

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION

Call to Order: By Chairman Ray Peck, on February 17, 1989, at
9:00 a.m.

ROLL CALL

Members Present: All with exception of:

Members Excused: Sen. Paul Boylan and Sen. Nathe

Members Absent: None

Staff Present: Keith Wolcott, Senior Fiscal Analyst,
Sandy Whitney, Associate Fiscal Analyst
Joe Williams, Budget Analyst, OBPP
Claudia Johnson, Committee Secretary.

Announcements/Discussion: None

HEARING ON OFFICE OF PUBLIC INSTRUCTION

Tape No. H2\1:000

Presentation and Opening Statement:

Superintendent Nancy Keenan, OPI stated that she had 3 issues to present to the Subcommittee: 1) We were requested to return to the Subcommittee for budget adjustments. 2) a proposal for building and changes that we have recommended for the Subcommittee, and 3) some concerns of the Legislative Auditors on the language changes for Special Education Contingency Funding which Gail Gray will address.

Ms. Gail Gray: Alternate language for the Special Education Contingency funding in the appropriations bill. Ms. Gray stated that their requests results from the Legislative Auditors concern that OPI might not be meeting the letter of the language in the appropriations bill. They were asked to modify the language and to clarify and work with the Subcommittee on this. Ms. Gray stated that there are two issues: 1) The present language requires for all special education contingencies that a copy of the Child Study Team and the IUP Team Report for every child involved in the request be submitted to OPI. Ms. Gray stated that if the request is because there are now 30 children in a class and they need a second teacher or an aide, there would be 300 to 400 pages of copy. Ms. Gray stated that she did not think that was the intent of the Subcommittee. OPI has developed an additional personnel sheet which requires that the chair

of the school board and the authorized school official verify, by students initials, birthdate, and a handicap condition, that they do have a completed child study team, an that they do have a completed IUP. It can be verified that these do exist and can be monitored on-site. 2) The second issue relates to the approval of funds for positions which have been unfilled for at least a school year. Ms. Gray stated that OPI normally cuts the state money for unfilled positions. However, OPI has told the districts that if they find someone to fill that position the funding can be provided with contingency funds. Ms. Gray stated that it allows OPI to monitor special education costs that do occur at times and would like permission to use contingency funding for this purpose. (See Exhibit #1)

Rep. Peck stated that basically this is a language change that will allow a local school trustee to give OPI a verification rather than the individual documents? Ms. Gray replied that was correct and what OPI has required. The Legislative Auditor requested that OPI clarify that with the Subcommittee. If a district cannot find the personnel, but have that money in their budget, OPI will not have much control. They could transfer into equipment and supplies. This allows OPI to monitor it more closely.

(075)

Motion: Sen. Hammond moved to adopt the language recommended by OPI.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

(081)

Mr. Greg Groepper stated that OPI has done an analysis of office space, either a new building or remodeling an existing space. He stated that they have been unable to find a building large enough for their needs. This report (See Exhibit 2, and 3) contains their assumptions for building this facility. Mr. Groepper reviewed some of the figures for clarification, (Reviewed figures on Addendum Exhibit 2 and 3) and provided options for the Subcommittee's consideration. Depending on how the decision is handled it could mean a savings to the state.

(310)

Ms. Kathy Fabiano distributed a handout on the proposed budget. (See Exhibit 4) Ms. Fabiano stated that they have revised their program structure to 4 programs instead of the current 6. The first program is the state superintendent's office to be funded 100 percent general fund and to include 7 FTE. This program will be responsible for the overall supervision, direction, and coordination of the office. The second program would be entitled Central Services. This program is funded with 75 percent general fund, 23 percent indirect cost recoveries, 1½ percent federal funds and less

