

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By VICE CHAIRMAN PEGGY ARNOTT, on January 18,
1995, at 3:00 pm

ROLL CALL

Members Present:

Rep. Peggy Arnott, Vice Chairman (Majority) (R)
Rep. Vicki Cocchiarella, Vice Chairman (Minority) (D)
Rep. Matt Denny (R)
Rep. H.S. "Sonny" Hanson (R)
Rep. Dan W. Harrington (D)
Rep. Jack R. Herron (R)
Rep. Joan Hurdle (D)
Rep. Bob Keenan (R)
Rep. Sam Kitzenberg (R)
Rep. Gay Ann Masolo (R)
Rep. Norm Mills (R)
Rep. William Rehbein, Jr. (R)
Rep. John "Sam" Rose (R)
Rep. George Heavy Runner (D)
Rep. Debbie Shea (D)
Rep. Richard D. Simpkins (R)
Rep. Diana E. Wyatt (D)

Members Excused: Chairman Alvin Ellis Jr.

Members Absent: None

Staff Present: Andrea Merrill, Legislative Council
Renae Decrevel, Committee Secretary

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

Committee Business Summary:

Hearing: HB 120, HB 125, HB 132
Executive Action: None

HEARING ON HB 120

Opening Statement by Sponsor:

REP. DEBBIE SHEA said that the bill amends two sections of
current law. The first increases to 10 years the term that
schools trustees may, without a vote, issue and sell short-term

obligations to the Board of Investments. Currently the law is five years. The second amendment is providing conditions for the use of obligation proceeds to acquire real property or to construct a facility.

Proponents' Testimony:

REP. DAVID EWER said that the bill would allow loans through the Board of Investments to be up to 10 years. It would allow the financing of property in the same manner that banks do it now. He said that he gets a lot of requests from school districts throughout the year, one which is the approval of the use of modular homes as classrooms. Under current law the Board of Investments cannot finance modular classrooms.

Lynda Brannon, Montana Association of School Business Officials said that HB 120 enables the district to ask its electorate to purchase real property or to construct a facility and to utilize the State Board of Investments without having to sell bonds. The bill also allows the school district additional latitude to fix old buildings by remodeling and retrofitting. It is too costly and difficult to pay back the loans in five years.

Don Waldron, Montana Rural Education Association said that the bill gives the school districts a chance to accomplish their dreams.

Loran Frazier, School Administrators of Montana recommended that the Committee give the bill a Do Pass vote.

Opponents' Testimony:

Bruce MacKenzie, D.A. Davidson Co., said they opposed the bill because of questions on how the bill would work on the construction of a facility. As the bill is written now, it eliminates the need for approval of the voters for the construction of a facility.

Informational Testimony: None

Questions From Committee Members and Responses:

REP. DICK SIMPKINS asked **REP. EWER** if the InterCap program is designed to help communities and counties purchase equipment, with a five-year payback. Now the time is extended so they are able to buy real property, which is going to be repaid out of a school district general fund. **REP. EWER** said that was correct. The limit has to be within the general fund. The bill does not allow the districts to fund with another levy.

REP. SIMPKINS asked **Don Waldron** if there was any requirement to go to the people and let them know about using the general fund.

Don Waldron said that if property was going to be purchased the voters' approval is necessary.

REP. SONNY HANSON asked **REP. EWER** if one classroom per year could be put up without having to go to the vote of the public, as long as the funding was within the general fund. **REP. EWER** said that in most cases the general fund does not have the fiscal capacity to put up classrooms. It is for the use of roof repairs, purchase of modular classrooms, ect.

Closing by Sponsor:

REP. SHEA said that the bill will serve a very needed purpose and will give to local districts the power needed to spend tax payers money wisely with the best return on their investment.

HEARING ON HB 132

Opening Statement by Sponsor:

REP. RED MENAHAN said the bill is to provide a K-12 district the option, if the enrollment increases, to be able to go back and dissolve the K-12 district and go back to their original districts.

Proponents' Testimony:

Jim Baldwin, Superintendent of Roy Public Schools spoke in support of the bill. They would like to return to a K-8 district and a high school district, and as enrollment increased they would go back to a K-12 district. It would be very helpful to them in giving them the flexibility in knowing what to do in future years.

Bob Anderson, Montana School Board Association said that they also support the bill. There will be other school districts in the future that will be looking for flexibility when they lose population and will want to maintain a elementary district within their community, and not have to transport the students. This bill gives them the flexibility to do that.

Jim Foster, Montana Rural Education Association said that the organization rises in support of the bill for reasons that have already been stated.

Eric Feaver, Montana Education Association rises in support of the bill with the amendment. The amendment states the specific reason for the dissolution of a K-12 school district.

Loran Frazier, School Administrators of Montana supports the bill with the amendment.

Opponents' Testimony:

Kathy Fabiano, Office of Public Instruction said that the reason for opposition is that they have a lot of technical problems with the bill. It needs to be made clear that in the Roy district, the boundaries are coterminous, so unless the section.20-6-701 is amended, there is going to be conflict in the statute. One section will say that the district can be dissolved and another section will say that it has to be K-12 the next year. There is nothing in the bill that deals with dividing the funding of a K-12 district. Also, which district will get the property? Under current K-12 law if the district is formed, the existing property goes to the high school, so how will the elementary district get the title to any of the property that it owned prior to becoming a K-12.

Informational Testimony: None

Questions From Committee Members and Responses:

REP. ROSE asked REP. MENAHAN if there was any way that he and REP. KNOX could put their two bills together. REP. MENAHAN said that he was hoping that the committee would sit on HB 132 until REP. KNOX'S bill was heard.

Closing by Sponsor:

REP. MENAHAN closed.

HEARING ON HB 125Opening Statement by Sponsor:

REP. SAM KITZENBERG, Written Testimony, Exhibit 1

Proponents' Testimony:

Greg Groepper, Assistant Superintendent Office of Public Instruction, presented slide show, Exhibit 2

Tom Bilodeau, Montana Education Association, Summarized Written Testimony, Exhibit 3

Jim Foster, Montana Rural Education Association, Written Testimony, Exhibit 4

{Tape: 1; Side: B; Approx. Counter: 000; Comments: .}

Ronald Stegmann, Superintendent East Helena Schools, Written Testimony, Budget Report FY 1994-95, and MAE-FAIRS Final Budget

Report for 1994-95 for East Helena Schools, **Exhibit 5-5B**

Debra Fulton, President, Montana School Board Association, said that if the Legislature does not craft a mechanism for equalizing educational opportunity, the courts will. The delicate balance to keep the courts out of school funding will begin to unravel if the Legislature does not insure that the state provide property tax relief and student equity by adequately funding public education from the state level. She believes that adding the adjustment for inflation restores the balance in funding reform and prevents the slide backwards to an inequitable property tax burden for the funding of public schools.

Terry Minow, Montana Federation of Teachers said that the bill contains two components of original attempt at equalization in 1989. School budgets are being eaten up as paper, fuel, construction, and text book costs continue to rise as state support declines. She said that HB 125 is essential to the maintenance of Montana's quality education.

Wayne Buchanan, State Board of Public Education said that the bill stabilizes school budgets. Education is a long term project, and it is important for schools to be able to plan. It is difficult to long range plan when there is fluctuation in the budget and funding.

{Tape: 2; Side: A; Approx. Counter: 000; Comments: .}

Duane Denny, Columbus Superintendent of Schools said that the administrators and trustees of Montana have done an excellent job of staying within the perimeters and the cap set by the Legislature. He reminded the Legislature that the budget has been capped but the costs have not.

Stan Juneau, Browning Schools said that there is not enough adequate funding to keep teachers on the reservation, and there is not enough funding for renovation and construction. The cost of living on the reservation has increased. He also said that a better student-teacher ratio is conducive to learning.

Jack Copps, Deputy Superintendent of Office of Public Instruction said that inflation is the common enemy of the private and public sectors. It has a devastating effect when it is not accommodated but this bill is a vehicle which accommodates inflation. The state has not accommodated inflation on a per pupil cost basis since 1991.

Alan Olson, Trustee of Roundup School District, Written Testimony, **Exhibit 6**.

Lynda Brannon, representing **The Montana Association of School Business Officials** and **the Indian Impact Schools of Montana** said that they support the bill for reasons already heard. She would like the committee to consider that in some of the Indian

reservation districts around the state there is only one tax payer, when the 4% increase is voted in, the 4% increase falls on the one taxpayer and tax resources are very limited. The Impact Aid funds that the schools have been receiving in the past have been cut back 15% this year and will be cut back 15% next year.

Ronald Gilman, Trustee of Garrison School District rose in support of HB 125.

Guy Wiggs, Trustee of Columbus School urged the Committee's approval of HB 125.

Mark Brajcich, Superintendent of Dutton/Power Schools. Written Testimony, Exhibit 7

Kay James, Clinton Elementary School. Written Testimony, Exhibit 8.

Jules Waber, Powell County Superintendent of Schools, spoke in favor of HB 125.

Norm Hagen, Superintendent of Rosebud Schools, urged the Committee to give the bill a do pass recommendation.

Loran Frazier, School Administrators of Montana, expressed that they support HB 125.

Larry Foster, Great Falls Public Schools said that additional funds need to be put in the school system.

Annette Cade, Trustee of Montana City, taxpayer said there is a need to increase spending on everyday things that go on in the districts.

David Lloyd, Superintendent of Schools in Harlowton stated that actions last session cost the district \$22,789 each year. That figure is drastic in a small district. In terms of impact, it could cost the district one teacher each year.

Don Waldron, Montana Rural Education Association, supported HB 125. Submitted Informational Testimony listed.

Rick Ripley, Superintendent of Schools in Choteau, spoke on behalf of the local trustees for reasons already mentioned. He said that the local taxpayers need tax relief and quality schools. He urged support of HB 125.

Opponents' Testimony:

Dennis Burr, Montana Taxpayers Association, said that passing the bill would not be the solution to any problem because it will just take some of the assets that the legislature has and reserve them.

Informational Testimony:

Don Waldron submitted 14 letters in support of HB 125, which are listed below. Exhibits 9A-9K.

Shields Valley Public Schools
Plevna Public Schools
Reed Point Public Schools
Flaxville Public Schools
Harlem Public Schools
Opheim Public Schools
Blue Sky Public Schools
Dodson Public Schools
Lustre Grade School
Helmville School
Saco Public Schools

Other informational testimony submitted:

Joel Voytoski, Superintendent, Chester School, Exhibit 10

Karla Christensen, Superintendent of Schools, Garfield County, Exhibit 11.

Penny Koke, Superintendent of Schools, Jefferson County, Exhibit 12.

Tonia Bloom, Trustee, Corvallis School District, Exhibit 13.

Questions From Committee Members and Responses:

REP. SONNY HANSON stated that in most testimony people want to take care of the property taxes on the local level. With the 55 mills and 40 mills, statewide education costs were still \$100 million short. The only way that more money is going to be available is by raising the property tax. He asked Mr. Greg Greopper if the state did or did not increase the monies that went to education.

Mr. Greopper said that in gross dollars, each year more state dollars go into education. He said a good question would be, "Are the dollars keeping up with the amount of students?"

REP. BOB KEENAN asked Ronald Stegmann on his teachers' contracts, what were the percentage increases each year. Mr. Stegmann said that the percentages were not known but the base salary for the year was \$18,000, which is below average for the surrounding area.

REP. HEAVY RUNNER asked where the parents and teachers were to support the bill. Don Waldron answered that people don't think the Legislature is going to do anything for them anyway so why waste the gas driving here to testify.

