

**MINUTES**

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

**SELECT COMMITTEE ON SCHOOL FUNDING**

**Call to Order:** By CHAIRMAN JOHN COBB, on January 14, 1993, at 4:30 p.m.

**ROLL CALL**

**Members Present:**

Rep. John Cobb, Chairman (R)  
Rep. Ray Peck, Vice Chairman (D)  
Rep. Bill Boharski (R)  
Rep. Russell Fagg (R)  
Rep. Mike Kadas (D)  
Rep. Angela Russell (D)  
Rep. Dick Simpkins (R)

**Members Excused:** Rep. Dave Wanzenried

**Members Absent:** None

**Staff Present:** Andrea Merrill, Legislative Council  
Eddy McClure, Legislative Council  
Evy Hendrickson, Committee Secretary

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

**Committee Business Summary:**

Hearing: None  
Executive Action: None

CHAIRMAN COBB said the committee would be looking at the disparities between schools and asked REP. KADAS if he had looked through that material. (See EXHIBIT 2 in January 19, 1993 Minutes) REP. KADAS said he had looked at it very briefly but not thoroughly enough to discuss it. He suggested perhaps Pat Melby could walk through it with the committee.

Pat Melby, lobbyist for the underfunded schools, suggested that Dr. Jack Gilchrist, Montana State University, would be the person to explain it as he had done all the statistical work for the underfunded schools lawsuit. However, at the present time he was in trial. Mr. Melby was unable to suggest a time when Dr. Gilchrist could present it to the committee.

CHAIRMAN COBB suggested the committee hold off on this analysis

and study the figures at their leisure until someone can explain it. He asked REP. KADAS if they could go through the information he has available from OPI on the spending disparities.

Jan Thompson, Office of Public Instruction, explained that the graphs outline the foundation program schedule for high school and elementary districts. For the elementary level, the straight line at the bottom is the area of foundation schedules where the categories overlap one another. The graph indicates that the lower the ANB count in a school district, the higher the cost, given the fact that all districts have school buildings, fixed costs, etc. As the size of the district increases, not all the costs rise in proportion.

For elementary districts, the schedules even out at \$1,913 in per-ANB districts with 300 or more ANB. For secondary districts the schedules level out at a 600 student school for \$2,495 per student. EXHIBITS 1 and 2

REP. BOHARSKI said as he looked at the graph, 7% of the students in the small school category are costing 11% of the money. He believes that's somewhat of a disparity. In the middle category, 16% of the students are spending 18% of the money, which is fairly close. For the largest schools, it looks a little bit the other way, 77% of the students are spending 71% of the money. He asked if that's what the state wants to achieve.

Ms. Thompson said the intent of the graphs was to assist in understanding where the schedules change, how much they change and how many students and school districts are impacted by changes in any of those categories.

REP. KADAS stated there are some small elementary districts that are being funded less per ANB than even the largest elementary districts. Ms. Thompson said that was correct.

REP. FAGG said he understood 20% of the school districts have 70% of the students. He believed there was a bill for consolidation where each high school had to have its own elementary district. If that happened, the state would be down to about 175 districts. He asked what would happen to these graphs if that bill passed, recognizing there would be additional costs, etc.

Ms. Thompson said she could not answer the question.

REP. PECK asked Ms. Thompson, when she talks about "money," whether she is talking about just the schedules or total school budgets. Ms. Thompson responded it was foundation dollars.

REP. BOHARSKI asked Ms. Thompson if it would be possible to create a graph containing total state aid and total expenditures. Ms. Thompson said that could easily be done.

REP. WANZENRIED present at this time.

REP. KADAS explained EXHIBITS 3 and 4, saying he didn't have any conclusions at this point but believes it is a starting point for the committee. Smaller districts are forced to spend more on operations to maintain their facilities; therefore, they have less to spend on instruction. The question should be whether they are spending an adequate amount on instruction. He said he would be interested in hearing from the experts what these numbers tell us, and perhaps that can be done on Tuesday. He suggested maybe using a classroom unit to distribute the funds, rather than enrollment or ANB, and said he would like to hear some discussion on the wisdom or futility of doing that.

