

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

#### **JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES**

**Call to Order:** By Royal C. Johnson, on January 20, 1995, at  
8:00 AM

#### **ROLL CALL**

**Members Present:**

Rep. Royal C. Johnson, Chairman (R)  
Sen. Daryl Toews, Vice Chairman (R)  
Rep. Don Holland (R)  
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: None  
Executive Action: Office of Public Instruction -  
Distribution to Public Schools;  
Language Appropriations to HB 2

#### **EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION: DISTRIBUTION TO PUBLIC SCHOOLS**

#### **GENERAL FUND APPROPRIATION**

*{Tape: 1; Side: A; Approx. Counter: 40}*

#### **BUDGET ITEM: Special Education**

Skip Culver, Legislative Fiscal Analyst (LFA), explained that special education contingency funding to school districts is now made by a distribution formula instead of by cost reimbursement. Because of this change, made by the 1993 legislature, the Office

of Public Instruction (OPI) no longer needs to have special education contingency funds as a biennial appropriation. The present law base adjustments show these funds as annual appropriations and are at the same level as the 1995/96 biennium.

OPI has requested an additional \$3.61 million in FY96 and an additional \$5.1 million in FY97 as a biennial appropriation. These requests are not shown in the Executive Budget.

**Curt Nichols, Office of Budget & Program Planning (OBPP)**, said the present law adjustment is actually \$300,000 greater than the 1995/96 expenditures because present law is reinstated to the 1995/96 subcommittee appropriation level. Action beyond the subcommittee had made a .50% reduction across the board for 1995/96.

**SEN. GREG JERGESON** asked if the entire special education budget was a biennial appropriation for FY95/96. **Mr. Culver** explained there were two separate appropriations for special education. An annual appropriation of approximately \$32 million each year, and the biennial appropriation for contingencies of \$2,031 million. For FY96/97 OPI would prefer the two appropriations be rolled together as a single biennial appropriation, although OPI is also comfortable with a single annual appropriation. The \$2,031 million is shown in the total executive budget 1996.

**CHAIRMAN ROYAL JOHNSON** asked what would happen if part of the present law base were cut. **Mr. Nichols** answered that the present law base includes having the contingency fund as a biennial appropriation. If the reinstated \$300,000 were cut, OPI would be taken back to its current operating level for the biennium.

**REP. MIKE KADAS** asked what the budgets would be for 1996 and 1997 if the 1994/95 biennium levels were maintained but appropriated annually. **Mr. Culver** answered \$33,738,370 each year, which includes the reinstated \$300,000.

**REP. KADAS** asked why OPI prefers a biennial appropriation to an annual appropriation. **Robert Runkel, Director, Special Education, OPI**, explained that a biennial appropriation allows OPI to manage its funds to address rising costs in the second year of the biennium. Also federal block grants fluctuate in the timing of its needs for state fund matches. OPI prefers a biennial appropriation, but it is not a "drop dead" issue.

*{Tape: 1; Side: A; Approx. Counter: 504}*

**Motion:** **REP. KADAS** moved to approve the Executive for \$1,448,126 in FY96 and (\$583,037) in FY97 for special education.

**Discussion:** **SEN. ARNIE MOHL** asked why the (\$583,037) in FY97 isn't 1/2 of the \$2,031,000 for contingency funds. **Mr. Nichols** explained that it is because the contingency funds are not spent exactly 50:50 in each year and because of the reinstatement of

the \$300,000. The \$300,000 is reinstating the .50% reductions of all general fund appropriations made in the 1993 session.

**SEN. JERGESON** said he is not satisfied about the effectiveness of the Managing Montana Resources (MRM) program and wants to know why the \$123,000 is being transferred to MRM when it could stay in the special education distribution for public education.

**Mr. Runkel** explained that the \$123,000 is Medicaid match funds used to educate children in out-of-state treatment programs. A Medicaid regulation change two years ago no longer allows schools to pay the education costs of residential programs. This transfer to MRM meets regulations for the appropriate agency to make these education payments.

