

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES**

**Call to Order:** By Chairman Royal Johnson, on January 11, 1993,  
at 8:07 a.m.

#### **ROLL CALL**

##### **Members Present:**

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

**Members Excused:** none

**Members Absent:** none

**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: OFFICE OF PUBLIC INSTRUCTION  
SUPPLEMENTAL ONE ; OFFICE OF PUBLIC  
INSTRUCTION SUPPLEMENTAL TWO; AND OFFICE  
OF PUBLIC INSTRUCTION  
Executive Action: NONE

#### **HEARING ON OFFICE OF PUBLIC INSTRUCTION SUPPLEMENTAL ONE**

**Tape No. 1:A:000**

##### **Informational Testimony:**

**Greg Groepper, OPI,** introduced his associates from OPI and explained that they would testify on two supplementals: one concerning HB 999 (in-state treatment) and one for legal fees incurred in a lawsuit with a county over local severance tax. He added that because HB 999 involved not only the supplemental but

also the modification and the total budget, his staff would like to give a presentation on HB 999.

**Gail Gray, Assistant Superintendent for the Department of Accreditation and Curriculum Services of OPI,** spoke of the financial needs of students with emotional disturbances who were in residential treatment centers and psychiatric hospitals in Montana. The 1991 Legislature changed the way funding was provided for the educational needs of these children. She added that she would limit her discussion and requests to those in in-state institutions. The bill insured funding for the educational program for children in these facilities, regardless of whether they were identified as disabled, and it imposed cost controls. The cost increases seen were due to a dramatic increase in the number of children needing treatment. Children were placed in these facilities not for educational needs, but for emotional and medical needs. The supplemental requested was not to replace the eight percent reduction OPI received in the last session, but for a program that was not in operation during the last legislative session and which had experienced dramatic growth. **Ms. Gray** referred to part 1 of **EXHIBIT 1** in explaining the need for \$80,446 for the new residential program at Shodair Hospital which was initiated on November 11, 1992. **Ms. Gray** referred to part 2 of **EXHIBIT 1** in explaining the need for \$258,626 to cover the shortfall in funding for the current fiscal year due to the increase in Montana students served at the Yellowstone Treatment Center. During the '92-'93 school year, the average Montana student enrollment at Yellowstone rose from an average of 40 to 72.

**Ms. Gray** noted that, by statute, the state was obligated to pay 100% of the allowable educational costs of children in these facilities. OPI was unable to do so with the current appropriation.

**Ms. Gray** noted that, in the November 1992 issue of the Federal Register, a ruling appeared which would allow facilities to claim as reimbursable the educational costs of students in these facilities. This money, obtained through Medicaid, may allow substantial reduction of the modification request and possibly some reduction of the supplement request.

**Robert Runkel, Director of Special Education, OPI,** testified that the original appropriation in 1991 was for educational services for 145 students in Montana facilities. The number of students in these facilities had dramatically increased. Because HB 999 was not part of the general appropriations bill, there was no appropriation base and therefore the requested modification contained the full amount of the requested funding. Referring to part 3 of **EXHIBIT 1**, **Mr. Runkel** noted that the spread sheet listed by line item the allowable costs at the designated facilities. The graph in part 3 illustrated the growth in educational costs at these facilities.

**Ron Hatcher, Yellowstone Education Center and Yellowstone Treatment Center**, testified that HB 999 had the state pay the educational costs for students in residential treatment centers and psychiatric hospitals. The reason for the bill was that the local school districts did not want to pay for the education of emotionally disturbed students. Since the students were so transitional, it was difficult for the districts to decide who was responsible for the payments. **Mr. Hatcher** continued that when the bill passed, there were 29 students at the Yellowstone Treatment Center. The center estimated that they would have 40 with passage of the bill. At the end of the summer they had 78. The reason for the unexpected larger number was that the local school districts were recommending more students go to residential treatment centers because they did not have to carry the educational costs. He added that they were now averaging 72 students, 32 of these have never had their educational costs paid for by anyone. Yellowstone Treatment Center had lost \$1 million as a result of the unfunded students.

**Mr. Hatcher** noted that last year the educational costs being paid for a student at the educational center was \$10,500 per year. Before HB 999, the costs being paid was \$12,500. The difference was being made up by payments from out-of-state students and through supplements from the treatment center.

In response to a question from **SEN. DENNIS NATHE** concerning who paid the psychiatric treatment for the students, **Mr. Hatcher** replied that third party insurance or the agencies placing the students were responsible. **SEN. NATHE** asked if OPI paid for the special education of the students. **Mr. Hatcher** replied that there was no more funding for special education to the treatment centers since that came through HB 999.

**Jack Casey, Administrator at Shodair Hospital and Shodair Residential Treatment Center**, testified that for the last five years the hospital has had trouble placing clients in residential treatment centers in the state of Montana. The placing agencies were sending the students out of state and the state was paying \$2.9 million of general fund monies to out-of-state facilities. He noted that it made economic sense to create a residential center in Montana which could give care to students with post-traumatic stress disorder since these clients were now being sent out of state because no center in Montana could service them. **Mr. Casey** explained that the Shodair Residential Treatment Center was started in the fall of 1992 and was not covered by HB 999. They were now requesting the educational component be funded.

#### Questions, Responses, and Discussion:

In reply to a question from **SEN. NATHE** concerning federal funding, **Mr. Casey** explained there was a change in policy announced in the federal register which said the educational component may be reimbursable if it was a integral part of treatment. They were awaiting guidelines from the Health Care

Finance Corporation in Baltimore. **Ms. Gray** added that a letter had been drafted by SRS asking for clarification on this issue. She emphasized that state money will still be needed because there were some students who would not be eligible for Medicaid for various reasons. **SEN. NATHE** asked how soon a reply was expected. **Ms. Gray** answered that they anticipated a reply before the supplemental bill was completed.

**SEN. NATHE** said that the state could not use a means test for emotionally disturbed students in psychiatric hospitals and treatment centers. He asked why Medicaid couldn't cover all the costs if the state couldn't apply a means test by itself. **Ms. Gray** replied that Medicaid used a different means test for children in psychiatric hospitals and treatment centers. It used the family of one rule. Medicaid was also a payer of last resort and would not pay until private insurance was fully utilized.

**SEN. DON BIANCHI** asked if the federal government picked up the educational component, would it affect the supplemental as well as the biennium budget. **Ms. Gray** answered that it was not clear. Some of the supplemental may be affected, but much of the costs were incurred before November 1992 when the ruling appeared in the federal register. **CHAIRMAN ROYAL JOHNSON** asked if the Medicaid issue applied to all facilities mentioned in the supplemental. **Mr. Casey** said yes.

**REP. RAY PECK** asked if OPI had examined what the costs were for students placed out of state prior to HB 999. **Ms. Gray** replied that the costs of out-of-state placement had risen 107% because the number of students being referred had increased. She added that had Shodair not opened a facility and had Yellowstone not expanded, the cost would have been even higher. **REP. PECK** then asked what the comparative costs were for students placed in-state compared to out-of-state. **Ms. Gray** answered that it depended on the facility but in general the costs were higher out-of-state. She added that HB 999 limited the costs for which the facilities could be reimbursed.

**REP. MIKE KADAS** inquired why the numbers were increasing so rapidly in this program. **Ms. Gray** listed several possible answers: 1. increase in life pressures; 2. changes in family structure; 3. increased availability of these types of programs; 4. increase in chemical and drug contributions to psychiatric problems; and 5. abuse. **Mr. Runkel** added there was also a lack of community-based day treatment centers, so students had to be sent to residential treatment centers. **REP. KADAS** asked the per student cost in such day care centers and how many students could use such centers rather than residential treatment centers. **Mr. Runkel** did not have the information.

