

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION

Call to Order: By Senator H. W. Hammond, Chairman, on  
March 29, 1989, at 1:00 pm in Room 402 at the State  
Capitol

ROLL CALL

Members Present: Senators: H. W. Hammond, Dennis Nathe,  
Chet Blaylock, Bob Brown, R. J. "Dick" Pinsoneault,  
Pat Regan, and John Anderson Jr.

Members Excused: Senator William Farrell

Members Absent: Senator Joe Mazurek

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

Announcements/Discussion:

None

HEARING ON HB 173

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE RICHARD NELSON, House District #6, stated  
that this bill is brought before the committee on behalf of  
a number of school districts that are "caught in a bind" in  
the way that ANB is calculated, relative to different  
buildings within a district.

List of Testifying Proponents and What Group they Represent:

BRUCE MOERER, The Montana School Board Association  
JOE MC CRACKEN, Superintendent of the Lockwood Schools  
JUDY JOHNSON, Vice Chairman of the Lockwood Board of  
Trustees  
STEVE GAUB, Superintendent of the Charlo Schools  
JEAN HAGAN, Superintendent of the Bigfork Schools  
GARY GRIFFITH, Monforton School District Trustee  
ROBERT AUMAUGHER, Superintendent of the Evergreen  
Schools

LARRY LA COUNTE, Superintendent of the Arlee Schools  
TONY TOGNETTI, Superintendent of the Stevensville  
Schools

RACHEL VIELLEUX, Missoula County Superintendent of  
Schools

JIM JULIN, Superintendent of the Lolo Schools

DON WETZEL, Superintendent of the Corvallis Schools

HENRY BADT, The Montana Association of County School  
Superintendents

TERRY MINOW, The Montana Federation of Teachers

ERIC FEAVER, The Montana Education Association

Testimony:

BRUCE MOERER of the MSBA, said that this bill comes before the committee through the political process, being a resolution that was adopted at the MSBA annual convention last fall. He offered some background to explain the origin of the bill. He said it is in response to HB 340 that was passed last session, which required that the ANB in a district be aggregated if there is a school building outside the city limits or if there is an unincorporated area and there are two buildings outside the city limits. HB 340 required that the number of students be aggregated in the district before the level of funding is determined that is gotten from the schedules. He said obviously if the ANB is aggregated this boosts the districts into a lower payment category on the foundation program schedules.

He said that HB 340 is set to go in effect next year and therefore the purpose of HB 173 will serve to delay the implementation of the plan under HB 340 for one more year.

He explained the reasons for the needed delay. He presented copies of the old law and the new law, (See Exhibit #1) pointing out that under the old law (Sub Paragraph 3) the "shall" included is not discretionary, it is a mandate. Under this law if there was more than one school, ANB had to be calculated separately for each school. He explained that when these school districts in incorporated city limits aggregate the ANB in their districts and if they have a building outside of the city limits or in an unincorporated area, the number of students is aggregated, and that number is used in replacement of the ANB calculated individually for each school district. Attached to HB 340 was a delayed effective date so the districts could prepare for what HB 340 did to these districts. He pointed out that during this time there has been no increase in the foundation program schedules, Initiative 105 was enacted, and districts have been fighting inflation.

He went on to say that districts have made some cuts in staffing and programing just to stay within their current budgets because of I 105. It is not because these districts have not done anything to maintain some fiscal control, it is just that they have not been able to cut as much as what would have been required by HB 340. Originally the loses of funding was to be phased in over a five year period and the district would suffer only 20% of the loss of the funding each year for five years. There were two amendments in the House, the first phasing this in over 6 years and then also there was an amendment on the floor saying that the affect of this bill will terminate when the new equalized funding system is implemented.

He said what is anticipated with the house amendment is that this will just be a one year extension. When equalizing the following year, the districts will have to aggregate all the students and absorb the entire loss. (See Exhibit #1) of the districts that are affected, most are going to "win" under equalization. The districts down in the Bitterroot should more than make up what they would loose aggregating ANB the following year when they gain under equalization. So they are penalized for one year only through this aggregation effect and then give it back to these districts the following year. This has a tremendous fiscal impact for a one year period of time. If things are going to be changed it should be done at once, when equalizing.

He explained that the figures on Exhibit #1 were computed by county superintendents. The number of districts that this plan impacts is unknown, but 28 districts have been identified so far.

He said the fiscal note that is attached to HB 173 is not exactly accurate, it may be low. The impact for next year could be determined by aggregating the total of all the impacts. It is not necessarily a loss to the state, it is just money that is being spent now and the state will not be saving in this area next year. This is savings that would not be realized by the state.

JOE MC CRACKEN stated that Lockwood is an elementary school district right outside Billings, Montana. He said they were in an unincorporated community. They have a Junior High Building with approximately 2154 students that is a separate building. He said they qualify for these funds and in 1987 the bill was passed to do away with these funds and one of the reasons was that there were schools that abused this funding. In Lockwood the situation was different than this, in 1952 Lockwood built a junior high school and in 1985 when Mr. Mc Cracken was hired he said he was aware of this funding and between 1952-1985 Lockwood did not receive this

full dollar amount that they should have received. Because he was aware of this funding he ask for it and Lockwood then received it. They received \$70,000 that they did not have to ask from their taxpayers.

