

## **MINUTES**

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

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

**Call to Order:** By **CHAIRMAN ROYAL JOHNSON**, on November 17, 1993,  
at 8:00 a.m.

#### **ROLL CALL**

**Members Present:**

Rep. Royal Johnson, Chairman (R)  
Sen. Don Bianchi, Vice Chairman (D)  
Sen. Tom Beck (R)  
Rep. Mike Kadas (D)  
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  
Curt Nichols, Office of Budget & Program Planning  
Amy Carlson, Office of Budget & Program Planning  
Claudia Johnson, Committee Secretary

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

**Committee Business Summary:**

Hearing: Board of Public Education, Montana  
School for the Deaf and Blind, and  
Office of Public Instruction  
Executive Action: Board of Public Education, Montana  
School for the Deaf and Blind, and  
Office of Public Instruction

#### **BOARD OF PUBLIC EDUCATION**

**Curt Nichols, Office of Budget and Program planning, (OBPP)**,  
referred to the Executive Budget (blue book, page A19) and said  
the only recommended impact on the Board of Public Education with  
statewide implication will be \$103 in FY 1994 and \$205 in FY  
1995, the assessment against non-general funds.

**Wayne Buchanan, Executive secretary for the Board of Public  
Education**, offered to answer any questions.

**MONTANA SCHOOLS FOR THE DEAF AND BLIND (MSDB)**

**Curt Nichols** referred to page E7 of the executive budget. He said the Governor's office is doing the same thing they did during the interim with the school equalization account. The timber revenue is from lands dedicated to various state institutions; it is currently deposited in the trust funds and then the interest from that trust is spent. He said the product incomes, i.e., grazing and agricultural leases, go into an account and are expended. The estimate of the income received from timber sales on the last half of the current fiscal year and the next fiscal year will offset an equivalent amount from the general fund.

**Skip Culver, LFA**, said the timber sales in the last five years have varied from \$114,000 in 1990 to \$1,891 in 1992. He informed the committee to be aware of the difficulty in budgeting because of unknown timber sales. If the timber sales are higher than what was budgeted, then there isn't a problem; if they are much less, a substantial problem will be created and the agency will have to either cut back on expenditures or ask for a supplemental. The timber sales are the largest revenue deposited into the trust. Most other incomes are directly appropriated. Removing timber sales from the trust revenue is the same as capping the trust, or not allowing it to grow. On page E9, Table 1 of the LFA book, the top half is interest and income account or money that is directly appropriated. The lower half of the table is income to the trust, i.e., timber sales. If timber sales are removed, there will only be gas, right-of-way, and sand and gravel royalties left as revenue to the trust for future use.

**John Kinna, Acting Superintendent of the School for the Deaf and Blind**, informed the committee that there are 73 deaf students and 25 blind students enrolled in MSDB. He said that, during most of the summer, MSDB was able to maintain 2.5 FTE on the campus in Great Falls. **Mr. Kinna** referred to the Outreach Program in HB 690. The Outreach Program was established to provide assistance to impaired students in their own districts. The program provides supportive assistance through public school programs, i.e., art, braille, and referral information, etc. He asked for the replenishing of the funds for part of the Outreach Program. He asked the committee to appropriate the \$77,000 that is received for tuition from Wyoming and for the authority to spend this money where it is needed for the school. **Mr. Kinna** said he spoke earlier to Governor Racicot regarding both of these issues and was informed by Governor Racicot that, if there was any money at all at the end of this session, it would be one of the governor's highest priorities. **Mr. Kinna** distributed a chart showing the student population for fiscal years 1982 through 1994, and a letter written to the administrators and special education directors informing them of the services they can receive by the Outreach Program. **EXHIBITS 1 & 2**

**Bill Sykes, Business Manager for MSDB**, said the Governor's proposal to place timber sale interest income into the account will do the exact opposite of what it was intended to do, and the agency will have to ask for supplemental help because of the fluctuation in timber sales. He said this committee in the last session directed the school to collect \$24,000 a year for Medicaid reimbursements. He said that, based on their fee load, the school will be in debt of \$11,610. **EXHIBIT 3**

**SEN. SWYSGOOD** informed the committee that he did not remember the \$77,000 in Wyoming tuition being addressed during the regular session when this bill was presented; he wanted to know what the money would be used for. **Mr. Nichols** said if the money is reimbursement for services already budgeted for, it would have to be deposited into the general fund.

**REP. PECK** asked if the school has revenue in excess of the budget, they can come in for a budget amendment like the University System does to receive authorization to spend tuition revenue. **Mr. Nichols** said if this is for additional services, it would be appropriate.

**Mr. Kinna** said he understands the money is for additional services. **REP. PECK** said the school was established to serve Montana children, it is now taking Wyoming children in on a tuition basis. He felt it is appropriate for the school to use a budget amendment to use the money towards the Outreach Program.

**CHAIRMAN JOHNSON** asked **Mr. Kinna** how much of the \$70,000-plus does the school currently have. **Mr. Kinna** said the money is a check in a safe. **Mr. Sykes** replied that the check will be deposited into the state treasury.

In regard to the Governor's statement that the \$77,000 would be his top priority if there was money available, **SEN. BIANCHI** said the Governor had not wanted to fund the Outreach Program during the regular session. He asked **Mr. Kinna** if the \$77,000 was given to the MSDB would it go to start the Outreach Program up again. **Mr. Kinna** said it would be used to replace the braille service and other services cut from the regular session.

**Bill Davis, MSDB**, said that currently students are out there but do not know what kind of services they will receive. Some larger districts like Billings, Missoula and Great Falls have staff specialists. These services are not available in rural areas. It will take time for parents to realize this.

**SEN. BIANCHI** said that legislators do not know for sure that these children are not being taken care of because of program reductions made during the regular session.

**SEN. SWYSGOOD** said that he understood the deep concern for the program; that everyone is concerned that these children be taken care of. He said that legislators needed facts and figures about

the impact on these children. He then asked **Mr. Davis** about the results of the letter sent out to the schools saying that future services would be based on a fee schedule. Evidently, according to the chart, not many districts opted for that approach. If that is the case, that those receiving MSDB services before the funding was cut, he wondered whether the school has been contacted by any parents concerning the lack of services through their local schools.

**Mr. Davis** said students who are being served now were served last year. The program is well in place so officials at MSDB don't know what will happen next school year when services are not there, particularly for blind students. It is the hope of MSDB that generically trained special education teachers and regular teachers are given training in strategies and techniques and support for the work they do.

**REP. PECK** said that he was not trying to be critical. He said the committee was aware that the superintendent left in the middle of the time period when decisions were being made. He noted that **Mr. Kinna** took over at the request of the Board of Public Education.

**REP. PECK** noted that the local school district has a primary obligation in this area and an obligation to identify the pre-school and school age handicapped child. He said if these schools really need the support and service they should be in contact with MSDB officials. He added that while he was a school official in Havre he never used the outreach services.

**SEN. BIANCHI** asked where students who are not getting services from MSDB get those services and where does the money comes from.

**Gail Gray, Office of Public Instruction**, said there will be no additional contingency funds from the state to provide additional services. While special education funds have not been increased, local needs have grown. When something like this occurs, it is very difficult for them to come up with additional money even though the children have substantial needs.

**REP. PECK** said under the new finance bill passed last year there was some money available this year to school districts if they had an emergency in this area.

**REP. SIMPKINS** asked **Skip Culver** how the \$72,000 tuition funds are accounted for.

**Mr. Culver** said that presently it is in the form of a check which is deposited to the General Fund.

**Mr. Nichols** noted that if spending levels are increased by \$72,000 for one-time new revenue could be a problem.

**REP. SIMPKINS** said that he understood this was a flexible fund, and that the money follows a child. If MSDB doesn't have the use of that money they will have to eat it out of their other budget. They don't know from year to year if they are going to have students from Wyoming or not.