**REP. KADAS** asked how much general advertising added to the demand. Was advertising creating a demand? **Mr. Runkel** replied that he didn't know, but that the students in the facilities did have a medical need to be there. He added that there was a

significant demand, however, some of the demand could be met through community-based day centers. **REP. KADAS** asked if other states which had expanded residential care units had also experienced such a rapid rise in numbers. **Mr. Runkel** answered that he did not have that data, however, many states have been trying to reduce their out-of-state placements and were encouraging agencies to use in-state facilities. **Ms. Gray** added that Montana was close to its limit in the number of placements possible.

In response to a question from **REP. KADAS** regarding the costs of community-based treatment centers, **Loren Soft, Executive Director of Yellowstone Treatment Center**, answered that there were a variety of reasons for the increased number of emotionally disturbed youth and day treatment was one option for some of them and less expensive than residential care. Day treatment costs were about \$37 per day of which the general fund paid \$20. Yellowstone residential care for a Medicaid student cost Montana \$57 per day with the rest of the costs being paid through federal funds. **REP. KADAS** asked if having more day treatment centers would cause residential treatment center budgets to level off or decrease. **Mr. Soft** replied that he hoped so, although additional community support services would be needed.

**Tape No. 1:B:000**

**SEN. CHUCK SWYSGOOD** noted that before HB 999 was implemented, the committee heard testimony that there were 29 children in this situation and 40 children were estimated as needing funding under HB 999. Now there were actually 72 children in need. He asked where the children were before HB 999 existed. **Mr. Hatcher** replied that the children were in the school districts. The superintendents wouldn't recommend them for services because they had to pay for the educational costs from their budgets. **SEN. SWYSGOOD** asked why there wasn't a limit imposed on the number of children in the program. **Mr. Hatcher** said the children were not sent to the treatment centers for educational reasons, but for emotional disturbances. Once they were at the centers, by law, they had to be educated.

**REP. PECK** stated that the large number of children who were being treated out of state was one of the motivating factors for the implementation of HB 999. He added that the reason OPI was coming in with a supplement was that the original bill had sufficient money in it to fund the educational costs of the children, but it had been reduced before passage. **REP. PECK** said if the need for treatment was there, institutions will meet the need. Before HB 999, children were not getting the services they needed; they were being handled locally or sent out of state. **REP. PECK** expressed a concern that the reason the number of children in special education was mounting was due to abuse of the system with teachers recommending difficult students for special education just to get rid of them.

**SEN. NATHE** asked if the Rivendell facility in Butte was like the one in Billings. **Mr. Runkel** replied that the Billings facility served children whose needs required shorter treatment. The Butte facility provided services of a longer term. He added that the Billings facility was not limited to court ordered placements. **SEN. NATHE** asked how children were sent out of state in the past. **Mr. Runkel** replied that placements out of state for treatment could have been done by the courts or by the agency which had charge over the child. **SEN. NATHE** asked who ordered children into Yellowstone Treatment Center or into Shodair. **Mr. Runkel** explained that children could get there through placement by the DFS, by Youth Court or by a family or physician. Placement was based on medical necessity criteria. **SEN. NATHE** asked if OPI encouraged the grade schools and high schools to use local mental health centers. **Mr. Runkel** said OPI required schools to follow the policy of determining the least restrictive environment. They required them to look at local resources first.

**Mr. Casey** also responded to **SEN. NATHE'S** question. He mentioned that there was a screening agency for admittance to a hospital or residential treatment center. Mental Health Management of America (MHMA) of Tennessee, had a contract with SRS to screen every child who was Medicaid eligible. Admission was based solely on medical criteria.

**Mr. Soft** added that there was also a 28-day review process done by MHMA to determine the need for continued treatment of the child.

**CHAIRMAN JOHNSON** asked for clarification of the budget request for directors' salaries. **EXHIBIT 1** **Mr. Runkel** explained that in **part 2 of EXHIBIT 1** the YTC director's salary was originally funded in HB 999 and was not placed in the supplemental because an additional director was not needed for additional children. Part 3 was the budget request for the next biennium for in-state residential treatment centers and psychiatric hospitals.

**REP. PECK** asked if the total supplemental was obtained by adding the \$80,446 to the \$258,626. He also asked if this amount would be affected by the ruling on Medicaid coverage of educational costs. **Ms. Gray** replied affirmatively and added that the \$5 million in part 3 was the total for all facilities if no Medicaid money was forthcoming. OPI anticipated it would be lower, but could not confirm that at this point. **SEN. BIANCHI** asked what was budgeted in HB 999 for the last biennium. **Ms. Gray** said \$2.3 million. She said the program was in effect for the whole biennium but not all six facilities were involved.

**CHAIRMAN JOHNSON** closed the hearing on the first supplemental and opened it on the second supplemental

HEARING ON OFFICE OF PUBLIC INSTRUCTION SUPPLEMENTAL TWO

Tape No. 1:B:432

Informational Testimony:

Mr. Groepper explained that the need for the supplemental arose as the result of a lawsuit in which Phillips County contended that the local government severance tax was only available for local government and that the 22 mills and the 33 mills for county school equalization levies should not be considered as part of local government. Nor did they believe the six mill university system levy should be considered as part of it. The county had filed a lawsuit against OPI to determine if the local government severance tax should include the 55 mill levy and the six mill levy.

Mr. Groepper said because the Department of Revenue was unable to assist them with legal counsel, OPI had hired a private attorney. The cost of the litigation was estimated to be \$10,000 between the present date and July 1, 1993. If the case went through the entire appeals process, there would be an additional \$38,000 for the 1994-95 biennium. The Office of the Commissioner of Higher Education had assumed 25% of the litigation costs. The supplemental therefore was for \$7,500. He said there would be a budget modification for the 75% of the \$38,000. OPI was requesting that these be line item appropriations. He noted that there was approximately \$20 million in local government severance tax at stake in the litigation.

Questions, Responses, and Discussion:

REP. PECK asked for clarification on the amount requested. Mr. Groepper replied that OPI was requesting 75% of \$48,000. Only \$7,500 would be in the supplemental; the rest would be requested in a budget modification. CHAIRMAN JOHNSON closed the hearing.

OFFICE OF PUBLIC INSTRUCTION--OVERVIEW

Nancy Keenan, State Superintendent of Schools, thanked the committee for the opportunity to give an overview of OPI before actually getting into the budget. She noted that there was a growing demand for services from OPI and yet resources were limited. She said that all previous indicators had predicted that Montana's school population was going to level out over the last three years. Instead, 1991 saw an increase of 1,700 students, 1992 an additional 2,800, and 4,200 new students in 1993. She noted that this was a six percent increase in student enrollment in three years. These new students meant \$750,000 in additional costs that were not anticipated. She noted that this money did not include any funding for new schools which would eventually be needed.

Ms. Keenan addressed the public perception that the OPI had increased dramatically in size. She referred to EXHIBIT 2

illustrating that the office has actually declined in size substantially over the last ten years. The new staff being requested were for specific purposes including new accreditation requirements, curriculum development, required assessments, new federal programs, and new modifications of present programs.

**Ms. Keenan** noted that OPI was presently in the midst of the second under-funded lawsuit in the courts. She added there would be an increased amount of litigation in the area of special education. Tax issues also resulted in disputes that needed court decisions to resolve.

**Ms. Keenan** addressed the business side of OPI noting that her office supervised the accounting of the local districts and explained what was involved.

**Ms. Keenan** explained that OPI consisted of three departments in four locations with 124.4 FTEs. She emphasized that OPI was requesting general maintenance support in its budget. She said the funding needs of the budget modifications were critical and all were student focused. The costs of the programs were going up because the number of students needing the programs were increasing.