He said that in 1986 when Initiative 105 was passed, this eliminated schools from asking for more funds. In 1987 HB 340 was passed meaning that these funds were going to be lost. What happened to Lockwood was that they were aware of these funds for only one year, they used them, then the following year I 105 was passed then the funds were taken away by HB 430, now there is no way to go to the taxpayers to ask for this initial \$70,000. He said in Lockwood these funds were not abused because for thirty years they did not receive them and they never asked for them.

He urged the committee to support HB 173.

JUDY JOHNSON presented written testimony in favor of HB 173. (See Exhibit #2)

STEVE GAUB, (See Exhibit #3).

JEAN HAGAN, (See Exhibit #4).

GARY GRIFFITH stated that they have approximately 205 students in a K-8 setting. The trustees over the past few years have been extremely prudent with local funds to the point of where the Monforton schools are still surviving on 9% of local funding.

The affect, he said, of the new law if it goes into effect would be to cut the present budget of the Monforton School by 7.5%, and in a school that already has no gymnasium, no cafeteria, and has 13 classrooms with 13 teachers, to cut \$31,000 out of a \$440,000 budget is a significant amount.

With these figures in mind he said the Monforton trustees just do not know where these funds could be cut and they already have 2 classrooms over the state accreditation limit. Essentially we are looking at a need for another teacher's salary and now maybe having to cut 1.5 teaching positions, instead.

He urged the committee to mitigate the affect of the present law and vote for HB 173.

ROBERT AUMAUGHER stated that Evergreen is a school for grades 1-8 which is a stand alone elementary district. They have 770 students and they have had a history of frugality for years and currently they have one of the highest mill levies in Montana which is at 100 mills. He said they are

one of the prime examples of why the Legislature is struggling with equalizing funding. Evergreen school would be the number two winner in the state. We would be reducing the local levy by nearly 100 mills. Last school year he said teachers cleaned their own classrooms, they volunteered their time to have activities in the school, and there has not been a new text book series for over 4 years.

He said that a year ago last February, the mill levy was doubled through an emergency authorization and even with this, the program existing is a lesser program. The renewal of this same voted levy failed and the staff was reduced by 41% and programs were cut. Hopefully he said the next vote will pass.

LARRY LA COUNTE stated that Arlee Schools stand to lose, based on the 1987 figures, approximately over \$160,000, which is about 14% of the elementary school budget. The taxable evaluation is such that a mill results in approximately \$1135 in revenue, so it would take 147 mills to make up the loss from HB 430.

He said the Arlee district has had significant program cuts the past two fiscal years and obviously it remains to be seen what is necessary for the coming year.

He stated the Arlee School District urges support for HB 173.

TONY TOGNETTI said that the Stevensville Elementary Schools has a total of 670 pupils K-8 and the loss as a result of HB 430 amounts to \$128,000 which is about 26 mills, 10% of the elementary budget.

This is not new money and has been budgeted and plans have been made for this money and as an underfunded school, this loss would exacerbate this situation.

He said Stevensville has not increased textbooks or supply amounts for the past 5 years. All position salaries are below state averages and there are over loaded kindergartens, one librarian, and one counselor for all three buildings.

He went on to say that \$128,000 will have to be cut from the budget if this bill does not pass, including elementary music, a counselor, two PE teachers, a half time art teacher, textbooks, and supplies. This therefore is very critical that HB 173 do pass, until equalization takes place.

He asked the committee for their vote for HB 173.

RACHEL VIELLEUX stated that generally in Missoula HB 340 will take \$664,000 out of Missoula County. She said of this amount, 40% will come from four Class III rural schools.

She said already the schools that will be affected by HB 340 are less than 100% of the state's averages based on the numbers that originally came out. (See Exhibit #5)

JIM JULIN said that a couple of issues that came up on the House side were that the school districts did not support their districts but Lolo schools have always supported the levies in the past.

He urged a do pass.

DON WETZEL stated that \$143,000 would be lost in his district if HB 173 did not pass and "this would hurt the kids in the district."

HENRY BADT of MACSS stated that they wanted to encourage the committee to pass HB 173 because it should be considered what effect these drastic cut in schools would have on education program, to the staff and to the students. The "yoyo" effect of financing works toward the detriment of our educational programs in the schools.

TERRY MINOW of MFT said they rise in support of HB 173 because as they represent teachers and/or classified employees many would be affected if this bill does not pass.

She said this was the third hearing on this bill, and this bill that is before this committee she said was a compromise.

If this bill does not pass she said the result will be to penalize schools for one year. However if this quality of education is lost, due to lay offs of teachers and staff and cuts in programs, the same level of quality education can not be restored to those students who have received a less than adequate education.

She asked for a do pass consideration.