REP. KADAS said another issue would be to look at expenditures in relationship to foundation payments. He noted that that was one rationale for revising the program. He said the smaller districts, to a certain extent, may be underfunded. The numbers show that larger districts are making considerably more local effort than smaller districts. Somehow that has to be put together. Effort is measured by local millage.

CHAIRMAN COBB asked if there are problems with fairness in the whole property system. REP. KADAS said millage is a legitimate measure as long as appraisal of value is consistent throughout the state. If the same house is valued the same in all counties, that is an even footing. However, if the same house is valued differently, then there are some real problems.

REP. BOHARSKI asked what should be done if different districts are willing to spend more - that's a factor over which the state has no control. REP. KADAS agreed that reaching a reasonable resolution of the issue is not as simple as just looking at expenditures.

Concerning taxable value, REP. SIMPKINS stated that the only fairness issue at the present time is what to do with the agriculture value of lands. He said there was a rundown on using 100% of agricultural valuation done at one time and perhaps that should be looked at. He said it could prove to be very interesting.

CHAIRMAN COBB said he would bring that to the meeting on Tuesday. He asked members of the public to give an their interpretation of the OPI exhibits.

REP. SIMPKINS agreed that the committee needs public input. He said there are items in the accreditation standards that prevent consolidation and asked if these should be addressed before that issue is discussed. He said that, because of the court ruling, the legislature can't change accreditation standards.

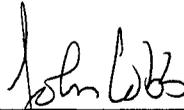
CHAIRMAN COBB said this would probably come up during discussion of REP. WANZENRIED'S bill on administrative costs. He asked the public to give the committee any graphs, comments or data they might have. He said the committee would also be discussing Sen.

Towe's bill on administrative and extracurricular costs. He asked Curt Nichols, Deputy Director, Governor's Office of Budget and Program Planning, whether the governor has a bill that contains a 5% cut in the foundation program schedules.

Mr. Nichols said he was working with REP. SIMPKINS on the Governor's bill.

ADJOURNMENT

Adjournment: The meeting adjourned at 5:00 p.m.