**SEN. SWYSGOOD** said that he also has a problem with the timing of the notification to school districts. School budgets are probably already set and they did not have time to adjust. Regarding HB 667 and the flexibility in that bill, he said there was a large number of school districts that received a tremendous influx of money they were not accustomed to having; they do have the opportunity to take advantage of the \$300 and \$600 options. He urged the committee to wait to see what happens during the next session and revisit this. He did not think that to insert money into this program without knowing what all of the ramifications would be.

**REP. SIMPKINS** said there are two issues before the committee at the present time: the \$72,000 has absolutely nothing to do with the Outreach Program. It is tuition received for providing the services under contract with Wyoming, a separate issue. The \$72,000 has been cutout of other services in the schools and should be restored to cover the obligation. He agreed with **REP. PECK** and **SEN. SWYSGOOD** that schools have the ultimate responsibility for the Outreach Program.

**SEN. SWYSGOOD** disagreed with that analogy stating if the schools receive \$72,000, they could reinstate part of the Outreach Program with that money.

**Skip Culver** asked **Bill Sykes** if this was going to be an annual revenue. He explained that if students come from Wyoming on the basis that there is room, they should not cost the schools anymore. If the \$72,000 a year is rolled into the base, that \$72,000 would then be perpetuated into the next biennium even though Wyoming funds might not be forthcoming.

**REP. WYATT** said that she has a lot of knowledge of the School for the Deaf and Blind and she thinks the Outreach Program is outstanding in providing services. Looking at the date, however, she believes it is a self-fulfilling when the school cannot let a district know how valuable the services are and how much they cost.

#### TESTIMONY ON OFFICE OF PUBLIC INSTRUCTION

**Mr. Nichols** referred to page E-2-3 and the recommendation relating to driver's training. The major recommendation here is to earmark Highway Patrol fines and driver's license fees dedicated to the traffic education account and put them in the General Fund. This will move about \$1.6 million to the general fund. It will eliminate the state reimbursement to districts to drivers education and it will reduce the OPI's administrative

staff for related programs. Part of this is not appropriated, part of it is in a language appropriation. There is \$110,000 reduction in programs which is made up for with about \$99,000 from the general fund. We allowed the OPI to make cuts in general fund program to maintain the office staff relating to drivers education. Secondary, there will be a small amount of motor cycle education money remaining in the driver's education account which will continue to flow to the office of Public Instruction. Two other reductions are rent. There will be a small reduction in rent which is a reduction in what we are going to be charging the OPI and that is passed through in the reduction. Their budget will be about \$906 of the general fund in 1994 and \$1630 in 1995. On page A-19 there is an allocation of cost of central services including personnel accounting in the budget office. Two in the OPI, non general and non federal funds that will total \$1284 in 1994 and \$2547 in 1995.

**Skip Culver** said in the legislature fiscal analyst book on page E-2 through E-4 there is an analysis on the executive budget proposals. In FY93 there were 10, 567 students who took driver's training. This was approximately 87% of all eligible students. The average cost per student was \$190 and the state payment per student was approximately \$117. The percentage of state per student is approximately 62%. Another item on page E-4 is a brief issue regarding the teacher certification fees to cover administrative costs. Presently, teachers license fees are \$6 per year (\$3 of which is appropriated by this committee) by HB 2 to cover the cost of the advisory council within the Board of Public Education, \$3 are statutorily appropriated to the Board of Public Education for research and special projects). However, within OPI there are approximately 4 FTEs at \$150,000 per year for certification which is funded by the general fund. So the fees could be increased to cover the cost of the administration of certification within the OPI.

**Gregg Groepper** distributed a copy of the communication he had with the Governor's Budget Office over the budget cuts. The best way to approach this is to give the committee a copy of the document and a little bit of the background about the communication with the budget office and try to sort out the differences where the cuts should occur. The office recognizes that this is a session where cuts are going to come and in fairness he is not quarrelling with the size of the cuts but they have a little bit different perspective where some of the cuts might come from. It was his understanding in the first discussion of budget cuts that agency-wide the Governor's Office was looking at an average of 4%. Based on the average of cuts, is the approach of the budget. As a result of the early retirement bill some retirements occurred and the Department was able to reorganize, eliminating one department in the agency which was the Department of Educational Technology. The combination of four divisions into two. Health Enhancement was combined with School Foods and Vocational Education was combined with Veteran's Division and Adult Basic Education. Some

additional reorganization this spring, particularly in the federal programs as federal re-authorization occurs. There is one consideration, when the early retirement bill, people in their agency also in teacher's retirement but the early retirement bill did not extend to them so some people in his office who are eligible for early retirement and are taking it and others in the teacher's retirement that are still state employees would qualify. The net effect of the proposals made to the budget office was 6.5 FTE, 2.5 was general fund and 4 were federal which is pretty close to the mix of the staff in the agency. They are about 40% general funded and 60% federal. A 2.5 general FTE is just about 40%. A reduction of 4% FTE, 2.5 general and 4% federal. It was initially proposed giving up \$156,000 general fund local area network charges. The department raised this question to the committee and there was a difference of opinion. The local area network fees that are paid to the Department of Administration is not a fee that benefits. Reference was then made to the last page of the handout which established the unique relationship between the office of public instruction and higher education with the Department of Administration. The application to the local area network fees, the Governor's Budget Office was concerned that if OPI offered up our local area network fees it would set precedent for the other executive branch agencies. The agreement to disagree was established at this point. OPI has not been paying the local network fees, because there is no statutory obligation to that and there is legislative intent, because that is the reasoning behind the appropriation. OPI would rather remit to the legislature \$156,000 of general fund for those local area network charges and not take the \$156,000 out of the driver's education staff. A difference of opinion with the budget office on that recommendation is seen. OPI also suggests when the elimination of those 2.5 FTE's and \$99,000 in general fund savings that would be given up and Curt has agreed to offset that amount of cuts to the driver's education program. OPI is also asking the committee to consider offsetting \$156,000 of the general fund but OPI would like to retain the funds for driver's education. Finally, the reintroduction of HB 106 from the last session. Skip Culver's analysis of the costs and representative examples of what professors pay for professional certification and the possibility that the certification operation could become self-supporting. That has its own supporters and detractors among the education community but it is worth considering because there is a fair amount of money there in general fund savings. Not only in this fiscal year but on an ongoing basis. The net affect of all of those reductions, if some bill passes to eliminate traffic education and an agreement on the staffing plus the teachers' certifications fees, the 2.5 FTE, plus the \$100,000 OPI is giving up that would amount to a \$500,000 general fund cut for the OPI and targeting the Governor's budget was \$408,000 when it was initially started and took all of the staff from traffic ed. OPI is suggesting more than the Governor suggests. Concerning traffic reimbursement, the fees are going back to the schools. The office will reluctantly support that legislation to eliminate

the reimbursement to schools. Superintendent Keenan will be talking to you about a list of options to address the school district cuts and this is money that will be going to the school district. It will be more appropriately addressed tomorrow. One of the things to consider in terms of the staff for the OPI and traffic education is contained in the draft of the proposal. An agreement is close to being signed with the Department of Justice which will waive student certification for driver's licenses. The academic testing part of the test and the road test portion (the Highway Patrol will not be required to test these students achieving a certain minimum score) that would be waived if they achieved a certain minimum score on the road test. There already exists an agreement of that type for motorcycle training where you don't have to take a practical test if you pass the course work in motorcycles. OPI almost has that finalized to save the Department of Justice some money for certifying all the kids that are going through the driver's education program. But it is imperative that we still have a standard course of instruction that we have teacher certification and for that program to stay in place and avoid duplication in government it is important that OPI hang on to some of the traffic education staff even if the elimination of reimbursement occurs. A copy of the agreement was promised to Skip Culver. The allocation plan that Curt referred to for the OPI is also for number of other state agencies. This is an additional allocation against the state special revenue account excluding the foundation program that presently does not pay for accounting division services. If you take the drivers license examine fees that is a portion of money that would be a part of this allocation. The amount of that allocation for OPI would be diminished if the portion of the state special revenue which is the traffic ed. reimbursement. The allocation may have to change a bit depending on what the committee or the legislature does with the bill to reduce drivers education.

