

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

FREE CONFERENCE COMMITTEE ON SENATE BILL 667

Call to Order: By Chairman Tom Towe, on April 22, 1993, at 5:20 p.m.

ROLL CALL

Members Present:

Senator Tom Towe, Chairman, Senator Barry "Spook" Stang,
Senator Bob Brown, Rep. Bill Boharski, Rep. Ray Peck, Rep.
H. S. "Sonny" Hanson.

Members Excused: None.

Members Absent: None.

Staff Present:

Andrea L. Merrill, Legislative Council
Eddye McClure, Legislative Council
Bonnie Stark, Committee Secretary

Discussion:

Chairman Towe opened this meeting by stating he would like to get Item #10, Amended Senate version of SB 32 (GTB aid for debt service fund), resolved during this meeting. (See Exhibit No. 1 to 4/20/93 meeting; a copy is attached to these minutes.)

Rep. Boharski said he would like the minutes to reflect that as a result of discussion at this morning's meeting, he has called the U. S. Department of Education and was referred to the Court case of Middletown School Committee v. Board of Regents for Education of the State of Rhode Island, et al, 439 F.Supp., 1122 (1977). This is a Federal District Court case from Rhode Island, issued October 14, 1977. The substantive language in that ruling says that if the Federal impact aid were withdrawn tomorrow, Rhode Island's formula would not result in any increased aid for Middletown, an observation which, by itself, conclusively demonstrates that Rhode Island has not substituted Federal funds with State aid. HB 667 says the same thing. If Public Law 81-874 (PL874) funds were to be eliminated tomorrow, none of those schools would get any more State aid [in place of the PL874 funds]. Rep. Boharski said this Committee can feel comfortable that what it did in HB 667 is perfectly legal under this Act. A copy of that legal opinion is attached to these minutes.

Senator Stang said that Senator Gage brought out a point that if we continue to use the method amended into the bill, we are penalizing the PL874 schools by reducing their budget authority. For example, if a district has \$100,000 and \$20,000 of that is PL874 funds, their budget authority would be \$80,000. They will get \$3,200 where they should have gotten 4% of the \$100,000, which would give them a \$4,000 increase. We are cheating PL874 districts out of about an \$800 increase for every \$100,000 of budget authority. Senator Stang suggested adding additional language that allows the district to use the PL874 funds to figure their budget authority, even though they are not allowed to use it to figure their State aid. Senator Gage wasn't as much concerned about what was done with using the PL874 funds in legality, as he was concerned that the districts were penalized in their allowable budget authority.

Senator Brown asked if this issue could be revisited later.

ITEM #10: Amended Senate version of SB 32 (GTB aid for debt service fund).

Rep. Hanson said his caucus has been trying to come up with a method by which to bring both the debt service and the entitlements into a package. His caucus is interested in a per-student entitlement method; they feel that is true equalization. They do recognize the shortage of money. It was suggested that HB 667 include the House amendments to SB 32, and add the additional restrictions that for the first two years, the present biennium, those funds, approximately \$2.1 million, can only be used for debt service equalization, either existing or new debt service. At the end of the '95 biennium, we could then hopefully have more money, and the bill could revert to any capital expenditures. Rep. Hanson presented an existing debt service list (Exhibit No. 1 to these minutes). He pointed out that there are 25 schools in the counties of Dawson, Garfield, McCone, and Prairie which have a total debt load of under \$90,000. Those schools have some capital expenditures for health, safety and accreditation. That is why he keeps coming back to the entitlement plan. Exhibit No. 1 shows a total of approximately \$6 million in State GTB cost for the SB 32 plan. Rep. Hanson said his proposal could go for the existing debt service, or restrict it to new debt in the next couple of years.

Chairman Towe asked for clarification of Rep. Hanson's proposal in terms of funding for the first two years. Rep. Hanson said it would be \$2.1 million. There could be a choice of whether we wanted to give a little to all those districts with existing debt service that are GTB qualified, or just for those that come in with new debt service.

Chairman Towe asked if it would be opened up in '95 to include all capital improvement for a district. Rep. Hanson said it would be for those districts that need to have capital improvements. This is a compromise proposal, to apply the

April 22, 1993

Page 3 of 3

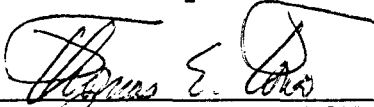
entitlement plan only for debt service the next two years, as SB 32 does. Chairman Towe asked if it is limited to those with new bonds, how is that any different than what we would have the first two years. Rep. Hanson said the first two years wouldn't be much different, other than there is a cap. But after that, it will be entitlement for all capital improvements, and all districts would receive money whether they needed it or not.

Senator Brown said this is somewhat contingent on whether there is money available to make this concept work two years from now. As he understands Rep. Hanson, this would basically be the concept in SB 32 in the near term, and then phase in to the House entitlement plan two years down the road. Rep. Hanson said yes, except we would be capping the plan at \$2.1 million.

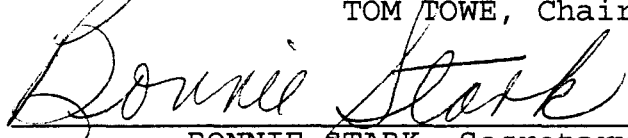
Chairman Towe asked the staff to come up with some more figures on this proposal. Andrea Merrill, Legislative Council Staff, said she would have it for the next meeting of this Committee.

ADJOURNMENT

Adjournment: The meeting adjourned at 5:40 p.m.



TOM TOWE, Chair



BONNIE STARK, Secretary

TT/bjs

(FREE) CONFERENCE COMMITTEE

DATE 4-22-93 - #2
5:20 p.m.

[illegible]

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
01	Beaverhead County	0003	E	Grant Elem	\$0	916,190	26	0	0.00	916	0.00	\$0
01	Beaverhead County	0005	E	Dillon Elem	\$2,270	10,360,459	1,048	8,719	0.00	19,080	0.00	\$0
01	Beaverhead County	0006	H	Beaverhead County H S	\$20,353	14,234,773	458	5,491	0.00	19,726	0.00	\$0
01	Beaverhead County	0007	E	Wise River Elem	\$0	654,641	26	0	0.00	655	0.00	\$0
01	Beaverhead County	0008	E	Lima Elem	\$84,546	1,707,191	75	0	46.15	1,707	46.15	\$0
01	Beaverhead County	0009	H	Lima H S	\$0	1,707,191	37	111	0.00	1,818	0.00	\$0
01	Beaverhead County	0010	E	Wisdom Elem	\$33,600	1,024,595	45	0	30.58	1,025	30.58	\$0
01	Beaverhead County	0012	E	Polaris Elem	\$0	361,699	12	0	0.00	362	0.00	\$0
01	Beaverhead County	0014	E	Jackson Elem	\$0	628,513	25	0	0.00	629	0.00	\$0
01	Beaverhead County	0015	E	Reichle Elem	\$17,510	476,121	19	0	30.43	476	30.43	\$0
02	Big Horn County	0020	E	Squirrel Creek Elem	\$0	9,649,116	9	0	0.00	9,649	0.00	\$0
02	Big Horn County	0021	E	Pryor Elem	\$0	643,719	42	228	0.00	871	0.00	\$0
02	Big Horn County	0022	E	Community Elem	\$0	1,596,079	30	0	0.00	1,596	0.00	\$0
02	Big Horn County	0023	E	Hardin Elem	\$13,000	12,161,977	1,135	8,297	0.00	20,459	0.00	\$0
02	Big Horn County	0025	E	Lodge Grass Elem	\$19,613	1,752,647	385	5,232	8.95	6,985	2.25	\$11,750
02	Big Horn County	0026	E	Wyola Elem	\$0	1,006,866	54	201	0.00	1,208	0.00	\$0
02	Big Horn County	1189	H	Hardin H S	\$10,700	23,407,172	382	0	0.00	23,407	0.00	\$0
02	Big Horn County	1190	H	Lodge Grass H S	\$162,306	2,759,513	153	4,178	0.00	6,938	0.00	\$0
02	Big Horn County	1214	H	Pleanty Coups H S	\$0	643,719	42	1,289	0.00	1,933	0.00	\$0
03	Blaine County	0028	E	Chinook Elem	\$177,148	3,812,678	337	2,278	22.14	6,091	13.86	\$31,573
03	Blaine County	0029	H	Chinook H S	\$0	7,964,920	198	857	0.00	8,822	0.00	\$0
03	Blaine County	0030	E	Harlem Elem	\$1,664	2,972,593	409	4,368	0.21	7,341	0.09	\$371
03	Blaine County	0031	H	Harlem H S	\$5,096	3,918,183	141	2,625	1.11	6,544	0.66	\$1,745
03	Blaine County	0032	E	Cleveland Elem	\$0	1,044,199	13	0	0.00	1,044	0.00	\$0
03	Blaine County	0034	E	Zurich Elem	\$78,590	1,957,861	68	0	32.51	1,958	32.51	\$0
03	Blaine County	0036	E	Lloyd Elem	\$0	1,238,078	4	0	0.00	1,238	0.00	\$0
03	Blaine County	0044	E	Turner Elem	\$0	1,641,006	66	0	0.00	1,641	0.00	\$0
03	Blaine County	0045	H	Turner H S	\$0	1,889,239	32	0	0.00	1,889	0.00	\$0
03	Blaine County	0046	E	Hays - Lodge Pole Elem	\$0	101,543	153	2,642	0.00	2,744	0.00	\$0
03	Blaine County	0048	E	Bear Paw Elem	\$0	1,006,031	18	0	0.00	1,006	0.00	\$0
03	Blaine County	1213	H	Hays - Lodge Pole Schools	\$0	101,543	72	3,166	0.00	3,267	0.00	\$0
03	Blaine County	1216	E	North Harlem Colony Elem	\$0	99,896	10	93	0.00	192	0.00	\$0
04	Broadwater County	0050	E	Townsend Elem	\$114,763	12,787,128	515	0	0.00	12,787	0.00	\$0
04	Broadwater County	0055	H	Broadwater H S	\$31,920	13,832,681	192	0	0.08	13,833	0.08	\$0
05	Carbon County	0056	E	Red Lodge Elem	\$88,200	5,773,117	392	1,780	12.39	7,553	9.47	\$16,854
05	Carbon County	0057	H	Red Lodge H S	\$35,600	7,218,831	177	862	4.27	8,081	3.81	\$3,288
05	Carbon County	0058	E	Bridger Elem	\$63,627	3,749,062	163	0	6.70	3,749	6.70	\$0
05	Carbon County	0059	H	Bridger H S	\$0	3,749,062	74	0	0.00	3,749	0.00	\$0
05	Carbon County	0060	E	Joliet Elem	\$82,371	1,899,312	214	1,887	34.68	3,787	17.39	\$32,831
05	Carbon County	0061	H	Joliet H S	\$0	2,746,683	128	2,893	0.00	5,639	0.00	\$0
05	Carbon County	0063	E	Jackson Elem	\$0	224,737	17	95	0.00	320	0.00	\$0
05	Carbon County	0064	E	Luther Elem	\$0	620,198	22	0	0.00	620	0.00	\$0