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REP. JOHN COBB, Chairman



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EVY HENDRICKSON, Secretary

JC/eh/ls

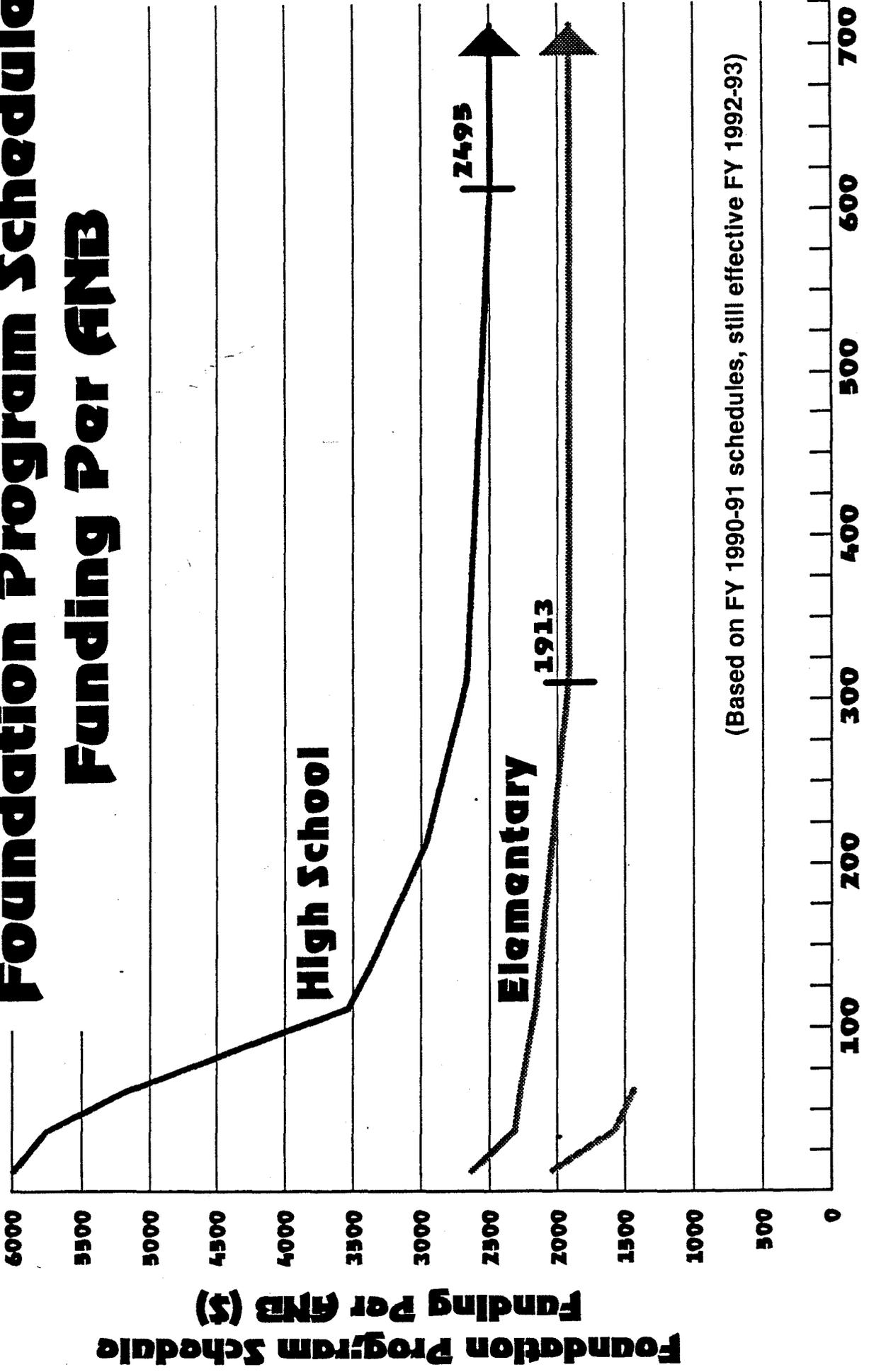


EXHIBIT 7

DATE 1-14-93

HB \_\_\_\_\_

# Foundation Program Schedule Funding Per ANB



(Based on FY 1990-91 schedules, still effective FY 1992-93)

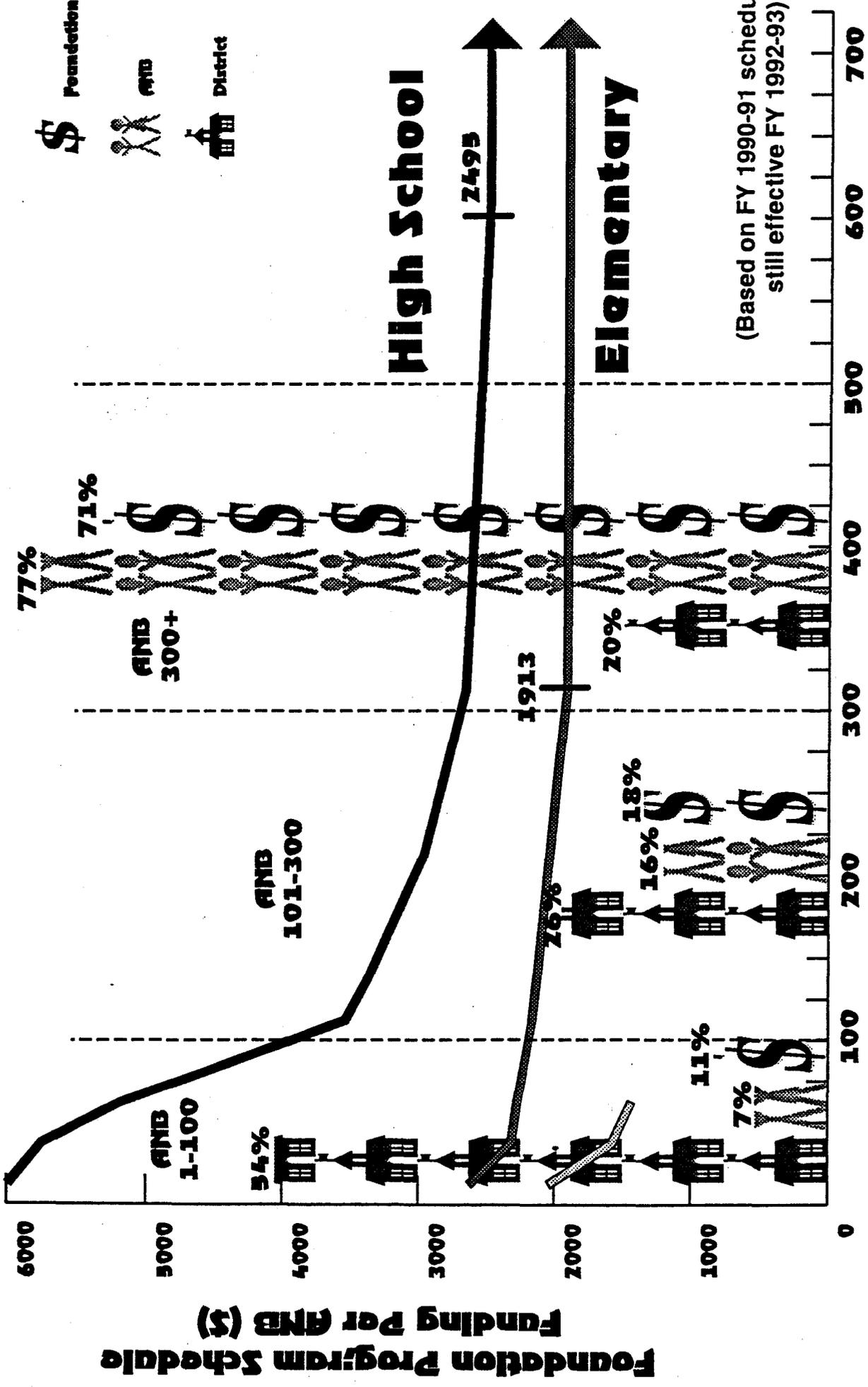
Average Number Belonging (ANB)