**CHAIRMAN JOHNSON** said it is his understanding that the Education Committee is going to hear the foundation program too, or will do that in the regular session and not in this three days?

**REP. KADAS** asked Skip Culver for the numbers for Vo Ed, and gifted and talented? Are these biennial figures so if we were going to reduce those, we could get about 3/4 of each of them?

**Skip Culver** stated that the legislature appropriated for the 1995 biennium the gifted and talented \$300,000 and appropriated for the secondary Vo Ed, for \$1.3 million, adult basic ed. \$500,000. I don't know how much is under contract.

**REP. KADAS** then asked Mr. Groepper how much of those funds would be available for budget reduction?

**Gregg Groepper** stated that he could not speak of the adult basic ed. but felt that about those funds had been encumbered for the first year so about half of those are the funds to look at. Generally, we are trying to arrange the contracts with Vo Ed, and



gifted and talented as early in the school year as possible. We can certainly bring back your considerations sometime before we go home what we actually have encumbered this year. My suspicion is that we probably have half of that biennial appropriation.

**REP. WALLIN** asked if any consideration had been given to privatizing the driver's ed. instruction courses? Do you know how many states are now privatizing driver's ed. instruction?

**Gregg Groepper** stated that he had not looked at privatizing it but said if state support is eliminated they would have to look at a cost recovery basis.

**REP. PECK** asked if OPI had received a proposal from the Ford dealers of Montana to do that?

**Gregg Groepper** said it is for free cars only.

**SEN. BIANCHI** said that OPI wanted to increase the teacher licensing fee by an additional \$6.00 and asked if OPI had supported that during the regular session. Why was this not suggested again? He then asked if someone was carrying that bill during this session and the response was that **REP. PECK** would be doing that.

**Mr. Nichols** stated that he did not deal with that issue during the session. OPI did not support this legislation. It is not a part of their package during this session.

**REP. PECK** stated that he did indeed have a draft request in that meets with greater positive response from the Board of Public Education, they did not like the first draft and are offering amendments. It is a revenue bill which helps some on the red ink.

**SEN. BECK** asked if there were 10,500 students participating in the driver's ed. program, how many students are eligible in the state of Montana to actually participate or what percentage of the students in Montana actually do take up driver's training.

**Mr. Groepper** said that according to the traffic education survey there were 12,202 students eligible to enroll and 10,567 completed traffic education. The average reimbursement is \$117 per student.

**REP. WALLIN** said that in cutting down the cost of driver's ed. what would be the possibility of consolidating in Gallatin County the number of schools that are involved so there would be not be an overlapping of the teachers involved. If they had one or two teachers to take care of that task, rather than one teacher for each school this might be an effective way to cut back on the cost of driver ed.

**REP. SIMPKINS** said looking at the total system in this state, you have some schools charging \$25, some schools charging \$50 and some schools charging \$75 and maybe one school charging \$100 and then you have schools not charging anything. It appears to me that if this program were eliminated some schools may continue to pay the full cost since they are getting a 62% reimbursement. Other schools may almost double those fees to the parents. If we eliminate this program isn't it most probable that we are really going into the parents' pocketbook?

**Gregg Groepper** stated that he had not seen the legislation that is going to do away with this program in its final form but the pieces of legislation I have seen, the approach does not eliminate schools conducting the courses, it just eliminates the state reimbursement. That is exactly what happens when you eliminate the state share of reimbursement, the costs are not going away and it is going to result in one of two things. Either the parent is going to have to pay the full cost of their child getting traffic education training or certification or the school district is going to pay the full cost of it or something in the middle. The districts you were talking about where the cost to the student is \$25, I can assure you that they are subsidizing the cost of that class above and beyond what the state is reimbursing them.

**Gregg Groepper** then asked to address the proposals that OPI have introduced in the work session?

**CHAIRMAN JOHNSON** stated yes to the executive action. He also stated that upon reviewing the schedule the school foundation program is listed. The University System in the afternoon is scheduled and **REP. KADAS** will not be present.

**SEN. SWYSGOOD** stated that he felt there was going to be some lengthy discussion regarding the issues of the foundation program and the higher education budgets. If there is anything that can be done now to expedite matters would be good.

#### **TESTIMONY ON THE M.S.D.B.**

**Skip Culver** said in regard to the School of the Deaf and Blind there is the issue that the executive budget with regard to the timber sales directly appropriating the timber revenue. There are two other issues. The first issue to appropriate \$72,546 of out-of-state tuition fees which were received by the school. The second issue is to restore the Outreach Program either partially or in whole. Shall we appropriate directly the revenue from timber sales or leave it as deposited into the trust fund from which interest is earned. This is approximately \$3,600 increase in '94 and \$13,200 increase in other funds with a comparable reduction of the general fund in the like amount.

**CHAIRMAN JOHNSON** asked how firm are the figures of \$3,600 and \$13,200?

**Curt Nichols** stated that these figures were conservatively estimated in terms of working from an overall estimate of timber revenues that ties to HB 652 from last session. This is the estimated allocation that would go to these trust funds. There is a high degree of variable from year to year on exactly who's land they are cutting on. OBPP would be willing to work with the Legislature toward some kind of way of assuring that if they cut on the School for the Deaf and Blind's land and they did not cut at Pine Hills, we could make some type of adjustments. I do believe that the estimates are conservative. HB 652 was based on \$170 for timber and it is being harvested at \$220 now. I think the money will be there. The estimates are conservative in the case of the School for the Deaf and Blind it is a very small amount. If it were missed by 25% it would be a reduction of \$1000 or \$2000. Currently, appropriation is made in revenues from the interest on the trust funds and any grazing leases. You appropriate your best estimate of those. The addition of this amount to those and be appropriating those in the future.

**SEN. SWYSGOOD** asked Skip Culver how many acres of trust land are dedicated to the School for the Deaf and Blind and where it would be located because there is a possible conflicts that could come up as far as other sales of state land timber especially down in his area as it relates to buffer zones on the Park. There is a lot of unknowns here when it concerns appropriating money based upon assumptions. He had problems with this because he thought it makes it totally impossible for the legislature to have any idea what they are doing. With all of the ramifications that are occurring, because of cutting timbers, everyone is running into problems.

**SEN. BECK** asked if this were administered by the Department of State Lands. Do they have some projection of the timber sales that is being done on the lands and if these timber sales are going to be appealed. Is that where some of the background coming for this revenue.

**Curt Nichols** stated that it was managed by the Department of State Lands. They don't know exactly what piece will be harvested two years from now. They know they will be harvesting 30 million board feet or that is what they are targeting, but they don't know exactly what piece of land. Since land is bid and they have several years to cut and you don't get paid until it is cut. They cannot give you the certainty that you would like but this part of the problem that is dealt with in all of the revenues. There is a certain amount of uncertainty in estimates. The school foundation program, timber revenue are appropriated and that is 95% of them. We are going for the remainder now.

**REP. PECK** said that if this was going to be done, some type of provision for backing up the estimate out of the general fund and what about the year you get the excess? Can the budget be amended. This went from a level of \$2000 to \$114,000 and that is

too much of a spread up and down to count on as a revenue source when funding a budget this small. I don't feel it is a smart move from budget practices and I second Sen. Swysgood.

**SEN. BIANCHI** said that he agreed that during the regular session the was a fight on a \$7,000 copying machine. They were worrying about having a person that slept in the dormitory with the children at night because they did not have the money to hire them. I feel that we have this budget screwed down pretty tight and this is sort of an unknown these timber dollars. For that reason I would oppose making this reduction.

**CHAIRMAN JOHNSON** stated that the Budget Office does not pick numbers out the air to make budgets. You have to have some basis for \$3,600 in '94 and \$13,200 in '95. Would I be correct in that?