**Tape No. 2:A:000**

**Questions, Responses, and Discussion:**

**REP. PECK** voiced concern that there might be a reduction in the foundation program schedules. He then referred to Section 20-2-1-15 of the laws regarding education and explained that they required that the Board of Education give a fiscal note to the schools whenever a change in regulations was required. He asked if the Board, in light of all the new recent regulations, made a request for the fiscal note and had the board reviewed it before putting the rules in place. **Ms. Keenan** stated that the present accreditation standards were instituted in 1989 and she was not aware of a request for a fiscal note for that accreditation or any subsequent regulations. She said school districts have asked that some standards be deferred, because the schools either do not have the room or the resources. **REP. PECK** asked for **Ms. Keenan's** opinion of how to deal with the situation where the cost of implementing new regulations may prohibit accreditation of schools. **Ms. Keenan** replied that the Board of Public Education and OPI were constitutionally separate and it was difficult for her office to bring any type of pressure on the Board. She agreed with the accreditation standards and said Montana should be meeting the standards, which are minimum standards. **REP. PECK** noted that this was a critical question if there was a reduction in the foundation schedules. Local schools would not be able to meet accreditation standards.

**REP. KADAS** said that the 4,200 new students for 1993 was based on



the first three months of the academic calendar. He asked if the numbers change the projection that was made to the OBPP and LFA as far as requirements for the foundation program. **Ms. Keenan** said yes and stated that OPI had actually underestimated. She said about \$750,000 would need to be added to the figures previously given to the OBPP and the LFA.

**Doug Schmitz, OBPP**, stated that there was only one difference between Governor Stephens' budget and Governor Racicot's regarding the OPI budget. Governor Stephens' budget had supported a budget modification for the restoration of FTEs removed by the five percent personal services reduction under section 13 of HB 2. Governor Racicot's budget did not support the modification.

#### HEARING ON OFFICE OF PUBLIC INSTRUCTION

Tape No. 2:A:270

**Mr. Groepper** explained that OPI would not be making a formal presentation on the budget.

Questions, Responses, and Discussion: **SEN. SWYSGOOD** asked the LFA to give an overview of the positions in the modifications which come under the constraints of the COBB motion and the **SWYSGOOD** motion. **Mr. Culver** agreed to do so. **REP. KADAS** requested that the OBPP outline and explain the differences between the Executive budget and the LFA budget. **Mr. Schmitz** said the OBPP took 1992 actual expenditures and made adjustments for inflation and other increased costs. One time only appropriations such as the one for METNET were not included in the OBPP base. **REP. KADAS** noted that in the LFA Budget Analysis on page E2 it stated that the executive budget was \$2.5 million higher than LFA current level and requested the reason for the difference. **Mr. Culver** directed the attention of the committee to **EXHIBIT 3** on which the differences between LFA current level and the executive budget were listed. **SEN. SWYSGOOD** commented it would be convenient to work from the exhibit.

**Mr. Culver** described the current level difference for audiology contracts **EXHIBIT 3A**. **Ms. Gray** noted that OPI had a modification request for additional funding for the hearing conservation program **EXHIBIT 3A**. The 1991 appropriation had included funding from private sources, but they had not materialized. There was presently a shortfall in audiology with no other way of funding it. A biennial budget mod of \$136,000 was requested to continue funding the program. The program provided professional evaluation for children. **Mr. Culver** stated that currently the committee was addressing current level differences, not mods. **Mr. Groepper** said OPI decided not to give a formal presentation because of the tone of the session and because members of the committee were well versed on the issues in the OPI budget. There were, however, modifications which they did wish to address. **SEN. SWYSGOOD** asked if there were mods for OPI which

were not in **EXHIBIT 3**. **Mr. Culver** explained that the mods in **EXHIBIT 3** came from the executive budget and from the agency. OPI could submit additional mods during their testimony.

**Kathy Fabiano, OPI**, explained that OPI had two motions which it wished the committee to consider under the current level differences which **Mr. Culver** had listed on page 1 of **EXHIBIT 3A**. OPI also had motions to submit for the committee's consideration under current level differences for program 9 **EXHIBIT 3B**. She said OPI would like to make a presentation of the modifications and suggest motions for the mods at the next meeting of the committee. **REP. KADAS** said the committee needed to decide where it was going to start. He suggested it begin by accepting the LFA current level and then deciding on the differences as listed in **EXHIBIT 3**. Alternatively, the committee could start with the executive budget. **SEN. SWYSGOOD** noted that what usually occurred was an overview of the budget which OPI has chosen not to give.

Tape 2:B:000

**Ms. Purdy** suggested that OPI might like to expand on the differences they had with the LFA current level at this point. **Mr. Groepper** said there were two differences in program 6 with which OPI took issue. The first was Traffic Ed **EXHIBIT 3A**. OPI would like to see a language appropriation in HB 2 which had been in previous appropriation bills. The second issue was in Vo-Ed. OPI would like the committee to direct OCHE to fund Vo-Ed in OPI at the 1991 level. **Ms. Fabiano** addressed the general fund transfer appropriation which was used to fund the indirect cost pool. The LFA was \$200,000 lower than the executive budget. OPI was ready to accept the lower LFA figure but to maximize flexibility it would request it as a biennial appropriation rather than an annual appropriation.

**Ms. Purdy** distributed **Exhibit 4** and explained that the background on the issue was in the LFA Budget Analysis on E52 and E53. In 1987 the legislature passed a bill which transferred governance of the Vo-Techs to OCHE. The OCHE was also made the sole state agency for the purposes of the federal Carl Perkins Vocational Educational Act. OCHE was responsible for administering Carl Perkins Funds in higher education, and OPI was responsible for administering them in secondary education. Any federal funds made available to administer the Carl Perkins Funds were split between OCHE and OPI. That amount of money had been reduced to \$250,000 and was insufficient to fund the programs in both offices at the current level. Based on this the LFA current level made the allocation so that each office lost an equal amount.

**REP. KADAS** asked why the general fund match was lowered as well as the federal fund. **Ms. Purdy** explained the money was appropriated to match the federal fund. The decision was made not to replace the federal dollars, which had been removed, with general fund money. The issue before the committee was how to

allocate the federal funds that were available and what the total level of funding would be for administration of this program.

REP. PECK asked if there was any maintenance of effort required. Ms. Purdy said \$60,000 of the federal funds must be expended within OCHE for gender equity and must be matched on a dollar for dollar basis.

Brady Vardemann, Associate Commissioner for Vocational Technical Education, reiterated the naming of the OCHE as the sole agent responsible for the state-wide administration of the Carl Perkins funds which amounted to \$4 million. Out of the \$250,000 designated for administration, a minimum of \$60,000 was earmarked for gender equity issues with at least one FTE. Although this individual in Montana served both secondary and post secondary education, the \$60,000 came entirely out of the OCHE budget leaving a small level of funds to conduct the remaining administration of the Carl Perkins funds. She amplified on the remaining responsibilities involved in administering the funds noting there were 3.2 FTEs involved including the one FTE for gender equity issues. OCHE was requesting that the committee take the \$60,000 out of the \$250,000 before determining the percentage going to OPI and OCHE. They also requested that OCHE be maintained at 16% of the remaining amount with 84% going to OPI.

REP. KADAS asked how the 84-16% ratio was determined. Ms. Vardemann explained that 16% represented OCHE's share of current level funding. REP. KADAS said it seemed that OCHE was getting an increase over 1992 actual expenditures. Laurie Neils, Director of Budget and Accounting, OCHE, explained how the ratio was determined. She said according to Table 14 in the LFA Budget Analysis, there was \$263,417 available in federal Carl Perkins funds in 1994. If the \$60,000 of gender equity funding was removed along with the \$2,000 of carry-over funds, one was left with \$201,326 that were discretionary funds. \$91,208 was listed as funds expended by the OCHE. If one subtracted the \$60,000 from the \$91,208, one got \$31,208. This figure was divided by \$201,326 to obtain the 16%.