EXHIBIT NO. 4-22-13 H
DATE 4-22-13 H
BRL NO. 42224
Jill Conn

-----SB32-----

PAGE 2

Free
conference
Exhibit #
4-22 93 #2
HB-667

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO COUNTY NAME		LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
09	Custer County	0173	E	Kircher Elem	\$0	1,797,527	47	0	0.00	1,798	0.00	\$0
09	Custer County	0177	E	Trail Creek Elem	\$0	368,510	11	0	0.00	369	0.00	\$0
09	Custer County	0179	E	Hockett-Basin Spr Crk El	\$0	477,110	9	0	0.00	477	0.00	\$0
09	Custer County	0182	E	Cottonwood Elem	\$0	354,860	20	11	0.00	366	0.00	\$0
09	Custer County	0183	E	Whitney Creek Elem	\$0	217,482	6	0	0.00	217	0.00	\$0
09	Custer County	0184	E	Moon Creek Elem	\$0	722,401	13	0	0.00	722	0.00	\$0
09	Custer County	0187	E	Kinsey Elem	\$0	874,651	43	220	0.00	1,094	0.00	\$0
09	Custer County	0188	E	Twin Buttes Elem	\$0	308,386	4	0	0.00	308	0.00	\$0
09	Custer County	0189	E	S Y Elem	\$0	378,036	10	0	0.00	378	0.00	\$0
09	Custer County	0190	E	S H-Foster Creek Elem	\$0	332,442	8	0	0.00	332	0.00	\$0
09	Custer County	0192	H	Custer County H S	\$299,260	14,594,221	627	14,208	15.97	28,802	8.09	\$114,971
10	Daniels County	0193	E	Scobey Elem	\$0	3,551,505	232	768	0.00	4,319	0.00	\$0
10	Daniels County	0194	H	Scobey Schools	\$0	3,551,505	97	970	0.00	4,522	0.00	\$0
10	Daniels County	0195	E	Peerless Elem	\$0	1,204,081	47	0	0.00	1,204	0.00	\$0
10	Daniels County	0196	H	Peerless Schools	\$0	1,204,081	30	6	0.00	1,210	0.00	\$0
10	Daniels County	0199	E	Flaxville Elem	\$0	1,585,304	39	0	0.00	1,585	0.00	\$0
10	Daniels County	0200	H	Flaxville Schools	\$0	1,585,304	31	0	0.00	1,585	0.00	\$0
11	Dawson County	0206	E	Glendive Elem	\$149,750	11,187,850	1,179	9,609	12.27	20,797	6.60	\$63,426
11	Dawson County	0207	H	Dawson County H S	\$0	15,496,492	516	8,292	0.00	23,789	0.00	\$0
11	Dawson County	0215	E	Bloomfield Elem	\$0	1,019,928	25	0	0.00	1,020	0.00	\$0
11	Dawson County	0216	E	Lindsay Elem	\$0	1,369,425	16	0	0.00	1,369	0.00	\$0
11	Dawson County	0227	E	Richey Elem	\$0	2,042,788	71	0	0.00	2,043	0.00	\$0
11	Dawson County	0228	H	Richey H S	\$17,500	2,735,380	47	0	5.20	2,735	5.20	\$0
11	Dawson County	1193	E	Deer Creek Elem	\$0	1,942,502	23	0	0.00	1,943	0.00	\$0
12	Deer Lodge County	0236	E	Anaconda Elem	\$0	8,271,428	1,096	11,245	0.00	19,516	0.00	\$0
12	Deer Lodge County	0237	H	Anaconda H S	\$0	8,458,873	539	16,132	0.00	24,591	0.00	\$0
13	Fallon County	0243	E	Baker Elem	\$1,750	5,503,762	415	1,926	0.22	7,429	0.16	\$314
13	Fallon County	0244	H	Baker H S	\$2,500	7,337,916	165	474	0.00	7,811	0.00	\$0
13	Fallon County	0254	E	Fertile Prairie Elem	\$0	1,834,154	10	0	0.00	1,834	0.00	\$0
13	Fallon County	0255	E	Plevna Elem	\$0	2,940,562	94	0	0.00	2,941	0.00	\$0
13	Fallon County	0256	H	Plevna H S	\$0	2,940,562	41	0	0.00	2,941	0.00	\$0
14	Fergus County	0258	E	Lewistown Elem	\$0	7,950,924	1,138	12,154	0.00	20,105	0.00	\$0
14	Fergus County	0259	H	Fergus H S	\$621,140	12,196,308	444	8,317	42.59	20,454	25.27	\$210,187
14	Fergus County	0260	E	Maiden Elem	\$0	178,823	7	0	0.00	179	0.00	\$0
14	Fergus County	0264	E	Deerfield Elem	\$0	184,826	15	96	0.00	281	0.00	\$0
14	Fergus County	0265	E	Cottonwood Elem	\$0	117,234	6	0	0.00	117	0.00	\$0
14	Fergus County	0268	E	Grass Range Elem	\$0	1,375,901	96	71	0.00	1,447	0.00	\$0
14	Fergus County	0269	H	Grass Range H S	\$12,790	1,520,603	34	73	4.38	1,593	4.18	\$304
14	Fergus County	0272	E	King Colony Elem	\$0	851,202	5	0	0.00	851	0.00	\$0
14	Fergus County	0273	E	Moore Elem	\$0	2,107,908	99	0	0.00	2,108	0.00	\$0
14	Fergus County	0274	H	Moore H S	\$0	2,107,908	56	22	0.00	2,130	0.00	\$0
14	Fergus County	0279	E	Roy Elem	\$0	1,077,428	46	0	0.00	1,077	0.00	\$0

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO COUNTY NAME		LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUBMIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
14	Fergus County	0280	H	Roy H S	\$0	1,077,428	15	0	0.00	1,077	0.00	\$0
14	Fergus County	0281	E	Denton Elem	\$0	2,903,371	126	0	0.00	2,903	0.00	\$0
14	Fergus County	0282	H	Denton H S	\$0	3,205,431	53	0	0.00	3,205	0.00	\$0
14	Fergus County	0288	E	Spring Creek Colony Elem	\$0	105,433	4	0	0.00	105	0.00	\$0
14	Fergus County	0290	E	Winifred Elem	\$0	1,905,113	115	22	0.00	1,927	0.00	\$0
14	Fergus County	0291	H	Winifred H S	\$4,042	1,905,113	42	137	1.22	2,042	1.14	\$156
14	Fergus County	1218	E	Ayers Elem	\$0	144,702	9	5	0.00	150	0.00	\$0
15	Flathead County	0307	E	Deer Park Elem	\$13,080	568,611	97	1,214	15.93	1,783	5.08	\$6,169
15	Flathead County	0308	E	Fair - Mont - Egan Elem	\$26,740	1,263,181	146	1,307	18.58	2,570	9.13	\$11,934
15	Flathead County	0309	E	Swan River Elem	\$4,640	1,770,033	132	504	0.00	2,274	0.00	\$0
15	Flathead County	0310	E	Kalispell Elem	\$499,595	26,565,238	2,488	17,764	16.85	44,330	10.10	\$179,376
15	Flathead County	0311	H	Flathead H S	\$570,078	52,103,673	1,957	37,985	9.92	90,089	5.74	\$217,934
15	Flathead County	0312	E	Columbia Falls Elem	\$0	18,145,819	1,649	10,554	0.00	28,699	0.00	\$0
15	Flathead County	0313	H	Columbia Falls H S	\$0	20,713,611	764	11,620	0.00	32,334	0.00	\$0
15	Flathead County	0316	E	Creston Elem	\$8,530	1,022,318	79	190	2.87	1,212	2.42	\$459
15	Flathead County	0317	E	Cayuse Prairie Elem	\$0	1,812,133	257	2,773	0.00	4,585	0.00	\$0
15	Flathead County	0320	E	Helena Flats Elem	\$6,013	1,140,079	199	2,436	3.93	3,576	1.25	\$3,052
15	Flathead County	0323	E	Kila Elem	\$11,419	1,490,449	105	279	6.97	1,770	5.87	\$1,639
15	Flathead County	0324	E	Smith Valley Elem	\$2,980	892,350	140	1,616	3.25	2,508	1.16	\$1,868
15	Flathead County	0325	E	Pleasant Valley Elem	\$0	373,452	9	0	0.00	373	0.00	\$0
15	Flathead County	0327	E	Somers Elem	\$0	7,650,797	356	0	0.00	7,651	0.00	\$0
15	Flathead County	0330	E	Bigfork Elem	\$270,463	9,441,201	587	992	13.42	10,433	12.14	\$12,047
15	Flathead County	0331	H	Bigfork H S	\$62,856	11,966,376	306	1,971	4.99	13,937	4.28	\$8,443
15	Flathead County	0334	E	Whitefish Elem	\$303,740	17,316,085	1,185	4,704	16.82	22,021	13.23	\$62,224
15	Flathead County	0335	H	Whitefish H S	\$147,560	18,756,598	529	5,068	4.45	23,824	3.50	\$17,755
15	Flathead County	0339	E	Evergreen Elem	\$189,840	5,677,287	716	7,339	29.51	13,016	12.87	\$94,463
15	Flathead County	0341	E	Marion Elem	\$19,248	1,735,750	100	8	10.12	1,744	10.07	\$81
15	Flathead County	0342	E	Olney - Bissell Elem	\$49,191	1,440,513	96	275	31.39	1,715	26.36	\$7,239
15	Flathead County	1184	E	West Valley Elem	\$84,400	1,912,028	257	2,665	33.95	4,577	14.18	\$37,797
15	Flathead County	1223	E	West Glacier Elem	\$58,712	2,567,792	64	0	21.83	2,588	21.83	\$0
16	Gallatin County	0347	E	Manhattan Elem	\$93,276	2,522,367	365	4,066	26.85	6,588	10.28	\$41,797
16	Gallatin County	0348	H	Manhattan H S	\$87,593	4,872,658	177	2,777	13.06	7,650	8.32	\$23,102
16	Gallatin County	0350	E	Bozeman Elem	\$924,000	43,496,185	3,138	14,309	14.52	57,807	10.93	\$156,341
16	Gallatin County	0351	H	Bozeman H S	\$319,200	55,293,794	1,309	7,422	4.71	62,716	4.15	\$30,821
16	Gallatin County	0354	E	Willow Creek Elem	\$0	1,429,934	34	0	0.00	1,430	0.00	\$0
16	Gallatin County	0355	H	Willow Creek H S	\$0	1,270,861	16	0	0.00	1,271	0.00	\$0
16	Gallatin County	0357	E	Springhill Elem	\$0	224,703	14	48	0.00	273	0.00	\$0
16	Gallatin County	0359	E	Cottonwood Elem	\$0	234,384	11	0	0.00	234	0.00	\$0
16	Gallatin County	0360	E	Three Forks Elem	\$103,746	6,054,714	264	0	8.38	6,055	8.38	\$0
16	Gallatin County	0361	H	Three Forks H S	\$8,400	5,942,944	120	0	0.00	5,943	0.00	\$0
16	Gallatin County	0362	E	Pass Creek Elem	\$0	561,823	17	0	0.00	562	0.00	\$0
16	Gallatin County	0363	E	Montforton Elem	\$70,035	2,137,585	208	1,718	32.71	3,856	18.13	\$31,155

