

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON EDUCATION & CULTURAL RESOURCES**

**Call to Order:** By Chairman Ted Schye, on February 15, 1991, at 3:00 p.m.

#### **ROLL CALL**

**Members Present:**

Ted Schye, Chairman (D)  
Ervin Davis, Vice-Chairman (D)  
Steve Benedict (R)  
Ernest Bergsagel (R)  
Robert Clark (R)  
Vicki Cocchiarella (D)  
Fred "Fritz" Daily (D)  
Alvin Ellis, Jr. (R)  
Gary Feland (R)  
Gary Forrester (D)  
Floyd "Bob" Gervais (D)  
H.S. "Sonny" Hanson (R)  
Dan Harrington (D)  
Tom Kilpatrick (D)  
Bea McCarthy (D)  
Scott McCulloch (D)  
Richard Simpkins (R)  
Barry "Spook" Stang (D)  
Norm Wallin (R)  
Diana Wyatt (D)

**Staff Present:** Andrea Merrill, Legislative Council  
Dianne McKittrick, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

#### **HEARING ON HB 654**

#### **Presentation and Opening Statement by Sponsor:**

**REPRESENTATIVE ALVIN ELLIS**, House District 84, Red Lodge, said HB 654 was requested by the Governor to eliminate the requirement that a person attest to satisfactory health in order to obtain teacher certification. The bill would strike the requirement that teachers get a physical exam which they have been doing at their own cost. He offered an amendment to strike last half of subsection (1), (b) which says that a person must be 18 years of

age and not more than 70, that was a requirement that has been overturned by the Supreme Court. This legislation does not affect the requirement in rule mandating that a teacher have a TB test.

Proponents' Testimony:

Eric Feaver, Montana Education Association, (MEA), said it is a nuisance to require teachers to provide proof of having had a health examination within a year of their certification or renewal. Nothing is done with the results of that examination and the responsibility to pay the cost of the exams falls solely on the teachers. He stated concurrence with the amendments as offered.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. ELLIS said HB 654 is necessary legislation.

HEARING ON HB 656

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE DAVE BROWN, House District 72, Butte, said HB 656 addresses students in the middle school age level that can be termed "kids in trouble". The bill would allow the Office of Public Instruction to work out a pilot program for "at-risk" kids.

Proponents' Testimony:

Bill Bartholomew, Principal, East Middle School, Butte, said there are two types of students, one type can function within the school environment and one cannot. There needs to be a transition for kids coming out of detention or a treatment center before re-entry into mainstream school. The kids are indeed savable and need to have their self-confidence levels boosted while building their skills in reading, writing and arithmetic. An alternative school at middle school age is crucial since this is the time they begin experimentation.

Nancy Coopersmith, Office of Public Instruction, (OPI), said this bill recognizes the needs of "at risk" students particularly at the middle school level. During these years there is a need for structured support so students can be ready to learn. "At risk" programs can be effective vehicles for supplying support.

Terry Minow, Montana Federation of Teachers, (MFT), voiced support.

Eric Feaver, Montana Education Association, (MEA), voiced support.

Opponents' Testimony: None

Questions From Committee Members:

REP. FORRESTER asked how much money would have to be appropriated. REP. BROWN answered \$75,000 as stated on line 20, page 2. He isn't a believer of merely dumping money in to develop curriculum and a demonstrated program. Should this legislation be adopted, it would probably be a competitive grant. REP. FORRESTER asked how many schools would be involved. REP. BROWN replied if these are the only funds, perhaps local districts could do a match to extend the money and perhaps have two or three programs. REP. FORRESTER asked how local districts would do a match if they are already at the cap. REP. BROWN deferred the question to Nancy Coopersmith who said it could be an in-kind match, salary, preparation of materials, or use of the facility so parents and legal guardians could gather to talk about the needs of individual "at risk" students.

REP. WALLIN asked since there is no program currently, how the \$75,000 figure was chosen. Ms. Coopersmith replied the funds could provide at least 2 FTE, and if there was an in-kind match the figure would increase to approximately \$150,000 divided among districts. The FTEs would do a needs assessment and if a need arose for academic support it could be supplied through a certified teacher providing academic counseling and support in terms of supplementation of what goes on in classroom. If guidance and counseling services are needed they could be provided. REP. WALLIN asked if it is a matter of hiring a tutor. Ms. Coopersmith said that would be a matter of program design at the local level.

REP. HANSON asked there are programs in existence since the language says specifically "expand" at-risk programs and if so is the intent to provide a supplemental appropriation of \$75,000. Ms. Coopersmith said at-risk programs could be applied across the spectrum of student needs. This could also involve the gifted and talented students since they are certainly at risk of not meeting their potential. There are supplemental programs in place for special education programs, such as Chapter I, and guidance and counseling programs and this would provide additional help to at-risk students.

REP. SIMPKINS said, from Bill Bartholomew's testimony, there appears to be a normal student who does his work and gets along well in school and an "at risk" or lower end student requiring more resources and effort than the normal student. Is that correct? Mr. Bartholomew said yes and that the volunteer aspects have been stretched. Everything possible is being done through probation and social services but schools are still losing the kids. REP. SIMPKINS said the Constitution requires

equal opportunity to all students. It appears schools are turning into social rehabilitation institutes that could have a detrimental effect on academic achievement. Mr. Bartholomew answered 90-95% of the students have no trouble going through the system and the other 5-10% destroy the environment of the school. REP. SIMPKINS asked if he recommends expanding the current facility to handle these problem children or establishing a separate program to remove them from the academic environment. Mr. Bartholomew replied a combination - in certain areas, some may be able to function in regular school settings and some may be only suited for an alternative classroom.

Closing by Sponsor:

REP. BROWN said calling these kids "in trouble" and not "at-risk" may more appropriately describe them and an amendment may be in order.

HEARING ON HB 507

Presentation and Opening Statement by Sponsor:

REPRESENTATIVE JOHN COBB, House District 42, Augusta, said currently the County Superintendents are to hear and decide all matters of controversy arising in the county. The general rule is that a claimant of the system must exhaust all administrative remedies before filing a complaint or petition in District Court with the three exceptions on page 2, lines 14-18. That is what the Supreme Court said verbatim.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

REP. COBB said he hoped for favorable consideration.

HEARING ON HB 647

Presentation and Opening Statement by Sponsor:

REP. TED SCHYE, House District 9, Glasgow, said HB 647 is at the request of the Superintendent of Public Instruction and is an the important education bill this session and has been every session - it is the foundation program schedules that puts state money into schools.

Proponents' Testimony:

Nancy Keenan, Superintendent of Public Instruction, said HB 647 proposes a 4.8% increase in the Foundation Schedule. If schools

are not funded at the inflationary level 4.5% and 4.8% are not current with inflation which is running currently at about 5.4% to 6%. I am afraid that we have gone back on our commitment to public schools and to those communities. Schools have costs they cannot control and everything has gone up such as utilities, books and medical insurance. The schools have no choice whether or not to pay those bills. If the state doesn't hold up its end of the deal not only will it have slid back on equalization but, the fact is, then local communities and taxpayers will have to pay the difference.

**Wayne Buchanan, Board of Public Education,** presented EXHIBIT 1. The court obviously found state funding at a deficit. With HB 28, the state will be funding approximately 70% of school costs which is a significant step in the right direction and moving in the direction of funding 85%, which is the goal in appropriating this money for the Foundation Program. If the Governor's proposal of 0-0% is enacted, it will mean going back about 5%, back to the same figures that caused trouble in the first place.

**Gary Griffith, President, Montana School Board Association, (MSBA),** said this year school boards hoped for an 8% increase based upon the amount of money necessary to continue operating the programs in place. Local levies will, once again, need to be raised to keep pace with last year's programs. Unless the Foundation Program keeps pace, more local taxing will be needed.

**Ellen Bourgeau, Legislative Coordinator for the Montana Congress of Parents and Teachers,** submitted written testimony. EXHIBIT 2

**Tom Bilodeau, Research Director, Montana Education Association, (MEA),** submitted written testimony. EXHIBIT 3

**Pat Melby, Underfunded School Coalition,** said the coalition has two primary goals, one providing for equalization of school funding and the other to insure quality elementary and secondary schools. These goals will only be met by the school foundation program being funded at a level which will reduce the disparity and per pupil spending among the districts and reduce the excessive reliance on the local property tax. If no increase in the Foundation Program is provided any ground that was gained towards equalization in HB 28 will be lost. If HB 647 passes, in its present form, the state will probably lose ground on equalization because it doesn't keep up with inflation. To maintain the level of equalization gained in HB 28, 8% is recommended by the Board of Public Education and the School Boards Association.

**Mike Button, Superintendent, Plains,** said his district anticipates additional costs next year due to inflation. The voters will have a hard time approving a large number of mills through a voted levy to support the school's revenue requirement.

**Jim Turner, School Administrators of Montana, (SAM),** urged

support for HB 647 particularly from the standpoint of equity. Not keeping up with the commitment made to equity and the integrity of the very concept of HB 28 to provide a level of statewide dollars to fund schools, means going back to the local property taxpayer for the levies and back to the same situation as before.

**Kay McKenna, Montana Association of County School Superintendents, (MACSS)**, said the heavy price tag bills before the committee show the plight of education presently. Educators want to move forward but have no funds to allow it to happen. As Will Rogers said, "The fellow who can only see a week ahead is always the popular fellow for he is looking with the crowd but the one that can see years ahead has a telescope but can't make anybody believe that he has it".

**Chip Erdmann, Montana Rural Education Association (MREA)**, said while the Association supports the schedule increases contained in the bill, it is important to recognize the unfairness of the current schedules towards rural schools. Everyone who deals with the schedules agrees that they are out of whack and need adjustment on the lower end. The committee needs to be aware that while MREA supports HB 647, it won't solve the basic inequities and unfairness found in the current schedules for rural schools.

