

MINUTES OF THE MEETING
EDUCATION AND CULTURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The second meeting of the Education and Cultural Resources Subcommittee was called to order by Chairman Ralph Eudaily, on January 26, 1987, at 1:00 p.m., in Room 312-D of the State Capitol.

ROLL CALL: All members were present.

CHAIRMAN EUDAILY announced that Andrea Merrill, the legislative council staff member had some amendments she would review very quickly with the committee.

ANDREA MERRILL stated that the amendment sheet she was reviewing were the amendments the committee had voted on at their last meeting except for No. 2, which would be placed on page 5, line 17. She said that amendment had been handed in by Carroll Krause, Commissioner of Higher Education to suggest that following the effective date of the act that employees or the board of regents may apply to the personnel appeals for determining the bargaining unit. She commented from previous discussions on the matter that anyone could request that work convene on bargaining units, and that was the reason the board of regents requested that clarification. That it would simply be adding the words "or the board of regents" on line 17.

PHIL CAMPBELL, Montana Education Association, explained the employer always has the option if they think the employee organization does not truly represent the employee's, to make that challenge.

CHAIRMAN EUDAILY then reviewed the amendments as follows; No. 1) on page 5, line 12, it is simply to reinstate the fact that the rights of the person employed under the protective bargaining agreement, in effect during the period from July 1, 1987 to July 1, 1989 may not be impaired. No. 2) page 5, line 17, had just been discussed by Andi Merrill, No. 3) on page 4, line 2, is simply the request to make two subsections under that section, which is simply to place a (1) after "requirements" which would make sub "(1)". And then on page 4, line 3 to strike "1985" and insert "1984" because "1984" is the correct date for the federal "CARL PERKINS VOCATIONAL EDUCATION ACT" and not "1985", it would merely be a technical correction. No. 4) would be on page 4, lines 4 and 5, strike after the word "act" the 44 U.S.C over through S.C.Q. on line 5 and insert "as may be amended" which simply gives the continuing process to the Carl Perkins Act instead of having to come back every two years

and rework it, the amendment would automatically take it into consideration. No. 5) on page 4, between line 8 and 9, insert the amendment which has to do with the secondary v- ed K-12 vocational education. And lastly the statement of intent would give them rule making authority in the last part of the bill.

ANDI MERRILL stated in the first section, page 3, no. 16, says "adopt rules and procedure to implement this section" and it would be a whole new rule making area for the board.

CHAIRMAN EUDAILY announced that Ms. Merrill had worked up some options for vo-tech funding, see EXHIBIT # 1. He asked Ms. Merrill to go over them quickly and then the committee would break them down.

ANDI MERRILL stated that Option # 1, was what 4½ county mills would generate using the value of mills that the LFA had used as an estimate of the value of mill for their budget analysis. She noted that there would be \$91 thousand dollars lost in funding to the vo-techs even using the 4½ mills over what they said they actually used in 1986. Option # 2, is the 1½ mills mandatory - and then 3 mills on each district, just the boundaries of the former high school district. Option # 3, is as the bill currently reads, a mandatory 3 mills county wide; she noted she used the 1987 value of mills so there is almost \$900 thousand dollars loss and that is why people have stated they need the 4½ mills rather than 3. Option #4, is 1½ mandatory mills on the county and 1½ mandatory mills on the districts and that would be significantly less than 1986, because the district values have dropped as have the taxable valuations in some of the counties. Option # 5, would be 1½ mills district voted, but somehow freezing the obligation that the districts had in 1986.

CHAIRMAN EUDAILY asked if the committee had any additional suggestions or ideas. REP. WILLIAMS questioned if Option # 2 - actually amounted to 4½ county wide, not including the district, or were they separated. Ms. Merrill replied they would be separating them out, 1½ on the whole county and just 3 mills on the boundaries of the former high school district. The committee discussed at great length the pros and cons of the five proposed options.

REP. SWYSGOOD stated that the discussion could go on until doomsday and still not arrive at the correct answer. He said he thought the committee was looking at an interim situation of transferrring the vo-tech centers from local

control to state control and he thought the funding should be looked at in that perspective. Due to the fact that what is in place seems to be short funded, he thought it could be lived with if it were sunsetted after the transition takes place, because the question of funding is going to have to be addressed again after it is taken out of local control. He suggested the committee consider Option # 5 and sunset it.

