

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By FRANCIS BARDANOUVE, on March 6, 1991, at 8:02 a.m.

ROLL CALL

Members Present:

Francis Bardanouve, Chairman (D)
Ray Peck, Vice-Chairman (D)
Dorothy Bradley (D)
John Cobb (R)
Dorothy Cody (D)
Mary Ellen Connelly (D)
Ed Grady (R)
John Johnson (D)
Mike Kadas (D)
Berv Kimberley (D)
Wm. "Red" Menahan (D)
Jerry Nisbet (D)
Mary Lou Peterson (R)
Joe Quilici (D)
Chuck Swysgood (R)
Bob Thoft (R)
Tom Zook (R)

Members Excused: Larry Grinde (R)

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Sylvia Kinsey, Committee Secretary

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

HEARING ON HB 131

Human Skeletal Remains and Burial Site Protection Act

Presentation and Opening Statement by Sponsor:

REP. VIVIAN BROOKE, HD 56, Missoula said this Bill is requesting a one-time appropriation of \$10,000 to operate the Board that is setup in HB 131. It is the burial preservation Board and the description of it is defined on pages 6, 7, and 8 of the House Bill, second reading copy. This 13-member Board would convene to set policies and procedures and review them. They are set out in HB 131 for the discovery of unmarked burial sites. They would convene about 5 times through the course of the Biennium for this

purpose and have estimated this one-time appropriation. After two years they estimate the Board would be funded through grants and permit fees set up in the Bill for scientific study and also other types of permitting fees. There probably would not be a great deal of need for the total 13-member Board to meet once they have established their policies and procedures. They will only convene as needed, as burial sites are discovered or as one or two members of the Board were called in by the Historical Preservation person of the state to examine and go through the proceedings. This received a very good hearing in House Judiciary and the Subcommittee worked on the Bill and came up with this manner of appropriation. The House recommended approval of this concept and encouraged this Committee to give it favorable consideration.

Proponents' Testimony: There were about 20 people who stood in support of this Bill.

Questions From Committee Members: REP. QUILICI said there were some fees, grants and donations going into a special account and asked where they came from? Karen Atkinson, Attorney, for the Tribes who drafted this legislation said the fees, grants and donations will primarily come from a fee charged to anyone who is requesting scientific study of the remains. The Board will issue permits for scientific study and charge a \$50 fee to evaluate proposals. They hope to seek other grant money to help support the Board.

SEN. GAGE said this Bill was in the Senate last session and the Highway Department and Archaeologists torpedoed it because they felt there was not enough input into the Bill.

Motion/vote: REP. QUILICI moved DO PASS HB 131. Motion carried with REPS. SWYSGOOD and THOFT Voting No.

HEARING ON HB 645

Appropriate Money to OPI for Grants to Districts that Experience a Disaster.

Presentation and Opening Statement by Sponsor: REP. LINDA NELSON, HD 19, Plentywood said this Bill was drafted with the intent of getting an appropriation for the Plentywood school system. Since the statutory appropriations cannot be made to private entities the legislative counsel suggested the sum of money requested be designated for schools that have experienced a disaster that renders their property unusable. This money would be dispensed by OPI. She wondered if this Bill is worded properly to accomplish what she wants it to do or if it needs a retroactive clause put on it to cover a fire that occurred in 1990. Fortunately no lives were lost and there were no serious injuries. The school has to be rebuilt and the insurance coverage is not adequate to cover all the damage.

Proponents' Testimony: Doug Walsh, Superintendent of Schools, Plentywood said loss of foundation dollars or loss of taxable evaluations apply to eastern Montana when they lose students. They lost money when oil was removed from their tax evaluation and this effects the bondings. Their biggest problem is location. It costs more to rebuild structures in northeastern Montana because of the location of the community itself. They feel their losses were between \$3,500,000 and \$4,000,000. The insurance will cover about \$2,500,000 of that. They have incurred additional expenses by placing students in temporary quarters. The biggest problem is the equalization of funding statewide.

SEN. NATHE said he is in full support of the Bill.

Questions From Committee Members: REP. THOFT asked Mr. Walsh if they were under-insured. Mr. Walsh said he did not think they were under-insured and had just increased their insurance premiums. The insurance companies insure according to square footage and according to what they feel the building is worth.

REP. QUILICI asked if the insurance companies write policies that pay the market value? Mr. Walsh said they have replacement costs and the best policy they could get.

REP. BARDANOUVE asked if they would be issuing a bond if there is a shortfall? Mr. Walsh said yes.

REP. JOHNSON asked what is the bonding capacity? Mr. Walsh said bonding capacity is 45% of the taxable evaluation which gives them approximately \$2,000,000 in bonding capability.

REP. COBB asked REP. NELSON if she would mind if they amend this Bill to make it pass, to make sure it is only this school, because the terminology is pretty broad. She agreed.

Mr. Walsh said they spent \$314,000 to date just trying to clean up. They have bills in excess of \$134,000 they have to pay now.