than 1 percent state special revenue. It will have 39.9 FTE. This program will provide services to other operations within the Office of Public Instructions, e.g., payroll, personnel, word processing, data processing, purchasing, budgeting and accounting. The third program would be titled Educational Services. It would be funded with 27 percent general fund, 66 percent federal funds and 7 percent state special revenue. It includes 77½ FTE and will administer all federal grants received by the office. It includes teacher certification, accreditation, Vo-Ed, adult basic ed, the film library, drivers education, school food services, and audiology. The fourth program will continue to be titled Distributions to Schools and there were no changes made. It is funded with 88 percent general fund, 9 percent federal funds and 3 percent state special revenue. There are no personal services paid from this program. Ms. Fabiano stated that they approached this restructuring by first defining their new programs and then identifying the FTE and the related personal service costs that would be paid from each. To calculate the personal service cost they used the most recent pay-roll reports. This shifted operating expenses approved by the Subcommittee to personal services. Ms. Fabiano stated that they took the approved equipment request and determined which of the new programs would be purchasing that equipment, and assigned those costs to the new programs. Ms. Fabiano stated that she assigned the state and federal revenues to the appropriate programs and balanced each program with the amount of general fund authority approved by the Subcommittee.

(411)

Ms. Whitney reviewed the figures with the Subcommittee. (See Exhibit 4). Ms. Whitney advised the Subcommittee that may want to take action to approve the differences in the figures reflected.

(505)

Rep. Marks asked Supt. Keenan how many exempt positions they have. Supt. Keenan stated that Mr. Argenbright had 12 and they filled 15. Rep. Peck asked if that is what the law allows them? Ms. Keenan replied, "Yes".

EXECUTIVE ACTION:

(515)

Motion: Sen. Judy Jacobson moved to approve OPI's proposal for increased personal services for \$26,571 in FY 1990 and \$20,586 in FY 1991.

Amendments, Discussion, and Votes: The motion CARRIED unanimously. Sen. Nathe and Sen. Boylan were absent.

(532)

ISSUE 2-Transfers: To approve for higher transfers and decrease in operating expense.

(558)

Motion: Sen. Jacobson moved to adopt \$5,109 for FY 1990 and \$1,566 for FY 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously. Sen. Nathe and Sen. Boylan were absent.

ISSUE 3-School Foods Funding. Rep. Peck stated that they transferred funds from the federal to state special for the school food funding. Ms. Fabiano stated that they have one purchasing agent that is responsible for combining all the school food purchases during the year. She is paid by a 2 percent surcharge that is added on to the amount of that bid, and is state money. The previous administration had put that into the federal special revenue fund. It should have been accounted for in the state special revenue fund so this is just trying to correct that.

(592)

Motion: Rep. Marks moved to approve the figures of \$21,097 for FY 1990 and \$21,097 for FY 1991.

Amendments, Discussions, and Votes: Rep. Kadas called the question. The motion CARRIED unanimously.

ISSUE 4-To increase State Special Funds. Ms. Whitney stated that what OPI has shown in option D has decreased their federal funds and increased the state special. When the Subcommittee made their tentative approval last time they approved a particular level of federal funding. (See Exhibit 5)

Tape No. H2\2:000

Ms. Whitney stated that OPI took the increased expenditure authority approved by the Subcommittee, but it did not have a proportional increase in federal funds. The off-set was made state special revenue. Option A decreases the general fund and increases the state special revenue. Option B decreases the federal funds and increases state special revenue. Ms. Whitney stated that OPI worked to the total general fund number that was tentatively approved last time.

(020)

Mr. Jim Haubein explained the figures listed on (See Exhibit 5). When the modified budgets were passed by the Subcommittee, approximately \$24,000 was included for indirect costs that were recorded as transfers. These funds transfer into the indirect cost fund that funds Central Services. There was an increase in the projected indirect cost money. The result was more money was placed into the Centralized Services pool than was reflected in current level. The current level was built on the basis that approximately \$354,000 in indirect costs would fund the Centralized Services pool. Mr. Haubein stated that it has now been moved up to \$389,000. The

difference should have been a reduction to general fund, because it is discretionary money used in Central Services. OPI analyzed their federal funds and the current level of federal funds actions taken by the full Appropriations Committee. OPI then added back the vacancy savings and federally funded additional travel, equipment, and the modified requests. The change of the publication account from federal to general fund left the Subcommittee federal funds at \$2,786,389 for FY 1990. When OPI presented their budget, federal funds were \$2,732,758. The difference was \$53,631. The shift between federal and state special for school foods accounted for \$21,000. The remainder was simply a reduction in federal funds from what the Subcommittee had approved.