*{The vote is not on tape - tape side was being changed}*

**Vote:** Motion **CARRIED** unanimously.

*{Tape: 1; Side: B; Approx. Counter: 1; Comments: Introduction to subject by Chairman Johnson not recorded.}*

#### **BUDGET ITEM: New Proposal - Special Education**

**Mr. Runkel** explained that the growth of special education costs has been significant in the past several years, and all of that growth has fallen to the school districts. The new proposal for \$3.61 million in FY96 and \$5.1 million in FY97 will hold school districts to their current contribution levels of about \$15.2 million each year. This funding is being requested from the general fund.

**SEN. DARYL TOEWS** asked how aggressively the federal government is being pursued to change special education standards. **Mr. Runkel** answered that the reauthorization of special education standards is occurring this year and there are groups throughout Montana contacting the federal government with suggestions for changes, an example is the Montana School Board Association. OPI has not attempted to organize any grass roots efforts for input to the federal government, but is providing input through proper channels for the agency.

**CHAIRMAN JOHNSON** asked if the reinstatement of the \$300,000 will help offset some of the local school district costs. **Mr. Runkel** answered that it would.

**REP. KADAS** asked **SEN. TOEWS** what problems concerned him at the federal level. **SEN. TOEWS** answered that he was very concerned about the strong move towards "inclusion" which put very disruptive children into a classroom. **SEN. TOEWS** is not referring to children who need extra assistance from a teacher, but rather to children whose behavior is so disruptive that it stops the teaching process and disrupts the education of the other students. The increased costs in special education are in

part driven by this push to include all children in the regular classroom.

**CHAIRMAN JOHNSON** commented that the Community Impact Funds are meant to address this type of very disruptive child.

**SEN. MOHL** said that he is not ready to vote on these new proposals.

No motion was made.

*{Tape: 1; Side: B; Approx. Counter: 377}*

**BUDGET ITEM: Transportation**

**Mr. Culver** said the transportation budget increase is in general funds. There is no increase in state special revenue.

**REP. KADAS** commented that these payments are statutorily mandated. If the budget is not approved OPI will have to request supplemental funding from the state.

**Motion/Vote:** **SEN. TOEWS** moved to approve the Executive for \$467,761 in FY96 and \$567,761 in FY97 for transportation from the general fund; and to approve (\$5,896) each year of the biennium for transportation from state special revenue. Motion **CARRIED** unanimously.

*{Tape: 1; Side: B; Approx. Counter: 540; Comments: Continue on Tape 2; Side A}*

**BUDGET ITEM: Transportation Supplemental**

**Mr. Nichols** said that based on actual for FY94, these budget numbers may be overstated by as much as \$250,000 per year. After a final calculation in March there may be a reduction in this item and the subcommittee may be asked to reconsider.

**Kathy Fabiano, Centralized Services Administrator, OPI**, agrees that the subcommittee may need to reconsider this item after the March report, but indications are the numbers will rise. Potential claims have increased and OPI may have to pay the maximum obligation for the first time.

**SEN. JERGESON** asked how increased costs would be paid if OPI was not given additional funding. **Ms. Fabiano** said the school districts would have to cover the costs.

**SEN. JERGESON** commented that it is a state mandate that schools must provide transportation. The state has a formula for reimbursement and if it does not honor that formula transportation becomes, in part, an unfunded state mandate to the school districts.

**SEN. TOEWS** asked why an increase is anticipated for the next biennium. **Ms. Fabiano** answered that 45 new routes are being added and growth is anticipated at 3.6% from 1994/95.

**Motion/Vote:** **SEN. JERGESON** moved to approve the supplemental of \$1,720,000 for transportation. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 28}*

**BUDGET ITEM: School Funds**

**Mr. Culver** said that state foods program requires a 30% state match.

**REP. DON HOLLAND** asked what would happen if we reduced this funding. **Gail Gray, Assistant Superintendent, OPI**, said that less state funding would reduce the funding from the federal government.

**SEN. JERGESON** asked where cuts in the program would be made if not funded at the requested level. **Ms. Gray** responded that probably it would be a proportional decrease to all schools.

**Motion/Vote:** **REP. KADAS** moved to approve the Executive for \$33,999 in FY96 and \$35,541 in FY97. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 134}*

**BUDGET ITEM: Gifted & Talented**

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive for \$155,857 for FY96 and (\$144,143) for FY97 for gifted & talented. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 172}*

**BUDGET ITEM: Secondary Vocational-Education**

**CHAIRMAN JOHNSON** asked if there are any cuts in this item. **Mr. Culver** answered there are not.

**REP. KADAS** asked what the split was between equipment and salaries. **Ms. Gail** said she did not know an exact split, that is left up to each school. The large majority of the money is spent on equipment, with some extended salaries in vocational agriculture and a small amount of supplemental costs in the school vocational-education (vo-ed) clubs.

