

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By Chairman Royal Johnson, on January 8, 1993, at 10:10 A.M.

ROLL CALL

Members Present:

Rep. Royal Johnson, Chair (R)
Sen. Don Bianchi, Vice Chair (D)
Rep. Mike Kadas (D)
Rep. Ray Peck (D)
Sen. Chuck Swysgood (R)

Members Excused: None

Members Absent: Sen. Dennis Nathe (R)

Staff Present: Taryn Purdy, Legislative Fiscal Analyst
Skip Culver, Legislative Fiscal Analyst
Doug Schmitz, Office of Budget & Program Planning
Amy Carlson, Office of Budget & Program Planning
Curt Nichols, Office of Budget & Program Planning
Jacqueline Brehe, Committee Secretary

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

Committee Business Summary:

Hearing: BOARD OF PUBLIC EDUCATION
Executive Action: BOARD OF PUBLIC EDUCATION SUPPLEMENTAL
REQUEST AND BOARD OF PUBLIC EDUCATION

HEARING ON BOARD OF PUBLIC EDUCATION

Tape No. 1:A:125

REP. MIKE KADAS, referring to the previous day's testimony, noted that in FY94-95 if \$80,000 WAS raised for the Research Fund, and if anything was left in the fund at the end of the fiscal year, the remainder can be appropriated for other purposes. The difficulty was knowing how much leftover there would be. He continued that the amount left in the research fund which was not spent in FY92-93 could be appropriated for other purposes. **CHAIRMAN ROYAL JOHNSON** asked if it were true that the money in the research fund could not be used for personal services. **REP. KADAS** agreed. **SEN. CHUCK SWYSGOOD** made reference to the \$10,000

which was part of the executive budget modification. **REP. KADAS** explained that the mod could be taken out of the advisory council's administrative funds.

CHAIRMAN JOHNSON asked what base the committee wanted to use. **SEN. SWYSGOOD** mentioned that in the past the committee has usually used the LFA as a base. **REP. KADAS** added that the committee usually started with the LFA and added or subtracted. **REP. RAY PECK** noted that a committee member should have the right to make a motion to accept the executive budget as a base. **SEN. SWYSGOOD** agreed with **REP. PECK**. **SEN. DON BIANCHI** made the point that it was easier to prepare for meetings if one knew which budget the committee was using for the base. **REP. PECK** noted that if the committee adopted the LFA for the base budget, the members would be restricted in making substitute motions. **REP. KADAS** emphasized that the real difficulty will come when the committee hears the university system budget where there are two different proposals as to what the budget base should be. **CHAIRMAN JOHNSON** suggested the committee use the LFA budget for the Board of Public Education. **SEN. SWYSGOOD** advised that the committee would need a motion when the this budget was being considered.

Skip Culver, LFA, presented the LFA revised current level budget for consideration by the committee. **EXHIBIT 1**

CHAIRMAN JOHNSON indicated the committee would start with the supplemental on page E17 of the LFA budget.

Tape No. 1:A:042

Questions, Responses, and Discussion:

REP. KADAS asked if there was a fund balance in the teachers' fees that would be available to offset some of the supplemental, in particular, the \$2,600 for revocation hearings. **Doug Schmitz, OBPP**, replied that the beginning balances for FY93 in the advisory council account was \$23,000 and in the research fund was \$72,815. These figures represented leftover funds from FY92. **Mr. Schmitz** mentioned that the board had entered into contracts which committed a portion of the funds. The board could possibly decelerate the expenditures.

Mr. Wayne Buchanan, Executive Secretary for the Board of Public Education, informed the committee that the Board had entered into a contract with Western for a two and one-half year study on the effect of mentoring on new teachers to the profession. The total amount for the study over three years will be approximately \$200,000. He said he could obtain the precise figure for the committee. He added that there should be a considerable amount of money left in the fund from which to draw. **REP. KADAS** asked about the \$23,000 of carry-over in the council's administrative account and what the anticipated revenue was for FY93. **Mr. Buchanan** explained that what was in the account was not necessarily unused but actually reflected when the teachers' fees

came in, which was in June. There was often a gap between expenditures and that date, in which case the board gets loans from the general fund. Loans have had to be used every year and it was expected that a loan will be used this year also. He noted that this year a surplus was beginning to be built because revenue in this fund exceeded budget by \$3-4,000.