**Terry Minow, Montana Federation of Teachers, (MFT)**, stated support for amending the bill to reflect the current rate of inflation. MFT did not support HB 28 and is particularly opposed to any caps on school spending because caps are used to equalize downward. This bill will improve the amount of money that goes from the state to the local school districts and will allow the maintenance of quality in education.

**Harry Erickson, Superintendent, Belgrade**, presented written testimony. EXHIBIT 4

**Steve Henry, President, Billings Education Association**, stated support for HB 647 and its amendment as it is a state responsibility to provide equal educational opportunity for students. This requested increase in foundation schedules is less than the inflationary increases that affects many fixed costs of operating school districts. If an offset is not provided for the increase in fixed costs, the difference comes from items that most directly affect the students such as textbooks, libraries, classrooms, supplies and equipment. If the state does not continue to provide at least an inflationary increase in school funding, the responsibility will continue to fall back on local taxpayers or the students will suffer from lack of educational opportunity.

**Peter Carparelli, Superintendent, Billings**, said this is a matter of choice this year and perhaps in the last session there was pressure or "feet to the fire". Educators have been making the

choice to keep Montana close to the top through all measures of education in this country and now the choice once again comes to the Legislature.

Linda Carlson, Superintendent, St. Regis, voiced support for HB 647 with amendments. They are an extremely poor district, operating within the 135% confines of HB 28. Teacher base salary is \$15,400 which is extremely low. In order to meet the new accreditation standards and furnish the children with quality education, this is very needed legislation.

#### Opponents' Testimony:

REP. GARY FELAND said the bill is typical overspending. Add up all the proposed education bills and the total is over \$100 million which is outrageous.

#### Questions From Committee Members:

REP. HANSON asked Supt. Keenan if this appropriation fails, will the local taxpayers have to pick up the cost. Where is the money to come from except but from the taxpayers? Supt. Keenan answered any money generated to fund the foundation schedules comes from taxes. In the equalization suit, two issues were addressed: (1) per pupil expenditure and (2) taxpayer equity. When superintendents must have current level spending and the state has not put money into it they have to go back and raise the mill levy to keep current level. The fact is, in taxpayer equity the effort to pay taxes in some areas such as St. Regis where a mill is worth maybe \$400 is much greater than in Colstrip where a mill might generate as much as \$200,000. When districts go back to the voted levy that puts equalization out of whack again and the gap gets wider. REP. HANSON asked what percentage of the total state budget should be spent on education since in the past education, including the University System, has spent approximately 67% of the state funds available. Supt. Keenan answered it is critical to recognize that public education is big business. While spending approximately \$600 million dollars a year, Montana has fallen below the national average and is obviously not meeting the needs of the districts. What amount is to be spent to provide quality education? It is the "pay me now or pay me later" syndrome. Pay now to take care of these kids and educate or pay later and build more prisons, social programs, welfare, and unemployment. REP. HANSON said Montana's individual income is down from the national average and that should tie together. Supt. Keenan said it is something to weigh as a legislator. Look at the home district and see the needs and what the burden will be to taxpayers if no money is put in at the state level.

#### Closing by Sponsor:

REP. SCHYE said the legislature has to make education a priority. or not. The courts will come back if the schedules keep going

down and say that's not equalization. It is a safe bet the courts will win again. Decisions on where the revenue will come from will have to be made and that is what legislators pay their fifteen dollars for. Education is still a priority in my area and the taxpayers are still willing to pay for it. This is a necessary bill and the 4.4 and 4.8% increase is a minimum.

### HEARING ON HB 762

#### Presentation and Opening Statement by Sponsor:

REPRESENTATIVE LARRY GRINDE, House District 30, Lewistown, said HB 762 appropriates the funds for the foundation schedule with no increase. Without a clear database, it is impossible to know what has happened in the individual districts. Great changes take time and great strides have been made for Montana's children over the last few years. With the passage of HB 28, many things were accomplished and education was given many advantages that other sectors of state government do not have. School districts can go to the voters for support while other agencies cannot. The caps from 105 were removed for education which was another significant change that occurred. Most state agencies receive less than the 4% increase and they weren't given significant increases in 1991 like education was. The funding for the school schedules is a guarantee afforded no one else. If there is a revenue shortfall in Montana, other agencies will no doubt go down. Schools have had a significant increase in funding in the past two years as the General Fund and Comprehensive Insurance has risen from \$490 million in FY 89 to \$570 million in FY 91. This is an \$80 million dollar increase. The dollars are just not there and to increase the schedules is to increase taxes for Montanans. Montana's economy is soft and revenue projections may not be what was estimated. Until the Montana tax system is restructured, new taxes at this point would be detrimental. The political reality is that the dollars aren't there without raising taxes. Let HB 28 work for the next biennium at which time the Legislature will be better able to analyze the problems.

#### Proponents' Testimony:

Marilyn Miller, Senior Policy Aide to Governor Stan Stephens, Human Services and Education, said the responsibility of the Governor and staff is to develop a responsible program for Montanans at an affordable cost to taxpayers. The Governor's recommendation for operating K-12 education is to continue operating on the substantial increase in state support approved in 1989. The new funding system should have time to work and maintain the current level of support for the next two years. Status quo already equates to a great deal of money. The Foundation Program of \$787 million dollars is approximately 46% of the \$1.7 billion necessary to operate the state for the biennium. Montana has shown strong support for its schools and Governor Stephens supports Montana schools and its students.

Opponents' Testimony: None

Questions From Committee Members:

CHAIRMAN SCHYE asked REP. GRINDE what he meant by saying the schedules are guaranteed. How are they guaranteed? REP. GRINDE answered every time the Legislature meets it funds the schedules. CHAIRMAN SCHYE said he made the statement that education is always guaranteed, and how is that true since an appropriations bill is needed before they are guaranteed. REP. GRINDE replied this funding has been done throughout history.

Closing by Sponsor:

REP. GRINDE said this is a difficult situation since everyone wants to support education but it has to be done in a rational manner realizing other areas need attention. He doesn't see good times ahead for the State of Montana but wishes he could predict differently. To impose more taxes on the people would be a very poor move.

EXECUTIVE ACTION ON HB 507

Motion/Vote: REP. BERGSAGEL moved HB 507 DO PASS. Motion CARRIED unanimously.

EXECUTIVE ACTION ON HB 654

Motion/Vote: REP. BERGSAGEL moved HB 654 DO PASS.

Discussion: Andrea Merrill discussed the proposed amendment to remove unconstitutional language regarding age qualifications for teacher certification. EXHIBIT 5

Motion/Vote: REP. ELLIS moved to adopt the amendment. Motion CARRIED unanimously.

Motion/Vote: REP. BERGSAGEL moved HB 654 DO PASS AS AMENDED. Motion CARRIED unanimously.

EXECUTIVE ACTION ON HB 436

Motion: REP. WYATT moved HB 436 DO PASS.

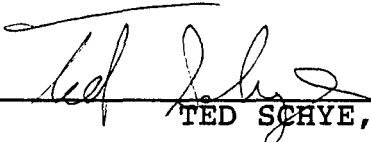
Discussion: Andrea Merrill explained amendments to HB 436. EXHIBIT 6

Motion/Vote: REP. STANG moved to adopt the amendments. Motion CARRIED unanimously.

Motion/Vote: REP. WYATT made a substitute motion that HB 436 DO PASS AS AMENDED. Motion CARRIED unanimously.

ADJOURNMENT

Adjournment: 5:30 p.m.

  
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TED SCHYE, Chair

  
\_\_\_\_\_  
DIANNE MCKITTRICK, Secretary

TS/dMcK

# HOUSE OF REPRESENTATIVES

## EDUCATION AND CULTURAL RESOURCES COMMITTEE

ROLL CALL

DATE 2-15-91

NAME	PRESENT	ABSENT	EXCUSED
REP. TED SCHYE, CHAIRMAN	✓		
REP. ERVIN DAVIS, VICE-CHAIRMAN	✓		
REP. STEVE BENEDICT	✓		
REP. ERNEST BERGSAGEL	✓		
REP. ROBERT CLARK	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRED "FRITZ" DAILY	✓		
REP. ALVIN ELLIS, JR.	✓		
REP. GARY FELAND	✓		
REP. GARY FORRESTER	✓		
REP. FLOYD "BOB" GERVAIS	✓		
REP. H.S. "SONNY" HANSON	✓		
REP. DAN HARRINGTON	✓		
REP. TOM KILPATRICK	✓		
REP. BEA MCCARTHY	✓		
REP. SCOTT MCCULLOCH	✓		
REP. RICHARD SIMPKINS	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. NORM WALLIN	✓		
REP. DIANA WYATT	✓		

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2-16-91  
TDB

HOUSE STANDING COMMITTEE REPORT

February 16, 1991

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Mr. Speaker: We, the committee on Education and Cultural Resources report that House Bill 507 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_  
Ted Schye, Chairman

HOUSE STANDING COMMITTEE REPORT

February 16, 1991

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Mr. Speaker: We, the committee on Education and Cultural Resources report that House Bill 654 (first reading copy -- white) do pass as amended .

Signed: \_\_\_\_\_  
Ted Schye, Chairman

And, that such amendments read:

1. Title, line 7.

Following: "CERTIFICATION;"

Insert: "TO REMOVE UNCONSTITUTIONAL LANGUAGE REGARDING AGE  
DISCRIMINATION FOR TEACHER CERTIFICATION;"

2. Page 1, line 14 and 15.

Following: "older"

Strike: remainder of line 14 through "age" on line 15

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TDR

HOUSE STANDING COMMITTEE REPORT

February 16, 1991

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Mr. Speaker: We, the committee on Education and Cultural Resources report that House Bill 436 (first reading copy -- white) do pass as amended.