Foundation Program Schedule  
Funding Per ANB (\$)

# Foundation Program Schedule

## Funding Per ANB

EXHIBIT 2  
 DATE 1-14-93  
 HB



(Based on FY 1990-91 schedules, still effective FY 1992-93)

Average Number Belonging (ANB)

Foundation Program Schedule  
 Funding Per ANB (\$)

DATE 1-14-93

INSTRUCTION INCLUDES INSTRUCTION, SUPPORT SERVICES—STUDENTS, AND SUPPORT SERVICES—INSTRUCTIONAL STAFF  
 EXTRACURRICULAR INCLUDES NON-EDUCATIONAL SERVICES—EXTRACURRICULAR ACTIVITIES AND EXTRACURRICULAR ATHLETICS  
 ADMINISTRATION INCLUDES SUPPORT SERVICES OF GENERAL ADMINISTRATION, SCHOOL ADMINISTRATION, BUSINESS SERVICES, AND CENTRAL  
 OTHER INCLUDES SUPPORT SERVICES—STUDENT TRANSPORTATION AND NON-EDUCATIONAL SERVICES FOR FOOD SERVICES AND COMMUNITY SERVICES

OFFICE OF THE LEGISLATIVE AUDITOR  
 FISCAL YEAR 1990-91: GENERAL FUND EXPENDITURES DIVIDED BY ENROLLMENT  
 BY EXPENDITURE FUNCTIONS FOR ALL SCHOOL DISTRICTS  
 SORT SEQUENCE BY CATEGORY  
 SOURCE: OFFICE OF PUBLIC INSTRUCTION (UNAUDITED)

