

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN H.S. "SONNY" HANSON**, on December 16, 1993, at 5:30 P.M.

ROLL CALL

Members Present:

Rep. Sonny Hanson, Chairman (R)
Rep. Alvin Ellis, Vice Chairman (R)
Rep. Ray Brandewie (R)
Rep. Fritz Daily (D)
Rep. Ervin Davis (D)
Rep. Ed Dolezal (D)
Rep. Dan Harrington (D)
Rep. Jack Herron (R)
Rep. Bob Gervais (D)
Rep. Bea McCarthy (D)
Rep. Scott McCulloch (D)
Rep. Norm Mills (R)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Dick Simpkins (R)
Rep. Wilbur Spring (R)
Rep. Norm Wallin (R)
Rep. Diana Wyatt (D)

Members Excused: None.

Members Absent: None.

Staff Present: Andrea Merrill, Legislative Council
Claudia Johnson, Committee Secretary

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

Committee Business Summary:

Hearing: SB 1 and SB 46
Executive Action: SB 1 and SB 46

HEARING ON SB 46

SEN. TERRY KLAMPE, District 31, Florence, said this bill eliminates the voluntary consolidation and annexation incentive plan for school districts and eliminates state financial

assistance through general bonus payments and transportation bonus payments to school districts that consolidate or annex.

PROPONENTS:

None.

OPPONENTS:

None.

QUESTIONS:

REP. DAVIS questioned the use of "voluntary consolidation and annexation." He asked whether this will mean mandatory consolidation bonuses.

SEN. KLAMPE said if this bill passes there will simply not be any bonuses.

REP. ROSE questioned what districts would be involved.

SEN. KLAMPE replied the Big Horn, Flathead, Gallatin Counties, but he did not know exactly what schools this involved. They will continue to receive this money under this bill.

REP. SPRING questioned the number of years involved.

SEN. KLAMPE said three years is correct. This bill does not eliminate voluntary consolidation. Schools may still consolidate and unify boards. He then closed on the bill by distributing information on the SEEDS project which stated that bonus payments to encourage school district consolidate should be eliminated. The merging of those districts produced no evidence of expenditure reduction; on the contrary, costs increased. Moreover, the state provided more than \$750,000 in bonus payments to the newly expanded district over a three year period - or \$1,000 for each student absorbed into the Helena system. EXHIBIT 1

EXECUTIVE ACTION ON SB 46

Motion/Vote: REP. BRANDEWIE MOVED SB 46 BE CONCURRED IN. Motion carried unanimously.

HEARING ON SB 1

SEN. DELWYN GAGE, District 8, Cut Bank, stated that this bill act allows school districts to use anticipated amounts rather than actual amounts to determine revenue available for reduction of property taxes in support of district General Fund budgets. EXHIBIT 2

PROPOSERS:

Don Waldron, Montana Rural Education Association, stated that there would be better management with this bill.

Bob Anderson, Montana School Board Association, stated he supported the bill.

Loren Frazier, Montana School Administrators Association, supports this bill.

OPPOSERS:

None.

QUESTIONS:

REP. DAVIS questioned the figures in the bill.

SEN. GAGE said the \$15,163 million and the \$19,375 million are the areas which had increases in non-mill revenues.

REP. WYATT questioned why there was not a fiscal note.

SEN. GAGE explained that a fiscal note was not indicated as a requirement.

Madalyn Quinlin, Office of Public Instruction, stated it was hard to determine exactly what the fiscal impact will be. Some figures established for this bill for FY 93 shows that districts underestimated their revenues by about 20%.

SEN. GAGE closed on the bill.

EXECUTIVE ACTION ON SB 1

Motion/Vote: **REP. SPRING** MOVED SB 1 BE CONCURRED IN. Motion carried unanimously.

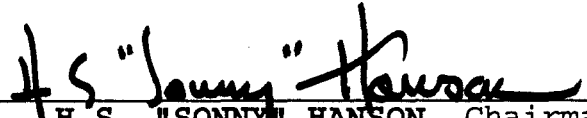
HOUSE EDUCATION & CULTURAL RESOURCES COMMITTEE

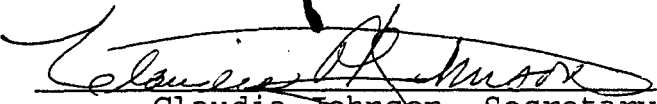
December 16, 1993

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ADJOURNMENT

Adjournment: 6:30 P.M.


H.S. "SONNY" HANSON, Chairman


Claudia Johnson, Secretary

HSH/cj



HOUSE STANDING COMMITTEE REPORT

December 16, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Education and Cultural Resources report that Senate Bill No. 1 (third reading copy -- blue) be concurred in.

Signed: *Sonny Hanson*
Sonny Hanson, Chair

Carried by: Rep. Ellis

Committee Vote:
Yes 18, No 0.

