

MINUTES OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
February 5, 1983

The House Appropriations Subcommittee on Education met at 7:00 a.m. on Saturday, February 5, 1983 in Room 104 of the State Capitol. With Chairman Rep. Esther G. Bengtson presiding, all members were present. The Committee took Executive Action on the budgets of the Forestry Experiment Station and Special Education.

Forestry Experiment Station. Personal Services. The Chairman explained that the main difference, in health insurance, was because OBPP had included insurance for some part-time employees, which the LFA did not. Mr. Tom Crosser, OBPP, said that as long as a person is less than .5 FTE, he/she wouldn't qualify for health insurance; therefore, the LFA estimate was more accurate. Sen. Haffey moved the LFA figures; motion carried unanimously.

Operating Expenses. In Contracted Services, the difference regards one-time road construction. Sen. Jacobson moved the LFA figures for Operating Expenses; motion carried unanimously.

Equipment. The LFA took a four-year average, and then added up to the average from a prioritized equipment list supplied by the agency. OBPP used the Agency's priority list. Mr. Crosser said OBPP included funding for a computer terminal, growth environment control chambers, and a gas analyzer. Mr. Bill Sykes, LFA, said he didn't allow for as many growth chambers. He pointed out that this area had borrowed money from Personal Services, in 1982. In response to Sen. Haffey, Mr. Sykes said he had not provided for someone to maintain the new building. This had been presented as a modified request, but new space requirements had been included in the other University budgets by OBPP, Mr. Crosser pointed out.

The Committee turned to the modified request in the Montana University System and Post Secondary Education Budget recommendation book which had been put together by the Commissioner of Higher Education. (Exhibit "A," February 3, 1983) Mr. Sykes said the \$25,490 amount in the Commissioner's book had no connection to the LFA amount, because different calculations had been used.

Rep. Peck moved the LFA figures for Equipment. Motion carried unanimously.

Accounting Entity Transfers. Sen. Jacobson moved the LFA amounts; motion carried unanimously.

Sen. Haffey moved to put \$9,365 in 1984 and \$9,833 in 1985 into the personal Services budget, to cover the modified request for an additional janitor; motion carried unanimously.

University of Montana Forestry Dean Benjamin Stout spoke up regarding other funding sources for the Experiment Station. The money they get from McIntire-Stennis is used as a grant program; some of this money can be used for equipment purchases. This money is not appropriated by the Legislature. Dr. Stout is responsible to Congress regarding the administration of these funds. He added that for the present year, the funding level was about \$259,000. Rep. Donaldson said he would like the Legislature to be made aware of other funding sources, in the future. Dr. Stout said he would be willing to provide this information. Mr. Sykes said that he kept track of all these funds through SBAS.

The Special Education budget was then considered. The Committee turned to P. 607 of the Executive Budget. Also, OPI's hand-out was referred to. (Exhibit "E," Feb. 2) It was brought out that Audiology needed to be removed from the budget because it had been inserted into the School for the Deaf and Blind's budget. Sen. Jacobson moved to take Audiology funds in the amounts of \$718,640 in 1984 and \$761,760 in 1985 out of the OPI budget; motion carried unanimously.

The out-of-district placement issue was discussed. The Chairman pointed out that in some cases, the children hadn't even been identified as being learning disabled, when they were placed. It was brought out that in the past biennium, about 20 students had been placed by the courts. Rep. Francis Bardanouye said that it could possibly be stipulated in the appropriation bill that no funds could be spent for any case unless the child has been properly evaluated. Before a court could order a placement, this would have to be done. It was brought out that when the placement is ordered, the school district will, in order to use special education funds instead of general funds, declare the child handicapped. Therefore, by the time the bills are paid, the child has been identified. Possibly it could be arranged so that the school districts could file motions to have the judge reconsider.

Mr. Crosser said there was a great deal of confusion in this area. The Dept. of Institutions had a case where the youth was placed out of State by court order. The bill originally went to the Dept. of Institutions, who didn't have a contingency fund. The bill was sent back to district court. The court sent the bill to the State Auditor, and ordered him to pay it.

The budget for Special Education was then taken up. Rep. Donaldson said that what had basically been done in the past was that Special Education had been funded based on a flat percentage. It has not been addressed in terms of the number of people served. He expressed concern that this approach should be considered in order to get a better idea of the actual needs. The Chairman said she didn't feel there was an excessive amount of

money spent on Special Education. Discussion took place regarding what a prudent level of funding for Special Education would be.

