

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
February 1, 1983

The House Appropriations Subcommittee on Education met on Tuesday, February 1, 1983 at 7:00 a.m. in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. Executive Action was taken on the OPI budget.

Adult Basic Education was considered. William Cunneen, Adult Education Specialist, stated that they had requested an additional \$5,000 in general funding in order to remain at current level. He stated that the federal fund level was lower than the LFA had predicted.

Chairman Bengtson said she had spoken with Jim Reno, Billings Adult Basic Education Center, and he said that the 50 different sites in the State depended on OPI for this service.

Mr. Cunneen described what the costs involved in his budget were. The most substantial cost incurred is travel, which covers the entire State. The smaller schools, where adequate staff may not exist, receive the greatest amount of attention.

Rep. Bengtson wanted to know, if there was no formula in place for the distribution of flow-through money, how there could be any projections made from year to year. Mr. Cunneen said that the level of funding fluctuates from year to year. The LFA report which was prepared at the request of the Interim Education Committee states that no formula has been or is required. About four years earlier he had requested his research Department to study the distribution process and try to come up with a formula which would be equitable for all the schools. He said that if House Bill 105 passed in its present form, he would invite people in from the field to devise such a formula.

Sen. Hammond asked Mr. Cunneen how often he visited the schools, and how much time he spent there. He replied that the frequency of the visits had been declining due to the combination of reduced funding and an increase in the number of locations. He said he was unable to maintain a yearly visitation level. The visits allow him to see what is going on and to see that educational opportunities exist for the community. He responds to questions and offers technical assistance. An intangible benefit of the visits is that the teachers involved in the projects see they are not isolated. He added there was a yearly statewide meeting which offered workshops, and yearly teacher training sessions.

Sen. Haffey moved adoption of \$10,555 general funding in 1984 and \$12,555 in 1985, and \$41,684 in 1984 and \$40,239 in 1985 in the Other Fund category. Motion carried unanimously.

Program 03 - Vocational Education, OPI budget, was then addressed. (See Exhibit "B," January 31, 1983.) Pam Joehler, LFA, said the CETA funding estimate had been reduced, with a

corresponding decrease of one FTE, to bring the level to 1.25 FTE. The bottom line is adjusted to \$42,089 each year. Ms. Joehler stated that the LFA had inflated the federal fund portion of the Vocational Education funding, and OPI maintains that the level will be lower.

Mr. Tom Chesbro, OPI Budgeting and Accounting Director, explained their position on federal fund levels. They are looking for the same expenditure level to be available in 1984-5 as was available in 1983: \$577,855, plus inflation. The total federal funding out of this is \$255,953, and \$321,902 in general fund. There was a fairly large disparity of federal funds between 1983 and 1982 and OPI is trying to maintain the 1983 current level, so they used 1983 figures. The Special Legislative Session had approved the transfer of \$59,900 of general fund monies to make up for the loss of federal funds. Therefore, in order to maintain what the total funding was in 1983, OPI feels the 1983 figure should be worked off of, which ties in with OBPP's total appropriation.

Ms. Joehler said the purpose of the Special Session appropriation was to make up an expected deficiency in federal funds. She submitted that the total expenditures should be examined. She added that she had reduced the 1982 base by taking out some travel expenses and a budget amendment, and \$8,000 in equipment.

Mr. Francis Olson, OBPP, distributed some spread sheets for this budget; see Exhibit "A," bulk testimony file.

Ms. Joehler explained that all but three of the subprograms 301 - 31723 had a person in charge of them, in addition to support staff.

Mr. Olson said that the equipment request included \$4,000 for an office microcomputer. The LFA allowed \$1,000. Ms. Joehler stated that this program had purchased a microcomputer a year earlier, and the \$1,000 was for software.

Mr. Olson gave his analysis of Exhibit "A." OBPP's estimates drove off 1982 actual costs, allowing for inflation of operating expenses. Personal Services were held at the 1983 level; equipment is 0-based.

Mr. Chesbro explained that OBPP's budget included the cost of the CETA program, which accounted for \$54,000, which had been separated out in the LFA budget.

Rep. Donaldson submitted that there was still about a \$20,000 difference between OPI and the LFA in 1983, regarding subprograms 301-31723. Ms. Joehler explained that she reduced the 1982 base by \$17,000 - \$18,000. The general fund estimate is lower than OPI's because the LFA applied inflation to the federal fund estimates.