Free Conference Committee
 Exhibit #1
 4-22-93 #2
 HB-667

DEBT SERVICE BUDGETS
 STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO COUNTY NAME		LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
16	Gallatin County	0364	E	Gallatin Gateway Elem	\$18,146	1,822,766	126	640	0.32	2,463	0.24	\$152
16	Gallatin County	0366	E	Anderson Elem	\$44,665	1,269,879	153	1,386	26.58	2,656	12.71	\$17,616
16	Gallatin County	0367	E	La Motte Elem	\$0	854,071	49	174	0.00	1,028	0.00	\$0
16	Gallatin County	0368	E	Belgrade Elem	\$517,501	10,116,291	1,229	12,056	44.10	22,173	20.12	\$242,583
16	Gallatin County	0369	H	Belgrade H S	\$134,059	10,664,665	426	8,869	11.13	19,534	6.08	\$53,894
16	Gallatin County	0370	E	Malmberg Elem	\$0	559,414	8	0	0.00	559	0.00	\$0
16	Gallatin County	0373	E	West Yellowstone Elem	\$0	3,349,208	143	0	0.00	3,349	0.00	\$0
16	Gallatin County	0374	H	West Yellowstone Schools	\$264,382	3,349,208	71	0	73.62	3,349	73.62	\$0
16	Gallatin County	0375	E	Ophir Elem	\$75,000	4,497,470	54	0	15.09	4,497	15.09	\$0
16	Gallatin County	0376	E	Amsterdam Elem	\$0	2,103,538	50	0	0.00	2,104	0.00	\$0
17	Garfield County	0377	E	Jordan Elem	\$0	1,758,309	138	1,003	0.00	2,762	0.00	\$0
17	Garfield County	0378	H	Garfield County H S	\$0	5,410,433	93	0	0.00	5,410	0.00	\$0
17	Garfield County	0380	E	Big Dry Creek Elem	\$0	401,583	6	0	0.00	402	0.00	\$0
17	Garfield County	0382	E	Van Norman Elem	\$0	406,977	18	406	0.00	813	0.00	\$0
17	Garfield County	0385	E	Pine Grove Elem	\$0	117,173	10	41	0.00	158	0.00	\$0
17	Garfield County	0386	E	Kester Elem	\$0	185,978	6	0	0.00	186	0.00	\$0
17	Garfield County	0387	E	Cohagen Elem	\$0	812,399	25	0	0.00	812	0.00	\$0
17	Garfield County	0388	E	Benzien Elem	\$0	171,276	8	0	0.00	171	0.00	\$0
17	Garfield County	0389	E	Blackfoot Elem	\$0	324,128	7	0	0.00	324	0.00	\$0
17	Garfield County	0392	E	Sand Springs Elem	\$0	405,441	6	0	0.00	405	0.00	\$0
17	Garfield County	0394	E	Ross Elem	\$0	79,190	4	0	0.00	79	0.00	\$0
17	Garfield County	0396	E	Flat Creek Elem	\$0	102,959	3	0	0.00	103	0.00	\$0
18	Glacier County	0400	E	Browning Elem	\$759,620	5,228,308	1,445	20,678	0.00	25,906	0.00	\$0
18	Glacier County	0401	H	Browning H S	\$0	6,376,751	340	9,360	0.00	15,737	0.00	\$0
18	Glacier County	0402	E	Curt Bank Elem	\$0	13,101,903	733	0	0.00	13,102	0.00	\$0
18	Glacier County	0403	H	Curt Bank H S	\$0	13,253,509	265	0	0.00	13,254	0.00	\$0
18	Glacier County	0404	E	East Glacier Park Elem	\$0	1,148,443	57	0	0.00	1,148	0.00	\$0
18	Glacier County	1222	E	Mountain View Elem	\$0	151,606	24	280	0.00	431	0.00	\$0
19	Golden Valley County	0406	E	Ryegate Elem	\$63,963	3,443,226	53	0	17.39	3,443	17.39	\$0
19	Golden Valley County	0407	H	Ryegate H S	\$0	3,443,226	25	0	0.00	3,443	0.00	\$0
19	Golden Valley County	0410	E	Lavina Elem	\$0	1,710,643	51	0	0.00	1,711	0.00	\$0
19	Golden Valley County	0411	H	Lavina H S	\$0	1,710,643	24	0	0.00	1,711	0.00	\$0
20	Granite County	0415	E	Philipsburg Elem	\$71,940	3,220,999	195	355	0.00	3,576	0.00	\$0
20	Granite County	0416	H	Granite H S	\$72,340	3,220,999	80	711	0.00	3,932	0.00	\$0
20	Granite County	0418	E	Hall Elem	\$0	1,124,141	29	0	0.00	1,124	0.00	\$0
20	Granite County	0419	E	Drummond Elem	\$99,540	3,310,727	129	0	0.00	3,311	0.00	\$0
20	Granite County	0420	H	Drummond H S	\$0	4,434,868	94	0	0.00	4,435	0.00	\$0
21	Hill County	0424	E	Davey Elem	\$0	318,382	5	0	0.00	318	0.00	\$0
21	Hill County	0425	E	Box Elder Elem	\$0	1,028,155	142	1,539	0.00	2,567	0.00	\$0
21	Hill County	0426	H	Box Elder H S	\$0	1,028,155	51	1,390	0.00	2,418	0.00	\$0
21	Hill County	0427	E	Havre Elem	\$754,770	17,221,772	1,840	15,419	24.58	32,641	12.97	\$199,967
21	Hill County	0428	H	Havre H S	\$7,500	19,888,398	789	14,865	0.24	34,753	0.14	\$2,042

DEBT SERVICE BUDGETS

STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

----- SB 32 -----

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
21	Hill County	0445	E	Cottonwood Elem	\$0	2,571,085	39	0	0.00	2,571	0.00	\$0
21	Hill County	1207	E	Rocky Boy Elem	\$0	35,480	341	6,046	0.00	6,081	0.00	\$0
21	Hill County	1208	E	K-G Elem	\$0	2,984,564	83	0	0.00	2,985	0.00	\$0
21	Hill County	1209	H	K-G H S	\$0	3,336,798	30	0	0.00	3,337	0.00	\$0
21	Hill County	1217	E	Gilford Colony Elem	\$0	129,393	12	87	0.00	216	0.00	\$0
21	Hill County	1219	E	Blue Sky Elem	\$900	3,905,744	141	0	0.19	3,906	0.19	\$0
21	Hill County	1220	H	Blue Sky H S	\$3,137	3,905,744	33	0	0.00	3,906	0.00	\$0
21	Hill County	1229	H	Rocky Boy H S	\$0	35,480	84	3,792	0.00	3,827	0.00	\$0
22	Jefferson County	0452	E	Clancy Elem	\$446,212	8,545,615	366	0	52.14	8,546	52.14	\$0
22	Jefferson County	0453	E	Whitehall Elem	\$25,000	3,450,301	375	3,371	3.72	6,822	1.88	\$6,343
22	Jefferson County	0454	H	Whitehall H S	\$33,000	8,145,733	175	0	3.65	8,146	3.65	\$0
22	Jefferson County	0455	E	Basin Elem	\$0	1,428,403	10	0	0.00	1,428	0.00	\$0
22	Jefferson County	0456	E	Boulder Elem	\$0	2,976,908	231	1,268	0.00	4,245	0.00	\$0
22	Jefferson County	0457	H	Jefferson H S	\$288,608	16,007,323	235	0	0.00	16,007	0.00	\$0
22	Jefferson County	0458	E	Cardwell Elem	\$0	4,398,294	51	0	0.00	4,398	0.00	\$0
22	Jefferson County	0460	E	Montana City Elem	\$94,795	3,056,397	199	235	31.09	3,291	28.87	\$6,780
23	Judith Basin County	0463	E	Stanford Elem	\$0	3,473,515	140	0	0.00	3,474	0.00	\$0
23	Judith Basin County	0464	H	Stanford H S	\$0	3,473,515	58	0	0.00	3,474	0.00	\$0
23	Judith Basin County	0468	E	Hobson Elem	\$0	3,247,732	96	0	0.00	3,248	0.00	\$0
23	Judith Basin County	0469	H	Hobson Schools	\$0	3,247,732	47	0	0.00	3,248	0.00	\$0
23	Judith Basin County	0471	E	Raynesford Elem	\$0	552,617	23	0	0.00	553	0.00	\$0
23	Judith Basin County	0472	E	Geyser Elem	\$0	1,456,645	67	0	0.00	1,457	0.00	\$0
23	Judith Basin County	0473	H	Geyser H S	\$0	2,009,262	32	0	0.00	2,009	0.00	\$0
24	Lake County	0474	E	Arlee Elem	\$55,763	1,700,831	272	3,316	5.34	5,017	1.81	\$6,003
24	Lake County	0475	H	Arlee H S	\$42,667	1,700,831	145	4,955	0.00	6,655	0.00	\$0
24	Lake County	0477	E	Polson Elem	\$746,897	14,797,894	1,049	3,818	45.69	18,616	36.32	\$138,677
24	Lake County	0478	H	Polson H S	\$0	17,564,692	463	2,759	0.00	20,324	0.00	\$0
24	Lake County	0480	E	St Ignatius Elem	\$0	1,775,444	421	5,709	0.00	7,484	0.00	\$0
24	Lake County	0481	H	St Ignatius Schools	\$11,035	1,775,444	168	5,872	0.00	7,647	0.00	\$0
24	Lake County	0483	E	Valley View Elem	\$0	265,694	20	64	0.00	329	0.00	\$0
24	Lake County	0486	E	Swan Lake - Salmon Elem	\$0	755,142	18	0	0.00	755	0.00	\$0
24	Lake County	1199	E	Ronan Elem	\$92,513	5,284,384	1,077	13,936	0.00	19,221	0.00	\$0
24	Lake County	1200	H	Ronan H S	\$0	5,284,384	382	12,075	0.00	17,359	0.00	\$0
24	Lake County	1205	E	Charlo Elem	\$375	1,196,189	197	2,399	0.00	3,596	0.00	\$0
24	Lake County	1206	H	Charlo H S	\$12,855	1,730,082	74	1,615	5.55	3,345	2.87	\$4,635
24	Lake County	1211	E	Upper West Shore Elem	\$0	2,501,104	24	0	0.00	2,501	0.00	\$0
25	Lewis & Clark County	0487	E	Helena Elem	\$813,294	45,954,595	5,110	42,280	16.79	88,235	8.74	\$369,722
25	Lewis & Clark County	0488	H	Helena H S	\$323,370	62,990,078	2,425	48,597	2.67	111,587	1.51	\$73,245
25	Lewis & Clark County	0489	E	Kessler Elem	\$55,930	3,454,483	289	1,295	13.75	4,749	10.00	\$12,949
25	Lewis & Clark County	0491	E	Trinity Elem	\$0	1,734,005	14	0	0.00	1,734	0.00	\$0
25	Lewis & Clark County	0492	E	East Helena Elem	\$294,100	8,693,396	1,024	9,503	32.00	18,196	15.29	\$145,281
25	Lewis & Clark County	0495	E	Wolf Creek Elem	\$0	1,861,959	13	0	0.00	1,862	0.00	\$0

