	LaMotte Elem.	425
0368	44	Belgrade Elem.	16,879
0369	44	Belgrade H.S.	4,990
0376	75	Amsterdam Elem.	498

GARFIELD COUNTY

Code	District		
0377	1	Jordan Elem.	\$ 28,040

GLACIER COUNTY

Code	District		
0400	9	Browning Elem.	\$246,576
		N or D Allocation*.	353
0401	9	Browning H.S.	139,429
		N or D Allocation*.	353
0402	15	Cut Bank Elem.	11,505
0403	15	Cut Bank H.S.	6,954
0404	50	E. Glacier Park Elem.	6,083

GRANITE COUNTY

Code	District		
0415	1	Philipsburg Elem.	\$ 23,006
0416	1	Granite H.S.	10,157
0418	8	Hall Elem.	234
0419	11	Drummond Elem.	4,782
0420	2	Drummond H.S.	226

HILL COUNTY

Code	District		
0425	13	Box Elder Elem.	\$ 22,393
0426	G	Box Elder H.S.	25,781
0427	16	Havre Elem.	71,777
0428	A	Havre H.S.	37,103
		N or D Allocation*.	2,007
0437	26	Blue Sky Elem.	144
0438	E	Blue Sky H.S.	85
1207	87J	Rocky Boy Elem.	87,654

JEFFERSON COUNTY

Code	District		
0452	1	Clancy Elem.	\$ 10,206
0453	4-47	Whitehall Elem.	21,710
0454	2	Whitchall H.S.	3,422
0455	5	Basin Elem.	1,532
0456	7	Boulder Elem.	18,267
0457	1	Jefferson H.S.	8,535

JUDITH BASIN COUNTY

Code	District		
0463	12	Stanford Elem.	\$ 17,539
0464	12	Stanford H.S.	8,906
0472	58	Geyser Elem.	3,051
0473	58	Geyser H.S.	6,551

LAKE COUNTY

Code	District		
1205	7	Charlo Elem.	\$ 12,134
1206	7	Charlo H.S.	24,432
0474	8	Arlee Elem.	35,929
0475	8	Arlee H.S.	13,797
0476	22	Elmo Elem.	9,404
0477	23	Polson Elem.	41,557
0478	23	Polson H.S.	22,400
0480	28	St. Ignatius Elem.	37,046
		N or D Allocation*.	2,912
0481	28	St. Ignatius H.S.	24,312
1199	30	Ronan Elem.	83,154
		N or D Allocation*.	1,067
1200	30	Ronan H.S.	32,336
1211	33	Upper W. Shore Elem.	254
0486	73	Salmon Prairie & Swan Lake Elem.	132

LEWIS & CLARK COUNTY

Code	District		
0487	1	Helena Elem.	\$ 97,889
		N or D Allocation*.	2,348
0488	1	Helena H.S.	51,117
		N or D Allocation*.	14,485
0489	2	Kessler Elem.	15,173
0490	3	Jim Darcy/Warren Elem.	15,270
0491	4	Trinity Elem.	278
0492	9	East Helena Elem.	16,632
0501	38	Lincoln Elem.	4,892
0502	45	Augusta Elem.	1,633
0503	45	Augusta H.S.	275

*Allocation generated by children residing in local institutions for neglected or delinquent children.

LIBERTY COUNTYCode District

0507	29	Joplin Elem	\$ 42
0510	33	Chester Elem.	8,838
0511	33	Chester H.S.	5,269

LINCOLN COUNTYCode District

0519	1	Troy Elem	\$ 20,015
0520	1	Troy H.S.	8,547
0521	4	Libby Elem.	46,034
0522	4	Libby H.S.	15,032
0527	13	Eureka Elem	9,760
0530	15	Central Elem.	52
0534	53	Trego Elem.	3,019
0528	Co.	Lincoln Co. H.S. . . .	5,683

MADISON COUNTYCode District

0537	5	Sheridan Elem	\$ 15,360
0538	5	Sheridan H.S.	6,749
0539	7	Twin Bridges Elem . . .	35,728
0545	52	Ennis Elem.	10,966
0546	52	Ennis H.S.	6,324

McCONE COUNTYCode District

0547	1	Circle Elem	\$ 46,117
0548	1	Circle H.S.	15,393

MEAGHER COUNTYCode District

0569	8	Wh. Sul. Spgs. Elem . .	\$ 26,252
0570	8	Wh. Sul. Spgs. H.S. . .	18,675
0574	34	Ringling Elem	7,355

MINERAL COUNTYCode District

0576	2	Alberton Elem	\$ 3,968
0577	2	Alberton H.S.	351
0578	3	Superior Elem	15,410
0579	3	Superior H.S.	3,580
0581	6	St. Regis Elem.	5,326

MISSOULA COUNTYCode District

0583	1	Missoula Elem	\$272,326
0586	4	Hellgate Elem	29,138
0588	7	Lolo Elem	15,005
0590	14	Bonner Elem	18,014
0592	20	DeSmet Elem	3,487
0593	23	Target Range Elem . . .	4,816
0595	32	Clinton Elem.	9,154
0597	34	Seeley Lake Elem. . . .	4,559
0598	40	Frenchtown Elem	12,130
0599	40	Frenchtown H.S.	166
0584	Co.	Missoula Co. H.S. . . .	112,612
		N or D Allocation* . . .	8,101

MUSSELSHELL COUNTYCode District

0605	55	Roundup Elem.	\$ 67,711
0606	55H	Roundup H.S.	31,504

PARK COUNTYCode District

0612	4	Livingston Elem	\$ 90,488
0613	1	Park H.S.	39,344
		N or D Allocation* . . .	75
0614	7	Gardiner Elem	2,757
0626	41	Clyde Park Elem	1,489
0627	2	Clyde Park H.S.	837
0630	53-38	Wilsall Cons. Elem. . .	279
1215	75	Arrowhead Elem.	3,866

PETROLEUM COUNTYCode District

0641	159	Winnett Elem.	\$ 4,870
0642	1	Winnett H.S.	4,562

PHILLIPS COUNTYCode District

0647	2A	Dodson Elem	\$ 19,225
0648	C	Dodson H.S.	13,080
0653	7	Landusky Elem	659
1203	12A	Saco Elem	3,371
0657	B	Saco H.S.	527
0658	14	Malta Elem.	31,034
0659	A	Malta H.S.	14,616
0662	20AA	Whitewater Elem	1,077
		N or D Allocation* . . .	1,053
0663	D	Whitewater H.S.	-0-
		N or D Allocation* . . .	3,634

*Allocation generated by children residing in local institutions for neglected or delinquent children.

PONDERA COUNTY

Code	District		
0670	1	Heart Butte Elem.	\$ 72,287
0671	2	Dupuyer Elem.	158
0674	10	Conrad Elem.	15,516
0675	10	Conrad H.S.	7,968
0679	18	Valier Elem.	9,811
0680	18	Valier H.S.	46,230

POWDER RIVER COUNTY

Code	District		
0705	79J	Broadus Elem.	\$ 31,190
0706	79J	Powder River Co. Dist. H.S.	9,237

POWELL COUNTY

Code	District		
0712	1	Deer Lodge Elem.	\$ 49,366
0713	Co.	Powell Co. H.S.	26,771

PRAIRIE COUNTY

Code	District		
0725	5	Terry Elem.	\$ 13,286
0726	5	Terry H.S.	14,356
1194	130	Fallon Elem.	5,156

RAVALLI COUNTY

Code	District		
0730	1	Corvallis Elem.	\$ 30,788
0731	1	Corvallis H.S.	470
0732	2	Stevensville Elem.	33,347
0733	2	Stevensville H.S.	26,719
0734	3	Hamilton Elem.	52,218
0735	3	Hamilton H.S.	19,821
0737	7	Victor Elem.	24,790
0738	7	Victor H.S.	11,177
0739	9	Darby Elem.	32,482
0740	9	Darby H.S.	4,137
0742	15-6	Florence-Carlton Elem.	9,292
0743	15-6	Florence-Carlton H.S.	7,430

RICHLAND COUNTY

Code	District		
0745	5	Sidney Elem.	\$ 72,453
0746	1	Sidney H.S.	25,019
0747	7	Savage Elem.	10,797
0748	2	Savage H.S.	340

RICHLAND COUNTY (Continued)

Code	District		
0750	13	Fairview Elem.	17,301
0751	3	Fairview H.S.	1,247
0768	86	Lambert Elem.	522
0769	4	Lambert H.S.	340

ROOSEVELT COUNTY

Code	District		
0774	3	Frontier Elem.	\$ 74
0775	9	Poplar Elem.	104,432
0776	9B	Poplar H.S.	36,889
0777	17	Culbertson Elem.	11,659
0780	45	Wolf Point Elem.	70,141
		N or D Allocation*.	2,820
0781	45A	Wolf Point H.S.	35,495
0782	55	Brockton Elem.	37,929
0783	55F	Brockton H.S.	14,028
0784	64	Bainville Elem.	205
0785	64D	Bainville H.S.	102
0787	65E	Froid H.S.	154

ROSEBUD COUNTY

Code	District		
0789	3	Birney Elem.	\$ 3,749
0790	4	Forsyth Elem.	12,275
0791	4	Forsyth H.S.	5,007
0792	6	Lame Deer Elem.	89,188
0796	19	Colstrip Elem.	6,825
0797	19	Colstrip H.S.	36,851
		N or D Allocation*.	3,233
0800	32J	Ashland Elem.	25,497
		N or D Allocation*.	12,216

SANDERS COUNTY

Code	District		
0802	1	Plains Elem.	\$ 13,780
0803	1	Plains H.S.	10,593
0804	2	Thompson Falls Elem.	18,848
0805	2	Thompson Falls H.S.	824
0807	6	Trout Creek Elem.	100
0808	8	Paradise Elem.	6,948
0809	9	Dixon Elem.	16,589
0811	10	Noxon Elem.	184
0812	10	Noxon H.S.	142
0813	11	Camas Prairie Elem.	2,698
0814	14J	Hot Springs Elem.	20,147
0815	14J	Hot Springs H.S.	7,520

*Allocation generated by children residing in local institutions for neglected or delinquent children.

SHERIDAN COUNTYCode District

0821	7	Medicine Lake Elem.	\$ 14,564
0822	7	Medicine Lake H.S.	2,392
0827	20	Plentywood Elem.	35,038
0828	20	Plentywood H.S.	12,353

SILVER BOW COUNTYCode District

0840	1	Butte Elem.	\$280,719
		N or D Allocation*	1,729
1212	1	Butte H.S.	81,719
		N or D Allocation*	1,701

STILLWATER COUNTYCode District

0846	5	Park City Elem.	\$ 2,493
0847	5	Park City H.S.	1,082
0848	6	Columbus Elem.	40,262
0849	6	Columbus H.S.	1,228
0851	9-9	Reedpoint H.S.	356
0861	52C	Absarokee Elem.	2,233
0862	52	Absarokee H.S.	1,195

SWEET GRASS COUNTYCode District

0865	1	Big Timber Elem.	\$ 33,478
0872	16	Greycliff Elem.	2,139
0882	Co.	Sweet Grass Co. H.S.	30,154

TETON COUNTYCode District

0883	1	Choteau Elem.	\$ 15,211
0884	1	Choteau H.S.	10,397
0890	21	Fairfield Elem.	12,859
0891	21	Fairfield H.S.	20,391
0892	28	Dutton Elem.	1,015
0893	28	Dutton H.S.	430

TOOLE COUNTYCode District

0902	2	Sunburst Elem.	\$ 1,628
0903	2	Sunburst H.S.	4,153
0907	8	Kevin Elem.	4,238
0910	14	Shelby Elem.	19,355
0911	14	Shelby H.S.	7,347

TREASURE COUNTYCode District

0922	7	Hysham Elem.	\$ 14,751
0923	1	Hysham H.S.	10,301

VALLEY COUNTYCode District

0925	1	Glasgow Elem.	\$ 93,426
0926	1A	Glasgow H.S.	24,228
0927	2	Frazer Elem.	54,812
0928	2B	Frazer H.S.	39,282
0932	7	Hinsdale Elem.	247
0933	7C	Hinsdale H.S.	164
0934	9	Opheim Elem.	2,472
0936	13	Nashua Elem.	10,750
0937	13E	Nashua H.S.	338

WHEATLAND COUNTYCode District

0945	16	Harlowton Elem.	\$ 21,498
0946	16	Harlowton H.S.	10,506

WIBAUX COUNTYCode District

0954	6	Wibaux Elem.	\$ 24,573
0964	6	Wibaux H.S.	5,434

YELLOWSTONE COUNTYCode District

0965	2	Billings Elem.	\$579,609
		N or D Allocation*	1,054
0966	2	Billings H.S.	226,786
		N or D Allocation*	27,610
0968	3	Blue Creek Elem.	479
0969	4	Canyon Creek Elem.	11,823
0970	7-70	Laurel Elem.	51,608
0971	7	Laurel H.S.	12,481
0975	15	Custer H.S.	52
0976	17	Morin Elem.	119
0981	23	Elysian Elem.	1,573
0982	24	Huntley Project Elem.	22,421
0983	24	Huntley Project H.S.	1,573
0967	26	Lockwood Elem.	38,828
0985	37	Shepherd Elem.	2,171
1196	58	Yellowstone Boys and Girls Ranch	13,894
		N or D Allocation*	9,509

*Allocation generated by children residing in local institutions for neglected or delinquent children.

STATE INSTITUTIONS

Code

9001	Mountain View School	\$ 34,515
9002	Boulder River School and Hospital.	27,113
9017	Warm Springs State Hospital School	21,823
9029	Montana State Prison	4,191
9034	Pine Hills School.	68,226
9258	Montana State School for the Deaf and Blind.	199,048
9350	Eastmont Training Center . .	14,548
9352	Swan River Youth Forest Camp	10,479

ESEA TITLE I

	1981-1982	Projected * 1982-1983
ANACONDA	\$102,740	\$ 90,411
BILLINGS	806,395	709,627
BOZEMAN	129,670	114,109
BUTTE	362,438	318,945
CUT BANK	18,459	16,243
DAGMAR	-0-	-0-
EMIGRANT	-0-	-0-
FAIRFIELD	33,250	29,260
GLASGOW	117,654	103,535
GREAT FALLS	776,625	683,430
HARDIN	157,467	138,570
HARLEM	123,228	108,440
HELENA	149,006	131,125
KALISPELL	162,296	142,820
LEWISTOWN	158,486	139,467
MANHATTAN	8,779	7,725
MISSOULA	384,938	338,745
SHELBY	26,702	23,497
SHEPHERD	2,171	1,910
SIDNEY	97,472	85,775
STANFORD	26,445	23,271
STEVENSVILLE	60,066	52,858
THOMPSON FALLS	19,672	17,311
WHITE SULPHUR SPRINGS	44,927	39,535

*The 1982-83 figures are based upon a 12 percent reduction from 1981-82.

R E V I S E D D R A F T

QUESTIONS AND ANSWERS CONCERNING THE EDUCATION
CONSOLIDATION AND IMPROVEMENT ACT OF 1981

CHAPTER 1

U.S. DEPARTMENT OF EDUCATION
OCTOBER 9, 1981

SUPPLEMENT, NOT SUPPLANT

1. Must an LEA use funds received under Chapter 1 to supplement, not supplant non-Federal funds?

Yes. Section 558(b) provides that an LEA may use Chapter 1 funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of Chapter 1 funds, be made available from non-Federal sources for the education of pupils participating in Chapter 1 projects, and in no case may Chapter 1 funds be used to supplant non-Federal funds.