REP. BARDANOUVE asked if they have determined the cause of the fire? Mr. Walsh said the fire marshal has determined it was carbon and as the boiler system rushed heat through the pipes it ignited.

REP. KIMBERLEY asked how the Gardiner schools came out as they went through the same thing. Mr. Walsh said he called them and they indicated they had reached their limits. They were under-insured and all the building was destroyed so it was not an issue for them. They received some funding from the federal government to help them.

REP. BARDANOUVE asked if they are eligible for any federal aid at all? Mr. Walsh said no. They have looked for every grant there

possibly is.

REP. ZOOK asked how many students were in the school. Mr. Walsh said there are 530.

Closing by Sponsor: REP. NELSON thanked the Committee and said she would appreciate consideration.

HEARING ON HB 67

Appropriate to Board of Public Education for Capital Outlay Grants

Presentation and Opening Statement by Sponsor:

REP. PAULA DARKO, HD 2, Libby also as a representative of HB 28 informative Committee. This was the committee established to oversee HB 28 and look at some of the ramifications over the interim. REP. PECK served on the committee and reviewed HB 28. They spent a lot of money equalizing funding but in the process discovered they had no handle on equality of physical facilities. One of the things that was an outgrowth of that committee is this Bill to fund capital outlay grants for accreditation standards. With the Board of Public Education adopting new accreditation standards some school districts are lacking the facilities to accommodate some of the accreditation standards, classroom space, space for extra counselors, libraries, etc. They found out during testimony from a lot of school districts that with a cap and increase in funding it's going to take a lot of regular funding to accommodate some of the capital outlay just to meet accreditation standards.

Proponents' Testimony: Gregg Groepper, OPI said there were two other issues under funded school lawsuits that the Supreme Court said needed attention. They are capital outlay and transportation so the HB 28 committee worked throughout the interim, made recommendations to the legislature and the Committee will see SB 82 which has made its way through the Senate to address equalization and school transportation funding. This Bill is beginning to address equalization and school capital outlay. One of the problems is that every time school districts are surveyed as to what their needs are for schools you get a very large wish list. Some studies have been done that suggest the building needs of schools may range anywhere from \$90,000,000 to \$150,000,000, depending on the time frame. The struggle during the committee hearings was there wasn't a good handle on what the school buildings needs actually are and thought a program like this would be an excellent idea to flush out what the realistic building needs are. If the school district has to come before the Board of Public Education, make application for funding, provide some match or whatever additional requirements this Committee might want to attach it to this Bill. When the Committee returns in two years there should be a good idea what the actual, demonstrated needs of schools are. From a position

of a lawsuit standing if they do nothing in capital outlay their judgement was the Supreme Court could come back on them if the lawsuit progressed back to the courts. If this Bill is passed then they will have to say something was done and now will argue over the amount of how much that something was. This approach puts you in a better position for a lawsuit, takes that first step in getting the data on what the capital outlay needs are. Numbers can be adjusted by the Committee as they see fit.

Wayne Buchanan, Board of Public Education said there is a need to make some effort in area of equalization and this is a good way to do it. It might not be the right amount of money but is a good way to equalize. If there is some kind of system for directing this money to school districts that genuinely need it, they can take some steps in the area of equalization. People have said the \$5,000,000 is a "drop in the bucket" but if this money is handled properly it does not need to be, it can have a real impact. They can give 200 \$25,000 grants with that and for some school districts \$25,000 can remodel offices, hire counselors, make ordinary rooms into libraries. It won't build many classrooms or new schools but properly handled this money could make a difference. They have suggested some amendments pertaining to administrative costs and would probably take another FTE. There are only two people in his office at the present time. **EXHIBIT 1.**

Pat Melby, representing the Independent School Coalition said they support HB 67, not because they think it will provide for equalization and capital outlay, but because it is a step in that direction. Any amount of money that can be put into the school system will move toward equalization. Small as this amount is, it is still a step in the right direction.

Bruce Moerer, Representative School Boards Association spoke in favor of HB 67.

Questions From Committee Members: **REP. KADAS** asked **Mr. Groepper** for the current definition of taxable wealth for A and B. **Mr. Groepper** said the only definitions they have are the ones tied to guaranteed tax base, taxable value and non-tax revenue. **REP. KADAS** asked what the next steps of the plaintiffs will be. **Mr. Melby** said they have been telling the HB 28 oversight committee and anyone else that would listen, that they were waiting to see what would happen before they made a decision whether or not they would go back to court. One was what is the actual effect of HB 28? Does it provide equalization and if it does what level is provided? Second, what will the legislature do in the 1991 session with transportation? Will they make an attempt to equalize transportation, which is more a taxpayer issue than it is a funding issue? Some school districts don't have any transportation costs or very small while others of the same size will have extremely large transportation costs. They want to wait to see what the legislature will do with transportation but don't think SB 82 addresses the issue very well. The third issue

they are waiting to see about is what the legislature will do with capital outlay.

