

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN ROYAL C. JOHNSON**, on January 9, 1995,
at 8:00 AM

ROLL CALL

Members Present:

Rep. Royal C. Johnson, Chairman (R)
Sen. Daryl Toews, Vice Chairman (R)
Rep. Don Holland (R)
Rep. Mike Kadas (D)
Sen. Arnie A. Mohl (R)

Members Excused: Sen. Greg Jergeson (D)

Members Absent: None

Staff Present: Skip Culver, Legislative Fiscal Analyst
Sandy Whitney, Legislative Fiscal Analyst
Amy Carlson, Office of Budget & Program Planning
Curtis Nichols, Office of Budget & Program
Planning
Paula Clawson, Committee Secretary

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

Committee Business Summary:

Hearing: None
Executive Action: Board of Public Education
Vocational-Education Council
Montana School for the Deaf & Blind

CHAIRMAN ROYAL JOHNSON reminded the subcommittee that motions
carried through Executive Action does not close out a particular
item until all items have been acted upon.

CHAIRMAN JOHNSON reported that **SEN. GREG JORGESON** was absent and
had left his proxy with **CHAIRMAN JOHNSON**.

{Tape: 1; Side: A; Approx. Counter: 682}

Motion/Vote: **SEN. DARYL TOEWS** moved to approve base budgets for
all agencies. Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON PUBLIC BOARD OF EDUCATION

ADMINISTRATION

{Tape: 1; Side: A; Approx. Counter: 250}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: REP. MIKE KADAS moved to approve the Executive for \$2,459 in FY96 and \$2,823 in FY97 for personal services; \$95 in FY96 and \$142 in FY97 for inflation/deflation; and \$1,800 in FY96 and \$257 in FY97 for fixed costs. Motion **CARRIED** unanimously.

{Tape: 1; Side: A; Approx. Counter: 317}

BUDGET ITEM: Rent

Motion: REP. KADAS moved to approve the Executive for \$4,125 each year of the biennium for rent.

Discussion: Wayne Buchanan, Ph.D., Executive Secretary, Board of Public Education, asked that the rent for the Teacher's Advisory Council not exceed its budget. He suggested a 2/3:1/3 ratio rent split between the Administration and the Advisory Council in keeping with the ratio of space occupied by the two programs. Skip Culver, Legislative Fiscal Analyst, clarified that this would change rent figures to \$5,500 per biennium for Administration and \$2,750 per biennium for the Advisory Council.

REP. KADAS clarified with Mr. Culver that the Advisory Council has a \$30,000 (approx.) balance and is basing its budget on fees received last year, without anticipating any growth this year.

REP. DON HOLLAND asked if the proposed Executive would be a problem for the Board of Public Education. Dr. Buchanan responded that it does create an auditing problem since the Advisory Council would have to "cross over" to get special revenue funds for rent, which by law should not be used for those purposes.

REP. KADAS commented that the Executive proposal of 50%:50% rent split is justified by the number of FTE's in each program.

VOTE: Motion **CARRIED** 4-2 with REP. HOLLAND and SEN. ARNIE MOHL voting no.

{Tape: 1; Side: A; Approx. Counter: 496}

BUDGET ITEM Repair & Maintenance

Motion/Vote: REP. HOLLAND moved to approve Executive for \$969 each year of the biennium for repair & maintenance. Motion **CARRIED** unanimously.

{Tape: 1; Side: A; Approx. Counter: 571}

BUDGET ITEM: Equipment

Motion/Vote: REP. HOLLAND moved to approve Executive for (\$2,847) each year of the biennium for equipment. Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON BOARD OF PUBLIC EDUCATION

ADVISORY COUNCIL

{Tape: 1; Side: A; Approx. Counter: 532}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: REP. KADAS moved to approve the Executive for \$1,003 in FY96 and \$1,237 in FY97 for personal services; \$128 in FY96 and \$212 in FY97 for inflation/deflation; and \$1,799 in FY96 and \$256 in FY97 for fixed costs. Motion **CARRIED** unanimously.

{Tape: 1; Side: A; Approx. Counter: 590}

BUDGET ITEM: Rent; Repair & Maintenance; Equipment

Motion/Vote: REP. KADAS moved to approve the Executive for \$4,125 each year of the biennium for rent; \$969 each year of the biennium for repair & maintenance; and (\$1,854) each year of the biennium for equipment. Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON VOCATIONAL-EDUCATION COUNCIL

{Tape: 1; Side: A; Approx. Counter: 616}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: REP. HOLLAND moved to approve the Executive for \$7,213 in FY96 and \$7,554 in FY97 for personal services; \$370 in FY96 and \$615 in FY97 for inflation/deflation; and \$991 in FY96 and \$(3,229) in FY97 for fixed costs. Motion **CARRIED** unanimously.