2. Are all State and local funds subject to the supplement, not supplant requirement in Section 558(b)?

No. Section 558(b) provides that for purposes of determining compliance with the supplement, not supplant requirement an LEA may exclude State and local funds expended for carrying out special programs to meet the educational needs of educationally deprived children, if such programs are consistent with the purposes of Chapter 1. Thus, many compensatory education programs could be excluded from the supplement, not supplant requirement. On the other hand, funds spent for programs of bilingual education, English as a Second Language programs, or programs for the education of handicapped children may not be excluded in determining compliance with the supplement, not supplant requirement.

3. Are pull-out programs required to meet the supplement, not supplant requirement?

No. Under Section 558(b), an LEA is not required to provide services outside the regular classroom or school program in order to meet the supplement, not supplant requirement.

MAINTENANCE OF EFFORT

1. Under Chapter 1, are LEAs required to maintain fiscal effort?

Yes, but the standard is less stringent than under Title I. An LEA may receive Chapter 1 funds for any fiscal year if the SEA determines that either the combined fiscal effort per student or the aggregate expenditures of the LEA and the State with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90 percent of such combined fiscal effort or aggregate expenditures for the second preceding fiscal year. Thus, Section 558(a)(1) allows for a 10 percent leeway in meeting the maintenance of effort requirement.

2. Does the maintenance of effort requirement apply to State agency programs?

No. The maintenance of effort requirement in Section 558(a) applies only to LEAs.

3. What expenditures are to be included in determining maintenance of effort?

For purposes of maintaining effort under Section 558(a), an LEA may include any State and local funds expended for the free public education of children within the LEA.

4. What happens if an LEA does not maintain effort at the 90 percent level?

Under Chapter 1, if the one-time waiver is not appropriate, an LEA's allocation will be reduced in the exact proportion to which the LEA fails to meet the maintenance of effort requirement by falling below the 90 percent level.

5. If an LEA sustains a maintenance of effort penalty, what base must be used to determine compliance with the maintenance of effort requirement in succeeding fiscal years?

Section 558(a)(2) provides that if an LEA falls below the 90 percent maintenance of effort requirement, no amount below the 90 percent level shall be used for computing maintenance of effort in subsequent years.

6. What is the nature of the waiver provision in Section 558(a)(3)?

Under Section 558(a)(3), an SEA may waive, for one fiscal year only the maintenance of effort requirement if the SEA determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of an LEA. The Conference Report indicates that Congress intended this waiver authority to be applied only in limited circumstances. The Conference Report also indicates that Congress considers declining revenues as a result of severe economic conditions, natural disaster, or similar circumstances for waiver purposes. However, the Report indicates that tax initiatives or referenda may not qualify for waiver purposes.

7. What is the effect of a waiver on the base for the succeeding years?

A waiver has no effect on the base for the following year's maintenance of effort determination. Accordingly, in the year following the waiver period, maintenance of effort is determined by following the procedure in Section 558(a)(1).

PROGRAM DESIGN

1. For what purposes may Chapter 1 funds be used?

Section 555(a) states that each SEA and LEA shall use Chapter 1 funds for projects -- including the acquisition of equipment and, where necessary, the construction of school facilities -- which are designed to meet the special educational needs of educationally deprived children. More specifically, under Section 555(b) State agency programs must be designed to serve those categories of children counted for eligibility for grants under Section 554(a)(2). An LEA may use Chapter 1 funds only for programs and projects which are designed to meet the special educational needs of educationally deprived children identified under the needs assessment required by Section 556(b)(2), and which are included in an application for assistance approved by the SEA.

2. In general, what types of expenditures may an LEA use Chapter 1 funds for?

Under Section 555(c), an LEA Chapter 1 project may include the acquisition of equipment and instructional materials, employment of special instructional and counseling and guidance personnel, employment and training of teacher aides, payments to teachers of amounts in excess of regular salary schedules as a bonus for service in schools serving project areas, the training of teachers, construction (where necessary) of school facilities, other expenditures authorized under Title I of the Elementary and Secondary Education Act of 1965 (as in effect on September 30, 1982), and planning for such projects.

MISCELLANEOUS

1. May Chapter 1 administrative funds be used to administer Chapter 2, or the reverse?

Neither Chapter 1 nor Chapter 2 funds may be spent to administer the other chapter.

2. What recordkeeping requirements are imposed on SEAs and LEAs under Chapter 1?

Each SEA must keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary under Chapter 1.

In its application, each LEA must agree to keep such records and provide such information to the SEA as reasonably may be required for fiscal audit and program evaluation consistent with the responsibilities of the SEA under Chapter 1.

REPORT OF STUDIES

1. "Between 1965 & 1968 --- "
2. "Research on Reading Problems"
3. "Where Money Fails"
4. "New York, Philadelphia, Chicago - 75% dropout rate - 1929."
5. "Sixty 6 & 9 year old Black children ----"
6. "Reagan Report"
7. "Baucus Report"

Now I would like to report about some of my own experiences in education.

1. Title I \$70,000
2. Pre-K Program, 32 children - 26 not ready to profit - \$1280 -
Cost to taxpayers \$20,000 - \$44,000 at today's per pupil cost.
3. No need for K. Taught in 1950 - all knowledge, facts, and basic skills
4. As Supt. \$30,000 & \$40,000 Spend by June 30
5. Psych Exam. costs \$10 \$25 \$189 per child.
6. Sp. Ed. Wyoming 94-142 Wastes Unqualified children
Speech Therapy, Aides, etc.
7. Wyoming State Dept. Official "Had to increase my number of children
on free and reduced priced school lunches to qualify for Title I funds.
8. Montana OSPI official to me to get as many children into Sp. Ed.
because regulations and requirements were lessrestrictive than Title I.
9. Mont. OSPI official just recently told me it was not the role of the
State Dept. to go into a School District and point out illegal pro-
cedures or violations of regulation as it pertains to Sp. Ed.

CONSEQUENCES OF UN-ACCOUNTABILITY

NEW HEAD START ANALYSIS, Phi Delta Kappan, April, 1970, p.452.

Westinghouse Learning Corporation and Ohio University concluded "the pre-school compensatory program had very little effect on the academic performance of the children who participated in it."

WHETHER (and WHEN) LITTLE CHILDREN SHOULD BE HELPED TO LEARN, Carnegie Quarterly, Volume XVII/Number 1, Winter 1969.

"Most Head Start children, for example, seem to show very heartening progress after even a short time in the program. Six months or a year after they 'graduate' from the program, however, most of them are back on a level with other disadvantaged children who were never in Head Start."

BETTER LATE THAN EARLY, Moore, Raymond S., Harper & Row Publishers, 1977, p.43.

"Glen Nimnicht, formerly a principal psychologist for Head Start, was initially a strong proponent of early schooling. However, after experimenting with the early education of children in Head Start, he concluded, 'There is no evidence that a young child needs to go to Nursery school. It's my hunch that twenty minutes a day playing with his mother does a pre-schooler as much good as three hours in a classroom.' Nimnicht came to this conclusion after finding that children made significant gains over brief periods when their parents played with them."

BILLIONS OF DOLLARS BEING WASTED ON HEAD START.

FREE VERSUS DIRECTED SCHOOLS: BENEFITS FOR THE DISADVANTAGED?, Nicolaus Mill, Ph.D., IRCD Bulletin, Volume VII, No. 4, Sept. 1971.

Quotation used from Ivan Illich's DESCHOOLING SOCIETY.

"Between 1965 and 1968 over three billion dollars were spent in U.S. schools to offset the disadvantages of about six million children... It is the most expensive compensatory program ever attempted anywhere in education, yet no significant improvement can be detected in the learning of these 'disadvantaged' children."

RESEARCH ON READING PROBLEMS, METHODS, TEACHER TRAINING SURVEYED, ETS Developments, Volume XIX, Number 3, Spring 1972.

A review of 15,000 studies on Reading.

- ✓ Problem : 1. The effectiveness of different methods of teaching reading.
- ✓ Conclusion: "Research on methods of teaching reading hardly ever assigns pupils or classrooms to experimental and control groups at random. Treatments are so rarely monitored and vaguely described that it is impossible to tell what went on in the classroom that made a difference."

Conclusion (continued)

✓ "The research is concentrated on beginning reading, and the few significant differences tend to disappear in a year or two."

✓ Problem: 2. The training of teachers of reading.

✓ Conclusion: "One cannot determine from existing documents what reading teachers are actually equipped to do."

3. ✓ WHERE MONEY FAILS, Newsweek, March 29, 1976, p.86.

"The federal government pumped \$40 million into eleven New York City ghetto schools over a period of four years from 1969 to 1973. The results: all eleven schools still report much the same low achievement-test scores and high truancy."

"In Pittsburgh, Houston and San Diego, millions more have been spent on the government's attempts to tailor teaching to the needs of individual students. There has been scant success in improving school wide performance."

See also: attached photo-copies.

- ✓ REMEDIAL EDUCATION BOMBS Nov. 20, 1977
(A rebuttal to Dr. Tietz's presentation.)
- ✓ LANGUAGE PROGRAM IS A \$500 MILLION FLOP -- BUT GOVT. IS EXPANDING IT! Nov. 29, 1977
- GENERAL EDUCATION COMES UNDER FIRE Dec. 18, 1977
- ✓ GROSS WASTE AT HEW Jan. 19, 1978
- HOW MUCH A POLISH BISEXUAL FROG? March 1977

I apologize for making this so long but I did not feel I could do a worthy project without supplying the enclosed information. Best wishes on your endeavors to solve this problem.

Sincerely,

Warren Stone

Warren Stone

to find that the 9-year olds who had never been to school performed as well as those who had three years of schooling.

- (122) Rhower, William D., IMPROVING INSTRUCTION IN THE 1970'S--WHAT CAN MAKE A SIGNIFICANT DIFFERENCE? Address to the American Educational Research Association, 1973.
- (123) Rohwer, William D., "PRIME TIME FOR EDUCATION: EARLY CHILDHOOD OR ADOLESCENCE?" Harvard Educational Review, August 1971, pp. 316-341.

Moore, R., & Moore, D., BETTER LATE THAN EARLY, PP 79 & 80.

Some believe that parents and educators should be less concerned about making up early losses. On the basis of research, experimentation and application of growth principles, psychologist William Rohwer (123) suggests that for many children efforts to increase independent perception or cognitive ability are more likely to succeed "... if they are delayed ... until near the end of the elementary years." Rohwer (122) also suggests that all of the "learning ... necessary for success in meeting high school demands can be accomplished in only two or three years--the junior high school years." If prescribed instruction were delayed until those years, he believes, many children might achieve greater academic success.

① Sixty 6- and 9-year old black children from Prince Edward County, Virginia, a community without public schools for 4 years, were compared with sixty 6- and 9-year old black children of similar socio-economic level who had received regular schooling. As expected there were no differences in performance between the two groups of 6-year olds. But researchers were surprised

(OVER)

RONALD REAGAN

(Reprint of a radio program entitled "Local Control II"
Commentary by Ronald Reagan)

Adjusting dollars for inflation, the actual cost of educating public school students since 1950 went from \$504 per pupil to \$1400 in 1976. That is an increase in real dollars of 180 per cent. If you don't adjust for inflation the increase is around 1000 per cent.

Part of the reason for this has been a great growth in the educational bureaucracy. In 1950 there was one full-time school employee for every 19 students. Today it is one for nine. The greatest increase has been in non-teaching personnel, mainly administrative. For teachers alone the ratio went from one to every 28 pupils in 1950 to one teacher for 21 pupils in 1976. To sum it up, as we transferred much of educational funding to the state and federal level we tripled the cost per student and doubled the bureaucracy.

Now of course we would have no complaint if educational quality had risen to match the increase in cost and staff. Unfortunately, the reverse is true. We were on a rise in educational performance from back in the '30's until the early '60's. Federal aid actually began about 1962, so did federal control over education and so did the decline in educational quality, as measured by the Scholastic Aptitude Tests.

This was not the only indicator. There are state educational testing programs. In one state the score changed from a 10 year rise of about 13½ per cent in reading and 16 in math to a 10 year drop of 13 per cent in reading and an 18 per cent drop in math. Dozens of other states have recorded similar declines--all coinciding with the creation of the United States Office of Education and the rise of state education bureaucracies.

The state with the lowest spending per student and the lowest percentage of person income devoted to education--New Hampshire--has the highest average score in scholastic Aptitude tests.

New Hampshire also has the lowest percentage of state aid to local schools (16 per cent) which means the least interference with local control. The national average of state aid to schools is more than double that of New Hampshire--39 per cent. By contract Massachusetts has the highest per-student cost and the highest per cent of personal income devoted to education. In Scholastic Aptitude Tests it ranks below the National average.

The only thing you can say for increased state and federal aid to education is that it will result in higher cost, more educational employees and less supervision by the taxpayers.

The National Education association has long lobbied for a United States Department of Education and massive increases in federal aid. As a candidate, the President told the N.E.A. convention he would strive for a separate Department of Education and a \$20 billion increase in federal spending for education. He said he believed the federal government should provide one third of the cost of education. This would reduce local funding to less than 20 per cent which would virtually eliminate local control of education.

Personal Program Statewide

*1976-77
76.6%*

*1980-81
68.7%*

Mont. State Share

In conclusion I am here to say the taxpayers are sick & tired of continually increased mil levies resulting in higher & higher taxes & especially when one reflects seriously on ^{such} ~~the~~ information I have presented. Quoting Robert Snow's article "The Forces of Miseducation" he says,

"Today, there is no choice between being educated or uneducated. The choice is between being educated or miseducated."

My report has been mostly about being "miseducated." I would like to suggest to this Committee, that ^{we in Montana set the example of} in a spirit of cooperation & understanding of our national problems, & our President's attempt to solve them, refuse to return any & all forms of Federal Aid money as a gesture of generosity & willingness to help solve an almost insurmountable problem which has been foisted upon all American people through the Socialist Philosophy that has permeated all levels of our government since at least 1934. By so doing, we will break the associated bondage, ~~recover~~ recover that independent, local control, & its concomitant freedom which the Founding Fathers intended ^{for} us to have.

I come before you as a private, concerned citizen having had 20 yrs experience in the field of education. with a different story one you don't often hear about.

I have had much ambivalence over participating in this hearing & actually had made a decision not to appear. It wasn't until I heard Supt Argenbright speak his views over a television news program last Wednesday evening that I changed my mind. It appears to me that for the first time in over ^{the last} 20 years we have a State Supt who is not only concerned about quality education but also about the impact of higher & higher taxes on the taxpayers. I hope this report will contribute to his support as well as provide you with facts in which to make your best decision.

First I would like to bring to your attention certain facts obtained from various research studies & reports.

Report on Studies

- 1.
- 2.
- etc

TO: Montanans FROM: Max

CURBING WASTE AND MISMANAGEMENT IN THE FEDERAL GOVERNMENT

October, 1981

President Reagan's economic program has been making front page since January. His package of budget cuts (\$135 billion so far) and tax cuts (\$749 billion by 1986) are now law.

The Administration's proposals have cut deeply into some programs and eliminated others. But in some ways, cutting such large chunks from the federal budget is easy.

Making what's left of the government work better is far more difficult and rarely makes page one.

The General Accounting Office, Congress' investigating arm, estimates that each year the federal government loses over \$50 billion due to waste, fraud and mismanagement.

Saving these tax dollars must be just as high a priority as wholesale cutbacks in spending. Here is an update on recent developments in the war on waste.

Federal Contracts

7. → It was long past closing at the Department of Education building in Washington, but the lights still burned and the pace was frantic. The reason: it was September 30 and officials had only a few hours left before the end of the federal budget year. In those final hours of the fiscal year, employees were literally emptying the treasury.