**Curt Nichols** said that the figures are not picked out of the air. This relates to the estimates they have on timber revenue on all state lands and this is an allocation to individual trusts within that. These numbers are consistent with HB 652 which increased the timber harvest last session. That is based on the Department of State Lands projections of price and cut that they anticipated. These estimates are conservative at this time because our cuts are down because of the wet summer. That should bounce back. I sense the committees' hesitation. Is it right to take money out of the trust and put it into the income account and spend it in lieu of general fund and whether the availability will create a problem. OBPP would be willing to work with you to solve the availability problem. Maybe there is a way this can be dealt with rather than lose a reduction.

**CHAIRMAN JOHNSON** said that since Mr. Nichols has broken the question up into two features, let us address the first one first and then talk about the second issue.

**SEN. BIANCHI** said that if the proposal was presented you should have the backup as to what you are recommending in terms of shortfall and what you are recommending in terms of long fall. Can they budget amend it or can't they? Is the general fund going to guarantee your estimate kind of like it does this SEA account.

**Curt Nichols**, said that typically the way this is treated is if revenues are higher they are held and they are spent the next biennium. If there is a shortfall the agency absorbs it and if it is a significant shortfall they may come for a supplemental. It is my thought that the amounts are very small and the estimates are rather conservative that I did not see that as an issue.

**REP. PECK** said that he did not have a problem diverting this money because it is a small amount from the trust. I rather like

the idea of a savings account and a trust account but given the times and circumstances that is not a big issue with me.

**REP. KADAS** said that it was a significant issue. What we are doing here in a crisis situation is the same thing we have done for the past eight years where as if we have a trust circumstance either we take the trust or we take the flows to the trust. In the immediate near term that makes us happy. But over the long term what we are doing is eliminating our diversity of revenue sources and it is bad fiscal policy over the long term.

**CHAIRMAN JOHNSON** asked **REP. KADAS** if there might be a way that we could do it for this particular period and not carry it on for the future periods.

**REP. KADAS** said no, there is not another way that you can do this. He said you go into a trust, than you erode their revenue sources, that is it.

**SEN. SWYSGOOD** said that some of us were around when they robbed the education trust fund in 1987 and the impacts of that we are still feeling today. There are still programs today that was funded by the interest off of that trust fund that are in jeopardy because the general fund cannot meet the obligations and for one is the W.I.C.H.E. W.A.M.I program that was funded out of that. Adult Basic Education Program was also funded out of that. That was an eyeopener for me and when I voted against that I got a lot flack against taking that money but I still think I made the right vote. Somewhere down the line things come to a head. We are at a head now with the fiscal situation. It is not only this little bit of money right here that we are talking about now about timber sales but the revenue that is going into this trust as it has been stated earlier, the largest percentage was 97% of the revenue is made up from timber sales. If you take it you might take the whole trust and be done with it, wipe it out and quit playing dilly dally with it. Basically, it does have some far reaching ramifications and it's one that I am not sure I go along with. I am still undecided right now. I still say that we have a lot of general problems because of robbing the education trust fund six years ago.

**REP. PECK** said that this goes into the bigger issue. We have a study committee working on the issue of dedicating funds of which Montana is one of the highest ranking states in the nation that has dedicated revenues to such an extreme that you don't have much flexibility left. I am sympathetic with education trust accounts and I agree exactly with what Sen. Swysgood said about the education trust account. I can't sit here and protect just education and say everything else should be loose and subject to the appropriation process each session. This thing comes down to that basic question. Are you going to want to deal with a lot of money every time you come in here that is dedicated to this activity and that activity or do you want it for appropriation by

the legislature each session. This is a very small item that brings up that major question.

**Curt Nichols** said that the second issue relating to this is if we could figure out a way such that if they harvest on one piece of land and don't harvest on the other. The state can work it out so we don't create a situation for somebody has to take a budget cut.

**CHAIRMAN JOHNSON** questioned the dedicated lands that this is coming off of for the School for the Deaf and Blind. What is a pooled revenue off of forest lands that is divided out by some formula.

**Curt Nichols** said that the estimate of revenue is based upon the total of forest lands. The state manages the land as a pool and do not individually manage for School for the Deaf and Blind or anyone else. There are individually dedicated pieces of land so that each cut belongs to an individual institution.

**REP. KADAS** said that he did not like the proposal for the first reason. There are some significant problems just in how you make it work. I think that it is easy enough if there is a shortfall because you just say you will make up the difference with general fund. But if they are long, then there is a real problem because there is a great opportunity to put that money into the budget and build a base. I think that at this point, you don't have this thing figured out well enough that I could in any way support it and I would hope that the committee will not either. If you think that you figure out a mechanism to make it work then you ought to bring it back to us. At this point, I don't see mechanically how you can make it happen.

**Curt Nichols** said that if there were excess money that has not been a problem in the past. The money is not allowed to be spent, it is held over. We don't allow budget amendments on that. That is allowing additional revenue to an issue we already have and we already do appropriate the incomes from these trust funds. We already deal with the issue of excesses and shortfalls.

**REP. PECK** said that if the University System comes up with extra money, for whatever reason, whether we underestimate 6 mills or it is additional tuition because their own budget amending authority, they get that money. If you are saying that these guy are going to have to eat it seems to me in fairness you need to say in the "Bushleagers" are going to get the benefit of it just like the University System.

**Skip Culver** said that when the revenues from the trust fund come in higher than what the legislature appropriated, the School for the Deaf and Blind reduces their general fund appropriation by the amount that the revenue has exceeded the appropriation. Any

excess revenue over and above the appropriation are immediately reduced in the general fund. There are no carryovers.

**SEN. BECK** said that if this was a recommendation from the executive branch is it automatic if we don't vote on it or is it automatically not in if we don't vote on it?

**Skip Culver** said that what was happening was that we were starting out with the budget that we passed last session so to change that it takes a positive motion. Unless there is a positive motion to change that we are still at where we were last session.

**CHAIRMAN JOHNSON** then suggested that the meeting move to the Wyoming students. The \$72,000 that they have currently received for tuition, board and room, etc.

**REP. PECK** said that he had asked the members of the school system that when the issue of \$72,000 did you need to supply additional services and the answer is yes. They did supply additional services because they are a school for Montana deaf and blind children. That falls within the budget amendment process but apparently we look at these people differently in this situation. I said that if you were given that \$72,000 what would you do with it? Mr. Kinna said that he has had to hold the position open because of a retirement and they are trying to recover on that because of retirement and cost. That would make enough money available to us to do the necessary replacement there in library which are services that they need for the other students. He did not talk about Outreach and he assured me that if we could find some way to make that money available to them, it would go for services to the resident children. It would not go to Outreach. I think there is an issue here that is just a matter of fairness. They generated the money similar to the University System under a tuition agreement. It seems to me that they had to provide additional services. You can say that there is no additional expense because teachers and so forth were there. We have screwed this budget down very tight and I don't know if we can legally do this or not. We could put that into the budget as a line item. We are not base building and for that particular service for the period beginning January 1 or whatever time we have on it. They are talking more about necessary services for handicapped children on campus then they are Outreach services.

**SEN. BIANCHI** said that Mr. Kinna stated that the school at this time does not have a brailist which maybe is the person who retired. I can't imagine a school for the deaf and blind not having a brailist there. If we in fact can get this done by appropriating this \$72,000 through a tuition increased from out of state students it seems very logical to me that this committee should do and legally so. Is there is any problem legally?

**Skip Culver** said that it was not built into the base and you could add language into the HB 2 saying that it shall not be

considered a part of the base for the 1997 biennium. It has been done before.

**REP. PECK** said that he had made a misstatement. He thought that Betty Vantiegman was the only person out of the staff here. The braillist is the person that had to be laid off to keep the budget under the conditions that were set by the Legislature.