{Tape: 1; Side: A; Approx. Counter: 740}

BUDGET ITEM: Consulting Services; Travel & Miscellaneous; Indirect Costs; Equipment

Motion: SEN. MOHL moved to approve the Executive for \$2,690 in FY96 and \$4,690 in FY97 for consulting services; \$2,731 each year of the biennium for travel & miscellaneous; \$1,100 each year of

the biennium for indirect costs; and (\$1,201) in FY96 and \$799 in FY97 for equipment.

Discussion: REP. HOLLAND clarified with CHAIRMAN JOHNSON that Vocational-Education is 100% federally funded.

REP. KADAS asked the current existing fund balance. Curt Nichols, Office of Budget & Program Planning, answered \$49,519.

Vote: Motion CARRIED unanimously.

EXECUTIVE ACTION ON MONTANA SCHOOL FOR THE DEAF & BLIND:

ADMINISTRATION

{Tape: 1; Side: A; Approx. Counter: 760}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: REP. KADAS moved to approve the Executive for \$43,419 in FY96 and \$44,223 in FY97 for personal services; (\$493) in FY96 and (\$919) in FY97 for inflation/deflation; and \$31,578 in FY96 and \$3,858 in FY97 for fixed costs. Motion CARRIED unanimously.

{Tape: 1; Side: A; Approx. Counter: 820}

BUDGET ITEM: Equipment; Miscellaneous

Motion/Vote: SEN. MOHL moved to approve the Executive for \$1,398 in FY96 and (\$1,621) in FY97 for equipment; and \$381 each year of the biennium for miscellaneous. Motion CARRIED unanimously.

{Tape: 1; Side: A; Approx. Counter: 825}

BUDGET ITEM: Personal Services Reductions

Mr. Culver distributed a graph showing the number of FTE's for the Montana School for the Deaf & Blind (MSDB) from 1983 to 1997.
EXHIBIT 1

CHAIRMAN JOHNSON clarified with Mr. Nichols that if this vacancy savings were adopted the budget would be reduced by this amount.

REP. KADAS asked how this vacancy savings effects the pay plan. Mr. Nichols explained that the pay plan was separate from the vacancy savings; there is not a direct transfer of the vacancy savings to the pay plan. The 5% reductions made in the budget will generate the savings that will in part be used to fund the pay plan.

CHAIRMAN JOHNSON asked if the vacancy savings will allow MSDB to fill a position they might want to have. **Mr. Nichols** answered that if the vacancy savings is taken MSDB will not have enough money to pay all the positions at the fully authorized salary. MSDB can transfer savings from operating to pay some of these salary costs.

REP. KADAS clarified with **Mr. Culver** that the actual level of FTE's at MSDB authorized for 1997 will be lower because of vacancy savings.

REP. KADAS asked what historical vacancy savings have been in MSDB. **Bill Sykes, Business Manager, Montana School for the Deaf & Blind**, answered that in 1994 there was a 12%-13% vacancy savings in administration because the Superintendents position was filled by an unpaid interim director. No vacancy savings are anticipated for administration or education services in 1995-97; the vacancy savings will primarily be in student services.

REP. KADAS clarified that the Executive proposal requires 5% vacancy savings for the whole school. **Mr. Sykes** reported that this was \$136,000 annually, which is 2.41 FTE to be removed. These savings are \$64,000 per year in education, \$9,000 per year in administration, with the balance in student services.

{Tape: 1; Side: B}

Mr. Sykes said that the FTE vacancy savings are 1 maintenance worker and the rest are from closing a cottage and not hiring substitute cottage workers.

SEN. MOHL asked if cottage closing was because of funding or because of lack of students. **Mr. Sykes** replied it was mostly funding considerations. Currently MSDB has more than one age group sharing a cottage.

Motion: **SEN. TOEWS** moved to approve the Executive for (\$9,249) in FY96 and (\$9,283) in FY97 for personal services reductions.

Discussion: **REP. KADAS** said that he believes it would be more appropriate for the subcommittee to consider vacancy savings for the whole agency rather than by each program.