Signed: \_\_\_\_\_  
Ted Schye, Chairman

And, that such amendments read:

1. Page 1, line 6.

Following: "20-7-461,"

Insert: "20-9-321,"

2. Page 4, line 23.

Following: "impairment"

Insert: ", including deafness"

3. Page 8, line 11.

Following: "diabetes"

Insert: ", that adversely affects a child's educational performance"

4. Page 16.

Following: line 3

Insert: "Section 8. Section 20-9-321, MCA, is amended to read:

"20-9-321. Foundation program and contingency funds for special education. (1) For the purpose of establishing the foundation program amount for a current year special education program for a school district, the superintendent of public instruction shall determine the total estimated cost of the special education program for the school district on the basis of a special education program budget submitted by the district. The budget must be prepared on forms provided by the superintendent of public instruction and must set out for each program:

(a) the estimated allowable costs associated with operating the program where allowable costs are as defined in 20-7-431;

(b) the number of pupils expected to be enrolled in the program; and

(c) any other data required by the superintendent of public instruction for budget justification purposes and to administer the provisions of 20-9-315 through 20-9-321.

(2) The total amount of allowable costs approved by the

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ADD

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superintendent of public instruction is the special education foundation program amount for current year special education program purposes. The total amount of allowable costs that are approved for the special education budget may not, under any condition, be less than the foundation program amount for one regular ANB for each full-time special pupil in the school district.

(3) Any amount of the special education allowable costs for a district approved under the provisions of subsection (2) that is an increase in the approved allowable costs from the previous school fiscal year and is a result of expanded programs or recalculations of the special education allowable costs base may be deposited and managed in the separate account of the miscellaneous programs fund of the district that is prescribed in subsection (4).

(4) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a separate account of the miscellaneous programs fund of the district as provided in 20-9-507. However, if contingency funds are not available, then subject to the approval of the program by the superintendent under the emergency budget provisions of 20-9-161(5), allowable costs for the given year may be added to the foundation program amount for special education for the subsequent school year. The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(5) (a) The special education contingency funds in subsection (4):

(i) are biennially appropriated;

(ii) are for emergencies that may arise in the special education programs of school districts or special education cooperatives; and

(iii) may be used to fund positions that have gone unfilled for a full school fiscal year and for which state special education funds were not awarded.

(b) The board of trustees of a district or the management board of a special education cooperative may apply for contingency funding by submitting to the superintendent of public instruction, in the form prescribed by the superintendent of public instruction, written documentation that describes the need for the funds.

~~(4)~~ (6) The sum of the previous year special education

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expenses as defined in ~~subsection~~ subsections (3) and (4) and the foundation program amount for current year special education as defined in subsections (1) and (2) is the special education budget for accounting purposes.

~~(5)~~ (7) The foundation program amount for special education must be added to the foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total foundation program amount for the district."

Renumber: subsequent sections

PRESENT EXPENDITURES  
EFFECT OF HB28

EXHIBIT #1  
DATE 2-15-91  
HB 647

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FISCAL YEAR 89 SCHOOL EXPENDITURES (1988-1989)

CATEGORY:	ACTUAL -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	279.4	186.0	465.4
RETIREMENT	8.4	45.7	54.1
TRANSPORTATION	6.2	22.7	28.9
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	294.0	254.4	548.4
PERCENT OF TOTAL	53.61%	46.39%	100.00%

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---YEAR WHEN NEW FUNDING SYSTEM KICKS IN---  
FISCAL YEAR 91 SCHOOL EXPENDITURES (1990-1991)-PRESENT YEAR  
ASSUME 5% AVERAGE INCREASE PER YEAR FOR TWO (2) YEARS

CATEGORY:	PROJECTED TOTAL IS 110% of FY89 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
PROJECTED GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	385.1	126.8	511.9
RETIREMENT	16.9	42.6	59.5
TRANSPORTATION	10.5	21.3	31.8
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	412.5	190.7	603.2
PERCENT OF TOTAL	68.39%	31.61%	100.00%

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\* OTHER MEANS STATE AND FEDERAL FUNDS

COST TO RAISE STATE SHARE TO 85%

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---NEXT BIENNIUM---

FISCAL YEAR 92 SCHOOL EXPENDITURES (1991-1992)

ASSUME 5% AVERAGE INCREASE PER YEAR

ASSUME STATE FUNDS THE GOAL OF 85% IN EACH CATEGORY

CATEGORY:	PROJECTED TOTAL IS 105% of FY91 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	456.9	80.6	537.5
RETIREMENT	53.1	9.4	62.5
TRANSPORTATION	28.4	5.0	33.4
	538.4	95.0	633.4
PERCENT OF TOTAL	85.00%	15.00%	100.00%
INCREASE (DECREASE) IN EXPENDITURE OVER FY 91	125.9	-95.7	30.2
TOTAL NEW GROWTH IN EXPENDITURES OVER PREVIOUS YEAR	125.9	-95.7	30.2

FISCAL YEAR 93 SCHOOL EXPENDITURES (1992-1993)

ASSUME 5% AVERAGE INCREASE PER YEAR

ASSUME STATE FUNDS THE GOAL OF 85% IN EACH CATEGORY

CATEGORY:	PROJECTED TOTAL IS 105% of FY92 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	479.7	84.7	564.4
RETIREMENT	55.8	9.8	65.6
TRANSPORTATION	29.8	5.3	35.1
	565.3	99.8	665.0
PERCENT OF TOTAL	85.00%	15.00%	100.00%
INCREASE (DECREASE) IN EXPENDITURE OVER FY 91	152.8	-90.9	61.8
TOTAL NEW GROWTH IN EXPENDITURES OVER PREVIOUS YEAR	26.9	4.8	31.7

\* OTHER MEANS STATE AND FEDERAL FUNDS

EFFECT OF 0-0% FOUNDATION PROGRAM INCREASE

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---NEXT BIENNIUM---

FISCAL YEAR 92 SCHOOL EXPENDITURES (1991-1992)

ASSUME 5% AVERAGE INCREASE PER YEAR

ASSUME STATE DOESN'T INCREASE ITS CONTRIBUTION IN ANY CATEGORY

CATEGORY:	PROJECTED TOTAL IS 105% of FY91 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	385.1	152.4	537.5
RETIREMENT	16.9	45.6	62.5
TRANSPORTATION	10.5	22.9	33.4
	-----	-----	-----
	412.5	220.9	633.4
PERCENT OF TOTAL INCREASE (DECREASE) IN EXPENDITURE OVER FY 91	65.13%	34.87%	100.00%
TOTAL NEW GROWTH IN EXPENDITURES OVER PREVIOUS YEAR	0.0	30.2	30.2

FISCAL YEAR 93 SCHOOL EXPENDITURES (1992-1993)

ASSUME 5% AVERAGE INCREASE PER YEAR

ASSUME STATE FUNDS THE GOAL OF 85% IN EACH CATEGORY

CATEGORY:	PROJECTED TOTAL IS 105% of FY92 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	385.1	179.3	564.4
RETIREMENT	16.9	48.7	65.6
TRANSPORTATION	10.5	24.6	35.1
	-----	-----	-----
	412.5	252.5	665.0
PERCENT OF TOTAL INCREASE (DECREASE) IN EXPENDITURE OVER FY 91	62.03%	37.97%	100.00%
TOTAL NEW GROWTH IN EXPENDITURES OVER PREVIOUS YEAR	0.0	61.8	61.8

\* OTHER MEANS STATE AND FEDERAL FUNDS

\*\*\*\*\*

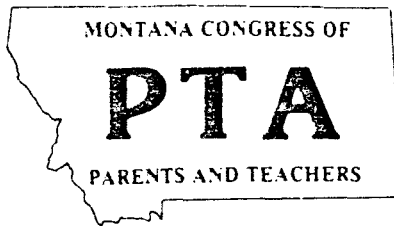
EFFECT OF 8% FOUNDATION PROGRAM INCREASE

\*\*\*\*\*

---NEXT BIENNIUM---

FISCAL YEAR 92 SCHOOL EXPENDITURES (1991-1992)  
ASSUME 5% AVERAGE INCREASE PER YEAR  
ASSUME STATE INCREASES ITS CONTRIBUTION 8%

CATEGORY:	PROJECTED TOTAL IS 105% of FY91 -----IN MILLIONS-----		
	STATE	OTHER*	TOTAL
GENERAL FUND			
PLUS COMPREHENSIVE INSURANCE	415.9	121.6	537.5
RETIREMENT	18.3	44.2	62.5
TRANSPORTATION	11.3	22.1	33.4
	-----	-----	-----
	445.5	187.9	633.4
	70.34%	29.66%	100.00%
PERCENT OF TOTAL INCREASE (DECREASE) IN EXPENDITURE OVER FY 91	33.0	-2.8	30.2
TOTAL NEW GROWTH IN EXPENDITURES OVER PREVIOUS YEAR	33.0	-2.8	30.2



H.B. 647

EXHIBIT #2  
DATE 2-15-91  
HB 647

House Education and Cultural Resources Committee

Chairman Schye and Members of the Education and Cultural Resource Committee;

I am Ellen Bourgeau, legislative coordinator for the Montana Congress of Parents and Teachers. With me today are parents from Billings, Kalispell, Anaconda, Helena, Lolo, Missoula, and Great Falls. I speak for them and the 10,000 members of Montana's largest child advocacy group, the PTA, and we speak for our children: their health, their welfare and their education.