Sen. Haffey wanted to know what would not be provided by a funding level of \$53 million, vs. a funding level of \$57 million. Dr. Dal Curry, OPI, said the \$53 million in the current biennium maintained the basic level of quality of service. However, enrollment has gone up steadily, and expenses have been inflated, and funding hasn't kept up. With no or limited growth, one or two things would happen: (1) general funds will be even more severely impacted; (2) services will decline. At present they are at a breaking even point.

In response to Rep. Peck, Dr. Curry said it was true he could not provide an accurate figure on the cost of special education, because there was no accurate accounting of the general fund contribution. Rep. Peck submitted that the decrease in the funding level per student in Special Education over the years from \$2,400 to \$1,800 was a senseless figure because the districts had totally absorbed indirect costs. A 100% payment base is being compared with an unknown percentage.

Mr. Bob Stockton, OPI, stated that what they were trying to impress upon all school districts now was to report their actual costs of Special Education. A new accounting system to begin July 1, 1983 should help OPI get a better handle on the matter. But he submitted that they would never get to a point where they could get accurate data.

Discussion took place regarding the effects of cutting the funding for Special Education. Mr. Stockton said that the districts have but one choice when State funding is reduced: general fund money is taken from the regular programs, and it's the other kids that get hurt. This is unavoidable, because of the mandates which are in both federal and State law concerning Special Education.

Sen. Jacobson moved the figures on the appropriation line in the OBPP budget. Discussion continued. Mr. Crosser said the OBPP figures were a 4% increase over the 1983 appropriated amount. Ms. Joehler said that the LFA recommendation was based on a 6% increase, based off the 1982 figures.

The question was called for; motion carried unanimously.

The Chairman brought up the matter of language which would provide for direct payment of Special Education funds from OPI to the Special Education Cooperatives; see Exhibit "A." Sen. Hammond moved the language contained on Exhibit "A." Motion carried unanimously.

The Committee's attention was called to a hand-out Ms. Joehler had distributed summarizing the Committee's action on the Vo-Techs.; see Exhibit "B." She explained that she had reduced the general fund allocation because Mr. Gene Christiansen had informed her that federal funding would be at a higher level than originally estimated. Sen. Jacobson moved to appropriate the \$100,250 in federal funding beyond the general funding; i.e., to not reduce the general fund by \$100,250. Discussion followed, and the question was called for. Motion failed, with Sens. Jacobson and Haffey voting "yes."

The meeting was adjourned at 8:40 a.m.

Esther G Bengtson Chm
Rep. Esther G. Bengtson - Chairman

DA

VISITORS' REGISTER

HOUSE EDUCATION COMMITTEE

546

BILL W. H. C. C. S. I. C. M.

Date 2/1/83

214

SPONSOR

Date 2/1/83

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EDUC. SUPEROMA
2/5/83
EXHIBIT "A"

LANGUAGE FOR DIRECT PAYMENT OF STATE SPECIAL EDUCATION FUNDS TO
SPECIAL EDUCATION COOPERATIVE

There is appropriated to the Superintendent of Public Instruction from
the earmarked revenue account sufficient funds to pay the Special
Education Cooperatives directly, if requested by the participating
districts in accordance with Section 20-7-451 (3), MCA.

Long - subcomm.
2/5/83
EXHIBIT 'B'

February 4, 1983

TO: Joint Appropriations Subcommittee on Education
Esther Bengtson, Chairman
Subcommittee Members

FROM: Pamela Joehler, Assistant Analyst

SUBJECT: Vo-Techs

On Saturday, January 29th you approved the 1985 biennium budgets for the postsecondary vo-tech centers. The expenditure level developed by the adjusted formula, with a 4.5 percent per year pay plan and 5 percent/10 percent caps was \$17,940,883. This was funded by \$10,771,013 of general fund and \$7,169,870 of other funds. The subcommittee then approved a reduction of general fund to the original LFA level of \$10,258,915 and maintaining the other funds at \$7,169,870. This reduced the expenditure level to \$17,428,785.

The subcommittee requested the formula be reworked to reflect the lower general fund and expenditure level. Attached is a copy of the budgets for the system. Two items should be noted. First, OPI increased the federal fund estimated by \$50,125 per year. This reduced general fund. Second, when the formula was reworked, the total expenditure level for the system came in \$2,659 more than the subcommittee approved January 29th.

The total expenditures in the 1985 biennium are \$17,431,444. The expenditures are funded by \$10,161,324 of general fund and \$7,270,120 of other funds.