161811SC.Hsf

161811SC.Hsf
12-16-93
7:30



HOUSE STANDING COMMITTEE REPORT

December 16, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Education and Cultural Resources report that Senate Bill No. 46 (third reading copy -- blue) be concurred in.

Signed: *Sonny Hanson*
Sonny Hanson, Chair

Carried by: Rep. Benedict

Committee Vote:
Yes 18, No 0.

161808SC.Hsf

12/16/93
11:20



EXHIBIT 1
DATE 12-16-93
SB EDUCATION
SB 46

MONTANA STATE SENATE

HERE ARE A FEW CONCLUSIONS OF THE SEEDS
PROJECT CONDUCTED BY FORMER GOVERNOR
SCHWINDEN. I HAVE HIGHLIGHTED AREAS
PERTINENT TO MY BILL TO ELIMINATE BONUS
PAYMENTS (SB 46. PLEASE LOOK THIS OVER.

DISTRIBUTED BY SENATOR TERRY KLAMPE

change diapers of three handicapped students up to three times a day. Those costly changes in the operation of our public schools as the end of the century nears are not fully understood by the public. They need to be. And the widespread perception by the public and many political leaders that Montana is burdened with a top-heavy and expensive administrative hierarchy must be addressed.

The county unit is the reorganization option with the longest history of exposure to debate in Montana. Despite its past popularity, I remain unconvinced of its general viability. The fact is that current Montana county boundaries are an accident of history -- many would argue an unfortunate accident! Only by accident do county boundaries reflect the realities of geography, demography, or transportation availability. Arguably, some of the lesser populated counties could follow the example of Petroleum and Wibaux and effectively utilize a unified countywide school district system. However, the county unit appears ill-suited to large urban communities.

A considerable amount of reorganization rhetoric has also focused on the existence of large stand-alone elementary districts adjacent to major cities: (Kalispell/Evergreen) (Helena/Kessler/East Helena) (Billings/Lockwood) (Missoula/Hellgate/Target Range). Those stand-alone schools enroll from 300 to more than a thousand students in K-6 and K-8.

One recent example of the addition of adjacent elementary schools to a larger unit was the annexation of Warren and Jim Darry schools into Helena Elementary District 1 in 1985, each with enrollments approaching 300 pupils. Table IX illustrates that the merging of those districts produced no evidence of expenditure reduction; on the contrary, costs increased. Moreover, the state provided more than \$750,000 in bonus payments to the newly expanded district over a three year period -- \$1,000 for each student absorbed into the Helena system.

A letter from Superintendent Garret Franks, who presided over that consolidation, is included in the supplement of this report. He confirms that the reorganization offered little in the way of monetary savings but a great deal in program improvement.

The four examples of consolidation since 1971 that involved high schools provide little support for the theory that consolidation is an effective cost reduction measure.

Table VI summarizes the consolidation of two elementary schools -- Sun River and Fort Shaw in 1988. Initially, Vaughn expressed interest in becoming a part of the Sun River Valley school, but strong opposition caused the Vaughn board to withdraw from the merger. Michael Button, currently the superintendent at Plains, was then superintendent at Vaughn. Button has written a graduate school paper on the consolidation process that is an excellent on-the-scene analysis of the effort. As with most other consolidations, expenditures in the combined district rose immediately -- about 11% within two years. According to Button, the primary factor in the increase in expenditures was the raising of salaries of Sun River staff to the Fort Shaw level.⁵¹ Table VI verifies that conclusion as salaries and benefits rose nearly \$90,000 between 1987-88 and 1989-90.


TABLE VI

	SUN RIVER EL 86-87	SUN RIVER EL 87-88	FT SHAW EL 86-87	FT SHAW EL 87-88	2 DIST TOTAL 86-87	2 DIST TOTAL 87-88	S.R.V. EL 88-89	S.R.V. EL 89-90
SALARY/BENEFITS	295227	301445	426207	429372	721434	730818	799523	812582
SUPPLIES	14891	15301	15839	17057	30730	32358	32570	55498
OTHER	18758	17319	21222	22559	39990	39878	33775	15963
TRANSP MAINT & CP	10460	19167	24294	23131	34754	42296	46186	34824
INSURANCE	15455	15734	23194	13010	38649	28744	25421	25000
UTILITIES	8968	9677	10865	10807	19833	20484	19499	23523
SCHOOL FOOD	15739	15856	65384	57751	85123	73607	77591	86163
STUDENT BODY	0	0	0	0	0	0	0	0
NEW EQUIP/FEMODELING	2753	6408	2522	1084	5375	7492	28221	32571
TOTAL	382251	400908	553627	574771	975888	975679	1063786	1067254

Table VII provides the financial data for the consolidation of two Flathead County elementary schools -- Somers and Lakeside. Like the consolidation of Sun River and Fort Shaw, expenditures fell slightly in the

dents, and nine of those have declined in attendance over the past decade. All are within 20 miles of the nearest high school. (Appendix III)

5. When consensus is reached as to minimum high school size, (and that should be soon) the state should reduce funding of those small non-isolated schools to the level they would receive if they were consolidated with the appropriate adjacent school. As noted earlier, I reject the notion that taxpayers in other areas of the state should subsidize the operation of expensive, non-isolated schools to satisfy community pride or parental nostalgia.