REP. KADAS said he was reluctant to take money out of this fund since the board will need to go to the general fund for a loan if their funds run out. He wondered if there was enough money to fund the executive modification through this fund. SEN. BIANCHI noted that the OBPP suggested funding the executive through the research fund. Mr. Buchanan agreed that the budget office recommended funding the mod from the research fund in which there was sufficient money. There was not sufficient money in the council fund at this time, although those funds were accumulating. SEN. BIANCHI asked Mr. Buchanan to review how much money in the research fund was not obligated. He suggested that the committee delay its action on the supplemental until those figures were known. SEN. SWYSGOOD agreed with SEN. BIANCHI noting that he wasn't satisfied that there wouldn't be enough money left in the account to cover some of the supplemental. REP. KADAS suggested that the committee needn't delay action on the supplement. If there were carry-over funds in the accounts in the next biennium, they could be appropriated at that time.

REP. PECK referred to Mr. Buchanan's letter of Nov. 9, 1992 and noted the costs of the hearing examiners were \$1,889, \$2,700 and \$1,060. He asked if these costs could be part of the licensing expenditures. REP. PECK noted that he was reluctant to appropriate from designated funds unless a representative of counsel was present. Mr. Buchanan agreed that the funds from teachers' fees should be used for revocation hearings, but present legislation does not allow this. REP. PECK replied that counsel stated that if a cash balance had not been used for research, it can be appropriated for other purposes. Because revenue comes in only in June, it is difficult to rely on the July figures.

CHAIRMAN JOHNSON referred to yesterday's discussion and asked if Mr. Buchanan had determined how much of the total amount of the supplemental (\$40,812) had already been paid. Mr. Buchanan replied that the \$7,700 in budget transfers was the only amount that had been paid. CHAIRMAN JOHNSON asked if voting for this supplement meant the committee was adding to the coming budget. Mr. Buchanan said the supplemental replaced the \$7,000 which was transferred and authorized the board to pay bills which were already incurred.

**EXECUTIVE ACTION ON BOARD OF PUBLIC EDUCATION SUPPLEMENTAL
REQUEST**

Tape No. 1:A:1065

Motion: REP. KADAS moved that the committee approve the

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supplemental with the provision that the cost of the revocation hearing examiners of \$5,649 come out of state special revenue funds from the balance in the research fund at the end of the fiscal year.

Discussion: SEN. SWYSGOOD asked Mr. Buchanan what would happen if the requested \$7,700 were not appropriated. Mr. Buchanan replied that it would have a dramatic effect. SEN. SWYSGOOD asked that with six months left in FY93, how dramatic could the reduction be. REP. KADAS replied that the \$7,700 represented 20% of their budget for the remaining part of the year.

Motion: SEN. SWYSGOOD moved the addition of the following to REP. KADAS' motion: that if any money were left in the research fund at the end of the fiscal year, that it be used to pay all or part of the \$7,702 of the supplemental and reduce the general fund obligation. When REP. PECK noted that this was not a substitute motion, SEN. SWYSGOOD withdrew his motion.

SEN. SWYSGOOD noted that with REP. KADAS' motion there would be a saving of \$5,649.

Vote: The original motion CARRIED unanimously.

Motion: SEN. SWYSGOOD moved that if there were any funds left in the research fund at the end of the fiscal year and after the \$5,649 mentioned in the previous motion had been paid, that the money be applied to the \$7,702 in the supplemental and thereby return the monies to the general fund.

Discussion: Mr. Culver explained that there may be a cash balance in the account but that it may be obligated for contracts. SEN. SWYSGOOD withdrew his motion.

EXECUTIVE ACTION ON BOARD OF PUBLIC EDUCATION

Tape No. 1:B:165

Motion: SEN. BIANCHI moved that the committee use LFA budget as the base.

Discussion: REP. KADAS asked what the executive secretary's salary was. Referring to EXHIBIT 1, Mr. Culver pointed out that the first option recalculated the LFA current level using the salary as appropriated by the 1991 legislature. Option 2 showed the salary restored to the executive budget level.

Vote: The motion CARRIED unanimously.

Mr. Culver clarified the Non-Recorded Legal Fees item in EXHIBIT 1 saying that since it was now part of the supplemental request, if the committee accepted the LFA budget as the base, it should remove that item. SEN. SWYSGOOD noted that since the committee had accepted the LFA budget as the base, if the members failed to

make a motion to adopt the individual difference items, they would not become a part of the budget. **CHAIRMAN JOHNSON** agreed with his statement.

Motion/Vote: **REP. KADAS** moved to include in the LFA budget the amount in option 1 **EXHIBIT 1** to fund the executive director's salary at the pay plan level. The motion **CARRIED** unanimously.