Ms. Gray commented that secondary education was not getting much gender equity service from the \$60,000 position in the OCHE. There was a gender equity person in OPI under a different grant. She stressed the difficulty OPI would experience if this additional money from Carl Perkins were removed. In response to SEN. SWYSGOOD, Ms. Gray explained that the equity person in OPI was funded under a federal equity grant. She added that OPI did get gender equity training services from OCHE, but most work was done by their own personnel. SEN. SWYSGOOD asked how OPI spent its share of the Carl Perkins administrative funding. Ms. Gray replied that it was spent on a 0.25 FTE director, a home economics/consumer specialist, a business specialist, an industrial technology specialist and an agricultural specialist.

**CHAIRMAN JOHNSON** asked for more information as to how the \$60,000 position had been handled. **Ms. Gray** said that the OCHE hired the person filling the position and had responsibility for the position. **Ms. Neils** added that the OCHE received the \$60,000, but it was not discretionary; it had to be spent only on Carl Perkins gender equity issues. There was a shortage of funds to carry out the other responsibilities associated with the act. **SEN. SWYSGOOD** noted that the LFA presently allocated \$175,000 to OPI and \$75,000 to OCHE. Under the OCHE proposal, OCHE would receive \$92,000 and OPI would receive \$158,000.

**Jane Karas, OPI**, clarified that the gender equity person paid through Carl Perkins funds was solely responsible for both the gender equity funds and the single parent funds. The person worked closely with the OPI gender equity person, but they each were responsible for different areas. The gender equity person in OPI was not involved with vo-ed issues.

**REP. KADAS** asked if all of the carry-over funds (\$13,417) had to be used in FY94 or could they be split and used in both fiscal years. He also asked how much of the \$13,417 had to be specifically used for gender equity. **Ms. Neils** answered that \$2091 had to be used for gender equity and that the carry-over had to be spent in FY94. **REP. KADAS** asked if the \$250,000 could be reduced and some of it moved to FY95. **Ms. Neils** said yes. She added that her accounting procedures allowed her to separate out the amount used for gender equity.

**Mr. Culver** referred the committee to **Exhibit 3B**, the budget for the distribution to schools in OPI (Program 9). These were funds passed on to the local school districts through OPI. He presented the various differences between the LFA current level and the executive budget as it appeared in **Exhibit 3B**. He noted that the amount for in-state treatment was what appeared in HB 999 after the action of the special session.

**Mr. Schmitz** commented that the special education differences were due to considerations submitted by OPI and operation plan changes which had taken place during the 1993 biennium. A decision had been made that special education contingency funds could not be used for ongoing operations. OBPP's special education portion itself reflected changes which were made by operation plan changes and how they were used. The operation plan changes reduced the contingency amount by the same amount. OBPP was also recommending that all the transportation be handled as a general fund issue rather than as a school equalization account issue.

**REP. PECK** asked why there was an amendment to reduce contingency funds. **Mr. Runkel** said he was unclear as to the OBPP procedure but would consult with the staff to clarify the issue.

**REP. KADAS** noted that in the current level difference for in-state treatment, **Mr. Culver** had not included the amount in HB 999 in LFA current level and asked where it was included. **Mr. Culver**

said that the LFA routinely removed any funding appropriated through cat and dog bills. **REP. KADAS** said that in reality the practice understated the LFA current level budget by \$2 million.

**SEN. BIANCHI** asked for clarification concerning the basis of the LFA current level. **Mr. Culver** explained that the LFA current level was based on actual expenditures for FY92.

**SEN. NATHE** returned to the topic of cat and dog bills and commented that if the committee adopted LFA current level, it was not the true current level because all the monies appropriated through cat and dog bills was removed. **Mr. Culver** noted that in all cases monies previously appropriated through cat and dog bills had been identified in the budget for the convenience of the committee. **REP. KADAS** noted that in the future the committee should include in ongoing legislation like HB 999 instructions to the effect that the appropriation would be considered part of current level for the coming biennium. **REP. PECK** noted that the LFA and the OBPP should be approaching the cat and dog bills in the same manner to avoid confusion and save time. **Mr. Nichols** confirmed that unlike the LFA, the OBPP would include in the budget cat and dog bills which were ongoing in nature.

**SEN. SWYSGOOD** stated that as long as the committee knew the LFA had the policy of leaving cat and dog bills out of the current level, it could deal with it and add the funding back in. The real difficulty was that the practice distorted the figures for the public because it underestimated the deficit and gave the appearance that the committee was increasing appropriations when it was not. He suggested that the OBPP and LFA use the same methodology. **REP. KADAS** commented that the committee might have to deal with the consequences of the differences in methodologies on a piece-meal basis for this budget, but could bring the issue before the full appropriations committee for resolution. He suggested instructing the LFA to identify the cat and dog bills for the committee as they appear.

**CHAIRMAN JOHNSON** asked the staff of OPI if they had additional information for the committee. **Ms. Fabiano** distributed **EXHIBIT 4** which was a list of suggested language amendments for HB 2 dealing with program 9 which OPI requested the committee consider. **Ms. Fabiano** read through the list with a brief explanation of each item.

In response to a question from **CHAIRMAN JOHNSON**, **Ms. Gray** gave further information on item 3 in **EXHIBIT 4**. She explained that certain students were eligible for Medicaid support and OPI would like to charge Medicaid for any speech therapy, occupational therapy or physical therapy which the children would be receiving through the schools. This would maximize state dollars. The dollar amount would be up to one percent of the total general fund special education appropriation. If that amounted to \$300,000, it could bring in another \$710,000 from Medicaid for certain therapies.

HOUSE EDUCATION & CULTURAL RESOURCES SUBCOMMITTEE

January 11, 1993

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In reply to SEN. NATHE, Ms. Gray explained that the obligation of the state for the education of a student was usually limited to age 19. She stressed that the amendment only dealt with children in public schools.

ADJOURNMENT

Adjournment: 11:30 a.m.



REP. ROYAL JOHNSON, Chair



JACQUELINE BREHE, Secretary

jb/



EXHIBIT 1  
DATE 1-11-93  
SB \_\_\_\_\_

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OFFICE OF PUBLIC INSTRUCTION

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STATE CAPITOL  
HELENA, MONTANA 59620  
(406) 444-3095

Nancy Keenan  
Superintendent

## PART 1

### Shodair Residential Program

On November 11, 1992, Shodair initiated a residential treatment program serving twenty four students. Expenses for this program were not anticipated when the appropriations were established for the education costs for children's psychiatric hospitals and residential treatment centers.

Allowable costs for the new residential program at Shodair are included on the attached sheet. Shodair's projected budget was prorated downward by OPI to reflect a reduction in costs incurred beginning with the actual starting date of November 11, 1991. A prorate of 0.7649 has been applied to the allowable costs in Shodair's budget, resulting in a supplemental request for \$80,446.