**REP. KADAS** asked how funds were allocated to each school. **Ms. Gray** answered that primarily it is based on the number of

students in vo-ed programs, but other factors include low income students and adult education programs.

**CHAIRMAN JOHNSON** asked what vacancy savings are attributed to vo-ed. **Ms. Gray** said that four of the five vo-ed staff members would be eligible for retirement this year if the retirement incentive bill passes. If they all retire that will require a large amount of pay-out costs and the positions will be left over for a considerable length of time to cover these costs. If OPI had to apply other vacancy savings to vo-ed, it would cut considerably into program provision.

**CHAIRMAN JOHNSON** asked if program support cut at OPI would be picked up at the school level. **Ms. Gray** answered that some programs would be untouched, such as Carl Perkins monitoring, but technical support and support to vo-ed clubs may be very curtailed and probably could not be provided at the local level. 1996 is the transition year if all potential retirements happen. When new staff is hired they will have lower salaries and the funding straits of vo-ed will be greatly relieved.

**REP. HOLLAND** asked if extended contracts could be cut back. **Ms. Gray** said that these contracts are primarily in vocational agriculture for teachers who work year-round with students on crop and livestock projects. If the teachers were not available year-round, many of these projects could not be done.

**SEN. JERGESON** commented that this item is a direct distribution to schools and is very valuable.

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive for \$648,297 in FY96 and (\$651,703) in FY97. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 605}*

**BUDGET ITEM: Adult Basic Education**

**Motion/Vote:** **SEN. MOHL** moved to approve the Executive for \$1,250 each year of the biennium for adult basic education. Motion **CARRIED** unanimously.

*{Tape: 2; Side: A; Approx. Counter: 639}*

**BUDGET ITEM: In-State Treatment**

**REP. HOLLAND** asked if there is an overlap with MRM in special education and in-state treatment. **Mr. Culver** explained that special education funds go directly to school districts while in-state treatment funds go to the in-patient centers to provide education for the patient. **Mr. Runkel** said that the \$123,000

from special education for MRM is for out-of-state services and the in-patient treatment funds are for in-state services.

**REP. KADAS** explained that this budget was looked at very closely last biennium because it seemed that costs were growing out of control. Now there is a sense that MRM is out of control. He asked in what ways can growth in expenditures be controlled. **Mr. Runkel** said that he believes some costs have been reduced, but children identified as severely emotionally disturbed have increased 55% since 1985. Some of the in-state treatment money is used for children who have moved from out-of-state facilities because of the changes made in the 1993 session.

**Motion/Vote:** **REP. KADAS** moved to approve the Executive for \$1,414,894 in FY96 and (\$534,898) in FY97 for in-state treatment. Motion **CARRIED** unanimously.

#### **STATE SPECIAL REVENUE**

*{Tape: 2; Side: A; Approx. Counter: 930; Comments: Continue on Tape 2; Side B}*

#### **BUDGET ITEM: SIMMS PROJECT**

**Motion:** **SEN. TOEWS** moved to approve the Executive for \$321 each year of the biennium for the SIMMS project.

**Discussion:** **CHAIRMAN JOHNSON** asked what funding sources were there for SIMMS aside from the National Science Foundation. **Ms. Gray** answered there is no additional state money, and a small amount of funding and in-kind gifts from private companies. **CHAIRMAN JOHNSON** confirmed with **Ms. Gray** that the state funding is from the general fund.

**REP. HOLLAND** asked if HB 652 terminates funding at the end of 1997. **Mr. Culver** said this appropriation has been moved into HB 2 to continue and this will be the last payment.

**CHAIRMAN JOHNSON** commented that while he does not object to this program, it has taken \$500,000 from the general fund moneys at a time when vo-ed is being hurt. The SIMMS program may or may not be effective and beneficial, while vo-ed is proven effective and beneficial. **CHAIRMAN JOHNSON** is concerned about the wisdom of funding these kinds of experimental programs when proven programs are hurting financially.