CHAIRMAN JOHNSON said an individual consideration may give MSDB a better understanding of the legislative intent, although MSDB would not be held to that intent as they make adjustments to the vacancy savings budget.

REP. KADAS said he is concerned about forcing more vacant positions on MSDB. He suggested that the subcommittee have discussion about restoring positions to the outreach program before voting on vacancy savings.

VOTE: **SEN. TOEWS** withdrew his motion without objection.

EXECUTIVE ACTION ON MONTANA SCHOOL FOR DEAF & BLIND
GENERAL SERVICES

{Tape: 1; Side: B; Approx. Counter: 356}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion/Vote: REP. HOLLAND moved to approve the Executive for (\$1,739) in FY96 and (\$1,936) in FY97 for personal services; \$6,433 in FY96 and \$10,026 in FY97 for inflation/deflation; and \$10,894 in FY96 and \$10,446 in FY97 for fixed costs. Motion **CARRIED** unanimously.

{Tape: 1; Side: B; Approx. Counter: 378}

BUDGET ITEM: Equipment; Miscellaneous

Motion: SEN. TOEWS moved to approve the Executive for \$6,001 in FY96 and (\$1,799) in FY97 for equipment; and \$1 each year for the biennium in miscellaneous.

Discussion: REP. KADAS asked for an explanation of the equipment costs. Mr. Sykes answered that the fire inspection required a fireproof storage cabinet for flammable materials, and the riding lawnmower purchased in the 1970's is completely unusable.

REP. HOLLAND asked if MSDB does depreciation budgeting for equipment. Mr. Sykes responded that because of the way the State budgets, they can only ask for equipment funds on an as-needed basis.

Vote: Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON MONTANA SCHOOL FOR DEAF & BLIND
STUDENT SERVICES

{Tape: 1; Side: B; Approx. Counter: 462}

BUDGET ITEM: Personal Services; Inflation/Deflation

Motion/Vote: SEN. MOHL moved to approve the Executive for \$76,051 in FY96 and \$78,072 in FY97 for personal services; and \$1,897 in FY96 and \$3,226 in FY97 for inflation/deflation. Motion **CARRIED** unanimously.

{Tape: 1; Side: B; Approx. Counter: 505}

BUDGET ITEM: Equipment; Debt Service; Miscellaneous

REP. HOLLAND asked if it was a 9-passenger van that needed replacement. Mr. Sykes explained that MSDB has a 12-passenger van that does not meet new federal regulations which require no larger than a 9-passenger van or a minimum 42-passenger school

bus for transporting students. Taking seats out of the 12-passenger van is not in compliance with the law. MSDB has a school bus, but no employee licensed to drive it, and because of its size it is usually not as practical as using a van. MSDB will put the 12-passenger van, along with a second 12-passenger van that is not working, into surplus and purchase a 9-passenger van. MSDB also has a 15-passenger van which it uses for transportation of staff to conferences and training.

REP. KADAS asked where the money from the surplus sale would go. **Mr. Nichols** answered that it goes into the general fund.

SEN. MOHL asked why there was a difference in the amount of equipment funds requested in the narrative and the equipment funds requested in the Present Law Adjustment table. **Mr. Culver** explained that the table shows the net increase over base.

Motion/Vote: **REP. HOLLAND** moved to approve the Executive for \$22,455 in FY96 and (\$879) in FY97 for equipment; (\$7,901) each year for the biennium for debt service; and \$52 each year for the biennium for miscellaneous. Motion **CARRIED** unanimously.

EXECUTIVE ACTION ON MONTANA SCHOOL FOR DEAF & BLIND
EDUCATION

{Tape: 1; Side: B; Approx. Counter: 856}

Mr. Culver presented the LFA issue in personal services. **Mr. Nichols** agreed with this issue. **Mr. Sykes** explained that the transfer amount was divided as \$77,000 for the pay plan and \$44,000 for three extra interpreters.

Mr. Culver presented the LFA issue in non-resident tuition. **Mr. Nichols** did not agree with this issue because there are no added FTE's in this budget. He assumes it is again MSDB's intent to use the non-resident tuition moneys to off-set vacancy savings.

CHAIRMAN JOHNSON asked which fund source receive this tuition. **Mr. Nichols** said that in the 1994 base budget the tuition was put in the general fund. For 1996/97 the Office of Budget & Program Planning (OBPP) recommends the funds be received in the special revenue fund. **Mr. Nichols** explained that the 1994 base should have been recorded as a new proposal, not in present law adjustment.