ERIC FEAVER of the MEA, asked that the committee does recommend a do concur in for HB 173.

List of Testifying Opponents and What Group They Represent:

None

Questions From Committee Members:

Senator Blaylock asked about the fiscal note that shows the expenditures from the state as not being that great. He wondered if all the districts that were going to lose were represented.

Bruce Moerer said the fiscal note shows that there is a 20% loss the first year so the fiscal note shows the state having 80% to pay next year that would not be saved. So he said 25% added to \$880,000 would show a 1.5 million dollar loss next year.

Senator Nathe asked if districts get paid more if they are outside of the incorporated city limits.

Mr. Moerer replied that this is the way the law currently reads. HB 340 changed this and if HB 173 is accepted when districts are equalized then no longer would this additional payment be gotten for being outside of the city limits.

Senator Nathe asked if HB 340 addressed two issues; one dealing with the district being outside the corporate city limits and the other being the issue of separate school buildings. He wondered if in order for the schools to qualify they must have a separate building outside the incorporated city limits.

Senator Pinsoneault asked if outside the city limits and separate buildings were synonymous.

Mr. Moerer replied that there could be a situation where the main part of the district was inside the city limits and they could build a new elementary building outside the city limits. This building would be calculated separately for the reimbursement on the schedules. Or he said if most of the district is outside the incorporated city limits, they count students separately for each building and HB 340 addressed both of these issues.

Closing by Sponsor:

REPRESENTATIVE NELSON closed by thanking those that testified.

HEARING ON SB 470

Presentation and Opening Statement by Sponsor:

SENATOR R. J. "DICK" PINSONEAULT, Senate District #27, stated that he was sponsoring this bill which gives the authority to Wisdom, Montana to reduce their number of trustees from five to three. This is the purpose of the bill and he recommends a do pass.

List of Testifying Proponents and What Group they Represent:

None

List of Testifying Opponents and What Group They Represent:

None

Questions From Committee Members:

Senator Hammond added that this is done by petition in the communities, to the boards of trustees and then the trustees vote on it.

Senator Nathe asked why a minimum of five signatures on the petition was selected.

Dave Cogley said that he merely picked a number that was reasonable based on a small school district.

Senator Nathe said the reason he asked was because he has seen some vicious fights in Class C school districts where there are three member boards and a lot of the community wanted a five member board. In a situation he knew of there was two members running the whole show. He said when it is made possible for only five qualified electors in Class C school area to be required, this means that if three of the five trustees do not get along with the other two, all it will take is just five qualified electors to come in and three could kick off the other two.

Bob Stockton of OPI, replied that the number five is in the law as the number of electors which are required to sign a petition in a their class trusteeship.

Senator Hammond said that the information he received from Wisdom, Montana is that it is difficult to get five people who are willing to serve on a board.

Senator Regan asked when a petition is filed, then possibly when an election takes place, the people could vote on



whether they would want a five or a three member board.

Mr. Stockton replied that to increase a board from three to five does not require an election, it is merely a board resolution, on the request of the board. It would not be consistent to require an election to reduce the board from five to three.

Senator Nathe stated that this is usually done right before the election, at least two candidates are running for those newly created slots.

Senator Hammond said that the rotation is such that those who have served the longest, will be the ones who go off.

Dave Cogley explained that in order to preserve the election of one position each year the first position would be eliminated the first time. Then the next time two positions were up for election in the same year, the second position would be eliminated. This way, he said, it guarantees that there is always one trustee being elected each year and that there are staggered terms.

He said if two were taken off the first year, when the first election comes up, there might be a situation where no one would be elected, one year when two would be elected, and one year when one is elected. This he said was the reason why he did this the way he did.

Senator Hammond stated that this is good because there is an election that eliminates one in the first two years.

Senator Anderson said that it also takes five on a petition to nominate a trustee.

Senator Blaylock wondered if with just five electors being required to sign a petition, this may mean that just five out of one family could sign the petition. He suggested raising the number to ten electors required on a petition.

Senator Regan wondered about the size of the districts being discussed.

Senator Hammond replied that this could be several townships in a school district where there are hardly enough people to serve on a school board.

Mr. Stockton replied that a Class III school is one with less than 1000 people and this is one of the reasons why it is so difficult to get five people to serve on a board. By law if the county superintendent can not find five people on the board they must abandon the district.

Senator Nathe commented that "we may live in a democracy, but I have seen some real dictators on school boards."

Senator Hammond said he thinks there is a safe guard included in the bill where people that have been on the board the longest will be the first one off. One goes off the first year.

Senator Regan asked if there would be any merit asking upon receipt of the petition, the county superintendent would hold a public hearing before it would go into effect, having the consensus of the community to avoid any power plays.

Mr. Stockton replied that the mere fact that the board receives a petition does not change anything, it still has to be voted on by the board. He said though that perhaps the board should be required to hold a hearing.

Senator Pinsonneault pointed out that there would be problems getting people to show up for a public hearing and he felt that if there were seven to ten signatures on a petition, this would address the situation. He said he did not want to over complicate the bill.

