

MINUTES OF THE MEETING
EDUCATION SUBCOMMITTEE
50TH LEGISLATURE

January 16, 1987

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 8:42 a.m. on January 16, 1987 in Room 104 of the State Capitol.

ROLL CALL: All members were present. Also present were Dori Nielson and Jim Haubein of the Legislative Fiscal Analyst's Office, Norm Rostocki of the Office of Budget and Program Planning, and Deb Thompson, Secretary.

(Continued) Vo-Tech Center - Funding: The subcommittee report by Senator Hammond suggested that \$200,000 more in funding for the Vo-Tech would be needed from general fund for fiscal 1989 if federal funds were reduced to the fiscal 1988 level. Gene Christiaansen of OPI stated there were three options: 1) based on FTE, 2) the percentage basis, with consideration of past efforts, 3) open application, for a pool of federal funds. The center directors appear to prefer distribution by FTE as a method of anticipating future levels.

Dori Nielson distributed the funding options for federal revenue (Exhibit 1). She explained that the 1987 federal vo-ed funds allocated declined by 31.7% from the previous biennium. At that same time general fund was increased 4.4%. Since fiscal 84 the federal funds have moved into a much more restrictive cycle. The current level of federal funds revenue for 1989 represents about 11% of the total budget.

Discussion followed concerning the problem of budget amendments would be resolved if the centers could use more federal funds for the associate degrees as may occur if HB39 passes.

Senator Jacobson moved to reduce the FY89 federal funding (A-183) portion by a figure of \$230,526 with a corresponding increase in general fund contribution by the same amount. The FY 1989 level for federal fund revenue would then be the same as fiscal 1988. The motion PASSED unanimously.

Discussion followed concerning whether it was appropriate to consider the FTE distribution for federal funds in the same manner as the general fund in the instructional support area. The percentage noted would give Missoula more recognition for their efforts.

Representative Peck moved to adopt the FTE method as distributed on the sheet (Exhibit 1) reducing Missoula by \$40,000, and adding \$10,000 to each of the other centers so the same obligation of federal funds is still \$807,474 for FY89. The motion PASSED with one NO vote by Senator Jacobson.

Mr. Dennis Lerum from the Missoula Vo-Tech encouraged the committee to consider a review of the formula for the future. He had some specific areas of concern with the formula that he will be presenting in writing to the committee for their consideration.

Dori Nielson of the LFA presented the new budget figures by center (Exhibit 2) as approved by the committee.

Senator Jacobson moved to adopt the appropriated figures for FY 88 and 89 for the five Vo-Tech Centers. Motion PASSED unanimously.

Senator Jergeson moved to accept the funding levels for general fund and federal funds appropriated for funding the five VoTech Centers. The funding levels for the other sources were adopted previously. The motion PASSED unanimously.

Supplemental: OPI - TRANSPORTATION:

Tayrn Purdy (9-1-B-000) explained that the request appears to fund only a portion of the schedule, minus the budget reduction amounts (Exhibit 3).

Ray Shackelford, Deputy Superintendent of OPI, had an analysis showing the schedule rate (Exhibit 4) and is asking for \$141,886 on fiscal 1986 and \$139,700 on fiscal 1989 for a total of \$281,586. It was the intent of the legislature to fund this at a higher rate than they did and therefore a supplemental is requested to fulfill the intent of the last regular session.

Discussion followed. Representative Peck inquired if this intent was only a recollection since it does not appear in the minutes. Bob Stockton stated that the amount was short from the previous biennium and had to be pro-rated. He stated that Representative Donaldson from the 1985 Appropriations Committee would recall telling them to come for a supplemental since it did not get into the bill because of the delay it would have caused.

Senator Jacobson moved to approve the supplemental of \$281,586 for the Office of Public Instruction in order to

fund the schedules of transportation. The motion PASSED with one NO vote by Representative Iverson.