Ms. Fabiano asked the Subcommittee to adopt option B, because the federal revenue estimates are just that. Chapter 2 is going through new regulations and OPI has to estimate that. Ms. Fabiano stated that if she collects the additional federal funds that they think they are going to, the indirect cost pool is funded 65 percent federal and 35 percent general fund. Ms. Fabiano stated that by law she will be coming in and asking for the federal appropriation and at that time will have a reduction in the general fund appropriations. Ms. Fabiano asked that the Subcommittee to not remove their general fund appropriation, but decrease the federal appropriations. Then if the money is collected, it will be spent first, the general fund will be decreased at that time.

EXECUTIVE ACTION:

(101)

Motion: Rep. Kadas moved option B which would decrease federal funds and increase state special.

Amendments, Discussions, and Votes: The motion CARRIED. Rep. Marks voted no. Sen. Nathe and Sen. Boylan were absent.

ISSUE 5: Federal Discretionary Funds: Table 4 (See Exhibit 4) is an increase of \$161,016 for FY 1990 and \$132,574 for FY 1991.

(125)

Motion: Rep. Marks moved the adoption of the revised federal fund estimates as outlined in table 4 of Exhibit 4.

Amendments, Discussions, and Votes: The motion CARRIED unanimously. Sen. Nathe and Sen. Boylan were absent.

(130)

Ms. Fabiano asked if the Subcommittee could vote on the appropriations in program 9 approved as biennial appropriations. They are federal funds that are available to OPI for 27 months. Ms. Fabiano also asked if the state money could be a biennial appropriations, at least the

special education contingencies should be biennial.

(138)

Motion: Sen. Jacobson moved that the Special Education contingency money in the federal funds be a biennial appropriations.

Amendments, Discussions, and Votes: The motion CARRIED unanimously. Sen. Boylan was absent.

(160)

Motion: Rep. Kadas moved the approval of the four programs in place of the 6 programs previously in the office.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

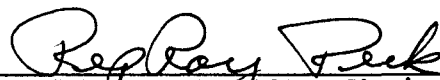
(167)

Rep. Peck asked Mr. Haubein about the issue he will be bringing up in the next meeting. Mr. Haubein stated that HB 583 would remove the statutory appropriation for the Board of Public Education from the list. Mr. Haubein stated that if that bill passes, the Board of Public Education will be left without the authority to fund their operations.

There being no further business the Subcommittee was adjourned.

ADJOURNMENT

Adjournment At: 11:30 a.m.



REP. RAY PECK, Chairman

RP/cj

4221.MIN

EXHIBIT 1
DATE Feb 17, 1989
HB OPI

PROPOSED APPROPRIATION BILL LANGUAGE FOR
SPECIAL EDUCATION CONTINGENCY FUNDING

Item 6, a biennial appropriation, is for emergencies that may arise in special education programs in local districts. A district board of trustees may apply for an allocation from these funds by presenting to the superintendent of public instruction, for each child, a child-study team (CST) report and an individual education plan (IEP) relating to this unforeseen expense or if the need for additional personnel is due to caseload excess, a board of trustee verification of completed IEPs and CSTs. In addition, a current listing of programs, caseloads and related costs must be submitted. Contingency funds can be awarded for positions which have gone unfilled for an entire school year and for whom regular state special education funds were not awarded.