REP. GLASER noted that the communities who have vo-tech centers are not keeping the money that they are putting into them now - that it adjusts the general fund so all the vo-techs are being supported from one fund. He also recommended the committee to accept Option # 5.

REP. SANDS questioned if the state would actually obtain title to the buildings that are owned by the vo-tech centers. REP. EUDAILY noted that two of the centers stated they were willing to give the buildings to the state, and the others have some bonds to be paid for or else there is a provision for leasing them. GENE CHRISTIAANSON stated there are a number of options in the current bill, not the least of which was a lease for the square footage, another one is to pay off the bonds, another one to buy the building outright based upon what the board of trustees would prefer to do in negotiations with the board of regents.

REP. GLASER referred the committee discussion back to Option # 5, he said the decision that had to be made was going to be on the basis of politics and if they could leave the money issue out they could come back in a couple of years and address it then.

REP. SANDS noted he had problems with Option # 5, because it would be like having the Dillon high school district pay for Western Montana College, and these are going to be state institutions, and you are not only going to say that the local school district people are going to support them but you are going to say they have to support them through a mandatory levy.

REP. SWYSGOOD stated that was his point also, that the vo-tech is being moved to the board of regents, which is taking away local control and their incentive to support the vo-tech in the form of levies. And since it is being moved to the state, they should take on their share of providing the funding somehow or other. That is impossible to do now, so therefore we should sunset this issue for two years and let

the transition take place. This is the price the districts are going to have to live with to get rid of these institutions, which is what I have been hearing they want to do.

REP. SANDS said he thought the districts should be given the option of whether they wanted to support the vo-techs or not.

REP. EUDAILY asked if the district had the option and they did not vote for the extra millage, would that mean that the vo-tech would be supported out of the general fund or would it mean automatic closure of the vo-tech. Rep. Sands replied he thought it would mean either an automatic closure or a drastic reduction in the programs.

REP. EUDAILY remarked that perhaps the vo-tech centers could operate without some voted levy but it would be pretty tough. He stated that there are going to have to be some sacrifices made if the state changes to a new system, and the districts want a new system. He said perhaps the districts would be willing to accept this if they had the promise that two years down the line they can fight it through the legislature to provide statewide funding.

REP. WILLIAMS stated he couldn't accept Option # 5, if it would be left up to the voters on a voted levy, because if it wasn't mandatory there would be no assurance of the funding under Option # 5. He said if the total voted mill levy in 1986 in Option # 5 was a mandatory levy it would bring in more money than Option # 2.

REP. SCHYE said it was his understanding that Option # 5, instead of being a 3 mill mandatory, would make Great Falls, 2.7 mills - Helena, 4.6 mills - Billings, 1.3 mills and Butte, 7 mills and those would be mandatory and would have to be in the law.

REP. SCHYE moved that the committee accept Option # 2. Rep. WILLIAMS seconded the motion. CHAIRMAN EUDAILY asked if that was with the understanding that the district mills would be a mandatory millage for the next two years and sunsetted at the end of two years, and would the mills would to into the pool. REP. SCHYE answered yes. REP. WILLIAMS said he wasn't sure it would have to be sunsetted. CHAIRMAN EUDAILY said if they would want to change it in two years they could come back and change it.

REP. SWYSGOOD voiced his objection to Option # 2 fact that with the exception of Great Falls everybody benefits quite

Education and Cultural
Resources Subcommittee
January 26, 1987
Page Five

greatly. However Great Falls is looking at an additional levy of \$27,000 thousand dollars.

REP. SANDS stated if it is to be a truly transitional bill, the committee should adopt Option # 5 with one exception; and that is to provide that the local voted levies will continue to be voted, with the understanding that they would go into a pool and they would be used for a system wide bank.

REP. SCHYE asked if Billings would vote their levy down, would they still get a share of the rest of the pool. CHAIRMAN EUDAILY commented that they would all vote the levy down. REP. SANDS stated you would have to say that the local voted levy could only be used in the local district.