#### DISPOSITION OF SB 470

##### Amendments and Votes:

Senator Blaylock moved to amend SB 470, on Line 5 of the bill, by striking five and inserting ten.

Senator Nathe called for the question.

THE MOTION TO AMEND SB 470 CARRIED UNANIMOUSLY.

##### Recommendation and Vote:

Senator Pinsonneault moved that SB 470 do pass as amended.

Senator Nathe called for the question.

THE MOTION CARRIED UNANIMOUSLY THAT SB 470 DO PASS AS AMENDED.

ADJOURNMENT

Adjournment At: 2:05 pm

  
SENATOR H. W. HAMMOND, Chairman

HH/jh

Senmin.329

ROLL CALL

EDUCATION

COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 3-29-89

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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

March 30, 1989

MR. PRESIDENT:

We, your committee on Education and Cultural Resources, having had under consideration SB 470 (first reading copy -- white), respectfully report that SB 470 be amended and as so amended do pass:

1. Page 2, line 5.

Strike: "five"

Insert: "ten"

AND AS AMENDED DO PASS

Signed: \_\_\_\_\_

H. W. Hammond, Chairman

Y.C. 189  
3/30/89  
2:22 P.M.

scrsb470.330

accordance with the provisions of 20-9-805. Attendance for a part of a morning session or a part of an afternoon session by a pupil shall be counted as attendance for one-half day. In calculating the ANB for pupils enrolled in a program established under 20-7-117 prior to January 1, 1974, or pursuant to 20-7-117(1), attendance at or absence from a regular session of the program for at least 2 hours of either a morning or an afternoon session will be counted as one-half of a day attended or absent as the case may be. If a variance has been granted as provided in 20-1-302, ANB will be computed in a manner prescribed by the superintendent of public instruction, but in no case shall the ANB exceed one-half for each kindergarten pupil. When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, his absence after the 10th day of absence shall not be included in the aggregate days of absence and his enrollment in the school shall not be considered in the calculation of the average number belonging until he resumes attendance at school.

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he shall be considered a full-time special pupil but shall not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he shall be considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district shall be calculated individually for each school, except that when:

(a) more than one school of a district, other than a junior high school in an elementary district which has been approved and accredited as a junior high school, is located within the incorporated limits of a city or town, the average number belonging of such schools shall be based on the aggregate of all the regularly enrolled, full-time pupils attending such schools located within the incorporated limits of a city or town;

(b) a junior high school which has been approved and accredited as a junior high school is located within the incorporated limits of a city or town in which a high school is located, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for the purposes of calculating the average number belonging of the high schools located within the incorporated limits of such city or town;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade shall be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils shall be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school shall not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for such district.

(4) When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. The method for calculating an equivalent ANB shall be

NEW L.A.W.

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he shall be considered a full-time special pupil but shall not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he shall be considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the district, except that when:

(a) a school of the district is located more than 3 miles beyond the incorporated limits of a city or town or from another school of the district, all of the regularly enrolled, full-time pupils of the school must be calculated individually for ANB purposes;

(b) a junior high school has been approved and accredited as a junior high school, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for ANB purposes;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade shall be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils shall be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school shall not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for such district.

(4) When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. The method for calculating an equivalent ANB shall be determined in a manner prescribed by the superintendent of public instruction.

History: En. 75-6902 by Sec. 252, Ch. 5, L. 1971; amd. Sec. 1, Ch. 345, L. 1973; amd. Sec. 1, Ch. 343, L. 1974; amd. Sec. 3, Ch. 352, L. 1974; amd. Sec. 1, Ch. 373, L. 1974; amd. Sec. 1, Ch. 132, L. 1975; R.C.M. 1947, 75-6902(part); amd. Sec. 3, Ch. 288, L. 1979; amd. Sec. 1, Ch. 498, L. 1987.

**Compiler's Comments**

1987 Amendment: Substituted present introductory clause of (3), (3)(a), and (3)(b) for former introductory clause of (3), (3)(a), and (3)(b) that read: "(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district shall be calculated individually for each school, except that when:

(a) more than one school of a district, other than a junior high school in an elementary district which has been approved and accredited as a junior high school, is located within the incorporated limits of a city or town, the average number belonging of such schools shall be based on the aggregate of all the regularly enrolled, full-time pupils attending such schools located within the incorporated limits of a city or town;

(b) a junior high school which has been approved and accredited as a junior high school is located within the incorporated limits of a city or town in which a high school is located, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for the purposes of calculating the average number belonging of the high schools located within the incorporated limits of such city or town".

**Cross-References**

School fiscal year, 29-1-301.

Released time for religious purposes to be counted as part of school day, 29-1-308.

Preschool program to be included in calculation of ANB, 20-7-117.

