

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

The nineteenth meeting of the Education and Cultural Resources Committee was called to order by Chairman Jack Sands, on March 4, 1987, at 1:00 p.m., in Room 312-D of the State Capitol.

ROLL CALL: All members were present except Rep. Kennerly who was excused.

CONSIDERATION OF SB 199:

SENATOR BOB BROWN, Senate District No. 2, sponsor of the bill, stated the bill is an act limiting the general fund cash reserve of a school district to 20% of the general fund budget for the ensuing school fiscal year, establishing a schedule of payments for distribution of equalization aid and providing for transition period. He noted that during the 1986 summer special budget session the governor's office had estimated there was somewhere in excess of \$100,000,000 (one hundred million dollars) held in reserve in the various school district around the state.

Sen. Brown pointed out the bill had been amended in the Senate Education Committee to raise the limit from 15% to 20% instead of the 35% as it currently reads. He then outlined a couple of other amendments the Senate Education Committee had made, 1) There are some school districts in the energy counties in eastern Montana who receive little or no equalization aid and their problem rises from the volatile nature of the income those districts have. Their income usually comes from an energy base source and sometimes they need a sizable reserve because of the fluctuations in the income of their school districts. He advised the committee those districts would not be affected by this bill and can continue to operate with 35% reserve. 2) The payment schedule for state equalization aid was changed which would eliminate the reason for the 35% reserve to begin with. He concluded his statements by saying this bill will accomplish about 20 million dollars in property tax relief which would take place in the school districts which have reserves in excess of 20%.

PROPOSERS:

SENATOR TOM BECK, Senate District No. 24, rose in support of SB 199. He submitted an amendment, see EXHIBIT NO. 1, which addresses the problem if a school district has protested taxes in excess of 10% for the fiscal year then they would be allowed to levy the maximum reserve to offset the cash

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Resources Committee
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shortfall that they incur in their districts. He asked the committee's concurrence in the bill.

BOB LAUMEYER, Superintendent of Schools, Boulder, said he was in agreement with the major part of the bill, the five equal payments to the school districts. He handed out a sheet which shows the protested taxes which currently exist in three school districts in Jefferson County, see EXHIBIT NO. 2, and spoke in favor of Senator Beck's amendment. He then suggested an amendment that that protested tax money could be used by that district to reduce levies as long as it takes to comply with the 20% limit. He then commented he would prefer to see a 25% reserve rather than a 20% reserve in the bill.

BOB STOCKTON, representing the OPI, stated with the amendments that the Senate Education Committee passed he had no qualms with the bill at all.

PHIL CAMPBELL, Montana Education Association, stated he would like to go on record in support of the bill.

ELINOR COLLINS, representing the Montana Association of County School Superintendents, stated she would support this bill with the amendments; however, she did see some problems with the loss of taxable valuation and the protested taxes, which have resulted in a decrease of revenue for school districts, and usually happen after levies are already set, see EXHIBIT No. 3.

OPPONENTS:

BRUCE MOERER, representing the Montana School Boards Association stated he'd opposed this bill as it was originally written but the amendments would make it much easier to live with. He agreed that the amendment to cover the area of protested taxes is needed. He stated the other area he had some concerns with is the schools that receive Public Law 874 funds that come from the federal government on a rather irregular basis.

JESS LONG, representing the School Administrators of Montana, spoke in opposition but believed the amendments had been helpful in solving some of the problems. He also expressed the feeling that he would much rather see the percentage set at 25% as a limit for the cash reserves, and expressed his concern concerning the PL 874 money. He asked that the committee do not concur with the bill.

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QUESTIONS FROM THE COMMITTEE: None.

SENATOR BROWN closed by commenting he had discussed the 10% tax protest amendment with Senator Beck and he had no objection to it, but believed it would improve the bill. He concluded by saying he thought SB 199 was a needed reform and could provide property tax relief without hurting education.

CONSIDERATION OF SB 174:

SENATOR BOB BROWN, Senate District No. 2, sponsor of the bill, said the bill was introduced at the request of the school board association, and it attempts to correct a minor problem in the law that can cause school districts to act illegally when they make the first payment on the school bond issue. If bonds were sold in November or December and the first payment came up in June, this bill attempts to make it legal for them to make that first payment on a late bond sale, since it would not be a budgeted item.

PROPOSERS:

BRUCE MOERER, Montana School Boards Association, stated the problem arises when a school district gets called on the carpet by the auditor for making an illegal payment that was not in the budget, even though the payment was also required by law. He explained this bill would merely correct that particular problem and urged the committee's support.

GILE MITCHELL, representing the OPI, stated he had experienced that particular problem occurring himself and as a matter of a housekeeping bill he asked that the committee support the bill.

OPPOSERS: None.

QUESTIONS FROM THE COMMITTEE: None.

SENATOR BROWN indicated he closed.