**Vote:** Motion **CARRIED** unanimously.

**FEDERAL SPECIAL REVENUE**

*{Tape: 2; Side: B; Approx. Counter: 120}*

**Mr. Culver** explained that these federal special revenue funds are not new funds, but because of a change in federal accounting systems must now be appropriated by the legislature.

**SEN. TOEWS** asked what the McKinney Homeless Act provides. **Ms. Gray** said it provides education, primarily in the form of tutors, for homeless children living in shelters. This is not a distribution program, shelters must make application for funds. Some of the shelters that have made application are in Billings, Helena, Kalispell and Missoula.

**CHAIRMAN JOHNSON** asked if these federal special revenues now increase OPI's school district budget by \$52,827,520 since this is the first time they have been appropriated. **Mr. Culver** explained that these are first time appropriations in HB 2 but for presentation purposes they have been reflected as if they have been appropriated.

*{Tape: 2; Side: B; Approx. Counter: 510}*

**BUDGET ITEM: Individual Disabilities Education Act; Adult Basic Education; Job Training Partnership Act; Vocational Education; Chapter I; Voed Serve America; Foreign Language; School District Grants**

**Motion/Vote:** **SEN. JERGESON** moved to approve the Executive for \$1,756,583 in FY96 and (\$674,817) in FY97 for Individual Disabilities Education Act; \$510,975 in FY96 and (\$854,025) in FY97 for Adult Basic Education; \$638,972 in FY96 and (\$378,228) in FY97 for Job Training Partnership Act; \$3,186,461 in FY96 and (\$2,836,064) in FY97 for Vocational Education; \$1,780,225 in FY96 and (\$514,775) for Chapter I; (\$4,454) for each year of the biennium for Voed Serve America; \$108,000 in FY96 for Foreign Language; and \$52,827,520 in FY96 and \$55,315,515 in FY97 for School District Grants. Motion **CARRIED** unanimously.

*{Tape: 2; Side: B; Approx. Counter: 517}*

**BUDGET ITEM: McKinney Homeless**

**SEN. TOEWS** commented that although McKinney Homeless is a small amount of money, it distracts from the purposes of OPI. **SEN. TOEWS** is not sure that OPI is the appropriate agency to be handling this type of funding.

**REP. KADAS** asked how much of the funding goes to local schools. **Ms. Gray** answered that none of it goes to schools, it goes to shelters.



**Motion:** REP. KADAS moved to approve the Executive for \$132,000 in FY96 for McKinney Homeless.

**Discussion:** REP. KADAS said that this funding gives real dollars to communities that have significant transient populations. This small investment will provide a large return if it helps children stay out of trouble down the line.

**Vote:** Motion FAILED 3-3.

**EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION**

**NEW PROPOSALS: DISTRIBUTION TO PUBLIC SCHOOLS**

*{Tape: 2; Side: B; Approx. Counter: 705}*

**BUDGET ITEM: Goals 2000=Educate America**

Mr. Culver said the administration portion of Goals 2000 has already been approved.

SEN. TOEWS expressed concern that this program was a mandate to schools and is tied in with the guns-to-school expulsion mandate. Ms. Gray said that Goals 2000 is completely voluntary. In fact there is not enough funding for all schools to participate. The Improving America's Schools Act includes the guns-to-school expulsion mandate that requires states have a law requiring one-year expulsion for any student bringing a gun through school. That law is being considered this session. This mandate is not tied in with Goals 2000.

CHAIRMAN JOHNSON asked how many new FTE's this program uses. Ms. Gray answered there are two FTE's. One is a rified vo-ed staff person who transferred to Goals 2000.

CHAIRMAN JOHNSON asked how long Goals 2000 will be funded at the federal level. Ms. Gray answered it will continue through the next biennium

*{Tape: 3; Side: A}*

SEN. MOHL asked if OPI has a full funding commitment thorough 1997. Ms. Gray answered that they do have the commitment, but not the specific funding amount. This request is an educated estimate.

**Motion/Vote:** REP. KADAS moved to approve the Executive for \$2,603,988 for FY96 and \$3,327,319 for FY97 for Goals 2000=Education America. Motion CARRIED unanimously.