EXHIBIT 2
DATE Feb 17, 1989
HB _____

ADDENDUM

OFFICE OF PUBLIC INSTRUCTION
ANALYSIS OF OFFICE SPACE

AT THE REQUEST OF THE
JOINT APPROPRIATIONS SUBCOMMITTEE
ON EDUCATION

February 16, 1989

BUILDING ANALYSIS ADDENDUM

	(1) BUILDING PURCHASE	(2)A BUILDING RENT @ \$8.50	(2)B BUILDING REDO/RENT @ \$6.50
PAYMENT/RENT	\$460,000.00	\$382,500.00	\$292,500.00
OPERATING COSTS	\$143,550.00	included	included
TOTAL/YEAR	\$603,550.00	\$382,500.00	\$292,500.00
LESS:			
CURRENT BUD- GETED COSTS	\$169,827.00	\$169,827.00	\$169,827.00
NET ANN'L INCR.	\$433,723.00	\$212,673.00	\$122,673.00
REMODELING			\$500,000.00

- Option #1: The annual cost to build or purchase a 45,000 square foot building.
- Option #2: The annual cost to rent 45,000 square feet of office space. Two proposals are available for consideration.

Proposal (2)A assumes renovation expenses are incorporated in the square foot cost. Over a 20 year period, costs associated with renovation would total \$1,800,000.

Proposal (2)B assumes renovation expenses are paid at a one-time cost of \$500,000 in the first year.

The net annual increase in rental costs can be offset by rental savings realized by relocating agencies currently occupying non-state owned property to the 1300 11th Avenue building. (See Appendices)

APPENDIX #1
DEPARTMENT OF COMMERCE

ASSUMPTIONS:

- 1) The buildings currently occupied by the Lottery Division and the Board of Housing will continue to be leased by the Department of Commerce.
- 2) Transfer all other Dept. of Commerce offices currently located in non-state owned buildings to 1300 11th Avenue.

CURRENT LEASE COSTS

	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Commerce	555 Fuller	7890	7.038	Y	\$55,529.82
	805 N Main	6190	7.560	*N	\$46,796.40
	2001 11th Ave	3360	7.950	Y	\$26,712.00
	1125 Missoula*	2730	6.000	Y	\$16,380.00
	1430 Dodge	1920	6.590	*N	\$12,652.80
	New York Store	1410	7.950	Y	\$11,209.50
	AAA Storage	50	7.780	N	\$389.00
	2525 N Montana	14340	10.950	*N	\$157,023.00
	Total:	37890			\$326,692.52

*Adjusted to include operating costs (\$3.19/Sq. Ft.).

PROPOSED COSTS

	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Commerce	2001 11th Ave	3360	7.950	Y	\$26,712.00
	2525 N Montana	14340	5.690	N	\$81,594.60
	1300 11th Ave.	20125	3.190	Y	\$64,198.75
	Total:	37825			\$172,505.35

DEPT. OF COMMERCE	-----
RENTAL SAVINGS:	\$154,187.17
OFF. OF PUBL. INST.	
RENTAL INCREASE:	\$122,673.00
NET RENTAL SAVINGS:	\$31,514.17
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APPENDIX #2
 DEPARTMENT OF FAMILY SERVICES
 DEPARTMENT OF LABOR AND INDUSTRY

ASSUMPTIONS:

- 1) The Department of Family Services offices located in non-state owned buildings will relocate to the 1st floor of 1300 11th Ave.
- 2) The Department of Labor, Job Service and Training, will relocate to the 2nd floor of 1300 11th Ave.