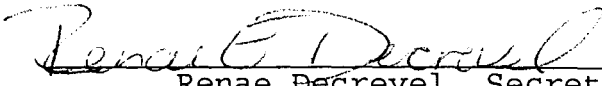
Closing by Sponsor:

REP. KITZENBERG closed by saying that he thinks they have hit a "nerve" in funding education in the state of Montana.. He feels that school funding is on a "crash course downward." He foresees the large classrooms that teachers will be going back to in a few months. He sees the increased student activity fees, high property taxes, increased student violence and teacher layoffs resulting in less quality education. He said that "he is not here to put the blame on anyone. He is here to offer a solution." He encouraged a Do Pass vote on the bill.

ADJOURNMENT

Adjournment: 5:15 pm


ALVIN ELLIS JR., Chairman


Renae DeCrevel, Secretary

AEJ/red

HOUSE OF REPRESENTATIVES

Education

ROLL CALL

DATE 1-18-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Alvin Ellis, Jr., Chairman			X
Rep. Peggy Arnott, Vice Chairman, Majority	X		
Rep. Vicki Cocchiarella, Vice Chair, Minority	X		
Rep. Matt Denny	X		
Rep. Sonny Hanson	X		
Rep. Dan Harrington	X		
Rep. George Heavy Runner	X		
Rep. Jack Herron	X		
Rep. Joan Hurdle	X		
Rep. Bob Keenan	X		
Rep. Sam Kitzenberg	X		
Rep. Gay Ann Masolo	X		
Rep. Norm Mills	X		
Rep. Bill Rehbein	X		
Rep. Sam Rose	X		
Rep. Debbie Shea	X		
Rep. Dick Simpkins	X		
Rep. Diana Wyatt	X		

----- HB125 -----
INDEXING STATE FINANCIAL SUPPORT FOR MONTANA'S SCHOOLS
&
ALLOWING SCHOOL BOARDS TO INCREASE
GENERAL FUND BUDGETS BY 4%

Sponsor: Representative Sam Kitzenburg
Before the House Education Committee
January 18, 1995

Indexing of state support funding for our k-12 schools is the single most important improvement Montana can make in how we finance our public schools. Far better that we acknowledge the cost, be honest with ourselves, and invest in our schools than to allow our schools and future economy to suffer the inevitable result of neglect.

HB125 provides for annual inflation based increases in state funding for the "basic district entitlement and per ANB entitlement" provided by existing school funding law per HB667/HB22. By annually adjusting state funding for the schools, Montana establishes a "funding gyroscope" that assures that the state will maintain it's share of total school general fund spending on an on-going basis over time. With the state's share of school costs guaranteed, we help guarantee that the state will not shift school costs from equalized state revenue sources to largely unequalized local property tax levies.

HB125 leaves HB667's (1993) essential structure of Montana school finance in place -- and by so doing, we underscore this state's commitment to the eventual attainment of *equity* in school budgeting levels. HB125, however, goes two steps further by addressing equally important public policy goals -- namely the promotion of *sufficiency* and *continuity* (sometimes termed "stability" or "predictability") in Montana school financing. By addressing sufficiency and continuity, we help schools maintain educational program offerings for our children, keep class sizes to manageable and educationally sound levels, avoid or at least reduce the disruptive impact of staff RIFs, and help buttress Montana's promise of future economic development based on the continued excellence of our schools.

Without attempting to address the 16% loss in buying power resulting from inflation's impact on stagnant or reduced state funding levels since 1991, indexing -- beginning next year and on a continuing basis thereafter -- raises the "base budget" (the "80% target") by the rate of inflation. From FY96 forward, HB125 assures that the state will set and fund base budgets at the same inflation adjusted level as we determined *sufficient* by HB667.

As base budgets are adjusted for the cost of inflation, we assure that low budgeting districts do not reduce school program offerings commensurate with the lost buying power of inflation and we also allow "high budgeting" districts to reduce their budgets to an inflation-adjusted maximum budget level or, if their voters approve, at inflation-adjusted frozen above maximum budget levels. HB125 thus helps the broad span of both large and small districts that are termed "low" or "high" budgeting. In practical effect, indexing mitigates and otherwise reduces the fiscal and educational shock expected in 120 or more districts which, under current law, will see their budgets (in absolute dollars) reduced or frozen in one or both of the next two years.

In addition to indexing, HB125 would allow local school boards to increase overall school budgets -- subject to maximum budget limitations -- by as much as the greater of 4% or 4% per ANB compared to the prior year's general fund budget. This change would repeal the so-call "Boharski amendment" of HB22 (adopted by the special legislative session of 1994) and return school board budget authority to the status provided by HB667.

Allowing local school boards to again set budget levels at 4% adjusted levels is appropriate because it is:

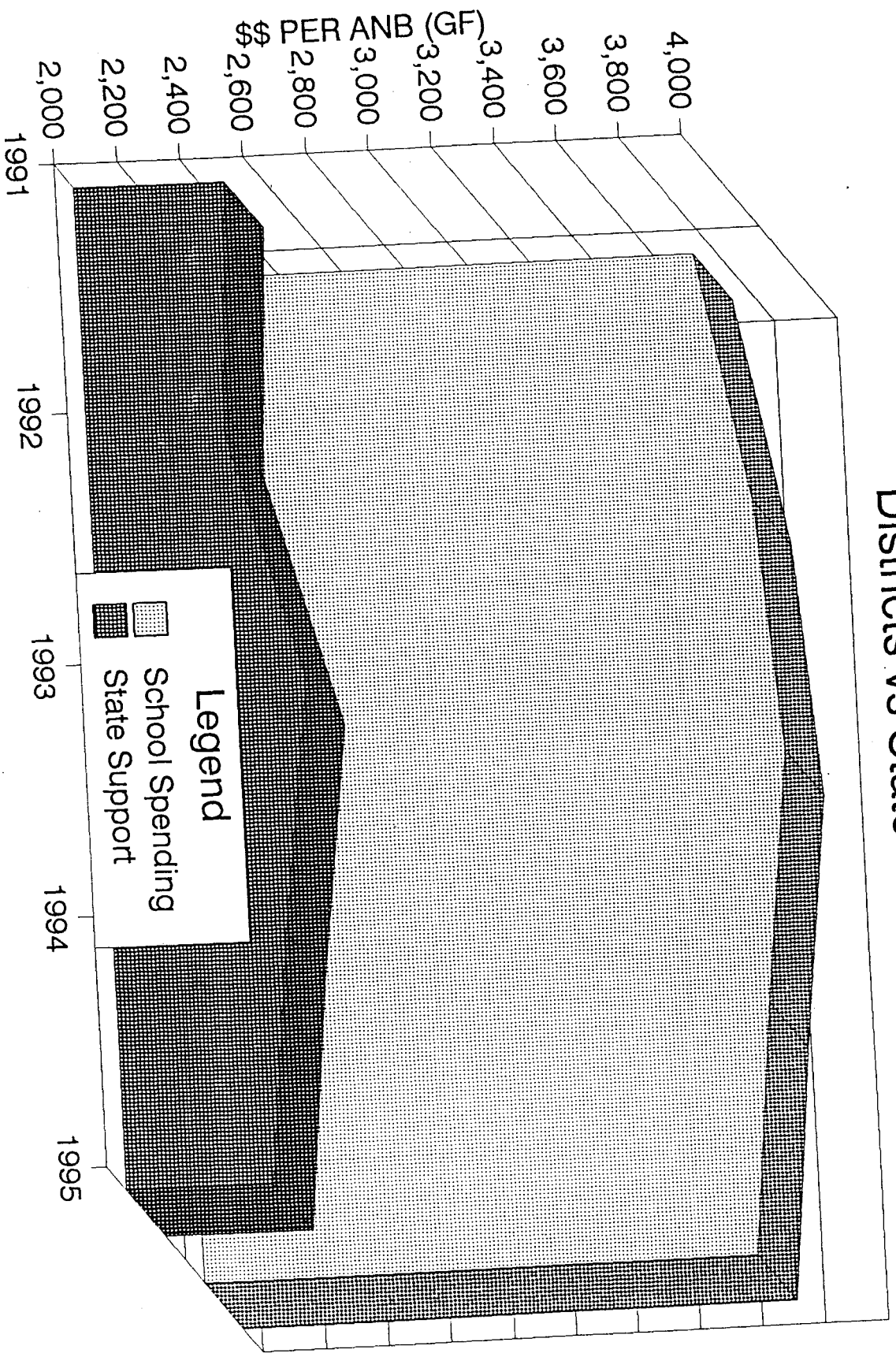
- although more restrictive, consistent with the long practiced and well-understood practice of "permissive levies" prior to HB22;
- permits school boards both local authority and responsibility -- always subject to defeat at the next election -- to adjust actual budget levels at HB125's inflation adjusted rates and/or at levels that are adjusted for enrollment growth which exceed the rate of inflation growth in many districts;
- avoids the virtually impossible task under current law of explaining to voters that *approval* of the voted levy amount may, in fact, *reduce* school budgets below the level of the prior year (the HB22 scenario) or at budget per ANB levels below the level set by the prior budgets; and
- will help districts to maintain actual budgets at levels that are competitive with other states both in terms of educational resources made available to Montana's children and educational infrastructural investment perceived as necessary for future economic development.

I realize that HB125 is a "hard sell" in this legislative session. Nevertheless, I ask that you acknowledge that any good thing comes with a cost -- and that often it is the hard thing that most needs to be done. Indexing has been supported by many in the education community -- including the Montana Education Association, the Underfunded Schools Coalition and Rural Education Association, and the Montana School Boards Association. The model for HB125's indexing provision was drawn from former Senator Dennis Nathe's (R-Redstone) school finance reform bill of 1989 and from a funding amendment offered State Senator Bob Brown in 1993. Allowing local school boards to increase their budgets by 4% has, I believe, the support of most school board members in both large and small, low or high budgeting districts. HB125 is the right thing to do and it is time for us to act.



EDUCATION SPENDING

Districts vs State





Montana Education Association

1232 East Sixth Avenue • Helena, Montana 59601 • 406-442-4250
1-800-398-0826 (Toll-free) • Fax: 406-443-5081

EXHIBIT #3
DATE 1-18-95
B. HB 125

**HB125 -- INDEXING STATE SCHOOL FUNDING
Representative Sam Kitzenberg (R-Glasgow)**

House Education Committee Hearing of January 18, 1995

**Tom Bilodeau
MEA Research Director**

As a matter of steadfast popular opinion, public policy and law, Montana's commitment to education is the promise of the future to our children and ourselves. Our commitment to public education is underscored by our 1972 Constitutional guarantees -- guarantees which educators and experienced education finance experts believe to be the strongest in the nation:

*It is the goal of the people to establish a system of education
which will develop the full educational potential of each person.
Equality of educational opportunity is guaranteed to each person
of the state.*

*The legislature shall provide a basic system of free quality
elementary and secondary schools...(and) shall fund and distribute
in an equitable manner to the school districts the state's share
of the cost of the basic elementary and secondary school system."*

Article X. Montana Constitution of 1972.

Alone among the states, Montana's Constitutional language provides a dual guarantee of a free quality education for all and mandates that the State will fund such a system on an equitable basis.

By the mid-1980's, however, there were indications that Montana was failing to fulfill its educational promise. A continuing pattern of inadequate foundation program funding by the state had resulted in alarming inequities of spending and millage levels. These inequities formed the basis of the "Underfunded Schools" lawsuit, filed by sixty generally low wealth, high tax and low spending school districts in 1985. The Underfunded School lawsuit convincingly argued before Montana's courts that the State's then existing system of school financing unconstitutionally deprived Montana students of equal educational opportunity.