Every year the same thing happens as agencies rush to spend leftover money. Education officials spent nearly two-thirds of their budget for products and services within the last ten days.

This is just one of the ways tax dollars are wasted. Each year the federal government spends billions of dollars to buy everything from paper clips to the Space Shuttle. Tax dollars buy studies, consultants' services, huge office buildings and a whole host of other things.

But each year hundreds of millions of dollars are wasted, despite rules that are supposed to prevent such waste.

I have asked the GAO to investigate the Education Department's midnight spending spree. I asked GAO to review every contract awarded in September and to determine whether it was needed, whether contracting rules were violated and whether it was awarded after competitive bidding.

No small business would spend 60 percent of its budget without first making sure it was getting the most for its money. But federal agencies seem all too willing to do so. The actions of Education Department officials are just the latest example that I have uncovered in my efforts to clean up federal contracting procedures.

Advertising

The federal government spends over \$130 million on advertising each year, making it the 25th largest advertiser in the nation. Agencies produce glossy brochures, television and radio spots, films, slides, newsletters, speeches and a variety of other things.

But while much of this information is useful, a lot isn't. For example, the Department of Housing and Urban Development published an article entitled, "Finding an Apartment in Poland." Or, do we really need to

know that "When Lobsters Travel, They Go By Air," as the Department of Transportation told us?

Recently the *Billings Gazette* reported that they had received 28 press releases from HUD in one day. It's hard to believe that HUD makes that much news in a month.

For the past year I have been reviewing advertising and public relations spending by federal agencies. Last year I sponsored an amendment that cut advertising budgets at several agencies by 10 percent.

The federal government's advertising expenses are small potatoes when compared with other parts of the budget. But that doesn't make it any less important. I am working with HUD officials to make sure only essential news releases are mailed to the press. And I will continue to seek cuts in p.r. budgets.

Conclusion

Stopping waste, fraud and mismanagement will not be accomplished overnight. Whether we are successful will depend in large part on the resources we commit.

So far the Reagan Administration has talked tough on waste. But, at the same time, the Administration is proposing a 12 percent budget cut for one key group in the fight against waste: The 15 independent Inspectors General who are supposed to monitor the efficiency of federal agencies.

Congress has yet to act on this latest budget cut request. For my part, I want to make sure we don't handicap our efforts to cut waste by wiping out our most effective tool.

UNITED STATES SENATE
WASHINGTON, D.C. 20510
OFFICIAL BUSINESS

Max Baucus
U.S.S.

CURBING WASTE IN GOVERNMENT

48543-3CP LAQ0HH
MR. WARREN STONE
ROUTE 1, BOX 252
BELGRADE MT 59714

If this letter was incorrectly addressed, please let me know.
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each child a test designed specifically to reveal his readiness for the work or grade he was in.

Block Bangers. To understand how such tests work, review for a moment the basic discovery of the late Dr. Arnold Gesell at the Yale Clinic of Child Development. Over a period of 40 years, Dr. Gesell and his staff minutely observed and recorded on film the behavior of hundreds of children as they grew from infancy to ten years of age. They documented the basic discovery that behavior develops in as patterned and predictable a way as does the physical organism itself.

For instance, just as the infant creeps before he walks, so he also pounds a block vertically on the table (at six months) before he can bang two blocks together horizontally (at nine months). Most four-year-old boys draw a circle from the bottom up, in a clockwise direction; but by five-and-a-half or six they draw it in the opposite direction—from the top, counterclockwise.

From such observations, Gesell devised a group of simple tests that tell the skilled examiner just far a child has come in his behavior. Gesell's infant and preschool

FOR 20 YEARS Drs. Ilg and Ames were associates of the late Dr. Arnold Gesell at his famed Yale Clinic of Child Development. In 1950, after his retirement, they founded the Gesell Institute of Child Development to continue his work. Of their many books, the most recent is *School Readiness* (Harper & Row, 1964).

was a classic victim of the archaic chronological-age standard. In Weston, Conn., where John was in kindergarten, the legal readiness requirement is typical: a child is considered ready for kindergarten if his fifth birthday falls on or before December 31 of that school year. John's birthday fell in late November, so when he started he was only four years and ten months old. Poor John was unquestionably too young for school—and his behavior showed it. He spent much of the time in tears, did not enjoy group activities, and folded up from exhaustion long before the morning was over.

On our first visit to one classroom we sat in the back of the room and made a chart of the desks, marking with an X those children whose behavior was most obviously heading them for trouble. Checking later, we discovered that *every one* of our eight X marks was for a November or December child!

A New England primary-school principal told us: "I can almost predict which children will have to repeat, even before the teachers turn in their reports. They will be mostly boys, and will have an October, November or December birthday." Why mostly boys? Because boys this age are about six months behind girls in their development. Yet school-readiness requirements make no allowance at all for this known difference.

Smart as a Whip. Margaret was a good solid seven years and six months when she entered second

grade. She had an extremely high I.Q. and stood at the top of her class academically. But she was unhappy in school and had turned sour and disobedient at home. In her relations with other seven-year-olds she was a classic six-year-old: unpleasantly competitive about her marks and in her play, frequently bursting into displays of temper when she felt "her rights" were being violated. Her only friend in school was the teacher. Like John, she was overplaced, but for different reasons.

She was a type so common that we have coined a term to describe it: "superior-immature." You undoubtedly know children like this: smart as whips, with minds that sometimes seem to outrace your own—but with behavior that is babyish for their age.

Among the children we tested there were dozens of Johns and Margarets. In first grade, they were the fidgeters and gigglers and constant walkers to the pencil sharpener or the bathroom. In second grade, they were the daydreamers. By third grade, with the pattern of failure and unhappiness already beginning to harden, they had learned to li school. One common symptom was that they had few school friends or none at all.

Nothing Falls Like Failure. To prevent this continuing damage to so many children, we must dispel two common misconceptions. Myth No. 1 is that the symptoms of immaturity are so obvious that most children are eventually placed in the

tests have been translated into more than two dozen languages and are standard tools of psychologists and pediatricians throughout the world. The school-readiness tests, a direct outgrowth of Gesell's tests, extend the range into the school-age years of five to ten. Though more complex than the preschool tests, basically they are the same in concept and intent.

These readiness tests showed conclusively that the children in our clinic had been over-placed in school. However, we realized that the children brought to us were those already in trouble. What would tests show for a cross section of average children? To find out, we obtained a grant from the Ford Foundation's Fund for the Advancement of Education, and from 1957 to 1962 made an intensive study of some 1000 kindergarten-through-second-grade children in three elementary schools near New Haven.

"November Boy." The results, we are convinced, reflect what is happening throughout the country. Only about a quarter of the children examined were definitely ready for the grades in which they had been placed. A quarter were definitely unready. The rest were at best questionable: they might or might not be able to make it.

If these figures are as hard for you to believe as they were for us, come inside the classroom and observe some of the children we saw. There was John, who as a "November boy"

BY FRANCES L. ILG & LOUISE BATES AMES

Your Child May Be in the Wrong Grade at School

Recent studies by the Gesell Institute reveal the astonishing fact that a great many youngsters would benefit tremendously if they were held back a year

child's maturity, or behavior age. Yet this can be the crucial factor in determining whether a child will perform according to his ability. If it is disregarded, the child can suffer serious harm.

Our eyes were opened to this the mid-1950's when we made the discovery that many of the "problem children" who came to our clinic in New Haven, Conn., had only one major problem: they were adjusting badly to school. And in almost every such case we found that the child had been started in school too soon.

We are able to make such a flat statement because we had given

HERE is a fact about our educational system that may shock you as much as it did us when we discovered it. If you have a child in school today, the chances are about 50-50 that he is at least a grade ahead of the one he should be in. More, the consequences of this misplacement may follow him through his entire school career, even in college.

The reason is simple. Almost all our schools use two largely inadequate measurements to determine whether children are ready for kindergarten or first grade: chronological age and I.Q. They ignore the most significant measure of all: the

proper grade. Unfortunately, our experience is that this is rarely the case. Particularly with the "superior-immatures" — since their high I.Q.'s so delight both parents and teachers — the real problem is overlooked.

Even when immaturity is discovered, too often the child is *still* not held back. Various social and professional pressures work on parents and teachers alike to keep children "moving ahead and learning." The easier thing to do, and the tendency, is to keep a child going along in the wrong grade indefinitely, in the hope that "he'll catch up later on."

That is Myth No. 2. Most unready children do *not*, in our experience, catch up. To do so, they would at some point have to mature abnormally fast. Instead, what almost always happens is that, having started school a year too early, the child moves rung by rung up the grade ladder, always a year behind in maturity and behavior. Having learned early that school is an unhappy place, he becomes accustomed to failure.

And this pattern builds on itself after year. In fact, we are convinced that early over-placement in school is one of the prime reasons for the "under-achievers" who crowd our classrooms today — the ones who fail to live up to their potential and, in too many cases, ultimately drop out.

Colleges increasingly are recognizing the need for more growing up by many students. Since the early

1950's, many colleges have been encouraging some freshmen to take a year or two off and then start again. A professor recently told us, "The best teaching years of my life were the ones just after World War II, when we started getting the G.I. Bill students whose education had been interrupted by the war. Those boys, as a group, were the first students I ever had who were mature enough."

From Tears to Cheers. How, then, can our schools properly match the child to the grade? Each child, before entering school, should be given an individual behavior test. Since our original findings, we have trained some 200 teachers, school psychologists and guidance counselors to give school-readiness tests. And for the past year, with Ford Foundation support, we have been working intensively with three school systems, in California, Connecticut and Vermont, to help them grade their children on a developmental basis.

Earnest C. Imbach, school psychologist and guidance director of the Visalia, Calif., schools, reports: "Last year, when we gave developmental tests to the kindergarten-through-second-grade children in our Mountain View Elementary School, we found that *more than half* were being forced to work at a level for which they weren't ready. We've re-placed most of them according to behavior age, and the results have been almost unbelievable. The kids are happier and much

more involved in their work, and many are already showing a measurable increase in achievement. The teachers say they're now able to spend more time in creative teaching; the parents tell us the children are more enjoyable to live with. Now the parents and principals of other schools are asking us when they can start developmental placement."

Fight for His Rights. Your own school, like the vast majority, probably still uses the age-and-I.Q. standards. What, then, can you do to make sure your child is on the right rung of the educational ladder? First, don't regard it as a stigma on your child if he is held back. The stigma, if any, belongs with the school or his parents for having put him in the wrong grade to begin with. And don't assume that replacing him will necessarily do emotional harm. It depends largely, we believe, on how the matter is explained to the child.

Second, keep in mind that it is *never* too late to put your child in the proper grade. Unfortunately, the older the child, the more bitterly he may protest being re-placed. But over-placing is too potentially damaging to ignore, and chances are — if

there are no other complicating factors — that tears will be replaced by happiness as he begins to experience success and find friends in the new grade.

One frequently heard objection to behavioral placement is that a high-I.Q. child may suffer from academic boredom when put in a class with younger children. But in our experience this is far less of a problem than most people make it.

Third, if you are convinced your child is wrongly placed, and if the school resists making a change, *fight for his rights*. Putting yourself in your child's shoes may help.

"You would have to live through it to realize the tearing away of your confidence and the humiliation it brings," says a young woman recalling her own experience as an over-placed child. "My first two years in school I cried each day. I couldn't eat. I sat with my head on my desk. I couldn't concentrate. The teacher screamed at me, and my mother blamed one teacher after another for my unhappiness. It was hell."

In every school there are children who are suffering this same agony. It is time we relieved them of terrible, unnecessary pressure.

A Reader's Digest

REPRINT

Your Child May Be in the Wrong Grade at School

By FRANCES L. DIZ and LOUISE BATES AMER



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MINUTES OF THE MEETING OF THE SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS COMMITTEE I--SPECIAL SESSION
November 9, 1981

The meeting was called to order by CHAIRMAN JACK MOORE at 1:30 p.m. on November 9, 1981 in Room 135 of the Capitol Building, Helena, Montana.

SEN. JUDY JACOBSON arrived late.

The sequence for the meeting, announced CHAIRMAN MOORE, will be: the budget office; agencies; anyone else who wishes to testify and then questions by the Committee.

The Budget Office stated that the universities were asking for no replacement of funds.

DR. IRVING DAYTON, Acting Commissioner of Higher Education, said the university system is not asking for any funding. One of the reasons there are no requests is that Federal funding does not come in the form of formula grants. The funding is all in the form of competitive research grants and contracts. Commissioner Dayton indicated that there will probably be two major impacts on the university system stemming from Federal cutbacks:

1. The future of the contract and grant operation is uncertain at this point. Consequently indirect cost reimbursement also is uncertain. The only way to really know is see what is collected at the end of the year. It cannot be predicted.
2. Student financial aid could feel an impact from Federal action. Tightening of eligibility requirements at Federal level means there will be less money to compete for. Some students in Montana who have financial aid this year will not get it next year.

Commissioner Dayton also addressed university system enrollment (Exhibit A). Reports are given by the campuses every quarter (15 credits = one full-time student and 12 credits = one full-time graduate student). The enrollment figures are very conservative. Two institutions, Montana State University and Montana Tech, have been holding down their enrollment. There are a tremendous number of out-of-state and foreign students waiting. Canadians want to go to Montana State University and Tech for engineering. If all the qualified students were taken, enrollment could be much larger. The situation at Western Montana College is hard to assess because of the large summer session enrollment.

CHAIRMAN MOORE noted the apparent increase in enrollment. He stated there was a significant dollar increase in the university system this year. Spending authority was \$231.2 million dollars. This is a substantial increase over the \$175 million for the previous biennium. There was a general fund increase of \$36.5 million at the colleges. CHAIRMAN MOORE listed the various

departments and their fundings. There will have to be belt tightening with enrollment going up. He referred to a recent newspaper article about the university system being underfunded. The monies are there and have been appropriated. Several millions of dollars were also pumped into a long-range building program. He does not think they are underfunded.

REP. TOM CONROY asked what criteria the university system was using to limit enrollment.

DR. DAYTON said there is a tremendous movement of transfer students. There might have to be a raising of minimum GPA of transfer students coming in. Out-of-state students bring something with them but we have to limit the enrollment. It looks like a potential flood coming in.

REP. CONROY asked how necessary it was for Montana State University to hire a public relations man at \$38,000 a year.

DR. BILL TIETZ, Montana State University, explained the position of the public relations man. The position was originally held by an alumni officer, Mr. May. When Mr. May died, the position was made broader than the original job description, more in the area of development. Mr. Johns has the responsibility of alumni business but his biggest problem is providing scholarships, an area that general budgeting does not address. The state provides scholarships that meet the needs of a series of criteria---honors, Native American, war veteran, mandatory scholarships. No money is available for merit scholars who are performing well. A number of institutions have excellent fund raising programs to provide that money. Mr. Johns' activities include public relations, extension service, general information; the title of an "image maker" was picked up by the press. The salary paid to him is within about \$2,000 of what Mr. May would have made.

REP. CONROY asked how long the position had been with the university.

DR. TIETZ answered that Mr. May had been there about 20 years.

REP. ESTHER BENGSTON had been a member of the education committee and is interested in having a viable university system. It seems to her that if each unit of the university is competing to get a public relations man, we are fighting for students. She doesn't like that idea.

DR. TIETZ said that none of Mr. Johns' responsibilities included recruiting students. The student recruiting article came out in the Billings Gazette but efforts of Montana State University have been conducted through the system's recruitment mechanism. The concept of recruiting is not included in Mr. Johns' position.