CURRENT LEASE COSTS

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Family Services*	New York Store	7330	4.240	Y	\$31,079.20
Family Services*	New York Store	1150	2.000	Y	\$2,300.00
Family Services	25 S Ewing	1398	6.250	Y	\$8,737.50
Labor and Ind.	25 S Ewing	8399	5.708	Y	\$47,941.49
		18277			\$90,058.19

PROPOSED COSTS

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Family Services*	1300 11TH Ave.	20125	3.190	Y	\$64,198.75
Family Services*					
Family Services					
Labor and Ind.					
		20125			\$64,198.00

DEPT. OF LAB & IND	
DEPT. OF FAM. SERV.	
RENTAL SAVINGS:	\$25,860.19
OFF. OF PUB. INST.	
RENTAL INCREASE:	\$122,673.00
NET RENTAL INCREASE	(\$96,812.81)

APPENDIX #3
 DEPARTMENT OF FAMILY SERVICES
 DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES

ASSUMPTIONS:

- 1) The Department of Family Services offices located in non-state owned buildings will relocate to the 1st floor of 1300 11th Ave.
- 2) The Department of Social and Rehabilitative Services, Office of Human Services, will relocate to the 2nd floor of 1300 11th Ave.

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Family Services	New York Store	7330	4.240	Y	\$31,079.20
Family Services	New York Store	1150	2.000	Y	\$2,300.00
Family Services	25 S Ewing	1398	6.250	Y	\$8,737.50
SRS	Cnty Adm. Bldg	8427	6.900	Y	\$58,146.30
Total:		18305			\$100,263.00

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Family Services	1300 11th Ave.	20125	3.190	Y	\$64,198.75
Family Services					
Family Services					
SRS					
		20125			\$64,198.75

DEPT. OF FAMILY SERVICES	
DEPT. OF SOC & REHAB SERVICES	
RENTAL SAVINGS	\$36,064.25
OFF. OF PUB. INST.	
RENTAL INCREASE	\$122,673.00
NET RENTAL INCREASE	(\$86,608.75)

APPENDIX #4
 DEPARTMENT OF LABOR AND INDUSTRY
 DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES

ASSUMPTIONS:

- 1) The Department of Social and Rehabilitative Services, Office of Human Services, will relocate to the 1st floor of 1300 11th Ave.
- 2) The Department of Labor, Job Service and Training, will relocate to the 2nd floor of 1300 11th Ave.

CURRENT LEASE COSTS

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Labor and Ind. SRS	25 S Ewing	8399	5.708	Y	\$47,941.49
	Cnty Adm. Bldg	8427	6.900	Y	\$58,146.30
		16826			\$106,087.79

PROPOSED COSTS

AGENCY	LOCATION	AREA	COST	OPER. COSTS	TOTAL COST
Labor and Ind. SRS	1300 11th Ave.	20125	3.190	Y	\$64,198.75
		20125			\$64,198.75

DEPT. OF LABOR & INDUSTRY	
DEPT. OF SOC & REHAB SERVICES	
RENTAL SAVINGS	\$41,889.04

OFF. OF PUBL. INST.	
RENTAL INCREASE	\$122,673.00

NET RENTAL INCREASE	(\$80,783.96)
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EXHIBIT 3
DATE Feb 17, 1989
HB _____

OFFICE OF PUBLIC INSTRUCTION
ANALYSIS OF OFFICE SPACE

AT THE REQUEST OF THE
JOINT APPROPRIATIONS SUBCOMMITTEE
ON EDUCATION

February 13, 1989

Current Space:

<u>State-Owned Property</u>	<u>Area</u>	<u>Cost/Sq. Ft.</u>	<u>Total</u>
Capitol Building	7,946	*3.19	\$25,348
1300 11th Avenue	20,125	3.19	\$64,199
Star Motel	1,499	3.19	\$ 4,782
	<u>29,570</u>		<u>\$94,329</u>

<u>Non-State-Owned</u>	<u>Area</u>	<u>Cost/ Sq. Ft.</u>	<u>Other Costs Util./Janitor</u>	<u>Total</u>
**1430 Dodge	5,000	4.28		\$21,396
1227 11th Avenue	9,000	5.25	3.19	\$75,960
	<u>14,000</u>			<u>\$97,356</u>

* Cost adjusted for inflation.