# County of Yellowstone



SUPERINTENDENT OF SCHOOLS

BILLINGS, MONTANA

January 16, 1989

Mr. Bruce Moerer  
Montana School Boards Association  
#1 South Montana  
Helena, MT 59601

Dear Bruce,

There are two school districts in Yellowstone County that are financially effected by 20-9-311, i.e., the funding of middle schools.

Lockwood, District No. 26, will have a loss in foundation program revenue of approximately \$58,952 using enrollment of the October 1st Fall Report. Adding the permissive of \$14,738 creates a total loss of revenue in the amount of \$73,690.

Huntley Project, District No. 24, has a similar loss. Using the enrollment on the Fall Report of 1988 the loss would be \$75,620.72 including the permissive of \$15,124.15.

Hopefully legislation will be passed to assist these districts in spreading their loss over a period of years. With restrictions of I-105, they will be unable to recover any of the lost dollars through special levies.

Please advise this office of hearings scheduled to address the issue - HB173.

Sincerely,

A handwritten signature in cursive script, appearing to read "Buzz".

H. C. "Buzz" Christiansen

HCC/njb

cc: School Districts No. 24 and 26

RECEIVED  
JAN 16 1989  
MT. SCHOOL BOARDS  
ASSOCIATION



IMPACT OF MONTANA LAW #20-9-311-3  
 FLATHEAD COUNTY SCHOOLS  
 SCHOOL BUDGET 1988-1989

SCHOOL	SCHOOL BUDGET 1988-1989	1988-1989 SCHOOL BUDGET UNDER MONTANA LAW 20-9-311-3	DIFFERENCE LOSS/(GAIN)
Deer Park School			
Foundation	\$195,168.64	\$163,996.80	\$31,171.84
Permissive	\$48,792.16	\$40,999.20	\$7,792.96
TOTAL			\$38,964.80
Swan River School			
Foundation	\$238,657.76	\$205,224.21	\$33,433.55
Permissive	\$59,664.44	\$51,306.05	\$8,358.39
TOTAL			\$41,791.94
Kila School			
Foundation	\$117,248.80	\$117,730.08	(\$481.28)
Permissive	\$29,312.20	\$29,432.52	(\$120.32)
TOTAL			(\$601.60)
Bigfork School			
Foundation	\$685,113.57	\$638,227.71	\$46,885.86
Permissive	\$171,278.39	\$159,556.93	\$11,721.46
TOTAL			\$58,607.32
Evergreen School			
Foundation	\$1,009,604.22	\$994,710.40	\$14,893.82
Permissive	\$252,401.06	\$248,677.60	\$3,723.46
TOTAL			\$18,617.27
Marion School			
Foundation	\$175,793.44	\$163,263.68	\$12,529.76
Permissive	\$43,948.36	\$40,815.92	\$3,132.44
TOTAL			\$15,662.20
TOTAL FOUNDATION			\$138,433.55
TOTAL PERMISSIVE			\$34,608.39
TOTAL DIFFERENCE			\$173,041.94

LAKE COUNTY SCHOOL DISTRICTS' LOSS OF FUNDING IF AGGREGATE ANB UNDER 3 MILES

1988-89 BUDGETS

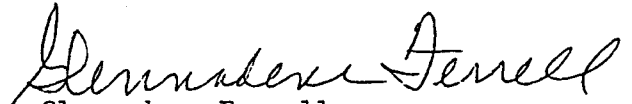
SCHOOL DISTRICT NO. 7-J, CHARLO

ANB	Foundation Program	Foundation Program
K-6 151	with Separate Bldg.	Under 3 mile rule
7-8 39	Funding for 7-8	
	Foundation \$356,373.12	Foundation \$279,215.09
	Permissive 89,093.28	Permissive 69,803.78
	Loss: \$96,447.53	

SCHOOL DISTRICT NO. 8-J, ARLEE

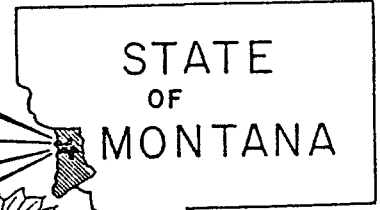
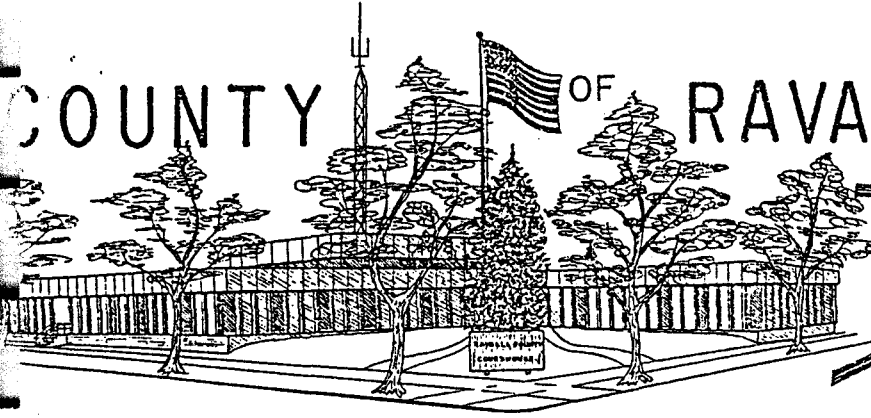
ANB	Foundation Program	Foundation Program
K-6 244	with Separate Bldg.	Under 3 mile rule
7-8 86	Funding for 7-8	
	Foundation \$565,813.54	Foundation \$437,341.31
	Permissive 141,453.38	Permissive 109,335.33
	Loss: \$160,590.28	

As Lake County and these school districts have a low taxable value, the difference in the permissive amount figures would all be part of the State's share of the permissive funding.