Regarding combining some of the subprograms, Mr. Gene Christiaansen, OPI, pointed out that in 1977, there were some 25 FTE associated with these programs, vs. the present 14.33: he didn't believe they could combine any more.

In response to Sen. Haffey, Ms. Joehler said that OPI's and the OBPP's federal fund estimates of \$255,000 were probably fairly good. Even though vocational education funding is increasing, House Bill 2 states that all that extra money is to go to postsecondary vocational education centers.

Regarding accounting entity transfers, OBPP maintained the way that OPI currently handles the transfers. This would show up as an expenditure for the program. The LFA approach is different.

Mr. Tom Crosser, OBPP, explained that because of the requirements in the indirect cost pool, they raised the transfer from \$64,000 to \$84,000, and reduced other operating costs.

Rep. Donaldson moved that the Committee accept the use of a 1983 base, except for in the equipment category, where the LFA figures would be used. Mr. Olson pointed out that if the CETA program was taken out of the OBPP budget, and the accounting entity transfers were deducted, the bottom line figures would be: \$604,723 in 1984 and \$609,502 in 1985, vs. the LFA estimates of \$609,876 in 1984 and \$612,149 in 1985, for revenue in Program 03. It was brought out that the transfers included CETA. This would increase the OBPP figures somewhat.

Ms. Joehler said that the OBPP and OPI figure for Vocational Education in 1984 was \$583,905. CETA comes to \$42,089, and the accounting entity transfers come to \$84,207. The grand total is \$711,201; if the transfers are taken out, the total becomes \$626,994. This includes \$1,000 for equipment. In 1985, the figure would be \$632,326. Rep. Donaldson moved those figures; motion carried unanimously. It was brought out that with this motion, federal funding was kept at the OPI and OBPP current level estimate, without inflation.

Program 04 - Financial Services was then considered. Ms. Joehler said there were some changes in the figures: the FTE should be reduced to 9.5 each year in 100% general fund Sub Programs, with corresponding changes in the expenditure levels. The FTE should be 7 in both years of the general fund and revolving, but no changes are needed in expenditures.

Also, the federally funded Drivers' Education Program had been requested by OPI to be included, but the LFA didn't do this; it has been budget amended in for the past two years. Mr. Chesbro

said that they would like to establish that Program at a level of \$40,000 per year. The Program starts on October 1, 1983, and this is the estimated amount of the new grant. He would have no objections to continue budget amending the program, if that was permissible. Mr. Crosser pointed out that there was a bill that could, if passed, take away the option of budget amending this program in.

Mr. Olson pointed out that on Exhibit "A," Column 13, the amount of additional general fund that OPI wanted added to the Indirect Cost Pool was listed. This amount would replace the federal funding loss. Included in the Pool would be \$157,474 in 1984 and \$186,314 in 1985 general fund.

Ms. Joehler said that the Indirect Cost program was split between Program 04 and Program 05. All federal indirect costs were put in Program 04. All general fund supplementing the federal indirect cost recovery was put in Program 05.

Mr. Chesbro said that the biggest difference between OBPP and the LFA's figures was due to the fact that the LFA was taking indirect costs against the block grant program, and the OBPP was not. OBPP has general fund support in the pool and the LFA has general fund support for program use. The amount of dollars is actually comparable.

Sen. Haffey moved approval of the LFA current level, with the adjustment. Ms. Joehler gave the new totals: the bottom line would be \$1,033,367 in 1984 and \$1,053,690 in 1985. The figures included the Drivers' Education Program. These amounts provide for the funding of 24 FTE in each year. There was general agreement to leave the amounts open in the motion, until the figures could be confirmed.

Program 06 - Special Services was then considered. Mr. Olson distributed a spread sheet on Programs 05 and 06; see Exhibit "B," bulk testimony file, and a "roll-up" for the complete budget for OPI; see Exhibit "C."

Ms. Joehler explained that there were some changes to current level which affected two funding sources. (See Exhibit "B," January 31, 1983.) The reason for the big difference is that during Special Session I, the agency agreed to a reduction in their base expenditures in the block grant programs. (This was in 1983.) They agreed to this because the Legislature agreed to replace part of the reduction in federal funds with general fund. Attached to that reduction was an agreement to reduce the 9.9 FTE. They did do this, but the FTE reduction wasn't all part of the block grant program, so there were still some FTE left that

had to be budgeted for. OPI said to put it in the 100% general funded programs instead of the block grant programs. In FY 1982, these FTE weren't identified as being part of these non-block grant programs. The two funding sources that were affected are Subprograms 810 and 820.

