

## **MINUTES**

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

#### **SELECT COMMITTEE ON SCHOOL FUNDING**

**Call to Order:** By CHAIRMAN JOHN COBB, on January 28, 1993, at 3:15 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. Wanzenried

**Members Absent:** None

**Staff Present:** Andrea Merrill, Legislative Council  
Eddye McClure, Legislative Council  
Evy Hendrickson, Committee Secretary  
Dori Nielson, Office of Public Instruction

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

**Committee Business Summary:**

Hearing: None  
Executive Action: None

Madalyn Quinlan, representing the Office of Public Instruction (OPI), described data files that have been compiled on requests for legislation affecting school finances. A group consisting of the Legislative Auditor, the Legislative Fiscal Analyst, the Office of Budget and Program Planning, and the Office of Public Instruction has met twice to talk about files that need to be organized.

The committee also has discussed the status of budget and expenditure files from school districts for the school year ending June 30, 1992. Files are available for general fund budgets and total fund budgets for FY 1993. A mill levy file is available showing all the mills levied by school districts for FY93. OPI also has information on guaranteed tax base subsidies provided to each district.

Ms. Quinlan said budget data available on Lotus spreadsheets has been distributed to a number of interested groups. They have a number of files dealing with expenditures by fund and function. The expenditure detail data file is more complex and outlines expenditures for instruction, administration, support services, non-educational functions, revenues, changes in fund balances, and a variety of other pieces of information.

The working committee has agreed on how to deal with the issue of "undistributed benefits". While a district is able to record expenditures to different functions, they also have a line that says "undistributed benefits." For purposes of legislative policy making, the committee wanted to have a way to assign every expenditure to a function. The committee examined total salaries for instruction, administration, support services and prorated the undistributed benefits to those same functions.

The Legislative Auditor's office created a Lotus resource file from OPI information. She distributed and reviewed the table of Budget 93 Range Names. EXHIBIT 1 OPI has similar information available for fiscal years 1991, 1989 and 1988. OPI would like the committee to look at this information on a summarized basis rather than a district-by-district basis because of the number of districts.

REP. KADAS asked if they have a uniform basis for summary or whether that would depend on the data requested. Ms. Quinlan said most of the summarization they have done to date has been on either a category basis on foundation schedules or on an enrollment range basis.

Ms. Nielson said they have frozen the budget and expenditure files; they will revisit them in early March to see if there are any significant changes that need to be made to any of the files. In general, the data in the files will not be changed unless the whole group agrees.

CHAIRMAN COBB asked why they would change it. Ms. Nielson said that, if any school district had to make a correction to a file, it wouldn't be done unless it was a significant change.

REP. SIMPKINS said OPI had indicated that nothing could be done before the FY95 budgets; he asked for a deadline date for affecting the FY94 budget. Ms. Quinlan responded that FY 94 budget forms have already gone to the printers, and districts will start planning their FY94 budgets in February.

REP. SIMPKINS asked what would happen if the 104% cap was changed. Ms. Quinlan said the budget form itself would look different if the caps are changed. She said any changes would affect the cost of printing and required program changes at OPI. The districts are well into their budgeting process. Staffing and hiring decisions would also be severely impacted.

REP. BOHARSKI asked, assuming the legislature has to cut \$15 million from K-12 without making major changes in the funding system, when would be the latest the legislature could act to allow some of the impact to occur in FY94 so that districts don't have to take all the cuts in FY95. Ms. Quinlan said that, if legislators are going to cut the foundation schedules, they need to be aware that districts will vote their levies the first week in April.

Dr. Ernie Jean, Superintendent of Schools in Florence and President Elect of the Montana Association of School Administrators (MASA), said the traditional planning time for levies starts February 2nd. It would depend on the type of cut, when it came and what the options would be to determine the vote. An April election has to be announced early in March.

REP. KADAS asked Dr. Jean how difficult it would be for school associations to notify the school districts that, given proposals before the legislature, they should wait to have their voted levies until mid May or early June. Dr. Jean responded that is probably the approach the majority of school districts would take. The greatest impact would be felt on staffing. A 5% cut would necessitate some major staff restructuring which would have to be done prior to the May 1st deadline for issuing contracts.