REP. BENGSTON asked Dr. Dayton about applications from foreign students.

DR. DAYTON replied that a numerical limit is put on foreign students.

SEN. JUDY JACOBSON asked Dr. Dayton about the dilemma the legislative committee was in when working on the enrollment figures. The overall figure was not too far apart in the different universities but the total figure, when submitted to the Board of Regents, was different. Was it possible for them to make adjustments with those lop-sided figures?

DR. DAYTON said there was no opportunity for the regents to address it because the autumn enrollment just came in. Enrollment projection is an art and they would like to see if they could get a better grip on it. A task force has been appointed to work on the issue. The students are older---many are over conventional college age. There are different demographic situations (i.e. Billings is growing, the northwest part of the state is economically depressed, varying distribution of in-state and out-of-state students). Just looking at high school graduates gives a very misleading picture on enrollment.. The state of the economy is very difficult to predict---a major factor that does influence whether people are in or out of high education. They will see if they can get a better understanding of the pattern of enrollments. Things are changing very differently throughout the country---in some places enrollment is up, in some places private colleges are closing. The main message is the enrollment business is not as simple as it was a decade ago.

MR. JEFF MORRISON, Board of Regents, mentioned a compromise negotiated with the presidents. This was based on the total number of FTE that had been negotiated with the committee. They ended up with more than estimated.

REP. BENGSTON offered a question on state participation in student financial aid.

DR. DAYTON mentioned the guaranteed student loan program which started August a year ago. The banking community has been supportive and cooperative. The GSL program really is going well but eligibility has been tightened and interest rates have been increased. It is less of a deal than it once was but it is still a good deal. He does not know what the new criteria has done for the students.

CHAIRMAN MOORE mentioned a seminar in Denver recently, attended by himself, Dr. Dayton, Dr. Tietz, and Dr. Bucklew. People from the other states had the impression that Montana was "pretty well" healed" on funding surpluses and university system funds. He gave

examples of serious deficits faced in Washington and Utah. He feels that Montana is in good shape compared to these other states.

BILL TIETZ elaborated on the seminar and the need for high school students to be better prepared, especially in mathematics, when entering college. One suggestion made at the seminar was to go back to the system of college preparatory courses. The university would not restrict people coming into the school but certain courses considered remedial would not apply toward a degree. The quality of the students is not a funding issue but a very critical subject.

REP. GENE ERNST expressed his concern on increased enrollment and asked Dr. Dayton how the increase in enrollment is coped with.

DR. DAYTON said it means there will be a decrease in educational quality.

JIM ERICKSON, President of Northern Montana College, explained that students at that school are Montana students and the average age is 26. He mentioned efforts to get money for capital expenditure. There is a vast amount of machinery in technical programs and, though money was appropriated to the school, some of it has to be used to accommodate students. They will be using an increased number of part-time instructors. Their plan is to ask for supplemental support.

REP. CONROY asked Dr. Dayton about the tuition in the university system and when an increase was last made.

DR. DAYTON replied that there was an increase this fall and there will be another next fall.

MR. ERICKSON explained that each school has the same tuition but there are differences due to varying student usages such as health fees, student activity fees and food service. These are a small percentage of the total amount.

REP. BENGSTON questioned Dr. Tietz about the college prep courses. She wondered if he had been working with the Department of Public Instruction on that?

DR. TIETZ said the whole system has been struggling with the issue of providing remedial courses. They have proposed plans in the past which have received a varying degree of enthusiasm by the Office of Public Instruction. He stressed that the biggest problem facing them in the system is in mathematics. Remedial math (Math 100) is comparable to intermediate algebra in high school. It does bring students up from high school level to assimilate their college function. The problem has not been resolved.

REP. BENGSTON wanted to know if that would replace remedial competency testing.

DR. TIETZ said it would.

JEFF MORRISON said that in the past they have gone to other sources of revenue to take care of non-budgeted students. They are behind in library and equipment.

The meeting was adjourned at 2:30 p.m.



CHAIRMAN JACK K. MOORE



DOROTHY H. RATCLIFF, COMMITTEE SECRETARY

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-9-81

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	X		
Rep. Esther Bengston	X		
Rep. Tom Conroy	X		
Rep. Gene Ernst	X		
Rep. Bob Thoft	X		

Sen. Harold Nelson, Vice Chm.	X		
Sen. Mark Etchart	X		
Sen. Jack Haffey	X		
Sen. Judy Jacobson		X	



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620

(406) 449-3024

Exhibit A

COMMISSIONER OF HIGHER EDUCATION

October 28, 1981

TO: Board of Regents
Commissioner Dayton

FROM: Paul C. Dunham
Director of Planning & Research *Paul*

SUBJECT: 1981 Fall Enrollments and FYFTE estimates

Enrollments in the Montana University System this fall increased 1,005 over last fall's figure. This increase is 3.7%. Table 1 shows the change by campus.

Table 1. Change in Fall Enrollments,
Montana University System,
1980 and 1981

Institution	Headcount Enrollment		Change	
	Fall 1980	Fall 1981	Numerical	Percent
Montana State University	10,745	11,187	+ 442	+ 4.1
University of Montana	8,884	8,869	- 15	- 0.2
Eastern Montana College	3,779	4,035	+ 256	+ 6.8
Montana College of Mineral Science and Technology	1,710	1,992	+ 282	+ 16.5
Northern Montana College	1,473	1,585	+ 112	+ 7.6
Western Montana College*	952	880	- 72	- 7.6
Montana University System	27,543	28,548	+1,005	+ 3.7

*WMC changed from quarter to semester calendar.

Four campuses experiences increased enrollments while two declined. The largest numerical increase occurred at Montana State University while the largest percent increase occurred at Montana Tech.

Table 2 portrays estimated "unrestricted" fiscal-year full-time equivalent students (FYFTE) and compares these estimates

with numbers of FYFTE students budgeted by the 1981 legislature.

Table 2. Comparison of Estimated FYFTE Enrollments
with Appropriated Levels, FY 1981-82

<u>Institution</u>	Current FYFTE Estimate	Budgeted FYFTE	Budgeted FYFTE over or (under) current FYFTE	
			<u>Numerical</u>	<u>Percent</u>
Montana State University	10,674	10,034	(641)	(6.4)
University of Montana	8,059	8,043	(16)	(0.2)
Eastern Montana College	3,298	3,040	(258)	(8.5)
Montana College of Mineral Science and Technology	1,788	1,565	(223)	(14.2)
Northern Montana College	1,553	1,295	(259)	(20.0)
Western Montana College	755	795	40	5.0
Total	26,128	24,771	(1,357)	(5.5)

Northern Montana College and Montana Tech will be the most seriously impacted budget-wise followed by Eastern Montana College and Montana State University.

MINUTES OF MEETING
FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. I A.M.

November 10, 1981

The November 10 meeting of Committee I was called to order by the Chairman, Representative Jack K. Moore, at 9:00 a.m. in Room 135 of the Capitol Building.

ROLL CALL: All members of the Committee were present.

Chairman Moore told the Committee they would take the Alcohol and Drug Abuse program first.

Chairman Moore called the Committee's attention to the following corrections in the LFA booklet. On Table 4, page 121, the Expenditures in the Montana Drug Program for the Biennium should read \$587,307 instead of \$487,307. In the Total Expenditures for the Biennium it should read \$703,873 instead of \$603,873. The Balance for the Biennium should read \$987,202 instead of \$1,087,202. On Table 2, page 120, the total fiscal 1983 request should read \$257,273.

Mr. Tom Crosser from the Office of Budget and Program Planning, gave a brief explanation of what is in the executive budget. There will be \$132,798 in modified level services for FY 1982 and \$257,273 for expanded level services for FY 1983. The makeup of these funds is \$132,798 in categorical grants. In the second year \$140,707 is again unanticipated categorical grants, while the remaining amount, \$116,566 comes from an allocation of the ADM Block Grant.

The reason for these modified requests stems from the department's budget determination for both years. In order to fund the needed community programs, service revenue schedules were increased in the hope that the needed funding could be realized.

Service revenue required to maintain 22 community grants was initially established at \$295,381; this estimate is based on revenue collections of 5 percent for reservation programs, 10 percent for outpatient, and 15 percent for intermediate-inpatient programs.

FY 1983 projections are based on 11.1 percent inflation increases--utilizing \$116,566 in ADM block funds and \$140,707 in categorical; the department can maintain perpetual community program budgets despite revenue shortfalls particularly those associated with service revenues.

Mr. Carroll South, Director of the Department of Institutions, stated that he would like to just speak for a moment on the Division itself. We must approve all 56 county plans. We also have the responsibility of approving all of the alcohol programs in the state. We must certify all counselors in the state working in the alcohol program. We are also obligated to prepare a state plan early to determine how they are going to handle the alcohol services in the 56 counties. Mr. South distributed copies of the Fiscal Analyst report (Page 145) which delineates where the money goes. (See Exhibit A which is attached to the minutes.)

Mr. South stated that the revenue sources are not keeping pace with inflation. He stated the only way the state realizes more revenue is to increase consumption. The alcohol tax on the liquor is based on the ceiling price. Mr. South stated that \$1,305,000 is our best guess of what is spent on the alcohol program at Galen. He said anyone employed in the current alcohol program should receive the same pay increases as the state employees.

At this time, Mr. South distributed a Spread Sheet-Exhibit Sheet which is attached to these minutes. (See Exhibit B which is attached to the minutes.) He said they essentially funded 17 programs out of the 21. Page 119 of LFA Booklet was explained by Mr. South at this time. He said they would propose to use excess grants and make up the remainder of that request with Block Grant money.

Mr. South referred to the bottom of Page 117 of the LFA Booklet, which explains the option of using the excess categorical grants that we now have. Eighty-five percent shall be allocated according to the proportion of each county's population according to the most recent United States census. Fifteen percent shall be allocated to the proportion of the county's land area to the state's land area. The discretionary fund was set up to plug holes for those counties. We would like to have the money come directly to us and we would disburse it according to approval of each of the budgets. With the option on Page 117 the money will go to the programs but we have just a little better control.

The next speaker was Mr. Ron Hjelmstad, Director of the Hilltop Recovery in Havre, and also Chairman of the Alcohol Programs in Montana. He distributed copies of Exhibit C which is attached to these minutes. He said they understand and basically agree with the concept of discretionary funds for 1982 and 1983. More people are seeking treatment than in the past. I would like to suggest that a portion of the Block Grant funds for 1982 and 1983, after the discretionary fund for 1983 has been increased to the point where it is workable, that action be taken to channel those funds to the 85/15 formula.

Mona Sumner, from the Rimrock Foundation in Billings, was the next speaker. She stated that when House Bill 844 was passed too much discretion was given to the state agencies. Without any guidelines these large amounts of money don't find their way into the field. We want to try to get the money down to services at the local level.

Mr. Ray Hoffman, Fiscal Analyst, discussed the ISSUES on page 116 of the LFA Booklet. He stated they did not know if the categorical grants would be continued at this time or completely done away with. The LFA has not made a recommendation but may wish you to consider taking the additional categorical grants and reducing the earmarked funds that are going into the alcohol program. Mr. Hoffman also explained Table 4 on Page 121 of the LFA Booklet. He states that the expenses in the table did not include any funds for Indian alcohol programs which may be approved by the secretary of HHS.

Mr. Hoffman added that the Legislature has control over these funds as to where they will be spent and where they will not be spent. That is the basic issue.

QUESTIONS FROM THE COMMITTEE:

REP. MOORE asked MR. SOUTH, in reference to Table 3 on Page 120 of the LFA Booklet, what specific plan does the department have now for use of the \$987,202.

MR. SOUTH replied that in general terms they are proposing a rainy-day philosophy. Now and before next session we will take a look at the funding sources and the manner in which we are providing services. At some point in time we will have to go to a fee-for-services program. So again we would just like to hold that money and have it available in 1985. I do not believe we will spend all of the money in 1983 and then in 1984 and 1985 not have any idea of what we are going to do for funding.

REP. BENGSTON asked about these discretionary funds that would be available this year from these Block Grants.

MR. SOUTH replied that \$132,000 under our proposal plus \$146,000 that we have already disbursed. It would affect 16 programs.

REP. BENGSTON SAID, \$132,000?

MR. SOUTH replied, yes.

REP. BENGSTON asked if these are part of the county approved plans.

MR. SOUTH replied, yes.

REP. BENGSTON asked why not let the funds go through the 85/15 formula and let them decide.

MR. SOUTH replied that you have much more flexibility with the 85/15 formul. I have enough headaches with the discretionary fund, so in the 1983 session if we don't come up with the fee-for-services concept I would recommend that we don't have the discretionary funding at all. I make no one happy. So I think it is an all or nothing case.

REP. BENGSTON asked if there were a lot of inequities in the 85/15 formula.

MR. SOUTH replied that he thought it provided a good specific source of funding but it is not flexible enough to those programs that may have serious budgetary problems.

REP. BENGSTON referred to the reducing of the percentage of fees.

MR. SOUTH stated that these are the percentage of what we think the fee services should be of the total budget.

SENATOR ETCHART said the point he would like to make was that they are all competing for the same dollars.

MR. SOUTH stated that they have a lot of state commitments at Galen. If a person falls in a crack and is unable to be taken care of in any community program they are referred to Galen. I guess I am not as critical of Galen as some individuals might be. If you survey 200 individuals who have gone through the program you receive responses from 100 and 70 out of the 100 say they are abstaining. Any time you find us defending the success ratio you find us defending Galen. The ideal situation is to be very selective in who you take into the program.

MR. SOUTH distributed copies of Exhibit "D" to the Committee at this time. Exhibit "D" is attached to the minutes.

MR. SOUTH stated that every bed has been full -- about 89-90 percent utilization rate.

REP. BENGSTON asked about the allocating of discretionary funds. Why don't they include those in their committee plans instead of coming in for extra funding? I would prefer to see those block grant funds go directly to the counties.

MR. SOUTH: They already have approved the budgets that have requested money.

REP. BENGSTON asked about revenue coming from the beer and wine tax.

MR. SOUTH: That is an option, but I don't want to make any recommendation at this time.

REP. BENGSTON: How do you certify counselors? Do you certify all of them in the state?

MR. SOUTH: We will be certifying all of them. Twenty are presently certified and 105 have passed the first test of certification.

REP. BENGSTON: What is the additional cost for state certification? Have they done the job in the past?

DAVID CUNNINGHAM, representing the Rimrock Foundation in Billings, stated that the system is quite complicated, but we try to work with it. We think a lot could be done to streamline the system.

JACK POLLARI, representing the Alcohol & Drug Division at Glendive, feels certification of counselors is very important. They affect the lives of individuals and we must make sure that they are qualified.

JO KASTE, representing BASC in Helena, stated that the system may not be ideal, but it is an improvement.

KEN ANDERSON, representing Flathead Valley Alcohol and Drug Department in Kalispell, stated that he thinks it is a very workable system and much better than most states.

REP. WILLIAM MENAHAN, wondered about too strict educational requirements for counselors. He wouldn't like to see those people eliminated from the program who have the heart but perhaps not the educational requirements.

REP. BENGSTON: What is needed for certification?

MICHAEL MURRAY, representing Alcohol and Drug Department, stated that someone with a high school education could be certified if they have sufficient experience with the alcohol program, and someone with a Ph.D. with no experience in the program might not necessarily be certified.

MR. SOUTH: Are any of these programs receiving Medicaid funds?

MR. MURRAY: Hospital detoxification is all.

REP. MOORE? What about health insurance?

MR. ANDERSON: Certification helps on this.

