

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION

Call to Order: By Senator H. W. Hammond, Chairman, on
January 30, 1989, at 1:00 pm in Room 402.

ROLL CALL

Members Present: Senators; H. W. Hammond, Dennis Nathe,
Chet Blaylock, Bob Brown, William Farrell, Pat Regan,
John Anderson Jr., and Joe Mazurek

Members Excused: None

Members Absent: Senator R. J. "Dick" Pinsoneault

Staff Present: Dave Cogley, Staff Researcher and
Julie Harmala, Committee Secretary

HEARING ON HB 32

Presentation and Opening Statement by Sponsor:

Representative Fritz Daily, House District #39,
stated that the purpose of this bill is to reduce
the terms of the Board of Regents from seven years
to four years.

He wanted the committee to know before he went
into explaining why he was introducing the bill
and the effects of it, that he is a strong
supporter of the university system and his sole
intention with this bill is to make the university
system a better system. Under the proposed
changes the Regents would still be appointed by
the Governor and be approved and confirmed by the
Senate. He does not intend to limit the Regents;
term to less than four years. He replied that
there is nothing more valuable than this
experience and they could be reappointed and serve
another four year term. This bill though, would
allow the legislature to review appointments every
two years, on a semi annual (sic) basis. This he
feels would force some changes if the legislature
felt it was necessary.

He continued by saying that 22% of the general fund dollar in the state of Montana is controlled by the Board of Regents, this is 178 million dollars appropriated for the university system. The current level of the FTE is \$3204. From these figures it can be seen that the B of R has a tremendous effect on the state of Montana and has a tremendous effect on us as legislators. He said that it was not his intention to restrict Governor Stephens from making appointments to the Board because this bill was drafted in June or July before he was elected.

He explained that the two reasons why he requested the bill are:

1. His disappointment with admission standards set by the Board which is that in order to be admitted into the university system a high school graduate must have a 2.5 GPA. Only 44% of the graduating class at Senior High in Billings in 1987 had a 2.5 GPA or better. In Butte that same year, only 56% of their graduating classes had a 2.5 GPA or better. He went on to say that he felt we were restricting eligibility and with the economic situation as it is in Montana, we should be providing better accessibility for our graduates. Denying opportunities to go to college added to young people not being able to find jobs just does not make good sense.

2. He also does not agree with the Board closing Butte's nursing school and cutting back enrollments for the nursing schools in Missoula and Great Falls. Great Falls had a waiting list as did Butte when it was closed. With the shortage of nurses in the United States as well as in Montana, Representative Daily feels that this just does not make sense to cut these programs, especially with the shortage of nurses in rural Montana. Therefore the legislature should be given the opportunity to take a look at the actions of the Board at least every four years. He said that the Board should be subject to review by the voters just as legislators are.

Representative Daily thanked the committee for the opportunity to be here.

List of Testifying Proponents and What Group they Represent:

None

List of Testifying Opponents and What Group they Represent:

CARROLL KRAUSE, Board of Regents, Commissioner of
Higher Education
BRIAN HARLIN, The Associated Students at Montana State
University

Testimony:

CARROLL KRAUSE spoke against HB 32 for himself as well as the Board of Regents. He said that it is important for the committee to understand why a seven year term was chosen in the first place. He explained that there are seven members on the Board and it was intended that one member would be replaced each year on January 31st. A term would expire each year and there would be one of the seven members replaced each year with a new appointee. This would result in a continuity for the Board. He pointed out that this is important to understand because as Rep. Daily indicated higher education is a large enterprise and perhaps one of the very largest in the state. He said that when all the funds are counted the Board operates approximately a budget of 135 million dollars a year. Therefore as he went on to say there is a need for long term on-going planning of responsibilities that the Board has. (He added that the seven year term was amended when the student Regent was added, and this appointment is made every year.)

It only makes sense to have the ability to function in a long term way. He stated that Montana achieves an advantage from the contributions of these individuals and as volunteers they devote a great deal of their time and face many difficult problems.

He said that he hoped the committee would ask if they had any questions about the admission standards and/or why the Regents dropped the Butte nursing campus. It is important he went on to say, to explore any question because it was not the Board's intent to exclude students, but rather to encourage students to come to the universities prepared. The need for remediation could then be reduced and the graduating numbers would be

increased. He pointed out that from experiences of other states this would happen.

He went on to explain the Board's decision for closing the Butte nursing campus. He pointed out that previously there had been 700 nursing students enrolled at MSU and this enrollment dropped to 500 during that time and there were also corollary budget discontinuations. Therefore it did not make sense to keep all the nursing centers operating given the enrollment numbers that there were.

