

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By VICE CHAIRMAN CASEY EMERSON in the absence of CHAIRMAN DARYL TOEWS, on February 3, 1997, at 3:23 p.m., in Room 402.

ROLL CALL

Members Present:

Sen. Daryl Toews, Chairman (R)
Sen. C.A. Casey Emerson, Vice Chairman (R)
Sen. Debbie Bowman Shea (D)
Sen. Steve Doherty (D)
Sen. Delwyn Gage (R)
Sen. Wm. E. "Bill" Glaser (R)
Sen. John R. Hertel (R)
Sen. Loren Jenkins (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None

Staff Present: Eddy McClure, Legislative Services Division
Janice Soft, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 235, SB 240; Posted
01/28/97
Executive Action: SB 165

HEARING ON SB 235

Sponsor: SEN. JOHN HERTEL, SD 47, Moore

Proponents: Linda Brannon, Montana Association of School
Business Officials
Stacey Vestal, Clerk, Lewistown Public Schools
Mike Crimmins, Lewistown School District #1
Don Waldron, Montana Rural Education Association
Loran Frazier, School Administrators of Montana
(sent oral testimony with Don Waldron)

Opponents: None.

Opening Statement by Sponsor:

SEN. JOHN HERTEL, SD 47, Moore, said SB 235 eliminated the preliminary budget, thus simplifying government, because the preliminary budget was no longer necessary. He referred to MCA sections 20-9-113 & 20-9-114, explaining the requirements and deadline dates of the preliminary budget. **SEN. HERTEL** stated the preliminary budget was a complete estimation because it would not be known how much revenue would be generated from property taxes until at least July 10, or later; therefore, it seemed to be more sensible to complete the budgets after that date. He suggested accurate budgets could then be made, which in turn could be reviewed by the public.

Proponents' Testimony:

Linda Brannon, Montana Association of School Business Officials (MASBO), distributed and later explained the copies of suggested amendments (**EXHIBIT 1**), explaining the purpose of SB 235 was to eliminate preliminary budgets which had a purpose many years ago but not today. **Ms. Brannon** remarked SB 235 removed the needless shuffling of preliminary information from county superintendents to the district back to the county superintendents because of the law which said the preliminary budget must be adopted, even though the revenue figures and taxable value were only estimates. She informed the Committee the final budget was the one that counted. She said the new school funding systems put in place by past legislatures and computerized district reporting to OPI, much of the information previously provided by the county superintendent was preprogrammed into MAEFAIRS, the OPI computerized system. **Ms. Brannon** reminded the Committee SB 235 did not remove voter privileges, nor did it undermine the process. She said Montana School Boards Association (MSBA) asked her to inform the Committee of their support of SB 235. She called attention to the fiscal note, saying there was no cost to the state but there was a savings at the local level. She asked the Committee for a DO PASS for SB 235.

Stacey Vestal, Lewistown Public Schools, said when she was working through the 1996-97 preliminary budget, it occurred to her how useless the process was because it never went any further than the county superintendent and eliminating it would still give the taxpayers ample time to examine the final budget. **Ms. Vestal** urged support for SB 235.

Shirley Barrick, Fergus County Superintendent of Schools, sent her written testimony with **Stacey Vestal.** (**EXHIBIT 2**)

Mike Crimmins, Trustee for Lewistown School District #1, expressed support for SB 235 because he did not feel the preliminary budget was a valid document, explaining the advent of computerized systems changed the creation of information. He said he hated to see district clerks or business managers spend so much time on something which was not very valuable.

Don Waldron, Montana Rural Education Association (MREA), said he was also speaking for **Loran Frazier, School Administrators of Montana (SAM)**, when he expressed support for SB 235. He explained the school budget was the spending budget and the preparation of it, which began in February. However, the trouble was in June when the revenues could only be estimated for the preliminary budget. **Mr. Waldron** felt the public could still be served and guesswork decreased by the elimination of the preliminary budget.

Opponents' Testimony: None.

{Tape: 1; Side: A; Approx. Time Count: 3:40 p.m.}

Questions From Committee Members and Responses:

SEN. DELWYN GAGE asked if the stricken language was to be reinserted because some employees were not under Teachers Retirement. **Linda Brannon** agreed, explaining the county superintendents needed the lists of employees for their own records.

SEN. GAGE referred to Page 3, Subsection (3), and asked why the county treasurer could not send the figures to the district with a copy to the county superintendent. **Ms. Brannon** said it might be possible.

SEN. LOREN JENKINS referred to Section 13 and commented the revenue should be in before the budget expenditures were figured so perhaps the language should not be changed. **Linda Brannon** said after the adoption of the budget, the transportation contracts were completed by the school district who sent them to the county superintendent who completed the on-schedule and over-schedule amounts, and returned the contracts to the school district. **SEN. JENKINS** asked if part of the reason for eliminating the preliminary budget was because revenues were not known; therefore, would it not be wise to know the revenues before coming up with the final budget the first part of August. **Stacey Vestal** said revenue for the Transportation Fund came from county money, state money, trustee-imposed levy and cash reappropriated, explaining state and county monies were based on individual transportation contracts while bus route miles were reimbursed at a different rate; however, both amounts plus projections needed to cover expenses made up the Transportation budget. She said the trustees could then vote a one-half mill or one mill levy or reappropriate the cash balance to make up the difference. **Ms. Vestal** informed the Committee she did not see any revenues until at least the first of February, or a semester behind the incurred expense.