REP. CODY referred to lines 15 and 16 of the Bill "that are most in need of facility funding to meet the school accreditation standards". She asked if that would be Project X. Mr. Groepper said it is the standards that came from Project X.

REP. KADAS asked if they were to appropriate this what would the response be if they took the money out of the foundation program or out of the schedules in order to fund this. Mr. Groepper said there are two questions there. The first, is it appropriate to use money from the foundation programs to pay these costs. His response was it is an appropriate expense with foundation expense money. There is another Bill that will give the Committee the option of doing other things without having to go in and amend the foundation law every time they decide to do something. Concerning taking it out of the schedules, should they reduce the schedules by an amount of \$5,000,000 or should they decide to put some amount of money into the schedules should they reduce the amount they put in by that \$5,000,000? They also recognize, by the time you get to the end there might not be enough money to go around everywhere, including putting \$5,000,000 here and doing the schedules. REP. KADAS said essentially, that is an idea they can talk about.

Closing by Sponsor: REP. DARKO said one of the things they did find out in the Committee was they had no data base as far as capital expenditures or what properties for school districts were worth and they had no inventory. One of the things they felt was important was to begin a data base to find out what they have if they are brought to court. If they did not deal with it some way they would be finding themselves in court. She encouraged the Committee's consideration.

HEARING ON HB 913

Allow OPI to spend state equalization aid for supervision of districts

Presentation and Opening Statement by Sponsor:

REP. JOHN JOHNSON said this Bill will allow the Superintendent of Public Instruction to spend funds appropriated to the State Equalization Aid account for costs that are associated with the general supervision of school districts in the state.

Informational Testimony: Gregg Groepper, OPI said this is a Bill that as it's written does not cost any money. It is intended to give the Committee some options how to fund issues that relate to education. When they presented their budget to the appropriation subcommittee there were a couple issues that were discussed and resulted in pieces of legislation. One was this Bill and the other has not been introduced yet but it deals with advancing

school districts' money for the 55 mills. What is happening this session is a number of things being introduced that suggest there are school costs that could be legitimate costs of the foundation pool of money. They have a transportation Bill, SB 82. If you chose to fund transportation out of the foundation program, the way it stands now you would have to amend the foundation program language. HB 30 needs an amendment to the section of law that deals with what you can spend in the foundation program to cover part of the costs in that Bill to avoid writing a lot of checks back and forth to school districts. The single audit Bill which is moving its way through the House has some language which would include telecommunications, the single audit and transportation costs but it still requires the action of the Appropriation's Committee to make the appropriation. This Bill does not make any appropriation it just gives the Committee some options later on for spending some foundation program money on schools which might free up general fund money to be spent somewhere else.

Questions From Committee Members: REP. CODY referred to a Bill that would take \$1,000,000 out of the SEA account. That is from the local impact account and asked if that is the intention of this legislation? Mr. Groepper said their intention with this Bill is twofold. One is to say that legitimate costs of the foundation program would be costs that are necessary to do education things in Montana and probably the more important intent of the Bill is to make it easier to accomplish some of the things suggested this session which would include funding school transportation out of the foundation program. They can then come to the finance committee during the interim and let them know what is going on with the foundation program account. Right now that is a general fund so they cannot go to the finance account in the interim, they have to come back and ask for supplementals. They think it is appropriate to avoid extra work as you get down closer to the wire when you have to suspend rules or do committee Bills to amend this section of foundation language, should you decide to do other things with schools or the funding of schools. They are trying to give the Committee some options. He is not familiar with the SEA issue. REP. CODY said it is coal impact money and that is why she was asking. Will they expect to get the money from the general supervision fund they are looking for in this Bill or is it to come out of the foundation money? Mr. Groepper said they are not asking for administrative money out of the foundation program or to divert additional sources of revenue into the foundation program with this Bill. They are trying to make it easier for some of the things that working their way through the session to be funded from the foundation program, if that is the Committee's choice. It will still take the committee's vote up or down on telecommunications, transportation etc. but this Bill would not require you to have to go in and amend that section of law every time you decide you want to fund out of that foundation.

REP. THOFT said with more money spent in this area less money would be distributed to the schools. Does that have an impact?

Mr. Groepper said the way the foundation program works now, in Bills that have attempted to amend the foundation schedule, there is a schedule in law that says this is how much they have to pay schools based on the kids that go there. This Bill does not do anything to those schedules so the state would still have the obligation to pay the dollar amount in law. If you decide to fund some things out of the foundation program that were not funded there before, that would do one of two things. You will have to increase the amount of money going into the foundation program or decrease the general fund appropriation to the foundation program. For example, transportation which is fully funded now, if funded out of the foundation program it does not cost any more money but would allow for interim legislation oversight to go to the finance committee and say "here are where the costs are".