# HOUSE OF REPRESENTATIVES

EDUCATION

SUB-COMMITTEE

ROLL CALL

DATE

1-11-93

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	✓		



# Office of Public Instruction Supplemental Budget Request

## Part 1: Shodair Residential Treatment Program

		FY93 Approved for Hospital Program	FY93 Shodair Budget Reque: for New Resi- dential Prgm	Supplemental * Prorated Request @ 0.7649
2490-111	Director salaries		0	0
1000-112	Teacher salaries	97,556	53,413	40,856
1000-117	Aide salaries	12,417	19,208	14,692
1000-250	Work Comp	764	4,033	3,085
1000-260	Health ins.	6,116	6,947	5,314
1000-440	Equip. repair		800	612
1000-562	Tuition			0
1000-581	Travel	2,443	400	306
1000-610	Supplies, instr	448	7,100	5,431
1000-640	Textbooks	1,329	3,500	2,677
1000-660	Equip, minor	655		0
1000-730	Equip, major	1,326		0
1000-240	Unemployment		50	38
1000-210	Soc. sec.	8,016	7,146	5,466
2140-113	Prof. salaries psych			0
2150-113	Prof. salaries speech			0
2160-113	Prof. salaries OT,PT			0
2100-115	Clerical sal.			0
2100-117	Trans. aide sal			0
2100-250	Work comp			0
2100-260	Health ins.			0
2140-300	Contracted ser. psych			0
2150-300	Contracted ser. speech			0
2160-300	Contracted OT, PT, RT		600	459
2100-581	In district travel			0
2100-610	Supplies			0
2100-594	In state rm & board			0
2100-240	Unemployment			0
2100-210	Social sec.			0
2100-230	Retirement	7,817		0
2100-220	Retirement instr.		1,974	1,510
	Grand Totals	138,887	105,171	<b>\$80,446</b>

### Prorate Calculation

budget request start date	09/01/92
actual start date	11/11/92
end date	06/30/93
projected year	302
actual year	231
prorated portion of year	0.7649



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OFFICE OF PUBLIC INSTRUCTION

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STATE CAPITOL  
HELENA, MONTANA 59620  
(406) 444-3095

Nancy Keenan  
Superintendent

PART 2

Yellowstone Treatment Center

The education program at the Yellowstone Treatment Center, Yellowstone Education Center (YEC), has been serving an average of 72 Montana students during the 1992-93 school year. As of January 8, 1993, YEC was serving 78 Montana students. When the appropriations were established for the education costs for children's psychiatric hospitals and residential treatment centers by the 1991 Legislature, Yellowstone Education Center anticipated serving about 40 Montana students. That projection was a serious underestimate. Consequently, YEC has experienced a budget shortfall of \$258,626. The attached sheet provides a breakdown of the allowable costs needed to offset this shortfall.

EXHIBIT 1  
DATE 1-11-93  
SB

# Office of Public Instruction Supplemental Budget Request

## Part 2: Yellowstone Treatment Center

		FY93 Approved Costs for 40 Students	FY93 Approved Costs for 72 Students	FY93 Supplemental Request (Difference)
2490-111	Director salaries	37,207	37,207	0
1000-112	Teacher salaries	170,618	290,083	119,465
1000-117	Aide salaries	99,017	178,231	79,214
1000-250	Work Comp	850	1,700	850
1000-260	Health ins.	80,000	106,400	26,400
1000-440	Equip. repair	0	0	0
1000-562	Tuition	0	0	0
1000-581	Travel	500	500	0
1000-610	Supplies, instr.	800	1,440	640
1000-640	Textbooks	860	1,548	688
1000-660	Equip, minor	0	0	0
1000-730	Equip, major	1,200	2,250	1,050
1000-240	Unemployment	428	727	299
1000-210	Soc. Sec.	21,845	37,044	15,199
2140-113	Prof. salaries psych	26,824	26,824	0
2150-113	Prof. salaries speech	0	0	0
2160-113	Prof. salaries OT, PT, RT	0	0	0
2100-115	Clerical sal.	12,113	12,113	0
2100-117	Trans. aide sal	0	0	0
2100-250	Work Comp	162	162	0
2100-260	Health ins.	15,000	15,000	0
2140-300	Contr. ser. psych	0	0	0
2150-300	Contr. ser. speech	6,922	6,922	0
2160-300	Contr. ser. OT,PT,RT	0	0	0
2100-581	In district travel	100	100	0
2100-610	Supplies	200	200	0
2100-594	In state rm & board	0	0	0
2100-240	Unemployment	100	100	0
2100-210	Social Sec.	5,136	5,136	0
2100-230	Retirement	0	0	0
2100-220	Retirement Instr.	26,308	41,129	14,821
Grand Totals		506,190	764,816	<b>\$258,626</b>



OFFICE OF PUBLIC INSTRUCTION

STATE CAPITOL  
HELENA, MONTANA 59620  
(406) 444-3095

Nancy Keenan  
Superintendent

PART 3

Funding for Educational Services at In-State  
Residential Treatment Facilities and Children's  
Psychiatric Hospitals

A dramatic and unanticipated increase in the number of children placed in in-state residential treatment facilities and children's psychiatric hospitals has resulted in the need for additional state dollars to fund the allowable costs for education services in these facilities. The original appropriation established during the 1991 legislative session was based on allowable costs for serving 145 students in five facilities. The facilities (now six) anticipate serving 219 students in FY94 and 222 in FY95. The modified budget reflects funds requested by the facilities sufficient to cover education costs for student and inflationary increases.

EXHIBIT 1  
DATE 1/11/93  
SB

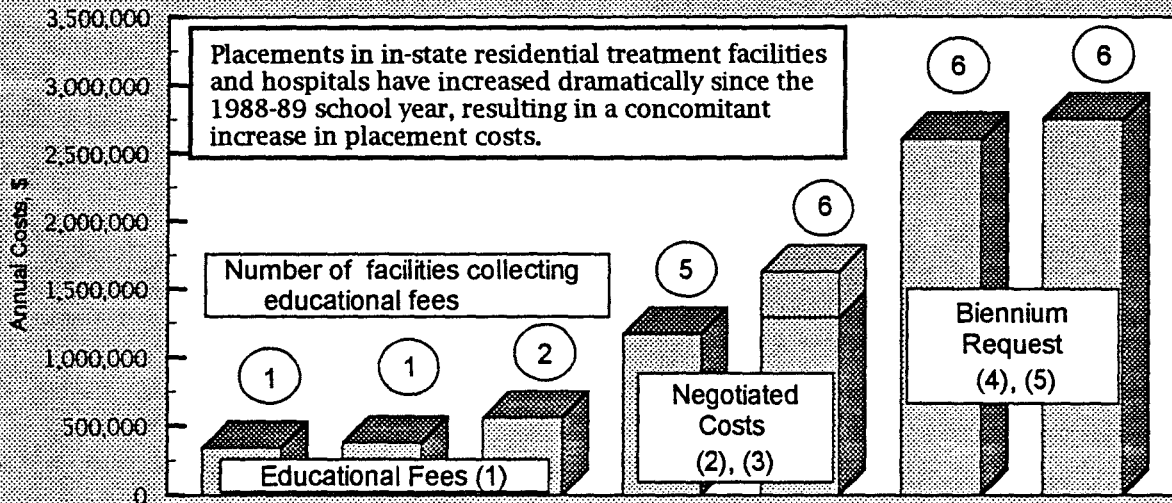
# Office of Public Instruction Biennial Appropriation Request

