

MINUTES OF THE MEETING
EDUCATION AND CULTURAL RESOURCES COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 25, 1985

The meeting of the Education and Cultural Resources Committee was called to order at 3:20 p.m. by Chairman Harrington in Room 312-3 of the State Capitol.

ROLL CALL: All members were present with the exception of Representatives Thomas and Hannah. Rep. Hannah was previously excused by the Chairman.

CONSIDERATION OF H.B. 209: Rep. Eudaily, District #60, and sponsor of the bill told the Committee that before the legislative session administrators and school groups brought this issue to his attention. The bill proposes that in financing the general fund budget the district board of trustees place on the voting ballot only the amount to be raised by the levy. He relayed that an effective date may need to be discussed for the bill. Not all districts are currently following State law as the law needs clarifying. It is confusing to the voters because the special election ballots contain non-tax revenue items which inflate the figures. It also contains the number of mills it will take to raise the total amount and the public does not correlate the mills with the total dollar figure. Some of the total figure does not have to be raised as it is non-tax revenue and cannot be used for the budget. The district's responsibility is to tell people how much they really need and if the levy fails everything that is included in the figure is lost. What the legislation's intent is for the district to set the maximum general fund budget, subtract the amount specified in the schedules, then apply the non-tax revenues (assets) which are anticipated for the next year, ending up with the amount needed for the special levy.

PROPONENTS: Chip Erdmann representing the Montana School Board Association came forward in behalf of the bill and relayed that the MSBA membership voted on the issue and approved of its concept. The voter is not often aware that "x" number of dollars is being generated by "x" number of mills and this bill would clear that up.

John Deeney, Assistant Superintendent from the Billings Public Schools said his district's other income is about 40% of the voted section and would be money that they would not lose. It would greatly simplify what is actually being asked for. The ballot will read a much larger amount of money in the present system, the board explains this to the voters and hope they will remember when looking at the ballot.

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Jesse Long, School Administrators of Montana, said this bill would make the issues much more clear to the patrons in the school district so they can see what increases they are voting for to sustain the operations of the school district for the year.

Bill Anderson from the Office of Public Instruction spoke support of the bill as it would simplify the process, place the authority in the hands of the board of trustees, and clarify the taxing issue to the voter.

Alice Tully of the Montana School Board Association felt it was important to simplify the ballot so the taxpayers understand.

Owen Nelson representing the Montana Education Association reported that the Association would hate to see earmarked funds for operations of public schools jeopardized in failed mill levies. He felt the school boards have a right to protest those funds by asking for only the amount needed for operation of the school.

OPPONENTS: Sandra Whitney of the Montana Taxpayers Association asked for House Bill 209 to be killed as they feel the expenditure of funds for any programs other than the minimum demanded by the state should be approved by the voters whether or not there is an additional levy involved. See Exhibit 1.

There being no further opponents or proponents, Chairman Harrington called for questions and discussion.

Rep. Brandewie questioned where the receipts of the motor vehicle tax, grading fees, and forest receipts go if they do not go to the school and Bob Stockton from the Office of Public Instruction answered that they do go to the school district but are not used. He also took exception to the examples used by the Montana Taxpayers Association as he felt they were slanted.

Rep. Peck pointed out that in Paragraph 3 of Exhibit 1, it is stated that St. Ignatius would lose control of 100% of the expenditures above the foundation program and Ms. Whitney explained that St. Ignatius presently shows a large amount of cash re-appropriated which may or may not have come from the PL 874 money, and that amount is currently being approved by the voters as an expenditure above the foundation program because they have so much money they have been able to take their levy down to zero, but the voters still have to approve the appropriation. Rep. Harbin stated that he takes deference to the statements in Exhibit 1 as he felt they were misleading.

Bill Anderson explained to Rep. Sands that 874 money is given by the government in lieu of taxes. Rep. Sands questioned why Billins would have a higher loss percentage and John Deeney spoke of reducing the general fund reserves by reappropriating all the extra cash by choice of the board.

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Rep. Glaser asked Mr. Deeney if he believed the people in the Billings School District understood what they were voting on when they proposed a mill levy election and the answer was "no", the general public probably does not understand the foundation program funding. Rep. Glaser asked if it would be possible for a district to conceal what the true situation of school financing is and Mr. Deeney agreed that it could be done if the other revenues were underestimated.

Rep. Eudaily closed the hearing on H.B. 209 by saying that the precedence in the bill is written on Page 4, line 16 which excludes the funds received under Title I, PL 81-874 but those are the only ones that can be done that way. He feels no local control is lost by this bill because the control is still in the hands of the local school board officials. He said if the public did not like what was being done, there is a way and a law to change that, therefore it was not asking any more in this bill than what legislators want when handling State revenue.