Motion/Vote: **REP. KADAS** moved that the committee remove the \$2,024 each year in non-recorded legal fees. The motion **CARRIED** unanimously.

SEN. SWYSGOOD asked **Mr. Culver** why the printing costs were lower in the LFA budget. **Mr. Culver** explained that the printing costs had been in category 2199 and the executive budget had removed it. When he discovered that it had represented printing costs, he left it in the LFA budget. When asked why he had removed it, **Mr. Schmitz** replied that he had asked all agencies to re-identify all accounts in a more precise way. The board had replied but reported the printing costs as being in category 2212.

Motion: **SEN. SWYSGOOD** moved that the committee reduce the LFA budget by \$1,997 in FY94 and FY95.

Discussion: **SEN. SWYSGOOD** explained that if both the executive and the LFA agreed on all other items except this, then by removing this amount the committee would be removing excess money. Printing costs would be covered by a different category. **REP. KADAS** asked where the executive budget had placed the printing costs. **Mr. Schmitz** did not have the information on hand. **REP. KADAS** said he supported the motion because it reduced the current level budget. **CHAIRMAN JOHNSON** reminded **Mr. Buchanan** that he had testified that his copying costs had gone up, not printing. **Mr. Buchanan** agreed.

Vote: The motion **CARRIED** unanimously.

REP. PECK asked for clarification from staff on the item in the budget book called communication cost decrease. **Mr. Culver** explained it represented a deflation and occurred for every agency. In this agency, it meant a decrease in telephone costs from \$606 to \$479 and a long distance cost reduction from \$1,719 to \$1,547.

REP. KADAS asked **Mr. Culver** how he had calculated the percentage of funds going to the administrative budget from the state special revenue fund to be six percent while the executive budget calculated it at seven and one-half percent. **Mr. Culver** said that he had based it at a level used previously as 94% general fund and six percent state special fund. **Mr. Schmitz** explained that in a discussion with **Mr. Buchanan** prior to the special session, they had ascertained that seven and one-half percent was a reasonable sum to represent the work **Mr. Buchanan** did for the advisory council. In the January 1992 session, however, a

representative of the council adamantly disagreed. The figure presented here was the same as presented in that special session.

REP. KADAS asked why the OBPP felt their figure was more appropriate than the LFA figure. **Mr. Buchanan** explained that the OBPP figure better reflects the time he spent doing work for the advisory council and the research fund. In the special session, this committee had the agency responsible for \$3,500 and the state special revenue fund supplied the \$6,500. This was to offset some of the reductions that were imposed. He explained that they are asking for the full seven and one-half percent (\$10,000). When he asked other agencies, it was agreed this was an appropriate amount for indirect costs of this nature. **Mr. Culver** reiterated that he developed the current level based on current history.

REP. PECK asked **Mr. Buchanan** if he had notified the advisory council concerning using the teachers' fees for this purpose. **Mr. Buchanan** said he had spoken with the council administrator and with the president of the council. He added that \$6,500 had already been approved by the committee. This action would add \$3,500. **REP. PECK** noted that he would like to hear from more of the council given what has been done to that fund already.

Motion: **REP. KADAS** moved that in each year of the biennium the committee increase the state special revenue fund by \$9,550 and decrease the general fund by a like amount.

Discussion: **REP. PECK** said he opposed the motion because he would like to hear from more of the council since the committee is dealing with designated funds. **CHAIRMAN JOHNSON** asked if his concern was that this use of the funds was not proper. **REP. PECK** replied that he felt it was not ethical. **SEN. BIANCHI** asked if, by taking the \$9,550 out of the state special revenue fund and decreasing the general fund obligation by the same amount, the committee was reducing the agency's budget. **REP. KADAS** explained that they would still get the total amount but it would come from different places. **SEN. BIANCHI** asked if the agency was already getting \$7,270 from that fund. **REP. KADAS** replied affirmatively and added that this motion increased that amount. When questioned, **Mr. Culver** agreed.

Vote: The motion **CARRIED** 4 to 2 with **SEN. SWYSGOOD** and **REP. PECK** voting no.

Tape No 2:A:000

REP. KADAS referred to the executive mod and asked if it was being funded from the research funds or the council side of the fees. **Mr. Schmitz** said the research fund. **REP. KADAS** noted since the research funds were statutorily appropriated, they could not get any excess funds until year end. He asked how they would obtain money before then for this proposal. **Curt Nichols, OBPP**, explained that there would be a balance in the fund during the year which they would draw on. Regarding a question of

legality which was raised, **CHAIRMAN JOHNSON** explained that it was his understanding that it would not be illegal as long as one waited until the end of the year to take it out. **Mr. Nichols** explained that there was a balance in the account which represented carry-over funds that could be used. It was the opinion of staff that it was not necessary to designate the FY93 balance figure in a motion.