REP. KADAS said it is extremely unlikely that this issue will be settled until the end of the session. Dr. Jean said his guess is that all teachers below the tenure level would be non-renewed until final legislative action is known.

Paula Butterfield, Superintendent of Schools in Bozeman, said the humane approach would be to put people on notice that their contracts may not be renewed. She said the Bozeman district is beginning initial work on its budget February 8th; it's on the agenda and the public has been notified.

REP. PECK asked what percent of her staff is nontenured. Ms. Butterfield said they had a major buy-out of tenured teachers last year so she wasn't sure.

REP. SIMPKINS asked whether it is a general assumption that, if the legislature cuts state support, the districts will pass this on by increasing local taxes. Ms. Butterfield said that may be the case but, given the current burden on local taxpayers, it isn't safe to assume that would automatically happen.

Ms. Nielson said she has talked to school districts about the April 6th election date. School officials fear that, if they wait until later, they might have to share the ballot with the sales tax issue.

REP. BOHARSKI asked, assuming the legislature makes reductions this year, whether it would be preferable to make major equalization changes this year or next.

Dr. Jean said that, speaking for himself, he would look to a major restructuring of the finance system in another year. He said that one of the concerns is that major restructuring will be done with the main goal of state deficit reduction instead of restructuring to address education needs in Montana.

Steve Johnson, District Clerk in Bozeman, adding to Dr. Jean's comments from a district clerk's standpoint, said that it takes a long time for OPI to prepare forms, establish committees, and involve people in the field to set up the mechanics of major equalization reform. He said that, because it costs between \$7,500 and \$8,000 to run an election and that the trustee election has to be held in April anyway, it would be nice to be able to attach the levy election to it.

CHAIRMAN COBB said that, unless the lawsuits say something different, unfortunately there will be a cut.

Ms. Butterfield said they haven't raised the mills in Bozeman and they have attempted to use their reserves to reduce the levy for years. Bozeman historically has tried to keep the mills as low as possible and still provide quality education. The quandary for them now is that they have been using reserves to reduce the levy for so long, that there are no longer reserves to do that.

Ms. Nielson said they have to translate what the committee asks them to do through the process of administrative rules before they ever get to the forms. While minor changes are not difficult, instituting something like HB 28 takes a lot of time.

REP. SIMPKINS said that, according to the fiscal analyst, \$37 million has to come out of the entire state foundation program. The question, he said, is whether it's better to cut temporarily or to wait for the long-range plan.

REP. PECK suggested that the bill dealing with the foundation program schedules should move along so that districts know as early as possible what the cuts will be. The committee could then continue working on the long-term solution in compliance with court orders that will be coming.

REP. PECK said that he had discussed this issue with one of the defense attorneys from the first case. He wondered why the committee has not called for a presentation from the defendant's side when it has listened to the plaintiff's side. REP. PECK said the State has put a great deal of money into the defense, including a costly and comprehensive study on outputs.

CHAIRMAN COBB said they would invite the attorney for the State of Montana to present information to the committee on the lawsuits.

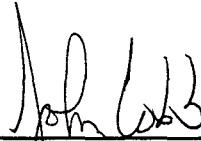
HOUSE SELECT SCHOOL FUNDING COMMITTEE

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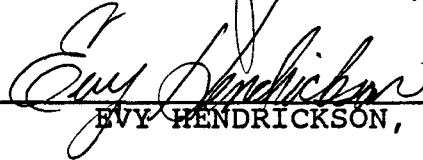
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ADJOURNMENT

Adjournment: 3:50 p.m.



REP. JOHN COBB, Chairman



EVY HENDRICKSON, Secretary

JC/eh

HOUSE OF REPRESENTATIVES  
53RD LEGISLATURE - 1993  
SELECT COMMITTEE ON SCHOOL FUNDING

# ROLL CALL

DATE 1-28-92 .