CHAIRMAN JOHNSON asked if MSDB will have out-of-state students this biennium. **Mr. Sykes** answered there is currently one out-of-state student and MSDB has asked for authorization of up to two students this biennium.

{Tape: 1; Side: B; Approx. Counter: 1380; Continue on Tape 2; Side A}

REP. KADAS asked if MSDB was getting \$74,000 state special fund plus \$43,000 general fund. **Mr. Sykes** explained that the \$43,000 was used to maintain current levels as well as make-up for the Medicaid funding deficit. Also, when the outreach program lost the librarian position, MSDB had to fund that position from general funds because the librarian position is mandatory to keep accreditation.

Mr. Culver presented the LFA issue on Medicaid reimbursement. **Mr. Nichols** disagreed with the issue, because there was no reduction in positions which makes the general funds higher.

REP. KADAS asked if this proposal was for general fund to provide all of Medicaid or just the funds not collected. **Mr. Culver** answered that this proposal was to provide the funds not collected. **Mr. Sykes** said that MSDB doesn't expect much difference in this biennium on Medicaid collections, thus the request to general fund is for the difference. If MSDB collects less than expected, they will fall short in the budget. If they collect more than expected, MSDB will probably reimburse these funds to the general fund.

SEN. TOEWS asked if the Education program is \$44,000 over on personal services. **Mr. Nichols** responded that personal services is based on what was approved by the prior legislature and what should be contained in present law is overstated by \$44,000. This should have been presented as a modified proposal but OBPP didn't find the discrepancy and MSDB has not had a chance to explain it.

SEN. MOHL asked where the \$17,000 for uncollected Medicaid is shown. **Mr. Nichols** answered it is in the general fund for this biennium.

{Tape: 2; Side: A; Approx. Counter: 500}

BUDGET ITEM: Personal Services; Inflation/Deflation; Fixed Costs

Motion: **REP. KADAS** moved to approve the Executive for \$130,698 in FY96 and \$130,643 in FY97 for personal services; \$1,237 in FY96 and \$2,389 in FY97; and (\$227) in FY96 and (\$166) in FY97 for fixed costs.

Discussion: **SEN. TOEWS** if this is appropriate because of the \$44,000 excess. **REP. KADAS** responded that he had a plan to address this in areas of vacancy savings, which would be discussed later.

Vote: Motion CARRIED unanimously.

{Tape: 2; Side: A; Approx. Counter: 550}

BUDGET ITEM: Non-Resident Tuition

Motion/Vote: REP. KADAS moved to approve the Executive for \$74,000 each year of the biennium for non-resident tuition. Motion **CARRIED** unanimously.

{Tape: 2; Side: A; Approx. Counter: 583}

BUDGET ITEM: Outreach Program

REP. JOHNSON commented that he had received several letters from parents in favor of restoring the outreach program.

Mr. Culver explained that a positive vote on this item would restore the program from state special revenue. The governor has a new proposal to replace the state special revenue with general funds. A positive vote is needed on this item to restore the program, then a positive vote on the governor's proposal will change the funding source. REP. KADAS recommends that this vote be made with the intent of these funds coming from the general fund.

CHAIRMAN JOHNSON asked why there is a difference in the funding levels between special revenue (\$180,000) and general fund (\$210,000). Mr. Nichols explained that \$30,000 is already included in the base, which is shown in general fund.

REP. KADAS asked if there had been any consideration of restoring the outreach program on a subsidized level - for example the state funding 75% to the school districts 25%. Mr. Sykes said there had been some talk between MSDB and OPBB about the school districts paying the cost of materials, but no discussion about this with the school districts. Dennis Slonaker, MSDB outreach staff, said from his experience he does not believe school districts will pay for materials. The school districts usually instruct him to only provide them materials that are free.

REP. HOLLAND asked if there were a structure outside of general fund for funding the outreach program. CHAIRMAN JOHNSON responded that the intent of the 1993/94 structure was to have the school districts pay, but that did not work.

{Tape: 2; Side: A; Approx. Counter: 345; Continue on Tape 2; Side B}

Bill Davis, Principal, MSDB, said the only real options for making school districts pay were either to mandate payment or earmark funds out of the Office of Public Instruction's (OPI) special education budget. SEN. TOEWS stated he did not want to mandate the school districts to pay. REP. KADAS said he did not want to make line-item decisions for OPI's special education budget.