SB 32

PAGE 7

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Committee
Exhibit #1
4-22-93 #1
#B-667

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB/MILL VALUE	MILLS NEEDED	STATE GTB COST
31	Mineral County	0577	H	Alberton H S	\$0	1,827,974	59	1,063	0.00	2,891	0.00	\$0
31	Mineral County	0578	E	Superior Elem	\$13,901	3,751,236	304	1,718	0.00	5,469	0.00	\$0
31	Mineral County	0579	H	Superior H S	\$15,565	3,731,193	130	2,076	0.00	5,807	0.00	\$0
31	Mineral County	0581	E	St Regis Elem	\$0	3,160,271	153	0	0.00	3,160	0.00	\$0
31	Mineral County	0582	H	St Regis H S	\$0	3,264,116	56	0	0.00	3,264	0.00	\$0
32	Missoula County	0583	E	Missoula Elem	\$222,200	67,669,484	5,819	37,940	12.22	105,609	7.83	\$297,070
32	Missoula County	0584	H	Missoula H S	\$748,000	105,376,298	3,360	49,325	6.43	154,701	4.38	\$216,036
32	Missoula County	0586	E	Hellgate Elem	\$666,079	11,073,213	920	5,327	37.65	16,400	25.42	\$135,413
32	Missoula County	0588	E	Lolo Elem	\$46,484	3,379,740	625	7,838	12.16	11,217	3.66	\$28,715
32	Missoula County	0589	E	Potomac Elem	\$0	957,691	107	956	0.00	1,913	0.00	\$0
32	Missoula County	0590	E	Bonner Elem	\$119,750	6,426,983	423	1,104	18.54	7,531	15.82	\$17,468
32	Missoula County	0591	E	Woodman Elem	\$0	815,430	67	203	0.00	1,018	0.00	\$0
32	Missoula County	0592	E	DeSmet Elem	\$17,260	2,363,278	104	0	4.83	2,363	4.83	\$0
32	Missoula County	0593	E	Target Range Elem	\$190,095	5,718,742	507	3,316	30.43	9,035	19.26	\$63,868
32	Missoula County	0594	E	Sunset Elem	\$0	426,664	11	0	0.00	427	0.00	\$0
32	Missoula County	0595	E	Clinton Elem	\$6,978	2,517,794	236	1,784	1.29	4,302	0.75	\$1,347
32	Missoula County	0596	E	Swan Valley Elem	\$0	1,069,882	70	101	0.00	1,171	0.00	\$0
32	Missoula County	0597	E	Seely Lake Elem	\$0	2,957,397	214	732	0.00	3,689	0.00	\$0
32	Missoula County	0598	E	Frenchtown Elem	\$427,755	16,616,103	624	0	24.01	16,616	24.01	\$0
32	Missoula County	0599	H	Frenchtown H S	\$185,429	16,616,103	266	0	8.61	16,616	8.61	\$0
33	Musselshell County	0600	E	Musselshell Elem	\$0	752,254	20	0	0.00	752	0.00	\$0
33	Musselshell County	0605	E	Roundup Elem	\$19,606	5,055,813	474	3,541	0.63	8,597	0.37	\$1,312
33	Musselshell County	0606	H	Roundup H S	\$39,082	5,808,066	195	3,325	0.00	9,133	0.00	\$0
33	Musselshell County	0607	E	Melstone Elem	\$0	986,405	65	0	0.00	986	0.00	\$0
33	Musselshell County	0608	H	Melstone H S	\$0	986,405	51	0	0.00	986	0.00	\$0
34	Park County	0611	E	Richland Elem	\$0	784,370	11	0	0.00	784	0.00	\$0
34	Park County	0612	E	Livingston Elem	\$380,100	12,394,916	1,059	6,386	29.15	18,781	19.24	\$122,852
34	Park County	0613	H	Park H S	\$0	16,460,973	463	4,713	0.00	21,174	0.00	\$0
34	Park County	0614	E	Gardiner Elem	\$18,343	3,751,678	167	0	3.92	3,752	3.92	\$0
34	Park County	0617	E	Cooke City Elem	\$0	689,420	7	0	0.00	689	0.00	\$0
34	Park County	0620	E	Pine Creek Elem	\$0	643,454	22	0	0.00	643	0.00	\$0
34	Park County	0635	E	Springdale Elem	\$0	1,503,650	10	0	0.00	1,504	0.00	\$0
34	Park County	1191	H	Gardiner H S	\$32,675	4,441,098	74	0	5.97	4,441	5.97	\$0
34	Park County	1215	E	Arrowhead Elem	\$34,310	1,950,848	53	0	6.67	1,951	6.67	\$0
34	Park County	1227	E	Shields Valley Elem	\$3,720	3,778,032	199	0	0.00	3,778	0.00	\$0
34	Park County	1228	H	Shields Valley H S	\$351	3,446,390	93	958	0.00	4,404	0.00	\$0
35	Petroleum County	0641	E	Winnett Elem	\$0	1,904,786	70	0	0.00	1,905	0.00	\$0
35	Petroleum County	0642	H	Winnett Schools	\$25,406	1,904,786	38	0	0.00	1,905	0.00	\$0
36	Phillips County	0647	E	Dodson Elem	\$0	1,567,126	89	28	0.00	1,596	0.00	\$0
36	Phillips County	0648	H	Dodson H S	\$62,993	4,222,041	50	0	8.78	4,222	8.78	\$0
36	Phillips County	0652	E	Second Creek Elem	\$0	665,264	7	0	0.00	665	0.00	\$0
36	Phillips County	0653	E	Landusky Elem	\$0	2,654,914	8	0	0.00	2,655	0.00	\$0

DEBT SERVICE BUDGETS

-----SB 32

LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
0657	H	Saco H S	\$0	3,397,383	37	0	0.00	3,397	0.00	\$0
0658	E	Malta Elem	\$1,500	8,351,784	453	370	0.12	8,722	0.11	\$43
0659	H	Malta H S	\$2,500	9,256,470	222	164	0.22	9,421	0.22	\$36
0662	E	Whitewater Elem	\$0	3,517,773	56	0	0.00	3,518	0.00	\$0
0663	H	Whitewater H S	\$0	3,417,506	38	0	0.00	3,418	0.00	\$0
1203	E	Saco Elem	\$0	3,992,111	91	0	0.00	3,992	0.00	\$0
0670	E	Heart Butte Elem	\$0	42,183	177	3,122	0.00	3,164	0.00	\$0
0671	E	Dupuyer Elem	\$0	729,405	31	0	0.00	729	0.00	\$0
0674	E	Conrad Elem	\$60,000	7,798,913	560	2,453	6.12	10,252	4.66	\$11,420
0675	H	Conrad H S	\$10,250	8,209,465	227	2,415	0.72	10,625	0.56	\$1,344
0679	E	Valter Elem	\$0	2,885,944	204	598	0.00	3,484	0.00	\$0
0680	H	Valter H S	\$62,000	3,615,349	75	0	7.64	3,615	7.64	\$0
0681	E	Brady Elem	\$0	3,121,040	61	0	0.00	3,121	0.00	\$0
0682	H	Brady H S	\$0	3,121,040	37	0	0.00	3,121	0.00	\$0
0684	E	Miami Elem	\$0	410,552	22	0	0.00	411	0.00	\$0
1226	E	Heart Butte H S	\$0	42,183	56	2,507	0.00	2,549	0.00	\$0
0692	E	Biddle Elem	\$0	518,226	26	0	0.00	518	0.00	\$0
0695	E	Belle Creek Elem	\$0	1,396,669	12	0	0.00	1,367	0.00	\$0
0702	E	Billup Elem	\$0	229,433	6	0	0.00	229	0.00	\$0
0705	E	Broadus Elem	\$1,730	3,320,758	196	0	0.40	3,321	0.40	\$0
0706	E	Powder River Co Dist H S	\$1,730	6,459,517	133	0	0.17	6,460	0.17	\$0
0709	E	South Stacey Elem	\$0	203,970	6	0	0.00	204	0.00	\$0
0711	E	Hofkan Creek Elem	\$0	192,807	7	0	0.00	193	0.00	\$0
0712	E	Deer Lodge Elem	\$150,009	6,693,061	651	4,817	0.00	11,510	0.00	\$0
0713	H	Powell County H S	\$53,200	12,822,152	298	858	0.70	13,680	0.66	\$563
0715	E	Ovando Elem	\$7,800	674,940	22	0	11.41	675	11.41	\$0
0717	E	Helmville Elem	\$0	669,568	21	0	0.00	870	0.00	\$0
0718	E	Garrison Elem	\$0	979,198	15	0	0.00	979	0.00	\$0
0719	E	Elliston Elem	\$0	754,325	24	0	0.00	754	0.00	\$0
0720	E	Avon Elem	\$0	1,431,294	38	0	0.00	1,431	0.00	\$0
0721	E	Powell Creek Elem	\$0	1,419,766	11	0	0.00	1,420	0.00	\$0
0725	E	Terry Elem	\$0	4,364,666	163	0	0.00	4,365	0.00	\$0
0726	H	Terry H S	\$0	4,364,666	90	295	0.00	4,660	0.00	\$0
0730	E	Corvallis Elem	\$0	4,779,717	669	7,138	0.00	11,918	0.00	\$0
0731	H	Corvallis Schools	\$123,900	4,779,717	288	8,032	11.47	12,812	4.28	\$34,371
0732	E	Stevensville Elem	\$96,290	5,321,704	790	8,603	8.69	13,925	3.32	\$28,572
0733	H	Stevensville H S	\$140,500	6,788,104	371	9,735	6.95	16,523	2.86	\$27,796
0734	E	Hamilton Elem	\$0	10,717,502	899	5,673	0.00	16,390	0.00	\$0
0735	H	Hamilton Schools	\$0	10,717,502	430	9,052	0.00	19,769	0.00	\$0
0737	E	Victor Elem	\$0	2,744,359	191	590	0.00	3,335	0.00	\$0
0738	H	Victor Schools	\$43,292	2,744,359	81	947	3.46	3,691	2.57	\$2,436
0739	E	Darby Elem	\$0	4,567,215	382	2,124	0.00	6,691	0.00	\$0