CONSIDERATION OF SB 235:

SENATOR BOB BROWN, Senate District No. 2, sponsor of the bill, said that SB 235 was an act including 19 year old pupils in the determination of ANB and the calculation for funding under the school foundation program. He stated a pupil is defined as some one between the ages of six and eighteen under the

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existing law. He noted that there can be any number of reasons that a student might be held back, and technically if a school is held to the strict definition of a pupil in the laws that exist then a school district cannot receive equalization payments for those students on an ANB basis after they pass the age of 18. He further noted the new section 2, which complies with the administrative procedures act to give the OPI rule making authority and also the effective date.

PROPOSERS:

BRUCE MOERER, Montana School Boards Association supported the bill. He said we encourage schools to keep students in, to graduate them, and there are reasons that students are a year late, but technically we haven't been compensating the schools for that time. He explained there had been an amendment proposed that would also include 20 year olds but they found that would run afoul of some of the M.H.S.A.'s age limits of extra curricular activities so it was changed to read if a student starts school at age 18, as long as he has not turned 19 by September 10th, the school will get ANB for him that entire year, which is consistent with the language in the M.H.S.A. age requirements.

OPPOSERS: None.

QUESTIONS FROM THE COMMITTEE:

A lengthy question and answer period followed concerning the relationship of a student's age limit for ANB compared to his eligibility for extra curricular activities; whether it was discriminating against students who reached their 19th birthday prior to September 10th; and the number of students that this bill would affect.

SENATOR BROWN simply closed.

EXECUTIVE SESSION:

ACTION ON SB 235:

REP. KEENAN moved that SB 234 BE CONCURRED IN. Chairman Sands called for discussion, the question was called, the motion CARRIED.

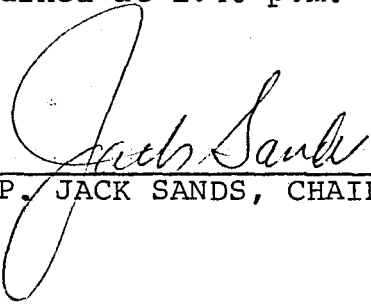
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ACTION ON SB 174:

REP. NISBET moved that SB 174 BE CONCURRED IN. Chairman Sands called for discussion, the question was called, the motion CARRIED.

REP. DAILY inquired when the committee would be acting upon the foundation bill. Chairman Sands responded he would make some inquiries and inform him later. Rep. Daily stated he would make a motion at the next meeting to move the bill to the floor.

ADJOURNMENT: Being no further business to come before the committee the meeting was adjourned at 1:40 p.m.



REP. JACK SANDS, CHAIRMAN

DAILY ROLL CALL

EDUCATION AND CULTURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date MARCH 4, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. JACK SANDS, CHAIRMAN	X		
REP. RICHARD NELSON, VICE CHRMN.	X		
REP. FRITZ DAILY	X		
REP. RALPH EUDAILY	X		
REP. WILLIAM GLASER	X		
REP. DAN HARRINGTON	X		
REP. NANCY KEENAN	X		
REP. ROLAND KENNERLY			X
REP. EARL LORY	X		
REP. JOHN MERCER	X		
REP. GERALD NISBET	X		
REP. JOHN PHILLIPS	X		
REP. TED SCHYE	X		
REP. BARRY STANG	X		
REP. TONIA STRATFORD	X		
REP. CHARLES SWYSGOOD	X		
REP. FRED THOMAS	X		
REP. MEL WILLIAMS	X		

STANDING COMMITTEE REPORT

MARCH 4,

19 87

Mr. Speaker: We, the committee on EDUCATION AND CULTURAL RESOURCES

report SENATE BILL NO. 174

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached



REP. JACK SANDS,

Chairman

ALLOW A SCHOOL DISTRICT TO BUDGET FOR BOND PAYMENTS MADE IN CURRENT YEAR


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STANDING COMMITTEE REPORT

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REP. JACK SANDS,

Chairman

CHANGE DEFINITION OF PUPIL TO INCLUDE PEOPLE WHO ARE 13 YEARS OLD

See back

[Signature]
THIRD

BLUR

reading copy ()

color

STANDING COMMITTEE REPORT

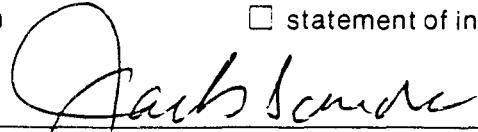
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REP. JACK SANDS,

Chairman

CHANGE DEFINITION OF PUPIL TO INCLUDE PEOPLE WHO ARE 19 YEARS OLD

EXHIBIT #1
DATE 3-4-87
SB # 199

PROPOSED AMENDMENT TO SB 199 (third reading copy, blue)
requested by Senator Beck

1. Page 2, line 8.

Following " IF "

Insert: "the school district's protested tax fund exceeds 10% for the
fiscal year or if"

SCRSB199.HSE



JEFFERSON COUNTY

Box H
 BOULDER, MT. 59032
 FEBRUARY 23, 1987

COMMISSIONERS

JAMES R. MCGAULEY — DOUGLAS K. SCHMITZ, CHAIRMAN — JOYCE JANACAL
 BOULDER JEFFERSON CITY WHITEHALL

FOLLOWING IS THE BREAKDOWN OF MAJOR PROTESTED REAL ESTATE TAXES SINCE 1984 FOR HIGH SCHOOL 1, BOULDER EL 7, & BASIN EL 5. THESE ARE BY YEAR & FUND