Motion: **REP. KADAS** moved that the executive budget modification be approved with funding coming from the research fund.

Discussion: **REP. PECK** asked **Mr. Nichols** if the reason that he didn't consider a budget amendment rather than a mod, was that he knew that the legislature and the agency were aware these funds were available. **Mr. Nichols** said that if they can bring a matter to committee in the budget, they prefer that to an amendment. **REP. PECK** noted that the \$10,000 was an approximate figure. He asked if it wouldn't be better to try a budget amendment route once exact figures are known. **Mr. Nichols** replied that the money was needed and if the committee rejected this request, the law states that a budget amendment cannot be considered for a matter previously rejected. **REP. PECK** stated that the executive, if desired, could pursue the issue following 60 days. **Mr. Nichols** said that OBPP preferred not to do that. **REP. PECK** asked that rather than using an arbitrary figure of \$10,000 wouldn't it be better to use the amendment route. **Mr. Nichols** asked for the intent of the committee.

CHAIRMAN JOHNSON asked **REP. PECK** if the language on page E17 describing the mod answered his questions. **REP. PECK** said he did not agree and that he felt the \$10,000 figure was too high. **Mr. Schmitz** explained that the figure reflected the aggressive role the board was taking in the hearings, the increased number of cases and the increased time these investigations take. **SEN. SWYSGOOD** agreed with **REP. PECK** as to the arbitrary nature of the figure. **Mr. Buchanan** reaffirmed the reasons given by **Mr. Schmitz**. **SEN. BIANCHI** spoke in favor of the motion and said he found the figure justifiable because of the increased costs in the coming biennium.

REP. KADAS said that he was convinced by **REP. PECK'S** arguments and would withdraw his motion.

Motion : **REP. KADAS** moved that the committee approve a budget modification of \$3,000 each year to be funded out of the balance of the research fund.

Vote: The motion **FAILED** with **REP. PECK**, **SEN. SWYSGOOD**, and **CHAIRMAN JOHNSON** voting no.

Tape No 2:A:518

Motion/Vote: **SEN. SWYSGOOD** moved the adoption of the LFA budget as it related to the Advisory Council and the Board of Public Education. The motion **CARRIED** unanimously.

Mr. Nichols announced that he had met with the Office of Public Instruction staff and they would be bringing two supplementals before the committee which were not in the book. One was for a lawsuit from Phillips County and the other was for a Shodair Hospital addition.

Motion: **REP. PECK** moved the restoration of \$348 to the Repair and Maintenance Office Equipment of the LFA Budget.

Discussion: **SEN. SWYSGOOD** explained that this amount was incorrectly left out of the budget.

Vote: The motion **CARRIED** unanimously.

REP. KADAS asked if the committee had to move to close the sessions. **Ms. Purdy** said it was not necessary.

ADJOURNMENT

Adjournment: 12 noon



REP. ROYAL JOHNSON, Chair



JACQUELINE BREHE, Secretary

jb/

HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

01-08-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ROYAL JOHNSON, CHAIRMAN	✓		
SEN. DON BIANCHI, VICE CHAIRMAN	✓		
REP. MIKE KADAS	✓		
SEN. DENNIS NATHE		✓	
REP. RAY PECK	✓		
SEN. CHUCK SWYSGOOD	✓		

5101 01 00000								
BOARD OF PUBLIC EDUCATION				Administration				
Program Summary								
Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	2.00	2.00	2.00	2.00	0.00	2.00	2.00	0.00
Personal Services	84,403	75,642	90,276	85,250	5,026	90,296	85,269	5,027
Operating Expenses	33,204	28,264	35,529	36,130	(601)	34,985	35,653	(668)
Equipment	<u>0</u>	<u>250</u>	<u>1,600</u>	<u>1,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$117,608	\$104,156	\$127,405	\$122,980	\$4,425	\$125,281	\$120,922	\$4,359
Fund Sources								
General Fund	111,099	97,647	117,855	115,601	2,254	115,731	113,667	2,064
State Revenue Fund	<u>6,509</u>	<u>6,509</u>	<u>9,550</u>	<u>7,379</u>	<u>2,171</u>	<u>9,550</u>	<u>7,255</u>	<u>2,295</u>
Total Funds	\$117,608	\$104,156	\$127,405	\$122,980	\$4,425	\$125,281	\$120,922	\$4,359

Page References

LFA Budget Analysis Vol II pages E 16-18
Governor's Executive Budget pages E 23-24

Current Level Differences

EXECUTIVE SECRETARY SALARY

OPTION 1- Recalculated LFA current level includes salary as appropriated by 1991 legislature (with pay plan).