Mr. Krause went on to say that if the committee in fact believes that the Regents terms should be reduced simply because that is how it is seen in the context of the long term future of higher education that is one thing, but to ask to reduce the terms because someone is upset with the Board of Regents decisions, this is something else, and this is wrong.

He asked the committee to consider the basis for the recommendation to change. He added that if the committee does believe the terms are too long then he suggested at least amend the term to five years. The rationale for this is that a five year term would give the board more continuity at least through two bienniums.

He concluded that he could not stand before the committee and say there was something magic about seven years but there is some magic, he said, about the value of the board's role and its responsibility. It is necessary to appoint high quality people who would have the opportunity to establish some long term goals and objectives for the system.

He recommended that the committee oppose this bill but if not at least amend it to set term of at least five years.

BRIAN HARLIN stated that they also oppose HB 32 and agreed with what has been said. One important thing that he pointed out is that the Board of Regents do not have to make "political decisions" if there are long term appointments. The members can not say then that they are voting a particular way for political reasons. Four year terms would also mean that any governor could replace the whole board every four years.

He recommended a do not pass because he felt that long term planning ability was important for the board.

List of Testifying Opponents and What Group They Represent:

None

Questions From Committee Members:

Senator Mazurek asked Representative Daily why change the Board of Regents terms without changing the terms of the Board of Public Education. Senator Mazurek feels this should apply across the board. Rep. Daily responded by saying that the Board of Public Education does not have near the control that the Board of Regents has. The B of R decisions are far more reaching. He added that he would have no problem if the terms of the B of PE were also shortened at a later date. By shortening the terms this would give the legislature the opportunity to take a look at the members of the Board of Regents. Especially because these members serve seven years which gives this board a lot of power. His intention with this bill, he stated was to at least give the legislators an opportunity to take a look at the board.

Senator Blaylock said that he realized Rep. Daily's frustration but what the Regents do comes back to the legislature itself. The legislature has "been starving" the university system, and when the Regents finally make a decision to make the system more efficient everyone rises up in wrath. He went on to say that we are not going to solve anything unless we get more money to the university system. Representative Daily responded by saying that he and his delegation also strongly support increasing funding to the university system.

Senator Nathe pointed out that we all continue to criticize the Board of Regents for phasing out programs when the legislature mandates cuts, but it is important to keep one thing in mind and that is, that it is easier to cut out "stand alone programs within a system" than it is to cut out English or Math because these are needed for all

the majors. The schools of architecture, pharmacy, and the physical therapy program are easy to cut because they are "stand alone programs"

Senator Farrell wondered if the past Governor had a difficult time finding people to serve seven years. He thought that it may be easier to find qualified people for four year terms rather than seven. Mr. Krause responded that there would not be the continuity that is needed with only four year terms. There is not a lack of new ideas but rather a lack of resources because nothing ever stands still.

Closing by Sponsor:

Representative Daily closed by saying that he felt this was the best piece of legislation he had seen since he had been in the legislature. With this bill the legislators would have an opportunity to take a look at the Regents. He said everyone complains, but no one wants to do anything, so here is the opportunity to do something.

DISPOSITION OF HB 32

Discussion: Senator Mazurek felt that before there were any changes made there should be a compelling reason for changing the Board of Regents term and not the Board of Public Education.

Senator Regan stated that she to had times of being angry with the Board of Regents but she thought that the underlying reason for this bill was "because you got me, I'm going to get you." She went on to say that this would not be good legislation and the original framers of the constitution set the seven year limit in order to try to remove them from political "shenanigans."

Senator Anderson felt that what went on in Butte was not the only dissatisfactory thing with the Board of Regents, since the time that he and Senator Blaylock were members of the Constitutional Convention at least according to what he thought their duties should be and as far as our educational system is concerned these were not their only mistakes.

Senator Blaylock added if any thing he thinks the Board listens too much to the legislature. They dropped the football and education program at Western and Northern and when the legislature hammered at them they retracted their decision. They are responsible to the legislature and probably too much so.

Senator Regan stated that the Board was a citizens' board and she felt they should remain as independent as they can be from the legislature. She said she feared what damage could be done if they listened to closely to the legislature.

Recommendation and Vote:

Senator Farrell moved that HB 32 be concurred in.

Senator Regan said as a substitute motion, she moved that HB 32 be not concurred in.

Senator Blaylock called for the question.