REP. WILLIAMS made a substitute motion that Option # 1, or a county wide $4\frac{1}{2}$ mill levy be adopted. The question was called, the motion FAILED with Rep. Williams and Rep. Schye voting in favor and Rep. Eudaily, Rep. Glaser and Rep. Swysgood opposing.

CHAIRMAN EUDAILY noted that the committee was back to the original motion to accept Option # 2 which included the changes that were necessary, to pool the money, to be a mandatory levy on the district and to be sunsetted. He asked REP SCHYE if that was all included in his motion. REP. SCHYE replied that he did not include the sunset. After discussion on the option, REP. SCHYE withdrew his motion.

CHAIRMAN EUDAILY stated because of the fact that $33\frac{1}{3}$ of the students come state wide and $66\frac{2}{3}$ come from within the county, that is the reason they should look at it being a county wide levy instead of a district levy. He said he tends to lean towards either Option # 1 or Option # 3. That either one of those options would fit into the pooling of the money which is what they are trying to achieve. He said he would recommend a sunset because it would force someone to take a look at the issue down the line of statewide funding. After the board of regents had the chance to have control for two years people would be in a better position to know if they wanted to fund it as a state supported program. The committee discussed further their reasons for supporting or not supporting the various options that had been presented.

REP. SWYSGOOD stated he was going to make one more spiel for Option # 5 - that he really didn't like it but he liked it better than any of the other options. He said regardless of what CI-105 says, just because it has been interpreted differently it still needs to be addressed. He felt

Education and Cultural
Resources Subcommittee
January 26, 1987
Page Six

if the committee would accept any of the other options, especially if they mandated a 3 mill county levy then they would kill the bill. He said if they were going to pass the bill and if the bill was to have some meaning to it, it would have to be funded, and Option # 5 would not fund it.

REP. WILLIAMS made a motion to reconsider Option # 1. CHAIRMAN EUDAILY noted that that would simply put it back among the other options for consideration. The question was called, the motion CARRIED with 3 favorable and 2 opposing votes.

REP. WILLIAMS then moved to adopt Option # 1. CHAIRMAN EUDAILY explained that on page 30, line 21 they would be substituting 4½ county mills in place of 3 county mills. The question was called, the motion CARRIED, with REPS. EUDAILY, SCHYE and WILLIAMS voting in favor and REPS. GLASER and SWYSGOOD voting no.



REP. RALPH EUDAILY, CHAIRMAN

OPTIONS FOR VO-TECH FUNDING

ASSUMPTION BASED ON 1986 FISCAL DATA:

\$1,589,428	total voted - expended in 1986
903,288	total county millage expended
<u>\$2,492,716</u>	total millage expended by vo-techs

OPTION 1: 4 1/2 COUNTY MILLS

\$2,492,716	total millage expended by vo-techs (1986)
-2,400,873	funding available from 4 1/2 county mills (1987)
<u>\$ 91,843</u>	less funding than 1986

OPTION 2: 1 1/2 COUNTY MILLS/3 DISTRICT MILLS

ASSUMPTION: \$433,871,006 = total district taxable value (1987)

\$ 433,871	value of one mill (average)
x3	
<u>\$1,301,613</u>	*funding available from 3 district mills
+ 800,291	value of 1 1/2 county mills (1987)
<u>\$2,101,904</u>	
\$2,492,716	voted and county mills (1986)
-2,101,904	1 1/2 county mills and "3" district mills
<u>\$ 390,812</u>	less funding than 1986, or \$78,162 per unit

OPTION 3: 3 COUNTY MILLS

\$2,492,716	expended by Vo-Techs (1986)
1,600,582	value of 3 county mills (1987)
<u>\$ 892,134</u>	less funding than 1986

OPTION 4: 1 1/2 COUNTY MILLS/1 1/2 DISTRICT MILLS

\$2,492,716	expended by vo-techs (1986)
-1,451,098	\$800,292 county/\$650,806 districts
<u>\$1,041,618</u>	less funding than 1986

OPTION 5: 1 1/2 COUNTY MILLS/DISTRICT VOTED FUNDS
FROZEN AT 1986 LEVEL

\$1,589,428	total voted (1986)
800,291	1 1/2 county (1987)
<u>\$2,389,719</u>	
\$2,492,716	expended (1986)
<u>-2,389,719</u>	
\$ 102,997	less funding than 1986

Table 6 lists the estimated revenue by source for each center to fund current level at 95 percent support in the 1989 biennium.