 6. Bonus payments to encourage school districts to consolidate should be eliminated. The expenditure of \$750,000 in bonuses to promote the annexation of 750 plus elementary students in the Helena area in 1985-88 was questionable fiscal policy. Iowa's experience with consolidation incentives indicated bonuses had minimum impact on the consolidation decisions of school districts in that state.

7. Trustees of each stand-alone elementary district should be required to meet twice annually with the board of the high school district which receives their graduates. One such meeting should focus on coordination of curriculum, and exploration of such items as cooperative purchasing of supplies and insurance. The other meeting should focus on a joint examination of the results of the progress reports now required annually by the Board of Public Education. (10.55.603(6) ARM) The county superintendent should be responsible for organizing and facilitating the biannual gatherings. In the short run, no other single action could better enhance both administrative efficiency and programmatic coordination than the simple step of getting trustees and administrators to sit down and address their common problems and shared goals. Cooperation of this type is occurring in some parts of the state. It needs to happen wherever districts are not currently unified K-12.

EXHIBIT 1
12-16-93
SB 46

REPORT PAYING TO SCHOOL DISTRICTS FROM THE GENERAL FUND BY YEAR

DISTRICT	FUNDING YEARS								
	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87	1985-86
rdin Elem Ho. 17-H from Big Bend Elem Ho. 17F)	2,500	2,500							
nion Elem Ho. 11 from Elem District Ho. 27)							2,700	2,700	2,700
on River Valley Elem Ho. 5, from Sun River Elem Ho. 9))				81,000	81,000	54,000			
Lindsay Elem Ho. 16J from Elem District Ho. 16 & 67)				1,500	1,500	1,500			
Gomers Elem Ho. 29 from Demeterville Elem Ho. 14)							21,600	16,200	16,200
Hill Valley Elem Ho. 89 from Hattavia Elem Ho. 29 and Hootman Elem Ho. 39)			11,750	11,750	11,750				
Maryanne Pralite Elem Ho. 10 from Mountain Brook Elem Ho. 62)	40,500	10,500							
Three Forks Elem Ho. J-24 from Lorian Elem Ho. 1)	11,250	11,250	11,250						
Selena Elem Ho. 1 from Elem District Ho. 1)	11,250	11,250	11,250	11,500	11,500	11,500	212,500	212,500	212,500
Hields Valley Elem Ho. J-12 from Clyde Park Elem Ho. 41-18)	25,500	25,500	25,500	25,500	25,500	25,500			
Hields Valley HS Ho. 5 from Clyde Park HS Ho. 2)	21,750	21,750	21,750	21,750	21,750	21,750			
erry Elem Ho. 5 from Fallon Elem Ho. 130)									
Oxon Elem Ho. 10 from Heron Elem Ho. 1)	18,000	18,000	18,000	18,000	18,000	18,000	10,000		
Bellby Elem Ho. 14 from Hickok Elem Ho. 21)									