FUNDS	1984	1985	1986	
H.S. BUS RES	\$ 656.09	\$ 683.78	\$ 278.57	
H.S. GEN	96,196.29	113,751.30	44,405.45	% OF 1986 1st 1/2
H.S. TRANS	6,597.69	15,729.13	11,968.35	PROTEST TO 1st 1/2
H.S. DEBT SERV	Ø	135,817.68	76,347.00	CHARGE 34.08%
H.S. INS	3,317.05	8,297.52	8,624.04	Gen. Fund Budget \$810,000
	\$106,767.12	274,279.41	141,623.41	
EL 7 GEN	63,687.86	89,909.99	41,688.43	
EL 7 TRANS	12,049.04	16,740.40	13,170.27	% of 1986 1st 1/2
EL 7 TUIT	8,704.25	7,282.69	6,386.05	PROTEST TO 1st 1/2
EL 7 DEBT SERV	2,092.86	1,783.98	2,006.78	CHARGE 56.64%
EL 7 INS	2,425.39	4,496.60	6,418.59	Gen Fund Budget \$625,000
	\$ 88,959.40	120,213.66	69,670.12	
EL 5 GEN	19,079.04	23,977.27	10,012.00	
EL 5 TUIT	1,570.06	3,340.37	2,723.68	% of 1986 1st 1/2
EL 5 INS	1,345.76	1,661.43	1,602.85	PROTEST TO 1st 1/2
	\$ 21,994.86	28,979.07	14,338.53	CHARGE 87.90%
				Gen Fund Budget 44,000

THE DISTRIBUTION TO THE INDIVIDUAL TAX FUNDS MAY VARY SLIGHTLY TO THE ACTUAL DOLLARS HELD DUE TO ROUNDING OF FIGURES.

SINCERELY,

Susan M. Miller

SUSAN M. MILLER,
 TREASURER

EXHIBIT #3
DATE 3-4-87
SR # 199

Senate Education and Cultural Resources Committee
Senator Bob Brown, Chairman, and Committee Members

The Montana Association of County School Superintendents is opposed to Senate Bill 199 to reduce cash reserves to 15% of the General Fund Budget.

School districts across Montana are not receiving 100% of their projected revenues. There has been a continuing decline in anticipated General Fund revenues over the past five years due to the same economic factors that have reduced revenues for state budgets. Currently some districts are receiving only 90% of anticipated revenues for the General Fund.

What has been more damaging to district revenues has been the reduction in taxable valuations after levies are set. Districts have been notified of reduction in taxable valuation due to such things as removal of sections of railroad lines, changes in reappraisals, mistakes in calculations in the Assessor's office and disagreements with the Revenue department.

During the last legislative session a law was passed to require that foundation program payments were to be made earlier to districts so that they would have money available to meet expenses incurred prior to receiving revenues from taxes in early December. One small payment was received by the districts from the foundation program in July. The second payment was sent to the districts in January. The school districts still had to rely on the General Fund Reserves to cover all the expenses incurred in September, October, and November.

School districts have had to reduce their reserves this past year simply to have enough revenues to meet their General Fund Budgets. With the reduction in Foundation Program, loss of revenue in taxes, and reduction in taxable valuations, districts have had to cut their budgets to the minimum, and then have had to reduce their reserves to have enough revenues to meet their budgets. This constant drain on the reserves will soon result in districts running in the red in the fall because of lack of money to meet their obligations.

We urge the committee not to pass this bill as written.

VISITORS' REGISTER

EDUCATION AND CULTURAL RESOURCES COMMITTEE

BILL NO. SENATE BILL NO. 174

DATE MARCH 4, 1987

SPONSOR SEN. BROWN

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Elinor Collins	Co. Sch. Supt's	X	
HARRY ERICKSON	Supt. Belgrade	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

EDUCATION AND CULTURAL RESOURCES COMMITTEE

BILL NO. SENATE BILL NO. 199 DATE MARCH 4, 1987

SPONSOR SEN. BROWN

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Elinor Collins	Co. Sch. Supt. <i>unless amended to 25%</i>		X
Fay W Leinster	supt Dist 6 AF Simms		X
Jesse W Long	S. A. M.		X
Robert L. Lawrence		X amendment.	
Bill Adams	Livingston Schools	X Amendment	X
Bob Shedd	OPT	X	
Harry D. Everts	Supt. Bolivar <i>increased to 25%</i>		X
Phil Campbell	MEA	X	

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VISITORS' REGISTER

EDUCATION AND CULTURAL RESOURCES COMMITTEE

BILL NO. SENATE BILL NO. 235

DATE MARCH 4, 1987

SPONSOR SEN. BROWN

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Elinor Collins	C. Sch. Supt	X	

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