Closing by Sponsor: REP. JOHNSON said he hoped the Committee would give this favorable consideration because the Bill does not cost any money and does provide for an opportunity to do the kinds of things Mr. Groepper talked about in the interim without adding funds, they would use what is there and it must come back to the legislature for approval.

EXECUTIVE ACTION ON HB 754

Discussion: REP. QUILICI said REP. HARRINGTON, sponsor of above Bill, wanted to say to the Committee this was a good idea and to review it when they look at the foundation program, but at this particular time it would cost too much, so he requested this Bill be tabled.

Motion/Vote: REP. QUILICI moved to Table HB 754. Motion carried with REPS. COBB AND PETERSON voting no.

HEARING ON HB 30

Implement and Fund Educational Telecommunications Network

Presentation and Opening Statement by Sponsor: REP. PECK said this came out of the HB 28 Implementation Committee and goes back to last session when REP. RAMIREZ amended into the big Bill, the money to do the study, and this implements what they found.

Proponents' Testimony: Eleven people stood in support of the Bill.

Richard Miller, Montana State Librarian, presented written testimony EXHIBIT 2.

Questions From Committee Members: REP. COBB said some schools have already developed their network and asked how can they interface with this. Will there be something in the Bill stating they are protected and not to be left out of the system or what if they have already spent their own money? REP. PECK said they

have to start somewhere and if they have purchased the equipment on their own then they will not be reimbursed.

REP. KADAS asked about the fiscal impact and REP. PECK said it is \$300,000 annual general fund and \$150,000 match for them to spend the full \$300,000. Mr. Groepper said there is \$1 per student for the Average Number Belonging (ANB). When the original Bill came out they were going to bill the school districts for \$1 for each student participating in this and their recommendation was that would take more paper work to have the districts write a check to them and it made more sense to take it out of the foundation program. REP. KADAS asked if the result of that meant they would have to put \$150,000 more into the foundation program or that the schools would do with \$150,000 less? Mr. Groepper said that is the Committee's choice. REP. KADAS asked if they would have to adjust the schedules downward? Mr. Groepper said if they wanted to pay them less than now per ANB they would have to adjust the schedules downward. REP. KADAS said this is really a \$450,000 per year general fund impact. REP. PECK said when you come back from the equalization account guaranteed by the general fund that is correct. REP. KADAS asked if there would be an additional fee put on University students for this as well? REP. PECK said yes, and that was originally in the Bill stated \$1 per student and the University asked they be allowed to amend that because it is to cover their administrative costs and the Bill now says up to \$1 so the Regents can apply whatever portion of that they feel necessary.

REP. KADAS asked if this is leaning toward lines or uplinks or is that still an open question? Tony Herbert, Department of Administration said it is not really directing them in any particular direction. One of the good things is it is a multi-technology type of solution in utilizing the public switch network for data communications and for ultimately some two-way interactive capability and also deploys some satellite receive capability in the schools to pick up educational and instructional programming. None of this drives them in terms of talking about what those links are, whether fiber-optics, microwave channels or copper cable which are the three traditional means for movement of these types of things. They do not have an ultimate decision making power in those areas. That is really in the US West and the Cooperatives who deploy those different types of systems and they use their systems to accommodate as much of this as they can.

REP. BRADLEY referred to the KUSM program, the cooperative arrangement that is being proposed at the two Universities. It was stated this would work in combination with their proposal in a complimentary fashion and asked how that would happen? Mr. Herbert said as they talked about educational delivery the Public Broadcast Station might be able to offer service to schools, home learning centers, businesses and other types of things. As the Committee may entertain ideas that they will improve our Public Broadcast Station in the State of Montana and also deploy an

instructional telecommunication system they can meet and provide some assistance to each other.

REP. SWYSGOOD asked if there is any way the same equipment for the KUSM system and the telecommunications can be used so there is no duplication? Mr. Herbert said duplication isn't contemplated here. The types of equipment needed by MSU and U of M to further expand the Public Broadcast Station and its capabilities are different kinds of equipment than what they are contemplating in HB 30.

REP. COBB said the concern he has about this Bill is whether the agencies will cooperate with each other; the Administration, the Superintendent and the Commissioner of Higher Education. Should they make sure OPI has the final say on schools so that in the future if there is a problem between the agencies it will be spelled out?

REP. KADAS asked if this is an ongoing appropriation or just through this Biennium? REP. PECK said just through the Biennium.

Closing by Sponsor: REP. PECK closed

HEARING ON HB 954

Allow trustees to account for school funds outside county treasurer

Presentation and Opening Statement by Sponsor:

REP. JOHN JOHNSON, HD 23, Glendive said this Bill is an Act that would allow the trustees of the school district to account for the district outside of the county treasurer. It is voluntary, not mandatory on any district but if the school district elects to do that they can work through this Bill and be allowed to account for funds. The "meat" of the Bill is on Pages 11 and 12.