\$ 18201

16,000 to 15,000
10,000 to 9,500
14,000 to 13,500

18201

172

12781 ~~5~~

Bottom
Total =
1,822.00

+ Transportation

MONTANA OFFICE OF PUBLIC INSTRUCTION DATE 12-16-93
GENERAL FUND REVENUE SOURCE COMPARISONS
FY91-93

60% EDITED

11/29/93

	91 TFS REVENUE	92 TFS REVENUE	93 TFS REVENUE	CHANGE 92/93
1110 District - Tax Levies	\$83,466,820	\$95,963,260	100,454,453	0.050
1117 District - Prior Year Protested Tax	\$708,528	\$3,323,156	\$1,426,967	-0.570 ✓
1118 District - Dept of Rev Tax Audit	\$2,305,400	\$435,004	\$1,416,559	2.260 ✓
1121 District - Light Vehicle Tax 2%	\$8,103,326	\$7,031,312	\$8,226,556	0.170 ✓
1122 District - Recreation Vehicle Fees	\$354,196	\$312,599	\$386,560	0.240 ✓
1123 District - Coal Gross Proceeds	\$52,358	\$1,328,952	\$1,603,366	0.210 ✓
1124 District - New & Interim Production	\$1,029,397	\$668,684	\$594,137	-0.110 ✓
1130 District - Tax Title/Property Sales	\$81,001	\$150,218	\$142,873	-0.050 ✓
1190 Penalties and Interest on Taxes	\$991,369	\$1,265,949	\$1,312,252	0.040 ✓
1310 District - Individual Tuition	\$682,965	\$743,724	\$669,655	-0.100 ✓
1320 District - Tuition, In State Sd	\$1,653,931	\$1,719,750	\$995,020	-0.420 ✓
1330 District - Tuition, Out State Sd	\$887,770	\$646,850	\$374,429	-0.420 ✓
1410 District - Trans Fees, Individual	\$977	\$0	\$740	****.*** ✓
1420 District - Trans Fees, In State Sd	\$0	\$240	\$25,511	105.300 ✓
1430 District - Trans Fees, Out State Sd	\$0	\$0	\$236,060	****.*** ✓
1440 District - Trans Fees, Other	\$154,682	\$27,780	\$4,632	-0.830 ✓
1510 District - Investment Earnings	\$11,600,690	\$11,209,552	\$5,955,923	-0.470 ✓
1623 District - Milk Sales	\$0	\$229	\$342	0.490 ✓
1700 District - Student Extracurricular Recei	\$10,137	\$9,610	\$1,921	-0.800 ✓
1800 District - Community Service Activ	\$62,643	\$1,188	\$331	-0.720 ✓
1900 District - Other Revenue - Explain	\$1,730,012	\$1,321,478	\$982,453	-0.260 ✓
1910 District - Rentals/Bldg & Equipment	\$36,155	\$13,532	\$38,887	1.870 ✓
1920 District - Contributions And Donatn	\$1,163	\$24,803	\$2,894	-0.880 ✓
1940 District - Textbook Sale and Rental	\$703	\$322	\$1,385	3.300 ✓
1945 District - Fees Resale of Suppl/Material	\$2,110	\$10,493	\$4,212	-0.600 ✓
1950 District - Services to Other School	\$4,494	\$14,477	\$6,669	-0.540 ✓
1960 District - Services Prov O/ Local Governm	\$13,192	\$888	\$293	-0.670 ✓
1970 District - Services Provided Other Funds	\$4,687	\$20,077	\$6,371	-0.680 ✓
1981 District - Summer School Revenue	\$7,799	\$10,078	\$2,340	-0.770 ✓
2111 County Equalization Prior Years'	\$669,270	\$2,449,336	\$1,180,254	-0.520
3110 State and County Equalization	374,508,450	377,614,808	380,017,779	-0.010
3120 State Guaranteed Tax Base Subsidy	\$32,442,587	\$29,069,144	\$30,352,078	0.040
3301 State Pymt in Lieu of-State Lands	\$132,990	\$135,807	\$167,333	0.230 ✓
3302 State Pymt in Lieu of-Fish/Parks	\$5,511	\$1,693	\$1,202	-0.290 ✓
3310 State Impact Aid	\$2,960	\$7,669	\$5,398	-0.300 ✓
3320 State Consolidation or Annexation Bonus	\$262,694	\$188,297	\$190,500	0.010 ✓
3420 State Corporation License Tax	\$1,230,823	\$1,035,784	\$1,597,630	0.540 ✓
3430 State Aeronautics Fee	\$69,594	\$38,756	\$37,073	-0.040 ✓
3440 State Personal Property Tax Reim	\$2,648,776	\$3,256,770	\$3,401,677	0.040 ✓
3450 State Local Gvmt Severance Tax	\$8,410,584	\$8,826,789	\$7,163,185	-0.190 ✓
4100 Unrestr. Grants-in-Aid - Direct from Fed	\$4,032	\$854	\$10,750	11.590 ✓
4200 Unrestr. Federal Grants-in-Aid from Stat	\$12,459	\$0	\$103,511	****.*** ✓
4700 Restr. Fed Grants from State (not OPI)	\$0	\$15,415	\$0	-1.000 ✓
4820 84.041 Federal Impact Aid (PL 874)	\$21,544,123	\$21,706,556	\$20,494,896	-0.060 ✓
4930 Fed Indir. Cost Reimb/Aggregate of Reimb	\$21,073	\$155,252	\$290,786	0.870 ✓

+

15,160,903 19,010,375 = 38,171,278
~~52,847,020~~ ~~4,053,128~~ = ~~14,795,322~~
 50,499,684 - 38,872,814 = 11,626,870
 1,777,331

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Education COMMITTEE BILL NO. SB 1
DATE 12-16-93 SPONSOR(S) Gage

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bob Anderson	MSBA			✓
Loran Frazier	SKA			✓
Don Waldron	MREA			✓

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Education COMMITTEE BILL NO. SB 46
 DATE 12-16-93 SPONSOR(S) Klampe

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bob Anderson	MSBA			✓

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