MR. HJELMSTAD: We have received third-party payments from

insurance companies on a limited basis. It is getting a little better.

REP. ERNST: I am interested in the press release in the Great Falls Tribune on the Providence program.

MR. SOUTH: They are not going to receive anywhere near what they anticipated they would receive -- \$28,000 out of \$132,000 would go to Providence.

REP. MOORE: Does Park Place in Great Falls receive any alcohol funds?

MR. SOUTH: No funds have been approved.

REP. MOORE: I am glad of that, because Park Place is a private nursing home.

REP. BENGSTON: How much of the monies are channeled into mental health centers?

MR. SOUTH: Just Region 3.

REP. THOFT: Will the alcohol centers be absorbed by mental health centers?

MR. SOUTH: I would like to pursue the regionalized concept in this program.

REP. MOORE: Would you make it known to the press that the mental health centers and the alcohol centers will not be competing for funds.

REP. THOFT: Could you consolidate your administration a little?

MR. SOUTH: I don't know if I could make a legal reorganization. We will continue to strive for consolidation.

REP. BERGENE: There might be some confusion over a Senate Bill in the last session. We will try again to separate them.

MR. HJELMSTAD: Most of the programs say the 85/15 formula is equitable. We can give lessons to other states on how to deliver services. We would encourage that the system that exists does not disappear.

MR. SOUTH distributed Exhibit "E" to the Committee. This exhibit is the breakdown of funding sources for the alcohol program budgets for FY 1982. Exhibit "E" is attached to the minutes.

JACK POLLARI: He is concerned about the indigent person. There is a need for some kind of payment for services.

Chairman Moore called the hearing closed at 10:50 a.m.

EXECUTIVE SESSION

Chairman Jack K. Moore opened the work session at 11:00 a.m. He stated that the Committee will first take action on the monies to be considered in the ADA Division.

Mr. Ray Hoffman explained the issue again. He stated that this was the first time the Department has come in for authority to spend those funds and they are asking the Committee to approve the request. The Committee has the flexibility to do anything they want with those dollars as long as it is in the alcohol program based on the categorical grant. The second option would be to put those funds in the administration program and reduce the alcohol dollars and put them somewhere else.

The Committee discussed the administration of the Block Grant funds. Mr. Tom Crosser, OBPP, told the Committee that \$96,568 is recommended in FY 1982 to supplement categorical grants and \$469,889 in FY 1983 to supply 100 percent of the federal authorization. In FY 1983, MDP will be entirely dependent on ADM block funding for the federally funded portion of the program budget.

Mr. Crosser stated that they recommend \$132,798 in additional authority be authorized in FY 1982 and \$257,273 in FY 1983. All of the recommended funding for FY 1982 comes from categorical grants which materialized above anticipated levels. In FY 1983 \$140,707 is also related to categorical increases while the remaining amount, \$116,566 comes from an allocation of the ADM block grant.

Mr. Hoffman stated that it was his assumption that HB 500 is open. Representative Thoft stated that it was his understanding that if we follow LFA recommendation we will not be decreasing any funds. Representative Moore stated that this is correct.

Representative Thoft referred to the bottom of page 117 of the LFA booklet and asked that Mr. Hoffman would properly formulate the motion.

Representative Moore stated that you have to take this in several sections. Representative Moore asked what they wanted to do with the \$132,798 and the \$140,707. All of this could be put in discretionary funds, too.

Senator Etchart stated that he would rather put it there than in Galen.

Representative Moore stated that we first must authorize the use of federal monies and put that in ADA administration. Step two would be to withdraw from the AD administration this assignment of money in earmarked money. Step three is entirely up to the Committee. You can go whichever way you want with it.

Senator Nelson asked if this money would have been appropriated if the money had been in the general fund?

Representative Moore stated that he would have used it for ADA administration--probably put it in ADA discretionary fund or Galen. That money tends to get lost after it is spread out among 56 counties.

Representative Conroy moved that we put the program in ADA. The motion passed unanimously on a Roll Call Vote.

Senator Etchart moved that \$132,798 be withdrawn in earmarked funds and \$140,707 of earmarked revenue funds in FY 1983. On a voice vote the motion carried unanimously.

Senator Etchart moved that we put the \$132,798 and the \$140,707 in the ADA discretionary fund. The motion carried five to four on a ROLL CALL VOTE.

Ray Hoffman told the Committee what their options be in summary.

Representative Conroy stated that they were not talking about a lot of money, and he felt it would be best to coordinate these funds.

Mr. South stated that there is a technical problem here. There is no way that we can spend that entire amount of money.

Representative Moore stated that what you are saying is that we should rescind all motions made and make a new motion.

Mr. Hoffman told the Committee that all they had done was change funding sources.

Representative Conroy moved that the Committee reconsider their previous action. The motion passed unanimously on a voice vote.

Senator Etchart moved that the funds be allocated to the ADA discretionary fund. On a Roll Call Vote, the motion carried by a five to four vote.

Senator Etchart moved that Mr. Hoffman prepare the technical language to put into the bill that funds be not used in this biennium. On a voice vote, the motion carried unanimously.

Mr. Hoffman told the Committee they must make a determination of whether Block Grant Funds can be used or not. He referred the Committee to the table on page 116 of the LFA booklet.

Senator Jacobson moved that the \$116,655 for FY 1983 increasing the federal funds currently in the A & D program and appropriating them to the counties where they anticipate shortfall in fees. The motion carried unanimously on a Roll Call Vote.

Chairman Moore stated that the Committee would now take up the disposition of the Title I, ESEA program.

Mr. Hoffman referred the Committee to the Issues Table on the bottom of page 113.

Representative Conroy moved to decrease the General Fund in the amount of \$65,094 for FY 1982 and \$8,709 in FY 1983 and to increase the other funds proportionately. The motion carried unanimously on a voice vote.

Mr. Hoffman referred the Committee to Table 4 on page 121 of the LFA booklet.

Representative Thoft moved that we use the \$117,418 for FY 1982 and the \$469,889 for FY 1983. The motion carried unanimously on a voice vote.

Mr. Hoffman referred to the Issues Table at the bottom of page 140 of the LFA booklet.

The Committee voted to reduce existing ESEA Title I authority of:

	FY '82	FY '83
BRSH	\$15,456	\$42,522
Eastmont	12,226	10,876
Mountain View	15,695	33,225
Pine Hills	45,514	76,053
Warm Springs	14,035	20,407

The motion carried unanimously on a voice vote.

Representative Conroy moved to reduce the General Fund for the Swan River Youth Forest Camp in the amount of \$1,208 for FY 1982 and increase the other fund proportionately. The motion carried unanimously on a voice vote.

Mr. Bruce Shively from the Fiscal Analyst's Office spoke to the Committee about the funding of the Commission of Higher Education. He referred to the Table on page 205 of the LFA booklet.

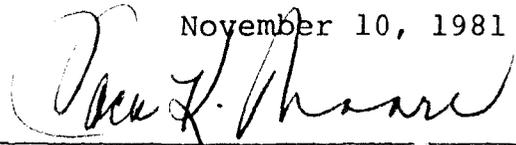
Representative Conroy moved that we reduce the spending authority of the Commissioner of Higher Education. The motion carried unanimously on a voice vote.

Chairman Moore announced that the Committee would discuss the Women's Prison--long range on Thursday a.m.

At the close of the meeting Exhibit "F" was received. Exhibit "F" deals with counselor certification, and is attached to the minutes.

The meeting was adjourned at 12:10 p.m.

November 10, 1981



REPRESENTATIVE JACK K. MOORE,
CHAIRMAN

Beverly Brant
Beverly Brant, Committee Secy.

Marjorie Nichols *sp*
Marjorie Nichols, Committee Secy.

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date 11-10-81

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	✓		
Rep. Esther Bengston	✓		
Rep. Tom Conroy	✓		
Rep. Gene Ernst	✓		
Rep. Bob Thoft	✓		

Sen. Harold Nelson, Vice Chm.	✓		
Sen. Mark Etchart	✓		
Sen. Jack Haffey	✓		
Sen. Judy Jacobson	✓		

DATE 11-10-81

COMMITTEE ON Committee I - Alcohol & Drugs

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
Gerry Devlin	Rep Dist #52			
Mona Sumner	Kimrock Foundation			
David Cunningham	Kimrock Fdn.			
C.T. CAUTERBURY	CITIZENS			
Carroll South	Institutions			
Michael Murray	" Alcohol & Drugs			
Jack Pollaro	Dist. II Alcohol & Drug - Blaine			
RON LEMSTAD	WILLTOP RECOVERY, HANCOCK			
Hubert Abrams	Rep Dist #56			
Tom Crosser	OBPP			
KEN ANDERSON	FEATHERS VISION, CHEM DEPT			
Ed Shepherd	RAVALLI Co. Chem Dept			
Robert W. Anderson	Alcohol + Drug Div (DofI)			
Darryl Bruno	Alcohol & Drug Div DofT			
Jack Emerson	Alcohol and Drug DofT			
Tim Haublein	" " DofT			
Jack Kase	BASC, Helena			
Beverly Gibson	MA Co - Helena			
Ann McFadyen	Blackfoot Tribe			
Loni Bergline	# 36 Legislator (Port Falls)			
Rep. Kesteven	Rep. Dist. 69 - Billings			

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/10/81 Hearing on: Alcohol & Drugs Time 11:14 am.

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman	✓	

Marjorie Nichols
Dorothy Ratcliff
Beverly Braut

Secretary

Representative Jack K. Moore

Chairman

Motion: Rep. Conroy moved that we put the program
in ADA.

Passed unanimously.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/10/81 Hearing on: Alcohol + Drug Time 11:20

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman		✓
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston		✓
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft		✓
Rep. Jack Moore, Chairman		✓

Marjorie Nichols
 Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack K. Moore

 Chairman

Motion: by Senator Etchart that we put the \$132,798
and the \$140,707 in the A D A discretionary fund.

Motion carried 5-4.

(include enough information on motion—put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/10/81 Hearing on: ADA Time 11:45

NAME <u>Committee I</u>	YES	NO
Sen. Harold Nelson, Vice-Chairman		✓
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston		✓
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft		✓
Rep. Jack Moore, Chairman		✓

Marjorie Nichols
Dorothy Ratcliff
Beverly Braut

Representative Jack K. Moore

Secretary

Chairman

Motion: by Senator Etchart that the funds be allocated to the ADA discretionary fund.

Motion carried 5-4

(include enough information on motion—put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11/10/81 Hearing on: ADA Time 11:47

NAME <i>Committee I</i>	YES	NO
Sen. Harold Nelson, Vice-Chairman	✓	
Sen. Mark Etchart	✓	
Sen. Jack Haffey	✓	
Sen. Judy Jacobson	✓	
Rep. Esther Bengston	✓	
Rep. Tom Conroy	✓	
Rep. Gene Ernst	✓	
Rep. Bob Thoft	✓	
Rep. Jack Moore, Chairman	✓	

Marjorie Nichols
Dorothy Ratcliff
Beverly Braut

Secretary

Representative Jack K. Moore

Chairman

Motion: Senator Jacobson moved that the \$116,566 for
I 9 1983 increasing the federal funds currently in the A+D
program & appropriating them to the counties where they
anticipate shortfall in fees. Carried unanimously.

(include enough information on motion—put with yellow copy of committee report.)

*Exhibit A
Submitted by Carol Lott*

One lawyer II position that was not filled in the 1981 biennium was deleted and \$5,000 per year was added for the director to contract for legal services.

Alcohol and Drug Abuse Division (ADAD)

In the 1981 biennium the alcohol and drug abuse division was appropriated earmarked alcohol funds for distribution to county programs. The department of revenue in accordance with 53-24-206(3)(b), MCA makes distribution of county earmarked alcohol funds and as such, legislative appropriation to the alcohol and drug abuse division was not required.

The legislature allocated the earmarked alcohol funds as follows:

	<u>Fiscal 1982</u>	<u>Fiscal 1983</u>
ADAD Administration	\$ 265,461	\$ 271,253
Institutional Counselors ¹	62,468	62,468
Justice - Crime Lab	78,221	85,166
ADAD Discretionary	426,960	465,245
Galen	1,305,988	1,365,719
Counties	1,677,479	1,809,498
Legislative Audit		2,051
Total	\$3,816,577	\$4,061,400

In prior fiscal years ADAD was primarily funded with alcohol incentive grants from the federal government. Due to decreased federal participation four FTE were deleted and \$536,714 of earmarked alcohol funds were appropriated to fund the administration of the program. ADAD received \$892,205 of earmarked alcohol funds for discretionary funding of state alcohol programs. Legislative concern was expressed as to the number of alcohol programs that should be maintained and that repetitive programs be eliminated whenever possible.

¹Alcohol counselors located at Montana state prison, Pine Hills school and Swan river youth forest camp.

Exhibit B
Submitted by Carroll South

AGENCY	FY 81		Requested Budget		ADAD Staff Recommendation		Advisory Council Recommendation		ADAD Administration Recommendation		FY 82 Approved Budget	
	TOTAL	ADAD	TOTAL	ADAD	TOTAL	ADAD	TOTAL	ADAD	TOTAL	ADAD	TOTAL	ADAD
District II	105,253	14,890	159,909	66,136	149,470	17,973	149,470	27,894	152,263	27,123	152,263	27,123
District III	118,480	26,517	152,647	45,856	126,995	16,603	126,995	16,603	126,995	12,793	126,995	12,793
District III - Holy Rosary	-0-	-0-	372,666	90,000	NR	NR	NR	NR	NR	-0-	NR	-0-
Medicine Pine Lodge	150,567	11,721	189,748	33,774	182,374	-0-	185,730	21,839	185,730	17,044	185,730	17,044
Ft. Belknap Tribes Alcohol Prog.	143,320	15,089	165,494	24,781	162,213	13,923	162,213	22,034	159,954	15,021	159,954	15,021
Hill-Top Recovery Center	264,818	29,587	273,891	104,597	259,662	89,899	259,662	89,899	259,662	69,126	259,662	69,126
Providence Alcoholism Center	335,193	105,949	502,173	120,075	358,459	79,161	358,459	79,161	358,459	50,484	358,459	50,484
Sweet Grass County Foundation	15,646	4,299	16,393	3,728	15,852	2,686	15,852	-0-	15,852	-0-	15,852	-0-
Alc. & Drug Serv. of Cent. Mont.	57,429	20,438	71,867	16,942	71,634	10,928	71,634	10,928	71,634	12,476	71,634	12,476
Musselshell County Foundation	23,916	10,135	30,678	10,501	29,895	10,501	29,895	11,356	29,895	10,458	29,895	10,458
So. Cent. Mt. Mental Health A & D	112,965	17,491	123,331	35,839	112,613	25,121	112,613	25,121	112,613	25,121	112,613	25,121
Tri-County Alcoholism Services	129,819	27,241	191,541	62,997	157,843	14,635	157,843	14,635	157,843	9,900	157,843	9,900
Problem Drinking Cent. of Park Co.	59,215	25,463	69,955	32,058	69,510	27,763	69,510	27,763	69,510	25,677	69,510	25,677
Alc. Serv. of Ana/Deer Lodge Co.	45,915	15,507	53,631	21,951	50,652	17,246	50,652	28,253	46,033	10,618	51,034	16,121
Powell County Alcoholism Center	44,925	19,813	49,124	20,608	47,318	18,516	47,318	18,516	46,033	14,938	41,780	12,112
Butte Indian Alcohol Program	74,875	28,746	97,303	49,060	87,630	27,397	87,630	27,397	87,630	20,387	87,630	20,387
Boyd Andrew Service Center	215,296	67,985	250,681	99,178	211,389	65,329	211,389	65,722	211,812	48,777	215,411	51,836
Missoula Alcohol Services	88,127	11,709	177,341	23,515	152,667	-0-	152,667	-0-	152,667	-0-	152,667	-0-
Ravalli Co. Chem. Depend. Ser.	47,752	5,118	71,770	18,339	58,007	4,790	58,007	-0-	58,007	9,431	58,331	3,341
Missoula Indian Alcohol & Drug	71,824	-0-	163,837	5,849	NR	NR	NR	NR	NR	-0-	61,168	-0-
Alc. Serv. Cent. of Lincoln Co.	116,689	49,648	126,684	54,428	124,936	51,335	124,936	51,335	124,936	47,586	124,936	47,586
Flathead Valley Chemical Dep.	125,169	34,124	163,716	40,548	140,089	633	140,089	-0-	140,089	-0-	140,089	-0-
TOTAL	2,347,193	541,470	3,474,380	980,760	2,569,208	494,439	2,564,913	519,940	2,635,876	426,960	2,633,456	426,606

Funding Available: *Pat Emerson*
Pat Emerson, Budget Analyst

Approved: *Carroll V. South*
Carroll V. South, Director

* recommendation for a combined program

Exhibit "C"
Submitted by:
Low Bjelmeid, House, Mt.