DEBT SERVICE BUDGETS

STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

----- SB 32 -----

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
41	Ravalli County	0740	H	Darby Schools	\$67,800	4,567,215	165	3,338	6.12	7,905	3.54	\$11,802
41	Ravalli County	0741	E	Lone Rock Elem	\$39,124	1,466,400	163	1,402	38.41	2,868	19.64	\$27,528
41	Ravalli County	0742	E	Florence-Carlton Elem	\$0	3,573,211	488	5,187	0.00	8,761	0.00	\$0
41	Ravalli County	0743	H	Florence-Carlton Schools	\$292,207	3,573,211	172	4,558	81.95	8,131	36.01	\$164,145
42	Richland County	0745	E	Sidney Elem	\$221,000	11,658,860	1,110	8,514	8.44	20,173	4.88	\$41,529
42	Richland County	0746	H	Sidney H S	\$26,550	14,128,560	538	9,361	0.20	23,490	0.12	\$1,126
42	Richland County	0747	E	Savage Elem	\$8,150	1,434,823	131	822	0.00	2,256	0.00	\$0
42	Richland County	0748	H	Savage H S	\$22,521	1,808,829	34	24	2.05	1,833	1.02	\$49
42	Richland County	0749	E	Bronson Elem	\$0	1,003,167	11	0	0.00	1,003	0.00	\$0
42	Richland County	0750	E	Fairview Elem	\$1,500	3,489,605	199	0	0.00	3,490	0.00	\$0
42	Richland County	0751	H	Fairview H S	\$18,990	3,980,443	156	0	0.00	3,980	0.00	\$0
42	Richland County	0754	E	Rau Elem	\$0	1,135,572	67	0	0.00	1,136	0.00	\$0
42	Richland County	0768	E	Lambert Elem	\$0	2,102,526	83	0	0.00	2,103	0.00	\$0
42	Richland County	0769	H	Lambert H S	\$43,863	1,827,926	40	0	0.00	1,828	0.00	\$0
43	Roosevelt County	0774	E	Frontier Elem	\$75,000	2,322,711	124	171	24.26	2,494	22.60	\$3,867
43	Roosevelt County	0775	E	Poplar Elem	\$0	7,701,747	644	3,780	0.00	11,482	0.00	\$0
43	Roosevelt County	0776	H	Poplar H S	\$0	7,701,747	179	467	0.00	8,169	0.00	\$0
43	Roosevelt County	0777	E	Culbertson Elem	\$123,625	4,440,814	233	0	19.88	4,441	19.88	\$0
43	Roosevelt County	0778	H	Culbertson H S	\$83,250	3,735,899	90	17	17.69	3,753	17.61	\$301
43	Roosevelt County	0780	E	Wolf Point Elem	\$0	4,791,963	700	7,532	0.00	12,324	0.00	\$0
43	Roosevelt County	0781	H	Wolf Point H S	\$0	7,114,674	310	7,161	0.00	14,276	0.00	\$0
43	Roosevelt County	0782	E	Brockton Elem	\$0	447,087	90	1,152	0.00	1,599	0.00	\$0
43	Roosevelt County	0783	H	Brockton H S	\$0	471,400	47	1,606	0.00	2,078	0.00	\$0
43	Roosevelt County	0784	E	Bainville Elem	\$0	3,846,702	77	0	0.00	3,847	0.00	\$0
43	Roosevelt County	0785	H	Bainville Schools	\$63,000	3,846,702	31	0	0.00	3,847	0.00	\$0
43	Roosevelt County	0786	E	Froid Elem	\$0	1,931,474	78	0	0.00	1,931	0.00	\$0
43	Roosevelt County	0787	H	Froid H S	\$0	1,931,474	41	0	0.00	1,931	0.00	\$0
44	Rosebud County	0788	E	Rock Spring Elem	\$0	696,846	4	0	0.00	697	0.00	\$0
44	Rosebud County	0789	E	Birney Elem	\$0	349,615	16	0	0.00	350	0.00	\$0
44	Rosebud County	0790	E	Forsyth Elem	\$63,453	6,969,433	443	1,178	8.82	8,148	7.54	\$8,890
44	Rosebud County	0791	H	Forsyth H S	\$24,732	7,708,526	233	2,624	0.00	10,332	0.00	\$0
44	Rosebud County	0792	E	Lame Deer Elem	\$0	121,157	325	5,658	0.00	5,779	0.00	\$0
44	Rosebud County	0794	E	Rosebud Elem	\$7,202	2,019,889	83	0	2.68	2,020	2.68	\$0
44	Rosebud County	0795	H	Rosebud H S	\$7,202	2,716,735	28	0	1.99	2,717	1.99	\$0
44	Rosebud County	0796	E	Colstrip Elem	\$123,000	170,606,372	916	0	0.62	170,606	0.62	\$0
44	Rosebud County	0797	H	Colstrip H S	\$65,000	172,187,012	450	0	0.00	172,187	0.00	\$0
44	Rosebud County	0800	E	Ashland Elem	\$0	1,527,620	101	275	0.00	1,802	0.00	\$0
45	Sanders County	0802	E	Plains Elem	\$13,350	3,338,966	304	2,304	3.42	5,643	2.02	\$4,663
45	Sanders County	0803	H	Plains H S	\$12,700	4,244,810	165	3,411	2.89	7,655	1.60	\$5,465
45	Sanders County	0804	E	Thompson Falls Elem	\$0	6,128,246	385	1,020	0.00	7,148	0.00	\$0
45	Sanders County	0805	H	Thompson Falls H S	\$0	6,216,039	194	2,453	0.00	8,669	0.00	\$0
45	Sanders County	0807	E	Trout Creek Elem	\$22,534	5,101,418	90	0	3.73	5,101	3.73	\$0

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Exhibit #1
4-22-93 #2
HB-667

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
45	Sanders County	0808	E	Paradise Elem	\$0	905,844	48	0	0.00	906	0.00	\$0
45	Sanders County	0809	E	Dixon Elem	\$0	533,893	47	285	0.00	819	0.00	\$0
45	Sanders County	0811	E	Noxon Elem	\$81,790	6,906,431	176	0	13.42	6,996	13.42	\$0
45	Sanders County	0812	H	Noxon H S	\$0	12,010,056	108	0	0.00	12,010	0.00	\$0
45	Sanders County	0813	E	Camas Prairie Elem	\$0	711,137	7	0	0.00	711	0.00	\$0
45	Sanders County	0814	E	Hot Springs Elem	\$25,200	1,308,670	146	1,380	17.63	2,688	8.58	\$11,841
45	Sanders County	0815	H	Hot Springs H S	\$38,100	2,019,807	73	1,182	17.81	3,202	11.24	\$13,279
46	Sheridan County	0818	E	Westby Elem	\$0	1,567,951	76	0	0.00	1,568	0.00	\$0
46	Sheridan County	0819	H	Westby H S	\$0	1,758,480	35	0	0.00	1,758	0.00	\$0
46	Sheridan County	0821	E	Medicine Lake Elem	\$0	3,136,802	164	0	0.00	3,137	0.00	\$0
46	Sheridan County	0822	H	Medicine Lake H S	\$0	3,572,863	80	0	0.00	3,573	0.00	\$0
46	Sheridan County	0827	E	Plentywood Elem	\$57,640	5,183,039	361	1,242	11.13	6,425	8.98	\$11,150
46	Sheridan County	0828	H	Plentywood H S	\$57,640	5,183,039	162	1,806	11.13	6,989	8.25	\$14,908
46	Sheridan County	0830	E	Outlook Elem	\$0	1,503,673	53	0	0.00	1,504	0.00	\$0
46	Sheridan County	0831	H	Outlook H S	\$0	1,503,673	24	0	0.00	1,504	0.00	\$0
46	Sheridan County	0837	E	Hiawatha Elem	\$0	626,590	16	0	0.00	627	0.00	\$0
47	Silver Bow County	0840	E	Butte Elem	\$0	41,560,838	3,686	24,807	0.00	66,368	0.00	\$0
47	Silver Bow County	0842	E	Ramsay Elem	\$40,600	5,502,554	138	0	4.68	5,503	4.68	\$0
47	Silver Bow County	0843	E	Divide Elem	\$0	454,014	13	0	0.00	454	0.00	\$0
47	Silver Bow County	0844	E	Meirose Elem	\$0	246,930	21	202	0.00	449	0.00	\$0
47	Silver Bow County	1212	H	Butte H S	\$1,396,040	47,764,336	1,458	20,602	15.64	68,366	10.93	\$225,113
48	Stillwater County	0846	E	Park City Elem	\$23,000	1,875,757	231	2,285	5.91	4,160	2.66	\$6,088
48	Stillwater County	0847	H	Park City H S	\$28,208	1,744,960	118	3,463	12.62	5,208	4.23	\$14,643
48	Stillwater County	0848	E	Columbus Elem	\$70,000	5,173,336	398	1,942	12.58	7,116	9.15	\$17,764
48	Stillwater County	0849	H	Columbus H S	\$39,000	5,486,930	143	785	6.66	6,272	5.83	\$4,574
48	Stillwater County	0850	E	Reedpoint Elem	\$32,157	1,307,741	37	0	24.38	1,308	24.38	\$0
48	Stillwater County	0851	H	Reedpoint H S	\$39,321	1,249,406	21	0	31.26	1,249	31.26	\$0
48	Stillwater County	0852	E	Molt Elem	\$0	809,644	10	0	0.00	810	0.00	\$0
48	Stillwater County	0853	E	Fishtail Elem	\$0	2,219,744	35	0	0.00	2,220	0.00	\$0
48	Stillwater County	0857	E	Nye Elem	\$0	845,618	4	0	0.00	846	0.00	\$0
48	Stillwater County	0858	E	Rapelje Elem	\$0	2,846,711	46	0	0.00	2,847	0.00	\$0
48	Stillwater County	0859	H	Rapelje H S	\$0	3,298,691	27	0	0.00	3,299	0.00	\$0
48	Stillwater County	0861	E	Absarokee Elem	\$25,012	4,910,208	261	0	5.08	4,910	5.08	\$0
48	Stillwater County	0862	H	Absarokee H S	\$103,860	7,142,325	132	0	14.55	7,142	14.55	\$0
49	Sweet Grass County	0865	E	Big Timber Elem	\$8,084	4,385,699	321	1,538	1.61	5,923	1.19	\$1,833
49	Sweet Grass County	0866	E	Melville Elem	\$0	1,288,887	24	0	0.00	1,269	0.00	\$0
49	Sweet Grass County	0872	E	Greycliff Elem	\$0	878,468	25	0	0.00	878	0.00	\$0
49	Sweet Grass County	0875	E	McLeod Elem	\$0	517,734	7	0	0.00	518	0.00	\$0
49	Sweet Grass County	0881	E	Bridge Elem	\$0	54,495	8	0	0.00	54	0.00	\$0
49	Sweet Grass County	0882	H	Sweet Grass County H S	\$165,266	8,018,848	199	913	17.17	8,932	15.41	\$14,079
50	Teton County	0883	E	Choteau Elem	\$0	5,208,719	317	365	0.00	5,573	0.00	\$0
50	Teton County	0884	H	Choteau H S	\$0	6,847,254	158	506	0.00	7,353	0.00	\$0