CONSIDERATION OF H.B. 267: Rep. Ray Harbin, District #53 in Billings has proposed this bill at the request of the Department of Administration and it changes the dates for remitting the school equalization mill levy excess funds. On Page 2, line 14 of the bill it would change June 1 to June 20. There are 9 counties which have mill levy surpluses. The taxes are paid the last day of May and the law reads that the county districts are required to deposit the funds by June 1, which is impossible by most of these districts.

PROPOSERS: David Ashley from the Dept. of Administration said this bill would hasten the receipts of money to the State through a cooperative effort.

OPPOSERS: None

There being no questions, Rep. Harbin closed the hearing on H.B. 267.

ACTION ON HOUSE BILL 149: The proposed amendment to H.B. 149 was looked at by the Committee, Rep. Brandewie moved that the amendments pass as follows:

1. Title, line 5
Strike: "PROFESSIONAL"
Insert: "FINANCIAL"
2. Page 2, line 16.
Strike: "professional"
Insert: "financial"

By voice vote, the amendments passed. Rep. Hammond moved, Rep. Kitselman seconded, the bill DO NOT PASS, AS AMENDED.

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ACTION ON HOUSE BILL 188: Kitselman moved, Harbin seconded, that House Bill 188 BE TABLED. The motion carried.

ACTION ON HOUSE BILL 192: Rep. Brandewie moved that the bill do pass. Rep. Eudaily moved to insert an effective date of July 1, 1985 in the title and body of the bill. This motion carried unanimously. Rep. Mercer seconded the motion of do pass with amendments.

Discussion of this bill ensued with Rep. Sands asking why the State should pay these costs, to which Rep. Brandewie answered that the State mandates where these children go and the district does not always have a choice.

Rep. Harbin said he had reservations regarding the bill and would like a statement of why this bill would be attractive. Bill Anderson came forward from the Office of Public Instruction and said that as students become more mobile and move back and forth across county lines it puts a large financial responsibility on the small school district. They support the bill as it helps equilization of this cost. Rep. Harbin pointed out that the people are paying taxes in the district in which they live, but recognized that it isn't all parental choice and there are requirements which must be met.

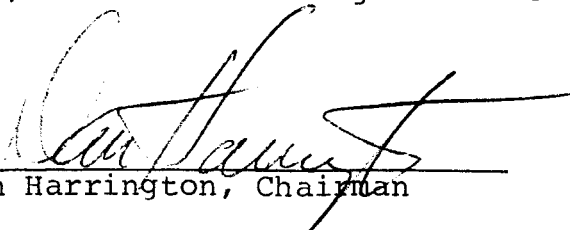
Rep. Eudaily stated that he had problems with items on the Fiscal Statement, #3 says that 10% to 20% are out-of-county tuition students and most elementary tuition is within the county. He was mostly concerned with Item #5 where it says this would encourage most of the elementary schools who are not presently charging tuition to do so.

Bill Anderson explained that when the county pays the tuition cost the State actually pays for it out of the basic foundation money. A rich district would pay this and less money would come back to the State, so it would be ultimately responsible. In the high school there is a separate levy for tuition and retirement.

A roll call vote to the motion of do pass as amended showed 7 for, 10 against. House Bill 192 goes out of Committee AS AMENDED DO NOT PASS.

ACTION ON HOUSE BILL 267: Rep. Hammond moved that H.B. 267 DO PASS, Rep. Eudaily seconded the motion and the motion carried unanimously.

There being no further business, the committee adjourned at 4:10 p.m.


Dan Harrington, Chairman

DAILY ROLL CALL

EDUCATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 1-25-85

NAME	PRESENT	ABSENT	EXCUSED
Dan Harrington	✓		
Ralph Eudaily	✓		
Ray Brandewie	✓		
William Glaser	✓		
Joe Hammond	✓		
Thom Hannah			✓
Raymond Harbin	✓		
Roland Kennerly	✓		
Les Kitselman	✓	✓ (late)	
John Mercer	✓		
John Montayne	✓		
Richard Nelson	✓		
Jerry Nisbet	✓		
Ray Peck	✓		
Jack Sands	✓	✓ (late)	
Ted Schye	✓		
Fred Thomas		✓	
Mel Williams	✓		

STANDING COMMITTEE REPORT

.....JANUARY 25..... 19 35.....

MR. SPEAKER.....

We, your committee on EDUCATION AND CULTURAL RESOURCES.....

having had under consideration HOUSE..... Bill No. 149.....

FIRST reading copy (WHITE)
color

REQUIRE BIDS ON PROFESSIONAL SERVICE CONTRACTS FOR
SCHOOL DISTRICTS

Respectfully report as follows: That HOUSE..... Bill No. 149.....