Since the Montana Supreme Court's decision in 1989, the legislature has undertaken two major revisions of Montana school finance (HB28 in 1989, effective FY91; and HB667 in 1993, effective FY94). Since FY91, however, the State has either frozen (FY92 & FY93) or reduced (FY94 per HB667; then FY95 per HB22, adopted by the December, 1994 special legislative session) formula driven, equalized state support for general fund costs of Montana's k-12 schools. Repeating our history, stagnant or reduced state funding for the schools has resulted in marginal growth of overall school budgets and a general decline in Montana's rank for school spending per student relative to the nation as a whole.

US & MT PER PUPIL K-12 EDUCATION EXPENDITURES
AVERAGE DAILY ATTENDANCE (ADA) DATA

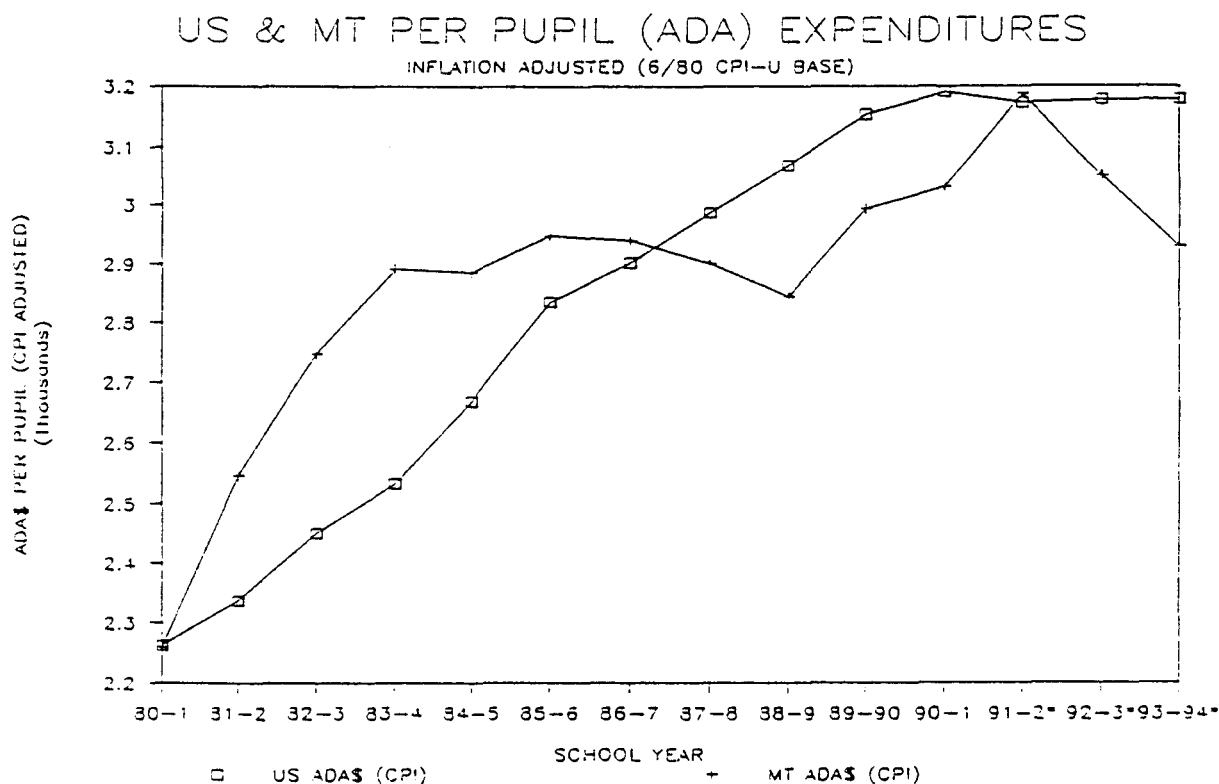
Apr-94

YEAR	CURRENT EXP		CURRENT EXP		ADAS PER PUPIL		--- MT ADAS ---		CPI-U ADJUSTED (6/80 BASE)	
	US ED \$	US ADA	MT ED \$	MT ADA	US ADAS	MT ADAS	RATIO	RANK	US ADAS	MT ADAS
80-1	94,210,362,000	37,857,375	347,500,000	139,810	2,489	2,486	1.00	23	2,262	2,259
81-2	102,047,586,000	37,071,838	418,027,000	139,400	2,753	2,999	1.09	15	2,337	2,546
82-3	108,772,701,000	36,752,323	456,519,000	137,600	2,960	3,318	1.12	14	2,451	2,747
83-4	116,295,370,000	36,508,384	502,290,000	138,100	3,185	3,637	1.14	13	2,532	2,892
84-5	127,229,869,000	36,530,477	527,231,000	139,985	3,483	3,766	1.08	15	2,668	2,885
85-6	138,066,540,000	36,681,428	567,901,000	145,083	3,764	3,914	1.04	17	2,834	2,947
86-7	147,475,730,000	36,904,788	583,861,000	144,276	3,996	4,047	1.01	20	2,901	2,938
87-8	158,500,892,000	37,061,580	590,226,000	142,098	4,278	4,154	0.97	24	2,986	2,899
88-9	171,515,040,000	37,178,121	589,651,000	137,751	4,620	4,281	0.93	28	3,068	2,843
89-90	186,542,484,000	37,564,372	638,472,000	135,270	4,975	4,720	0.95	24	3,154	2,992
90-1	201,001,012,000	38,173,344	689,350,000	138,119	5,265	5,000	0.95	26	3,191	3,030
91-2*	210,358,308,000	38,891,055	766,000,000	138,880	5,404	5,429	1.00	21	3,173	3,188
92-3*	220,603,709,000	39,641,924	776,000,000	144,172	5,574	5,348	0.96	26	3,178	3,049
93-94*	230,081,010,000	40,181,804	779,492,000	147,743	5,726	5,276	0.92	29	3,179	2,929

"CURRENT EXPENDITURES" = ALL EXPENDITURES EXCEPT CAPITAL & DEBT SERVICE.

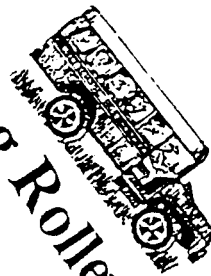
* DATA ESTIMATED FOR CURRENT YEAR(S)

DATA SOURCES: MT OPI, STATE ED DATA REPORTED TO NEA & US DEPT OF EDUCATION (JAN-YR), TO MEA (APR-YR) & US LABOR-BLS.





Riding Montana's School Funding Roller Coaster



By Tom Bilodeau — MEA Research Director

"We conclude that as a result of the failure to adequately fund the Foundation Program, forcing an excessive reliance on permissive and voted levies, the State has failed to provide a system of quality public education granting to each student the equality of educational opportunity guaranteed under Article X-Section 1 of the constitution..."

Helena School Dist., et. al., vs. Montana, Montana Supreme Court (1989).

Despite the Montana Supreme Court's explicit ruling and the 1989 and 1993 legislatures' attempts to remedy many of the problems of Montana school financing, the state's share of total school costs is again slipping. The inevitable result of this renewed slippage is:

- ☞ increasing reliance on property taxes;
- ☞ budget levels falling behind inflation;
- ☞ an increasing number of districts being capped at maximum budgets allowing less than 4% growth in one or both of the upcoming years; and
- ☞ many school budgets set at or below current funding per student levels.

The governor's proposed budget for the coming biennium will provide approximately \$8 million more in state funding for schools in FY96 and an additional \$16 million in FY97. The governor's proposal will help fund additional costs resulting from an anticipated 2.4% growth in student enrollments by FY97.

The governor's \$24 million in additional state funding will not, however, be sufficient to make up for the 4.5% loss in state funding resulting from the legislature's adoption of HB22, December 1993—*a loss of approximately \$35 million in state funding had previous funding levels been maintained through the coming biennium.* Moreover, the governor's proposed funding levels will not begin to pay for the expected 7%+ increase in general inflation expected over the coming two years. The failure of the state to meet these anticipated cost increases virtually assures that Montana school spending levels will decline (at approximately 1 to 2% per year) relative to national average school spending levels. This decline reflects poorly on Montana and undermines our ability to compete with other states in developing a workforce necessary to attract future investment and economic growth.

Montana's school funding roller coaster has risen and fallen precipitously in recent years. When first implemented in 1990-91, HB28 increased direct state aid to school districts (largely through foundation program payments) from as little as 50.4% of total general fund budgets in FY1986-87 (FY87) to 66.5% in FY91. Additionally, HB28 established guaranteed tax base (GTB) aid to assist lower wealth districts with school funding needs. In FY91, these GTB monies were sufficient to pay for another 5% of total general fund costs. The infusion of more than \$100 million in new state support funding via HB28 stabilized — though only briefly — local school district levy requirements. See table on page 13.

Unfortunately, since 1991-92, state funding for the schools has stagnated or declined. Despite more than a 10 percent gain in general inflation and rising enrollments, state funding for special education remains at virtually the exact amount budgeted in FY91 (\$33 million). Moreover, the 1993 legislature's adoption of HB667 redirected state funding for the schools away from direct payments and toward GTB subsidies.

In HB667's first year of operation (FY94), state funding

The Variable and Often Declining Share of State Funding For K-12 General Fund Costs (FY50-FY94)

MEA January 1995:

Source OPI & MEA Data Files— OPI CORE
files for FY91 and later. State Special
Education Funding for Districts & Co-ops
included in FNDTN/Direct State Aid

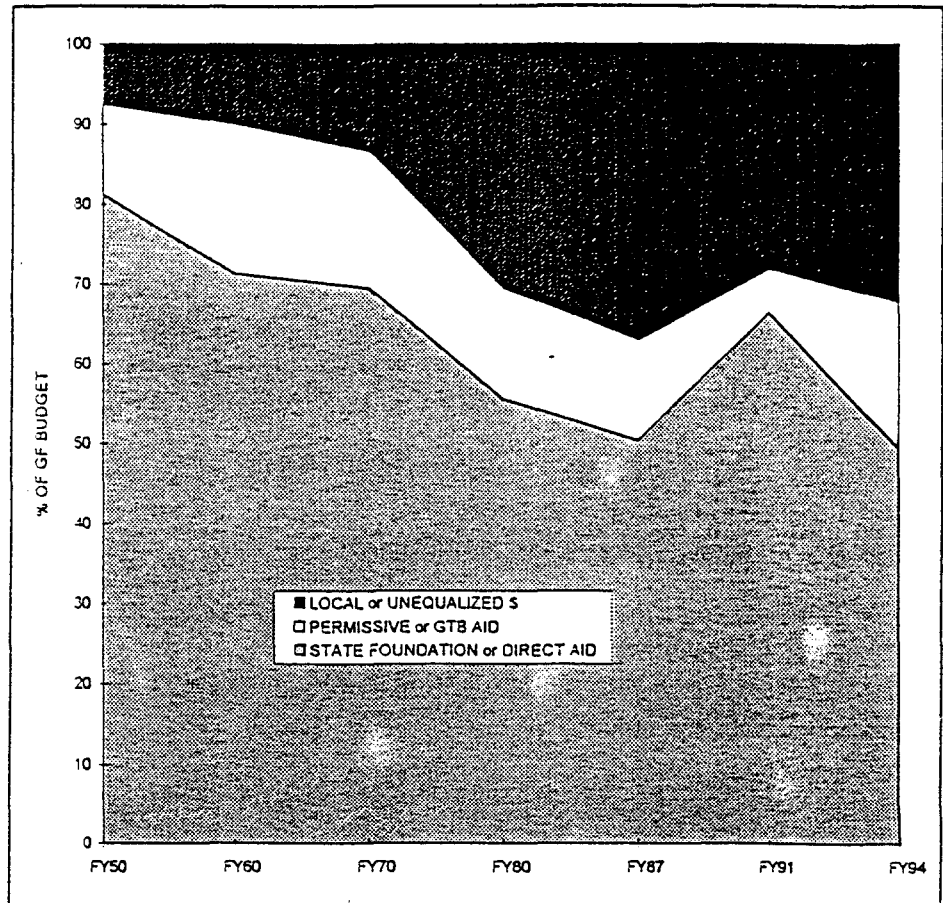
Before HB28/After HB28
Before FY91/After FY91

	FY50	FY60	FY70	FY80	FY87	FY91	FY94
Foundation/Direct State Aid	81.2	71.3	69.5	55.5	50.4	66.5	49.6
Permissive Levy/GTB Aid	11.3	18.7	17.2	13.9	12.6	5.4	18.3
Funding Unassisted From State	7.5	9.9	13.3	30.6	37.0	28.1	32.2

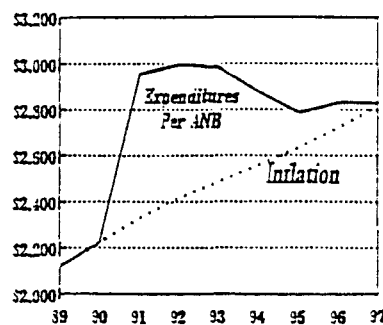
State & Local Share of Montana's K-12 General Fund Budgets ➡

per student fell by 3.6% (or - \$106 per student). While local school districts compensated for some of the loss in state support through property tax levies, the level of overall general fund budget declined by \$28 per student.