**REP. WYATT** said that is part of the dilemma is that they make the decisions about who they lay off. I don't know how you would address that. They chose at a deaf and blind school to lay off their braillist. They had an orientation and mobility specialist that left for a better job and they took the FTE person that was one of their itinerant outreach people and gave them that job. I don't know how you will guarantee how the jobs will go to the people that are there. The custodian has retired, the superintendent is gone and that is a vacancy savings, the custodian will be a savings and Betty Vantiegman who is a teacher in the high school for the deaf students is a vacancy savings. I was told when I asked them some questions about it that they had moved Barbara Gillis the librarian into the FTE spot for Betty and that does not need to be done. FTEs are either educational or administrative or in the custodial or dormitory facilities. I think they need the money but I also think they need to choose who they employ very carefully and un-employ very carefully.

**CHAIRMAN JOHNSON** said that he would agree but it was the choice of the facility.

**REP. WYATT** said that perhaps she was misinterpreted. If you want to do it for the reasons of the Legislature it should be logical that a braillist exists in the school it should be logical through the educational process, not personalities, it's how are you going to assure that what you want the money to go for is going there.

**CHAIRMAN JOHNSON** said that he did not know enough about the school to know how to administer it.

**SEN. BECK** said that they had funded the school on the available slots they had for students up there. It sounds to me that they were probably too short, took two Wyoming kids to come in so you have full funding for all the students up there plus the funding coming from the two students from Wyoming. Am I correct in saying that?

**CHAIRMAN JOHNSON** said if that were true in the assumption, they don't need any more funding for groceries or beds or maids or whatever. We should decide what is a reasonable way for them to do it and to go ahead. We may need to close the school and that is why we have the Wyoming kids. There may be more of this sort of situation in the school. When you add two kids to that school you probably have some expenses.



**REP. PECK** said he agreed. When you take two kids into a boarding school which the Deaf and Blind school is you do create some additional expense even though you don't hire additional personnel. You do have the cost of board and room. The state of Wyoming is paying because one weekend a month the school is closed completely and require the kids to go home. The state of Montana is paying for those residents. Perhaps that is the part of the tuition charge.

**SEN. BECK** said that if these two students were in excess of what was funded for the students what were put up there, I think they are fully entitled to get it back. But if two slots that were funded by the Legislature for students at the school and then are substituting two Wyoming students plus their tuition, then it is doubled up.

**CHAIRMAN JOHNSON** asked if the school was filled to capacity.

**REP. PECK** said that in a school like that you deal with two or three students at a time. When you put two children into a population of 74 who are blind or deaf they enter into that special program and they may create an additional burden for the actual basic instruction. We can't deny that you have board and room supervisory costs and everything for an additional two children who are severely handicapped.

**SEN. BECK** said that if the budget came in for 30 students at the school you give them a budget for that. But they only wind up with 28, they still have the same amount of dollars going in there and I don't think you limit per student in the budget. They picked up \$72,000 more from two Wyoming kids to fill it back up to the 30. That is \$72,000 over and above plus all of the money that the Montana taxpayers through into there. Am I correct in assuming that.

**SEN. BIANCHI** said that we did not fund the school on FTEs. We have incremental funding base up there that we give them each year and it is then adjusted based upon inflation. They are basically funded each year at the same level but it is not based upon FTEs. When you end up with a couple of more students that would not have had anyway they are in fact adding additional expenses.

**REP. SWYSGOOD** asked if the state were funding these children. The answer is no. The school pays the transportation costs not Wyoming. That is all part of the \$36,000. The school picks up the feed bill, the housing bill, the transportation bill and also the extra things. Perhaps, it only costs them \$30,000 so they in turn pick up an extra \$6,000 but it seems that if we fund the way we fund, just the operating expense of the school, they are entitled to the tuition if they sell slots out of the State. This would be a funding source because even the general fund the money was not anticipated to begin with. No, they are not using

state money for the two Wyoming children unless it is a double up service.

**CHAIRMAN JOHNSON** stated that we are going to do the same thing we argued about in the University System as it related to in-state tuition and out-of-state tuition. Solicitation was made out of state students so they would acquire out of state tuition money to run their operation. Since Wyoming closed its school, maybe Montana's school would move the Montana children off to the side in order to get more money coming from out-of-state tuition.

**REP. KADAS** said that the school was not turning away any Montana children. **SEN. BECK** has raised a legitimate question but **REP. SWYSGOOD** probably put it into the best context. There is a certain incremental cost that is clearly there. Our problem here is that we do not know what that cost is. It is something less than \$36,000 and it seems clear that we need to allow the school to utilize that amount. Do we allow them to utilize all of the money. Until we can determine what the incremental cost per student is, what their room and board is, a decision can't be made.

**REP. PECK** questioned as to whether there was a legal statutory impediment to allowing them the authorization to use this tuition money similar to the way the University System does.

**Mr. Nichols** stated that it hinges on the kind of discussion **REP. PECK** was feeling. If the school is budgeted for 100 children and with these two they are at 100 or below, there is no additional service being provided and a budget amendment would not be approved. Beyond that, **Bill Sykes** said there was a statutory provision which requires them to return these monies in. This issue has not come yet.

**REP. PECK** stated that the legal issue needed to be resolved before voting might be made. The committee may be trying to do something that cannot be done. There are additional services when two children are brought in no matter if they are from Wyoming or Alaska or Montana. You required the board and room expense, nursing service, transportation or, a lot of costs that are associated with individual children because of the individualized programs. **REP. PECK** supports the idea that allowing the school to use these funds given the reduction that they had made in personnel. Not being the wild eyed liberal that likes to spend money and have been pretty tight on the Deaf and Blind school budget. If they generated this money we should made some effort to take the money that is above their and give that amount to them at the very least.

**CHAIRMAN JOHNSON** then asked **REP. PECK** about his statement about giving them money. A motion was then requested by the Chairman based upon the contingency that it is legal to do it and can do it in this session so a repeat of a dialogue is avoided again.

REP. PECK said he would like to make a motion to allow the School for the Deaf and Blind the money realized in tuition from the Wyoming students contingent upon the legal clearance or approval to examine what is to be used for the resident program at the school.

Skip Culver said the legal problem exists because the School for the Deaf and Blind has to put the money in the general fund but what this committee and the legislature would be doing would be appropriating additional general funds. The school will be getting more general funds.

REP. PECK then stated that language in the bill needs to be clarified to clearly show the it is tuition dollars that the committee is dealing with and not just a clear general fund appropriation.

Skip Culver stated that general fund has been received from Wyoming and is hereby appropriated as general fund to the School for the Deaf and Blind.

REP. KADAS stated that he would generally support the motion but feels that the things that were said about contingent upon some legal ruling should be avoided. If there is a legal question the information will be brought back to us.

CHAIRMAN JOHNSON questioned if the committee understood the motion. The motion restricts the use of that money to the campus program. The money cannot be used for the Outreach Program.

#### EXECUTIVE ACTION

**MOTION/VOTE:** REP. PECK MADE A MOTION FOR MONEY TO BE USED AS RESIDENT PROGRAM FOR THE SCHOOL FOR THE DEAF AND BLIND NOT BE CONSIDERED IN THE BASE. Motion carried 4-2 with SENS. SWYSGOOD AND BECK voting no.

SEN. SWYSGOOD said the contingency monies were based upon the passage or no passage of bills. If we wait until we see a bill then we really have not made any recommendations as a subcommittee. The need to take these items as they appear before the committee and act upon them.

CHAIRMAN JOHNSON asked if agreement from the committee regarding SEN. SWYSGOOD'S analysis was acceptable.

Skip Culver said that each of the issues needed to be decided upon separately. Take the money out contingent upon passage of the bill.

REP. PECK stated that the foundation program is the key to the whole thing. We may decide that we do not want to take 3% and not 1.5% out of the foundation program and protect all the rest

of them. Then we do not have those issues to face. The foundation program is the key to what this subcommittee may do with the smaller items to follow. A recommendation is still going to be made. Every item in this book other than the first item on page E-2 that relates to the foundation program. First you have the 1.5% reduction, inclusion of full time special education students, trustee budget increase limit to 2% on the foundation program schedule and reduce basic and title for non-isolated schools.

