

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By ROYAL C. JOHNSON, on January 10, 1995, at
8:15 AM

ROLL CALL

Members Present:

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

Members Excused: None

Members Absent: None

Staff Present: Skip Culver, Legislative Fiscal Analyst
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: Office of Public Instruction
Executive Action: None

HEARING ON OFFICE OF PUBLIC INSTRUCTION GENERAL SERVICE

{Tape: 1; Side: A}

Gail Gray, Assistant Superintendent, Office of Public Instruction (OPI) reported that OPI has no unresolved issues regarding the general services portion of the Governor's recommendation. **Ms. Gray** provided an overview of the functions of OPI.

OPI provides programs in four general areas:

- 1) **STUDENTS:** Enrollment has grown from 151,149 in 1989/90 to 164,218 in 1994/95. Programs include special needs services; driver training; school lunches; audiology.
- 2) **TEACHERS:** Includes teacher training and certification; recommendation for school accreditation; curriculum guides.

- 3) PUBLIC: This program responds to questions and concerns from parents, taxpayers, school board members and legislators.
- 4) SCHOOL DISTRICTS: Montana has 495 school districts. OPI administers 20+ federal grants and six state grants, a total of \$57,627,268 (which does not include state special education funding).

HEARING ON OFFICE OF PUBLIC INSTRUCTION
EQUALIZATION AND OTHER STATE AID

{Tape: 1; Side: A; Approx. Counter: 725}

Kathy Fabiano, Office of the Superintendent of Public Instruction, reported that OPI is responsible for approximately \$545 million annually in equalization and other state aid programs, of which approximately \$400 million are statutorily appropriated and not included in HB 2.

Equalization aid is distributed using the funding formula established by HB 667 in the 1993 session. Distributions are made in five aid areas: 1) Direct State; 2) Special Education; 3) Guaranteed Tax Base; 4) Payment Adjustments; 5) Budget Compliance and Caps. OPI also distributes state aid for pupil transportation. The formula for this aid is established by law.

Other programs for school districts include helping school districts meet federal requirements for grants; providing accounting and budget training; assisting districts in making budget amendments.

OPI also provides technology services: METNET, a bulletin board and electronic mail program for information sharing; MAEFAIRS (Montana Automated Education Finance and Information Reporting System) which is required by HB 667 in 1993 to accommodate electronic reporting to OPI. Both programs will be demonstrated for the sub-committee.

OPI total staffing this year is 136 FTE; 135 FTE are requested for 1996. 135 is the same staffing level as 1970.

HEARING ON OFFICE OF PUBLIC INSTRUCTION
MAEFAIRS

{Tape: 1; Side: A; Approx Counter: 1264; Comments: Continue on Tape 1; Side B}

Gregg Groepper, Assistant Superintendent, OPI, explained that HB 667 in 1993 appropriated \$400,000 to OPI to establish the MAEFAIRS electronic reporting system. These funds were for start-up and training of school districts. MAEFAIRS is an

optional/voluntary reporting system and is not a replacement of school district accounting systems.

This biennium request for MAEFAIRS is \$180,000, which is 50% of the recommended maximum annual operating cost. MAEFAIRS needs annual operating costs during the next several years to keep software updated and modified as well as provide training to school districts as they come on line. Existing staff has been cut by three so OPI can't absorb the MAEFAIRS work with their current staff.

{Tape: 1; Side: B; Approx. Counter: 84}

Joan Anderson, Manager, School Budgets, OPI, demonstrated the MAEFAIRS program with the assistance of **Doug Kosty, Supervisor, Financial Reporting, OPI.** EXHIBIT 1

MAEFAIRS was built to accommodate electronic funds transfers to school districts. It has been in use since July/August 1994, with 150 school districts using it the first year. It is anticipated that another 150 school districts will be on line in the next year. **Ms. Anderson** reports the greatest strengths of MAEFAIRS are in the elimination of redundant data collection; the elimination of all serious budget errors including mill levy calculations; and time savings in preparation. MAEFAIRS bolsters school district and state accountability and credibility, which increase taxpayer confidence in school districts budgeting systems.

REP. MIKE KADAS asked if MAEFAIRS will facilitate more timely reporting of OPI's school district summaries. **Mr. Groepper** answered that not much difference will be detected until virtually all school districts are using MAEFAIRS.

SEN. ARNIE MOHL asked when will all school districts be using MAEFAIRS. **Mr. Groepper** said that unless use of MAEFAIRS is mandated, it is hard to know if all school districts will use MAEFAIRS. Some districts are so small they don't have the equipment needed (an IBM-compatible computer, a modem and about 10 minutes of long-distance telephone time per month). Other districts have clerks close to retirement age who are resistant to learning the new program.