SEN. MOHL asked if the \$180,000 were approved, would MSDB then not collect any funding from the school districts. **Mr. Culver** answered in this item, which is restoring the outreach program through special funds, collection from school districts would remain the same. **CHAIRMAN JOHNSON** explained that after approving this item, the subcommittee could then decide on approving the governor's proposal which would be funded through the general fund.

REP. KADAS asked how the \$30,000 in base budget worked with the \$12,000 MSDB collected from school districts. **Mr. Sykes** answered that the additional \$17,000 were from school book orders.

REP. HOLLAND asked if school districts were getting more services than they were funding. **Mr. Davis** responded that the OPI grant for telephone consultation was not paid for by school districts. **Mr. Culver** explained that the OPI grant was one-year only, so had not been included in the base budget.

REP. KADAS asked why school district payments for school books were budget for \$14,000 when they paid \$17,000 last year. **Mr. Sykes** answered that it is a fluctuating amount.

REP. KADAS asked how MSDB representatives thought school districts would respond to a split of costs between the general fund and the school districts. **Mr. Slonaker** said MSDB has no clout to force school districts to pay for outreach. **Mr. Davis** said it might be possible to designate the fourth outreach staff as a orientation and mobility position. School districts must include an orientation and mobility position in their special education programs. Some school districts may be willing to help fund this position in order to use it in their special education plan.

Motion: **SEN. TOEWS** moved for \$90,000 each year of the biennium from general fund for outreach.

Substitute Motion: **REP. KADAS** made a substitute motion for \$90,000 each year of the biennium from the general fund and \$90,000 each year from special revenue for outreach.

Discussion: **REP. KADAS** clarified that his substitute motion will authorize the same level of FTE as 1993/94, with 50% from general fund and 50% from special revenue.

CHAIRMAN JOHNSON said that this motion is not specifying from where the special funds will generate, although the subcommittee is assuming it will come from school district fee collection.

Vote: Substitute motion **CARRIED** 5-1 with **SEN. JERGSON** voting no.

{Tape: 2; Side: B; Approx. Counter: 770}

BUDGET ITEM: Equipment, Miscellaneous

Motion/Vote: SEN. MOHL moved to approve the Executive for (\$5,325) in FY96 and (\$19,700) in FY97 for equipment; and (\$1,425) in FY96 and (\$1,890) in FY97 for miscellaneous. Motion CARRIED unanimously.

**EXECUTIVE ACTION ON MONTANA SCHOOL FOR THE DEAF & BLIND
NEW PROPOSALS - PERSONAL SERVICES REDUCTIONS**

{Tape: 2; Side: B; Approx. Counter: 825}

REP. KADAS asked for a review of current vacancies. Mr. Sykes responded there is 1 maintenance vacancy in General Services and 1.41 vacant positions in Student Services from .7 FTE for a cottage life attendant and .71 in substitute attendants.

Motion: REP. KADAS moved to approve 4% vacancy savings on the whole agency.

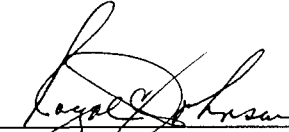
Discussion: REP. KADAS explained that his motion takes into account that the current FTE savings plus anticipated funds from out-of-state tuition brings MSDB to about 3.6% vacancy savings. This motion combined with the savings from the outreach proposal is about \$93,000 less than the Executive Budget proposal.

CHAIRMAN JOHNSON asked if this made a total of \$90,000 in the general fund. REP. KADAS explained that the 4% vacancy savings of (\$109,000) plus \$90,000 in the outreach program makes the general fund a net (\$19,000).

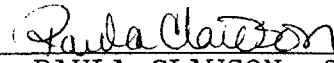
Vote: Motion CARRIED 5-1 with SEN. JERGESON voting no.

ADJOURNMENT

Adjournment: The meeting adjourned at 11:00 AM



REP. ROYAL C. JOHNSON, CHAIR



PAULA CLAWSON, SECRETARY

RCJ/pc

[THIS MEETING IS RECORDED ON 2 90-MINUTE TAPES]

EDUCATION

Joint Appropriations Subcommittee

ROLL CALL

DATE Jan 9, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Royal Johnson, Chairman	✓		
Rep. Mike Kadas	✓		
Rep. Don Holland	✓		
Sen. Daryl Toews	✓		
Sen. Greg Jergeson			✓
Sen. Arnie Mohl	✓		

Chairman Johnson,

Please excuse me from committee this morning as I have had flu & cold. One executive action I would like to be recorded as follows:

Board of Public Education

Present law adjustments	Yes
Governor's proposals	Yes

School For the Deaf & Blind

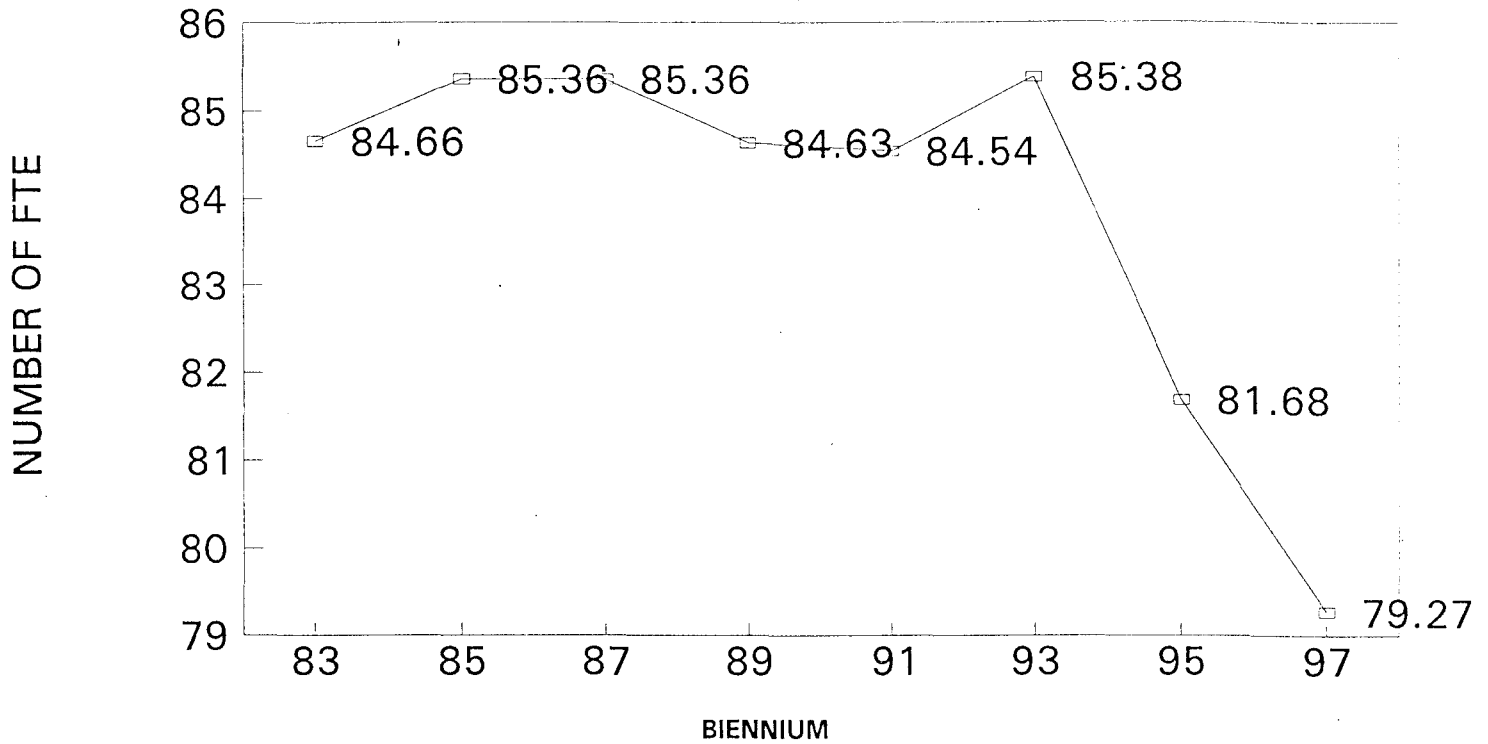
Present law adjustments	Yes
Vacancy savings	No
Other Governor's proposals	Yes

Thank you,

Greg Ferguson

P.S. Transportation supplemental	Yes
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MONTANA SCHOOL FOR THE DEAF AND BLIND
FTE



HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education SUB-COMMITTEE

DATE Jan 9, 1995

BILL NO. _____ SPONSOR(S) _____

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
John Krueger	MSDB		
Bill Ayler	MSDB		
Bill Davis	MSDB	✓	
Jay Driscoll	MFT		
Dennis Stongher	MSDB		
Wayne Fruehan	BPE		

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

HR:1993

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CS-14