  
Glennadene Ferrell  
Lake Co. Supt. of Schools

RECEIVED  
JAN 13 1989  
MT. SCHOOL BOARDS  
ASSOCIATION

# COUNTY OF RAVALLI



STATE OF MONTANA



The Bitterroot Valley

HAMILTON, MONTANA 59840

January 16, 1989

Bruce Moerer, Attorney  
M.S.B.A.  
1 So. Montana  
Helena, Montana 59601

Dear Bruce:

Rachel Vielleux, Missoula County Superintendent just informed me that there may be hope for modifying H.B.340, and that you were collecting information regarding its' effects on fiscal 1990 schools. To keep it simple, the figures represent what each K-8 school district would lose under 340, assuming that the current A.N.B. does not change.

		K-6 enrollment	7-8 enroll't
Corvallis, District #1	\$152,307.	228+188	+143
Stevensville, " #2	109,208	264+232	+190
Hamilton, " #3	134,047	300+136+141+54	+192

I hope this is a help. (The rest of the districts in Ravalli County are not affected.)

Sincerely,  
*Greg Danelz*  
Greg Danelz  
Superintendent of Schools  
Ravalli County, Montana

RECEIVED  
JAN 16 1989  
MT. SCHOOL BOARDS  
ASSOCIATION

Missoula County School Districts

Projected Revenues for 1989-90  
State and County Equalization

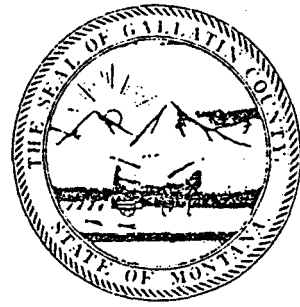
District	1988-89 Found. Prog. <sup>①</sup>	Est. 1989-90 Found. Prog. <sup>②</sup>	Difference Incr.(Decr) <sup>③</sup>	Incr.(Decr) Due to HB 340 <sup>④</sup>	Incr.(Decr.) From Enroll. <sup>⑤</sup>
1	10,013,857	9,996,369	(17,488)	(70,614)	53,126
4	1,375,753	1,301,163	(74,590)	(56,925)	(17,665)
7	954,750	954,099	651	(83,569)	84,220
11	278,418	207,241	(71,177)	(55,271)	(15,906)
14	621,190	632,933	11,743	0	11,743
18	169,159	124,821	(44,338)	(79,759)	35,421
20	234,299	175,358	(58,941)	(74,850)	15,909
23	827,040	774,325	(52,715)	(34,684)	(18,031)
30	33,042	20,158	(12,884)	0	(12,884)
32	501,586	475,043	(26,543)	0	(26,543)
33	208,143	165,759	(42,384)	(34,328)	(8,056)
34	479,527	414,552	(64,975)	(90,003)	25,028
40	969,058	906,511	(62,547)	(84,083)	21,536
			<u>516,188</u>	<u>664,086</u>	
40 HS	532,782	479,202	(53,580)	0	(53,580)
MCHS	8,020,745	7,831,976	(188,769)	0	(188,769)

CLASS 3 TOTAL (244,208)  
CLASS 3 K-8  
CONVERSION (77,510) IN ADDITION

Notes:

- ① 1988-89 Foundation Program taken from approved budgets.
- ② Estimated 1989-90 Foundation Program amounts were calculated with 1989 fall enrollment figures, adjusted for PIR days.
- ③ Total change in Foundation Program from FY 89 to FY 90.
- ④ Effects of HB340 on funding in 1989-90. Constant ANB assumed.
- ⑤ Effects of enrollment changes on funding in 1989-90.

State of Montana



# County of Gallatin

Bozeman

To: Legislative Committee on Education

From: Mary Ann Brown, Gallatin County Superintendent of Schools

*MAB*

Re: House Bill 173

Date: January 20, 1989

---

I have two school districts in Gallatin County that will be affected by HB 173. My initial request would be for the statute 20-9-311 (3a) to be changed to not include from another school of the district.

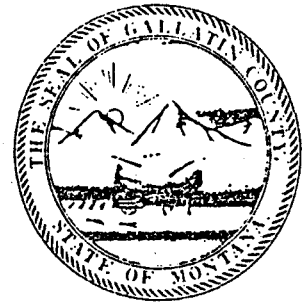
Anderson and Monforton School Districts will lose approximately \$ 3,000.00 and \$ 24,500.00 respectively. This amount of money to lose at all is significant and even more so if lost all in one year. These losses will be 2% for Anderson and 8% for Monforton School Districts from their foundation program alone. I urge you to approve this bill to allow the school districts to anticipate this loss over a 5 year period. One must realize that these districts will not be able with the constraints of C.I. 105 to receive this money except through an emergency levy.