Table 6
Estimated Revenue by Center
 1989 Biennium

Fiscal 1988	Billings	Butte	Great Falls	Helena	Missoula	Total System
Tuition	\$ 330,750	\$ 273,375	\$ 270,000	\$ 444,150	\$ 388,800	\$1,707,075
County Millage	332,403	55,682	137,798	103,392	171,016	800,291
Education Trust Interest	154,353	127,302	125,711	206,866	181,405	795,637
Federal Vo-Ed	128,910	121,613	122,221	107,743	326,987	807,474
General Fund	739,866	799,486	753,078	1,237,522	845,019	4,374,971
Total Revenue	\$1,686,282	\$1,377,458	\$1,408,808	\$2,099,673	\$1,913,227	\$8,485,448
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Fiscal 1989						
Tuition	\$ 345,450	\$ 285,525	\$ 282,000	\$ 463,890	\$ 406,080	\$1,782,945
County Millage	335,727	56,239	139,176	104,426	172,726	803,294
Education Trust Interest	166,239	137,105	135,391	222,795	195,374	856,904
Federal Vo-Ed	250,000	165,000	168,000	310,000	145,000	1,038,000
General Fund	579,660	721,034	673,993	988,901	989,151	3,952,739
Total Revenue	\$1,677,076	\$1,364,903	\$1,398,560	\$2,090,012	\$1,908,331	\$8,438,882

Tuition

The annual tuition rate used in the current level analysis is \$675 for fiscal 1988 and \$705 for fiscal 1989. The tuition cost for fiscal 1986 was \$564 and for fiscal 1987 was \$594. The tuition rates reflect those recommended by the Office of Public Instruction, and are an increase of 19.2 percent from the 1987 biennium rate to the 1989 biennium rate. A survey of surrounding states' tuition costs for postsecondary vocational-technical centers indicates that rates are higher in surrounding states. Although students are being asked to increase their contribution, costs in Montana will still be lower than the average in the surrounding states by approximately 1.4 percent. The revenue from tuition represents an increase of \$458,580, or 14.7 percent over the last biennium, primarily because of the proposed tuition increase. Tuition revenue represents 20.6 percent of total revenue.

County One and One-Half Mill Levy

Section 20-7-324, MCA, authorizes the county commissioners in each county in which a vo-tech center is located to levy one and one-half mills for the support and maintenance of the center located within that county. The legislature during Special Session III amended that section to change the levy from permissive to mandatory. The Superintendent of Public Instruction has been given the authority by the legislature to transfer millage revenue collections from centers that exceed the appropriated revenue amount to those centers undercollecting. Language in the general appropriations act also requires a general fund reversion equal to the amount

Table 11
Additional Voted Mill Levy Contribution to Centers' Funding
Fiscal 1986

Source	Billings	Butte	Great Falls	Helena	Missoula	Mill Levy Reversion	Act FY86 Total	% of FY86 Funding
Gen Fund	\$ 841,568	\$ 802,389	\$ 806,823	\$1,330,262	\$ 907,687	\$(48,055)	\$ 4,640,674	45.9
Tuit & Fees	292,769	234,187	252,022	380,187	337,510	-0-	1,496,675	14.8
County Mill	320,811	76,579	144,445	96,684	216,714	48,055	903,288	8.9
Educ Trust	180,790	141,410	151,255	218,380	203,165	-0-	895,000	8.8
Fed Vo-Ed	23,036	68,662	117,216	55,096	325,260	-0-	589,270	5.8
Voted Levy	227,088	253,054	206,821	292,322	610,143	-0-	1,589,428	15.7
	(1.3) 213,374	(5) 51,053	(2.1) 96,297	(4.5) 64,456	(4.2) 144,476			
Total Funds	\$1,886,062	\$1,576,287	\$1,678,582	\$2,372,931	\$2,600,479	\$ -0-	\$10,114,335	100.0

Table 12 shows the fiscal 1986 mill levy figures and the amount which remains in the trust accounts. Mill levy expenditures are made from the operations funding pool which includes both appropriated funds and voted mill levy funds, making it difficult to determine actual general fund expenditures for the vocational technical centers.