Proponents' Testimony: Cliff Roessner, Business Manager & Clerk, Helena Public Schools and representative for the Montana Association of School Business Officials said they are supporting this Bill as this is a matter of choice. It allows school board trustees to withdraw their funds from the County Treasurer. In certain instances they have professional staff who work for school districts that are better able to manage their funds than the County Treasurer's office. He is not speaking against the County Treasurers as they have their own problems. In other instances they have school districts who do not receive reports from County Treasurers and this is a way to help school board trustees make better decisions because they will be getting more timely reports.

Bruce Moerer, representing School Board Association, spoke in support of the Bill. There is not a universal problem with every

County Treasurer but there have been some problems that he has been called upon to help within the last four or five years. It varies from county to county and a number of districts are able to manage their own funds. There is a duplication of effort at the County Treasurer level that doesn't always need to be accomplished. The Bill is totally optional and it doesn't necessarily mean that schools are going to go their own way. It gives them an option if they are dissatisfied. It puts an additional level of accountability for the County Treasurers because if they give good service the schools will not want to go elsewhere.

Jesse Long, Director, School Administrators of Montana spoke in support of the Bill. The key to the program is that it is optional for Districts that have the capability and the business managers to do the accounting of the funds.

Jim Turner, Superintendent of Schools, Helena spoke in support of the Bill.

Opponents' Testimony: **Kay McKenna, representing Montana Association of County Superintendents** gave six reasons why there should not be an option. 1. Initially, the proponents spoke of timeliness and said statements from the County Treasurers' offices are not completed in a timely manner for school districts. Why would putting school monies in a bank account change that? County Treasurers still have to post the revenues and will probably continue to do so in the same manner they are doing presently. This statute in Page 8, Line 16 through 20 calls for remittance by county treasurers on a weekly or monthly basis through a bank account. If anything, with the additional work of forwarding these school funds to a bank, posting of revenues would be slowed down even more. School districts need to work with the county treasurer to speed up the system in place. That will address the timeliness problem. Some counties are presently trying to address this already by installing new computer programs so that school districts can plug into the mainframe and receive daily fund balances. Lewis and Clark County will go on line next month with this program. 2. Taxpayers fund the schools, therefore, expenditures and revenues should be public information and presently that is so. A bank account is private and unless school districts who bank privately would be willing to publish monthly reports on revenues and expenditures there is no accountability to the taxpayer. A system is presently in place where school district monies are under constant review. They are under review by the taxpayer, County Treasurers, the Accounting Dept. of the Clerk and Recorders, County Superintendents and the District School Clerks. School districts are big business but unlike businesses they do not receive their revenues from private clients. The taxpayers pay the bill and they have a right to know where that money is being spent. 3. Counties invest their money on the beginning balance of the month and if these accounts are cleared out, even the larger school districts would not get as much invested

earnings as they are receiving now. 4. The cost would also be a factor as fees would be charged for bank accounts. The funds, if put in several bank accounts, and if the state was late in payment on retirement monies, the fund could be overdrawn. The bank would not overlook that where the counties will draw money from other funds to cover the deficit. 5. The idea that this would be an option for schools is not a good one. The County Treasurers' offices are already overworked and this is one more thing for them to do. 6. There are 56 statutes that need to be changed in school law if this Bill passes.

Kevan Bryan, Yellowstone County Treasurer and Chairman of Montana Treasurers' Association Legislative Committee said he rose in opposition to this Bill. There are problems with the current system of accounting for schools in some instances. Quite often they see that it involves personalities and priorities but this Bill gives unilateral authority choices. The school district can remove accounting and funds from the Treasurer's Office regardless of which party is the source of the problem. Most districts rely on their school clerks for how things are going. If a problem develops between the clerk and the County Treasurer the trustees could remove the Treasurer from the process. What if the clerk is at fault? If the Treasurer is causing a problem he/she could be voted out of office more easily than the majority of the school board or trustees could be. This would be a very difficult time for many schools to work alone with the conversion to accepted accounting principles taking place.

REP. BARDANOUVE said there were some serious fiscal problems with a school district last session so he appeared before the Committee to help keep the school open. A County Treasurer had become concerned about the situation and if it had not been for that official blowing the whistle more financial help would have been needed.

Questions from Committee: **REP. PECK** asked **Mr. Roessner** to respond to the criticism and make it from the standpoint of the school clerk business manager. **Mr. Roessner** said there are school districts that need to be watched over by County Treasurers. The machinery is in place to do so. In order for a school district to withdraw from the County Treasurer it would take a resolution passed by the Board of Trustees. In that process there would be both proponents and opponents and these same discussions would be brought out on a district by district basis. The larger districts have the expertise on their staff to manage their own funds. The cities have had this authority and do not work with the County Treasurer so they are asking for the same privilege. **REP. PECK** asked how they handle money that is collected within the school districts. **Mr. Roessner** said they collect and deposit to the bank to the credit of the County Treasurer. The smaller districts within Lewis & Clark County take the deposit to the County Treasurer and then the County Treasurer deposits it. **REP. PECK** said there is a lot of duplicated work in that. In Hill County the biggest district is