The Committee took a five-minute recess.

Ms. Joehler gave the Committee some more changes in the 100% federal funded subprograms category.

Mr. Chesbro stated that another correction was needed on Line 23 (LFA spread sheet - National Origins.) The grant was increased so the totals for National Origins would come to \$50,271 in 1984 and \$50,761 in 1985. The increase will be reflected in operating expenses.

After recalculating all the changes, Ms. Joehler gave the new totals for Program 06: Expenditures amount to \$953,138 in 1984 and \$966,333 in 1985. In funding, the general fund would remain the same, and the federal fund amounts would be \$811,248 in 1984 and \$822,522 in 1985. Rep. Donaldson moved the funding figures for both the general fund and federal funds, as Ms. Joehler had presented; motion carried unanimously.

Program 05 - Administrative Services was considered. Mr. Olson explained that OPI was asking for \$51,097 general fund to help the Indirect Cost Pool in 1984, and in 1985, \$63,243. He felt the main difference between OBPP and the LFA figures was due to the amount of general fund in the Pool transfer account.

Ms. Joehler said that the only change in Program 06 would be in the amount of federal revenue that would be used in the Pool for Program 05. She explained that the Chapter II block grant was spent in Programs 05 and 06. OBPP and OPI feel they will be getting in 1984-5 what they received in 1983 in federal funding; the LFA has inflated the estimates. She said that general fund replacement for the reduction in federal funds would amount to about \$30,000 in 1984 and \$60,000 in 1985. She added that the general fund would be reverted if the funds came in higher. Mr. Gary Steuerwald, OPI, said that there had been a continuing resolution from Congress which indicated that the national appropriation had been increased by \$50,000.

Mr. Chesbro referred the Committee to the last detail page of Program 06. In order to maintain current level of the block grant functions, the \$158,449 would be the correct expenditure level. The total amount of funding therefore is correct, but the breakdown, in order to reflect the block grant at current level, would require general fund money of \$56,797 instead of the \$60,000 shown. The federal dollars available would be \$101,652 instead of \$154,499 shown. In 1985 the general fund would be \$60,191 and federal dollars would be \$101,652.

Discussion took place regarding replacing federal cutbacks with increased State funding. Mr. Steuerwald pointed out that several years earlier this administrative services money was funded by general fund money and then federal dollars replaced that. Mr. Chesbro stated that in 1971 the OPI office budget had about \$1.7 million in general fund support. The following year the federal government came out with \$504,000 in Title IV-C discretionary funding, which was supposed to supplement the State administration. The Legislature reduced the State's general fund support to \$1,250,000. If the general fund level would have been maintained, OPI would now be receiving \$2.3 - \$2.4 million for those programs. He submitted that if the federal government were to examine what had happened, and the supplanting issue came up, it could amount to about \$500,000 per year for the last ten years. Rep. Donaldson pointed out that the Committee had just increased State funding by \$677,000, while federal funding had gone down by \$174,000. Ms. Joehler said that part of the increase in general funding was due to a decrease in federal funding, but part of the increase granted by the Committee was due to increases in programs.

Mr. Steuerwald explained what the Committee was replacing was the Title V money that was lost in 1982. It was support money for OPI to provide all the services it does, including the services that allow OPI to generate all the data necessary for federal reports which continue the federal money coming in. Whether or not the funding is available, the reports will be required.

Rep. Donaldson moved the Program 05 figures, as they would be adjusted by the LFA. Ms. Joehler said the total amount for expenditures would be remaining the same, but the funding needed to be worked out. The question was called for; motion carried unanimously. The figures were: Expenditures: \$748,082 in 1984 and \$762,832, to be adjusted, for 1985. Ms. Joehler said that there would be an actual reduction in FTE. These positions had been vacant in the past biennium. The Chairman said the vacancy savings issue would be dealt with later.

Mr. Steuerwald said part of the FTE reduction was due to the LFA's taking out some money for legal services. OPI still maintains they need legal services and the \$20,000 should be reflected in their budget. They have a staff attorney but they also have contracted services. The sheer volume of the legal work that comes to the State Superintendent makes it impossible for one attorney to handle it all, so at busy times they have to hire an outside attorney.

Ms. Joehler said that during Special Session I, OPI identified their reduction areas and part of that was legal services.

Mr. Steuerwald replied that this was a reduction in contracted services, and not in FTE.