The Montana PTA is intensely concerned that every public school district in Montana provide excellent public education for its children and youth. This excellence requires adequate funding to provide quality education which is the right, not privilege, of every child.

To paraphrase the words of Neil Goldschmidt, Governor of Oregon, "We must husband and harvest the growth of talent and hope that lies within the next generation. We must not neglect our children's educational needs today, else tomorrow's workforce will be unable to compete." In other words, let us offer a present to the future that will be beneficial to it.

There has been much discussion about what a quality education entails and for how much of the cost the state is responsible. We may not be able to agree on a common definition, but we certainly can agree that if we do not graduate students who are literate in the skills that are relevant to today, then we have not provided our students a quality education. The state is responsible for educating the youth and therefore, the funding of it. Basics as identified in years past are not sufficient today. It is essential to offer an education that is holistic, with full coverage of educational possibilities and programs of extra-curricular activities.

Schools must not be forced to rely on outside sources to provide quality educational programming.

We mustn't go backwards in education and we cannot stay at the level of financing that we are at without going backwards. Costs and needs increase as more demands are placed on the school districts.

We believe the state must make the funding of education a top priority and we believe you can make it a reality. Henry Ford said, "Whether you think you can or think you can't, you're right!"

Abraham Lincoln left us with the following thought, "A child is a person who is going to carry on what you have started. He is going to sit where you are sitting, and when you are gone, attend to those things which you think are important. You may adopt all the policies you please, but how they are carried out depends on him. He will assume control of your cities, states, and nations. He is going to move in and take over your churches, schools, universities and corporations...the fate of humanity is in his hands."

EXHIBIT #2  
DATE 2-15-91  
HB 647

Let's support the educating of the minds that go with those hands by giving schools and educators what they need to do a great job in educating our young people.

Please support an increase in education funding.

Thank you for your time and attention to this very important matter.

Ellen Bourgeau  
1111 Eaton  
Missoula, MT 59801

Enclosure

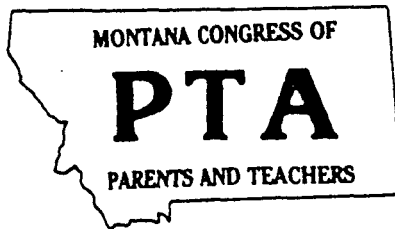


EXHIBIT #2  
DATE 2-15-91  
FILE 647

## FINANCIAL SUPPORT OF PUBLIC SCHOOLS

Whereas, The Montana PTA is intensely concerned that every public school district in Montana provide excellent public education for its children and youth; and

Whereas, Excellence in public education requires adequate financing; and

Whereas, Financial support of public schools is adversely affected by public's lack of understanding of school needs, and by excessive dependence on the inequitable property tax; and

Whereas, Funding for public education and other programs for children should be a top priority of the state government because these programs are investments in the future of this state; therefore be it

RESOLVED, That the Montana PTA and all its Council/Units intensify their efforts to educate the public on public school needs and public support needed to assure funds adequate for quality education in every public school district in Montana; and be it further

RESOLVED, That Montana PTA encourage education groups across the state to study fiscal management of education revenue and a study of school district consolidation where appropriate; and be it further

RESOLVED, That the Montana PTA support increasing state revenues through an appropriate tax increase or other means that insures adequate funding for public education.



Montana Education Association

1232 East Sixth Avenue • Helena, Montana 59601 • 406-442-4250

EXHIBIT #3  
DATE 2-15-91  
HB 647

**MONTANA'S PROMISE:  
FUNDING A QUALITY PUBLIC EDUCATION FOR ALL**

As a matter of steadfast popular opinion, public policy and law, Montana's commitment to education is the promise of the future to our children and ourselves. Our commitment to public education is underscored by 1972 Constitutional guarantees which experienced education finance experts and attorneys believe to be the strongest in the nation:

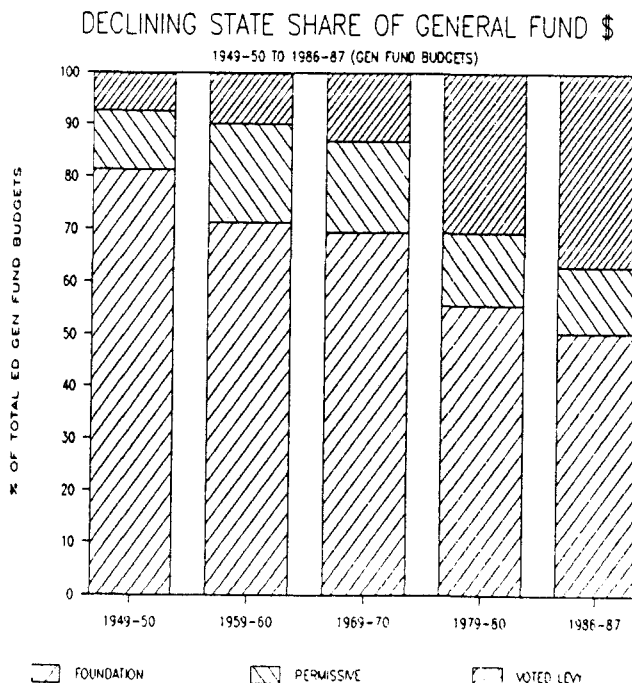
"It is the goal of the people to establish a system of education which will develop the full educational potential of each person. Equality of educational opportunity is guaranteed to each person of the state.

"The legislature shall provide a basic system of free quality elementary and secondary schools...(and) shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system."

Article X. Montana Constitution of 1972.

Virtually alone among the states, Montana's Constitutional language provides a dual guarantee of a free quality education for all and mandates that the State will fund such a system on an equitable basis.

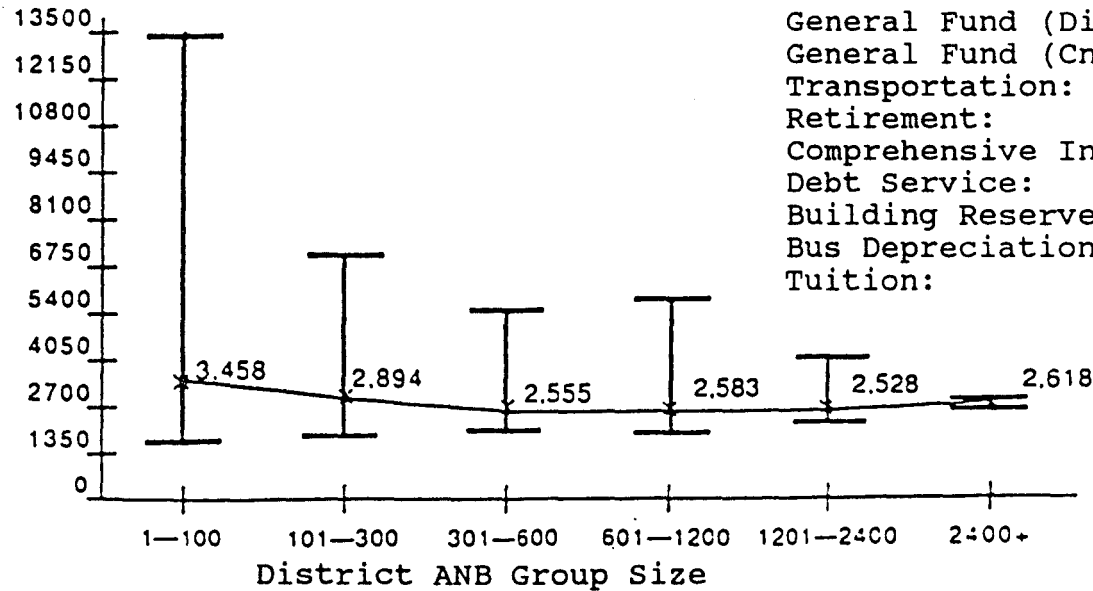
By the mid-1980's, however, there were indications that Montana was failing to fulfill its educational promise. A continuing pattern of inadequate foundation program funding by the state had resulted in alarming inequities of spending and millage levels.



# **STATEWIDE FY87 ELEMENTARY DISTRICT DISPARITY**

\$ PER ANB / SPENDING DISPARITY

MILLAGE DISPARITY

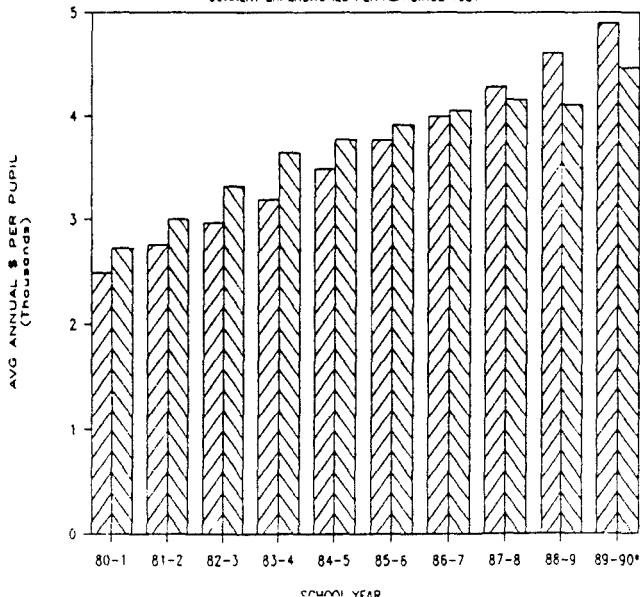


General Fund (Dist):	6 - 123
General Fund (Cnty):	28
Transportation:	0 - 45
Retirement:	4 - 33
Comprehensive Ins:	0 - 31
Debt Service:	0 - 65
Building Reserve:	0 - 35
Bus Depreciation:	0 - 21
Tuition:	0 - 59

The situation was accompanied by a general decline in many districts' capacities to improve -- or even maintain -- educational programs and staff retention, professional development standards, and compensation. At the very time that spending and millage disparities between districts widened, Montana began a downward slide relative to the other states' spending levels per student. It was increasingly evident that Montana was losing its best competitive edge for future economic development -- i.e. the quality of its educational system and the resulting workforce. (See reports of the Corporation for Economic Development; 1985-1990.)