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

-----SB 32-----

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93 DEBT SERVICE BUDGET	FY93 TAXABLE VALUE	ANB	SUB/MIL	FY93 DEBT SERVICE MILLS	GTB MILL VALUE	MILLS NEEDED	STATE GTB COST
50	Teton County	0889	E	Bynum Elem	\$7,288	598,924	35	0	4.75	599	4.75	\$0
50	Teton County	0890	E	Fairfield Elem	\$82,000	1,979,531	212	1,838	39.32	3,818	20.39	\$37,475
50	Teton County	0891	H	Fairfield H S	\$16,377	3,070,305	140	3,142	5.15	6,212	2.55	\$7,997
50	Teton County	0892	E	Dutton Elem	\$6,203	3,888,631	107	0	0.00	3,889	0.00	\$0
50	Teton County	0893	H	Dutton H S	\$0	3,888,631	44	0	0.00	3,889	0.00	\$0
50	Teton County	0894	E	Power Elem	\$33,202	1,493,208	116	546	18.28	2,040	13.38	\$7,312
50	Teton County	0895	H	Power H S	\$36,310	1,621,189	49	213	17.29	1,834	15.28	\$3,251
50	Teton County	0896	E	Golden Ridge Elem	\$0	417,352	30	124	0.00	541	0.00	\$0
50	Teton County	0898	E	Pendroy Elem	\$0	1,062,456	12	0	0.00	1,062	0.00	\$0
50	Teton County	0900	E	Greenfield Elem	\$0	778,538	68	494	0.00	1,272	0.00	\$0
51	Toole County	0902	E	Sunburst Elem	\$0	5,697,550	226	0	0.00	5,698	0.00	\$0
51	Toole County	0903	H	Sunburst H S	\$0	6,758,763	96	0	0.00	6,759	0.00	\$0
51	Toole County	0910	E	Shelby Elem	\$0	6,866,303	528	2,561	0.00	9,427	0.00	\$0
51	Toole County	0911	H	Shelby H S	\$0	10,924,933	206	0	0.00	10,925	0.00	\$0
51	Toole County	0915	E	Galata Elem	\$0	4,058,650	16	0	0.00	4,059	0.00	\$0
52	Treasure County	0922	E	Hysham Elem	\$45,411	4,983,890	130	0	0.00	4,984	0.00	\$0
52	Treasure County	0923	H	Hysham H S	\$0	4,983,890	50	0	0.00	4,984	0.00	\$0
53	Valley County	0925	E	Glasgow Elem	\$0	10,948,933	712	1,744	0.00	12,693	0.00	\$0
53	Valley County	0926	H	Glasgow H S	\$82,178	10,948,933	285	2,351	5.35	13,300	4.40	\$10,355
53	Valley County	0927	E	Frazer Elem	\$6,024	1,700,272	104	49	1.29	1,749	1.25	\$61
53	Valley County	0928	H	Frazer H S	\$13,228	4,171,642	35	0	1.07	4,172	1.07	\$0
53	Valley County	0932	E	Hinsdale Elem	\$0	3,954,901	68	0	0.00	3,955	0.00	\$0
53	Valley County	0933	H	Hinsdale H S	\$0	4,410,475	31	0	0.00	4,410	0.00	\$0
53	Valley County	0934	E	Ophelm Elem	\$0	3,955,754	85	0	0.00	3,956	0.00	\$0
53	Valley County	0935	H	Ophelm Schools	\$37,795	3,955,754	47	0	8.52	3,956	8.52	\$0
53	Valley County	0936	E	Nashua Elem	\$0	2,006,031	134	221	0.00	2,227	0.00	\$0
53	Valley County	0937	H	Nashua H S	\$0	2,265,892	67	913	0.00	3,179	0.00	\$0
53	Valley County	0940	E	Fort Peck Elem	\$0	259,861	17	148	0.00	408	0.00	\$0
53	Valley County	0941	E	Lustre Elem	\$0	2,471,370	59	0	0.00	2,471	0.00	\$0
54	Wheatland County	0944	E	Two Dot Elem	\$0	3,770,028	8	0	0.00	3,770	0.00	\$0
54	Wheatland County	0945	E	Harlowton Elem	\$0	2,197,867	202	1,475	0.00	3,672	0.00	\$0
54	Wheatland County	0946	H	Harlowton H S	\$0	6,563,076	109	0	0.00	6,563	0.00	\$0
54	Wheatland County	0947	E	Shawmut Elem	\$0	595,181	11	0	0.00	595	0.00	\$0
54	Wheatland County	0948	E	Judith Gap Elem	\$12,220	1,825,341	92	0	6.76	1,825	6.76	\$0
54	Wheatland County	0949	H	Judith Gap H S	\$8,121	1,467,776	30	0	5.54	1,468	5.54	\$0
55	Wibaux County	0954	E	Wibaux Elem	\$34,300	4,073,243	161	0	0.00	4,073	0.00	\$0
55	Wibaux County	0964	H	Wibaux H S	\$0	4,073,243	77	0	0.00	4,073	0.00	\$0
56	Yellowstone County	0965	E	Billings Elem	\$1,543,400	129,176,120	10,251	59,661	10.60	188,837	7.25	\$432,604
56	Yellowstone County	0966	H	Billings H S	\$2,794,192	156,740,834	4,613	57,247	14.87	213,988	10.89	\$623,532
56	Yellowstone County	0967	E	Lockwood Elem	\$73,025	12,158,428	1,152	8,018	4.82	20,176	2.90	\$23,289
56	Yellowstone County	0968	E	Blue Creek Elem	\$54,833	1,794,291	98	0	25.07	1,794	25.07	\$0
56	Yellowstone County	0969	E	Canyon Creek Elem	\$101,320	1,908,986	210	1,737	42.71	3,646	22.36	\$38,840

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Exhibit #1
4-22-93 #2
HB-667

DEBT SERVICE BUDGETS
STATE COST IF GTB WERE APPLIED TO FISCAL 1993 DEBT SERVICE MILLS

CO	COUNTY NAME	LE	LEVEL	DISTRICT NAME	FY93		SUB/MIL	FY93		FY93	FY93		STATE
					DEBT SERVICE	TAXABLE		VALUE	ANB	DEBT SERVICE	GTB MILL	MILLS	GTB
					BUDGET	VALUE				MILLS	VALUE	NEEDED	COST
56	Yellowstone County	0970	E	Laurel Elem	\$117,883	14,877,149	1,279	8,723	5.20	23,600	3.28	\$28,593	
56	Yellowstone County	0971	H	Laurel H S	\$98,190	14,616,813	570	11,030	5.06	25,646	2.88	\$31,608	
56	Yellowstone County	0972	E	Elder Grove Elem	\$164,161	1,805,106	191	1,612	46.02	3,417	24.31	\$39,189	
56	Yellowstone County	0974	E	Custer Elem	\$0	2,152,834	70	0	0.00	2,153	0.00	\$0	
56	Yellowstone County	0975	H	Custer H S	\$0	2,152,834	32	0	0.00	2,153	0.00	\$0	
56	Yellowstone County	0976	E	Morin Elem	\$0	1,700,025	32	0	0.00	1,700	0.00	\$0	
56	Yellowstone County	0978	E	Broadview Elem	\$0	8,136,066	71	0	0.00	8,136	0.00	\$0	
56	Yellowstone County	0979	H	Broadview H S	\$7,596	8,407,435	41	0	0.45	8,407	0.45	\$0	
56	Yellowstone County	0981	E	Elysian Elem	\$283,870	6,455,304	96	0	21.71	6,455	21.71	\$0	
56	Yellowstone County	0982	E	Huntley Project Elem	\$50,487	7,071,945	479	1,499	2.33	8,571	1.92	\$2,882	
56	Yellowstone County	0983	H	Huntley Project H S	\$26,254	7,071,945	184	1,489	2.15	8,561	1.78	\$2,644	
56	Yellowstone County	0985	E	Shepherd Elem	\$24,102	4,093,858	510	4,794	4.52	8,888	2.08	\$9,981	
56	Yellowstone County	0986	H	Shepherd H S	\$224,636	5,030,257	222	5,257	34.09	10,287	16.67	\$87,630	
56	Yellowstone County	0987	E	Pioneer Elem	\$0	936,399	73	358	0.00	1,294	0.00	\$0	
56	Yellowstone County	0989	E	Independent Elem	\$160,292	1,795,652	164	1,212	44.86	3,008	26.78	\$32,460	
56	Yellowstone County	1196	E	Yellowstone Education Ctr	\$0	6,922	13	0	0.00	7	0.00	\$0	
					\$28,958,078		151,140					\$6,266,026	

GTB

MIDDLETOWN SCHOOL COMMITTEE
et al.

v.

BOARD OF REGENTS FOR
EDUCATION OF the STATE
OF RHODE ISLAND et al.

Civ. A. No. 77-0226.

United States District Court,
D. Rhode Island.

Oct. 14, 1977.

School committee and five resident taxpayers sought injunctive and declaratory relief challenging, under the supremacy clause, the manner in which Rhode Island considered federal educational aid funds in computing state aid for local district. The District Court, Pettine, Chief Judge, held that Rhode Island formula for determining state aid, which did not simply assess school districts but induced increased local effort by rewarding that effort with increased aid, and which would not result in less aid being received by district than such district would receive if it were not eligible for federal aid, was not invalid under the supremacy clause.

Judgment for defendants.

1. Schools and School Districts \Rightarrow 19(1)

Congress intended federal educational aid funds for certain school districts burdened with responsibility of providing education to children who attend schools because of nearby federal activity to supplement, not to substitute for, state aid to local districts. Educational Agencies Financial Aid Act, §§ 1 et seq., 5(d)(1) as amended 20 U.S.C.A. §§ 236 et seq., 240(d)(1).

2. States \Rightarrow 4.12

Rhode Island scheme for distributing state aid to local school districts, which as an arithmetical device to determine "local effort" required deduction of federal aid received by district from its total expendi-

tures, under which Rhode Island did not substitute federal aid to "impacted districts" for state aid that would be otherwise received, and under which Rhode Island sought not simply to assist school district but also to induce increased local effort by rewarding that effort with increased aid, did not violate supremacy clause. Gen. Laws R.I.1956, § 16-7-20; Educational Agencies Financial Aid Act, § 5(d)(1) as amended 20 U.S.C.A. § 240(d)(1).

3. Schools and School Districts \Rightarrow 19(1)

Rhode Island, which had chosen to aid local districts by reimbursing them according to effort of each community, two years previously, and had chosen to define local effort as total expenditure less federal aid granted in same school year, as expenditure figure could not be prohibited from basing state aid to local districts on basis of expenditures two years old or on basis of figures even older, if it so chose where deduction did not have effect of substituting federal for state funds. Educational Agencies Financial Aid Act, § 1 et seq. as amended 20 U.S.C.A. § 236 et seq.; Gen. Laws R.I.1956, § 16-7-20.

Joseph B. Going, Newport, R.I., for plaintiffs.

J. Peter Doherty, Sp. Asst. Atty. Gen., Providence, R.I., Howard R. Haronian, Warwick, R.I., for defendants.

Lincoln C. Almond, U. S. Atty., Providence, R.I. and Robert J. Faux, U. S. Dept. of HEW, Washington, D.C., for amicus curiae.

OPINION

PETTINE, Chief Judge.