These two school districts have with the passage of this bill in 1987 lost a significant amount of operational monies and put more tax liability on to the local taxpayer.

I urge you to approve HB 173.

RECEIVED  
JAN 24 1989  
MT. SCHOOL BOARD  
ASSOCIATION

State of Montana



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I urge you to approve HB 173.

RECEIVED  
JAN 24 1989  
MT. SCHOOL EDU. ASSOC.

SENATE EDUCATION

EXHIBIT NO. #2

DATE 3-29-89

HB 173

LOCKWOOD SCHOOLS  
ELEMENTARY AND JUNIOR HIGH SCHOOL  
District 26 — Yellowstone County  
BILLINGS, MONTANA 59101  
1932 U.S. Hwy. 87  
Route 2 Phone 252-6022

TRUSTEES  
GARY L. FORRESTER  
CHAIRMAN  
DARREL ELLIOTT  
JUDY JOHNSON  
JOYCE DEANS  
CHARLENE GUSTAFSON  
LA VONNE DEENEY  
BUS. MGR.-CLERK

JOE C. MCCRACKEN  
SUPERINTENDENT  
PHONE 252-6022  
CAM CRONK  
JUNIOR HIGH PRINCIPAL  
PHONE 259-0154  
MICHAEL BOWMAN  
INTERMEDIATE PRINCIPAL  
PHONE 248-3239  
DARRELL RUD  
PRIMARY SCHOOL PRINCIPAL  
PHONE 252-2776

March 29, 1989

Senate Education Committee  
Capitol Building  
Helena, Montana 59601

Dear Senator:

Passing House Bill 173 is essential to Lockwood Schools to maintain programs and quality education.


In 1985, our district applied and received this funding for the first time; thereby decreasing our voted levy by \$70,000. Our voted levy has remained constant since 1985.

The following year I-105 was passed, prohibiting us from raising our voted levy. In 1987, legislation passed a bill eliminating this \$70,000, effective 1989-90 school year.

Our district is now caught with decreasing funding, rising costs, and no opportunity to ask our district taxpayers for increased revenues. We have an extremely tight budget; and in order to absorb this decrease in funding, the quality of our education will also decrease.

Please vote for HB173.

Sincerely,

  
Judy G. Johnson  
Vice Chairman

## TESTIMONY BEFORE SENATE EDUCATION COMMITTEE; HOUSE BILL 173

MARCH 1989

STEVE GAUB, SUPT. DISTRICT 7J, CHARLO, MT

Mr. Chairman, Ladies and Gentleman of the Senate Education Committee, I am here testifying on behalf of House Bill 173. If you do not do something to mitigate the effects of House Bill 340 that was passed by the 50th Legislature the Charlo Elementary School will lose \$96,447.53 out of it's elementary general fund budget of \$542,274, or apprx. 18%. We are not a rich District, we spent 2,484 per child in the elementary school in 1987-88. This in a school of 205 students. We currently levy 36.02 mills in total for the elementary budget. If we lost the monies currently received for Junior High funding, we would have to levy an additional 89.55 mills to recoup the loss. Obviously we could not do that, consequently our program would have to be cut by 18% to make up for the loss in revenue. This would have a drastic effect on the children of our community. We have already cut one teaching position and the elementary principal's position, so that any further cuts would be of a programatic nature.

A laundry list of potential cuts might be: Kindergarten, art, music, p.e., and some vocational programs. Because our high school program and junior high programs are so inter-related, any junior high cuts would also seriously hurt secondary programs. Many of the junior high staff that



teach the above disciplines also teach in the high school, any cuts in those programs would reach deep into the secondary program as well. We have several elementary classes that either meet or exceed the state minimums in terms of teacher/student ratio. Loss of these monies would force us to cut all aide positions so that we could not meet current standards let alone the new Project Excellence standards that the BPE has proposed. Example; next years first grade has 29 students the current standards dictate that a first grade classroom be no larger than 26, without at least an instructional aide, we would not meet minimum state standards. This really hits home when you are involved as both an educator and a parent as I am, I will have a son in that first grade class next year.

The current junior high building in Charlo was built in good faith in 1976. It would not have been built without the current funding system. It is not fair to punish today's students in 24 schools accross Montana for the astute management that occure'd when Boards and administrators took advantage of the "loophole" that is closed by HB 340. When the legislature changed the drinking age from 19 to 21, it did not tell the then 19 year olds that they must discontinue the legal consumption of alcohol, the legislature in it's infinte wisdom "grandfathered" those Montanans into the genre of legal drinkers. I am asking for similar treatment, at best we would request to continue to receive the non-agreggated junior high funds and that HB

173 be amended to reflect such an action. Failing that, we would request the passage of HB 173 in it's current form.