The Alcohol Programs statewide and Montana Counties urge Legislators to use the existing Alcohol Legislation HB844 to distribute Federal Block Grant Funds.

Far-sighted legislators in 1978 established a law-HB844 that has become a model for dispersing alcohol funds.

Use of HB844 and its formula to disperse Federal Block Grant funds will ensure:

- * That funds flow directly to county based alcohol/drug programs.
- * That the funds will be expended on services without undue bureaucratic redtape or administrative expense.
- * Local control will be maintained as well as monitoring by the state.
- * The existing law provides an efficient, cost-effective and proven method of distributing funds.

Thank You for Your Concern!

FY82

PRESENT LIQUOR TAX DISTRIBUTION -
EARMARKED ALCOHOL TREATMENT REVENUE

DEPARTMENT
OF
INSTITUTIONS

\$3,816,577
TOTAL EARMARKED
TREATMENT FUNDS

HB500 - APPROPRIATIONS

DWI	78,221
AD Admin.	265,461
Treatment	
Corrections	62,468
Galen	1,305,988
Discretionary-ADAD (County Program Supplement Funds)	<u>426,960</u>
Total Treatment (State)	<u>1,795,416</u>
TOTAL	2,139,098

HB844

85/15 FORMULA*
TO COUNTIES
\$1,677,479

PROPOSED FEDERAL BLOCK GRANT
DISTRIBUTION

DEPARTMENT
OF
INSTITUTIONS

10%
ADMINISTRATION

TOTAL BLOCK GRANT
FUNDS - 1,149,300
35% Alcohol
55% Drug/Prev.

HB344

85/15 FORMULA*
TO COUNTIES

Each county receives funds to allocate to local alcohol programs based on formula (85% population, 15% land area).

Table 6

*Exhibit D
by South*

STATEWIDE ALCOHOL ADMISSIONS
SOURCE OF REFERRAL AT ADMISSION
(Calendar Year 1980)

Source	Region I	Region II	Region III	Region IV	Region V	Galien	State	Percent
Self	223	239	256	176	191	268	1,353	26
Hospital	33	21	75	19	8	25	181	3
CMHC	16	5	15	11	6	5	58	1
Private MD	20	5	16	37	10	39	127	2
Public Health	6	0	5	1	0	0	12	0
Own Program	1	14	3	17	12	184	47	1
AA, Alanon, Alateen	15	15	37	16	8	5	275	5
Other Alcohol Program	389	88	78	157	106	177	995	19
Voc. Rehabilitation	3	0	0	2	4	0	9	0
Social Services	24	20	23	17	19	85	108	2
Courts	41	116	52	59	250	44	603	11
Police, Probation, Parole	67	59	131	84	73	7	458	9
Attorney, Legal Aid	39	4	10	4	22	2	86	2
Employer	39	5	12	31	11	0	100	2
Church	9	4	3	4	0	0	20	0
School	6	1	8	10	51	0	76	1
Spouse/Family	92	54	80	97	45	54	422	8
Friends	30	49	29	54	22	60	244	5
TV, News, Ads	0	0	2	19	7	0	28	1
Other	17	9	1	23	3	8	61	1
Unknown	14	0	0	2	0	6	22	1
TOTAL	1,084	708	836	840	848	969	5,285	100%

FIRST ADMISSIONS TO ALCOHOL PROGRAMS
By COUNTY OF RESIDENCE
(Calendar Year 1980)

Table 7

COUNTY	REG. I	REG. II	REG. III	REG. IV	REG. V	GALEN	STATE
Beaverhead	3	1		55	1	29	89
Big Horn	31		90	1		21	143
Blaine	2	65	5	1		6	79
Broadwater	1			3			4
Carbon	5		27	4		6	42
Carter	5					1	6
Cascade	54	257	4	12	4	42	373
Chouteau	5	17	1				23
Custer	88	1	1	4		13	107
Daniels	19	2					21
Dawson	76	3	1	1	1	2	84
Deer Lodge	1	2		68	5	57	133
Fallon	15					1	16
Fergus	25	5	51	1		9	91
Flathead	98	6		11	318	20	453
Gallatin				106		18	124
Garfield	8		1				9
Glacier	12	98	3	1	1	7	122
Golden Valley	1		6				7
Granite		1		3		7	11
Hill	21	62	1	3		6	93
Jefferson	3	2		30	3	10	47
Judith Basin		2	3	1		5	11
Lake	1	2	1	1	106	19	130
Lewis & Clark	32	31	1	129	1	67	261
Liberty	2	11				3	16
Lincoln	11	6		4	149	49	219
Madison	1			14		5	20
McCone	6						6
Meagher	1		2	7		4	14
Mineral					11	5	16
Missoula	10	4	4	5	124	106	253
Musselshell	8	1	43			1	53
Park	4		4	63		25	96
Petroleum	4	1	3			3	11
Phillips	44	9	1			2	56
Pondera	2	24			1	1	28
Powder River	7	2					9
Powell		4	2	31	11	34	82
Prairie	2						2
Ravalli		1		7	57	33	98
Richland	70	8	1	1		3	83
Roosevelt	48	4	1	3		10	66
Rosebud	141	2	15	3		21	182
Sanders	5			1	36	12	54
Sheridan	45	3		1			49
Silver Bow	4	3	1	216	1	87	312
Stillwater	1	1	27			4	33
Sweetgrass			8			3	11
Teton	1	6		13		3	23
Toole	1	15		1		3	20
Treasure	1		1				2
Valley	55	6	2	2	1	3	69
Wheatland	2		10			5	17
Wibaux	1					1	2
Yellowstone	66	3	453	15	1	120	658
Out-Of-State	35	37	62	18	17	77	246
TOTAL	1084	708	836	840	848	969	5285

FIRST ADMISSIONS BY
COUNTY OF RESIDENCE AND
ADMISSION RATE PER THOUSAND
1980

Table 8

County	Preliminary Census	Alcohol Admissions	Admission Rate Per Thousand
Beaverhead	8,186	89	10.9
Big Horn	11,096	143	12.9
Blaine	6,999	79	11.3
Broadwater	3,267	4	1.2
Carbon	8,099	42	5.2
Carter	1,799	6	3.3
Cascade	80,696	373	4.6
Chouteau	6,092	23	3.8
Custer	13,109	107	8.2
Daniels	2,835	21	7.4
Dawson	11,805	84	7.1
Deer Lodge	12,518	133	10.6
Fallon	3,763	16	4.3
Fergus	13,076	91	7.0
Flathead	51,966	453	8.7
Gallatin	42,865	124	2.9
Garfield	1,656	9	5.4
Glacier	10,628	122	11.5
Golden Valley	1,026	7	6.8
Granite	2,700	11	4.0
Hill	17,985	93	5.2
Jefferson	7,029	47	6.7
Judith Basin	2,646	11	4.2
Lake	19,056	130	6.8
Lewis & Clark	43,039	261	6.0
Liberty	2,329	16	6.9
Lincoln	17,752	219	12.3
McCone	2,702	6	2.2
Madison	5,448	20	3.7
Meagher	2,154	14	6.5
Mineral	3,675	16	4.4
Missoula	76,016	253	3.3
Musselshell	4,428	53	12.0
Park	12,660	96	7.6
Petroleum	655	11	1.7
Phillips	5,367	56	10.4
Pondera	6,731	28	4.2
Powder River	2,520	9	3.6
Powell	6,958	82	11.8
Prairie	1,836	2	1.1
Ravalli	22,492	98	4.4
Richland	12,243	83	6.8
Roosevelt	10,467	66	6.3
Rosebud	9,899	182	18.4
Sanders	8,675	54	6.2
Sheridan	5,414	49	9.0
Silver Bow	38,092	312	8.2
Stillwater	5,598	33	5.9
Sweet Grass	3,216	11	3.4
Teton	6,491	23	3.5
Toole	5,559	20	3.6
Treasure	981	2	2.0
Valley	10,250	69	6.7
Wheatland	2,359	17	7.2
Wibaux	1,476	2	1.4
Yellowstone	108,035	658	6.1
Yellowstone Park	275		

FY '82 ALCOHOL PROGRAM BUDGETS

*Copied by
By Satch*

	TOTAL	STATE	COUNTY	FEDERAL	FED/STATE FLOWTHRU	CITY	SERVICE REVENUE	OTHER
CXC Glasgow	1,013,240						1,013,240	35,000
District I	127,500		90,000				2,500	26,000
District II	152,263	27,123	77,833				20,626	
District III	126,995	12,793	100,052				14,150	
Holy Rosary *	127,573 **			127,573				
Northern Cheyenne *	130,885 **			130,885				
Ft. Peck *								
Region Total:	1,678,456	39,916	267,885	258,458			1,050,516	61,600
Medicine Pine Lodge	181,638	17,044	10,000	145,513			9,081	
Ft. Belknap	159,954	15,021	5,344	131,591			7,998	
Mill-Top	259,662	69,126	117,692	15,595		1,100	42,599	13,200
Providence	358,459	50,484	185,584	5,000			53,769	63,000
Rocky Boy *	48,835 **			48,835				
Region Total:	1,008,548	151,675	318,620	346,834		1,100	113,447	76,800
Rimrock	730,185		145,000	111,099		8,400	376,686	99,000
Big Horn County	28,000		28,000					
Lewisstown	71,634	12,476	49,895				9,263	
Musselshell	29,895	10,458	15,192				3,690	500
Crow *	65,225 **			65,225				
SCH-C	112,613	25,121	55,573				17,500	14,400
Sweetgrass	15,446		9,017			2,500	3,900	
Region Total:	1,052,998	48,055	302,677	176,324		10,900	407,139	107,900
Tri-County	157,843	9,900	115,944				22,764	9,200
Park County	69,510	25,677	35,482				8,351	
Deer Lodge County	51,034	16,121	27,926				5,353	
Powell County	42,636	12,112	21,464				4,428	
CAS Butte	80,505		70,303	46,800				10,200
Butte Indian	87,630	20,387					13,144	7,200
Boyd Andrew	215,411	51,836	123,388				34,412	5,770
Care Unit Butte								
Region Total:	704,569	136,033	394,507	46,800		-C-	85,472	58,700

	TOTAL	STATE	COUNTY	FEDERAL	FED/STATE FLOWTHRU	CITY	SERVICE REVENUE	OTHER
Missoula Alcohol Services	152,667		135,625				17,042	
Missoula Indian	96,340		19,940	76,400				3,100
Ravalli County	58,331	3,341	44,907				6,983	
HEADP Ronan	455,097		37,137	417,960				
Lincoln County	124,936	47,586	59,156				12,394	5,800
Hathead Kalispell	140,089		103,115				18,401	18,570
Comp Care Missoula *								
Region Total:	1,027,460	50,927	399,880	494,360			54,820	27,470
Salen	1,305,988	1,305,988						
TOTAL:	6,778,019	1,732,594	1,683,569	1,322,776		12,000	1,714,394	312,680

* Not State Approved

** Reflects only Federal funds reported to ADAD, not entire budget.

Comp Care Units have not submitted information

ALCOHOL AND DRUG ABUSE

COUNSELOR CERTIFICATION

System Summary

Counselor certification is a two-tier structure based upon a point system. (200 point minimum)

Tier I

Tier I is a general chemical dependency certification with points given for:

- a. work experience
- b. college course work
- c. structured workshop training
- d. performance on a written test
- e. performance on an oral text
- f. performance on a taped work sample.

Items a. b. and c. combined must equal 95 points with the total combined maximum equal to 195 points or 65 points each, with no minimum requirement. In items d. e. and f. (examination areas) there is a minimum of 35 points per area with a maximum of 50 in each area.

Tier II

Tier II provides endorsement in the four fields of:

1. alcoholism counseling
2. drug counseling
3. education/prevention
4. management and supervision

Endorsement is acquired through passing the oral examination in one or more the areas.

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEE I -
SPECIAL SESSION November 11, 1981

The meeting was brought to order by CHAIRMAN JACK MOORE at 9:00 a.m. on November 11, 1981 in Room 135 of the Capitol Building, Helena, Montana.

REP. TOM CONROY and SEN. JACK HAFNEY were late.

CHAIRMAN MOORE announced the procedure for the meeting: budget, fiscal analyst, other non-committee Legislators, any other person who would like to testify.

TOM CROSSER, OFFICE OF BUDGET AND PROGRAM PLANNING, supported the Department of Institutions' request for the women's facilities, page 123 of the Budget Analysis. He pointed out some changes which are miscellaneous expenses, i.e. Missoula County jail. The other adjustment the Department wishes to be considered in the area of contingency funding is that there be an increase, Table 4, p. 196, of \$11,000; it would be changed to \$120,082. The result would be a reversion of \$11,366 for the appropriation. The Office of Budget and Program Planning explained this is a new facility and there are probably unanticipated costs. He believes the Department needs some flexibility the first biennium.

CHAIRMAN MOORE explained that the Department of Institutions had until the Special Session of the Legislature or February of 1982 to find a suitable location for the women's division facility. It boiled down to a state-owned building that is situated on the grounds at Warm Springs Hospital. House Bill 500, 47th Legislative Assembly, stated site and budget must be approved by the Office of Program Planning and the Legislative Finance Committee. Action was taken in October by OBPP and the Legislative Finance Committee to place the facility at Warm Springs.