** Lease expired September 30, 1988.

BACKGROUND

1. The Office of Public Instruction currently operates out of four buildings, causing extreme inefficiency in the workflow.
2. Inadequate space at the 1300 11th Avenue building has created a crowding problem. Passageways have been encroached upon to provide needed office space.
3. An analysis of vacant buildings owned or leased by the state indicates there is no vacant space available to meet our needs. It would also be unfeasible to procure office space currently occupied by other state agencies. Such action would not eliminate the separation problem, only transfer it to another agency. (See attached.)
4. A survey of several rental properties not owned or currently leased by the state indicates there is presently no sole location available to meet our needs.
5. With no space presently available, space would have to be constructed or renovated to meet our needs.
6. The estimated project cost to construct a facility for the Office of Public Instruction is \$4,666,600.
7. A long-term bond issue at 9 percent would require annual payments of approximately \$460,000 annually over a 20-year period to amortize principal and interest. Annual operating costs would be approximately \$3.19/square foot or \$143,550.
8. For an additional \$411,865* per year, the state could build (or contract construction of) a 45,000 square foot building.

* Bond payments plus operating costs - current expenditures
(460,000 + 143,550 - 191,685)

ESTIMATED COST FOR NEW BUILDING FOR
THE OFFICE OF PUBLIC INSTRUCTION

ASSUMPTION:

1. Building would be of similar construction square foot cost as the Workers' Compensation building.
2. Funds would be appropriated in April 1989, and construction would begin in June 1991.
3. The cost of site development and off-street parking would be comparable and proportional to the cost of the Workers' Compensation building parking structure.
4. The new building would contain 45,000 square feet on three floors.
5. The site would contain parking for 115 cars (per city ordinance), and would have 12 percent of the site landscaped.
6. The cost of undeveloped land with all utilities available is 3.50 per square foot.
7. The site would not require removal or demolition of existing structures.

Projected Cost:

Site acquisition	56,000 SF @ \$3.50/SF	\$ 196,000
Building	45,000 SF @ 98.32/SF	4,424,400
Art	1% of project cost	<u>46,200</u>
TOTAL ESTIMATED PROJECT COST		\$4,666,600*

- * Workers' Compensation building contains 53,875 square feet, and was constructed and furnished for 3,985,131 in 1982. (The appropriation was for 4,000,000.) Inflation for 1982-1989 is 18.76%; for 1989--4%; for 1990--5%; for 1991--5%.

OFFICE OF PUBLIC INSTRUCTION

The Education Subcommittee requested that the Superintendent of Public Instruction present them with a first-level expenditure breakdown for the new program structure which would total to the approved agency budget as shown in Table 1. The subcommittee approved current level expenditures of \$5,875,635 in fiscal 1990 and \$5,797,922 in fiscal 1991, plus four modified requests for the addition of 2.50 FTE and \$235,852 each fiscal year from federal funds. The total approved by the subcommittee is \$6,111,487 in fiscal 1990 and \$6,033,774 in fiscal 1991. This table compares the budget approved by the subcommittee to the total budget allocated by OPI to the three programs.

Table 1
 Proposed Budget - 1991 Biennium

	Fiscal 1990			Fiscal 1991		
	Committee	OPI	Diff.	Committee	OPI	Diff.
FTE	124.4	124.4	0.0	124.4	124.4	0.0
<u>Expenditures</u>						
Personal Svcs.	\$3,663,238	\$3,689,809	\$ 26,571	\$3,669,223	\$3,689,809	\$ 20,586
Operating	1,942,775	1,911,095	(31,680)	1,897,164	1,875,012	(22,152)
Equipment	121,439	121,439	-0-	83,352	83,352	-0-
Transfers	384,035	389,144	5,109	384,035	385,601	1,566
Total	<u>\$6,111,487</u>	<u>\$6,111,487</u>	<u>\$ -0-</u>	<u>\$6,033,774</u>	<u>\$6,033,774</u>	<u>\$ -0-</u>
<u>Funding</u>						
General Fund	\$2,770,988	\$2,770,988	\$ -0-	\$2,716,040	\$2,716,040	\$ -0-
State Special	554,110	607,741	53,631	554,110	604,198	50,088
Federal & Other	<u>2,786,389</u>	<u>2,732,758</u>	<u>(53,631)</u>	<u>2,763,624</u>	<u>2,713,536</u>	<u>(50,088)</u>
Total	<u>\$6,111,487</u>	<u>\$6,111,487</u>	<u>\$ -0-</u>	<u>\$6,033,774</u>	<u>\$6,033,774</u>	<u>\$ -0-</u>