**SEN. SWYSGOOD** agreed with **REP. PECK** stating as it relates to the foundation program which was at 1.5%. If 3% as the base percentage we may not have any say as to whether we will be voting on this issue. If the recommendation of the subcommittee is not to be heard, why are we hearing it. He questioned if the committee would be allowed to vote on the various percentages when it is presented to the committee? He said that he may want to support a larger reduction in the foundation base to save some of the other things because school districts can manage their budgets better when they are dealing with the Foundation base then they can when dealing with some of the other areas. If it is not going to be a part of what can be done then we must act.

**CHAIRMAN JOHNSON** said that it has always been referred to the House Appropriations Committee after it is released from the Education Committee. This is a subcommittee to make recommendations to the full House of Appropriations. There is nothing stopping the committee from voting on anything that is in need of being voted upon.

**REP. PECK** said that if this committee does not wish to deal with all the little packages, don't start mixing around with all of the individual programs. If we vote that we want to increase to 3% and do that then the committee operates on that premise.

**REP. KADAS** said that in line with what **SEN. SWYSGOOD** has just said he agreed that giving the schools as much flexibility to deal with these things and not micromanage them. To eliminate all of these ancillary programs and let the schools themselves decide if they want to fund those programs or not is the issue. By having them as programs that are specifically appropriated we take the authority away from the schools to manage the programs. If we want to give them flexibility we will eliminate those programs and not take that same amount out of the foundation program. Dealing with the administration budget today should be dealt with.

**SEN. BIANCHI** said that previously the issues were discussed and staff brought in what the options are. There are things from the OPI and from the Governor's Office that are proposed. There are six issues laying on the table.

**REP. JOHNSON** stated that there was some confusion about the committee hearing the foundation program before the Educational

Committee heard it. Is it the wish of the committee we take the recommendation of **SEN. BIANCHI** and not take action on any of these things from the OPI.

**Skip Culver** said when the preliminary budget hearings were initiated it was determined that this committee should not be required to hear all of the bills regarding the foundation program.

**SEN. SWYSGOOD** asked if the committee was going to act on the recommendations proposed by the Governor's Budget committee and was told by the committee they were not going to act on this. How are we going to operate as a subcommittee to meet the target by the actions that are brought before us.

**SEN. BIANCHI** said these would appear as bills because they are effecting the school funding programs. They are not in HB 2 so this committee cannot act without having a piece of legislation.

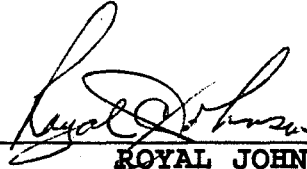
**REP. KADAS** said the committee needs to act on all issues that it sees which are encompassed within HB 2, and that is all of the distribution programs with the exception of the foundation program. If there are proposals to make reductions in any of these programs the committee needs to consider that. If we agree with the proposals then the reductions will be made contingent upon the passage of the bill if the bill needed to be passed. With regard to the larger issue regarding the foundation program, because the schedules for the foundation program have to be amended in statute and it cannot be amended in HB 2. That takes a separate bill which we do not have before us and will not for some time. We cannot act on it. If this committee wants to make a recommendation as to what it thinks should happen to the foundation program. We have the tools in front of us to make the priority decisions in our own minds for this committee.

**REP. PECK**, stated that we did have the recommendations of the Governor of 1.5%+, totalling \$11.2 million. It would be relatively simple to draw up a chart whereby the base listing would be 1.5% plus all these in the amount of dollars. The committee can then vote as to what level you are not acting because you don't have the bill but at least we have something to act on here. There is contingency language required in terms of the level of reduction that the House Education Committee is willing to make in the foundation program.

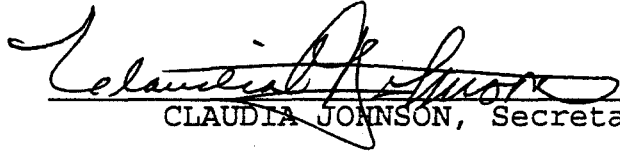
**CHAIRMAN JOHNSON** said the committee will have to consider the alternatives.

ADJOURNMENT

Adjournment: 4:50 P.M.



ROYAL JOHNSON, Chairman



CLAUDIA JOHNSON, Secretary

RJ/cj

HOUSE OF REPRESENTATIVES

EDUCATION AND CULTURAL RESOURCES SUB-COMMITTEE

ROLL CALL

DATE 11-17-93 BILL NO. \_\_\_\_\_ NUMBER \_\_\_\_\_

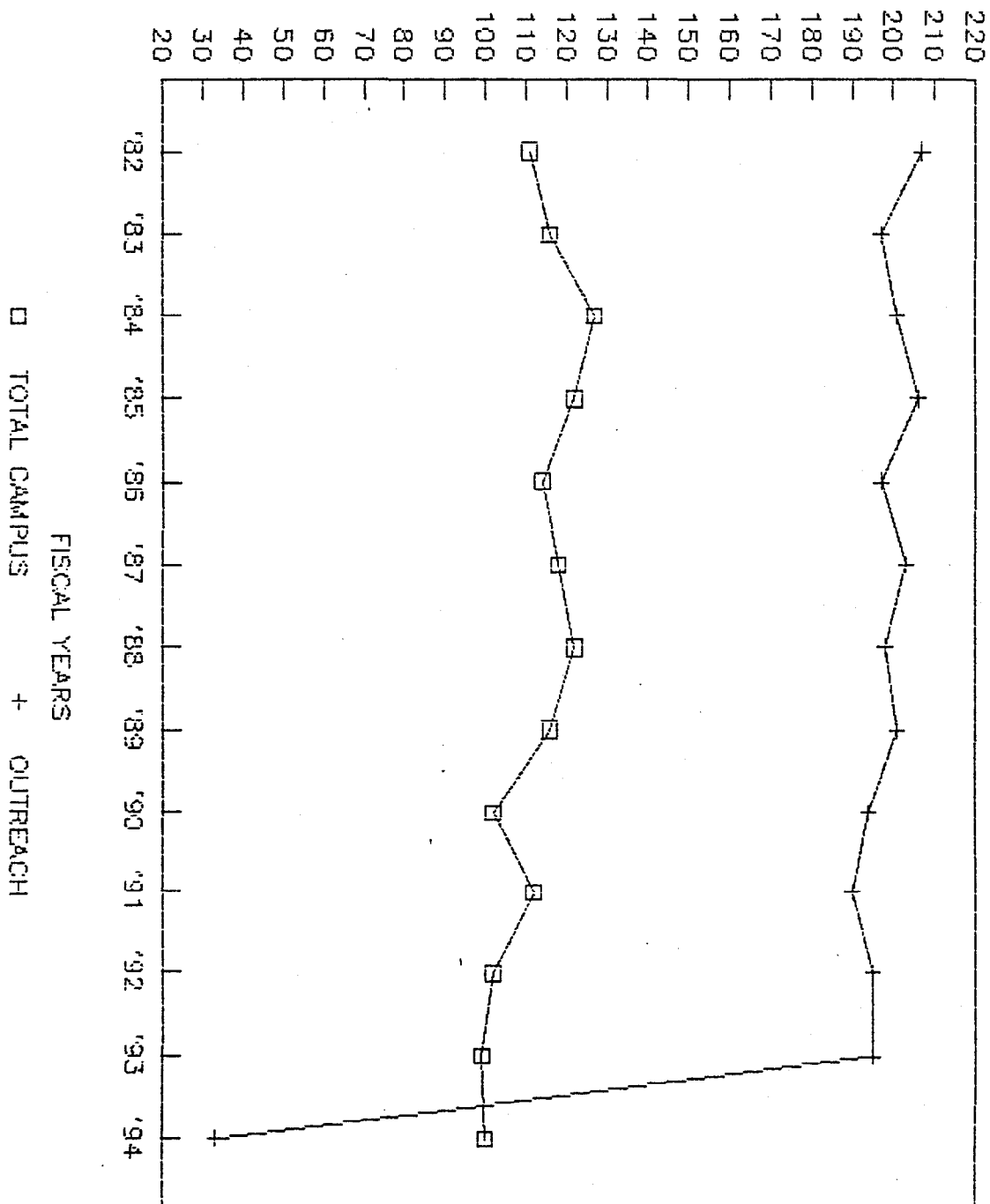
MOTION: \_\_\_\_\_

NAME	AYE	NO
REP. ROYAL JOHNSON, CHAIRMAN	✓	
SEN. DON BIANCHI, VICE CHAIRMAN	✓	
REP. MIKE KADAS	✓	
SEN. TOM BECK	✓	
REP. RAY PECK	✓	
SEN. CHUCK SWYSGOOD	✓	