OPTION 2- To restore to Executive Budget level .

COPY MACHINE EXPENSES- LFA current level is based upon fiscal 1992 actual, the Executive budget is based upon an per copy estimate. In the past the Board has paid a fixed rate per year.

BOARD TRAVEL EXPENSE- LFA current level is based upon fiscal 1992 actual, the Executive budget is based upon an estimate provided by the board.

ANNUAL PARKING FEES- LFA removed parking fees required of the former office location from the current level. This is not a required expense at the new location.

NON RECORDED LEGAL FEES- The LFA current level includes legal fees which were incurred in fiscal 1992 but not reported in the fiscal year end SBAS report.

PRINTING COSTS - The LFA included printing costs which were incorrectly recorded as other expenses. The Executive removed other expenses from the budget.

DATA PROCESSING FEES & MESSENGER SERVICES- Fixed costs not charged to Board of Ed

INFLATION DIFFERENCES

MINOR DIFFERENCES (NET)

TOTAL CURRENT LEVEL DIFFERENCES

FUNDING DIFFERENCES- LFA used same funding ratio as budget for fiscal 1992, Exec added to the state special revenue funds an amount equal to vacancy savings imposed for fiscal 1992. The LFA current level uses less state special and more general fund than the executive budget. The subcommittee can either appropriate a fixed amount or a ratio of general fund to state special.

Budget Modifications

Hearing Examiner- The Executive budget includes a modification to fund the costs of hearing examiners to conduct teacher license revocation hearings. Proposed funding for this modification is from teacher licenses fees.

EXHIBIT 1

DATE 1-08-93

SB

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

3,059 3,060

5,026 5,027

806 806

1,755 1,755

440 440

(2,024) (2,024) ✓

(1,997) (1,997)

250 250

(153) (373)

322 475

4,425 4,359

10,000 10,000

5101 03 00000

BOARD OF PUBLIC EDUCATION

Advisory Council

Program Summary

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	2.00	2.00	2.00	2.00	0.00	2.00	2.00	0.00
Personal Services	53,422	53,407	53,775	53,775	0	53,797	53,797	0
Operating Expenses	22,337	24,344	25,578	22,822	2,756	25,081	22,259	2,822
Equipment	0	250	1,600	1,600	0	0	0	0
Total Costs	\$75,760	\$78,001	\$80,953	\$78,197	\$2,756	\$78,878	\$76,056	\$2,822
Fund Sources								
State Revenue Fund	75,760	78,001	80,953	78,197	2,756	78,878	76,056	2,822
Total Funds	\$75,760	\$78,001	\$80,953	\$78,197	\$2,756	\$78,878	\$76,056	\$2,822

Page References

LFA Budget Analysis Vol II pages E16-18
Governor's Executive Budget pages E23-24

Current Level Differences

OFFICE SUPPLIES, NON CENTRAL STORES- LFA reduced this amount by the amount transferred to another category as requested by the agency. The Exec budget did not.

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

1,103 1,103

MESSANGER & DATA NETWORK FEES- Fixed costs which are not charged to the Board of Education

169 169

ANNUAL PARKING FEES- LFA removed parking fees required of the former office location from the current level. This is not a required expense at the new office location.

440 440

COPY MACHINE EXPENSE- LFA current level is base upon fiscal 1992 actual, the Exec budget is based upon a per copy estimate provided by the agency. In the past the agency has paid a fixed rate.

646 646

REPAIR & MAINTENANCE OFFICE EQUIPMENT- LFA incorrectly removed from current level, this should be in current level base.

348 348

INFLATION DIFFERENCES

58 124

MINOR DIFFERENCES (NET)

(8) (8)

TOTAL CURRENT LEVEL DIFFERENCES

2,756 2,822

Budget Modifications**Language**

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

EDUCATION SUBCOMMITTEE DATE 1-08-93
DEPARTMENT(S) _____ DIVISION _____

PLEASE PRINT

PLEASE PRINT

NAME	REPRESENTING	
DeWn Allen	Montana U. System	
WAYNE Buchanan		

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