Table 12
Additional Voted Levy - Vo-Tech Centers
Fiscal 1986

Center	Authority Requested	Total Collections	Total Deposited	Actual Expended	FY End Trust Account
Billings	\$ 295,491	\$ 269,743	\$ 234,391	\$ 227,088	\$379,134
Butte	271,549	254,549	254,549	253,054	1,473
Great Falls	237,000	237,000	225,000	206,821	19,000
Helena	329,130	329,130	291,854	292,322	42,815
Missoula	670,000	551,340	607,900	610,143	20,066
Total	\$1,803,170	\$1,641,762	\$1,613,694	\$1,589,428	\$462,488

To appropriately account for the vocational-technical voted mill levy funds and for general funds, the additional mill levy funds should be accounted for in a separate responsibility center in the statewide budgeting and accounting system. No funds increase or decrease as a result of this issue.

Option A: Direct the vocational-technical centers to account for voted mill levy expenditures separately from current unrestricted funds appropriated by specific dollar level in the general appropriations act and pay plan bill.

Option B: Make no change.

POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS

Expenditures by Center	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
Billings	\$1,658,974	\$1,736,993	\$1,686,282	\$1,677,076	(1.0)
Butte	1,323,227	1,349,012	1,377,458	1,364,903	2.6
Great Falls	1,471,761	1,445,418	1,408,808	1,398,560	(3.8)
Helena	2,080,609	2,092,055	2,099,673	2,090,012	0.4
Missoula	1,990,336	1,973,014	1,913,227	1,908,331	(3.6)
Total Expenditures	\$8,524,907	\$8,596,492	\$8,485,448	\$8,438,882	(1.1)

Fund Sources

General Fund	\$4,640,674	\$4,260,472	\$4,374,971	\$3,952,739	(6.4)
Tuition Fees	1,496,675	1,544,765	1,707,075	1,782,945	14.7
County Millage	903,288	868,314	800,291	808,294	(9.2)
Education Trust	895,000	1,115,467	795,637	856,904	(17.8)
Federal Vo-Ed Funds	589,270	807,474	807,474	1,038,000	32.1
Total Funds	\$8,524,907	\$8,596,492	\$8,485,448	\$8,438,882	(1.1)

ISSUES:	- - - - - Fiscal 1988 - - - - -		- - - - - Fiscal 1989 - - - - -	
	General Fund	Other Funds	General Fund	Other Funds
1. Leg. Funding Level				
Option A: 100 percent level	\$441,971	\$ -0-	\$444,152	\$ -0-
Option B: Current level	-0-	-0-	-0-	-0-
2. Tuition Rate				
Option A: 1987 tuition level	\$204,849	\$(204,849)	\$280,719	\$(280,719)
Option B: Current level	-0-	-0-	-0-	-0-
3. Voted Mill Levy	N/A	N/A	N/A	N/A

Montana's five Postsecondary Vocational-Technical Centers in Billings, Butte, Great Falls, Helena, and Missoula collectively serve approximately 2,500 students annually. The vo-tech centers' budgets are estimated with a funding formula developed by the Legislative Finance Committee and implemented with few modifications in the 1983 session. Due to the 5 percent general fund and pay plan reductions for fiscal 1987, the effective rate of support for the funding formula was 95 percent. The current level analysis applies a 95 percent funding formula support level, resulting in a 1.1 percent decrease in the 1989 biennium when compared with the 1987 biennium appropriations.

Three centers show decreases, while Butte and Helena show slight increases. In the 1987 biennium, Butte had no capital equipment budget because construction funds were available for equipment. In the 1989 biennium capital equipment funds for Butte result in the budget increase. The enrollment projections for Helena show a slight increase over fiscal 1986, resulting in a small budget increase. The decreases in the other three centers' budgets are due to declining enrollment projections.

VISITORS' REGISTER
EDUCATION AND CULTURAL RESOURCES SUB
COMMITTEE

BILL NO. HB # 39

DATE JANUARY 26, 1987

SPONSOR REP. DONALDSON

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>Bill Olfert - MAIVE</i>	<i>Helena</i>		
<i>Gene R. Christenson</i>	<i>Helena OPT</i>		

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