[illegible]

Excused



EXHIBIT 1DATE 1-28-93

HB \_\_\_\_\_

## BUDGET 93 RANGE NAMES

ADJPERM	AZ14..AZ581	ADJUSTED MILL VALUE FOR PERMISSIVE
ANB	K14..K581	DISTRICT ANB
BASICS	A11..E580	COUNTY, DISTRICT, LEGAL ENTITY
BONDOUT	Q14..Q581	OUTSTANDING BONDS
BUDPERM	AS14..AS581	PERMISSIVE AMOUNT BUDGETED
CATEGORY	F14..F581	CATEGORY
CONUM	A14..A570	COUNTY NUMBER
CTDSTLE	B11..E580	COUNTY NAME, DISTRICT, LEGAL ENTITY
CTREIMB	N14..N581	COUNTY REIMBURSABLE AMOUNT
ELEMANB	G14..G581	ELEMENTARY ANB
EST874	AR14..AR581	ESTIMATED PL874 RECEIPTS
FOUNDPGM	BC14..BC581	TOTAL FOUNDATION PROGRAM
GFBALREAPP	U14..U581	GENERAL FUND BALANCE REAPPROPRIATED
GFBUDREQ	S14..S581	GENERAL FUND BUDGET REQUESTED
GFNONTXRV	V14..V581	GENERAL FUND NON-TAX REVENUE
GFOPERRESV	T14..T581	GENERAL FUND OPERATING FUND RESERVE
GFPROPREQ	W14..W581	GENERAL FUND PROPERTY TAX REQUIREMENTS
HSANB	I14..I581	HIGH SCHOOL ANB
LE	E14..E580	LEGAL ENTITY
MDHIANB	J14..J581	MIDDLE AND HIGH SCHOOL ANB COMBINED
MIDANB	H14..H581	MIDDLE SCHOOL ANB
MILLVAL	AV14..AV581	DISTRICT MILL VALUE
NLVYRV	AT14..AT581	NON-LEVY REVENUE
ONSCHAMT	M14..M581	ON SCHEDULE AMOUNT - TRANSPORTATION FUNDING DATA
OPICERT	AY14..AY581	OPI CERTIFIED VALUE OF A MILL PER ANB
OVERSCHAMT	P14..P581	OVER SCHEDULE AMOUNT - TRANSPORTATION FUNDING DATA
PERMLVY	AP14..AP581	DISTRICT PERMISSIVE LEVY LIMIT
PRORCOOP	AO14..AO581	PRORATED SPECIAL EDUCATION COOP COSTS
RETBALREAPP	AL14..AL581	RETIREMENT FUND BALANCE REAPPROPRIATED
RETBUDREQ	AJ14..AJ581	RETIREMENT FUND BUDGET REQUESTED
RETNTXRV	AM14..AM581	RETIREMENT FUND NON-TAX REVENUE
RETOPERRESV	AK14..AK581	RETIREMENT FUND OPERATING FUND RESERVE
SGTBA\$	AU14..AU581	STATE GTB AID IN DOLLARS
SPECED	AN14..AN581	ALLOWABLE COST OF SPECIAL EDUCATION
STAUD/ANB	AX14..AX581	STATE SUBSIDY AID PER MILL PER ANB
STREIMB	O14..O581	STATE REIMBURSABLE AMOUNT
SWGTE/ANB	AW14..AW581	STATEWIDE GTB MILL VALUE PER ANB
TAXVALUE	L14..L581	TAXABLE VALUATION
TITLES	A1..BC12	TITLES
TRANBALREAPP	AA14..AA581	TRANSPORTATION FUND BALANCE REAPPROPRIATED
TRANBUDREQ	Y14..Y581	TRANSPORTATION FUND BUDGET REQUESTED
TRANNTXRV	AB14..AB581	TRANSPORTATION FUND NON-TAX REVENUE
TRANOPERRESV	Z14..Z581	TRANSPORTATION FUND OPERATING FUND RESERVE
TRANPROPREQ	AC14..AC581	TRANSPORTATION FUND PROPERTY TAX REQUIREMENTS
TUBALREAPP	AF14..AF581	TUITION FUND BALANCE REAPPROPRIATED
TUBUDREQ	AE14..AE581	TUITION FUND BUDGET REQUIREMENTS
TUNTXRV	AG14..AG581	TUITION FUND NON-TAX REVENUE
TUPROPREQ	AH14..AH581	TUITION FUND PROPERTY TAX REQUIREMENTS
VOTLIMIT	AQ14..AQ581	VOTED BUDGET LIMIT