{Tape: 3; Side: A; Approx. Counter: 57}

**BUDGET ITEM: Arts & English Curriculum Framework**

**Mr. Culver** reminded the subcommittee that OPI will be getting \$180,000 each year of the biennium from federal funds, rather than the \$124,000 proposed.

**Motion:** **REP. KADAS** moved to approve \$180,000 each year of the biennium for Arts & English Curriculum Framework.

**Discussion:** **CHAIRMAN JOHNSON** asked what would happen if this were not approved and what success the program has had to date. **Ms. Gray** said there would be no program if not approved. The program has just finished its curriculum development stage and will be implemented in schools this year. Through a grant application process there will be five schools chosen as model school and an additional 15 schools chosen for lesser assistance. 197 people attended a recent informational meeting. \$180,000 was spent in the first year for curriculum development on 25 consultants salaries, printing and a half-time secretary. No state funds were spent.

**SEN. MOHL** asked where the first years funds were approved. **Ms. Gray** answered approval was from the Interim Finance Committee.

**Vote:** Motion **CARRIED** unanimously.

**EXECUTIVE ACTION ON LANGUAGE APPROPRIATIONS**

{Tape: 3; Side: A; Approx. Counter: 248}

**Mr. Culver** explained that these language issues are for HB 2. **EXHIBIT 1**

{Tape: 3; Side: A; Approx. Counter: 266}

**MONTANA SCHOOL FOR THE DEAF AND BLIND**

**Mr. Culver** explained that the Montana School for the Deaf & Blind (MSDB) will periodically lease out their gymnasium and pool to local organizations. MSDB gets approximately \$5,000 annually from these rentals. This language was first incorporated in the 1993 session.

**Motion:** **REP. KADAS** moved to approve the language appropriation for the Montana School for the Deaf & Blind. **EXHIBIT 1**

**Discussion:** **SEN. MOHL** asked if this is a normal language appropriation for many departments. **Ms. Culver** answered that to his knowledge this is unique to MSDB.

**SEN. MOHL** asked how these funds are tracked and how would they be addressed if they become a large revenue maker. **Mr. Culver** answered that the funds are turned over to the state special revenue fund then MSDB requests from that fund. If the revenue became very large this language could be removed from HB 2 and reconsidered.

**SEN. MOHL** asked if this would be effected by SB83 which is looking at de-earmarking some funds. **Mr. Culver** answered it is not effected by SB83.

**Vote:** Motion **CARRIED** unanimously.

*{Tape: 3; Side: A; Approx. Counter: 427}*

**OFFICE OF PUBLIC INSTRUCTION ADMINISTRATION PROGRAM**

**Mr. Culver** explained that the exact amount of funds available in the state traffic education account is not known because of fluctuations in traffic fines. The account generally has about \$800,000 annually.

**CHAIRMAN JOHNSON** asked if OPI gets all of the money in the account. **Ms. Gray** explained that all of this money is distributed to schools, since the 1993 session took half of this account and put it back in the general fund.

**REP. KADAS** said that SB83 will de-earmark this account. **Ms. Fabiano** said that approximately \$500,000 of the account, the amount from traffic fines, will be de-earmarked. The driver's license portion will still go to the account. If this language is not approved, OPI will not be able to access the account.

**Motion:** **REP. KADAS** moved to approve the language appropriation for OPI state traffic education account. **EXHIBIT 1**

**Discussion:** **CHAIRMAN JOHNSON** asked how driver's education in schools have been effected by the decrease in the account. **Gregg Groepper, Assistant Superintendent, OPI**, explained that the schools have not felt the decrease yet because they operate a year behind in getting funding from this account. The school year beginning July 1995 will be the first year this is felt at the school level. It is anticipated that schools will implement fees for driver's ed classes or increase fees if they are already charging. OPI has not yet heard negative reactions from schools or parents, but may when the changes go into effect for this next school year. This language continues the level of \$800,000 in the account, but de-earmarking may take the account down as low as \$250,000.

**Vote:** Motion **CARRIED** unanimously.

{Tape: 3; Side: A; Approx. Counter: 790}

OFFICE OF PUBLIC INSTRUCTION REQUESTED BY OPI

**Ms. Fabiano** explained that this language upholds the intent of HB 667 for auditors to be independent of the agency they audit.