NUMBER OF STUDENTS

# MONTANA SCHOOL FOR DEAF & BLIND

STUDENT POPULATION '82-'94





EX 2  
EDUCATION +  
CULTURAL  
RESOURCES  
11/17/93

# SCHOOL FOR THE DEAF AND THE BLIND



## STATE OF MONTANA

3911 CENTRAL AVENUE

GREAT FALLS, MONTANA 59401

(406) 453-1401

August 30, 1993

Dear Administrators and Special Education Directors:

During the meeting of the 53rd legislature a decision was made to shift the cost of all MSDB outreach services from state general funds to each local district served by the outreach program. The outreach program provides supportive services to hearing impaired infants and visually impaired children throughout the state. A copy of the House Bill 690 which requires MSDB to charge for these services is enclosed.

Obviously, this shift in funding will change the nature and scope of the outreach services being provided. Our immediate response will be to have two resource consultants, Mrs. Helen Greenlee 771-6029 and Mr. Dennis Slonaker 994-3815, available to your school. These consultants will work with both hearing impaired and visually impaired students from ages 0-5 years and visually impaired school age children. All support for hearing impaired students who are school aged will be from our evaluation staff, school principal, and supervising teachers.

Enclosed is a description of our basic outreach service plan options. The extent to which MSDB is able to provide outreach services will be in direct proportion to local district demand for these services.

In order to budget for this program we need to know by Wednesday, September 15 if you choose to utilize one of the outreach services this year. If you currently are not serving any hearing impaired or visually impaired students in your district but have students move in during the year you can enroll at that time. Our records indicate there are student(s) enrolled in your district who were the recipients of outreach services from MSDB during the 1992-1993 school year.

If you would like to use our outreach services for the school year, please check the plan you would like us to provide, sign, date and return the form to our business office. Enclosed is a stamped, self-addressed envelope.

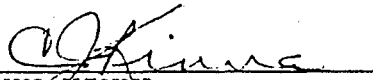
11/17/93 PG 2

Page 2

We realize that the timing of your receipt of this information could create budgetary problems for your district. Since these are unanticipated costs, there is the potential for support from state special education contingency funds.

If you have any questions please contact either myself, Mr. Bill Davis, or Mr. Bill Sykes at 771-6000.

Sincerely,

  
JOHN KINNA  
INTERIM SUPERINTENDENT

JK/bl

## CHAPTER NO. 537

[HB 690]

AN ACT CLARIFYING THE AUTHORITY OF THE MONTANA SCHOOL FOR THE DEAF AND BLIND TO PROVIDE ASSISTANCE TO PROGRAMS FOR THE VISUALLY IMPAIRED OR HEARING IMPAIRED; REQUIRING THE SCHOOL TO CHARGE A FEE FOR THE ASSISTANCE; AMENDING SECTION 20-8-102, MCA; AND PROVIDING AN EFFECTIVE DATE.

*Be it enacted by the Legislature of the State of Montana:*

Section 1. Section 20-8-102, MCA, is amended to read:

*"20-8-102. Objects and purposes — assistance to programs — fee.*

*(1) The Montana school for the deaf and blind is a residential and day school for children and adolescents who are deaf or blind or whose hearing or sight is so defective that they cannot be successfully taught and are unable to receive a sufficient or proper education in the public schools of the state.*

*(2) The school shall serve as a consultative resource for parents of hearing impaired and visually impaired children not yet enrolled in an educational program and for public schools of the state where hearing impaired or visually impaired children are enrolled. The school upon request shall ensure that services and programs for hearing impaired or visually impaired children are appropriate and sufficient. The school may provide assistance to the programs that the school determines is needed. The school shall collect a reasonable fee for the assistance from the public school or other responsible agency receiving the assistance. The fee must be in an amount sufficient to cover the cost of services provided.*

*(3) The object and purpose of the school is to furnish and provide, by the use of specialized methods and systems, an education for the hearing impaired and visually impaired children of this state that is commensurate with the education provided to nonhandicapped children in the public schools and that*

2033

MONTANA SESSION LAWS 1993

Ch. 539

will enable children being served by the school to become independent and self-sustaining citizens."

Section 2. Effective date. [This act] is effective July 1, 1993.

Approved April 24, 1993.

### EVALUATION FEE SCHEDULE

AUDIOLOGICAL	\$ 50.00
SPEECH & LANGUAGE	65.00
PHYSICAL THERAPY	100.00
PSYCHO-EDUCATIONAL	200.00
ORIENTATION AND MOBILITY	100.00

The evaluation fee schedule does not include travel and per diem costs if the assessments are done in your district. All assessments are to be pre-arranged and scheduled through the MSDB assessment team. Call 771-6000 and our receptionist will direct you to the appropriate staff.

### MATERIALS AND EQUIPMENT

Large print textbooks, braille textbooks, and other related equipment for visually impaired students will still be available from the American Printing House (APH) for the Blind. If not available through APH then local districts will be charged the actual cost of the item order plus a minimum 20% handling charge.

ENROLLMENT FORM FOR OUTREACH SERVICES

OPTION A \_\_\_\_\_  
Number of Students \_\_\_\_\_  
at \$300.00 = \_\_\_\_\_

OPTION B \_\_\_\_\_  
Number of Students \_\_\_\_\_  
at \$600.00 = \_\_\_\_\_

By providing outreach services to your school district the Montana School for the Deaf and the Blind is not assuming responsibility for the free and appropriate public education for the student(s) served.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Billing Address:

\_\_\_\_\_  
Contact Person

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip

# SCHOOL FOR THE DEAF AND THE BLIND

EX 3  
EDUCATION  
11/17/93



## STATE OF MONTANA

3911 CENTRAL AVENUE

GREAT FALLS, MONTANA 59401

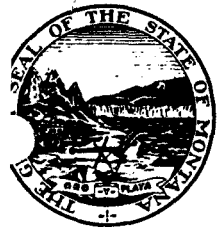
(406) 453-1401

TO: John Kinna, Bill Davis  
FROM: Bill Sykes *Dill*  
DATE: November 16, 1993  
RE: Estimated Medicaid Reimbursements for FY '94

I have received from Kathy Johnson, Laurie McRae and Marilyn Brasch their estimate of the amount of Medicaid reimbursement they will generate based upon their caseload and the number of students on Medicaid.

<u>CATEGORY</u>	<u>AMOUNT</u>
Audiological	\$3,353
Physical Therapy	5,144
Speech	4,394
Total	\$12,891
Less:	
8% Billing Costs	\$(1,031)
Set-up Fee	<u>(250)</u>
Net Medicaid Reimbursement	\$11,610

The legislature set the school's budget at collecting \$24,000 (school and SRS estimate) in Medicaid reimbursements. The school's budget will be short \$12,390.