As can be seen in the table, there is no difference between the subcommittee and the Office of Public Instruction in total expenditures. However, OPI proposes spending less in operating expenses and more in personal services and transfers than the committee approved. The proposed personal services includes one position which was upgraded from a grade 12 to a grade 18, as discussed on page E-30 of the Budget Analysis plus higher salaries for exempt employees. The net result is an increase in personal services of \$26,571 in fiscal 1990 and \$20,586 in fiscal 1991. The transfers are higher because OPI estimates higher indirect costs for federal revenues.

Also shown in Table 1, there is a shift in funding between state special and federal revenues of \$53,631 in fiscal 1990 and \$50,088 in fiscal 1991. OPI is transferring the funds for a position in school foods which was being paid by federal revenues. This shift of funding increases the state special revenue by \$21,097 each year and decreases federal revenues by like amounts. The remainder of the state special revenue difference in

each fiscal year is the result of increased transfers to the indirect cost pool from the additional indirect cost recoveries included in the approved modified request for federal funds. The indirect costs are discretionary and are used to fund the Central Services Program. Therefore, there should have been a corresponding reduction to general fund rather than federal funds.

Table 2 shows the program structure the Superintendent of Public Instruction submitted to the Fiscal Analyst for review on February 13, 1989. The Superintendent's Office program is funded entirely with general fund; Central Services program is funded primarily with general fund and the indirect cost pool; and Educational Services program is funded by both general funds and federal funds.

Table 2
Office of Public Instruction ⁴⁴⁰
Budget Detail by Program - 1991 Biennium

<u>Program/Expenditure</u>	<u>Fiscal 1990</u>	<u>Fiscal 1991</u>
State Superintendent - FTE	7.0	7.0
Personal Services	\$ 265,239	\$ 265,239
Operating Expenses	139,530	136,681
Equipment	-0-	-0-
Subtotal	\$ 404,769	\$ 401,920
Funding		
General Fund	\$ 404,769	\$ 401,920
Central Services - FTE	39.9	39.9
Personal Services	\$1,095,061	\$1,095,061
Operating Expenses	576,765	565,236
Equipment	27,596	28,095
Subtotal	\$1,699,422	\$1,688,392
Funding		
General Fund	\$1,277,494	\$1,270,007
Indirect Cost Pool	389,144	385,601
Resources & Assess.	5,000	5,000
Federal	27,784	27,784
Total	\$1,699,422	\$1,688,392
Educational Services - FTE	77.5	77.5
Personal Services	\$2,329,509	\$2,329,509
Operating Expenses	1,194,800	1,173,095
Equipment	93,843	55,257
Transfers	389,144	385,601
Subtotal	\$4,007,296	\$3,943,462
Funding		
General Fund	\$1,088,725	\$1,044,113
School Foods	46,097	46,097
Traffic Safety	105,000	105,000
A/V Library	62,500	62,500
Driver Education	57,663	63,456
Federal	2,647,311	2,622,296
TOTAL	\$4,007,296	\$3,943,462
Grand Total FTE	124.4	124.4
Grand Total Expenditures	\$6,111,487	\$6,033,774

DISTRIBUTION TO PUBLIC SCHOOLS

Table 3 shows the state funds approved by the subcommittee for distribution to public schools. The Office of Public Instruction has not proposed any changes in these expenditure estimates.