## Part 3: In-state Residential Facilities and Children's Psychiatric Hospitals

Instructional Services		FY94 Request	FY95 Request	Total Request
2490-111	Director salaries	238,268	248,244	486,512
1000-112	Teacher salaries	771,617	812,765	1,584,382
1000-117	Aides salaries	633,463	673,121	1,306,584
1000-250	Workers Compensation	44,299	45,391	89,690
1000-260	Health Insurance	177,447	193,541	370,988
1000-440	Repair equip.	0	0	0
1000-562	Tuition (OOS)	0	0	0
1000-563	Tuition (In State)	0	0	0
1000-581	Travel	15,057	15,368	30,425
1000-610	Supplies, Instructional	4,380	4,470	8,850
1000-640	Textbooks	0	0	0
1000-660	Minor equipment	0	0	0
1000-730	Major equipment	5,475	5,613	11,088
1000-210	Social Security	125,632	133,297	258,929
1000-240	Unemployment	20,011	20,017	40,028
1000-220	Retirement	70,108	75,974	146,082
Support Services				
2140-113	Prof. Salaries (psych)	117,602	122,626	240,228
2150-113	Prof. Salaries (speech)	46,000	48,000	94,000
2160-113	Prof. salaries (OT,PT,RT)	92,000	96,000	188,000
2100-115	Clerical salaries	86,668	90,694	177,362
2100-117	Supp. staff & Trans. aide	0	0	0
2100-250	Workers Compensation	10,623	10,813	21,436
2100-260	Health Insurance	23,773	26,935	50,708
2140-3xx	Contracted Service (psych)	0	0	0
2150-3xx	Contracted Service (speech)	42,674	43,881	86,555
2160-3xx	Contracted Service (OT,PT,R)	38,950	40,035	78,985
2100-581	Travel in district	0	0	0
2100-610	Supplies	1,400	1,412	2,812
2100-594	Room & Board in state	0	0	0
2100-240	Unemployment	6,271	6,297	12,568
2100-210	Social Security	27,561	29,923	57,484
2100-230	Retirement	10,469	10,824	21,293
Grand Totals		2,609,748	2,755,241	<b>\$5,364,989</b>

# Placement Costs

## Education Costs at Private Residential Facilities and Hospitals in Montana



	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Costs	340,984	381,093	561,687	1,176,110	1,294,498	2,609,748	2,755,241
Supplemental	0	0	0	0	339,072	0	0
Total Costs	340,984	381,093	561,687	1,176,110	1,633,570	2,609,748	2,755,241

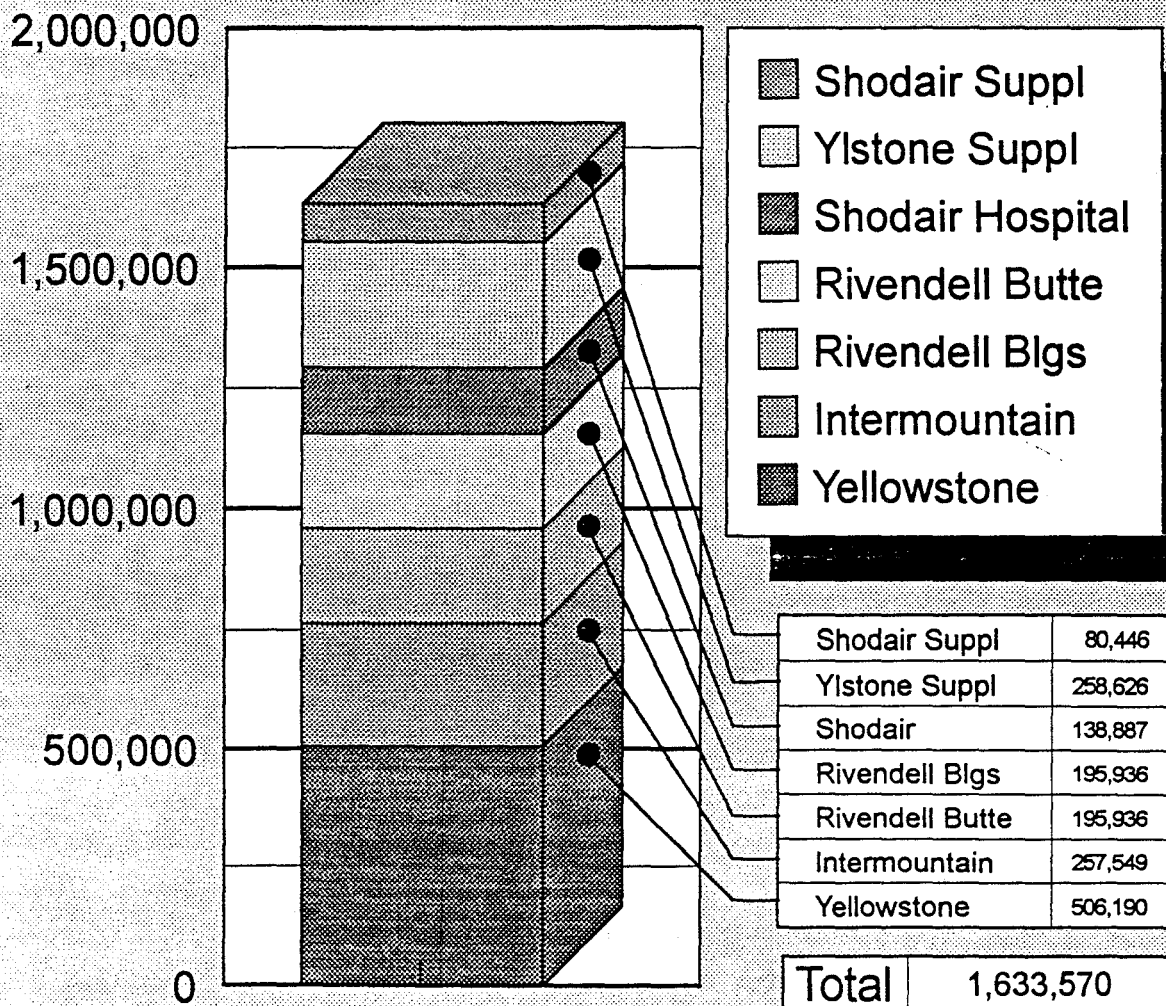
\* Projected costs based on facility estimates.

### NOTES

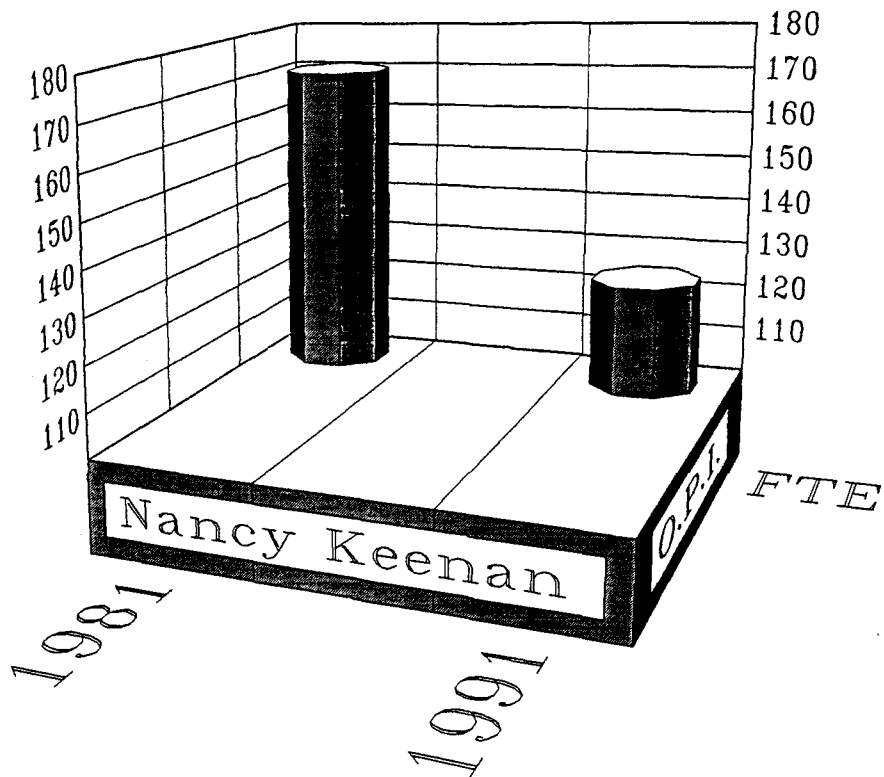
- (1) Figures for 1988-89 through 1990-91 represent costs approved as allowable special education costs paid by districts.
- (2) The education costs for 1991-92 and 1992-93 reflect negotiated contracts plus the supplemental request for Shodair and Yellowstone.
- (3) Part of the dramatic increase in in-state costs for 1991-92 is due to the inclusion of payments to children's psychiatric hospitals that did not collect educational fees prior to FY 91.
- (4) The appropriation requested by the facilities for 1993-94 and 1994-95 is intended to cover the actual allowable costs of education at 100 percent.
- (5) Part of the increase in in-state costs for 1993-94 and 1994-95 is to cover new programs (e.g., Shodair Residential), and an increase in total numbers of students served in all facilities.