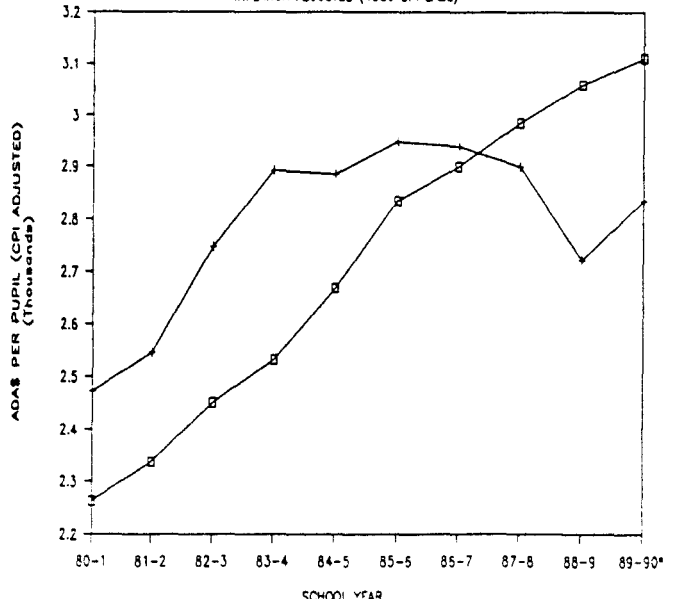
## US & MT PER PUPIL K-12 EXPENDITURES

CURRENT EXPENDITURES PER ADA SINCE 1981



## US & MT PER PUPIL (ADA) EXPENDITURES

INFLATION ADJUSTED (1980 CPI BASE)



THE UNDERFUNDED SCHOOLS LITIGATION

By the conclusion of the 1985 Legislative Session, many of Montana's "low property wealth/high tax effort/low expenditure school districts" determined that legal action was required to prod state government toward a renewed commitment to equalized public education funding. Relying on the Montana Constitution's dual guarantee of equal opportunity to quality education and equity of state supported funding, legal precedent in California's Serrano case, as well as righteous purpose borne out by demonstrable fact, the 60 district strong "Underfunded Schools Coalition" filed suit in the spring of 1985. Five months later, MEA joined the litigation as an independent intervener.

The long and complex litigation concluded with an early 1989 unanimous decision of the Montana Supreme Court finding that application of Montana's education finance system was unconstitutional and basically upholding all significant aspects of the plaintiffs' and MEA's case. In pertinent part, the Court held that:

"The evidence clearly and unequivocally established...

large differences, unrelated to "educationally relevant factors," in per pupil spending (presently exist) among the various school districts of Montana...

that wealthier school districts are not funding frills or unnecessary educational expenses...(and that)

discrepancies in spending as large as the ones present in Montana translate...into unequal educational opportunities."

The Court went on to note: "the State failed to submit convincing evidence on the output theory of measurement;" that recent "statewide fiscal difficulties in no way justify perpetuating inequities;" and that "the present system of funding may be said to deny to poorer school districts a significant level of local control, because they have fewer options due to fewer resources."

"We conclude that as a result of the failure to adequately fund the Foundation Program, forcing an excessive reliance on permissive and voted levies, the State has failed to provide a system of quality public education granting to each student the equality of educational opportunity guaranteed under Article X-Section 1 of the constitution. We specifically affirm...that the spending disparities among the State's school districts translate into a denial of equality of educational opportunity."

Helena Schl Dist, et al v Montana, Montana Supreme Court (1989).

**THE LEGISLATIVE RESPONSE -- HOUSE BILL 28 (1989)**

Following adverse amendment of SB203 and then gubernatorial veto of the SB26 (the "compromise" education finance reform bill favored by the education community), HB28 was enacted by the Legislature during the Second Special Session of 1989. This sweeping reform of Montana's school funding law was signed by the Governor on August 11, 1989, and was implemented at the beginning of the 1990-91 (FY91) school year.

In terms of state financial support for the public schools, HB28's major provisions include:

- 1) adoption of foundation program schedule payments to districts that range from 17% to nearly 28% higher than previously provided (this change raised the state's contribution to foundation costs to slightly more than \$400 million in FY91);
- 2) institution of a guaranteed tax base (GTB) system to supplement low wealth tax jurisdiction's revenue generating capacity through permissive general fund and county retirement millages (in FY91, the GTB support provided by the state will exceed \$30 million dollars for the general fund and \$13 million dollars for the retirement fund).

The increased state support is financed by a mandatory statewide 95 mill levy, a 5 percent surtax on individual and corporate income taxes, and reallocation of coal, lottery, and income tax revenues. The bill also repeals the current net and gross proceeds taxes on coal, oil, and natural gas and provides for a "flat tax" severance tax in their place.

MEA

STATE & LOCAL SCHOOL FUNDING: FY89 EXPENDITURES COMPARED TO FY91 BUDGETS UNDER HB28

18-Jan-91

----- FY89 (1988-89) -----					----- FY91 (1990-91) BUDGETS -----				
FUND	ACTUAL FY89% EXPENDITURES	STATE SUPPORT \$	OTHER REV % (LOCAL+FED)		FY91% BUDGETS	STATE SUPPORT \$	NEW STATE \$ FY91-FY89	OTHER REV % (LOCAL+FED)	NEW OTH REV (LOCAL+FED)
GENERAL(+CI)	465,420,214	287,563,888	62%	177,856,326	569,551,946	436,986,185	77% 149,422,297	132,565,761	(45,290,565)
RETIREMENT	54,092,199	8,375,890	15%	45,716,309	59,501,419	13,616,387	23% 5,240,497	45,885,032	168,723
TRANSPORTATION	28,860,437	10,574,537	37%	18,285,900	31,746,481	10,866,953	34% 292,416	20,879,528	2,593,628
TOTAL:	548,372,850	306,514,315	56%	241,858,535	660,799,846	461,469,525	70% 154,955,210	199,330,321	(42,528,214)
					NET \$ GROWTH* (FY91%-FY89%)				
					112,426,996				

SOURCE: OPI, LEG FISCAL ANALYST & MEA FILES.

\* NOTE THAT FY89 EXPENDITURES ARE BEING COMPARED TO FY91 BUDGETS!

GENERAL FUND "STATE SUPPORT" DEFINITION: FOR FY89 = FOUNDATION+EQ PERM+SP.ED; FOR FY91 = FOUNDATION+GTB+SP.ED.

RETIREMENT FUND "STATE SUPPORT" DEFINITION: FOR FY89 = LOTTERY DISTRIBUTION; FOR FY91 = RETIREMENT GTB.

TRANSPORTATION FUND "STATE SUPPORT" DEFINITION: FOR BOTH FY89 & FY91 = STATE SCHEDULE APPROPRIATION + ELEM EQ PORTION.

HB28 constitutes an important first step toward reversing the downward slide in Montana school financing. Unfortunately, HB 28 fails a number of critical tests relating to the adequacy of state funding, disparity and equalization, as well as sufficiency of a balanced revenue base for future support of public school finance. HB28's serious shortcomings (many of which were identified and discussed by MEA and the education community with policy-makers as early as the summer of 1989) include:

- \* HB28 does not pass Montana's "historical test" of equalization. The 1949 foundation plus permissive provided 92% equalized state/countywide revenues for the schools. HB 28, at best, provides 75% equalized or state source revenues and this level is likely to decrease rapidly.
- \* The Court's equalization test. Federal standards for "legal equalization" mandate a spending disparity of no more than 25% between districts ranked at the 5th and 95th percentile of spending within accepted district size groupings. HB 28 fails the disparity test.

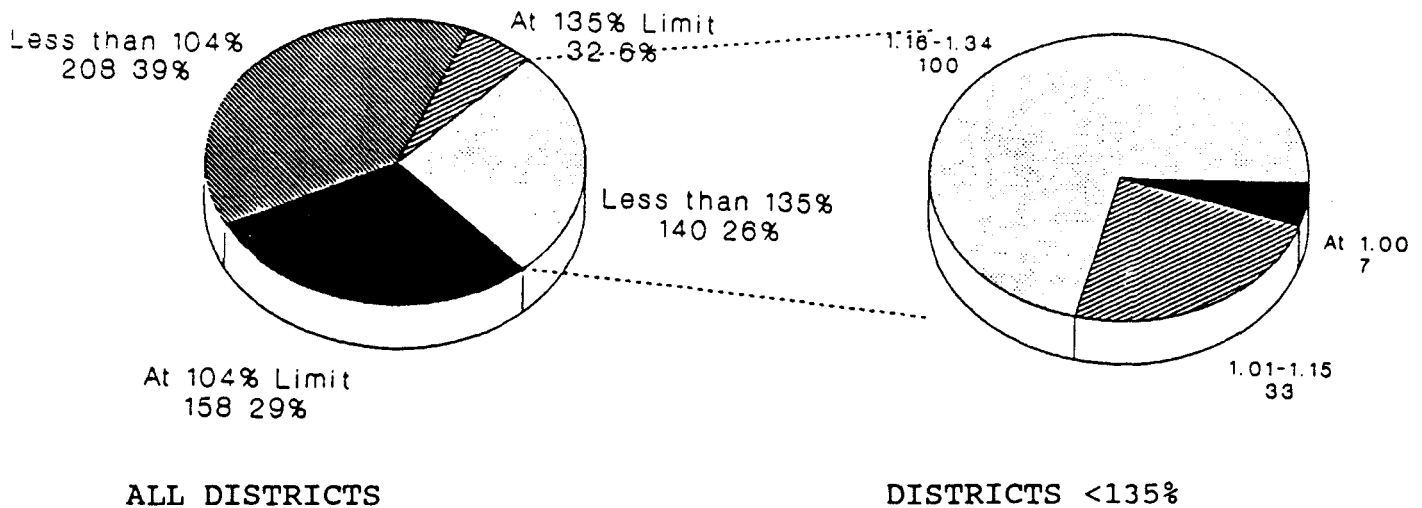
#### PRELIMINARY HB 28 DISPARITY RATIOS

Category	95th to 5th Percentile	
	Elementary	Secondary
1	4.05	2.20
2	3.04	1.86
3	2.08	2.01
4	2.02	2.08
5	1.98	1.81
6	1.71	1.37