Discussion took place regarding the necessity to hire additional legal help. Sen. Haffey said that timing constraints made the workload variable. Rep. Peck said he could justify hiring an extra FTE more than contracting out for help. Mr. Steuerwald said that in order for OPI to utilize the Attorney General's staff, they had to use contracted services money. He added that the staff in that office didn't have expertise in the areas that OPI needed it. Regarding adding more FTE, OPI does not feel the need for this at present.

Rep. Donaldson moved to include \$20,000 per year for additional contracted legal services. Motion carried, with Rep. Peck, Rep. Bengtson, and Sen. Tveit opposed; see roll call vote. (This increases the expenditure level by \$20,000 each year.)

The Transportation budget for OPI was then considered. Mr. Curt Nichols, LFA, distributed a copy of what was presently contained in the statutes; see Exhibit "D." Mr. Bob Stockton, OPI, said this change would only have an effect on the 48-passenger buses. OPI's recommendation to set the variable rate at 2¢ and move the capacity down to 45 would make the State reimbursement match the actual cost better. He said this change would not hurt anyone, and it would help the smaller school districts more than the larger ones.

Rep. Donaldson moved to change the maximum capacity to 45, from 50. The question was called for; motion carried unanimously.

The bus rate per mile issue was then discussed. This will be addressed with a Committee bill. \$7.5 million and \$7.8 million in 1984 and 1985 is what the OPI request would generate. A biennium total of \$11,658,794 would be generated if the rates of 65¢ and 70¢ were used. \$14,278,000 would be generated if the rates of 99¢ and \$1.05 were used. With the latter rates, the State would be meeting its 1/3 requirement for reimbursement. Further discussion took place. Mr. Nichols said the net effect of going to a 2¢ rate and adopting a 45-passenger cut-off would be an increased cost to the State of about \$75,000 per year. Mr. Stockton pointed out that since he had become involved in the Program 24 years earlier, the State had never met the 1/3 reimbursement schedule. Permissive property taxes pay the difference.

Rep. Peck moved a rate of 72¢ in 1984 and 80¢ in 1985, per the OBPP recommendation.

Sen. Haffey made a substitute motion to approve the rates of 99¢ and \$1.05. The question was called for on the substitute motion; motion failed.

The question was called for on the original motion; motion carried with Sen. Haffey opposed.

Sen. Haffey requested Mr. Stockton to rework his graphs to reflect what the Committee had voted.

The meeting was adjourned at 10:30 a.m.

Rep. Esther G. Bengtson, Chairman

Rep. Esther G. Bengtson - Chairman

O. B. P. P.

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211/83
EXHIBIT "C"

Summary of funds

Programs	General fund	Federal fund	Other	Biennium Program Totals	Fy Year
(01) Chief ST sch officer	105,773		14,674	120,447	Fy 82
	100,084			100,084	Fy 83
	<u>205,857</u>		14,674	<u>220,531</u>	
	152,198		20,000	172,198	Fy 84
	112,552		15,000	127,552	Fy 85
	<u>264,750</u>		<u>35,000</u>	<u>299,750</u>	
(02) Basic Skills	848,897	224,694	221,307	1,294,898	Fy 82
	993,983	1,230,677	247,275	1,364,325	Fy 83
	<u>1,842,880</u>	<u>347,761</u>	<u>468,582</u>	<u>2,659,223</u>	
	985,815	115,061	261,885	1,362,761	Fy 84
	1,026,967	115,061	274,635	1,415,663	Fy 85
	<u>2,011,782</u>	<u>230,122</u>	<u>536,520</u>	<u>2,778,424</u>	
(03) Vocational Educ	209,150	464,574		673,724	Fy 82
	321,902	352,106		674,008	Fy 83
	<u>531,052</u>	<u>816,680</u>		<u>1,347,732</u>	
	328,443	381,758		710,201	Fy 84
	339,775	381,758		715,533	Fy 85
	<u>662,218</u>	<u>763,516</u>		<u>1,425,734</u>	
(04) Financial Services	653,373	236,044	37,752	927,169	Fy 82
	584,457	299,229	232,757	1,116,443	Fy 83
	<u>1,237,830</u>	<u>535,273</u>	<u>270,509</u>	<u>2,043,612</u>	
	575,096	368,500	447,092	1,330,688	Fy 84
	565,393	368,500	474,281	1,408,174	Fy 85
	<u>1,080,489</u>	<u>737,000</u>	<u>921,373</u>	<u>2,738,862</u>	
(05) Admin Services	246,740	465,383	3945	716,068	Fy 82
	439,236	209,948	121,579	770,763	Fy 83
	<u>685,976</u>	<u>675,331</u>	<u>125,524</u>	<u>1,486,831</u>	
	395,857	310,000	168,442	874,299	Fy 84
	499,090	310,000	177,949	987,039	Fy 85
	<u>894,947</u>	<u>620,000</u>	<u>346,391</u>	<u>1,861,338</u>	