HEARING ON OFFICE OF PUBLIC INSTRUCTION

METNET

{Tape: 1; Side: B; Approx Counter: 1300; Comments: Continue on Tape 2, Side A}

METNET **Scott Buswell, Assistant Superintendent, OPI,** demonstrated the METNET bulletin board system. Originating in 1991, METNET currently has 6,000 users among students, teachers and administrators. METNET was developed in response to user's

requests for a more user friendly, confidential system. Each user can personally customize METNET. Software was updated in the summer of 1994. METNET can bring to the classroom information that is more timely than found in standard textbooks. It also provides electronic mail service.

REP KADAS asked what the daily use of METNET is. **Mr. Buswell** said METNET gets about 600 calls per day on its eight phone lines. The average length of each interaction is 12 minutes as METNET is very easy to navigate for frequent users. METNET is compatible with any computer, although graphics capabilities are higher in IBM-compatible and Macintosh.

CHAIRMAN ROYAL JOHNSON asked at what point would METNET become too large for further expansion. **Mr. Buswell** said that the current size of the system and its self-cleaning capability should be adequate for the foreseeable future.

Mr. Buswell told the committee that in the past month OPI has gone onto Internet. Some Internet information, including E-mail, can be downloaded to METNET and shared on the system.

HEARING ON OFFICE OF PUBLIC INSTRUCTION
OTHER DISCUSSION

{Tape: 2; Side: A; Approx. Counter: 719}

REP. KADAS complimented OPI on the clarity of their presentations, particularly in using overhead graphics.

CHAIRMAN JOHNSON asked OPI staff for their assessment of the quality of Montana's K-12 education and graduates. **Mr. Groepper** reported that Montana consistently rates near the very top in all national rankings for education programs. This is a result of funding investments the legislature made 12 years ago. Current levels of funding on a per pupil ratio have declined, and when adjusted for inflation this funding has gone down dramatically. The results of this decline probably won't be seen for another seven to eight years. It is important for Montana to make the investments now for results that will be seen in the 21st century. An area of particular importance is in teaching students necessary technology for the competitive job market.

SEN. MOHL asked what is the current number of certified teachers. **Ms. Gray** responded there are 9,900 teachers working in the public school system, and 24,000 certified teachers throughout Montana.

CHAIRMAN JOHNSON asked if there had been shifts in emphasis at OPI in the past two years, or anticipated for the next two years. **Ms. Gray** answered that there was a shift to more emphasis on special education needs and a shift in appropriations of \$18,000 away from vocational-education (vo-ed) programs.

CHAIRMAN JOHNSON asked if Federal funds were shifting from vo-ed. **Ms. Gray** responded that she wasn't sure because some Federal funds had been reallocated to the Commissioner of Higher Education. **CHAIRMAN JOHNSON** asked who makes decisions about the split of vo-ed funds between OPI and the Commissioner of Higher Education. **Ms. Gray** responded that this subcommittee makes those decisions and the legislature makes the decision for the primary recipient of vo-ed federal funds.

SEN. GREG JERGESON asked if OPI is requesting restoration of vo-ed's \$18,000. **Ms. Gray** answered that OPI was not making the request because they had decided to accept the Governor's proposal as a package. In 1993 OPI made up the difference in vo-ed funds, but was not able to do so in 1994. The biggest "emergency" in the cut in vo-ed funding is in services to student groups. The vo-ed staff is very experienced, even the FTE that was released had 16 years experience, which makes it an expensive staff.

{Tape: 2; Side: B; Comments: Missed question from SEN. DARYL TOEWS}

SEN. MOHL asked what percent of Montana high school graduates go on to a four-year college. **Ms. Gray** answered that she believes it was 75%, although closer to 50% actually graduated from a four-year college.

SEN. MOHL said his informal information indicated it was less than 50% of students who even attended four-year schools. He asked if there was any movement in emphasizing vo-ed options. **Ms. Gray** responded that the Schools-to-Work movement does emphasize vo-ed and earlier career counseling.

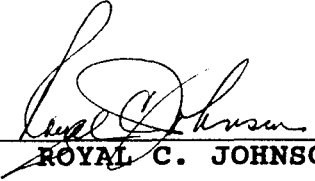
CHAIRMAN JOHNSON asked if Schools-to-Work were a temporary program. **Ms. Gray** answered that Schools-to-Work is an implementation grant of approximately \$10,000,000 over a five year period. It is hoped that this implementation period will create systematic change in the school districts.

SEN. TOEWS asked if OPI does much work in educating school boards. **Ms. Gray** answered that OPI was doing more in that direction as a direct result of school board requests, particularly in the area of financial training.


SEN. TOEWS asked if OPI assisted in certifying school boards. **Ms. Gray** answered that OPI would assist if requested by the school board.