- \* Continued uncertainty of revenue and reliance on property tax. More than \$15 million of HB 28 revenue is generated by a 5% surcharge on individual and corporate income taxes. The 5% surcharge sunsets at the end of FY91 and will not be available in future years. Moreover, approximately half of HB 28's foundation and GTB revenues will be property tax derived. No property tax relief will be experienced statewide.
- \* Flat tax on oil, gas and coal - impact down the road. The "flat tax" for energy-dependent districts means that ordinary taxpayers (households, businesses, etc.) will pay for future school levy increases.
- \* The largest school funds outside of the general and retirement funds -- transportation and capital/debt funds -- remain unequalized. Almost all of \$90 million spent in these funds remains dependent on unequalized local property tax revenues.

The excessive level of spending disparity pursuant to HB28 is clearly related to underfunding of "the base" (i.e. the foundation schedules, special education, etc.), coupled with the allowance for "high spending" districts to increase their annual budgets by 4% each year. Apart from resulting disparity aspects of the 135% and 104% budget capping provisions of HB28, the caps themselves are triggered at such levels that many of Montana's schools will in the immediate future find their budgeting authority limited to 4% or less growth per year -- in otherwords, at current inflation rates, less than the growth rate needed to maintain constant dollar expenditure levels.

### FY91 DISTRICT BUDGETING & CAPPING PATTERNS



One means of "fixing" HB 28 is to target a high level of state support for inflation adjusted education spending by a specified fiscal year. MEA supports future state support (primarily through foundation schedule increases) to be targeted at 85% of total, combined and inflation adjusted FY91 general, retirement and transportation fund actual expenditures.

If this target was implemented as early as FY93, Montana per pupil current expenditures would approximate the projected national average expenditure per pupil. Moreover, by targeting and indexing a high level of state support for inflation adjusted expenditures, a sufficient funding floor would be created to assure the funding base demanded by a "quality education for all." With such in place, the state could tighten HB 28's equalization constraints ("expenditure caps") in a manner that will meet legal tests.

MEA

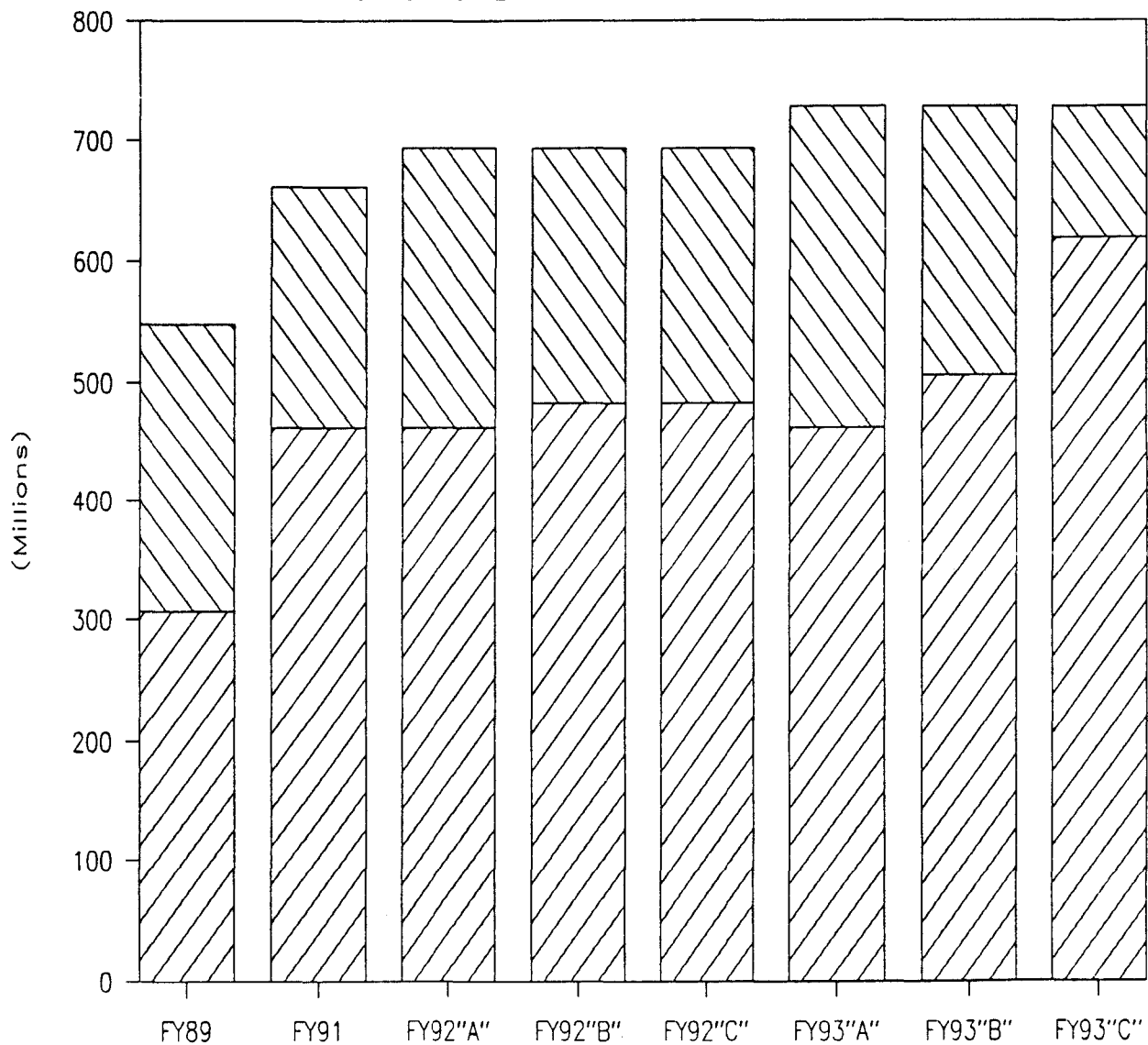
EDUCATION FUNDING OPTIONS IN THE 1990'S  
STATE & OTHER REVENUE FUNDING FOR THE GENERAL, RETIREMENT & TRANSPORTATION FUNDS

01/18/91

SCHOOL FUNDING (GEN+RET+TRANS FUNDS)	ACTUAL \$ FY89	PROJECTED \$ FY91	PROJECTED \$ FY92"A"	PROJECTED \$ FY92"B"	PROJECTED \$ FY92"C"	PROJECTED \$ FY93"A"	PROJECTED \$ FY93"B"	PROJECTED \$ FY93"C"
STATE SUPPORT	306,514,315	461,469,525	461,469,525	483,318,834	483,318,834	461,469,525	506,260,609	619,252,055
OTHER REVENUE	241,858,535	199,330,321	232,370,313	210,521,004	210,521,004	267,062,305	222,271,221	109,279,774
TOTAL:	548,372,850	660,799,846	693,839,838	693,839,838	693,839,838	728,531,830	728,531,830	728,531,830
INFLATION ADJUSTED 25% YR (FY91 BASE)	608,693,864	660,799,846	660,799,846	660,799,846	660,799,846	660,799,846	660,799,846	660,799,846

# EDUCATION FUNDING OPTIONS IN THE 1990'S

STATE & OTHER REVENUE SUPPORT: FY89-93



STATE SUPPORT

OTHER REVENUE

EXHIBIT #3  
 DATE 2-15-91  
 HB 647

MEA PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY92 COMPARED TO FY91  
 ASSUMING NO ADDITIONAL STATE SUPPORT ABOVE FY91 LEVELS ("A") 18-Jan-91

----- FY91 (1990-91) -----					----- PROJECTED FY92 (1991-92) -----				
FUND	FY91 BUDGET	STATE SUPPORT	OTHER REV		PROJ FY92*	STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
		\$ %	(LOCAL+FED)		(FY91*+5%)	\$ %	FY92-FY91	(LOCAL+FED)	(LOCAL+FED)
GENERAL(+CI)	569,551,946	436,986,185	77%	132,565,761	598,029,543	436,986,185	73%	0	161,043,358
RETIREMENT	59,501,419	13,616,387	23%	45,885,032	62,476,490	13,616,387	22%	0	48,860,103
TRANSPORTATION	31,746,481	10,866,953	34%	20,879,528	33,333,805	10,866,953	33%	0	22,466,852
TOTAL:	660,799,846	461,469,525	70%	199,330,321	693,839,838	461,469,525	67%	0	232,370,313
					-----				
					NET \$ GROWTH* (FY92*-FY91*)				
					33,039,992				

SOURCE: OPI, LEG FISCAL ANALYST & MEA FILES. \* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY93 COMPARED TO FY92  
 ASSUMING NO ADDITIONAL STATE SUPPORT ABOVE FY91 LEVELS ("A")