(Continued) AUDIOLOGY:

The Board of Public Education voted to retain the Office of the Director of the Audiology program in Helena in the office of the Board of Public Education. Under Section 20-7-403, MCA, the duties for these services are assigned to the Superintendent of Public Instruction. The Board of Public Education defines policies for the services to be provided. The law provides that handicapped children have available to them a free and appropriate education which includes special education and related services to meet their unique needs. Free appropriate public education includes special education and related services and they are to be provided at public expense under public supervision and direction without charge. Hearing screening is part of fulfilling this obligation. It was discussed that some savings might be realized if a second evaluation could be billed to the parents. Dori Nielson explained how other states operated with co-ops or local districts providing screening and services that are required. The screening may be done with technicians that have been trained in the local districts or in the counties. The evaluation are done by qualified audiologists.

Funding for the audiology program was transferred from OPI to the School for the Deaf & Blind but the statutes still placed it in the Office of Public Instruction. Transfer of administration of the program to the Board of Public Education took place several months ago.

Discussion followed (9-2-A-000) The statute seems clear that this is the responsibility of OPI. Representative Iverson suggested that audiology be moved back to OPI. Representative Peck and Senator Jacobson agreed. The committee tabled this item until Monday, when fiscal information from OPI could be available.

(Continued) Board of Public Education - fiscal note

Senator Jacobson distributed a proposed amendment to Section 20-2-115 which was prepared by John Northey, of the Legislative Auditor's Office (Exhibit 4). Another version amendment was proposed by the Board of Public Education (Exhibit 5). (166) The first version clarifies the statute to place the responsibility for preparing the fiscal note with OPI. To assist the board in making the decision concerning impact. This clarifies the intent of the original legislation. A timeframe is indicated for preparation of the note, and if fiscal impact will occur, the Legislature will be involved.

January 16, 1987

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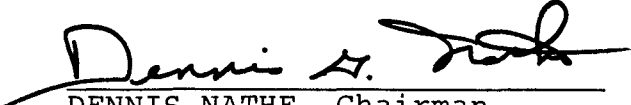
Claudette Morton from the Board of Public Education had a different approach. She would like the board to be able to go to rule-making before the legislature acts, but without citing any violations. The board has the responsibility for determining the basic program that the schools should follow, which includes the accreditation standards.

Discussion followed. A rule would not be implemented until July 1st following the next legislative session in Northey's version. This would allow the Legislature to examine the impact and consider funding.

Representative Peck moved to draft a committee bill to amend Section 20-2-115 incorporating the changes as put forth in the draft by legal counsel John Northey. Senator Regan clarified the committee bill procedure and stated that from subcommittee the proposal would go either to the Finance and Claims Committee or to the Appropriation Committee for their approval. Senator Jacobson will carry the proposal. The motion PASSED unanimously.

The subcommittee schedule was discussed for the next two weeks. Chairman Nathe said the audiology report was due for Monday. The transportation issue at the School for the Deaf and Blind is still pending. We will also have the weekly overview at 7:30 before the hearing Monday the 19th.

ADJOURNMENT: The meeting was adjourned at 10:55 a.m.


DENNIS NATHE, Chairman

dt/1-16

DAILY ROLL CALL

EDUCATION SUB COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1-16-87

NAME	PRESENT	ABSENT	EXCUSED
Rep. Dennis Nathe, Chairman	✓		
Sen. Judy Jacobsen, Vice Ch.	✓		
Sen. Swede Hammond	✓		
Rep. Dennis Iverson	✓		
Sen. Greg Jergeson	✓		
Rep. Ray Peck	✓		

POSTSECONDARY VOCATIONAL-TECHNICAL CENTERS
FUNDING - OPTIONS FOR FEDERAL REVENUE

Fiscal year 1989 Education Subcommittee
1/16/87

1. No change. Current level federal revenue figures for fiscal year 1988 and 1989 until the fate of HB39 is known.
2. Reduce federal revenue figures for FY 1989 to FY 1988 levels. General fund would increase by \$230,526. Distribute the funds based on:

Center	Enroll	FTE totals (\$316.04/student)	%budget	Current level reduced by same percent as total reduction	%budget
BILLINGS	490	\$154,859		\$194,479	
BUTTE	405	\$127,995		\$128,355	
GT FALLS	416	\$131,471		\$130,690	
HELENA	658	\$207,953		\$241,150	
MISSOULA	586	\$185,196		\$112,800	
	2,555	\$807,474		\$807,474	

Current level redistributed by rate per student	%budget*	Current level	%budget*	%total budget	FY 1986 %budget
\$199,296	14.2	\$250,000	17.8	15.0	1.4
\$165,042	13.8	\$165,000	13.8	12.0	5.2
\$169,194	13.6	\$168,000	13.5	12.0	8.0
\$267,800	15.1	\$310,000	17.5	15.0	2.7
\$237,700	14.6	\$145,000	8.9	7.5	15.7
\$1,038,000		\$1,038,000			

*without plant expenditures

-Fiscal 1988-	BILLINGS	BUTTE	GREAT FALLS	HELENA	MISSOULA	TOTAL
Instruction	\$970,102	\$801,819	\$823,597	\$1,302,709	\$1,160,163	\$5,058,390
Equipment	\$45,610	\$42,865	\$43,219	\$51,036	\$48,710	\$231,440
Support	\$404,132	\$368,256	\$395,108	\$432,906	\$438,078	\$2,038,479
Plant Operation & Maint	\$266,439	\$164,519	\$181,536	\$313,032	\$287,728	\$1,213,255
CURRENT LEVEL FY88	\$1,686,283	\$1,377,458	\$1,443,460	\$2,099,683	\$1,934,679	\$8,541,564
FY86 ACTUAL	\$1,658,974	\$1,323,227	\$1,471,761	\$2,080,609	\$1,990,336	\$8,524,907
OVER/(UNDER)FY86 LEVEL	\$27,309	\$54,231	(\$28,301)	\$19,074	(\$55,657)	\$16,657

-Fiscal 1989-	BILLINGS	BUTTE	GREAT FALLS	HELENA	MISSOULA	TOTAL
Instruction	\$970,102	\$801,819	\$823,597	\$1,302,709	\$1,160,163	\$5,058,390
Equipment	\$45,610	\$42,865	\$43,219	\$51,036	\$48,710	\$231,440
Support	\$386,166	\$350,286	\$377,141	\$415,944	\$421,117	\$1,950,654
Plant Operation & Maint	\$275,198	\$169,934	\$189,254	\$320,333	\$299,793	\$1,254,513
CURRENT LEVEL FY89	\$1,677,076	\$1,364,904	\$1,433,211	\$2,090,023	\$1,929,783	\$8,494,997
FY86 ACTUAL	\$1,658,974	\$1,323,227	\$1,471,761	\$2,080,609	\$1,990,336	\$8,524,907
OVER/(UNDER)FY86 LEVEL	\$18,102	\$41,677	(\$38,550)	\$9,414	(\$60,553)	(\$29,910)

* * BIENNIIUM COMPARISONS * *

	--86 ACT--*	--87 APPRO--	--87 Bien--	----	----	----	----	BIENNIIUM DIFFERENCE	PERCENT INCR (DECR)
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				----	----	----	----		
BILLINGS	\$1,658,974	\$1,736,993	\$3,395,967	\$1,686,283	\$1,677,076	\$3,363,360	(\$32,607)	-0.96%	
BUTTE	\$1,323,227	\$1,349,012	\$2,672,239	\$1,377,458	\$1,364,904	\$2,742,362	\$70,123	2.62%	
GREAT FALLS	\$1,471,761	\$1,445,418	\$2,917,179	\$1,443,460	\$1,433,211	\$2,876,671	(\$40,508)	-1.39%	
HELENA	\$2,080,609	\$2,092,055	\$4,172,664	\$2,099,683	\$2,090,023	\$4,189,706	\$17,042	0.41%	
MISSOULA	\$1,990,336	\$1,973,014	\$3,963,350	\$1,934,679	\$1,929,783	\$3,864,462	(\$98,888)	-2.50%	
TOTAL	\$8,524,907	\$8,596,492	\$17,121,399	\$8,541,564	\$8,494,997	\$17,036,561	(\$84,838)	-0.50%	