Programs	General fund	Federal funds	Other	Bicentennial Program TUD's	F. Year
(06) Special Services	128,117	1,075,752		1,203,869	Fy 82
	144,643	1,014,085		1,158,728	Fy 83
	<u>272,760</u>	<u>2,089,837</u>		<u>2,362,597</u>	
	209,720	982,734		1,192,454	Fy 84
	229,771	957,734		1,187,505	Fy 85
	<u>439,491</u>	<u>1,940,468</u>		<u>2,379,959</u>	
TOTAL all programs					

(01) Christ. Schl. Officer	2,192,050	2,466,447	277,678	4,936,175	Fy 82
(02) Basic Skills	2,584,305	1,998,435	601,611	5,184,351	Fy 83
(03) Vocational Educ.	4,776,355	4,464,882	879,289	<u>10,120,526</u>	
(04) Financial Serv.					
(05) Admin Services					
(06) Special Services	2,587,129	2,158,053	897,419	5,642,601	Fy 84
	2,766,548	2,133,053	941,865	5,841,466	Fy 85
	<u>5,353,677</u>	<u>4,291,106</u>	<u>1,839,284</u>	<u>11,484,067</u>	

county transportation committee and the superintendent of public instruction, the state transportation reimbursement shall be limited to the reimbursement amount for school bus transportation to the nearest operating public elementary school or public high school, whichever is appropriate for the affected pupils.

History: En. 75-7015 by Sec. 292, Ch. 5, L. 1971; R.C.M. 1947, 75-7015.

20-10-133 through 20-10-140 reserved.

20-10-141. Schedule of maximum reimbursement by bus mileage rates. (1) The following bus mileage rates for school bus transportation constitute the maximum reimbursement to districts for school bus transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates shall not limit the amount which a district may budget in its transportation fund budget in order to provide for the estimated and necessary cost of school bus transportation during the ensuing school fiscal year. Any vehicle, the operation of which is reimbursed under the rate provisions of this schedule, shall be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county transportation committee and the superintendent of public instruction.

(2) The rate per bus mile traveled shall be determined in accordance with the following schedule when the bus is used for transportation of eligible transportees:

(a) 60 cents in fiscal 1982 and 65 cents in fiscal 1983 and each year thereafter per bus mile for a school bus with a rated capacity of not less than 12 but not more than 50 children; and

(b) when the rated capacity is more than 50 children, an additional 2 ½ cents per bus mile for each additional child in the rated capacity in excess of 50 shall be added to a base rate of 60 cents in fiscal 1982 and 65 cents in fiscal 1983 and each year thereafter per bus mile.

(3) The rated capacity shall be the number of riding positions of a school bus as determined under the policy adopted by the board of public education.

History: En. 75-7018 by Sec. 295, Ch. 5, L. 1971; amd. Sec. 1, Ch. 469, L. 1975; amd. Sec. 22, Ch. 266, L. 1977; amd. Sec. 1, Ch. 529, L. 1977; R.C.M. 1947, 75-7018; amd. Sec. 1, Ch. 590, L. 1979; amd. Sec. 1, Ch. 454, L. 1981.

Compiler's Comments

1981 Amendment: In (2)(a) substituted "60 cents in fiscal 1982 and 65 cents in fiscal 1983" for "50 cents in fiscal 1980 and 55 cents in fiscal

1981"; and in (2)(b), substituted "2 ½ cents" for "2 cents", and "60 cents in fiscal 1982 and 65 cents in fiscal 1983" for "50 cents in fiscal 1980 and 55 cents in fiscal 1981".

20-10-142. Schedule of maximum reimbursement for individual transportation. The following rates for individual transportation constitute the maximum reimbursement to districts for individual transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates also shall constitute the limitation of the budgeted amounts for individual transportation for the ensuing school fiscal year. The schedules provided in this section shall not be altered by any authority other than the legislature of the state of Montana. When the trustees contract with the parent or guardian of any eligible transportee to