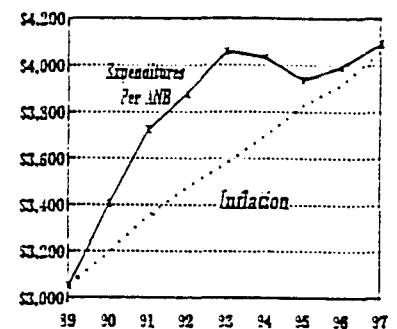
As a result of HB22, adopted by the legislature in the special session of December, 1993, the situation grew significantly worse in 1994-95. HB22's -4.5% reduction in direct state aid and GTB levels, when coupled with a new special education funding system, reduced FY95 state funding per student by 3.1% or -\$89 per student. A preliminary review of FY95 school budgets shows the "unequalized" local share of total general fund budgets increasing to a third of the total, while overall budget dollars per student have declined by \$94 per student, -2.3%, compared to FY94. ■



**State Expenditures per
Student (K-12)**



**School General Fund
Expenditures per Student**



Montana School Funding

For The General Fund

EXHIBIT 3
 DATE 1-18-95
14B125

<u>Base Funding Program</u>	<u>Funding Sources</u>	<u>Caps & Voter Approval</u>
General Fund Budget Over Maximum	<p>Over-Maximum Funding</p> <p>District Levy</p> <p><u>Non-Lavy Revenue:</u> Vehicle Fees, Interest Tuition, Flat Tax, LGST, Cash Reappropriated</p>	<p>Budget Frozen at: APyB</p> <p>No Vote For FY 94 and 95 Vote Required For FY 96 on</p>
<p>MAXIMUM General Fund Budget (100% Level)</p> <p>100% of Entitlements</p>	<p>Maximum Budget Funding</p> <p>District Over-Base Levy</p> <p><u>Non-Lavy Revenue:</u> Vehicle Fees, Interest Tuition, Flat Tax, LGST, Cash Reappropriated</p>	<p><u>Budget Growth Limited To:</u> 104% of Prior Year Budget or 104% of Prior Year Budget Per Student</p> <p>A VOTE is required to exceed lesser of APyB or APyB/Student</p>
<p>BASE Budget</p> <p>80% Mandatory Level 80% of Entitlements</p> <p><u>BASIC Entitlement</u> \$191,000 High School \$17,190 Elementary Prorated for 7th & 8th Grade</p> <p><u>Per-ANB Entitlement</u> \$4,680 - \$.50, Up To 800 High School ANB \$3,343 - \$.20, Up To 1000 Elementary ANB \$4,680 - \$.50, Up To 800 for 7th & 8th ANB</p> <p>Coordinated With New Special Ed Funding</p>	<p>BASE Budget Funding</p> <p>District BASE Budget Levy District Non-Lavy Revenue</p> <p>State Aid: 40% Direct State Aid 40% GTB, if Eligible</p> <p>GTB is Based on the ratio of District's Taxable value to 40% of their MAXIMUM Budget</p> <p><u>State Aid Funding Sources:</u> 40 Mill Levy Statewide Net Lottery Revenue Coal Severance Tax U.S. Mineral Royalties School Trust Income County Surplus School Lands Income</p> <p><u>County Aid Funding Sources:</u> 33 Mills for Elementary 22 Mills for High School</p> <p><u>Other Revenue:</u> Vehicle Fees, Federal Forest, Taylor Grazing, Misc. Revenues</p>	<p>Mandatory Growth: Districts must adopt at least the BASE budget level by 1997-98.</p> <p>Must grow by the following amonts between current and BASE Budget:</p> <p>1994-95 - 25% 1995-96 - 33% 1996-97 - 50%</p> <p>A VOTE is required to exceed the mandatory growth limits.</p> <p>Voted Limits: Greater of: 104% of prior Year Budget; or 104% of prior year Budget Per ANB</p> <p><u>Other Components:</u> October & February enrollment Counts are used for ANB Calculation</p> <p>P.L. 81-874 Funds Moved To New Impact Aid Fund</p>

*Chart courtesy of Legislative Council, Andrea Merrill
 Researcher, December 1994*

MONTANA RURAL EDUCATION ASSOCIATION

P.O. BOX 5418
HELENA, MONTANA 59604
(406) 443-2629
FAX (406) 442-8839

EXHIBIT #4
DATE 1-18-95
B HB 125

TESTIMONY IN SUPPORT OF HB 125

Chairman Ellis, members of the Committee, my name is Jim Foster and I represent the Montana Rural Education Association. MREA is an association of approximately 150 school districts.

Today, MREA rises in support for House Bill 125. HB 125 is sponsored by Representative Sam Kitzenberg and the 150 school districts MREA represents applaud Representative Kitzenberg for his support for public education in Montana and recognizing that Montana must and can insure it's investment in Montana's future through a stable and predictable funding of Montana's school finance program.

Expenditures per student are on the decline and the figures do not represent a stable funding of Montana's school finance program. Expenditures per pupil are reflected below:

<u>Year</u>	<u>Expenditures Per Pupil</u>	<u>Actual/Estimated</u>
1993-94	\$ 3,940.00	Actual
1994-95	\$ 3,849.00	Actual
1995-96	\$ 3,771.00	Estimated

Under HB 667, passed in the 1993 legislative session, a school is considered equalized when its budget for the school district general fund is between 80% and 100% of the maximum budget allowed by law. The legislature has mandated that budgets must be at least at the 80% level, yet the legislature is willing to decrease the level of state financial support for schools. This situation, created by the legislature, is what I would hope you as a committee would use to judge the merits of HB 125. Is it fair for you to require 80% budget levels by local schools and then not keep the state's funding level consistent with your mandate on local schools? Thank you for your sincere consideration of HB 125!

THE EAST HELENA PUBLIC SCHOOLS

SCHOOL DISTRICT No. 9 • P.O. Box 1280 • EAST HELENA, MT 59635

"Success For All Students"

SUPERINTENDENT 406/227-6631
CLERK 406/227-6631
RADLEY SCHOOL 406/227-5851
MAIN STREET SCHOOL 406/227-5033
EASTGATE SCHOOL 406/227-8478

Written testimony for the House Education Committee regarding HB 125

East Helena School District #9 is an Underfunded School, below the 80% BASE budget. The attached budget report shows a General Fund Budget of \$3,155,548.00 for the 1994-95 school year. That is 5% below the BASE budget for 1993-94 and 1.7% below the BASE budget for 1994-95. Because of funding changes by the previous legislature the BASE budget was lowered from 1993-94 to 1994-95.

School district enrollment has increased and is currently 43 students above the January, 1994 enrollment. For most of the year it has been around a 50 student increase. You can see from the attached sheet that we have \$27 less per student for operation and maintenance this year.

None of the costs have decreased, indeed most have increased significantly. A paper order placed now is quoted at \$29 per case. One year ago I ordered paper for \$19.50 per case, a 48% increase.

Required Special Education costs have already caused the district to obligate \$25000.00 more than the adopted Special Education budget. Those dollars directly reduce the resources available to all students in the district. I do believe the special education costs are completely justified.

A special levy to raise an additional \$120,000.00 for the General Fund was defeated twice last year. The anti-tax hysteria in the state carried over to all issues. Because of the district's below BASE budget status legislation passed two years ago would have allowed the elected trustees to make the decision to raise the levy. The Special Session of the legislature took away the trustees' authority without consideration of the fact that the trustees had negotiated a two year contract with the education association and the largest increases were in the second year of the contract. The teachers' salary increase, which was certainly justified, caused additional money not to be available for teaching materials, books, and other resources.

A good estimate would be that School District #9 has \$50.00 less per student to spend on teaching materials and classroom resources than last

year. HB 125 would be a step in the right direction to rectify the present sorry state of funding for education.

Many additional factors could be discussed, but for the sake of brevity I will stop here. I am ALWAYS available to discuss any item that any members of this committee would wish to pursue.

Thank you,

A handwritten signature in black ink, appearing to read 'R. F. Stegmann', with a long horizontal flourish extending to the right.

Ronald F. Stegmann

EXHIBIT 5
 DATE 1-18-95
HB 125

FINAL BUDGET REPORT FY 1994-95

EXHIBIT # 5A
 DATE 1-18-95
HB 125

<u>Fund</u>	<u>Total 1994-95 Budget Require.</u>	<u>Total 1993-94 Budget Require.</u>	<u>Total Reserves</u>	<u>Distr. Prop. Tax Require.</u>	<u>Distr. Mill Levies '94-95</u>	<u>Distr. Mill Levies '93-94</u>
General	\$ 3,155,548	\$ 3,059,192	\$218,168	\$540,005	53.83	52.12
Transportation	174,630	163,229	34,636	76,476	7.62	6.89
Bus Depreciation	63,281	73,196		35,496	3.54	2.38
Retirement	408,810	394,600	143,084			
Adult Education	5,000	10,825	1,177	2,915	.29	.93
Debt Service	<u>271,570</u>	<u>286,065</u>	95,598	208,811	<u>20.81</u>	<u>25.16</u>
Total of All Funds	\$ 4,078,839	\$ 3,987,107			86.09	87.48

January 1995 Enrollment: 1089 Students
 1994-95 Total Budgets Cost Per Student: \$3,745
 1994-95 General Fund Cost Per Student: 2,898

January 1994 Enrollment: 1046 Students
 1993-94 Total Budgets Cost Per Student: \$3,812
 1993-94 General Fund Cost Per Student: 2,925

07/13/94

S T A T E O F M O N T A N A
MAE-FAIRS Final Budget Report for 1994-1995

FP-1/Page

25-049

EXHIBIT # 5B

DATE 1-18-95

R 14B 125

COUNTY NAME: Lewis & Clark
DISTRICT NAME: East Helena Elem
LEVEL: EL

PART I. CERTIFIED BUDGET DATA - FINAL as of 07/13/94

ANB BY BUDGET UNIT: E1 EAST HELENA K-6 781
M1 EAST HELENA 7-8 249

A. DIRECT STATE AID (STATE SHARE).....(I-A)	1503500.50
B. DIRECT STATE AID (NON-ISOLATED).....(I-B)	0.00
C. SPECIAL ED ALLOWABLE COST PAYMENT TO DISTRICT.....(I-C)	131881.00
D. SPECIAL ED RELATED-SERVICES PAYMENT TO COOP.....(I-D)	42158.00
E. DISTRICT GTB SUBSIDY PER ELEMENTARY BASE MILL.....(I-E)	16741.00
F. DISTRICT GTB SUBSIDY PER HIGH SCHOOL BASE MILL.....(I-F)	0.00