1-16-87

S:SUF 1/16/87

TRANSPORTATION FUND ANALYSIS

	FY84	FY85	FY86	FY87	FY88	FY89
APPROPRIATION	5,533,000	5,085,000	6,085,000	5,085,000		
REDUCTION (1/86 2%)			121,720			
REDUCTION (SPECIAL SESSION 5%)				304,300		
REDUCTION (12/86 2%)				115,634		
TOTAL APPROPRIATION	5,533,000	5,085,000	5,764,280	5,556,066	5,500,000	5,500,000
TOTAL ENTITLEMENT	5,574,642	5,193,034	5,227,886	6,225,700		
REDUCTION (1/86 2%)			121,720			
REDUCTION (SPECIAL SESSION 5%)				304,300		
REDUCTION (12/86 2%)				115,634		
REDUCTION (DEFERATE)		107,036				
TOTAL ENTITLEMENT	5,574,642	5,085,000	5,106,166	5,805,766		
DEFICIENCE	52,358	0	-141,886	-139,700		
ACTUAL PAYMENT	5,371,641	5,083,650	5,038,373			
SCHEDULE RATE	.72	.90	.90	.80		
STATE FUNDS	5,574,642	5,085,000	6,106,166	5,805,766		
COUNTY FUNDS	7,461,786	8,122,703	8,250,589			
LOCAL FUNDS	13,302,657	13,587,709	13,131,218			
TOTAL	26,339,085	26,795,412	27,517,973			

STATE OF MONTANA

Office of the Legislative Auditor

1-16-87

STATE CAPITOL
HELENA, MONTANA 59620
406/444 3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

January 15, 1987

TO: Joint Appropriations Subcommittee on Education

FROM: John W. Northey, Legal Counsel

RE: Clarification of statutory responsibility of Board of Public Education to prepare fiscal notes for rules, policies, or standards.

Section 20-2-115, MCA, sets forth procedures for determining the fiscal impact of proposed rules, policies, or standards relating to school districts. The existing statutory language is confusing as to the procedures to be followed. Attached is draft legislation to clarify the statutory provisions. The proposed changes are intended to clarify the apparent intent of the legislature to:

1. make OPI responsible for preparing the fiscal note;
2. make the Board of Public Education responsible for determining whether the financial impact on school districts is "substantial"; and
3. providing a delayed effective date on rules, policies, or standards, which have a substantial financial impact, until the legislature has had an opportunity to consider the funding issue.

If you have any questions or if I may be of further assistance, please let me know.

JWN/ss2o

Attachment

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BILL NO. _____

INTRODUCED BY _____

BY REQUEST OF _____

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY RESPONSIBILITY FOR DETERMINING THE FINANCIAL IMPACT OF PROPOSED RULES, POLICIES, AND STANDARDS ON SCHOOL DISTRICTS; AND AMENDING SECTION 20-2-115, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-2-115, MCA, is amended to read:

"20-2-115. Rules with substantial financial impact - fiscal note - effect without funding. (1) When developing rules, policies, and standards under 20-2-121(6), (7), (9), and (11), the board of public education shall ~~concurrently-develop-a-fiscal-note~~ ~~to~~ determine the financial impact of the rule, policy, or standard on school districts.