CARROLL SOUTH gave a brief overview of what the Department did and what the Legislature did at the last session. A cottage at Mountain View was available. The House approved that but not the Senate. The recommendation was withdrawn. In adopting a facility for female offenders, they took out \$58,000 of contracting service money. A two-page summary of the program in Warm Springs was passed out to Committee members. The proposed building is very sturdy, constructed of concrete; replacement value would be \$1.2 million to \$1.5 million dollars. The building is vacant and needs to be renovated. To avoid any stigma on Warm Springs campus would be to lease to the Division of Corrections and call it Montana State Women's Correction Facility. Take Warm Springs out of the name. Mr. South referred to Table 2 on page 133 of the Budget Analysis book. Even though we will have our own facility, we will always have some female offenders we cannot house here for security or their own protection. We now have two in the Federal system, one in West Virginia and one in California. The amount

of \$17,849 for California will change to \$20,440 based on rates we have to pay the Federal facility in California. The Missoula County jail will no longer be used for evaluation but the Warm Springs facility will be used. Contract money is available to contract the local jails:

1. For parole revocation of a female offender. Even though they have violated the conditions of parole, they are entitled to a hearing in the county in which the revocation took place. It takes place in whatever county jail they are serving their parole in.
2. Life skill center in Billings. There are certain conditions they have to comply with. If they get too rowdy and disturb the tranquility of the center, they are sent out of state after having a hearing. They must be held in Yellowstone County. The counties have to be paid for that.
3. To Federal facilities for maximum security Federal offenders. While awaiting travel arrangements to a Federal facility we have to depend on a county jail in the state to make sure she stays there or if there is a problem with her on safety. We are asking for one jail cell to be authorized for the Department, available in any jail we would have to use.
4. The request is for \$4,894 miscellaneous. Medical expenses for two females in California and West Virginia could incur. Once an individual is committed to the Department we are totally responsible for medical bills. Their own insurance or Medicaid cannot cover those expenses. This has become a serious problem with the Department. The \$4,894 is based on information available from past experience. Here is a sample of what can go wrong: there is about \$5,000 in the budget for medical expenses at the Alpha House in Billings. The hospital bill of \$5,400 for a seriously ill patient with a heart condition does not include the doctor bill. This was 1/3 over the excess spent on one individual. No-one else will pay a medical bill for anyone incarcerated in the system. The \$4,894 is critical.

Mr. South pointed out figures in Tables 1 and 2 and noted \$67,800 was the amount authorized in long-range building at Mountain View.

That amount can be used for whatever the Finance Committee would recommend for siting of the female offender program. Only \$9,300 would be taken for renovation. On page 136, some changes were made in figures: the \$167,540 for Excess Authority with Department Request would become \$151,463; Recommended Staff Savings of \$38,985 needs to be added on to the \$151,463, with an anticipated reversion of \$190,448.

Mr. South discussed some problems with the basic budget for contracting for female offenders out of state based on the assumption that we were going to use Mountain View. Had we done it we would have been operating on July 1. When evacuated from Mountain View, we were contracting for more females out of state. We are currently contracting for more females out of state than we have on our budget. By the beginning of January we will have robbed other programs in the Correction Division by over \$9,000 simply to keep females out of state. We will not have Warm Springs operational until early March at the earliest. Approximately 8 months of this fiscal year we are spending more money on female offenders out of state than there is in the budget. They would like some flexibility in the program until the facility is in place, the women back from out of state, and other adjustments made. \$75,000 contingency for in state is based on having more than 20 female offenders in the Warm Springs facility. They would do everything they could to keep the cost down to a bare minimum. They would have additional food and medical costs, would try to keep the same level of personnel. Out-of-state contingencies relates to the Federal facilities we have to depend upon for maximum security females. We cannot guarantee we won't have more than two in the future. Assume that at the beginning of fiscal 1983 an offender is not suitable for Warm Springs or Yellowstone, she would probably be sent to California. That cost alone would be \$20,000 plus medical expenses and other fees. If not in the budget, other areas would have to be robbed---foster care, shelter care, etc. It is essential over the current biennium to have flexibility built into the program and attempt to stabilize the female population at Warm Springs. Mr. South does not know what kind of language the Committee would want to insure that the budget would not be abused. He said it is essential to have some flexibility.

REP. TOM CONROY asked if the \$9,000 would be a change in the figures?

MR. SOUTH said he would assume that the \$9,000 could be taken out of a contingency fund. They would probably just recommend one contingency fund with whatever amount that could be agreed on. If they are not in the Warm Springs facility until March or April there will be 3 more months to add to that fund.

REP. CONROY asked where the money shows up now.

MR. SOUTH said it does not show up here because other programs are being funded with those dollars.

CHAIRMAN MOORE asked about the two months of operational expense and personal services which would be saved during those two months.

MR. SOUTH said they would like to use that money for contracting in areas where they do not have any money appropriated for contracting.

CHAIRMAN MOORE suggested pulling three months of operational expenses and place it in the contingency fund, which would allow it to be used for the out-of-state people.

MR. SOUTH said that would be alright.

PHIL HAUCK, the State Architect, said he thinks the first of March is very optimistic. He thinks it will be closer to the first of May.

MR. SOUTH indicated that \$25,000 a month would be saved for every month the facility is not in operation.

CHAIRMAN MOORE referred to Table 3 on page 134 of the Budget Analysis book. He questioned the need for the extra FTE.

MR. SOUTH said he would do everything he could to reduce expenditures. Any expense for over 20 females would be costs directly related to food, clothing, etc.

CHAIRMAN MOORE restated his question about the need for more FTEs.

MR. SOUTH explained that the reduction of 1.5 FTE was based on a recommendation made by Ray Hoffman, Fiscal Analyst, for staffing. Total FTE for operating the facility is 13.1.

REP. ESTHER BENGSTON had a question on inmate pay of \$13,400.

MR. SOUTH explained that pay to inmates who work is \$1 per day. The proposal at Warm Springs is to advance that a little bit for those who will be working on the Warm Springs campus. They must be paid the same rate as those on the same program at Warm Springs. The \$1 goes to those who just clean their rooms, hallways and bathrooms. Those in training would get \$3 plus an hour, a little less than minimum wage.

REP. BENGSTON asked what sort of training programs they can earn pay for? What work can they do at Warm Springs?

MR. SOUTH mentioned training in laundry, sewing, clerical work. Warm Springs State Hospital does the laundry for Galen. There is also training in the food service area.

REP. BENGSTON said that we do not have maximum security facilities and will always have to contract out of state. What is the rationale in providing that?

MR. SOUTH said he is suggesting a medium security facility. Maximum security offenders beat up people on the staff or other inmates or have homosexual tendencies to the extent that they have to be segregated 100 percent of the time. There is no program large enough in the state to make it conducive to develop a program around maximum female offenders. They would be very careful about who they sent out of state. There are always those exceptions. There is no way Montana could house the individuals now in West Virginia and California.

RAY HOFFMAN, Fiscal Analyst, referred to Table 2, p. 133. The requested dollar amount reduces the \$671,690 by \$75,000 showing a balance of \$596,690 for the operation of the facility. The total difference would be \$226,463 in operating expense for the changes Mr. South has requested. Table 4, p. 136, Excess Authority with Department Request would be \$226,463, Recommended Staff Savings would be \$39,985, with Total Excess Authority of \$265,448. Contingency fund for in-state would be \$150,000; contingency for out of state would be \$195,082; Funds Available for Reversion would be \$7,366. All that has been done is money was taken out of operating and then put in the contingency fund. You may be able to take the \$75,000 out of there.

MR. SOUTH said there is no need to put the entire amount in contingencies.

CHAIRMAN MOORE referred to the \$28,052 in FTE on Table 3. This portion of the meeting was completed.

CHAIRMAN MOORE brought attention to page 23, the Long Range Building Program, House Bill 666. \$75,000 Federal monies are available for modernization of the State's emergency operating center. He proposes to, if the Committee approves, get the Federal expenditure of \$75,000 waived from the Joint Rules Committee and introduce a bill which will allow the Department of Administration to expend the \$75,000 Federal monies for the modernization of the facility.

GLEN LEAVITT, Office of Budget Program and Planning, gave a breakdown of the project. The Department of Military Affairs received a grant of \$75,000 from the Federal Government, matched by construction cost of the building. The building was constructed about 15 years ago, the Government will allow them to use the building as

a lease. Military Affairs would like to buy an emergency power supply and put two exits into the emergency center that is in the basement, using \$75,000 of Federal and Department of Administration funds. Law requires the Legislature to approve any proposal over \$25,000. Institutions are requesting to use the excess for other security measures at the prison.

REP. CONROY moved that the Committee approve \$75,000. The Committee approved unanimously.

GLEN LEAVITT brought attention to the \$255,000 left over from the guard tower funds (Exhibit A). It is general fund money; the bids have come in and Institutions would like to use the leftover money for other security---more razor wire, radios, etc.

There was some discussion on the need for the extra fencing around the prison center.

MR. SOUTH described the plan on totally fencing off the Administration Building and have two accesses through the fence. They would also like to have a metal detector device. The fence is needed for security reasons. The last escape would not have taken place if the fence had been there.

GLEN LEAVITT passed out to the Committee members an itemized list of security items being requested by the facility.

REP. CONROY thought we had already funded enough razor wire for the new fence.

MR. SOUTH said there is no reserve of wire. The only way to get a prisoner out of the wire is to cut him out, take him to the infirmary and replace the wire.

CHAIRMAN MOORE referred to HOUSE BILL 837. He asked Mr. South if the proposal was to take the remainder of the excess money and buy some wire and other security equipment. Chairman Moore expressed concern over using long-range building money to buy equipment.

MR. SOUTH said it was part of his understanding to use building money for upkeep. They got a very reasonable bid on the tower. They are being threatened with a law suit right now for maintaining an unsecure person.

The Committee recessed at 9:55 a.m.

The Committee reconvened at 10:05 a.m.

CHAIRMAN MOORE led a discussion of the situation of guard facility money. He said it has not been the practice to use long-range

money for upgrading projects. He agreed that razor wire, chain link fence and the set of bars on the list all add to the security of the prison. He saw problems with radios, escape kits, t.v. cameras, field glasses and metal detectors on long-range building money.

SENATOR JUDY JACOBSON asked Mr. South which of those things go into the tower?

MR. SOUTH said only the field glasses.

REP. BENGSTON asked if the prison has a priority list on equipment. She asked if they buy on a regular basis or are they short of the requested items?

MR. SOUTH said the prison budget is extremely tight. They are providing meals on a daily basis for 30 to 40 more prisoners than budgeted for. They have to rob other budgets for feeding these extra prisoners. He thought the Legislature would not object to use money saved from the guard tower for security equipment. The lighting is very important---it is inadequate around the guard tower perimeter. They need twice the amount of lighting there is now. In the recreation area, some inmates were standing against the first perimeter security fence and an individual inmate was behind them cutting through the fence in broad daylight. That is the reason for the additional chain link fence. A fence should be placed around the recreational area. The prisoners must be kept away from the security fence at all times. They could rearrange the softball field so that the only time a ball would go between fences would be a home run and then they would get the ball later.

CHAIRMAN MOORE said this would require a separate bill to utilize the money left over from the \$255,000 for security. He proposed that the Committee approach the Joint Rules Committee on Monday; the data will be worked out by then. If the Joint Committee approves it, the Joint Committee would reconvene or take it to the full committee. He asked the Committee if this would be acceptable to them.

The Committee answered in favor.

REP. CONROY had a question on the metal detector instead of a walk-through facility.

MR. SOUTH explained the problems of the prison. Hand held detectors would be used in the work area to make sure the prisoners do not have any weapons. It relates to the frisking process. When an officer frisks an inmate they are always a little sensitive about frisking in certain areas. Metal detectors do not detect marijuana and other contraband so they have to frisk anyway. The walk-through detectors have a great deal of distortion. This is

not so with a hand held one.

VICE-CHAIRMAN NELSON conducted the meeting while CHAIRMAN MOORE left the room to search for some information.

SENATOR MARK ETCHART had a question on the handout regarding bills.

TOM CROSSER said you cannot amend the substance of legislation through the statute of another bill. You would have to make sure.

There was some discussion on long-range bills.

GLEN LEAVITT said there has been an assumption that House Bill funds were meant for Mountain View; in the search for another facility this could amount to long-range building bills.

CHAIRMAN MOORE resumed the chairmanship.

CHAIRMAN MOORE asked to discuss the matter later.

SENATOR JACK HAFHEY asked if the surplus money has been addressed.

CHAIRMAN MOORE said the Committee will see if we can put a bill in to utilize the surplus money.

REP. CONROY said we have not okayed the expenditure yet. He asked if a motion was needed.

CHAIRMAN MOORE answered that a motion would be in order. He said the committees recommend we postpone any action on the surplus monies until the Session starts and get the clearance from the Joint Committee for the introduction of a bill to designate the expenditure of the requested amount.

REP. CONROY said the Committee has not given anybody any authority to spend it. We haven't given the okay for the introduction of a bill to utilize it.

CHAIRMAN MOORE said, if the Committee concurs, we will introduce the bill.

REP. CONROY said we need a motion to that effect. He made a motion and all were in favor to use the \$255,000.

GLEN LEAVITT said they need prior authorization.

CHAIRMAN MOORE referred to House Bill 666 (not an open bill) covering expenditure of Federal land, water and conservation monies as listed on page 95 of the Budget Book. He pointed out the list of 11 little projects. He suggested sending a Committee letter to the Parks Administrator, the Department of Natural Resources, regarding priorities. This Committee will reprioritize those

items so some of the projects are included at the top of the list to make sure that they are within the scope of the \$1.2 million. We can't open up 666 but can send a Committee letter to Mr. Holliday and tell him that we recommend that these priorities be dropped and these priorities be raised.

REP. BENGSTON asked who is going to raise the priorities.

CHAIRMAN MOORE said the Committee will be the acting long-range building committee.

GLEN LEAVITT said there is a list of priorities on page 95 of the Budget Book and page 24 gives the amounts.

There was some discussion on Cooney Dam and other priorities.

The course of discussion was changed to the women's prison, page 136. RAY HOFFMAN, Fiscal Analyst, said \$75,000 of it could be authorized for out-of-state prisoners. That would make \$70,366 after reversion and \$28,052 could be reverted, see salaries on page 134. He mentioned \$5,000 for room and board for use for out-of-state inmates and \$2,000 in travel for people awaiting commitments by the courts. You cannot anticipate when the courts will sentence these people or when they will be taken to Nevada. \$9,408 medical funds are needed for the additional two inmates. It was felt they could live with \$9,000. \$66,000 was added to the \$98,418 for total fund reversion of \$164,418, off from the \$840,000.

MR. SOUTH discussed some type of language in the bill. He asked if it was the Committee's intent to put that in there as far as the funding of the women's correction facility.

RAY HOFFMAN elaborated on the language for the funding request. He referred to page 132 in the Budget Analysis Book. He discussed two options: (1) \$400,049 is what the Department would need to operate the women's correction facility for 1983. The \$427,162 for fiscal 1983 would take off reduced staff savings of \$27,000 to come up with the operating budget.

CHAIRMAN MOORE announced that no more hearings were scheduled and that the hearings were concluded and the Committee would go into a work session for executive action.

RAY HOFFMAN continued with his options. He said the dollar amounts of contingency funds would have to be in specific language of how you want those dollars to be spent. Option 2 is to take \$675,582 reduction of \$164,418 biennial appropriation and specific language to be used for the women's correctional facility only.

CHAIRMAN MOORE said that reduces the \$840,000 for the biennial expenditures by \$164,418 for the women's correctional facility.

RAY HOFFMAN said Option 1 will provide specific control and intent on dollars for the correctional facility. Option 2 would allow some flexibility for the Department in case the facility is not up by April 1. It gives the Department the flexibility of utilizing the resources to meet the needs of the program.

CHAIRMAN MOORE to MR. SOUTH: Which option would you prefer?

MR. SOUTH said Option 2.

There was a vote to adopt Option 2. REP. CONROY made the motion and all were in favor.

CHAIRMAN MOORE cited a technical problem with Mr. Conroy's motion of the other day. It is regarding the 50 percent expenditure limitation or \$589,569.

RAY HOFFMAN said the motion was made to allow the Department of Institutions to have \$589,569 of the block grant funds for fiscal 1983 operations. Half of the amount anticipated would be held back and specific language would be written that allows the Department of Institutions to come back and request a portion of those funds or all of those funds.