KAD002.WK1  
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CATEGORY	ENROLLMENT PER CATEGORY	INSTRUCTION		EXTRACURRICULAR		ADMINISTRATION		OTHER		OPERATIONS AND MAINTENANCE OF PLANT		DEBT SERVICE AND FACILITIES ACQUISITIONS		TOTAL GENERAL FUND EXPENDITURE AMOUNT/ ENROLLMENT
		EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	EXP AMT/ ENROLLMENT	% OF TOTAL G.F. EXP.	
YELLOWSTONE EDUCATION CENTER (NO CATEGORY)	85	\$7,589	75.34%	\$0	0.00%	\$2,184	21.65%	\$0	0.00%	\$304	3.01%	\$0	0.00%	\$10,088
ELEMENTARY														
CATEGORY 1 TOTAL	297	\$3,042	89.89%	\$5	0.12%	\$416	9.57%	\$11	0.25%	\$922	18.44%	\$71	1.62%	\$4,247
CATEGORY 2 TOTAL	290	\$2,542	65.33%	\$0	0.15%	\$801	15.45%	\$43	1.02%	\$685	17.00%	\$14	0.37%	\$3,882
CATEGORY 3 TOTAL	189	\$1,215	65.89%	\$0	0.20%	\$201	5.81%	\$0	0.00%	\$481	14.00%	\$295	8.79%	\$2,383
CATEGORY 4 TOTAL	117	\$1,792	88.20%	\$0	0.00%	\$148	5.89%	\$0	0.00%	\$864	18.00%	\$0	0.00%	\$2,803
CATEGORY 5 TOTAL	1,187	\$2,087	88.33%	\$5	0.18%	\$322	10.98%	\$53	1.82%	\$465	14.85%	\$70	2.32%	\$3,024
CATEGORY 6 TOTAL	5,004	\$2,723	84.53%	\$57	1.35%	\$514	13.31%	\$108	2.74%	\$920	14.85%	\$156	3.85%	\$4,235
CATEGORY 7 TOTAL	18,014	\$2,237	65.81%	\$47	1.45%	\$514	15.11%	\$89	1.74%	\$438	12.82%	\$103	3.04%	\$3,399
CATEGORY 8 TOTAL	88,041	\$2,171	71.40%	\$27	0.86%	\$358	11.79%	\$14	0.47%	\$385	12.84%	\$85	2.81%	\$3,041
AVERAGE ELEMENTARY	111,071	\$2,213	70.07%	\$31	0.96%	\$362	12.41%	\$25	0.81%	\$408	12.85%	\$91	2.89%	\$3,156
HIGH SCHOOL														
CATEGORY 9 TOTAL	115	\$6,140	54.59%	\$538	4.95%	\$2,019	18.60%	\$428	3.94%	\$1,708	15.74%	\$20	0.18%	\$10,853
CATEGORY 10 TOTAL	791	\$5,397	54.47%	\$650	6.60%	\$1,424	14.45%	\$285	2.89%	\$1,559	15.70%	\$500	5.06%	\$9,852
CATEGORY 11 TOTAL	3,304	\$4,039	55.77%	\$925	8.83%	\$1,153	15.98%	\$141	1.86%	\$1,112	15.30%	\$166	2.30%	\$7,241
CATEGORY 12 TOTAL	5,155	\$3,220	80.42%	\$471	5.57%	\$915	14.83%	\$52	0.64%	\$538	15.22%	\$100	1.82%	\$5,483
CATEGORY 13 TOTAL	3,509	\$2,848	90.79%	\$402	8.58%	\$587	12.53%	\$19	0.42%	\$847	13.81%	\$181	3.87%	\$4,882
CATEGORY 14 TOTAL	7,858	\$2,728	58.75%	\$331	7.14%	\$598	12.84%	\$37	0.79%	\$929	13.55%	\$322	6.93%	\$4,842
CATEGORY 15 TOTAL	21,101	\$2,882	71.02%	\$194	4.76%	\$427	10.46%	\$9	0.21%	\$528	12.82%	\$23	0.57%	\$4,071
AVERAGE HIGH SCHOOL	41,891	\$3,045	63.69%	\$315	5.59%	\$801	12.59%	\$57	0.79%	\$883	13.89%	\$123	2.57%	\$4,794
AVERAGE FOR GENERAL FUND	162,702	\$2,440	67.74%	\$108	3.01%	\$448	12.47%	\$28	0.79%	\$478	13.21%	\$100	2.77%	\$3,601

EXHIBIT 3  
 DATE: 1-14-93  
 HFB

OFFICE OF THE LEGISLATIVE AUDITOR  
 FISCAL YEAR 1990-91 GENERAL FUND EXPENDITURES DIVIDED BY ENROLLMENT  
 BY EXPENDITURE FUNCTIONS FOR ALL SCHOOL DISTRICTS  
 SORT SEQUENCE: BY ENROLLMENT  
 SOURCE: OFFICE OF PUBLIC INSTRUCTION (UNAUDITED)