**SEN. JERGESON** explained that while there is some debate about this issue, the legislative audit committee did go along with the independence standard for audits. It needs to be understood that adoption of this language does not complete the issue. If audit bids are in excess of the audit line item a contingency appropriation will have to be made. This happened last biennium and a contingency of \$40,000 was approved. The audit line item is based on the cost of the audit using internal auditors. If this language is adopted a contingency will also need to be adopted. **SEN. JERGESON** said that the way the legislative auditor maintains independence is by not having the auditors who work on the agency budget also work on the agency audit.

{Tape: 3; Side: B}

**REP. KADAS** commented that to an extent the legislative auditor is not independent since the supervisors oversee both budgeting and auditing functions. **REP. KADAS** does agree that eventually this audit will need to go back to the legislative auditor's office, but another cycle of independence is probably still important to put some distance from the legislative session.

**Mr. Groepper** said that OPI believes the line item is adequate, and will absorb any costs above the line item. If a contingency is made it should be in the Legislative Auditor's Office, not OPI.

**SEN. TOEWS** said that if the audit will go back to the legislative auditor at some point, he is satisfied it can be done now.

**Motion/Vote:** **REP. KADAS** moved to approve the language requested by OPI with the addition of "Any audit cost over line-item appropriated cost will be absorbed by OPI." Motion **CARRIED** 5-1 with **SEN. TOEWS** voting no. **EXHIBIT 1**

{Tape: 3; Side: B; Approx. Counter: 217}

OFFICE OF PUBLIC INSTRUCTION DISTRIBUTION TO SCHOOLS PROGRAM

**Mr. Runkel** explained that because of the changes made in the last biennium in residential and in-patient psychiatric hospital programs, many children came back into the school system. The language will allow money no longer used in the residential programs to be used for day-treatment services for these children. The language allows the same authority as the last biennium.

**Motion/Vote:** SEN. JERGESON moved to approve the language for distribution to schools program. Motion **CARRIED** 5-0 with CHAIRMAN JOHNSON not voting. **EXHIBIT 1**

**EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION**  
**OTHER BUSINESS**

*{Tape: 3; Side: B; Approx. Counter: 333}*

**SCHOOL DISTRICT GRANTS**

Mr. Culver reminded the subcommittee that OPI has asked for the School District Grants to be a biennial appropriation. The action of the subcommittee made it an annual appropriation.

Ms. Fabiano explained that the request for biennial funding is for accounting simplicity since many of the federal grants are on a 27 month cycle. If the entire allocation can be done in the first year of the grant cycle, it does not have to be redone in the second year. This is not a change from how the funds have been allocated in the past. Because this is the first year these funds have required legislative appropriations there also needs to be approval for the biennial appropriation.

CHAIRMAN JOHNSON asked on what timing basis school districts receive these funds, i.e. monthly, annually, etc. Ms. Fabiano responded that it is generally a per day basis, since neither OPI or the school districts are allowed to collect interest on these funds. An electronic transfer is authorized from the federal funds as needed, generally immediately before payroll checks are distributed. Schools rarely have these funds for more than five days, although they are allowed to have them for a maximum of 30 days. If any interest is made on these funds, schools are required to return the interest to the federal government.

**Motion/Vote:** REP. KADAS moved to approve as a biennial appropriation the school district grants. Motion **CARRIED** unanimously.

*{Tape: 3; Side: B; Approx. Counter: 600}*

**OTHER DISCUSSION**

SEN. MOHL commented that he wanted to assure the level of funding for vocational education (vo-ed) is maintained in the next biennium. He asked what effect a line-item appropriation for Vo-Ed would have. Mr. Groepper responded that because of the potential retirements in vo-ed OPI will not really be able to take vacancy savings from this program.

Mr. Culver said because FTE's are not set by the legislature, he will find out if it is possible to line-item the budget to insure

the level of staff. **REP. KADAS** commented that the "boiler plate" issue is that none of the personal savings from vo-ed should be used to offset other OPI vacancy savings.

*{Tape: 3; Side: B; Approx. Counter: 964; Comments: Continue on Tape 4, Side A}*

**REP. KADAS** commented that the appropriation for the foundation program probably needs to be done in HB 2 and in the OPI budget. **Mr. Nichols** agreed and commented that there could be changes determined by the passage of SB83 concerning de-earmarking some funds. He will bring a recommendation for that appropriation to the sub-committee.