Table 3
Distribution to Public Schools
Proposed Budget - 1991 Biennium

<u>Expenditures</u>	<u>Fiscal 1990 Committee</u>	<u>Fiscal 1991 Committee</u>
Special Ed.	\$33,361,646	\$33,361,646
Spec. Ed. Conf.	500,000	500,000
Transportation	6,252,894	6,252,894
School Lunch	599,397	599,397
Gifted & Talented	100,000	100,000
Impact Aid	5,000	5,000
Adult Basic Ed.	200,000	250,000
Secondary Voc. Ed.	900,000	900,000
Total	<u>\$41,918,937</u>	<u>\$41,968,937</u>

Table 4 shows the federal discretionary funds as approved by the subcommittee compared to new projections by the Office of Public Instruction. The major decreases in estimated revenue are \$50,000 in fiscal 1990 for the EHA-B and the Adult Basic Education grants and \$79,788 in fiscal 1991 in the McKinney Homeless grant. The major increase is \$200,000 each year of the biennium in vocational education.

Table 4
Federal Discretionary Funds

	<u>Committee</u>	<u>OPI</u>	<u>Diff.</u>	<u>Committee</u>	<u>OPI</u>	<u>Diff.</u>
EHA-B	\$ 475,000	\$ 425,000	\$(50,000)	\$ 505,000	\$ 505,000	\$ -0-
JTPA	470,000	508,602	38,602	470,000	508,602	38,602
ABE	525,208	475,208	(50,000)	525,208	498,968	(26,240)
McKinney Homeless	150,000	140,414	(9,586)	150,000	70,212	(79,788)
Preschool Incentive	50,000	50,000	-0-	50,000	50,000	-0-
Vocational Ed.	2,300,000	2,500,000	200,000	2,300,000	2,500,000	200,000
EHA-Architectural	-0-	32,000	32,000	-0-	-0-	-0-
Total	<u>\$3,970,208</u>	<u>\$4,131,224</u>	<u>\$ 161,016</u>	<u>\$4,000,208</u>	<u>\$4,132,782</u>	<u>\$132,574</u>

ISSUES

	<u>FY 1990</u>	<u>FY 1991</u>
Issue 1: Personal Services		
Option A: Approve OPI's proposal for increased personal services and lower operating expenses.	\$26,571	\$20,586
Option B: Do not accept the transfer.		
 Issue 2: Transfers		
Option A: Approve OPI's proposal for higher transfers and decrease in operating expenses.	5,109	1,566
Option B: Do not approve the transfer.		
 Issue 3: School Foods Funding		
Option A: Approve the transfer of funds from federal to state special for the school foods position.	21,097	21,097
Option B: Do not approve the transfer.		
 Issue 4: Reduction of Federal Funds and Increase in State Special Funds		
Option A: Decrease general fund and increase state special funds.	32,534	28,991
Option B: Decrease federal funds and increase state special funds.		
 Issue 5: Federal Discretionary Funds (Table 4)		
Option A: Approve revised estimate on federal discretionary funds for school distributions.		
Option B: Do not approve revised estimate.		

EXHIBIT 5
 DATE Feb 17, 1989
 HB

Office of Public Instruction Budget
 Federal Funds Analysis

	<u>Fiscal 1990</u>	<u>Fiscal 1991</u>
LFA Current Level	\$2,358,364	\$2,286,348
Add: Vac. Savings	107,360	107,872
Travel	147,052	147,052
Equipment	25,000	-0-
Modifieds	235,852	235,852
Deduct: Publication Account	<u>(87,239)</u>	<u>(13,500)</u>
Federal Funds - Subcommittee	2,786,389	2,763,624
OPI Federal Funds	<u>2,732,758</u>	<u>2,713,536</u>
Difference	<u>\$ 53,631</u>	<u>\$ 50,088</u>
Differences		
School Food Transfer	\$ 21,097	\$ 21,097
Reduction in Federal Funds	<u>32,534</u>	<u>28,991</u>
	<u>\$ 53,631</u>	<u>\$ 50,088</u>