ADJOURNMENT

Adjournment: This meeting adjourned at 10:40 AM



ROYAL C. JOHNSON, CHAIRMAN



PAULA CLAWSON, SECRETARY

RCJ/pc

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

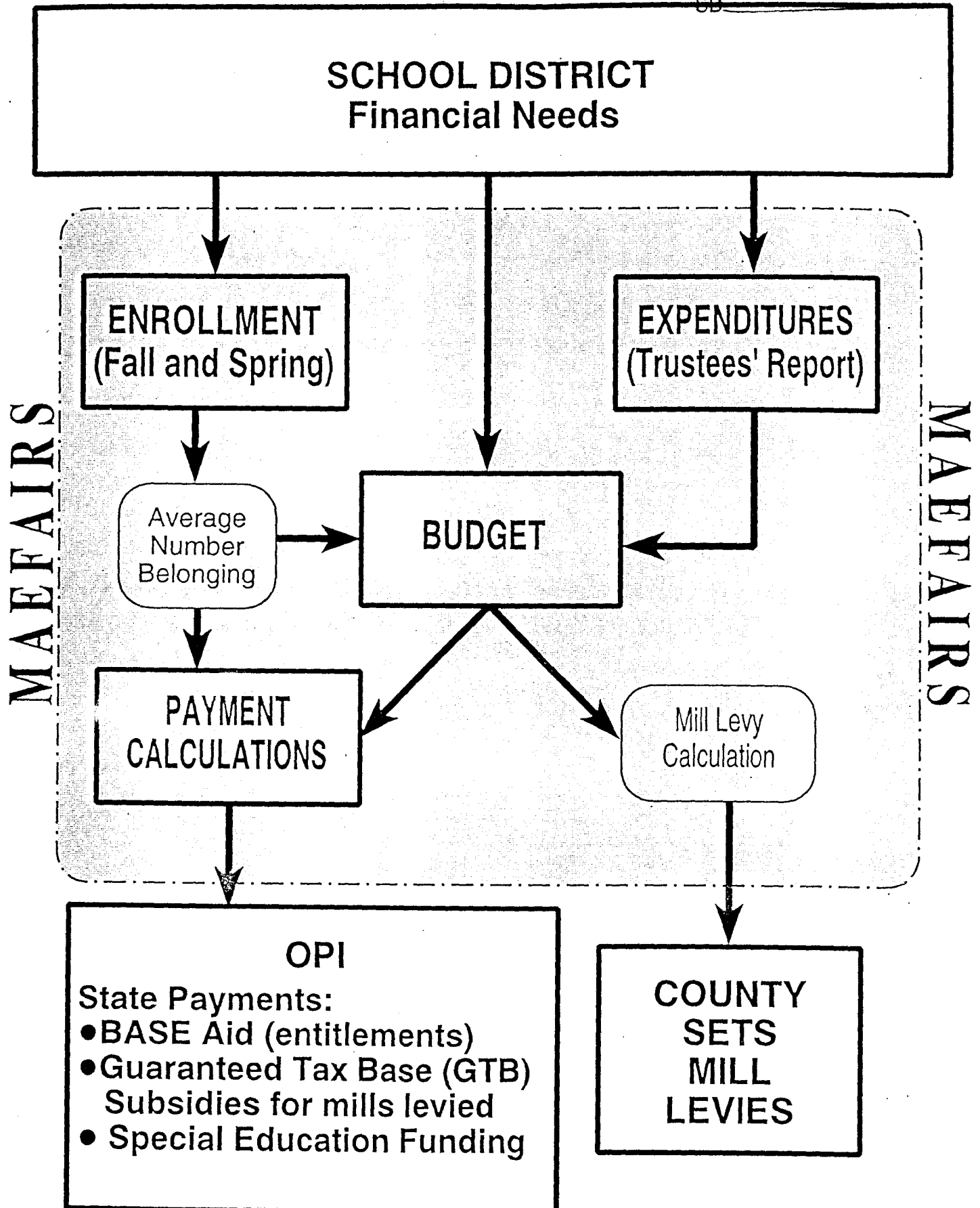
EDUCATION

Joint Appropriations Subcommittee

ROLL CALL

DATE 1/10/95

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





404 West Main, P.O. Box 520
Bozeman, Montana 59771-0520

RECEIVED

JAN 06 1995

SUPERINTENDENT
OF PUBLIC INSTRUCTION

Steven D. Johnson
Assistant Superintendent
Business and Operations

Phone: (406) 585-1508
Fax: (406) 585-1504

Date: January 3, 1995

To: The Education Subcommittee of the Appropriations Committee

Re: Montana Automated Education Finance and Information Reporting System
(MAEFAIRS)

Bozeman School District Number 7 participated as a test sight in MAEFAIRS this fall. We submitted our 1995 Budget and our 1994 Trustees Financial Summary using the system. The system saved us and OPI a substantial amount of time. The electronic transfer of information saves time because data is only entered once. The on line edits within the system not only assure accurate and balanced reports, they allow Districts to correct mistakes timely. Under the "old" manual system we received our edit reports two or three months after the reports were submitted, causing us to pull out the prior year records.