BE AMENDED AS FOLLOWS:

1. Title, line 5
Strike: "PROFESSIONAL"
Insert: "FINANCIAL"
2. Page 2, line 16.
Strike: "professional"
Insert: "financial"

AND, AS SO AMENDED

DO NOT PASS

~~DO PASS~~

STANDING COMMITTEE REPORT

JANUARY 25

19 85

MR. SPEAKER

We, your committee on EDUCATION AND CULTURAL RESOURCES

having had under consideration HOUSE Bill No. 192

FIRST reading copy (WHITE)
color

TO PROVIDE THAT OUT-OF-COUNTY ELEMENTARY TUITION BE PAID BY THE
BASIC TAX

Respectfully report as follows: That HOUSE Bill No. 192

BE AMENDED AS FOLLOWS:

1. Title, line 8.
Following: "MCA"
Insert: "; AND PROVIDING AN EFFECTIVE DATE"
2. Page 4, line following line 3.
Insert: "NEW SECTION. Section 3. Effective
date. This Act is effective July 1, 1985."

and, AS SO AMENDED

~~DOIRASSE~~ DO NOT PASS

ROLL CALL VOTE

HOUSE COMMITTEE EDUCATION

DATE 1-25-85 Bill No. 192 Time

NAME	YES	NO
XXXXXXXXXX		
Dan Harrington		
Ralph Eudaily		✓
Ray Brandewie	✓	
William Glaser	✓	
Joe Hammond	✓	
Tom Hannah		
Raymond Harbin	✓	
Roland Kennerly	✓	
Les Kitselman		✓
John Mercer	✓	
John Montayne		✓
Richard Nelson	✓	
Jerry Nisbet		✓
Ray Peck		✓
Jack Sands		✓
Ted Schye		✓
Fred Thomas		✓
Mel Williams		✓
Dan Harrington		✓

Secretary _____

Chairman _____

Motion: BRANDEWIE DO PASS, MERCER

10 NO 7 YES

STANDING COMMITTEE REPORT

.....JANUARY 25..... 19 35.....

MR.**SPEAKER**.....

We, your committee on**EDUCATION AND CULTURAL RESOURCES**.....

having had under consideration**HOUSE**..... Bill No. **267**.....

FIRST reading copy (**WHITE**)
color

CHANGING DATE FOR REMITTING BASIC SCHOOL EQUALIZATION SURPLUS TO STATE

Respectfully report as follows: That.....~~HOUSE~~..... Bill No.**267**.....

DO PASS

EXHIBIT 1

H.B. 209

1-25-85

WILLIAM G. STERNHAGEN
CHAIRMAN, BOARD OF DIRECTORS
S. KEITH ANDERSON
PRESIDENT

MONTANA TAXPAYERS Association



P O BOX 4909

1706 NINTH AVENUE

HELENA, MONTANA 59604

406-4

Jan. 25, 1985

TO: Education and Cultural Resources Committee

Re: House Bill 209 - a bill to eliminate school general fund election requirements for all money except that raised by an additional levy.

Mr. Chairman:

For the record, my name is Sandra Whitney, representing the Montana Taxpayers Association.

Under current law, all school districts are required to obtain voter approval for all expenditures for the general fund in excess of the state foundation program, except expenditure of Federal PL 874 money. This difference between the foundation program and the general fund comes, not only from an additional levy upon the districts, but from state and district motor vehicle disbursements, tuition, interest on investments, miscellaneous sources and from reappropriated cash.

If this bill were passed into law, Billings high school district voters would lose control of nearly 60% of the expenditures above the foundation program. Butte voters would lose control of 14%, Havre would lose control of 9%, Polson would lose control of nearly 30%, and St. Ignatius, which has a 0 general fund levy, would lose control of 100% of the expenditures above the foundation program in the high school districts. Of the approximately 550 high school and elementary operating districts in Montana, about 160 of those levy only the permissive levy or less. Voters in those districts, most of them small and/or wealthy, would lose total control of their school general funds in excess of the foundation program. That constitutes over a quarter of the districts in this state.

It is our position that expenditure of funds for any programs other than the minimum demanded by the state, should be approved by the voters, whether or not there is an additional levy involved. We aspire to the ideal that education should be locally controlled. Let's keep it that way, not only through our elected school boards, but through voter control of the purse strings.

The Montana Taxpayers Association believes HB 209 should be killed.

Thank you.

VISITOR'S REGISTER

HOUSE EDUCATION COMMITTEE

BILL H.B. 209

DATE January 25, 1985

SPONSOR Ralph Eudaily

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE EDUCATION COMMITTEE

BILL H.B. 267

DATE January 25, 1985

SPONSOR Raymond K. Harbin

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.