# Placement Costs

## Placement Costs, FY 93 In-State Residential Treatment Centers



# SUPERINTENDENT OF PUBLIC INSTRUCTION



Staffing Over Time

2

1-11-93



## OFFICE OF PUBLIC INSTRUCTION

## Opi 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	140.23	140.23	136.23	139.23	(3.00)	136.23	139.23	(3.00)
Personal Services	4,588,058	4,498,753	4,838,497	4,948,309	(109,812)	4,849,013	4,941,168	(92,155)
Operating Expenses	3,103,137	3,521,358	3,127,792	3,021,817	105,975	3,086,886	3,000,937	85,949
Equipment	278,590	118,296	121,719	139,179	(17,460)	121,719	139,274	(17,555)
Local Assistance	16,078	0	16,078	16,078	0	16,078	16,078	0
Grants	69,888	406,800	69,888	69,888	0	69,888	69,888	0
Transfers	435,074	435,121	583,012	468,853	114,159	572,167	463,735	108,432
Total Costs	\$8,490,826	\$8,980,328	\$8,756,986	\$8,664,124	\$92,862	\$8,715,751	\$8,631,080	\$84,671
<b>Fund Sources</b>								
General Fund	3,576,876	3,394,605	3,843,389	3,773,345	70,044	3,791,057	3,732,458	58,599
State Revenue Fund	380,797	402,854	457,099	311,991	145,108	461,826	315,480	146,346
Federal Revenue Fund	3,554,978	4,244,630	3,413,070	3,566,834	(153,764)	3,430,285	3,576,306	(146,021)
Proprietary Fund	978,173	938,239	1,043,428	1,011,954	31,474	1,032,583	1,006,836	25,747
Total Funds	\$8,490,826	\$8,980,328	\$8,756,986	\$8,664,124	\$92,862	\$8,715,751	\$8,631,080	\$84,671

**Page References**

LFA BUDGET ANALYSIS VOL II, PAGES E1 -15  
GOVERNOR'S EXECUTIVE BUDGET, PAGES E1-4.

**Current Level Differences**

AUDIOLOGY CONTRACTS - The LFA current level budget is based upon actual 1992 expenditures for audiology contracts adjusted to evenly annualized the biennial appropriation between fiscal year. The Executive Budget included the agency request.

43,520 37,769

TRAFFIC EDUCATION- The LFA current level removed from the base all language appropriations.

145,108 146,356

GENERAL FUND TRANSFERS- Transfers reflect the general fund share of the indirect cost pool. Funds are transferred into the proprietary account from which the expenditures are recorded. The LFA current level transfer amount is based upon fiscal 1992 levels of revenues and expenditures.

114,027 108,300

DATA PROCESSING- The LFA current level is based upon actual 1992 expenditures for this function, the Executive Budget included the agency request.

27,313 23,920

5 PERCENT REDUCTION- The Executive Budget reduced the current level by 6.0 FTE . \$74,568 in Fiscal 1994 and \$75,084 in fiscal 1995 of this amount is general fund.

(228,875) (221,634)

VOCATIONAL EDUCATION- The LFA current level reduced federal and the general fund matching funds due to anticipated reductions in available federal Carl Perkins funds. Half of this is general fund.

430 19,214

EQUIPMENT- The LFA current level for equipment reflects the agencies request based upon a three year average expenditures for equipment. The Executive Budget's equipment recommendation was based upon a three year average of equipment appropriations.

(19,732) (19,732)

**INFLATIONARY DIFFERENCES**

(4,278) (4,284)

**MISCELLANEOUS DIFFERENCES**

19,209 (1,378)

**TOTAL CURRENT LEVEL DIFFERENCES**

96,722 88,531

**Executive Budget Modifications**

CERTIFICATION DENAL/ REVOCATION INVESTIGATION- The Executive Budget proposes to increase the present \$6 teacher certification fee (20-4-109, MCA) and to contract with the Justice Department and the Human Rights Commission to investigate requests from school districts which may require the revocation or suspension of teacher certificates.

47,640 47,640

EXHIBIT 3A  
DATE 7-11-93

<b>ADVANCED DRIVERS EDUCATION</b> – The Executive Budget recommends funding increased costs associated with the growing number of students from the registration fees.	11,127	26,127
<b>SCHOOL FOOD COMMODITIES</b> – Increased costs of warehousing, processing and shipping USDA donated foods will be funded from school district reimbursements.	55,000	55,000
<b>FEDERAL SERVICES ADMINISTRATION</b> – The Executive Budget recommends increasing existing and adding new federal education programs administered by OPI. Table B on page E–6 lists each addition.	914,299	1,155,559
<b>COOPERATIVE PURCHASE AID PROGRAM</b> – Each year, OPI combines school districts throughout the state in a cooperative program to increase the size of food orders, thereby lowering costs to each district. This budget modification would finance increased costs of this service from fees received from school districts.	8,900	18,200
<b>RESOURCE &amp; PUBLICATION ACCOUNT</b> – The Executive Budget recommends increasing the state special revenue account used for the costs of purchase/reproduction and sale of educational materials related to assessment practices and accreditation standards. Revenue generated by the program will be used to fund this budget modification.	15,000	15,000
<b>INDIRECT COST POOL</b> –The Executive Budget includes increases to the proprietary fund each of the 1995 biennium with additional revenues received from indirect costs of the federal budget modifications.	110,000	110,000
<b>RESTORE 5% REDUCTION</b> – The Executive Budget recommends restoring federal fund budget reductions included in the 5 percent reduction required by the 1991 legislature. Included is 1.0 FTE.	55,061	55,061

### Elected Official Budget Modifications

<b>AUDIOLOGY HEARING CONSERVATION PROGRAM</b> – OPI requests additional general fund for the Hearing Conservation Program. This program was funded in the 1993 biennium with a general fund appropriation of \$136,000 (included in the LFA current level). An appropriation of \$82,000 from private donations was also approved by the 1991 legislature, however private funds were not recieved.	146,000	
<b>CURRICULUM SPECIALIST</b> – OPI requests 1.0 FTE and general fund to replace federal chapter II funds and to hire an early childhood specialist. The total current level budget for curriculum staff includes \$281,630 of federal funds. According to OPI Chapter II funds are restricted for use in targeted areas and the use of these funds for general curriculum purposes is questionable.	346,467	342,967
<b>ACCREDITATION</b> – OPI requests 1.0 FTE and general fund for on-site accreditation reviews of school throughout Montana. The reviews are required by state law and will provide assistance to schools in the implemenation of the Montana Accreditation Standards.	50,000	52,000

### Language

## OFFICE OF PUBLIC INSTRUCTION

## Distribution To Public Schools

## 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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	7,472	0	0	0	0	0	0	0
Local Assistance	44,742,545	43,583,809	49,022,556	45,078,837	3,943,719	44,099,527	43,053,965	1,045,562
Grants	5,662,260	0	10,545,405	13,988,516	(3,443,111)	1,339,000	478,391	860,609
Transfers	<u>12,100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Costs	\$62,512,278	\$43,583,809	\$59,567,961	\$59,067,353	\$500,608	\$45,438,527	\$43,532,356	\$1,906,171
<b>Fund Sources</b>								
General Fund	54,239,609	39,669,352	49,022,556	43,305,062	5,717,494	44,099,527	39,617,899	4,481,628
State Revenue Fund	3,908,166	3,914,457	1,386,280	3,908,166	(2,521,886)	1,339,000	3,914,457	(2,575,457)
Federal Revenue Fund	<u>4,364,502</u>	<u>0</u>	<u>9,159,125</u>	<u>11,854,125</u>	<u>(2,695,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$62,512,278	\$43,583,809	\$59,567,961	\$59,067,353	\$500,608	\$45,438,527	\$43,532,356	\$1,906,171

Page References

LFA Budget Analysis VOL II, Pages E1-15.  
Governor's Executive Budget, Pages E1-4.