THE MOTION PASSED 5 TO 4. (Senators Hammond, Farrell, Anderson, and Pinsoneault voted against the motion).

Senator Nathe was chosen to carry the bill to the floor of the Senate.

HEARING ON HB 63

Presentation and Opening Statement by Sponsor:

Representative Ralph Eudaily, House District #60, stated that at the request of MACSS, he is sponsoring HB 63. This bill would make legal what is the current practice in the state now. This current practice is without legal foundation and this bill would provide this.

List of Testifying Proponents and What Group they Represent:

RACHEL VIELLEUX, Missoula County Superintendent
KAY MCKENNA, Lewis and Clark County Superintendent
J. HENRY BADT, The Montana Association of County School Superintendents
DAVE BISHOP, The School Administrators of Montana

Testimony:

RACHEL VIELLEUX explained that HB 63 would never have been brought before the legislature except for the fact that in some counties, the commissioners looked through the Title 7 statutes and discovered that county superintendents were not included among those officers whose memberships in state organizations were budgeted by the county and therefore they are able to attend the state conventions.

She pointed out that in most cases it is already a budgeted item and she said they were not asking for new money. This would give legal authority to do what is already being done and this is simply what is being asked for with this bill.

KAY MCKENNA explained that she wanted this bill to become a part of the law as Montana codes annotated 7-5-2142 are all the way through 7-5-2145, which allows clerks, recorders, clerks of court, county treasurers, county commissioners, city attorneys, sheriffs and assessors, expenses to a convention for those officials. She said that this would not be a new money bill, it is just a way to make something consistent through out the state. "Unfortunately," she said, "the conferences that are held annually are the only place where county superintendents can get in-service training and updated information on new legislation."

J. HENRY BADT stated that it is very important for education that county superintendents get together. He pointed out that there are many laws that are passed each session and that for superintendents to get together and discuss the ramifications as far as each of their counties are concerned, is very important. All counties could then function uniformly and many errors could be avoided by jointly discussing the problems.

DAVE BISHOP stated that SAM supported this bill on behalf of the MACSS, because their association is one of the five associations that make up the umbrella organization of Montana and there is a joint convention in October with the MSBA, which many of the county superintendents attend.

List of Testifying Opponents and What Group They Represent:

None

Questions From Committee Members:

Senator Regan questioned the actual transportation costs and what the general rule was for all agencies of state government. She said she thought they were reimbursed when proper vouchers were presented. She felt an amendment should be looked at to address this.

Senator Blaylock asked Ms. McKenna if she believed in local control and she replied that she did "more than definitely," but the thing that this bill does is to allow county superintendents to come to the meetings. She said she felt badly for those county superintendents that can not attend because it is an important function and this is not a budgeted item their counties. Senator Blaylock pointed out that the legislature must be "very careful about dictating to local governments, particularly county commissioners who are there to set policy."

Senator Hammond commented that this would be telling the counties to do something that they might not be able to afford to do. Ms. McKenna explained that this was a fairly new problem resulting from Initiative 105 and budget cuts, and it is the choice of the commissioners not to let this be a budgeted item. Senator Hammond said this is why this makes it difficult for the committee to tell them to do something they can not afford to do. Ms. McKenna pointed out that other counties were allowing their county officials the opportunity and there are five laws mandating this for other county officials, and county superintendents should be included also, just as other "elected officials" are.

Senator Hammond felt that this still should be a local option and this would be mandating the county commissioners to provide money for county superintendents to attend a meeting. Representative Eudaily explained that this does have to be in their budget in order to do so.

Closing by Sponsor:

Representative Eudaily closed and thanked the

committee.

DISPOSITION OF HB 63

Discussion:

Senator Regan felt that with the proper language tied to the counties reimbursement rate and possibly repeal all sections where it is mandated this bill could work because county superintendents should have contact with others, so they are treated fairly.

Recommendation and Vote:

Senator Regan suggested that the bill be worked on and passed for consideration.

HEARING ON HB 64

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE RALPH EUDAILY, House District #60, stated that this bill was also by the request of the MACSS and it contains minor changes to the current statutes that deal with areas of school budgeting, finance reporting, and investment requirements of school district funds. The House Education Committee approved all seven changes. The ones on Page 5, Lines 5-10 which are concerned with the annual report. The House Education Committee rejected this proposal and put it back in different language. What the county superintendents are asking for in this particular case is that they not be required to publish this annual report but would publish a notice in the newspaper because this report is already on file in the county superintendents offices. The House chose to put language back into the bill in its original form.