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 14-Jan-93  
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INSTRUCTION INCLUDES INSTRUCTION, SUPPORT SERVICES--STUDENTS, AND SUPPORT SERVICES--INSTRUCTIONAL STAFF  
 EXTRACURRICULAR INCLUDES NON-EDUCATIONAL SERVICES--EXTRACURRICULAR ACTIVITIES AND EXTRACURRICULAR ATHLETICS  
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 OTHER INCLUDES SUPPORT SERVICES--STUDENT TRANSPORTATION AND NON-EDUCATIONAL SERVICES FOR FOOD SERVICES AND COMMUNITY SERVICES

ENROLLMENT RANGES	INSTRUCTION		EXTRACURRICULAR		ADMINISTRATION		OTHER		OPERATIONS AND MAINTENANCE OF PLANT		DEBT SERVICES AND FACILITIES ACQUISITIONS		TOTAL GENERAL FUND EXPENDITURE	
	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL	EXP AMT	% OF TOTAL
	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.	ENROLLMENT	G.F. EXP.
ELEMENTARY														
LESS THAN 25	1,222	\$2,557	67.96%	\$5	0.14%	\$444	11.70%	\$48	1.27%	\$41	17.04%	\$97	1.79%	\$3,782
25-->40	749	\$2,031	64.99%	\$18	0.59%	\$355	11.55%	\$63	2.05%	\$20	16.89%	\$23	3.02%	\$3,079
41-->100	4,730	\$2,801	64.40%	\$40	1.37%	\$524	13.82%	\$102	2.69%	\$24	14.34%	\$143	3.74%	\$4,349
101-->200	9,779	\$2,311	65.17%	\$179	1.30%	\$423	15.04%	\$71	1.01%	\$454	12.91%	\$123	2.67%	\$3,547
201-->300	6,037	\$2,158	67.44%	\$48	1.40%	\$421	15.05%	\$48	1.50%	\$397	12.02%	\$105	2.59%	\$3,200
301-->400	15,392	\$2,135	68.23%	\$47	1.59%	\$421	13.43%	\$25	0.82%	\$387	12.07%	\$105	2.59%	\$3,134
MORE THAN 400	74,042	\$2,179	71.95%	\$23	0.77%	\$246	11.48%	\$12	0.46%	\$384	12.70%	\$81	2.67%	\$3,027
AVERAGE ELEMENTARY	111,071	\$2,213	70.07%	\$31	0.96%	\$362	12.41%	\$25	0.81%	\$405	12.89%	\$91	2.89%	\$3,158
HIGH SCHOOL														
LESS THAN 25	86	\$6,347	56.43%	\$530	4.72%	\$2,103	18.70%	\$459	4.08%	\$1,810	16.10%	\$0	0.00%	\$11,248
25-->40	950	\$5,503	54.69%	\$654	6.50%	\$1,498	14.87%	\$270	2.68%	\$1,403	15.99%	\$528	5.32%	\$10,070
41-->100	3,222	\$4,034	58.12%	\$305	8.83%	\$1,135	15.72%	\$137	1.90%	\$1,004	15.22%	\$154	2.15%	\$7,189
101-->200	5,414	\$3,184	58.23%	\$459	8.37%	\$901	14.99%	\$211	0.86%	\$935	15.19%	\$136	2.69%	\$5,487
201-->300	3,419	\$2,759	61.28%	\$400	8.70%	\$574	12.59%	\$316	0.79%	\$817	13.41%	\$323	2.97%	\$4,551
301-->400	7,399	\$2,708	59.82%	\$227	7.11%	\$554	12.91%	\$38	0.21%	\$528	12.92%	\$23	0.57%	\$4,600
MORE THAN 400	21,101	\$2,892	71.02%	\$194	4.78%	\$427	10.49%	\$9	0.21%	\$528	12.92%	\$23	0.57%	\$4,600
AVERAGE HIGH SCHOOL	41,633	\$3,045	63.69%	\$315	6.59%	\$601	12.59%	\$37	0.76%	\$663	13.69%	\$123	2.57%	\$4,784
AVERAGE FOR GENERAL FUND	152,702	\$2,440	67.74%	\$109	3.01%	\$448	12.47%	\$28	0.79%	\$478	13.21%	\$100	2.77%	\$3,600