Pursuant to Public Law 81-874,¹ the federal government makes educational aid funds available to certain school districts (sometimes called "impacted districts") burdened with the responsibility of providing education to children who attend their schools because of nearby federal activity.

1. Public Law 81-874 (1950), as amended, is codified at 20 U.S.C. § 236 et seq. (1977).

The Middletown School Committee and five resident taxpayers (hereinafter "Middletown"), seeking injunctive and declaratory relief, challenge under the Supremacy Clause the manner in which Rhode Island considers these payments in computing the state aid which Middletown receives. Jurisdiction is properly grounded on 28 U.S.C. § 1331. Plaintiffs' standing to prosecute this action is not controverted. The Court heard this matter in a merged hearing on June 9-10, 1977, and has been ably assisted by counsel and by the United States, which appeared as *amicus curiae* at the Court's suggestion and request.

Like most states, Rhode Island assists local school districts by providing them with state funds. Disregarding certain complexities in the Rhode Island aid plan which

have no effect on the issues here, it is fair to say that Rhode Island reimburses each local district, without ceiling, for a percentage of all the school expenditures imposed by district taxpayers on themselves—thereby excluding PL 81-874 aid completely from the calculation.² The percentage, or share ratio, reimbursed by the state differs for each local district, and is determined by a percentage equalization formula through which Rhode Island seeks to equalize the ability of poor and wealthy districts to provide quality education.³ The legislature has set the share ratio of the average district (in terms of assessed valuation of property per pupil) at 35%. The share ratio for any particular district is determined by a formula which, in essential respects, is as follows:⁴

$$\text{Share ratio} = 1 - \left[0.65 \times \frac{\text{assessed valuation per pupil in the local district}}{\text{assessed valuation per pupil in the state}} \right]$$

The formula dictates that a town of average wealth will be reimbursed for 35% of its locally raised school expenditures. Poorer districts will have a share ratio greater than 35%, and will be reimbursed for a greater proportion of locally raised expenditures than average districts. Wealthier districts will have a smaller share ratio, and will be reimbursed for somewhat less than 35% of locally raised school expenditures.⁵ Rhode Island's formula thus distributes aid in inverse proportion to the ability of a

district to raise revenues. Given two districts which impose on themselves the same property tax rate, the poorer district will be reimbursed a greater percentage of its locally raised expenditures than the wealthier district. In addition, because state aid is determined by applying the share ratio to the locally raised school expenditures without a ceiling, the formula distributes aid in direct proportion to the effort of a district to maintain quality schools through increased taxation rates. Thus, given two

2. See Rhode Island General Laws (R.I.G.L.) § 16-7-15 *et seq.*, and n. 7 *infra*; see generally Tr. at 83-119.

3. The concept of taxing power equalization is discussed at length in J. Coons, W. Clure and S. Sugarman, *Private Wealth and Public Education* (1970). See also Comment, *State Constitutional Restrictions on School Finance Reform*, 90 Harv.L.Rev. 1528-31 and authorities cited therein. Rhode Island's formula has been found to do a better job of equalizing the ability of districts to provide quality education than the formulas of 47 other states. Tr. at 85. A different equalization formula, which did not provide for reimbursement of local expendi-

tures without limitation, was struck down as in conflict with the purposes of Pub.L. 81-874 in *Hergenreter v. Hayden*, 295 F.Supp. 251 (D.Kan.1968).

4. The formula is in reality a good deal more complex than is stated here, but the parties are agreed that the simplification as described in the text is sufficient to display the operation of Pub.L. 81-874 funds on the state aid plan.

5. The legislature has provided that the minimum share ratio, or reimbursement level, for any community is 30%.

communities with approximately equal wealth (i. e., equal assessed valuation per pupil) the community which chooses to tax itself more to improve its schools will earn greater state aid.⁶ A local district can therefore always increase its state aid by increasing its own effort. For Middletown, which has a sizeable amount of tax-exempt federal property and a significant number of pupils who are children of adults working on federal property, the Rhode Island formula has the effect of relatively increasing the state aid received because there is less assessed valuation per pupil than there would be if the federal property was included in the district wealth per pupil calculation.

Nevertheless, because the formula for determining state aid set forth in R.I.G.L. § 16-7-20 requires the share ratio to be applied to the school expenditures of each local district,⁷ it is apparent that Middletown's aid would be increased if Pub.L. 81-874 funds were included in the state's

definition of expenditures. Middletown claims that section 5(d)(2) of Pub.L. 81-874, 20 U.S.C. § 240(d)(1) (1977),⁸ requires Rhode Island to include Pub.L. 81-874 funds in its calculation, and that R.I.G.L. § 16-7-20 is invalid under the Supremacy Clause for its failure so to provide. The Court agrees with amicus United States that Rhode Island's aid scheme is fully consonant with the letter and spirit of Pub.L. 81-874, as amended, and that the Rhode Island aid scheme is therefore not invalid under the Supremacy Clause.

[1] The parties are in agreement that Congress intended Pub.L. 81-874 funds to supplement, not to substitute for, state aid to local districts. See, e. g., *Shepherd v. Godwin*, 280 F.Supp. 869, 875 (E.D.Va.1968) (three-judge court); *Douglas Independent School District No. 3 v. Jorgenson*, 293 F.Supp. 849, 852 (D.S.D.1968); *Hergenreter v. Hayden*, 295 F.Supp. 251 (D.Kan.1968); *Carlsbad Union School District of San Diego County v. Rafferty*, 300 F.Supp. 434

6. See Tr. at 107-119 and Def. Ex. 9.

7. R.I.G.L. 16-7-20 provides in relevant part: For each community the state's share shall be that percentage of one hundred per cent (100%) resulting from subtracting the yield of the standard local tax rate applied to adjusted equalized weighted assessed valuation divided by the reference year cost of the basic program; provided, however, that in no case shall the state's share be less than thirty per cent (30%) for the fiscal year 1964-1965 and year thereafter. This percentage shall be applied to one hundred and five per cent (105%) of (A) the cost of the basic program and (B) all expenditures approved by the state board of education in excess of the basic program; provided, however, that expenditures from federal moneys in lieu of taxes shall not be counted . . .

8. 20 U.S.C. § 240(d)(1) (1977) provides:

Except as provided in paragraph (2), no payments may be made under this subchapter for any fiscal year to any local educational agency in any State (A) if that State has taken into consideration payments under this subchapter in determining—

(i) the eligibility of any local educational agency in that State for State aid for free public education of children; or

(ii) the amount of such aid with respect to any such agency; during that fiscal year or the preceding fiscal year, or (B) if such State makes such aid available to local

educational agencies in such a manner as to result in less State aid to any local educational agency which is eligible for payments under this subchapter than such agency would receive if such agency were not so eligible.

This section was first enacted in 1968, and was codified at 20 U.S.C. § 240(d)(2) until this year. See Pub.L. 90-576, § 305(a), 82 Stat. 1097. By amendments to Pub.L. 81-874 enacted in 1974 and 1976, Congress has established a new administrative mechanism to determine whether state aid equalization formulas which the Commissioner of the Office of Education determines violate the prohibitions of 20 U.S.C. § 240(d)(1) (1977) should nevertheless be permitted without penalty. See 20 U.S.C. § 240(d)(2) (1977). This lawsuit, however, concerns a period for which this administrative procedure cannot be utilized. See 20 U.S.C. § 240(d)(2)(C) (forbidding administrative enforcement for any period prior to July 1, 1977). It is of some importance, nevertheless, that the Office of Education, which will be responsible for handling any disputes over Rhode Island's formula in future years, has taken the position that Rhode Island's formula does not contravene the prohibitions of 20 U.S.C. § 240(d)(1) (1977), and therefore that there is no need to inquire whether Rhode Island's equalization formula would be entitled to an exception under § 240(d)(2). See Brief of the United States as Amicus Curiae at 21.

(S.D.Cal.1969), *aff'd* 429 F.2d 337 (9th Cir. 1970): Until 1968, the remedy for districts in states which had contravened the purposes of Pub.L. 81-874 by reducing aid to local districts in response to the receipt of federal funds was an injunction to stop the states from doing so. See, e. g., *Shepherd v. Godwin*, 280 F.Supp. at 869; *Carlsbad Union School District v. Rafferty*, 429 F.2d at 339. In 1968, to implement the *Shepherd* decision, which was the first case to decide that a state aid formula reducing state aid to an impacted district was invalid under the Supremacy Clause, Congress amended Pub.L. 81-874 to delineate more clearly the circumstances in which a state aid formula would run afoul of the purposes of Pub.L. 81-874,⁹ and to provide a more effective enforcement remedy. The amendment forbids federal impacted aid payments to any local district in any state which has:

taken into consideration payments under this subchapter in determining the eligibility of any local educational agency in that State for State aid . . . , or the amount of such aid, . . . or if such State makes such aid available to local educational agencies in such a manner as to result in less State aid to any local educational agency which is eligible for payments under this subchapter than such [local educational] agency would receive if [it] were not so eligible.

20 U.S.C. § 240(d)(1) (1977).

[2] Plaintiffs' central argument asserts that Rhode Island violates the general purposes of Pub.L. 81-874, and 20 U.S.C. § 240(d)(1) in particular, as follows:

9. See Pub.L. 90-576, Title III, § 305 (October 16, 1968), 82 Stat. 1064 at 1097.

10. The amicus in its brief at page 17, gives the following example:

For example, if the cost of the basic program for a Rhode Island LEA not receiving P.L. 81-874 payments were \$100,000 and its reimbursement ratio were 50%, then it would receive \$50,000 from State aid. If, however, the LEA had received and applied \$20,000 of P.L. 81-874 payments to that basic program cost, then it would receive only \$40,000 of State aid. Since the State would have excluded \$20,000 from the reimbursement amount, it would only provide 50% of

14. State aid provided to a Rhode Island municipality which does not receive P.L. 874 aid is effectively calculated on the basis of its total actual expenditures, which are multiplied by its state share ratio. Tr. 137.

15. In the case of Middletown or any other Rhode Island community which receives P.L. 874 funds, state aid is calculated on the basis of its total actual expenditures, reduced, however, pursuant to G.L.1956, Section 16-7-20, by the amount of its actual expenditures from its P.L. 874 receipts. Tr. 26, 138-139.

16. Middletown would have received and would have been entitled to receive the sum of \$503,101.00 more in state aid for the 1976-1977 fiscal year if its actual expenditures had not been reduced by the amount of its expenditures from P.L. 874 funds.

Pl. Brief at 5-6.