Ex4  
EDUCATION  
11/17/93

OFFICE OF PUBLIC INSTRUCTION

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

Nancy Keenan  
Superintendent

October 19, 1993

TO: Dave Lewis, Budget Director

FROM: Nancy Keenan

SUBJECT: Budget Reduction Options

I appreciated you taking the time to meet with Jack Copps, Gregg Groepper and Kathy Fabiano last Friday to discuss your budget recommendations and consider our alternatives. As a result of that meeting I understand that general fund cuts to state agency budgets will average approximately 4% under the Governor's proposal. I have used that average as a target for our suggestions. If cuts of a greater magnitude are applied to all agencies, I would propose reducing operating expenses and using vacancy savings to meet our fair share of any additional reductions.

I would like to propose the following reductions to our general fund operating budget in lieu of eliminating the entire Traffic Education Division:

First, as a result of reorganization in the Office of Public Instruction, I have eliminated, as a separate department, the Department of Education Technology and consolidated some of my operating divisions. That reorganization will allow me to reduce the FTE of the office by 6.5 FTE or 4.6% of my total FTE. That amounts to 2.5 FTE from the general fund and 4 FTE from other funds. I would propose submitting a B212 form before the session on these reductions.

Second, as my staff recommended at the Appropriations Subcommittee meeting in July, we will surrender \$78,000 in general fund each year of the biennium and not pay the local area network charges billed us by the Department of Administration. That amount is \$156,000 for the biennium or 4.3% of our annual general fund administrative budget of \$3,600,000, not counting the earlier mentioned FTE reductions.

Dave Lewis  
Page Two  
October 19, 1993

Finally, we would propose reintroduction of HB 106 from the last session. The effect of HB 106 would be to make self-sufficient teacher/administrator certification by increasing license fees to a level that would pay the general fund cost of professional certification of teachers, principals and administrators. Fully implemented, this recommendation would save \$300,000 each biennium. If the implementation were effective January 1, 1994, the savings would be \$225,000.

If all three of the above proposals are adopted, the reduction in the Office of Public Instruction general fund administrative budget would be \$381,000 + personal services for 2.5 FTE general fund. That amount is well in excess of 4% of our annual general fund administrative budget.

We remain opposed to freezing enrollments or delaying implementation of the Special Education funding reform bill as further cuts in K-12 education. However, if it is the intent of the Governor and the Legislature to make additional cuts to public education funding in Montana, it is important that the integrity of the instructional day be maintained and we not add students to already overcrowded classrooms. Any cuts to public education should hold these areas harmless if we are to maintain the quality of our education system in Montana.

As an alternative to freezing enrollments and delaying special education implementation, we would like to explore handling the county retirement levy in a manner similar to the county equalization account. End of FY93 fund balances in the county retirement fund amounted to \$8.5M. Handling these funds in a manner similar to county equalization would generate a one time savings to the state of \$8.5M.

I appreciate the spirit of cooperation on this difficult issue. I hope we can keep up the cooperative relationship throughout the session.

cc: Finance & Claims/Appropriations  
Education & Cultural Resources Subcommittee  
Robert "Skip" Culver, LFA



EX 5  
EDUCATION  
11/17/93



**OFFICE OF PUBLIC INSTRUCTION**

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

**Nancy Keenan  
Superintendent**

October 21, 1993

TO: Curt Nichols  
FROM: Gregg Groepper  
SUBJECT: Detail Information on Budget Reductions

Attached is a spreadsheet detailing personal services reductions for the positions we proposed eliminating. The spreadsheet assumes that by voluntarily reducing staff in FY94 we would retain 50% of the savings in FY95 and beyond under SB71. I have also included the savings associated with the other reductions we proposed.

Total general fund administrative reductions, if all our recommendations are acceptable, is \$500,930.

In addition to the general fund personal services reductions, there is \$4,000 savings in operating expenses associated with the data processing position. That position had been budgeted for FoxPro training in FY 94. There are no other operating expenses directly associated with the general funded positions being eliminated. The positions did not travel other than for training and did not generally have public contact in their job responsibilities.

Concerning the federally funded positions, it did not make sense to reduce operating expense authority because it did not save any general fund money.

I appreciate your willingness to consider offsetting proposed general fund FTE and dollar reductions against reductions in Traffic Education staff.

EX 5  
EDUCAT  
11/17/93  
PG 2

# OFFICE OF PUBLIC INSTRUCTION

## Budget Reduction Options 94-94 Biennium

PERSONAL SERVICES REDUCTION			
Position Description	FTE	Fiscal 1994	Fiscal 1995
<i>General Fund</i>			
Programmer/Analyst	1.00	\$30,000	\$15,000
Accounting Tech	1.00	20,650	10,325
Personnel Tech II	0.50	13,286	6,643
<i>Sub-total G.F.</i>	2.50	\$63,936	\$31,968
<i>Federal Fund</i>			
Education Program Rep	1.00	35,512	17,756
Accountant	1.00	30,702	15,351
Accountant	1.00	30,702	15,351
Education Pgm Mgr	1.00	39,159	19,580
<i>Sub-total Fed. Fund</i>	4.00	\$136,075	\$68,038

OPERATING EXPENSE REDUCTION		
Description	Fiscal 1994	Fiscal 1995
<i>General Fund</i>		
Programmer Expense	\$2,000	\$2,000
Local Area Network Fees	78,240	78,240
Certification (assumes 1/1/94 eff. date)	81,489	162,977
<i>Sub-total G.F.</i>	\$161,729	\$243,217

TOTAL REDUCTIONS			
	FTE	Fiscal 1994	Fiscal 1995
General Fund	2.50	\$225,665	\$275,185
Federal Fund	4.00	136,075	68,038
<b>TOTAL</b>	<b>6.50</b>	<b>\$361,740</b>	<b>\$343,223</b>

2-17-424 through 2-17-430 reserved.

**2-17-431. Costs.** The department of transportation may charge the individual state agencies using the motor vehicles the actual costs for administration and their maintenance, service, storage, and replacement.

History: En. Sec. 2, Ch. 320, L. 1971; amd. Sec. 174, Ch. 316, L. 1974; amd. Sec. 2, Ch. 355, L. 1974; R.C.M. 1947, 53-515(part); amd. Sec. 3, Ch. 512, L. 1991; amd. Sec. 8, Ch. 535, L. 1991.

**2-17-432. Violation a misdemeanor.** A state officer or employee violating this part is guilty of a misdemeanor.

History: En. Sec. 8, Ch. 320, L. 1971; amd. Sec. 180, Ch. 316, L. 1974; R.C.M. 1947, 53-521; amd. Sec. 9, Ch. 535, L. 1991.

#### Cross-References

Misdemeanor, 46-18-212.

## Part 5 Data Processing

#### Part Cross-References

Legislative Branch computer system planning, Title 5, ch. 11, part 4.

Telecommunications and data processing contracts — application of purchasing laws, 18-4-132.

Telecommunications and data processing contracts — terms, extensions, and time limits, 18-4-313.

**2-17-501. Responsibilities of director of department of administration for data processing.** (1) Except as provided in subsection (2), the director of the department of administration, in cooperation with state agencies, shall:

(a) establish policies and a statewide plan for the operation and development of data processing for state government;

(b) review and approve agency specifications and procurement methods for the acquisition of data processing equipment;

(c) review and approve agency specifications and procurement methods for the acquisition of software to ensure network compatibility and conformity with the statewide data processing plan;

(d) review and approve all contracts for private sector data processing services to ensure conformance with the statewide data processing plan and statewide data network; and

(e) operate and maintain a central computer center and a statewide data network for the use of all state agencies and political subdivisions.

(2) (a) The responsibilities of the director under subsections (1)(b) through (1)(d) do not apply to the Montana university system or to the office of the superintendent of public instruction. The university system and the office of the superintendent of public instruction are exempt from the requirements of subsections (1)(b) through (1)(d) unless a data processing activity proposed by the university system or the office of the superintendent of public instruction affects the operation of the central computer center or the statewide data network. If the university system or the office of the superintendent of public instruction determines that the central computer center or the statewide data network will be affected by the proposed activity, the

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Education & Cultural Resources SUBCOMMITTEE DATE 11-17-93

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