It is obvious that the loss of this revenue would be devastating to the Charlo Schools. The even more depressing concept is our inability to make this revenue up from other sources. It is not as if the patrons of our District do not support the school, over the last four years every voted levy has passed by at least a 2 to 1 margin and our rate of delinquent taxpayers is below 1% of the total taxpaying public of District 7J. We do receive PL 874 monies in lieu of the non-taxable government land in our District, but it amounts to a total of \$10,199 for 1988, certainly not a replacement for the loss of over \$96,000. I 105, the Governor's budget which freezes K-12 educational funding, and our District's low tax base all make losing the \$96,000 even more unpalatable.

The 1987 Montana Legislature did a great disservice to schools accross Montana. You have the unique chance to change the decision of your predecssors.

Members of the committee, please vote to maintain the Charlo Schools as a viable entity, give a resounding DO PASS reccomendation for an amended version House Bill 173. Thank you.



School District No. 38, Flathead & Lake Counties  
BIGFORK, MONTANA

TO: Honorable Members of the Senate Education Committee

FROM: Jean Hagan, Bigfork Superintendent of Schools *JH*

RE: HB 173...phase-in financial impact to schools resulting from aggregation of ANB

DATE: March 29, 1989

If present law is not reversed, Bigfork Elementary School District will lose approximately \$50,000 in foundation and permissive revenue in the next fiscal year alone.

Though there may have been valid questions regarding the basic equity of the previous law which allowed for differentiated funding, there is no equity or fairness in the present law because the rules changed at the same time I-105 became effective. At this time, districts do not have any recourse.

There is virtually no place, which is fiscally sound, to turn, to make up the loss. Because I-105 froze what could be asked of property taxpayers, affected districts are unable to plead their cases locally, to make up the deficits.

Bigfork has already "tightened its belt", examples include -

1. Bigfork was one of the first to require students to "pay to play" in extracurricular activities.
2. Three of the elementary classes presently exceed the Montana State Accreditation Standards for class sizes; and, other class loads are either at the limit or near the limit.
3. Last year, teachers' negotiations extended through 15 months...basically because of the minimal increase in salary the board was able to offer.

4. Volunteers are recruited from the community to assist in the classroom, as well as to perform major safety related renovations and to address general maintenance. Increasingly, the Bigfork Public Schools operate as private schools in respect to relying on the community for volunteer services.
5. The value of the mill has not appreciated over the past three years. Because of obligations drawing on the mills levied from other budgets, i.e. transportation, insurance, (debt service), and tuition, the general fund is the one to suffer. The total number of mills assessed property owners of Bigfork School Districts has remained the same over the past three years.

**SUMMARY:**

Because there is virtually no recourse due to the ramifications of I-105, districts are not able to compensate for the loss in revenue. "Belt tightening" has already taken place. The law allowing the differentiated funding was followed in good faith by the Bigfork District, and now the funding is being withdrawn at a time when no counterbalance is available.

Your approval of appropriations for HB173, and its passage, will recognize that the affected districts were indeed caught in untenable circumstances. Your assistance in this matter will be most appreciated.

**RECOMMENDATION:**

Please support provisions of HB 173, until equalization measures address fairness across the board.

# MISSOULA COUNTY

RACHEL A. VIELLEUX, SUPERINTENDENT OF SCHOOLS  
301 WEST ALDER, MISSOULA, MONTANA 59802  
(406) 721-5700

## MISSOULA COUNTY EQUALIZATION IMPLICATIONS OF HB 173

<u>District</u>	<u>*Current % of Average</u>	<u>*Without HB 173 % Average</u>
Lolo 7	88.29%	70.08%
Potomac 11	94.54%	78.44%
Woodman 18	93.69%	76.21%
DeSmet 20	97.01%	75.18%
Target Range 23	85.10%	68.71%
Swan Valley 33	90.26%	75.75%

\* These percentages are based on information provided with Governor Stephens' original amendments to SB 203. While the actual dollar amounts used in subsequent tabulations vary greatly, the relative position to the category average will not show a statistically significant change. This also assumes 1988-89 over schedule values.

DATE 3-29-89

COMMITTEE ON ~~GENERAL RESOURCES~~ Education (11:00 MWF)

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Steve Gault	Charlo Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Hogan	Bigfork Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Robert Cunningham	Evergreen Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tony Tognetti	Stevensville Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Don Wetzel	CONVALLI'S SCHOOLS	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Larry LaCourse	Arlee Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rachel Vieux	MISSOULA COUNTY	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jim Tulin	2010 Schools	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jim Notaro	Target Range Dist #23	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bruce W. Moerer	MSBA	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Joe McCaskey	Lockwood	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jim Galt	Lockwood	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mike Boyman	Lockwood	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Galt	MACSS	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Terry Minow	MFT	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GARY J. GRIFFITH	Mouferton School District	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eric Jean	MEP	HB 173	<input checked="" type="checkbox"/>	<input type="checkbox"/>