----- PROJECTED FY92 (1991-92) -----					----- PROJECTED FY93 (1992-93) -----				
FUND	PROJ FY92*	STATE SUPPORT	OTHER REV		PROJ FY93*	STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
	(FY91*+5%)	\$ %	(LOCAL+FED)		(FY92*+5%)	\$ %	FY93-FY92	(LOCAL+FED)	(LOCAL+FED)
GENERAL(+CI)	598,029,543	436,986,185	73%	161,043,358	627,931,020	436,986,185	70%	0	190,944,835
RETIREMENT	62,476,490	13,616,387	22%	48,860,103	65,600,314	13,616,387	21%	0	51,983,927
TRANSPORTATION	33,333,805	10,866,953	33%	22,466,852	35,000,495	10,866,953	31%	0	24,133,542
TOTAL:	693,839,838	461,469,525	67%	232,370,313	728,531,830	461,469,525	63%	0	267,062,305
					-----				
					NET \$ GROWTH* (FY93*-FY92*)				
					34,691,992				

SOURCE: OPI, LEG FISCAL ANALYST & MEA FILES. \* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

EXHIBIT

#3

DATE

2-15-91

HB

647

MEA

PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY92 COMPARED TO FY91  
ASSUMING 5% ADDITIONAL STATE SUPPORT FOR THE GENERAL FUND ABOVE FY91 LEVELS ("B")

18-Jan-91

----- FY91 (1990-91) -----					----- PROJECTED FY92 (1991-92) -----				
FUND	FY91 BUDGET	STATE SUPPORT	OTHER REV		PROJ FY92\$	STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
		\$	%	(LOCAL+FED)	(FY91\$+5%)	\$	%	FY92-FY91	(LOCAL+FED) (LOCAL+FED)
GENERAL(+CI)	569,551,946	436,986,185	77%	132,565,761	598,029,543	458,835,494	77%	21,849,309	139,194,049 5,628,288
RETIREMENT	59,501,419	13,616,387	23%	45,885,032	62,476,490	13,616,337	22%	0	48,860,103 2,975,071
TRANSPORTATION	31,746,481	10,866,953	34%	20,879,528	33,333,805	10,866,953	33%	0	22,466,852 1,587,324
TOTAL:	660,799,846	461,469,525	70%	199,330,321	693,839,838	483,318,834	70%	21,849,309	210,521,004 11,190,683
					-----				
					NET \$ GROWTH* (FY92\$-FY91\$)				
					33,039,992				

SOURCE: DPI, LES FISCAL ANALYST &amp; MEA FILES.

\* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY93 COMPARED TO FY92  
ASSUMING 5% ADDITIONAL STATE SUPPORT FOR THE GENERAL FUND ABOVE FY92 LEVELS ("B")

----- PROJECTED FY92 (1991-92) -----					----- PROJECTED FY93 (1992-93) -----				
FUND	PROJ FY92\$	STATE SUPPORT	OTHER REV		PROJ FY93\$	STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
	(FY92\$+5%)	\$	%	(LOCAL+FED)	(FY92\$+5%)	\$	%	FY93-FY92	(LOCAL+FED) (LOCAL+FED)
GENERAL(+CI)	598,029,543	458,835,494	77%	139,194,049	627,931,020	481,777,269	77%	22,941,775	146,153,752 6,959,702
RETIREMENT	62,476,490	13,616,387	22%	48,860,103	65,600,314	13,616,387	21%	0	51,983,927 3,123,824
TRANSPORTATION	33,333,805	10,866,953	33%	22,466,852	35,000,495	10,866,953	31%	0	24,133,542 1,666,690
TOTAL:	693,839,838	483,318,834	70%	210,521,004	728,531,830	506,260,609	69%	22,941,775	222,271,221 11,750,217
					-----				
					NET \$ GROWTH* (FY93\$-FY92\$)				
					34,691,992				

SOURCE: DPI, LES FISCAL ANALYST &amp; MEA FILES.

\* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

MEA

PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY92 COMPARED TO FY91  
ASSUMING 5% ADDITIONAL STATE SUPPORT FOR THE GENERAL FUND ABOVE FY91 LEVELS ("C")

18-Jan-91

----- FY91 (1990-91) -----					----- PROJECTED FY92 (1991-92) -----				
FUND	FY91 BUDGET	STATE SUPPORT	OTHER REV		PROJ FY92\$	STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
		\$	%	(LOCAL+FED)	(FY91\$+5%)	\$	%	FY92-FY91	(LOCAL+FED)
GENERAL(+CI)	569,551,946	436,986,185	77%	132,565,761	598,029,543	458,835,494	77%	21,849,309	139,194,049
RETIREMENT	59,501,419	13,616,387	23%	45,885,032	62,476,490	13,616,387	22%	0	48,860,103
TRANSPORTATION	31,746,481	10,866,953	34%	20,879,528	33,333,805	10,866,953	33%	0	22,466,852
TOTAL:	660,799,846	461,469,525	70%	199,330,321	693,839,838	483,318,834	70%	21,849,309	210,521,004
					-----				
					NET \$ GROWTH* (FY92\$-FY91\$)				
					33,039,992				

SOURCE: OPI, LEG FISCAL ANALYST & MEA FILES. \* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

PROJECTED STATE & LOCAL SCHOOL FUNDING IN FY93 COMPARED TO FY92  
ASSUMING 85% STATE SUPPORT FOR THE GENERAL, RETIREMENT & TRANSPORTATION FUNDS IN FY93 ("C")

----- PROJECTED FY92 (1991-92) -----					----- PROJECTED FY93 (1992-93) -----				
FUND	PROJ FY92\$	STATE SUPPORT	OTHER REV		PROJ FY93\$	85% STATE SUPPORT	NEW STATE \$	OTHER REV	NEW OTH REV
	(FY91\$+5%)	\$	%	(LOCAL+FED)	(FY92\$+5%)	\$	%	FY93-FY92	(LOCAL+FED)
GENERAL(+CI)	598,029,543	458,835,494	77%	139,194,049	627,931,020	533,741,367	85%	74,905,873	94,189,653
RETIREMENT	62,476,490	13,616,387	22%	48,860,103	65,600,314	55,760,267	85%	42,143,880	9,840,047
TRANSPORTATION	33,333,805	10,866,953	33%	22,466,852	35,000,495	29,750,421	85%	18,883,468	5,250,074
TOTAL:	693,839,838	483,318,834	70%	210,521,004	728,531,830	619,252,055	85%	135,933,221	109,279,774
					-----				
					NET \$ GROWTH* (FY93\$-FY92\$)				
					34,691,992				

SOURCE: OPI, LEG FISCAL ANALYST & MEA FILES. \* "NET \$ GROWTH" EQUALS THE COST OF INFLATION; ZERO INFLATION ADJUSTED GROWTH.

MEA

EDUCATION FUNDING OPTIONS  
EXPECTED "OTHER REVENUE" REQUIREMENTS

01/18/91

"OTHER REVENUE"	ACTUAL \$ FY89	PROJECTED \$ FY91	PROJECTED \$ FY92	PROJECTED \$ FY93
OPTION "A"	241,858,535	199,330,321	232,370,313	257,062,305
OPTION "B"	241,858,535	199,330,321	210,521,004	222,271,221
OPTION "C"	241,858,535	199,330,321	210,521,004	109,279,774