MAEFAIRS is long overdue, I encourage you to continue funding the system to assure it is updated, maintained and used by all districts.

Sincerely,

A handwritten signature in black ink, appearing to read "S.D. Johnson".

Steven D, Johnson, CPA
District Clerk

For Schools, MAEFAIRS Solves these Problems:

ELIMINATES redundant data collection

- "Talks" between Enrollment, Trustees' Report, and Budget Systems
- Knows last year's balances and budgets

ELIMINATES All Serious Budget Errors

- Automatically Calculates Totals
- "Prefilled" with Complex Budget Calculations
- Data Shared Between Enrollment, Trustees' Report, and Budget System avoids potential transposition errors

ELIMINATES Hours of Preparation Time

- On-Line "Help" Screens
- On-Line Edits
- Automatically Checks and Calculates
- No Redundant Key punching Between Enrollment, Trustees' and Budget Systems

**ELIMINATES Potential Mill Levy Problems =
School Accountability and Taxpayer Confidence**

MAJOR FUNDING AND BUDGET CHANGES SINCE 1989:

HB28 (1989)

- Placed 104%/135% growth cap on General Fund budget
- Established Guaranteed Tax Base Subsidies for General Fund and County Retirement
- Established GTB Reversion

HB62 (Special Session 1991)

- Reduced General Fund reserve limit from 35% to 10%
- Changed distribution schedule for state payments

HB667 (1993)

- Replaced Foundation Program with BASE Funding Program
 - Changed ANB ("kid count") from attendance-based to enrollment-based
 - Established BASE(Minimum) and Maximum Budget Limits based on ANB
 - Required growth toward BASE
 - Vote above Maximum limit
 - 104% growth limit between BASE & Maximum
 - Vote to maintain same budget when enrollment drops
 - Maintain "equalized" status once achieved
 - Established entitlement rates
 - Eliminated General Fund GTB Reversion
 - Required to estimate non-levy revenues using actual prior year receipts in General Fund
 - Required OPI to make electronic reporting available
- (Also in 1993, New Special Ed Funding based on block grant system)

HB22 (Special Session 1993)

- Reduced entitlement rates
- Required one-time 4.5% budget reduction

COMMENTS FROM MAEFAIRS USERS:

EXHIBIT 1

DATE 1-10-95

"...The MAEFAIRS program does a wonderful job on budgets and the automated calculation, validating, and editing features certainly saved me a lot of time this past year...."

-- Karen Schaefer, Business Manager, Scooby Public Schools

"As a user of MAEFAIRS, I would like to offer my support of the program....The electronic transfer of the Trustees Report has eliminated numerous reporting errors."

-- Todd Watkins, Director of Business Services, Kalispell Schools

"...The programs completed to date have increased the efficiency of my office substantially... The budget report allows school boards and clerks to manipulate many possible scenarios with the mere touch of a few keys, thus giving them more complete data for budget decisions...This project is very worthwhile."

-- Elizabeth Hirst, CPA, Business Manager, Kessler School (Helena)

"I have long been an advocate of electronic transfer and am looking forward to continued expansion of this project...Please continue in the direction you have started."

-- Carolyn Havens, Business Manager, Wolf Point Public Schools

"As a user of MAEFAIRS, I would highly recommend continuing the product...I believe it is a good program and...will undoubtedly be the answer to many hours of manual preparation which goes into the TRUSTEE REPORT and FINAL BUDGET."

-- Sylvia Shelhamer, Business Manager, Lockwood School (Billings)

"This project will become, in my opinion, one of the most positive steps taken at the state level to help us out in the field...I hope the legislature will continue funding this project."

-- Benita Hanson, Business Manager, Plains Public Schools

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education

SUB-COMMITTEE

DATE

Jan 10, 1995

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Office of Public Instruction

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| Doug Kostel | OPI | | |
| Bob Morris | OPI | | |
| Scott Buswell | OPI | | |
| Doug LeDuc | KPMG Peat Marwick | | |
| Jan Anderson | OPI | | |
| Trudy Formanek | Colstrip HS Bus. Prof. of America | | |
| Jennifer Angell | Colstrip HS Bus. Prof. of America | | |
| Jim Whelan | OPI | | |
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PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

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