There was some discussion that the subcommittee cannot obligate the next Legislature into giving them any of those funds. Mr. South would operate on the assumption he has \$589,569 of block grant funds to operate the mental health program in fiscal 1983. It would take approximately three months before that bill would be signed by the Governor. There is no assurance that the next session would give him those dollars.

CHAIRMAN MOORE asked the Committee what their thoughts were in view of the technical difficulty.

REP. BENGSTON asked if this would take them above current level spending?

MR. SOUTH said they have to reduce their current expenditures in any case, depending on the Federal level of funding the block grant.

REP. CONROY moved to reconsider the motion. All were in favor.

CHAIRMAN MOORE noted that \$298,138 of fiscal 1982 was part of the motion which has to be appropriated. It is necessary to separate action taken on planning and evaluation. He recited all the figures involved and explained the limit of 50 percent rescinded this action. There will have to be some language used. Money expenditures now require a new motion at this time.

REP. CONROY asked if the complete motion was necessary for the

expenditure of 1982 money and 1983 money and included in the motion should be the appropriate language that the money will be included in the bill.

REP. BENGSTON asked about the appropriate language.

RAY HOFFMAN mentioned the two basic options. They are:

1. The first is that the Committee could not appropriate any block grant funds to the Department of Institutions but put some type of language stating that the Department of Institutions could request block grant funds available for Mental Health---in turn, it would go through the budget process for needs. You have requested total amounts. If you could make savings from other revenue sources, you could budget the dollars.
2. You may wish to reduce the expenditure of community mental health centers and hold some dollars in abeyance. If you did not appropriate the full dollar amount, Mr. South could renegotiate contracts.

CHAIRMAN MOORE pointed to House Bill 500, Item 5, 1982 appropriated \$3,957,049 from general fund; \$4,352,354 in 1983 from general fund.

CHAIRMAN MOORE said we did not appropriate any of the funds to the mental health centers. They were told any funds they could acquire by any method, they had an unlimited expenditure so there is no appropriation. If we appropriate a specific amount we will have to insert that, add it on to the other appropriated funds column. It would place a limit on what they can do. Without specifying the amount, we can request the Department of Institutions to request the full amount of all block grant and they can use that money for the operation of the mental health centers without specifying a specific amount.

REP. BENGSTON asked about including the \$1.7 million to raise the base of the community health center spending?

MR. SOUTH said he has to get long-range plans in operation. Maybe they will not spend that money in 1983 and the recommended budget in 1983 exceeds current revenue.

REP. BENGSTON said she has a feeling the language will restrict the mental health centers even further.

CHAIRMAN MOORE said Mr. South can apply for those block grants, get them in the Department and use them for mental health only.

REP. BENGSTON thought a budget amendment process could reject the request. The discretion is with the Department of Institutions and not with the Legislature. What would be the object of a budget amendment?

CHAIRMAN MOORE said there has to be authority to expend the money.

TOM CROSSER said language specified a budget amendment had to be approved, then those funds are passed through the funds of State Government to a local entity (04 account). It would not be in the Federal Government account.

CHAIRMAN MOORE suggested that it is the intent of the last session that any funds received by the Department were to remain at current level community health programs.

REP. CONROY asked Mr. South if it would help in tracking funds.

MR. SOUTH said he could keep track of the funds the same way.

MR. HOFFMAN said these are State funds and obligations to the community health programs. They are specifically for community mental health programs. They would go to the 04 account.

CHAIRMAN MOORE stated that there are different scenarios in the block grant programs.

MR. SOUTH said even if there are reductions of 12 percent, there is still a carryover of \$298,000.

CHAIRMAN MOORE said authority can be given to the Department of Institutions for spending authority through budget amendment.

TOM CROSSEN spoke on the 04 account. He said the Department would handle it in a single amendment, not periodically throughout the year. He disagreed with Mr. Hoffman that those numbers have to go to the 04 account. There are other accounts for general services coming to State agencies, and they are transferred to local entities. If budget amendment is required, the initial amount would not have to be determined.

CHAIRMAN MOORE said the scenario for the maximum is what was in the Omnibus bill. We do not know the exact appropriation.

REP. BENGSTON said it seems like an additional step to spend this money.

SEN. MARK ETCHART asked CHAIRMAN MOORE to read the motion.

CHAIRMAN MOORE: It is the intent of the Legislature that the Department of Institutions apply for the full amount of federal funds available through the Omnibus Reconciliation Act of 1981

for mental health programs during federal fiscal years 1982 and 1983. Any funds received by the Department of Institutions may be budget amended under the Provisions of House Bill 500, section 3, to maintain current level community mental health programs. It is also the intent of the Legislature that expenditure for community mental health programs not exceed available revenues.

REP. BENGSTON said the program should allow for as much flexibility as possible.

The motion was passed.

RAY HOFFMAN gave a review of the Committee actions:

Department of Institutions: reduction of general funds;
Alcohol and drug abuse: Committee took action;
Mental Health: just completed action;
Women's correctional program budget: Committee took action;
Boulder School and Hospital: Committee took action;
Center for the Aged: no action requested or required;
Eastmont Training Center: Committee action;
Galen: no action required or taken;
Mountain View School: Committee reduced Title I authority;
Pine Hills School: Committee action;
Montana State Prison: required no action;
Swan River: Committee reduced the general fund and increased the Federal funds.
Veterans Home: required no action;
Warm Springs: Committee took action on ESEA Title I reductions;
Board of Pardons: required no action;
Concluded with the Department of Institutions.

RAY HOFFMAN left and was replaced with BRUCE SHIVELY and CURT NICHOLS for questioning.

CHAIRMAN MOORE said the scenario we used for the Office of Public Instruction was the least amount scenario. He requested Curt to explain the three scenarios to the members of the Committee, and possibly reconsider our previous action.

CURT NICHOLS said the levels for Vo-ed are set out in the material given out by Mr. Christiaansen.

BRUCE SHIVELY handed sheets to the Committee, pointing out OPI expenditure needs. The letter from Gary Steurwald, line 2, shows block grant allocations. An option is to recommend a final option based on \$325,000 block grant and \$157,000 in carry-over funds, supplemented by \$214,000 general funds. This is the worst case revenue scenario.

CHAIRMAN MOORE said the best case scenario is in the Omnibus. If we accept the middle scenario it would require only \$52,214 from the general fund. We took action to appropriate \$214,600. He would like the Committee to strike a happy medium and use the middle scenario and reduce the general fund expenditure. This would take a motion to reconsider previous action on the subject and a motion to provide another amount of general fund monies.

REP. BENGSTON asked if it would be possible to put language in the bill?

CHAIRMAN MOORE said there will be no scenario in the bill itself.

SEN. JACOBSON asked if this is dealing only with the general OPI?

CHAIRMAN MOORE said it was.

BRUCE SHIVELY discussed the language not to exceed \$483,487 in fiscal year 1983. If we accept the language we would change the total amount to \$645,641, the middle scenario.

REP. ERNST said it is very likely we will have the worst case scenario. He asked if there was a need to change it.

CHAIRMAN MOORE said it is \$60,000 below the Omnibus bill. There was some discussion between the two on the possibility of a 12 percent cut.

BRUCE SHIVELY reviewed the Gary Steurwald handout.

CHAIRMAN MOORE mentioned Omnibus Bill for \$547,000. He said the other day the Committee appropriated \$214,000 of general fund money by using the worst scenario; that could be changed to \$ 52,000 by using the middle scenario. He requested this be reconsidered.

REP. BOB THOFT made a motion to reconsider the previous action.
All were in favor.

REP. BENGSTON asked if the Omnibus money protects us.

CHAIRMAN MOORE answered that Bruce Shively would have to work it out.

SEN. ETCHART made a motion to adopt the language with a new figure
for the middle scenario to appropriate \$52,214 of general fund
money. The motion passed.

CHAIRMAN MOORE mentioned the \$111,018 appropriated for the general
fund for Vo-ed administration.

CURT NICHOLS went over the figures on Vo-ed. He pointed out
the review of the worksheet handed out by Dr. Christiaansen.
He said areas of Federal grant from administration money are not
being used for administrative money. There are questions of
drawing money for certain areas. They have changed the way voca-
tional funds are used. They are being used for processes other
than administration.

CHAIRMAN MOORE said we could reduce the \$111,018 to some lower
amount of general fund money for the operation of that office
because of the changes pointed out by Curt.

CURT NICHOLS said these areas do not require a match.

CHAIRMAN MOORE asked for totals that could be used for reduction.

CURT NICHOLS reviewed the figures in Column 5.

CHAIRMAN MOORE asked how the \$11,891 could be reduced without
taking a risk.

CURT NICHOLS said you could take funds out of homemaking, teacher
development and research. There is a question in the special
disadvantaged area.

SEN. JACOBSON said this has been done for the last 3 or 4 years
and the auditors will soon be looking into it.

REP. BENGSTON said these things should have come up during the
hearing when Mr. Christiaansen was here.

CURT NICHOLS said some of them were brought up and there were no
questions so there was no in-depth discussion.

REP. CONROY asked about the research money being taken out.

CURT NICHOLS explained that the money has been taken. He explained all the funding taken from the various areas. He gave a total figure of \$62,985.

REP. BENGSTON thought \$111,000 was a compromise worked out with Mr. Christiaansen.

CHAIRMAN MOORE said the original amount was \$147,000 and was brought down to \$135,000, then the Department said they would settle for \$111,000.

SEN. JACOBSON said they were told the budget would be reduced by 13 percent. She sees no decrease whatsoever.

CHAIRMAN MOORE explained that the prior Vo-ed man, Dr. Larry Key, built a small empire and Mr. Argenbright reduced that staff.

SEN. JACOBSON answered that Gary Steurwald told her Mr. Argenbright had reduced the whole office by 17 percent but that 13 percent was a more recent figure.

CHAIRMAN MOORE said he thought the 13 was an FTE.

CURT NICHOLS said the request of \$144,000 would have left Vo-ed higher than what was appropriated by the Legislature.

REP. CONROY made a motion to reconsider the previous action regarding Vo-ed administration.

REP. ERNST asked if they were doing the right thing by pulling the planning and evaluation out?

A substitute motion was made by REP. ERNST to add \$11,891 to the \$48,033 to make a total of \$59,924. The motion PASSED.

REP. BENGSTON asked permission to change her vote from YES to NO. Permission was granted. The language will have to be revised on this motion.

REP. BENGSTON requested a figure for the OPI reduction of \$52,214 from the general fund.

CHAIRMAN MOORE said the bill was to utilize monies appropriated for the guard tower leftover to be used for other security areas. It will be up to the Joint Rules Committee. He mentioned the priorities pointed out by Ray Hoffman, page 24, on \$1.2 million anticipated spending authority. The priorities were rearranged so that Cooney Dam would be No. 1 and the others dropped down in order.

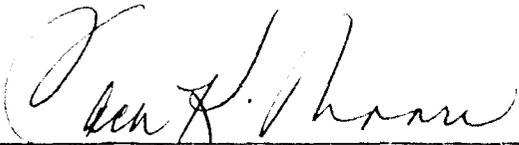
SEN. THOFT MOVED to move Cooney Dam from priority 9 to Priority 1. A letter will be sent to the Department of Natural Resources. All were in favor.

Sen. Haffey said the money saved here would be able to fund everything on their list.

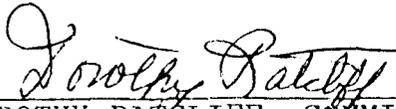
REP. CONROY raised a question on the need for Giant Springs funding. It was clarified by CHAIRMAN MOORE.

CHAIRMAN MOORE announced that there would be no more meetings this week.

At 12:15 p.m. the meeting was adjourned.



JACK K, MOORE, CHAIRMAN



DOROTHY RATCLIFF, COMMITTEE SECRETARY

ROLL CALL

FOR SENATE FINANCE AND CLAIMS
AND HOUSE APPROPRIATIONS SUBCOMMITTEES

COMMITTEE NO. 1

Date Nov. 11, 1981

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jack Moore, Chairman	X		
Rep. Esther Bengston	X		
Rep. Tom Conroy		X	
Rep. Gene Ernst	X		
Rep. Bob Thoft	X		

Sen. Harold Nelson, Vice Chm.	X		
Sen. Mark Etchart	X		
Sen. Jack Haffey		X	
Sen. Judy Jacobson	X		

VISITORS' REGISTER

HOUSE Committee I COMMITTEE

BILL _____

Date 11-11-81

SPONSOR _____

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Jean Nelson	1736 5 th Ave			
Scott Van Hepler	534 Hill Rd			
Janice McLaughlin	1055 3 rd St			
Monique Landry	701 2 nd St			
Wendy Smith	3286 Grandview Rd			
Tom Matthews	720 3 rd St			
Jerry Skorkalen	3855 Heather Drive			
Janine Seraglio	1009 11th Ave #2			
Astrid Anderson	Box 198, E Helena			
Wendy Fox	1423 Stuart			
Allen Lansing	2505 York (Helena)			
Tom Crocker	Helena	O BPP		
Glen Lavitt	Helena	O BPP		
Harold Olson	Helena	O BPP		
Jack Deppner	Helena			
Bill Gendron	Helena			
Tim Harber	Helena	Dept of Institutions		
Ann B. Williams	Helena	Dept of Institutions		
Bobbie Dixon	Helena	Dept of Work		
Ken Hoover	Helena			
Bill Murphy	Blgg.	Alpha House & Mental Health of MT		
REP BOBBY SPILKER	HELENA	DIST. #32		
Tommy Gray	Helena	Montgomery County		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE BILL NO. 837

INTRODUCED BY Barbara

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF ADMINISTRATION FOR CONSTRUCTION OF A GUARD TOWER AT MONTANA STATE PRISON; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Appropriation. There is appropriated \$255,000 from the long-range building bond proceeds and insurance clearance account to the director of the department of administration for the biennium ending June 30, 1983, for construction of a guard tower at the Montana state prison at Deer Lodge.

Section 2. Effective date. This act is effective on passage and approval.

-End-

INTRODUCED BILL
HB 837

"The Department of Administration is authorized to use excess appropriations from House Bill 837 for the purpose of upgrading security at Montana State Prison."

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-11-81 Hearing on: _____ Time 12:00 p.m.

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey	X	
Sen. Judy Jacobson	X	
Rep. Esther Bengston		X
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: REP. ERNST made a substitute motion to add \$11,891 to
the original amount of \$48,033 from general fund to the Vo-ed
administration, for a total of \$59,924.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date Nov. 1, 1981 Hearing on: _____ Time 11:30 a.m.

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey	X	
Sen. Judy Jacobson	X	
Rep. Esther Bengston		X
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
 Beverly Braut

 Secretary

Representative Jack Moore

 Chairman

Motion: SENATOR ETCHART made a motion to adopt the language with a new figure for the middle scenario to appropriate \$52,214 of general fun money for Vo-ed.

(include enough information on motion--put with yellow copy of committee report.)

ROLL CALL

JOINT COMMITTEE # I _____

Date 11-11-81 Hearing on: _____ Time 11:00 a.m.

NAME	YES	NO
Sen. Harold Nelson, Vice-Chairman	X	
Sen. Mark Etchart	X	
Sen. Jack Haffey	X	
Sen. Judy Jacobson	X	
Rep. Esther Bengston		X
Rep. Tom Conroy	X	
Rep. Gene Ernst	X	
Rep. Bob Thoft	X	
Rep. Jack Moore, Chairman	X	

Dorothy Ratcliff
Beverly Braut

Secretary

Representative Jack Moore

Chairman

Motion: Senator Etchart made a motion to recommend that the
Department of Institutions apply for the full amount of funds
available through the Omnibus Act of 1981.

(include enough information on motion--put with yellow copy of committee report.)