PART II. GENERAL FUND BUDGET LIMITS

PRIOR YEAR BUDGET DATA:

A. ANB.....(II-A)	1026.00
B. BASE Budget.....(II-B)	3238865.60
C. Maximum Budget.....(II-C)	4035104.00
D. Adopted General Fund Budget.....(II-D)	3059192.00
E. Increase for Special Education Budget.....(II-E)	78706.00
F. Adjusted General Fund Budget.....(II-F)	3137898.00
G. Adjusted General Fund Budget per ANB.....(II-G)	3150131.40
H. Percent of BASE Achieved.....(II-H)	95 %
I. Is the district within the equalized range?.....(II-I)	NO

CURRENT YEAR BUDGET DATA:

J. % Special Ed in Maximum Budget.....(II-J)	5.3 %
K. BASE Budget.....(II-K)	3,208,497.72
L. Maximum Budget.....(II-L)	3,982,873.07
M. Minimum Budget Amount Required.....(II-M)	3,155,547.93
N. Maximum Budget Without a Vote.....(II-N)	3,155,547.93
O. Maximum Budget With a Vote.....(II-O)	3,276,136.66
P. Maximum Voted Amount.....(II-P)	1,20,588.73
Q. Budget Approved by Voters.....(II-Q)	0
R. Adopted Budget.....(II-R)	3,155,547.93

PART III. GENERAL FUND BALANCE FOR BUDGET AS OF JUNE 30

A. Operating Reserve (961).....(III-A)	218,168.00
B. Reserve for Protested/Delinquent Taxes (963)....(III-B)	
C. Reserve for Tax Audit Receipts (964).....(III-C)	
D. Reserve for General Bonus Payment (965).....(III-D)	
E. Unreserved Fund Balance (970).....(III-E)	
1. PY Excess Reserves funding Over-BASE (970a)....(III-E1)	
2. Remaining Fund Balance Available (970b).....(III-E2)	
F. TOTAL GENERAL FUND BALANCE FOR BUDGET (TFS48)....(III-F)	218,168.00

EXHIBIT #6
DATE 1-18-95
B. HB 125



Roundup Public Schools

LISA PEARCE

District Clerk
Phone 323-1507
FAX # 323-1927

January 18, 1995

School District No. 55 and 55-H
P. O. Box 717
Roundup, Montana 59072

J. JAY ERDIE

Superintendent of Schools
Phone 323-1507

ALLEN W. CHERY, Sr.

High School Principal
Phone 323-2402

JOSEPH P. INGALLS

Elementary Principal
Phone 323-1512

GARY F. RAY

Activities Director
Phone 323-2402

Chairman Ellis and Members of the
House Education Committee

First of all, I appreciate the opportunity to be heard before this committee and truly understand the burdensome and emotional involvement that goes with decision making.

The legislation this committee is taking testimony on is a means to help offset some lost revenue that was experienced this current fiscal year; plus, and if it becomes a reality, be an appropriation to assist with inflationary costs for future fiscal years.

As you are aware, public school districts took a 4 1/2 per cent "hit" in both student entitlements and basic entitlements for the current fiscal year. In Roundup, that computed to \$89,323 less money in the elementary district and \$61,800 in the high school district. Even though our school system experienced increased enrollments there was less money per student in 94-95 as compared to 93-94 -- \$249 in the elementary general fund budget and \$244 in the high school general fund budget, per student. Such a loss is perilous but more paramount is another two years of status quo and no opportunity for enhanced student or basic entitlements. Cost of text books, consumables, utilities and operation and maintenance will continue to increase. For the second year in a row, we had to file an alternative standard with OPI because of a student over load in a classroom. We could not afford to hire an additional teacher and compromised student education by hiring an aide.

Compounding our problems and adding to the complexities we face as trustees is providing services to special needs students. Our special education population has grown to a point where that population is 10% of our student body. We, like every other district in the state, are charged with providing a free, appropriate public education in the least restrictive environment. Due to Federal mandates and the requirements placed on schools to serve this population, frustration amongst trustees and the general populace mounts when the so called regular students needs are being restricted by lack of funds and yet, we are told that lack of money will not be an inhibiting factor when it comes to serving the students with handicapping problems.

Please give your utmost consideration to this legislation that you have before you, as it will give school districts some relief.

Thank you.

Sincerely

Alan Olson, School Trustee
Roundup Public Schools

DUTTON PUBLIC SCHOOLS

EXHIBIT #7
DATE 1-18-9
B HB 125

P.O. BOX 50
DUTTON, MONTANA 59433
476-3424

Home of the Cardinals

January 17th, 1995

Pride of the Community

Dear Members of the Education Committee,


It has come to our attention that House Bill 125 is scheduled for a hearing tomorrow. As board members we feel it is critical to work together with you to continue the quality education system we have developed.

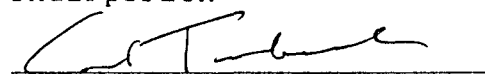
We feel it is important to voice our feelings on this particular piece of legislation. Since our 1992-93 budget, we have not had an increase. This means we are on our third frozen budget. To further strain our local situation, we have had a 6.5% decrease in our mill value. The local mills levied have risen 74% in the last four years to support our frozen budget.

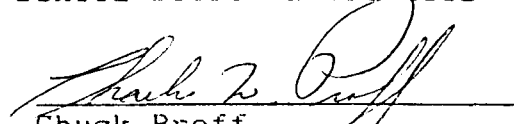
As elected officials we feel a strong obligation to consider our taxpayers opinions, so we have tried to put a hold on spending rather than have unacceptable increases in local levies. Some of the areas we have made cuts include: shared administration, reduced operations and maintenance budgets, combined elementary classes to name a few. We have tried to cut in areas that will be least likely to have a direct effect on the student population, but as salaries and benefits continue to rise, the areas to cut become fewer and personnel and students will be effected.

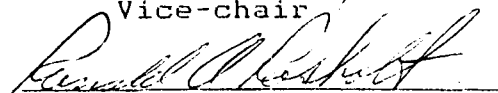
As a board we feel that HB 125 is reasonable. We feel that the state funding formula should reflect the cost increases that the rest of us must always address. As time continues on and budgets continue to be frozen we feel that we are on a track which spells disaster. The buildings, textbooks, curriculum, and other capital items can be put on the long term investment list just so long. Please give serious consideration to Mr. Kitzenberg's bill. We realize that you have many groups who want a piece of the pie. Please remember that education in the past few years, has been at the forefront of budget balancing cuts and now needs to be looked at for this reasonable increase.

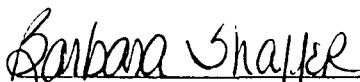
Sincerely,
Dutton Public School Board of Trustees


Lynn Habel
Chairperson


Carl Trebesch


Chuck Proff
Vice-chair


Ron Rosholt


Barbara Shaffer

AN EQUAL OPPORTUNITY EMPLOYER

EXHIBIT #8
DATE 1-18-95
B HB 125

TESTIMONY IN SUPPORT OF HB 125

Chairman Ellis, members of the Committee, my name is Kay James and I speak on behalf of the students of Clinton Elementary School District #32. I am currently a trustee and have lived in the Clinton area for 10 years.

Our district serves 250 students K-8 and has maintained this enrollment consistently the past two decades. We have very experienced certified staff which we believe produces a superior educational environment for our children. Therein lies my concern.

Currently we expend 81% of our general fund budget on staff salaries and benefits with a salary schedule that ranks 75th of 100 Class II districts. Next year due to the demands of negotiated agreement this percentage will rise to 85% plus. Our facility is 50 years old, therefore, our maintenance costs continue to rise. Without increased state funding we cannot fund the maintenance and supply demands our district faces.

Last year our district passed a levy of \$35,146 by a vote of 109 for and 103 against. I am doubtful our district with its low tax base will continue to receive support for such a levy. Several districts in the Missoula area were not as fortunate last spring and their levies failed.

I urge you, to vote a "Do Pass" label on this bill.

SHIELDS VALLEY PUBLIC SCHOOLS

HIGH SCHOOL
P.O. Box 40
Clyde Park, MT 59018
Phone 406-686-4621

PARK COUNTY SCHOOL DISTRICTS J12 & 5
P.O. Box 131 • Wilsall, Montana 59086
Superintendent: 406-578-2535
Fax: 578-2176

ELEMENTARY
P.O. Box 131
Wilsall, MT 59086
Phone 406-578-2535

16 January 1995

EXHIBIT # 9A
DATE 1-18-95
B. HB 125

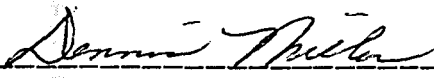
TO: House Education Committee

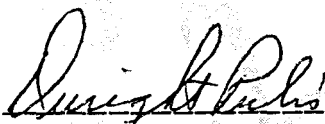
FROM: Trustees, SD J12-5, Shields Valley

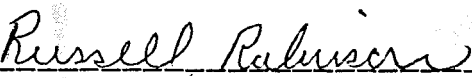
RE: HB 125

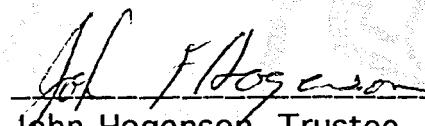
Without the passage of HB 125, our school district stands to lose further significant funding. In addition to the 4.5% lost in the last special session, we are losing ground each year to inflation. Our estimate is that we could lose as much as 12-13% total during the pending biennium.

We have examined every possible alternative to hold down costs. We have consolidated our schools. We need help. You can provide that help. Please approve HB 125.


Dennis Miller, Chair


Dwight Pulis, Vice-Chair


Russell Robinson, Trustee


John Hogenson, Trustee


Sky Anderson, Trustee

EXHIBIT # 913
DATE 1-18-95
B 113 125

PLEVNA PUBLIC SCHOOLS

P.O. BOX 158
PLEVNA, MONTANA 59344
PHONE 772-5666

January 18, 1995

Jim Foster
MREA
Box 5418
Helena, MT 5904

Dear Jim:

Due to the weather in Eastern Montana, I am unable to attend the hearing today on House Bill 125 introduced by Representative Kitzenberg. If you are able, please present this letter to the committee as support from Plevna Schools for the bill.

In the past five years the State support for Plevna Schools has been:

		ANB
1990-91	\$476,943.00	134
1991-92	451,307.00	131
1992-93	458,567.00	135
1993-94	318,012.00	133
1994-95	320,325.00	139

We have lost approximately \$150,000.00 in State support for our students, even though the student population has remained stable or has increased slightly.

Although House Bill 125 will not recoup the decreases sustained in the State aid by the Plevna Schools, the inflationary index might at least keep us level with what we now are receiving.

Thank you.

Sincerely,



Carter Christiansen
Superintendent

**REED POINT PUBLIC SCHOOLS**

P.O. Box 338 • Reed Point, Montana 59069
High School 406-326-2245 • Elementary 406-326-2228
• Fax 326-2339 •

EXHIBIT #90
DATE 1-18-95
B. HB 125

January 18, 1995

Don Waldron, MREA
Helena, MT 50604

Dear Don:

I would like to offer my support of your efforts to encourage the passage of HB 125 which recommends an increase of the basic entitlement and per-ANB entitlement for schools based on an annual inflation rate. We would also recommend the inclusion of a 4% increase to budgets on a permissive levy basis.