Current Level Differences

**SPECIAL EDUCATION** - The LFA current level for special education and the special education contingency appropriation is as appropriated by the 1991 legislature. The Executive Budget has changed the breakdown between the two but has retained the same overall total for special education as appropriated in fiscal 1992, reducing the contingency appropriation to 1 million and increasing the regular special education appropriation by a like amount..

Special Education	515,718	515,718
Special Education Contingency (Biennial Appropriation)	(1,031,163)	

**GIFTED & TALENTED** - The LFA current level continues the Gifted & Talented program at the level expended in fiscal 1992. The Executive budget recommends the level appropriated for fiscal 1992.

50,753	50,753
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**IMPACT AID** - The LFA current level continues Impact Aid at the level expended in fiscal 1992. The Executive Budget recommends the level appropriated in fiscal 1992.

700	700
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**IN-STATE TREATMENT (Biennial appropriation)** - The LFA current level did not include this function in current level as the LFA removed all cat & dog appropriations from the current level base.

2,273,320	
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**TRAFFIC SAFETY** - The LFA current level removed all language appropriations from the base.

1,386,280	1,339,000
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**TRANSPORTATION (Biennial Appropriation)** - The LFA current level for transportation continues funding from both general fund and SEA account as appropriated by the 1991 legislature. The Executive budget recommends funding from general fund only. (Funding issue)

**FEDERAL FLOW THROUGH FUNDS (Biennial appropriations)** - The LFA has historically included estimated federal funds passed through to local schools in the current level base. The Executive budget treats these as budget modifications.

(2,695,000)	
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**TOTAL CURRENT LEVEL DIFFERENCES**

500,608	1,906,171
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Budget Modifications

**IN-STATE RESIDENTIAL SERVICES** - The Executive Budget recommends increasing the general fund to fund the new Shodair Hospital's psychiatric hospital for emotional disturbed children. House bill 999 passed by the 1991 legislature began the funding for education of children receiving treatment in approved programs at treatment facilities throughout the state. The Executive Includes \$2,273, 320 in current level of the Distribution to Schools program.

376,471	
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**SCHOOL FOOD SERVICES** - The Executive Budget includes a general fund budget modification to meet

29,940	45,673
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FEDERAL SERVICES FLOW THROUGH— The Executive Budget includes federal special revenue to increase the distribution to school of the following federal programs. These increases are included in the

1) Individuals with Disabilities Act	467,000
2) Foreign Language Assistance	99,000
3) Chapter 1	320,000
4) Even Start Family Literacy Program	925,000
5) Adult Basic Education	134,000
6) McKinney Homeless	40,000
7) Vocational Education	1,030,000

### Elected Official Budget Modifications

IN-STATE RESIDENTIAL SERVICES—OPI requests general fund to pay education costs for children placed in in-state children's psychiatric hospitals and residential treatment facilities. According to OPI, growth in the number of students being served has resulted in a dramatic increase in costs. 2,719,269

STATE SPECIAL EDUCATION FUNDING— OPI requests an increase in general fund support for special education. According to OPI, additional funds are needed to meet the projected costs of a recommended change in the method used to fund special education. 22,000,000

SECONDARY VOCATIONAL EDUCATION— OPI requests general fund to restore the 8 percent reduction in current level secondary vocational education funding imposed during the special session and to allow an inflationary increase. 410,400

### Language

Item (Special education contingency) is for unforeseen expenses that may arise in special education programs in local districts. A district board of trustees may apply for an allocation from these funds by presenting to the superintendent of public instruction, for each child, a child-study (CST) report and an individual education plan (IEP) relating to this unforeseen expense or, if the need for additional personnel is due to caseload excess, a board of trustees' verification of completed IEP's and CSTs. In addition, a current listing of programs, caseloads, and related costs must be submitted. Contingency funds may be awarded for positions that have gone unfilled for an entire school year and for which regular state special education funds were not awarded. The agency may transfer any unused balance in this appropriation into the special education appropriation.

All revenue received in the state traffic education account under the provisions of 20-7-504, is appropriated as provided in Title 20, chapter 7, part 5.

TABLE A  
Total Appropriations – Vo–Ed Administration  
OPI and CHE  
Fiscal 1990, Fiscal 1992 through Fiscal 1995

Unit	Actual Fiscal 1990	Actual Fiscal 1992	Approp Fiscal 1993	– – Current Level – – Fiscal 1994	Fiscal 1995
OPI					
General Fund+	172,733	189,109	188,615	184,392	175,000
Carl Perkins	<u>179,401</u>	<u>189,109</u>	<u>188,615</u>	<u>184,392</u>	<u>175,000</u>
Total	<u>352,134</u>	<u>378,218</u>	<u>377,230</u>	<u>368,784</u>	<u>350,000</u>
CHE**					
General Fund	79,858	86,387	80,945	79,025	75,000
Carl Perkins*	<u>137,264</u>	<u>86,387</u>	<u>81,230</u>	<u>79,025</u>	<u>75,000</u>
Total	<u>217,122</u>	<u>172,774</u>	<u>162,175</u>	<u>158,050</u>	<u>150,000</u>

+ General fund for administration is assumed at the required match rate in fiscal 1992 through fiscal 1995.

\*Vocational Technical Administration program in fiscal 1990. Carl Perkins Administration program in fiscal 1992 through fiscal 1995.

\*\*Fiscal 1990 actual expenditures include all activities transferred to the newly created Vocational Technical Center Administration program by the 1991 legislature. The following shows actual fiscal 1990 and fiscal 1992, appropriated fiscal 1993 expenditures, and 1995 biennium LFA current level for the combined programs.

Carl Perkins Admin and Vo–Tech Center Admin Programs

Fund	Actual Fiscal 1990	Actual Fiscal 1992	Approp Fiscal 1993	LFA Fiscal 1994	LFA Fiscal 1995
General Fund	79,858	182,134	181,820	183,332	180,495
Carl Perkins	<u>137,264</u>	<u>86,387</u>	<u>81,230</u>	<u>79,025</u>	<u>75,000</u>
Total	<u>217,122</u>	<u>268,521</u>	<u>263,050</u>	<u>262,357</u>	<u>255,495</u>

EXHIBIT

4

DATE

1-11-93

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

EDUCATION SUBCOMMITTEE DATE 1/01/93  
DEPARTMENT(S) DIVISION

PLEASE PRINT

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NAME	REPRESENTING	
Claudia Morley	Intermountain Children's Home	
Robert Runkel	Office of Public Protection	
TIM HARIRIS	" " " "	
Shirley DeVoe	Helena Public Schools	
Therion Evenson	Helena Public Schools	
Jack Casey	Shodair	
Nancy Cooper Smith	OPI	
EREGG GREGORY	OPI	
Jan Munkoff	Shodair	
Ron Hatcher	V.T.C.	
Loren Soft	V.T.C.	
DAVID BARNARD	RIVERDELL	
Brady Vandemann	OCHC/MUS	
Jane Karas	OCHC/MUS	
Jill Long	OPR	
Kathy Fabian	OPI	

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