## RES92.WK1 RANGE NAMES

BASICS	A10..D579	COUNTY, DISTRICT, LEGAL ENTITY, & LEVEL
CATEGORY	F13..F580	CATEGORY
ENROLL	V10..V580	ENROLLMENT
GFBEGBAL	G13..G580	GENERAL FUND BEGINNING BALANCE
GFENDBAL	J13..J580	GENERAL FUND ENDING BALANCE
GFEXP	I13..I580	GENERAL FUND EXPENDITURES - CASH PAYMENTS, OBLIGATIONS
GFRECEIPTS	H13..H580	GENERAL FUND RECEIPTS
LE	D13..D579	LEGAL ENTITIES
LEVEL	E10..E580	LEVEL
LOOP	A594..A595	macro
RETBEGBAL	P13..Q580	RETIREMENT FUND BEGINNING BALANCE
RETENDBAL	T13..T580	RETIREMENT FUND ENDING BALANCE
RETEXP	S13..S580	RETIREMENT FUND EXPENDITURES - CASH PAYMENTS, OBLIGATIONS
RETRECEIPTS	R13..R580	RETIREMENT FUND RECEIPTS
TRANBEGBAL	L13..L580	TRANSPORTATION FUND BEGINNING BALANCE
TRANENDBAL	O13..O580	TRANSPORTATION FUND ENDING BALANCE
TRANEXP	N13..N580	TRANSPORTATION FUND EXPENDITURES - CASH PAYMENTS, OBLIGATIONS
TRANRECEIPTS	M13..M580	TRANSPORTATION FUND RECEIPTS
\T	A592..A593	macro



EXHIBIT 1DATE 1-28-93

MILL93.WK1

NAME	RANGE	TITLE OF COLUMN
ADLTEDMILLS	S9..S576	ADULT EDUCATION MILLS
BASICS	A6..D577	COUNTY, DISTRICT, LEGAL ENTITY
BLGMILLS	V9..V576	BUILDING RESERVE MILLS
BUSDEPRMILLS	Q9..Q576	BUS DEPRECIATION RESERVE MILLS
COLVY	J9..J576	COUNTY LEVY
CORET	I9..I576	COUNTY RETIREMENT MILLS
COUEQUAL	G9..G576	COUNTY EQUALIZATION MILLS
COUNTRSP	H9..H576	COUNTY TRANSPORTATION MILLS
DISTOTAL	W9..W576	DISTRICT MILLS
DISTRTRSP	P9..P576	DISTRICT TRSP MILLS
DSRVMILLS	U9..U576	DEBT SERVICE MILLS
GFMILLS	O9..O576	GENERAL FUND MILLS
GFMILL	L9..L576	GENERAL FUND NONISOL MILLS
GFMILL	M9..M576	GENERAL FUND PERMISSIVE MILLS
GFMILL	N9..N576	GENERAL FUND VOTED MILLS
INSMILLS	X5..X576	INSURANCE MILLS
NONOPERMILL	T9..T576	NON-OPERATING FUND MILLS
SWLVY	E9..E576	STATEWIDE LEVY
TOTAL	X9..X576	TOTAL OF ALL MILLS
TRANMILLS	Q5..Q576	TRANSPORTATION MILLS
TUMILLS	R9..R576	TUITION MILLS

**HOUSE OF REPRESENTATIVES  
VISITOR'S REGISTER**

Select School Funding

COMMITTEE

BILL NO. \_\_\_\_\_

DATE 1-28-93 SPONSOR(S) \_\_\_\_\_

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Madaign Quinlan	OPI		
ERNIE JEAN	Supt - Florence-Carlton		
Lynda Brannon	MASBO / IISM		
Don Waldron	MREA		
Wayne Buchanan	B-PE		
Paul C. Butterfield	Supt. Bozeman		
STEVE JOHNSON	Clerk, Bozeman		

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