As a small school trustee we find it increasingly difficult to offer a quality program when funding is cut. I would ask that you continue your efforts to gain passage of this legislation. It would provide some much need restoration to funding that has been reduced in the near past.

I am very encouraged that MREA is doing its best to promote passage of legislation that will serve the children of all of Montana as well as Reed Point. Once again I offer my support of HB 125 and commend Representative Kitzenberg for sponsoring the bill.

Sincerely,


Tom Lutke, Chairman
Reed Point Board of Trustees

MARVIN E. RICH
Superintendent

LORALIE FOLDESI
Secretary

JERE LEE GUNDERSON
Clerk

Flaxville Public Schools

DISTRICT NO. 3

400 First Ave. — Box 89
Flaxville, Montana 59222

Telephone 474-2211

BOARD OF TRUSTEES
Gary Linder, Chairman
Leon Cantre
Jack Johnson
Rick Marriage
Sam Moore

EXHIBIT # 9D
DATE 1-18-95
B HB 125

January 18, 1995

Montana Rural Education Association
P. O. Box 54604
Helena, Montana 5418
Attention: Jim Foster, Executive Director

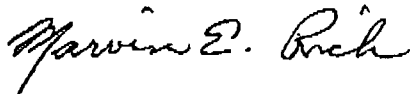
Dear Jim:

The trustees of the Flaxville Public Schools could not attend in person to show their support for Representative Sam Kitzenberg's House bill 125.

However, they fully support his Bill HB125. They also appreciate his effort and help in trying to reach an improvement in our state funding.

Thanks for your continuing efforts.

Sincerely,



Marvin E. Rich

ADMINISTRATION:

GAYLE CRANE
Superintendent
353-2289

JIM OWENS
Jr/Sr High Principal
353-CATS

UWAIN LAVINDEH
Elementary Principal
353-2258

Fax #
(406) 353-2674

HARLEM PUBLIC SCHOOLS

SCHOOL DISTRICT NO. 12

Junior-Senior High Elementary
P.O. Box 339 P.O. Box 309
Harlem, Montana 59526

EXHIBIT # 9E
DATE 1-18-95
B HB 125

BOARD MEMBERS:

FRANKLIN PEREZ
Chairman

GARRY MCGUIRE
Vice Chairman

MABEL EGELAND
Board Member

MARTY DIRDEN
Board Member

LOREN STIFFARM
Board Member

January 18, 1995

To: Honorable Members of the House Education Committee

From: Gayle Crane, Supt. *gmc*

I write in support of House Bill 125. I urge you to consider this bill positively, and to replace the loss of funding to public schools in the emergency session. It concerns me that the amount that was cut from the General Fund for schools so closely matches the amount of the projected end of the year balance.

I support the annual inflation factor in H.B. 125, and I believe that it is reasonable to allow schools to have a per-ANB entitlement. These factors are especially important to so many schools in Montana like Harlem that would have major difficulty passing a levy.

cc: Representative Matt McCann
Senator Gregg Jergenson
Chairman, Randy Perez

OPHEIM PUBLIC SCHOOLS**School District 9D****P.O. Box 108****Opheim, Montana 59250****(406) 762-3213/3214****FAX: 762-3348****BOARD OF TRUSTEES**

Dennis Honrud
Tim Stenglein
Ken Greenwood
Lynnette Nelson
Virgil Nelson

MICHAEL M. SMITH
Superintendent

CONNIE MILLER
Business Manager/Clerk

MONICA JOHNSON
Administrative Secretary

EXHIBIT # 9F
TE 1-18-95
B HB 125



"Home of the Vikings"

January 17, 1995

House Education Committee Representatives;

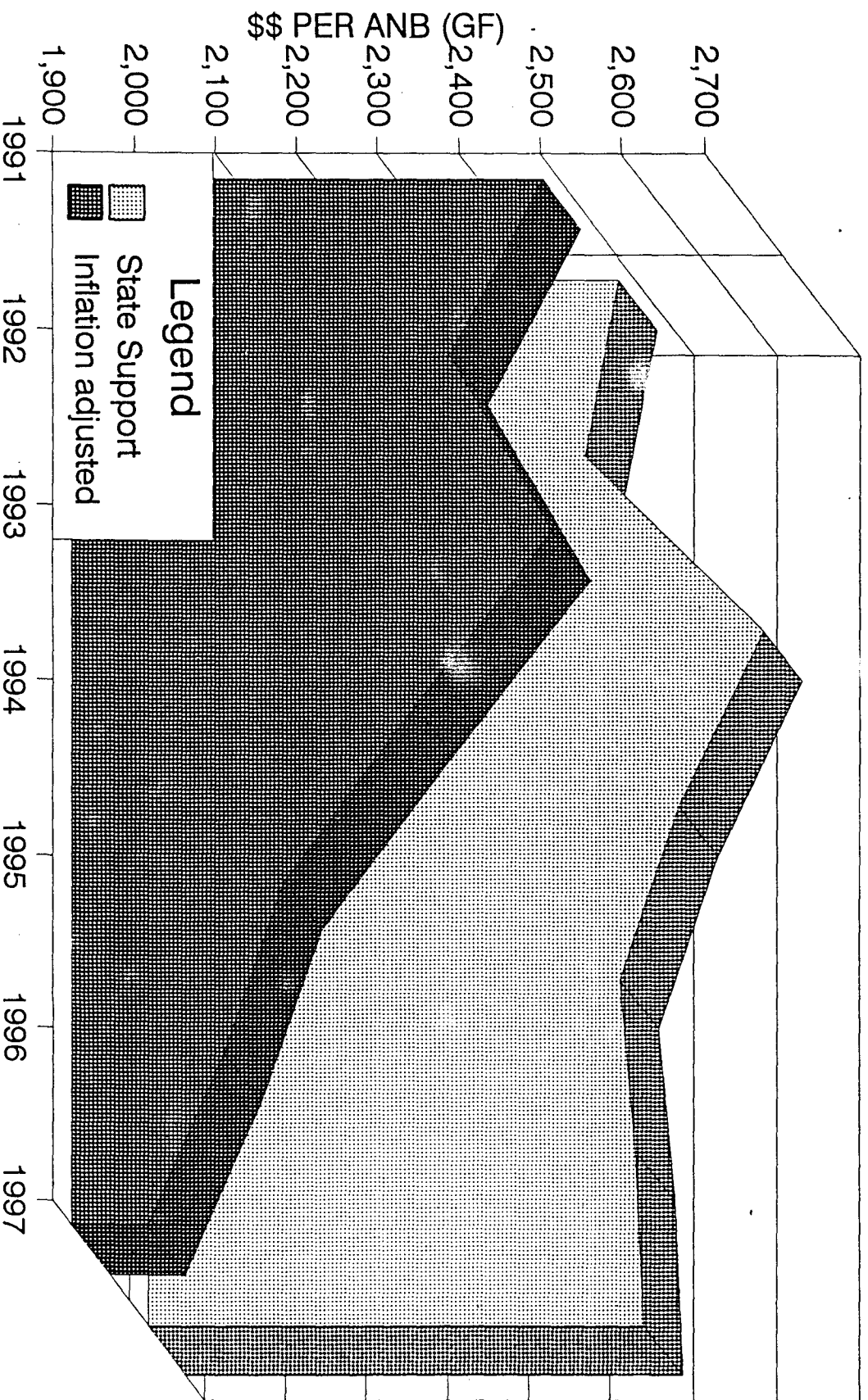
These are very difficult economic times in Montana and the Opheim School District Board of Trustees and community recognizes the extremely difficult challenges that confront you as a result. Your days are long and filled with intensive deliberations with few accolades. Yet, we recognize your final legislative decisions will be based on sound thought and will represent your caring attitude.

The future of the state of Montana and our nation will be predicated on our ability to provide a quality education for "all" our children. There cannot be a shortchanging when it comes to financial matters in this area; trade-offs are not possible and must never be considered. Educational programs and services must receive the highest priority and be fully funded at whatever levels are needed to ensure all our people can achieve the American ideals of life, liberty and the pursuit of happiness. We cannot accept the fact that some currently do and some don't.

The past several Montana legislative sessions have been stressful and have resulted in major cutbacks in educational funding for K-12 school districts. This can no longer be tolerated if we hope to prepare all our young children for the 21st century. Montana needs to set the direction by demonstrating it will always identify education as the major priority during legislative sessions, and will fund it at the highest level required. There can be no further back-stepping, or adherence to the philosophy that maintaining current funding levels is OK. This is shortsighted, and ill-advised.