List of Testifying Proponents and What Group they Represent:

RACHEL VIELLEUX, Missoula County Superintendent,
representing the Montana Association of County
School Superintendents.

KAY MCKENNA, Lewis and Clark County Superintendent
DAVE BISHOP, The School Administrators of Montana

Testimony:

RACHEL VIELLEUX pointed out the sections that the superintendents would like to change are things that are currently occurring or that they think would make their jobs more efficient and effective.

She directed the committee's attention to Page 3 and pointed out that they crossed out notices of the budget meeting because in actuality the responsibility to give notices of budget meetings is the responsibility of the trustees for the preliminary meeting and the clerk for the final budget meeting. The superintendents putting in another notice is redundant if not confusing.

On page 6 there is language cut out of the bill which talks about the state superintendent of public instruction receiving all the annual reports then sending a receipt to the county commissioners indicating that we can be paid. The problems with this are: (1) The annual reports are produced by district clerks who get the information from the county treasurer report and it is impossible for the county superintendents to send these reports. (2) Honored in the breach, the county superintendents must send a receipt which is a letter from the state office saying they received the annual report.

Page 7 and 8 of HB 64 include changes that would enable superintendents to make a school budget an information tool that can be used by the county superintendents. There are some districts that would have them submit their entire computer print outs to the OPI who would be able to use the good numbers but a 40 page print out is difficult to make copies of for public distributing or to compare to previous years expenditure or budget information and this information is not here plus it is very expensive. It would not be in a uniform presentation, so the superintendents are asking that everyone do the report uniformly, secondly in the past some have filled in the previous year's budget information and this came from the days before there were clerks. Now County superintendents do not have the adequate clerical help where as the districts do, and they would like to continue this service to the Class III districts, however for the larger districts Class I & II districts would like them to fill in

their own budget forms. This does provide the counties with budget information from previous years.

Page 9 - Line 17, the key word is reappropriated and used again on page 16. The words "or reappropriated" were added with the idea of how a levy is set for a school district. To figure out what the school districts levies are, it is figured out where cash can be raised other than from the taxpayer. It can be from vehicles, interest, etc. It can either be estimated what is going to be gotten next year or if possible the actual figures collected in the previous year and this is the "or reappropriated" number. Most district that anticipate do under estimate because if it is over estimated and there is not enough revenue for what has been budged the obvious will come true in June. What this would allow us to do is, for those districts that have chosen to do so, it is to use actual dollar figures from the previous years for the up coming years revenue. It has a benefit of reducing the taxpayers bill to the exact amount necessary.

On Page 11 it is talked about how school money is invested. This is appropriate not only to the larger districts that are investing in a county wide pool but it is also appropriate to smaller districts. For example, Missoula County money is currently not earmarked as such and it is logged as a giant pool much of which goes into the state investment pool, some of which is in overnight re-purchase agreements, and some of which is in instruments that are longer than 180 days. The Treasurer's office has a sophisticated method of tracking the money that comes through there. They know what cash is needed, they know when it is needed they do not like to have any dollars idle in the checking account. This is what has been practiced in the past and all that the county superintendents are asking is that in this situation we allow the pooling of money to become a statutory reality.

The committee might note that Montana School Business Officials are also imposing a change and they are simply going to say "in accordance with the county investment statutes in Title 7 - Chapter 6 - part 2." This is less of a "mouthful" than what the superintendents have proposed in HB 64, however in line 15 it says "in savings or time

deposits in a state or nation bank." Up until 1987, when the legislature elected to change that to state rather than counties, in prior years school district could only invest money within a county and Ms. Vielleux said she did not know if it was this 1989 legislature's wish to change it back to only investing in the counties or not, but that is why the superintendents changed and added this language instead of making it very simple as the school business officials have asked to do.

She concluded by saying that this is the summary of the desired changes and she asked that the committee to feel free to ask questions.

KAY MCKENNA added that most of this is an update from 1945 to 1971, and is just a cleaning up and updating of the nomenclature in the statutes.

She said that she was basing her following remarks on Section 3, page 9, that speaks to reappropriating funding and why they want to delete the 180 day investment requirements. It was too limiting and many of the counties are on centralized investing programs. When school districts are required to invest on a short and limited time, investment earnings are lost plus it makes additional administrative work for the district.

She continued by speaking to repos, (re-purchase agreements) which are over night transactions between county and school districts with a local bank. The bank sells to the county, on a daily basis, securities that are at a desired interest rate and they buy back the next morning. The advantage are instant liquidity, a higher rate of interest on the repos than on money markets, savings accounts and now accounts.