(2) The superintendent of public instruction shall prepare a ~~suggested~~ fiscal note for submission to the board. The fiscal note shall be prepared using criteria and assumptions developed by the board of public education. The fiscal note must be prepared within 30 days of the request unless the board of public education agrees to a longer time. The board may also accept other testimony and exhibits on the financial impact to school districts before ~~completing-a-final-fiscal-note,~~ proceeding to rulemaking.

(3) If the financial impact of the proposed rule, policy, or standard is found by the board to be substantial, the board may not ~~proceed-to-rulemaking-and~~ implement the rule until July 1 following

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the next regular legislative session and the board shall request
the next legislature to fund implementation of the proposed rule,
policy, or standard through the foundation program. A substantial
financial impact is an amount that cannot be readily absorbed in
the budget of an existing school district program.

(4) A proposed rule, policy, or standard not found by the
board to have a substantial financial impact on school districts or
funded by the legislature may ~~proceed-to-rulmaking-~~ be implemented
at any time.

BOARD OF PUBLIC EDUCATION'S Proposed Amendments:

20-2-115. Rules with substantial financial impact — fiscal note — effect without funding. (1) When developing rules, policies and standards under 20-2-121(6), (7), (9), and (11), the board of public education shall ~~concurrently develop a fiscal note to~~ determine the financial impact of the rule, policy, or standard on school districts.

(2) The superintendent of public instruction, using criteria and assumptions developed by the board, shall prepare a suggested fiscal note for submission to the board. The board may also accept other testimony and exhibits on the financial impact to school districts before completing a final fiscal note.

(3) If the financial impact of the proposed rule, policy, or standard is found by the board to be substantial, the board may not proceed to rule-making and but shall request the next legislature to fund implementation of the proposed rule, policy, or standard through the foundation program. A substantial financial impact is an amount that cannot be readily absorbed in the budget of an existing school district program. Until the rule, policy or standard is so funded, no school may be cited for deviating from such rule, policy or standard if it can show that such implementation cannot be reasonably absorbed into its budget.

(4) A proposed rule, policy or standard not found by board to have a substantial financial impact on school districts or funded by the legislature may proceed to rulemaking.

EDUCATION AGENCIES - EDUCATION SUBCOMMITTEE, HOUSE APPROPRIATIONS COMMITTEE
 General Fund Worksheet as of January 15, 1987

	FISCAL 1988		FISCAL 1989		Committee
	Executive	Current Level	Executive	Current Level	Committee
Board of Public Education	\$103,696	\$110,019	\$101,311	\$107,540	\$104,755
State Services Training School	\$200,547	\$199,214	\$199,462	\$199,440	\$199,440
Tool for the Deaf and Blind Operations					
Audiological Services	\$0	\$0	\$0	\$0	\$0
Council for Vocational Education	\$4,243,411	\$4,374,971	\$4,087,823	\$3,952,739	\$4,008,654
National-Technical Centers					
Community Colleges					
Office of Public Instruction					
Operations					
Special Education (incl. conting.)					
School Lunch					
Transportation					
Traffic Ed					
Secondary Vo-Ed					
Adult Basic Ed					
Gifted and Talented					
Discretionary Grants					
Board of Regents					
Commissioner of Higher Education					
Forestry Experiment Station					
Agricultural Experiment Station					
Coop Extension Service					
4x Units - University System					
Total General Fund	\$4,547,654	\$4,684,204	\$4,388,596	\$4,259,719	\$4,313,049