State Support

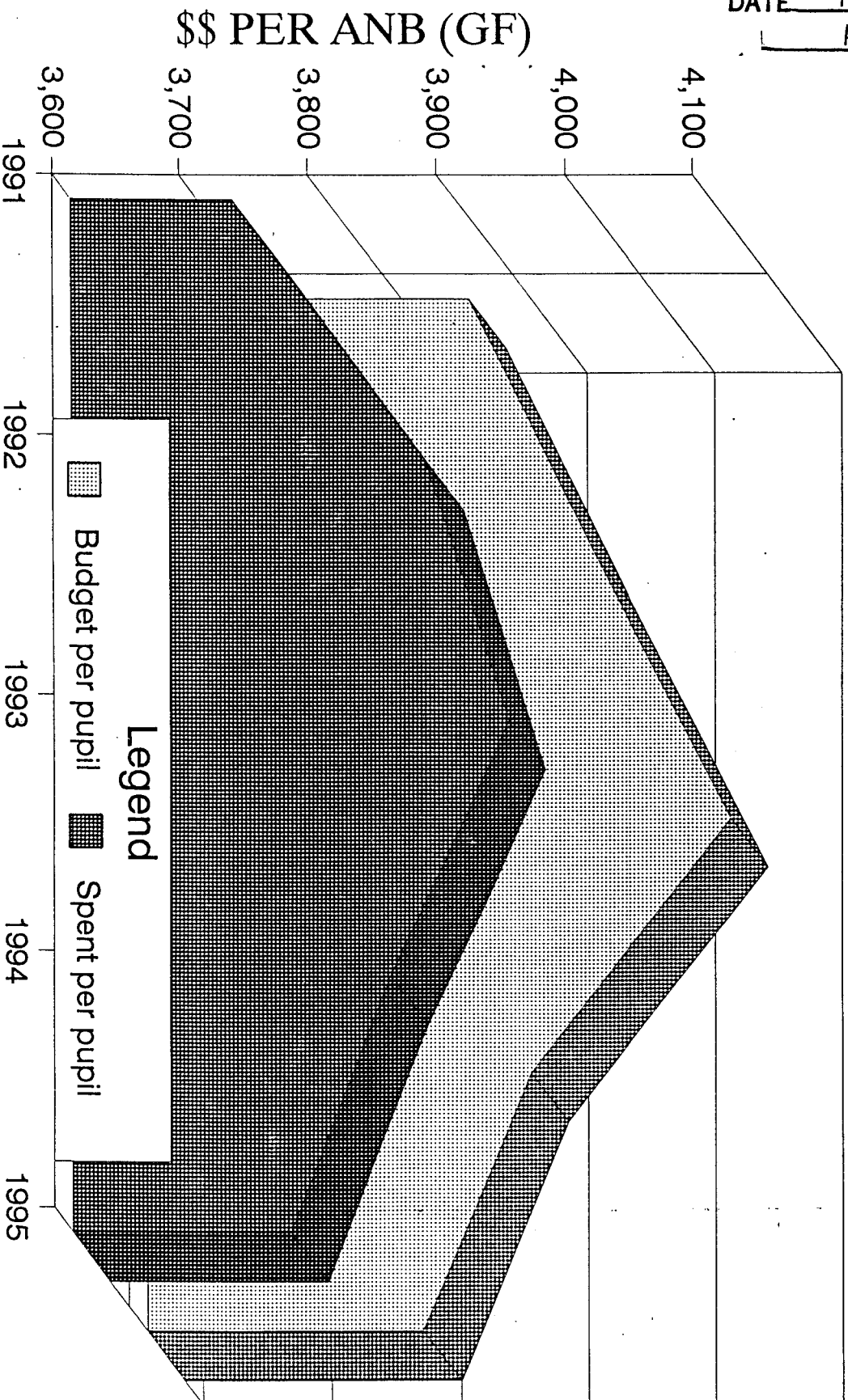
for K-12 Education



SPENDING TRENDS

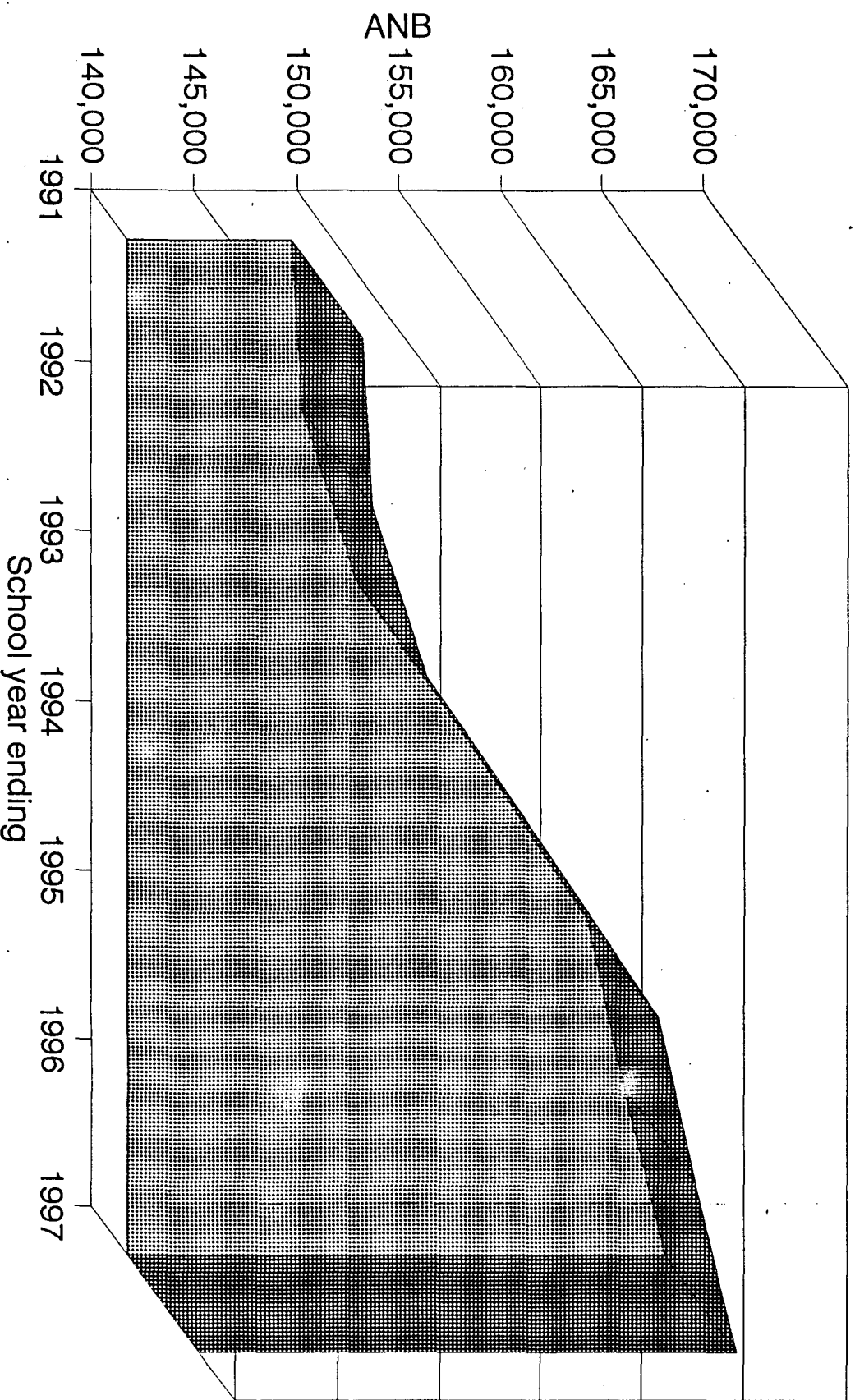
Montana School Districts

EXHIBIT 2
DATE 1-18-95
HB 125



K-12 Student Growth (ANB)

Montana School Years 1991-1997



WHERE'S THE MONEY COME FROM??

EXHIBIT# 22

DATE 1-18-95

B. HB 125

20%

LOCAL MILLS

40%

LOCAL MILLS

+

GTB

40%

STATE FUNDING

Representative Sam Kitzenberg's HB-125 is a proper step in the right direction. If local schools and communities can at least offset annual inflationary costs, they can at least have the possibility of maintaining current educational programs and services. Your support of HB-125 will be deeply appreciated.

Thank you for your time, patience and efforts.

Sincerely,



Dennis Honrud
Chairperson

NOTE: We apologize for our inability to attend the hearing on HB-125 on Wednesday, January 18, 1995, in Helena. Notification of the hearing date was not received until Saturday, January 15. The late notification date, the distance to travel, and the weather has negated our ability to attend. We would have genuinely appreciated the opportunity to provide oral testimony in support of HB-125.

OUR
RESPONSE
to HB 125

EXHIBIT # 99
DATE 1-18-95
B HB 125

The Honorable Representative Diana Wyatt
To: The Montana House Education Committee
Re: House Bill 125
From: Blue Sky Public Schools Board of Trustees
Date: January 15, 1995

Blue Sky Public Schools Position Statement:
Please Pass

Please be reminded that it becomes increasingly difficult to fund educational operations in any of Montanas' schools facing increasing inflation and decreasing funding. As trustees we view HB 125 as an appropriate effort to provide our local taxpayers a fair shake in state support of education. By providing for an annual inflation factor for the basic entitlement and per ANB entitlement you would at least accept the states' current share of our educational obligation to our children. As is, the only chance we have to stay even is through continued local tax hikes or harmful program reductions. We've about run out of the latter. We strongly encourage you to support the passage of HB 125. Thank you for your attention.

Respectfully Submitted,

Trustee Byron Boucher
Rudyard, Mt.

Trustee Darwin Anderson
Rudyard, Mt.

Trustee Verges Aageson
Rudyard, Mt.

Trustee Tom Jurenka
Hingham, Mt. 59528

Trustee Mark Warren
Hingham, Mt. 59528

EXHIBIT # 9H
DATE 1-18-95
B 113125

Principal
William J. Taylor

Superintendent
Nellie Sherman

**DODSON PUBLIC SCHOOLS
DISTRICT NO. 2-A (C)**

Box 278
Dodson, Montana 59524
(406) 383-4361
FAX 406-383-4489

Business Manager / Clerk
Patti Wilke

January 18, 1995

House Education Committee
State of Montana Legislature, 1995
Helena, MT 59620

Dear Committee Members,

Dodson School District 2-A & C, Trustees and Administration, strongly support House Bill 125. School funding is extremely important for the future of our state and country. Our most valuable resource is our children.

To demonstrate the need of an automatic inflation factor for the basic entitlement and the per -ANS entitlement, please consider these facts:

With approximately the same school enrollment, Dodson school is receiving \$108,167.45 less than two years ago and the local mills have increased by 81.32 mills just to reach the 80% general fund budget as required by law.

Dodson now has the greatest number of local mills in Phillips County (45.02 mills more than any other Phillips County School District) because of our low mill values.

Each year the cost of fuel, electricity, supplies and needed repairs increases. As a result, more school programs are cut to meet these inflationary costs.

Again the Dodson School Board supports House Bill 125. We urge you to strongly support House Bill 125 so that districts do not have to increase the local mills again just to meet the school funding requirements for the general fund.

Yours truly,

Bonnie Lankford

Bonnie Lankford, Chairman
Dodson School Board District 2-A & C
P.O. Box 278
Dodson, MT 59524

Nellie Sherman

Nellie Sherman, Supt.
District 2-A & C
P.O. Box 278
Dodson, MT 59524

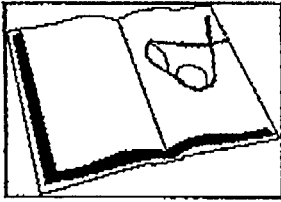
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406 392 5780

406 392 5780

LUSTRE SCHOOL

EXHIBIT # 91
DATE 1-18-95
B. HB125



Lustre Grade School

School District No. 23
HC 66 Box 58
Lustre, Montana 59225



Ph. (406) 392-5725

Fax # (406) 392-5780

January 16, 1994

TO: House Education Committee

FROM: Lustre School District #23

RE: HB125

This is to give testimony that the 2.7% annual inflation factor for the base entitlement and per-ANB entitlement is a much needed funding factor for our school. We support this bill and encourage the passage of it.

Gary D. Fast, Chairman
Gerald Unrau, Trustee

Arnold Toews, Trustee
Dwayne R. Wall, Clerk

**HELMVILLE SCHOOL
DISTRICT 15
PO BOX 91
HELMVILLE, MT 59843
(406) 793-5656**

EXHIBIT #9J
DATE 1-18-95
B 1HB125

JAY COUGHLIN, CHAIRMAN
(406) 793~5671
FAX (406) 793~5673
DONNA HAWKINS
(406) 793~5657
BILL BAKER
(406) 793~5746

SUSAN G. GRAVELEY, CLERK
(406) 793~5647

Don Larson:
**Due to prior commitments
the trustees of school district 15
are unable to attend the hearing
for House Bill 125. We support
this bill.**

Jay Coughlin
Jay Coughlin

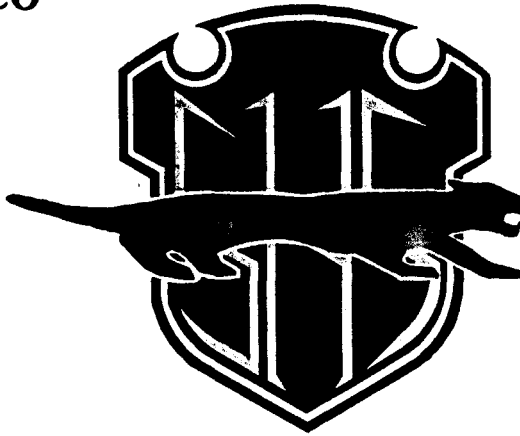
Rm 312-1A

SACO

PANTHER

SCHOOLS

P.O. Box 298
321 Highway 243
Saco, MT 59261



District #12
Phillips County
(406) 527-3531

EXHIBIT # GK
DATE 1-18-95
B. HB 125

TO: Renae Decrevel, Secretary
House Education Committee

FROM: Larry Crowder, Principal

RE: House Bill 125

DATE: January 16, 1995

On behalf of the School Board of Trustees and the staff of the Saco Public Schools, I am writing to you in strong support of House Bill 125. Like many school districts across the state, the Saco Schools has experienced a lose of tax base with the passage of HB28, a budget cap (freeze) with HB667, and a lose of 4.5% in both State foundation program payment and budgeting authority following the Special Session last year. Our school district realizes that HB125 will not solve all of the funding problems, but it is a start. HB125 is an opportunity for **all schools** to turn back the recent trend of decreased state funding. We also feel that it is a very fair and equitable funding method that appeals to all school districts equally.