It is easy to do, because a beginning balance is taken and a deposit and then the expenditures are subtracted then you have the next days repo. The money is controlled, there is dealing with only one bank and it is far easier to distribute the money. This particular change is the most important to her.

DAVE BISHOP, representing SAM stood in support of HB 64.

List of Testifying Opponents and What Group They Represent:

None

Questions From Committee Members:

Senator Nathe asked Ms. Vielleux why school districts would want money to be invested for eighteen months. She replied by saying that the total sum would not be invested, it would only be whatever amount had not been used. It depends, she said, on how the cash flow is working. For example, if you have enough money in the building reserve fund that could not be used until there was enough in the reserve, in order to spend that money that is being collected for three years it would have to be turning over every 180 days.

Senator Mazurek referred to page 11 where it talks about the duties of the trustees and how it related to the 180 days and requiring that the money being invested back into the county. Ms. McKenna explained that in the repurchase agreement it was an overnight investment, a short term CD.

Senator Nathe asked about giving notices of the budget meetings and he wondered if these notices were mandated in the statutes. Ms. McKenna replied that yes they were and that the trustees, the clerks of courts, the clerk of school districts are all mandated to give notices. Senator Nathe said he felt there was a tendency for local government to move away from reporting to the taxpayer and he did not want to see this disappearance of reporting to the taxpayer.

Senator Hammond asked if this bill exempted the superintendents from publishing a report in the county newspaper. Ms. Vielleux said no, this just means that the county superintendents who have never been fully responsible for the notification any way are not publishing the same notice that the clerk and trustees are also publishing.

Representative Eudaily suggested that the superintendents meet with OPI and eliminate all the duplications.

DISPOSITION OF HB 64

Recommendation and Vote:

Senator Mazurek moved that HB 64 be concurred in.

Senator Nathe called for the question.

THE MOTION WAS CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment At: 2:40 pm


Senator H. W. Hammond, Chairman

HH/jh

senmin.130

ROLL CALL

EDUCATION

COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 1-30-89

NAME	PRESENT	ABSENT	EXCUSED
<u>Chairman Swede Hammond</u>	✓		
<u>Vice Chairman Dennis Nathe</u>	✓		
<u>Senator Chet Blaylock</u>	✓		
<u>Senator Bob Brown</u>	✓		
<u>Senator Dick Pinsoneault</u>		✓	
<u>Senator William Farrell</u>	✓		
<u>Senator Pat Regan</u>	✓		
<u>Senator John Anderson Jr.</u>	✓		
<u>Senator Joe Mazurek</u>	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

January 31, 1989

MR. PRESIDENT:

We, your committee on Education and Cultural Resources, having had under consideration HB 32 (third reading copy -- blue), respectfully report that HB 32 be not concurred in.

Sponsor: Daily (Nathe)

BE NOT CONCURRED IN

Signed: H. W. Hammond

H. W. Hammond, Chairman

4/10/89
11/31/88
2:48 p.m.

SENATE STANDING COMMITTEE REPORT

January 31, 1989

MR. PRESIDENT:

We, your committee on Education and Cultural Resources, having had under consideration HB 64 (third reading copy -- blue), respectfully report that HB 64 be concurred in.

Sponsor: Eudaily ()

BE CONCURRED IN

Signed: H. W. Hammond
H. W. Hammond, Chairman

y/c.
2/2/89
25
11:6.m

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
<u>Jerry Bolt</u>	<u>MACSS</u>	<u>63</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<u>64</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Brian Harlan</u>	<u>ASMSU</u>	<u>32</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Carol Krause</u>	<u>Comm. of Higher Ed</u>	<u>32</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Charles W. Wood</u>	<u>Mt. Newspaper Assn</u>	<u>64</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Oil Daily</u>	<u>SAM</u>	<u>63, 64</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Mike Vail</u>	<u>Lee Enterprises</u>	<u>H 864</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>RACHEL VIELLOUX</u>	<u>MACSS</u>	<u>63</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>"</u>	<u>"</u>	<u>64</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Ray McKanna</u>	<u>"</u>	<u>63</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>"</u>	<u>"</u>	<u>64</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Don Hally</u>	<u>Commissioner's Off. &</u>		<input type="checkbox"/>	<input type="checkbox"/>
<u>Shirley Stearns</u>	<u>U of Mt</u>	<u>32</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Bruce W. Moerer</u>	<u>MSBA</u>	<u>63</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<u>64</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>