Havre. They make a deposit and take it to the County Treasurer and then that office takes it to the bank but before they do that all of the work of the school system has to be checked. REP. PECK said Ms. McKenna indicated that this would increase the workload of the County Treasurer's office and asked about that reasoning. Ms. McKenna asked Mr. Roessner if the funds put in the bank were non-budgeting funds. Mr. Roessner said yes. Ms. McKenna said the County also takes all the revenue that comes from the OPI and the federal government and deposits within the county. If Districts decided to have bank accounts the county would then have to come up with a reckoning every week or month as to how many revenues had already been deposited. As it is now a County Treasurer will monitor those funds monthly and put them in a statement. This would be an additional job for the County Treasurer and School Districts would be treated differently. For instance, one school district in Lewis & Clark County decides to take their money out. The Treasurer's Office has to handle that account differently than they would the accounts that remain in the County Treasurer's.

REP. SWYSGOOD said Ms. McKenna indicated that if this Bill passed there would be a need for 56 statute changes and are they just language that refers to the County Treasurer? Ms. McKenna said yes.

REP. BARDANOUVE told Mr. Roessner all Boards are not as honest as his.

REP. QUILICI said a statement was made that school districts should publish monthly account balances. Would school districts do that in the event they took over this account? Mr. Roessner said they currently do that.

REP. COBB told REP. JOHNSON Page 8, "weekly" and "monthly" does not have to be in there as he has the option to move out. It would be a negotiated item between him and the counties and asked if it really needs to be in there. REP. JOHNSON said it provides the basis for that discussion. REP. COBB asked about audits and would REP. JOHNSON allow just the schools with audits have the right to go on their own? He said it was just a suggestion for checks and balances.

Closing by Sponsor: REP. JOHNSON said the school districts are public institutions and they are required to furnish information to the public and printing those monthly assessments would be in the best interest of the school district. They need to do that. In a smaller county such as his it would mean less work for the County Treasurer but they don't have as many school districts in that smaller county. This is voluntary on the part of the district and urged the Committee to vote favorably.

HEARING ON HB 273

Appropriate money to OPI for Canyon Ferry Science Camp

Presentation and Opening Statement by Sponsor: REP. O'KEEFE, HD 45, Helena asked that this Bill go through Education before coming to Appropriations for one reason. It deals with a new concept in education in Montana and that is the concept of magnate schools. They will see more of this in the future and OPI brought the Bill to him with the hope they can get a pilot project like this going. Mr. Groepper from OPI is available to answer any questions and also has some suggestions for funding.

Mr. Groepper said when the Bill was drafted it was suggested \$400,000 general fund appropriation for the Biennium to get this magnate school started. What they have discussed are a couple of options the Committee may want to consider in terms of funding this because there is a potential of \$800,000 of donated money and equipment, not counting staff time from other agencies. The problem is they have an opportunity to get this facility from the Bureau of Reclamation but it will take a small amount to get it up and running to make these science opportunities available to all kids in Montana. Once they get started the intent is to charge tuition from the schools to have kids participate.

Questions From Committee Members: REP. SWYSGOOD asked if a loan is taken from the Foundation Program who suffers, and do the schedules have to be changed again? Mr. Groepper said if you take it from the Foundation Program for this amount, depending on what the Foundation Program generates, you wouldn't have to do anything with the schedules. If you had just enough money to pay the Foundation Program schedules for the next Biennium and you took \$400,000 out, the Program would be deficient \$400,000. To solve that problem you could either reduce the schedules for the Biennium or they could come back in and ask for a supplemental in the 1993 session.

REP. SWYSGOOD said once this program gets started will another type of school system be created that will rely on funding to make it ongoing? Will this be added to the base of the Foundation Program later on? REP. O'KEEFE said what they are creating is a "magnate" school, a school that is part of REP. SWYSGOOD's school district in Dillon. If Dillon sends 40 kids there for two-week programs then they need to pay tuition, either have their school district pay the tuition rather than putting it into their own system or the kids can pay individually. It has operated for 6-8 years without tuition and the reason for tuition would be to repay a loan, if it comes in a loan format. They have \$800,000 in equipment. If they get \$400,000 in one form or another they are in line for up to \$2,000,000 from Corporations like US West or AT&T. It has been run on Grants up to now but the Bureau of Reclamation is offering to give a building if they have the money to get started. It depends on what this Committee does this time. If it is a Grant then hopefully that facility can be opened to kids from around the state in such a way the cost is limited to just their actual costs.

REP. BARDANOUVE asked what they will be doing at this camp? REP.

O'KEEFE said the Canyon Ferry Limnological Institute is the name of the science camp. They use equipment that Yellow Bay Station at Flathead Lake doesn't even have, to do these studies and it is equipment that has been donated. They study everything from fresh water algae to climate control experiments and the kids get to work with hands on experience. REP. BARDANOUVE asked why the two facilities cannot be consolidated because they both need money, both doing the same things. REP. O'KEEFE said he doesn't know anything about Yellow Bay and their situation so can't answer that.