EDUCATION FUNDING OPTIONS IN THE 1990'S  
EXPECTED "OTHER REVENUE" REQUIREMENTS

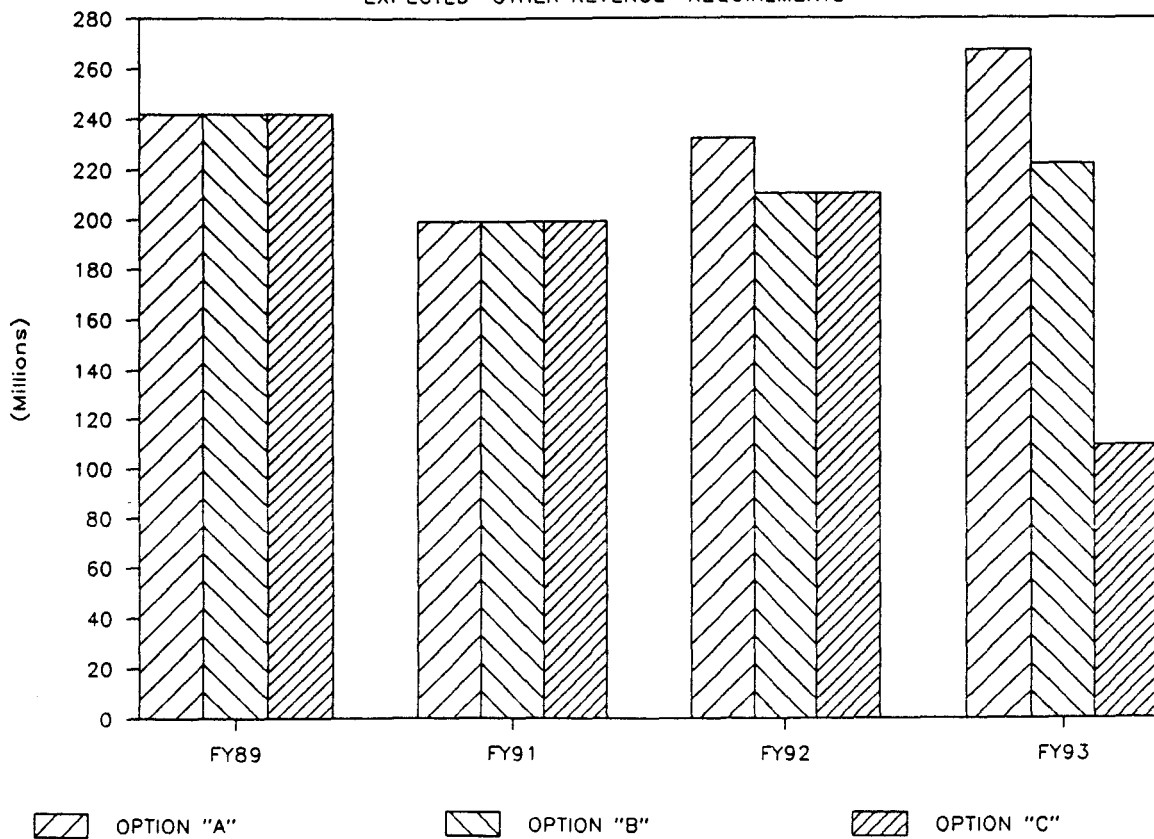


EXHIBIT # 4  
DATE 2-15-91  
HB 647

# Belgrade Public Schools

## School District No. 44

HARRY D. ERICKSON, Superintendent  
YVONNE CUTLER, District Clerk

PAT KRAMARICH, High School Principal - 388-4224  
PHILLIP TURCK, Assistant High School Principal  
JERRY VANDERPAN, Middle School Principal - 388-1309  
CHERYL JOHANNES, Elementary Principal - 388-4104  
JEFFREY LOSETT, Elementary Principal - 388-4215  
CATHERINE BOTTOMLY, Special Services Director - 388-6951

Phone: (406) 388 - 6951  
Mail Address: P.O. Box 166  
Belgrade, Montana 59714

February 15, 1991

Legislative Hearing HB 647 - Representative Schye

Regarding: Increase in Foundation Program 91-93 Biennium

Belgrade Schools:

1. Belgrade Schools are growing at the rate of 5.2% per year. This average has been tracked since 1979. For next school year, the District will add, because of enrollment increases over the past year, six (6) teaching positions.
2. In the Fall of 1992, the District will occupy a new Middle School and a major high school addition. The two projects combined will add thirty-two (32) classrooms with all ancillary rooms for a total square footage of about 70,000 sq. ft.
3. Although additional A.N.B. does offset some of the cost, it barely covers new staff needs.
4. Additional costs are not considered in the caps set forth in the current funding structure. It is designed for schools with static or decreasing enrollment and there are even some major problems in that case.
5. Even with the best case scenario, H.B. 647 does not cover inflationary costs. However with existing conditions, it is as good as can be expected.
6. With Belgrade's cost associated with steady growth such as staff, utilities, crank up costs for new physical plant and other costs such as supplies, texts, equipment and contracted services, increases in the foundation program are absolutely necessary.
7. And new accreditation standards, although very good, also require additional funds.

Prepared by Harry D. Erickson



Amendments to House Bill No. 654  
1st Reading Copy

EXHIBIT #5  
DATE 2-15-91  
HB 654

Requested by Rep. Ellis  
For the Committee on Education

Prepared by Andrea Merrill  
February 15, 1991

1. Title, line 7.

Following: "CERTIFICATION;"

Insert: "TO REMOVE UNCONSTITUTIONAL LANGUAGE REGARDING AGE  
DISCRIMINATION FOR TEACHER CERTIFICATION;"

2. Page 1, lines 14 and 15.

Following: "older"

Strike: remainder of line 14 through "age" on line 15

Amendments to House Bill No. 436  
1st Reading Copy

Requested by Rep. Peck  
For the Committee on Education

Prepared by Andrea Merrill  
February 15, 1991

1. Page 1, line 8.  
Following: "20-7-461,"  
Insert: "20-9-321,"

2. Page 4, line 23.  
Following: "impairment"  
Insert: ", including deafness"

3. Page 8, line 11.  
Following: "diabetes"  
Insert: ", that adversely affects a child's educational performance"

4. Page 16.  
Following: line 3  
Insert: "Section 8. Section 20-9-321, MCA, is amended to read:  
"20-9-321. Foundation program and contingency funds for special education. (1) For the purpose of establishing the foundation program amount for a current year special education program for a school district, the superintendent of public instruction shall determine the total estimated cost of the special education program for the school district on the basis of a special education program budget submitted by the district. The budget must be prepared on forms provided by the superintendent of public instruction and must set out for each program:  
(a) the estimated allowable costs associated with operating the program where allowable costs are as defined in 20-7-431;  
(b) the number of pupils expected to be enrolled in the program; and  
(c) any other data required by the superintendent of public instruction for budget justification purposes and to administer the provisions of 20-9-315 through 20-9-321.  
(2) The total amount of allowable costs approved by the superintendent of public instruction is the special education foundation program amount for current year special education program purposes. The total amount of allowable costs that are approved for the special education budget may not, under any condition, be less than the foundation program amount for one regular ANB for each full-time special pupil in the school district.

(3) Any amount of the special education allowable costs for a district approved under the provisions of subsection (2) that is an increase in the approved allowable costs from the previous school fiscal year and is a result of expanded programs or recalculations of the special education allowable costs base may be deposited and managed in the separate account of the

miscellaneous programs fund of the district that is prescribed in subsection (4).

(4) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a separate account of the miscellaneous programs fund of the district as provided in 20-9-507. However, if contingency funds are not available, then subject to the approval of the program by the superintendent under the emergency budget provisions of 20-9-161(5), allowable costs for the given year may be added to the foundation program amount for special education for the subsequent school year. The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(5) (a) The special education contingency funds in subsection (4):

(i) are biennially appropriated;

(ii) are for emergencies that may arise in the special education programs of school districts or special education cooperatives; and

(iii) may be used to fund positions that have gone unfilled for a full school fiscal year and for which state special education funds were not awarded.

(b) The board of trustees of a district or the management board of a special education cooperative may apply for contingency funding by submitting to the superintendent of public instruction, in the form prescribed by the superintendent of public instruction, written documentation that describes the need for the funds.

~~(4)~~(6) The sum of the previous year special education expenses as defined in ~~subsection~~ subsections (3) and (4) and the foundation program amount for current year special education as defined in subsections (1) and (2) is the special education budget for accounting purposes.

~~(5)~~(7) The foundation program amount for special education must be added to the foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total foundation program amount for the district.""

**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

EDUCATION & CULTURAL RESOURCES

COMMITTEE

BILL NO. 656

DATE 2-15-91

SPONSOR(S) D. Brown

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Wm J. Bartholomew 40 Redwood Butte Montana	East Middle Sch. Sch. District #1	X	
DAVE Brown	sponsor - HD #72	X	
Mac Brown	East Middle School Student	X	
Mary Carpenter	SP1		
Terry Mironow	MFT	X	
Harry Do Erh			X
John Wales	M.F.T.	x	
Carol Lataver	MEA	X	
Eric Teaur	MEA	3	

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**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

**COMMITTEE**

**BILL NO.** 654

**SPONSOR(S)** Ellis

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[illegible]

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**HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER**

EDUCATION & CULTURAL RESOURCES      COMMITTEE      BILL NO. 507  
DATE 2-15-91      SPONSOR(S) Cobb

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE

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**HOUSE OF REPRESENTATIVES  
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EDUCATION & CULTURAL RESOURCES

COMMITTEE

BILL NO. 647

DATE 2-15-91

SPONSOR(S) Schye

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
PLAINS MT Mike Button	SCHOOL DIST # 1 SANDERS COUNTY	X	
Pat Melby	Underserved Schools	✓	
Bud Williams	Conrad Schools	✓	
ELLEN Bourgeois Missoula Ellen Bourgeois 5750	Montana PTA	✓	
Jean Curtiss	Montana PTA	✓	
Kathy FRIESEN	MONTANA PTA	✓	
Jim Turner	SAN- Helena Schools	✓	
Jane Sleet	MONTANA PTA	✓	
Scott Bourgeois	Montana PTA	✓	
Mavis Kertmann	MPTA Pres.	X	
Jean Belongue	Lolo PTA	X	
Kim Lefler	Lolo PTA	X	
Linda Malungo	Mont PTA	X	
Denise R. Harmon	MT PTA Missoula	✓	

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**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

Education COMMITTEE BILL NO. 647  
DATE 2-15-91 SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Mary Melton	Msda. PTA	✓	
Kay Cull	Montana PTA	✓	
Paul Stark	Montana PTA	✓	
GARY J GRIFFITH	MSBA	✓	
Larry Stollfuss	Chouteau County Schools	✓	
WAYNE BUCHANAN	BPE	X	
Kathy Seacat	East Helena PTA	✓	
Laura J King	East Helena PTA	✓	
Peter Carparelli	Billings	✓	
Ken McKee	WACSS	✓	
John Carlson	St. Regis Schools	✓	
Chip EDMANN	Mt. Kemel Sel Assoc	X	
Terry Minow	MFT	X	
Harry Do End	Belgrade	✓	

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**HOUSE OF REPRESENTATIVES  
VISITOR REGISTER**

Education

COMMITTEE

BILL NO. 647

DATE 2-15-91 SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
John Malee	MFT	X	
TOM BILODEAN	MEA	X	
Nancy Keenan	OPI	X	
Mike Bishop	PTA	X	
Fred Stancany	MEA - Holy Schools	X	
Carol La Faver	MEIT	X	
Larry Daband	LFPS	X	
Steve Henry	BEA - B/gs	X	
Dave Cogley	Garfield Co. High School District	X	

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VISITOR REGISTER**

EDUCATION & CULTURAL RESOURCES

**COMMITTEE**

**BILL NO.** 762

**DATE** 2-15-91 **SPONSOR(S)** Grinde

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE

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