**Montana Postsecondary Vocational Technical Centers
Expenditures by Object/Funding by Source - 1985 Biennium**

		<u>System</u>				
		<u>Billings</u>	<u>Butte</u>	<u>Gt. Falls</u>	<u>Helena</u>	<u>Missoula</u>
1984						
Personal Services	\$1,193,648	\$1,011,689	\$1,118,892	\$1,569,220	\$1,612,822	\$ 6,506,271
Operating	320,354	207,387	271,541	452,600	469,000	1,720,882
Equipment	28,348	12,124	46,867	70,480	57,828	215,647
Audit	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>17,500</u>	<u>87,500</u>
Total Expenditures	\$1,559,850	\$1,248,700	\$1,454,800	\$2,109,800	\$2,157,150	\$ 8,530,300
Tuition	\$ 250,470	\$ 178,695	\$ 241,065	\$ 343,530	\$ 297,000	\$ 1,310,760
Millage	302,993	77,283	143,931	87,682	211,862	823,751
Federal Fund	163,000	263,075	236,910	273,672	242,000	1,178,657
Coal Tax	38,194	-0-	102,916	38,195	38,195	217,500
General Fund	805,1983	<u>729,647</u>	<u>729,978</u>	<u>1,366,721</u>	<u>1,368,093</u>	<u>4,999,632</u>
Total Funding	\$1,559,850	\$1,248,700	\$1,454,800	\$2,109,800	\$2,157,150	\$ 8,530,300
1985						
Personal Services	\$1,255,000	\$1,050,653	\$1,195,141	\$1,601,011	\$1,627,809	\$ 6,729,614
Operating	368,060	253,448	314,374	504,231	519,045	1,959,158
Equipment	<u>42,670</u>	<u>11,319</u>	<u>42,769</u>	<u>58,628</u>	<u>56,986</u>	<u>212,372</u>
Total Expenditures	\$1,665,730	\$1,315,420	\$1,552,284	\$2,163,870	\$2,203,840	\$ 8,901,114
Tuition	\$ 257,895	\$ 211,860	\$ 248,490	\$ 354,420	\$ 305,910	\$ 1,378,575
Millage	309,765	75,309	147,283	87,264	222,599	842,220
Federal Funds	163,000	263,075	236,910	273,672	242,000	1,178,657
Coal Tax	48,989	-0-	70,684	120,339	99,988	340,000
General Fund	886,081	<u>765,176</u>	<u>848,917</u>	<u>1,328,175</u>	<u>1,333,343</u>	<u>5,161,692</u>
Total Funding	\$1,665,730	\$1,315,420	\$1,552,284	\$2,163,870	\$2,203,840	\$ 8,901,144
1985 Biennium	\$3,225,580	\$2,564,120	\$3,007,084	\$4,273,670	\$4,360,990	\$17,431,444
1983 Biennium*	2,694,260	2,227,527	2,476,355	3,784,390	3,964,457	15,146,989
Percent Change	19.7	15.1	21.4	12.9	10.0	15.1

*Does not include voted levy.

Expenditures

The adjusted formula, with recognition of changes in Butte, was provided 2 percent pay plan increases each year of the 1985 biennium. The expenditures were capped with a 3.25 percent floor and 8.25 percent ceiling in fiscal 1984. In fiscal 1985, the caps were 3 percent and 8 percent.

Total expenditures were \$8,530,300 in fiscal 1984 and \$8,901,144 in fiscal 1985. Total biennium: \$17,431,444. This is \$2,659 higher than the subcommittee approved on January 29.

Funding

Millage: The OBPP estimates were used. In fiscal 1984 the estimate is \$823,751 and in fiscal 1985, \$842,220.

Tuition: Tuition is estimated as a function of student FTE and the tuition rate of \$165/student FTE/quarter. Estimated tuition revenues is \$1,310,760 in fiscal 1984 and \$1,378,575 in fiscal 1985.

Federal: The OPI estimate is used for this revenue source. Since the subcommittee met on January 29, the Office of Public Instruction has increased its revenue estimate from \$1,128,532 to \$1,178,657 each year of the biennium. This is an increase of \$100,250 for the biennium. This causes a reduction in general fund as the expenditure levels were capped.

Coal Tax: OPI's estimate and distribution among centers was also used here. In fiscal 1984, \$217,500 was estimated; in fiscal 1985 \$340,000 was estimated.

General Fund: Total general fund for the biennium has been reduced from \$10,258,915 to \$10,161,324, a reduction of \$97,591. This is caused by the increased federal funds. A complete dollar for dollar reduction did

not occur because the expenditure level, reworked to reflect the approved general fund decrease, was established at \$2,659 higher than the sub-committee approved on January 29th.

LEG:ED:PJ:cm:i