Committee Action
 Over (Under) current level
 Fiscal 1988

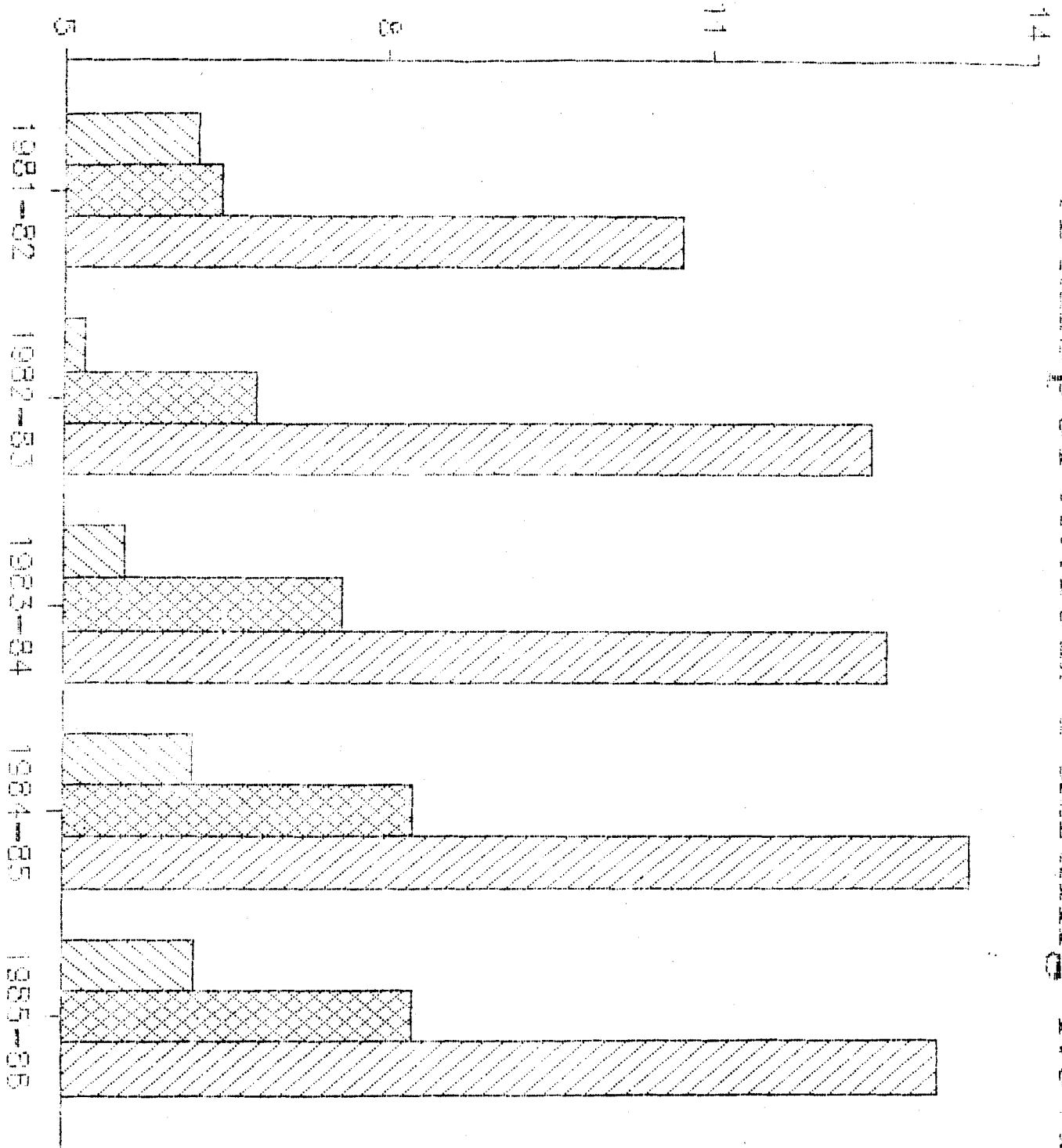
 \$53,330




Fiscal 1989

 \$53,330

Transportation Funding Review

Millions \$



-  State Funds
-  County Funds
-  Local Funds

VISITORS' REGISTER

Education Sub COMMITTEE

BILL NO. _____

DATE 1-16-87

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<u>Claudio M. Mott</u>	<u>Board of Public Education</u>		
<u>Julie Burk</u>	<u>Missoula</u>	HERE	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.