However, this argument is without foundation in analysis, and is supported only by the wording, "however, that expenditures from federal moneys in lieu of taxes shall not be counted." R.I.G.L. § 16-7-20. It may be that this is not a pellucid definition of "local effort." In terms of practical effect, it is apparent from the Rhode Island formula that Rhode Island does not substitute federal aid to impacted districts for state aid which would be otherwise received. Rhode Island does not compute its aid, and subsequently subtract from that aid Pub.L. 81-874 funds (or a portion of those funds).¹⁰ Compare *Shepherd v. God-*

the \$80,000 remaining. In effect, the State has substituted \$10,000 of the P.L. 81-874 payments for \$10,000 of State aid and reduced the State effort. This is similar to the type of situation that the court in *Shepherd* faced. On the other hand, if the LEA were to have expended \$120,000, including the P.L. 81-874 payment, there would be no substitution for State funds that would otherwise have gone to the LEA. The State, though excluding \$20,000, would still pay its full share (50%) of the basic program cost and, thus, not effectuate a substitution. If the LEA expends more than its basic program cost, its own voluntary effort determines the

win, 280 F.Supp. at 869. And because Rhode Island places no ceiling on the locally raised expenditures which it will reimburse, there is no possibility that Pub.L. 81-874 funds have a substitutional effect by removing the incentive from local districts to increase their effort. Compare *Hergenreter v. Hayden*, *supra*. In short, the Rhode Island formula retains the supplementary character of Pub.L. 81-874 funds precisely as Congress intended, and comports with the letter and spirit of Congressional intent. *Shepherd* and its progeny are inapposite because Rhode Island seeks not simply to assist school districts, as did the states in those cases, but also to induce increased local effort by rewarding that effort with increased aid. Given that purpose, certainly not contrary to anything in Pub.L. 81-874, Rhode Island must have a definition of local effort; and it would be odd, to say the

least, to define local effort as including federal aid.

In terms of the language Congress chose in 20 U.S.C. § 240(d)(1) to define those circumstances in which the purpose behind aid to impacted districts would be violated by state aid formulas, the Rhode Island formula clearly passes muster. The Rhode Island formula does not "take into consideration payments under this subchapter [Pub.L. 81-874] in determining the eligibility of any local educational agency in [Rhode Island] . . . or the amount of that aid." The formula applies the share ratio (derived without consideration of Pub.L. 81-874 funds) directly to the local effort figure (which by definition and logic cannot include impacted aid funds, and only "considers" those funds as an arithmetical device to calculate local effort, a "consideration" which is not what § 240(d)(1) proscribes.)¹¹

amount of State aid that it will receive. At that point, the amount of P.L. 81-874 payments has no bearing on the amount of State aid allocated to the LEA.

In the instant case, it appears that Middletown is expending above its basic program cost from State and local sources, exclusive of P.L. 81-874 receipts. The 'mandated minimum program level' was \$500 per pupil in ADM (average daily membership) for the school year in issue—1976-1977. Plaintiffs' Exhibit # 10, Defendants' Exhibit B. There were approximately 3660 pupils in ADM in Middletown schools for the school year 1976-1977. Comparative Analysis of Critical Data for 1977-78, Plaintiffs' Exhibit # 2. Thus, the basic program cost was approximately \$1,830,000 plus transportation costs. No specific testimony seems to have been offered as to what the transportation costs were for Middletown for the year in issue. However, the Department of Health, Education and Welfare believes on the basis of information kept by the Middletown School Committee, that they would approximate \$160,000 for 1976-1977. This would result in a "basic program" cost of approximately \$1,990,000. It appears that the general education expenditures from local or State sources for Middletown for school year 1976-1977 are approximately \$3,686,954 (total estimated expenditures less Federal payments less State categorical aid). Comparative Analysis of Critical Data for 1977-78, Plaintiffs' Exhibit # 2.

Since the expenditures from State and local funds would seem to clearly exceed the basic program cost, the P.L. 81-874 pay-

ments would not be required to be applied to meeting that mandatory minimum expenditure. Thus, Middletown received the full amount of State aid it otherwise would have received, i. e., if there had been no P.L. 81-874 payments. The fact that Middletown may have chosen to spend in excess of the mandated basic program expenditure was a matter of local choice, and, in fact, generated more State aid. Therefore, it appears that for school year 1976-1977, the State of Rhode Island did not take P.L. 81-874 payments into account in allocating State aid to Middletown in a manner which contravenes the purpose of P.L. 81-874 or the prohibition of section 5(d)(1) thereof. Whether the State might violate section 5(d)(1) in some other year is a question that would have to be decided on the facts pertinent to that year.

This conclusion is in accord with the position taken by USOE in ruling on the operation of the Rhode Island State aid statute in 1969. Defendants introduced at trial correspondence between USOE and the Rhode Island Department of Education relative to that determination. Defendants' Exhibit A.

11. Rhode Island could have defined local effort directly in the statute as school expenditure raised by the local property tax. A statute so worded clearly does not entail any "consideration" of Pub.L. 81-874 funds; and it would be bizarre to find such a statute permissible but to strike down the present statute, which is identical in practical effect.

Nor does the Rhode Island formula "result in less State aid to any local educational agency which is eligible for payments under this subchapter than such local educational agency would receive if it were not so eligible." 20 U.S.C. § 240(d)(1). If federal impacted aid funds were withdrawn tomorrow, Rhode Island's formula would not result in any increased aid for Middletown, an observation which by itself conclusively demonstrates that Rhode Island has not substituted federal funds for state aid. This result should be contrasted with the facts in *Shepherd* and its progeny, where withdrawal of federal aid would have directly resulted in increased state aid.¹²

Middletown relies heavily on an August, 1965 study prepared by the Office of Education, United States Department of Health, Education, and Welfare for the Senate Committee on Labor and Public Welfare, Subcommittee on Education, entitled "Impacted Areas Legislation Report and Recommendations." The study cited Rhode Island in a footnote as one of fifteen states which improperly reduced state aid to local districts by taking Pub.L. 81-874 funds into consideration in their aid formulas. The conclusions of this study were repeated without further analysis in the Report of the House Committee on Education and Labor in 1966, which commented:

"Fifteen States offset the amount of Public Law 874 funds received by their school districts by reducing part of their State Aid to those districts. This is in direct contravention to congressional intent. Impact aid funds are intended to compensate districts for loss of tax revenues due to Federal connection, not to substitute for State funds the districts would otherwise receive."

1966 U.S.Code Cong. and Admin.News at 3878.

12. It can be argued that if federal aid were withdrawn, Middletown taxpayers would decide to increase their taxes to maintain equivalent total expenditure, thus generating an increase in state aid. However, as the United States observes, this would be a speculative increase in state aid, as opposed to the clear indication in *Shepherd*, for example, of what would have happened if impacted aid payments were withdrawn. The inquiry mandated by

However, the Court agrees with the amicus United States that the Office of Education report is an inadequate base on which to predicate a Congressional finding as to the Rhode Island formula. There is no indication that Congress specifically focussed on the Rhode Island formula as offensive to the purposes of Pub.L. 81-874. Furthermore, the House committee cited the report at a time when the relationship between equalization formulas and Pub.L. 81-874 was not well understood. When the section at issue here, 20 U.S.C. § 240(d)(1) (1977), was enacted in 1968 to help clarify Congressional intentions, no reference to the "fifteen states" was made. The legislative history presented here is simply not clear enough to support the conclusion urged by plaintiffs. *Philbrook v. Glodgett*, 421 U.S. 707, 95 S.Ct. 1893, 44 L.Ed.2d 525 (1975).

Plaintiffs offer a second argument to show that the Rhode Island aid formula violates the intent of Pub.L. 81-874 or 20 U.S.C. § 240(d)(1). Middletown points out that while Pub.L. 81-874 payments are compiled and distributed on the basis of current enrollment figures (payments in any year being dependent on federally-connected children in the district during that year), state aid in Rhode Island is computed on the basis of data from two years prior to the year in which state aid is granted. Because Middletown's Pub.L. 81-874 funds have been declining, Rhode Island's deduction of 1974-1975 Pub.L. 81-874 funds from 1974-1975 total expenditures in computing 1976-1977 state aid seems to result in less state aid than would result from deducting current (smaller) 1976-1977 Pub.L. 81-874 funds from 1974-1975 expenditures.

[3] Again, this argument misreads the thrust of the Rhode Island law. Impacted

§ 240(d)(1) into whether Rhode Island makes aid available to Middletown in a way as to result in less state aid than Middletown would receive if it were ineligible for impacted aid, was clearly intended to be a relatively simple inquiry; forecasting precisely what might have happened at the yearly town financial meeting under various hypothetical circumstances would be impossible, and a strange basis on which to strike down a state statute.

aid funds are deducted from total expenditures solely as an arithmetical device to determine "local effort". Since the deduction does not have the effect of substituting federal funds for state funds which Middletown would otherwise receive,¹³ Rhode Island cannot be prohibited from basing state aid to local districts on the basis of expenditures two years old, or on the basis of figures even older if it so chooses. See *San Antonio School District v. Rodriguez*, 411 U.S. 1, 41, 93 S.Ct. 1278, 36 L.Ed.2d 16 (1973); *Los Alamos School Board v. Wugalter*, 557 F.2d 709 (10th Cir. 1977).¹⁴ Since Rhode Island has chosen to aid local districts by reimbursing them according to the effort of each community, two years previously, and has chosen to define local effort as total expenditure less federal aid (a computation yielding local property taxation for education), it is apparent that the federal aid figure deducted from total expenditure must pertain to the same school year as the expenditure figure.

The Court has carefully examined the cases cited by the defendants. While the Court agrees with the reasoning and holding of those decisions, the facts of the instant case compel a different result. The United States, which has an interest in ensuring that Pub.L. 81-874 funds supplement and do not substitute for state aid, agrees that the Rhode Island law here challenged is not invalid under the Supremacy Clause. In accordance with the findings of fact and conclusions of law recited herein, the defendants shall present an order for the entry of judgment against the plaintiffs within ten days.



13. No contention is made, nor would the record permit a finding, that Rhode Island's decision to use two-year old figures for computing current state aid to communities throughout the state is based in any way on considerations arising from Pub.L. 81-874.

**PROGRAMMED TAX SYSTEMS,
INC., Plaintiff,**

v.

**RAYTHEON COMPANY and Raytheon
Data Systems Company, Defendants.**

No. 76 Civ. 432 (CHT).

**United States District Court,
S. D. New York.**

Oct. 17, 1977.

Computerized tax service brought action to prevent computer hardware manufacturer from using initials "PTS" in conjunction with advertising, production or sale of its products. The District Court, Tenney, J., held that there was no likelihood of confusion arising from use of similar marks for tax service and computers and, thus, claim of trademark infringement would fail.

Complaint dismissed.

1. Trade Regulation ⇐334

In order to succeed in trademark infringement action, plaintiff must show a likelihood of confusion, mistake, or deception arising in market as result of defendant's use of mark registered to plaintiff.

2. Evidence ⇐268, 318(7)

In action brought by computerized tax service against computer hardware manufacturer to prevent latter from using initials in conjunction with advertising, production or sale of its products and in competition with plaintiff's registered trademark "P.T.S." and "PTS [design]," statements in affidavit of plaintiff's executive vice-president which consisted of his citation of statements made by him to others, insofar as they were offered for truth of matter as

14. As early as 1953, Congress emphasized that Pub.L. 81-874 was not intended to change or influence the American tradition "of local control of education patterned to local desires and resources." H.R.Rep.No.703, 83rd Cong., 1st Sess., 5-6 (1953).