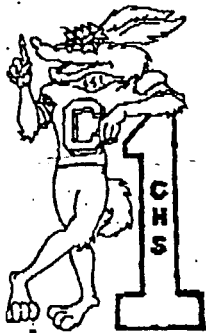
Saco Public Schools is extremely dedicated to the pursuit of academic excellence and providing quality learning opportunities for the students of our district. It has been our effort to secure alternative funding (grants, etc.) to continue to meet the demands of the students, OPI, and State Board of Education in the absence of additional state funding.

The Saco School District would like to urge passage of this school funding bill. Thank you very much for your time and consideration.

Yours in education,

Larry Crowder
Larry Crowder

WE CAN'T HIDE OUR PANTHER PRIDE!



CHESTER PUBLIC SCHOOLS

BOX 550
CHESTER, MONTANA 59522

EXHIBIT H 10
DATE 1-18-95
HB 125

(406) 759-5108
High School

(406) 759-5477
Elementary

(406) 759-5867
FAX

TO: House Education Committee

FROM: Joel Voytoski, Chester School Superintendent *J.V.*

RE: HB 125

DATE: January 16, 1995

I am writing this memo in support of House Bill 125. An automatic inflation factor for the basic entitlement and the per ANB entitlement programs is an idea whose time has come.

State support for Montana Public Schools has been cut by nearly \$50 million in the past two years. General fund per pupil expenditures continue to decline. At the local level, we were forced to cut our high school budget by 5.4% (approximately \$38,000) for the 1994-95 year. Our elementary budget was frozen at 1993-94 levels.

I'm afraid that the perception of some of the members of the legislature is that despite all of the funding cuts the schools in Montana are doing fine. We are not! Our costs continue to rise. For example: we are currently paying a monthly premium of \$573.00 for family health insurance. Our health insurance costs are up more than 60% over the past two years. Basic utilities costs continue to rise. We are to the point of denying instructional supplies to keep the lights and heat on. We have run out of "miracles", there is nothing more to cut!

Except for step and lane increases, our teacher salaries for 1994-95 were frozen at 1993-94 levels. In the four years I have been with the district, our classified staff has yet to receive an annual increase that kept pace with inflation. Staff morale is not good!

Your Montana Schools are not doing fine. Don't wait until the educational opportunity and achievement of our youth declines to do something about it! If you wait much longer, we are all going to be forced with rebuilding an educational system that was once one of the best in the nation. The number of students who will suffer during the "rebuilding process" is frightening.

An annual inflation factor adjustment would be the first step in correcting the vicious cycle. Now that the economy is healthy and there is a budget surplus, do what is right. Continuing to cut education or maintaining current funding levels without an inflationary adjustment (in effect a cut) may be politically appealing, however, it is not right! Don't find out the hard way. Please support HB 125.

Home of the Chester Fighting Coyotes

Office of
Superintendent of Schools

Box 28

Garfield County

Jordan, Montana 59337

Phone 557-6115

EXHIBIT # 11
DATE 1-18-95
B HB 125

January 17, 1995

MREA

P.O. Box 5418

Helena, MT 59604

To Whom it May Concern:

Received your fax today (parttime - not in office on Fridays; Courthouse was closed on Monday). House Bill 125 is our only hope for increased school funding this time around. It is so desperately needed. You certainly have the support of this office. I was able to contact MariBeth Trumbo, clerk of Kester and one board member, Harold Isaac. They are coping with livestock and power outages. However they expressed strong support for HB 125. Wish we could provide more visible support; Garfield County especially needs to be represented. Our small schools are being starved out of existence. Any increase would help. Thank you for your efforts.

Sincerely,

Karla R Christensen

Karla R. Christensen
County Superintendent of Schools
Garfield County

Montana City Elementary School
Penny Koke, Superintendent
Dianne Delaney, Principal
10 McClellan Creek Road
Clancy, Montana 59634
Telephone: 442-6779

EXHIBIT # 12
DATE 1-18-95
B HB 125

January 18, 1995

Honorable Representative Alvin Ellis Jr.
Chairperson of the House Education Committee
State Capitol
Helena, Montana 59620

Honorable Representative Alvin Ellis Jr.:
House Education Committee Members:

The Montana City School District #27, Jefferson County, Montana supports House Bill No.125.

School district annual budgeting has been hampered for a number of years by two major problems: the first problem has been the lack of money available to finance education; the second problem has been the lack of a "system" whereby school districts could plan and anticipate how the budgeting would work for more than one year at a time.

The legislation presented here today in House Bill No. 125 could provide the answer to two major problems school districts face annually.

Adjusting funding for the public school system annually based on an established index or formula would provide the adjustments automatically without unnecessary and prolonged annual debate.

House Bill No. 125 would also provide timely financial information to all districts so that they can plan and budget early in the year. This would allow school districts the ability to share accurate information with voters at the polls each April. This factor alone is very important in reestablishing the trust factor between schools and the electorate, since schools continue to have to rely on the voters for support of the general fund operations of the school.

Communities Learn What They Live:

If a community lives with fairness. They learn justice.

If a community lives with security. They learn to have faith.

Sincerely,


Penny Koke
Superintendent

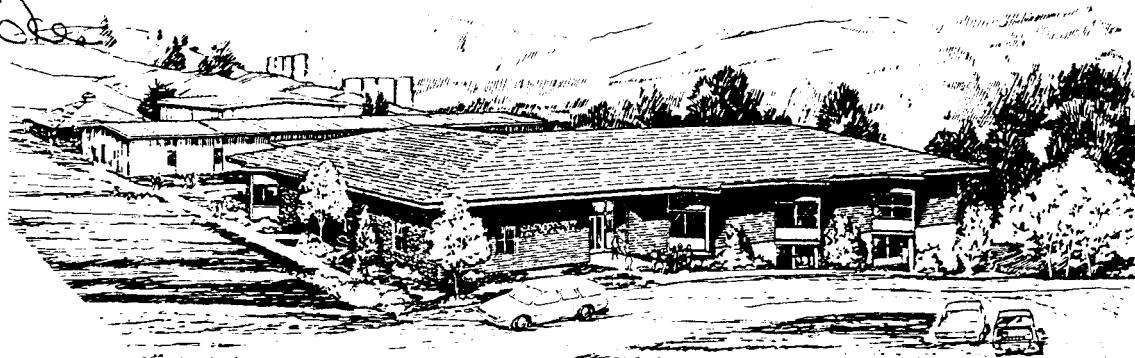


EXHIBIT # 13
DATE 1-18-95
HB 125

January 17, 1995

Representative Sam Kitzenberg
Montana House of Representatives
FAX: 1-900-225-1600

Dear Representative Kitzenberg:

I would like to express my strong support for HB 125, which you have introduced. The indexing of basic and per-ANB entitlements to an annual inflation factor would be one of the most sensible reforms of school finance to come along in years. It would end the current "boom or bust" method of school funding and would create predictability for school district budgets, as well as for the state budget process.

Schools are now operating under a system designed to ensure that spending per pupil in individual school districts will, within a few years, be close enough to meet a legal standard of equity. However, if the state's share of funding does not keep up with inflation, districts will again become dependent on locally voted levies. The success of these levies will, as in the past, vary from district to district, depending primarily on the tax wealth of the district. In a short time, vast disparities between spending per pupil will again become the rule and another round of litigation will begin.

As a school trustee for almost nine years, I can tell you that the yo-yo pattern of state funding and the uncertain success from year to year of voted levies severely hampers the ability of school boards to manage districts in a rational and consistent manner. The current erratic system offers no incentives to plan farther ahead than the next year. In legislative years it is impossible to plan even that far ahead until the last days of the session, when schools finally learn their budgetary fate.

Indexing state funding to inflation will not, of course, mean that schools will be rolling in money. It will simply mean that schools will not fall behind in every year that funding fails to keep pace with inflation. I think that I speak for many school boards when I say that the certainty which this legislation would provide is preferable to an occasional windfall interspersed between years of losses.

I urge you to share my letter with other members of the House Education Committee.

Sincerely,

Tonia Bloom, Trustee
Corvallis School District
P.O. Box 700
Corvallis, MT 59828
(406) 363-3485

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education COMMITTEE DATE 1-18-95
BILL NO. 125 SPONSOR(S) Rep. Kitzenberg

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Harry D. Engh	Belgrade	✓	
Rich Shaffer	Shields Volby	✓	
Jan ERDIE	Roundup Schools	X	
NORM Hagen	Rosebud Schools	✓	
LARRY Crowder	Saco Schools	✓	
Jim Foster	MREA	✓	
RONALD GRIFFIN	GARRISON SCHOOL DIST #20	✓	
TOM BILODEAU	MEA	✓	
RONALD STEGMANN	EAST Helena Schools	✓	
JULES WABER	POWER CO. Supr Schools	✓	
STAN TLINEAU	BROWNING	✓	
Jim BALDWIN	Roy	✓	
John Cheek	Broadview	✓	

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

HR:1993

wp:visbcom.man

CS-14

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education COMMITTEE DATE 1/18/95
BILL NO. 125 SPONSOR(S) Rep Kitzenberg

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Mark Brajcich	Dutton/Power Schools	X	
John M. Aker	M. F. T.	X	
Terry Minow	MTF	X	
Wayne Buchanan	BPE		
Penny Roke	Montana City School	X	
Annette Cade	Montana City School	X	
Duane A. Denny	Columbus Schools	X	
Loran Frazier	S Am	X	
Dura Fulton	MSBA	X	
Lynda Brannon	IISM	X	
Jack Copps	OPI	X	

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HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education COMMITTEE DATE 1-18-95
BILL NO. 125 SPONSOR(S) Rep. Kitzenberg

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
DUANE A. Denny	Columbus Schools	✓	
Guy L. WIGGS	Columbus Schools	✓	
Larry Daskende	GFPs	✓	
Lynda Brannon	MASBO	✓	
RICK RIPLEY	CHOTEAU	✓	
Ken Halverson	Clinton	✓	
Kay JAMES	Clinton Elementary	✓	
DAVID C. Hays	Harlowton Schools	✓	
DON WADSWORTH	MREA	✓	
MARK WESTERBURG	HIVSDALE	✓	
Bob Anderson	MSBA	✓	
Alan Olson	Roundup Schools	✓	
Pete Joseph	MFT	X	

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

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CS-14

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

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Education COMMITTEE DATE 1-18-95
BILL NO. 132 SPONSOR(S) Rep. Menahan

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Jim Baldwin	Roy School	✓	
RECK RIPLEY	CHOTEAU		
Kathy Labiano	OPI		✓
Wayne Buchanan	BPE		
Duane A. Denny	Columbus Schools	✓	
John Malone	M.F.T.	X	
Loran Frazier	SAM	X	

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

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Education COMMITTEE DATE 1-18-95
BILL NO. 120 SPONSOR(S) Rep Shea

PLEASE PRINT

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PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Harry D. Enck	Belgrade	✓	
David Stogmann	East Holens Schools	✓	
Lynda Brannon	MASBO / iism	✓	
Bruce Mackenzie	DAPCO D. D. Davidson		✓
DAVID EWER	Rep. 53	✓	
Mark Bragich	Dutton/Power Schools		
John McAleer	M.F.T.	X	
Terry Miran	MET	X	
Wayne Buchanan	BPE		
Rich Shaffer	Shields Valley	✓	
Annette Cade	Montgomery School		
DON WALDON	MREA	✓	
LORAN FRAZIER	SAW	✓	

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

HR:1993

wp:vissbcom.man

CS-14