*{Tape: 4; Side: A; Approx. Counter: 90}*

**Motion:** **SEN. TOEWS** moved to cut \$1,000,000 General Fund per year of the biennium from the operating expenses of the Office of Public Instruction with the areas of reduction to be determined by OPI.

**Discussion:** **SEN. TOEWS** commented that some operating budget can be accessed from federal funds and he is concerned that the 4.5% cut taken by the school districts during the last special session was not applied to OPI.

**SEN. JERGESON** commented that OPI's operating expenses are not totally General Fund, it is a mix between General Fund, federal funds and State Special Revenue.

**SEN. TOEWS** said that because the areas to be cut are left up to OPI, they can distinguish between the different funding sources. Since for the most part OPI's programs are discretionary OPI will be able to determine in which federal funded programs they need if they need General Fund for administrative support.

**REP. KADAS** commented that when the school districts took the 4.5% cut, OPI took cuts of their own. **Mr. Groepper** confirmed that in the last special session OPI took a 6% reduction in the administrative budget and lost 9 FTE. **Mr. Groepper** commented that a better way to address this issue would be to cut federal funds since in most instances federal funds can not be used to supplant General Fund.

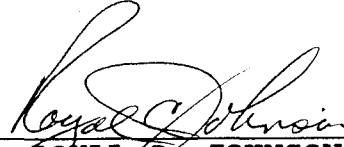
**SEN. TOEWS** said he was "hard pressed to believe" that OPI has the minimal amount of federal funds it needs to operate.

**CHAIRMAN JOHNSON** asked OPI to provide the sub-committee with a breakdown of recent reductions OPI has taken and of where federal funds are shown in the operating budget.

**Motion Withdrawn:** By **SEN. TOEWS**.

**ADJOURNMENT**

**Adjournment:** This meeting adjourned at 11:45 AM



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ROYAL C. JOHNSON, CHAIRMAN



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PAULA CLAWSON, SECRETARY

RJC/pc

[THIS MEETING IS RECORDED ON FOUR 60-MINUTE TAPES]

## EDUCATION

### Joint Appropriations Subcommittee

ROLL CALL

DATE 20 Jan 1995

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



EDUCATION SUBCOMMITTEE EXECUTIVE ACTION

JANUARY 20, 1995

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PROPOSED LANGUAGE FOR THE MONTANA SCHOOL FOR THE DEAF  
& BLIND.

"All revenue received from the rental use of the MSDB facilities and deposited into the state special revenue account is appropriated for use by MSDB."

PROPOSED LANGUAGE FOR THE OFFICE OF PUBLIC INSTRUCTION

ADMINISTRATION PROGRAM

"All revenue received in the state traffic education account under the provisions of 20-7-504 and 61-65-5-121 is appropriated as provided in Title 20, chapter 7, part 5."

REQUESTED BY OPI:

"The legislative audit committee, in accordance with its constitutional authority to supervise legislative postaudits, shall ensure the independence of the audit of the office of the superintendent of public instruction conducted pursuant to Title 5, chapter 13, during the 1996-97 biennium. It is the intent of the legislature that the biennial financial compliance audit for the 2 fiscal years ending June 30, 1996 be contracted. To the extent that the legislative audit committee contracts with a private firm to conduct a portion of the audit or the entire audit, including audit work required to complete the statewide audit and the federal single audit, the total costs of all audit work during the biennium must be paid first from the line item appropriation to the office of the superintendent of public instruction for audit costs."

DISTRIBUTION TO SCHOOLS PROGRAM

REQUESTED BY OPI

"The Office of Public Instruction may distribute the amounts required from the appropriation for "in-state treatment" to public schools for the purpose of providing education costs in day-treatment services."

HOUSE OF REPRESENTATIVES  
VISITORS REGISTER

Education

SUB-COMMITTEE

DATE Jan 20, 1994

BILL NO. 2

SPONSOR(S) Exec Action - OPI

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
<u>Pete Joseph</u>	<u>MFT</u>		
<u>Ant. J. J.</u>	<u>OPD</u>		
<u>Robert Runkel</u>	<u>OPI</u>		

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

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