REP. COBB said there is another Bill that would take money out of the Foundation which means either to put more money in or lower the schedules. Does OPI have any preference if they take \$1.00 or \$1.50 from each student? Will they support that or object to that after they have passed it? Mr. Groepper said they will not have a problem with it. They are trying to get an equalization to provide a good educational opportunity for all the kids in Montana and they have to address capital outlay, transportation, and find some way to make educational opportunities available to all the kids. Proposals like putting small amounts of money at capital outlay and putting small amounts of money into the Limnological Institute so a number of kids in Montana can have a science experiment they could experience that they could not have in their school district, goes further for equalization than putting the same amount of dollars in the schedule because \$400,000 in the schedule might mean \$2 or \$3 a student and inflation might eat that up. If money is put into something like this, a vast array of equipment that does not cost the state anything is received and, science is made more available to a number of students.

REP. PECK asked if an application for a National Science Foundation (NSF) grant was ever made or had they received any NSF grant? REP. O'KEEFE said not only have they been made but they have received them.

REP. CODY said this has been in place for 6-8 years without tuition, is that correct? REP. O'KEEFE said at least. REP. CODY asked if they have been operating the last 6-8 years without tuition and without general fund money from the Legislature, then what is the purpose of coming in now and asking for \$400,000 from general fund money and can it not continue to operate the way they have been doing it? REP. O'KEEFE said they can but then the opportunities will remain limited to the students here in Lewis & Clark County and the equipment and building is lost. REP. CODY said the students in Wolf Point could raise tuition through bake sales and community backing. REP. O'KEEFE said that is how it works now but the problem they have is the Bureau of Reclamation will turn it over to them if they have the money and it will cost them \$400,000 to do that. They cannot get that from tuitions.

REP. BARDANOUVE asked why not let them keep it? If they give it to you, won't you have to pick up the cost? REP. O'KEEFE said

that would be an option if the Bureau of Reclamation considered it an option. They have other options for what to do with those facilities. They can donate them to Montana Fish, Wildlife & Parks or the community of Helena. The problem is they are in the midst of their 1993 management plan. The current Canyon Ferry management plan terminates so they have to decide long term what those building will be used for, under Federal law.

Closing by Sponsor: REP. O'KEEFE thanked the Committee.

HEARING ON HB 146

Allow Board of Investments to pay administrative costs from trust and legacy account

Presentation and Opening Statement by Sponsor: REP. DAVE WANZENRIED, HD 7, Kalispell said this Bill is revenue positive. It amends a section of Law that currently prohibits the Board of Investments from charging an administrative fee on funds in the School Trust and Legacy fund. It is prohibitive because of that restriction from investing monies in a short term investment program. Because of that the state foregoes about \$60,000 to \$100,000 a year in interest on short term earnings that would be deposited in the trust. Because of current interest rates this Bill should be changed to provide an immediate effective date.

Dave Lewis, Board of Investments, said the way the investment program works is there are about two hundred separate funds. For each of those funds they have an investment policy determining how they handle each particular fund. The Trust and Legacy account has \$240,000,000 and they try to keep about \$15,000,000 in short term funds in that account. They need that to cover cash flow, and to wait for opportunities to buy long term investments that carry the rates they want for that particular fund. They try to maximize the return because 95% of the interest on this fund goes directly into the Foundation program. It is an important source of revenue for that program. They have not been able to put that short term money into their short term investment pool, because of how the statute has read. They run a short term investment pool that has about \$760,000,000 in it. It is in effect, a mutual fund that is available to state agencies and to local governments. The return on that fund, the short term investment pool, was about 7.7% during January. If they are able to get the Bill passed they would like to change the effective date to "on passage and approval" because of the spread in interest rates.

Motion/vote: REP. SWYSGOOD moved to amend the Bill effective passage approval. EXHIBIT 3. Motion carried unanimously.

Motion/vote: REP. PECK moved HB 146 DO PASS AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 10:08 A.M.

HOUSE APPROPRIATIONS COMMITTEE

March 6, 1991

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FRANCIS BARDANOUVE, Chair


SYLVIA KINSEY, Secretary

FB/SK

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL

DATE

3/6/91

| NAME | PRESENT | ABSENT | EXCUSED |
|-----------------------------------|---------|--------|---------|
| REP. FRANCIS BARDANOUVE, CHAIRMAN | ✓ | | |
| REP. RAY PECK, VICE-CHAIRMAN | ✓ | | |
| REP. DOROTHY BRADLEY | ✓ | | |
| REP. JOHN COBB | ✓ | | |
| REP. DOROTHY CODY | ✓ | | |
| REP. MARY ELLEN CONNELLY | ✓ | | |
| REP. ED GRADY | ✓ | | |
| REP. LARRY GRINDE | | | ✓ |
| REP. JOHN JOHNSON | ✓ | | |
| REP. MIKE KADAS | ✓ | | |
| REP. BERV KIMBERLEY | ✓ | | |
| REP. WM. "RED" MENAHAN | ✓ | | |
| REP. JERRY NISBET | ✓ | | |
| REP. MARY LOU PETERSON | ✓ | | |
| REP. JOE QUILICI | ✓ | | |
| REP. CHUCK SWYSGOOD | ✓ | | |
| REP. BOB THOFT | ✓ | | |
| REP. TOM ZOOK | ✓ | | |
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3-6-71
1 DB

HOUSE STANDING COMMITTEE REPORT

March 6, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
House Bill 131 (first reading copy -- white) do pass .

Signed: _____
Francis Bardanouve, Chairman

3-6-91
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HOUSE STANDING COMMITTEE REPORT

March 6, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 146 (first reading copy -- white) do pass as amended .

Signed: _____
Francis Bardanouve, Chairman

And, that such amendments read:

1. Page 1, line 7.
Following: "AN"
Insert: "IMMEDIATE"
2. Page 5, line 1.
Following: "effective"
Strike: "July 1, 1991."
Insert: "upon passage and approval."

EXHIBIT 1
DATE 3/6/91
HB 67

Amendments to HB 67

NEW SECTION. Section 1. Appropriation. (1) There is appropriated from the general fund to the board of public education \$5 million for the biennium ending June 30, 1993, for the following purposes:

(a) grants to school districts that are most in need of facility funding to meet the school accreditation standards; and

(b) administrative expenses, including the salary and expenses of personnel, equipment, office space, and other expenses necessarily incurred in the administration of the grants program.

1. Page 1.
Following: line 14
Insert: "for the following purposes: (a)"
2. Page 1, line 16
Following: "standards"
Insert: "; and (b) administrative expenses, including the salary and expenses of personnel, equipment, office space, and other expenses necessarily incurred in the administration of the grants program."

2-
3/6/91
30
HB

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

ON HB 30

MARCH 6, 1991

Mr. Chairman, members of the committee, for the record my name is Richard Miller; I am the Montana State Librarian.

Representing the Montana State Library Commission, I come before you in support of HB 30. This bill will provide improved telecommunications for education-related purposes in Montana and will open educational vistas for our students of which we can now only dream. This opportunity should not be missed. Just two examples will help illustrate how such telecommunications have provided expanded services in two Montana public libraries.

Several years ago, Lincoln County Library in Libby and the Bitterroot Public Library in Hamilton received grants from the Kellogg Foundation. These grants, under the auspices of a program called the Intermountain Community Learning and Information Services (ICLIS), provided distance learning courses for adults, hands-on microcomputer training, database searching, and literacy programs for these two rural Montana libraries. Although the Kellogg grants have ended, the services of these two libraries were transformed, and they will never be the same. These libraries have been brought into the 20th century, into the "Information Age" in which we find ourselves.

3/6/91
HB 30

HB 30 does not provide any funding for public libraries (although school media centers and academic and college libraries may participate in the funding providing). But I hope that all libraries in Montana will benefit in ways perhaps not even envisioned by the supporters of this bill. I hope that all libraries will become "windows on the world," allowing any user, whether student, adult learner, the elderly, the handicapped, the institutionalized, to see the library as the access point to any information they need.

I urge your support of HB 30.

EXHIBIT 3
DATE 3/6/91
HB 3

Amendment to House Bill No. 146
Introduced Copy

Requested by the House Appropriations Committee

1. Page 1, line 7.
Following: "AN"
Insert: "IMMEDIATE"

2. Page 5, line 1
Following: "effective"
Strike: "July 1, 1991."
Insert: "upon passage and approval."

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriation COMMITTEE BILL NO. _____
 DATE 3/6 SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

| NAME AND ADDRESS | REPRESENTING | BILL | OPPOSE | SUPPORT |
|------------------|----------------------------------|--------------------------------|--------|---------|
| Mike Trevor | DOA/ISD | HB30 | | ✓ |
| Richard Miller | MT State Library Commis- sion | HB30 | | ✓ |
| Kwan Bryan | Mta Treas. Assoc. | HB954 | ✓ | |
| Tony Aurbert | DOA/ISD | HB30 | | ✓ |
| Jan Downen | MECA | HB30 | | ✓ |
| Doug Webb | Bontynock School Dist #30 | HB645 | | ✓ |
| Debbie Selby | mt LIB nmt ASSOC. | HB30 | | ✓ |
| Bruce W. Meier | SSOA | HB30 HB645 HB954 HB67 | | ✓ |
| CHIP EDMANN | MT Rural Ed Assoc | HB30 | | ✓ |
| Jan W Long | S.A.M. | HB30 HB954 HB67 | | ✓ |
| | | | | |
| | | | | |

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.