SEN. JENKINS asked if the figures were needed to make the final budget and **Stacey Vestal** said they were available by then.

SEN. DARYL TOEWS asked what budget information would be available before a mill levy vote. Linda Brannon said many schools delayed mill levies until they knew what the legislature decided during the session. SEN. TOEWS commented the preliminary budget gave the public an idea as to the reason for the mill levy and wondered what would be used if SB 235 passed. Ms. Brannon said the law was in place which said the school district had to give notice of percentage of tax increase.

SEN. BARRY "SPOOK" STANG asked if the preliminary budget gave the public one more chance before the final budget. Linda Brannon said all school board meetings were open to the public. SEN. STANG countered if he wanted to discuss the budget with his school board member the night before the final budget meeting, would not the preliminary budget supply the information for discussion. Ms. Brannon said the same notifications and opportunities would be available to the taxpayers to address and look at the school district budget, except now the numbers should be quite accurate.

SEN. GAGE asked the earliest date budget information would be available to an interested taxpayer. Stacey Vestal said, "Today." SEN. GAGE asked if the public would notice preliminary budgets would no longer be required. Ms. Vestal said she hoped so but there were no guarantees. She also addressed SEN. TOEWS' concerns by saying levy elections could be held as late as August 1 so by then the figures could be accurate.

{Tape: 1; Side: A; Approx. Time Count: 3:55 p.m.}

Closing by Sponsor:

SEN. JOHN HERTEL reminded the Committee concerned citizens could still be at the final budget meeting to voice their concerns. He said SB 235 was a good common-sense bill that had no fiscal impact on the state, though there would be a savings at the local level.

VICE CHAIRMAN CASEY EMERSON relinquished the chair to CHAIRMAN DARYL TOEWS who had returned.

HEARING ON SB 240

Sponsor: SEN. THOMAS "TOM" BECK, SD 28, Deer Lodge

Proponents: Meredith Rollins, Kessler School
Don Waldron, Montana Rural Education Association
Phil Campbell, Montana Education Association
Terry Minow, Montana Federation of Teachers
Liz Hirst, Kessler School
Bob Vogel, Helena School District #1
Clifford Roessner, Helena School District #1

Opponents: None.

Opening Statement by Sponsor:

SEN. THOMAS "TOM" BECK, SD 28, Deer Lodge, said SB 240 was an act creating the voluntary consolidation and annexation incentive plan for school districts, adding this incentive plan was taken off the books two years ago. **SEN. BECK** said he opposed forced consolidation but he encouraged voluntary consolidation of school districts because he felt it was a savings to both taxpayers and the state. He said he hoped to reinstate the incentive plan because there was a school in his area which was considering consolidating with a larger district, i.e. the Kessler school district with Helena. He informed the Committee the 300-student Kessler district was financially poor but if they consolidated with Helena, they would get about \$450 per eligible pupil a year, or about \$150,000 per year for three years (according to the fiscal note). However, over the long haul, **SEN. BECK** felt there would be a savings to the state.

Proponents' Testimony:

Meredith Rollins, Kessler Board of Trustees, said the Kessler School, located near the west end of Helena, had been in existence for over 100 years and had always maintained high academic standards. She explained the western part of Helena was seeing unprecedented housing growth, and when approached by the Helena Board of Trustees about new students, Kessler School always had to say they were already at capacity and any new students would seriously affect quality education. **Ms. Rollins** said studies showed a district could expect at least one new student per new home built, and her school district had two options to deal with the growth: (1) Borrow to the limit of their bonding capacity, \$150,000, which would allow about three classrooms; (2) Annex into Helena School District #1. Kessler's total budget was about \$1 Million while Helena's General Fund elementary budget was about \$20 Million; yet, Kessler was required to maintain the same accreditation standards, fulfill the same special ed and gifted requirements, etc., as the Helena district. **Ms. Rollins** said every year Kessler lagged farther and farther behind in the pay scale and availability of services, sometimes having to choose between buying more books or fixing a leaky roof. She stated their enrollment was increasing while Helena's elementary enrollment was declining; therefore, she felt more and more frustration in trying to provide a good education for 300 students while wealthier Helena was providing for 5,400 students. She maintained the entire community needed one efficient, excellent public school system and annexation simply made sense. She reminded the Committee the mood seemed to be toward smaller, more effective government, and annexation would help streamline government and equalize services. She urged support for SB 240 because it would help her small district as well as all Montana students.

Don Waldron, Montana Rural Education Association (MREA), said MREA opposed forced consolidation but felt SB 240 was an effort

to encourage consolidation because it best served the community. He said he supported consolidation when it best served the students and taxpayers. He expressed support for SB 240.

Phil Campbell, Montana Education Association (MEA), said MEA supported SB 240 because it encouraged school districts to get together to make a more efficient district for taxpayers and students.

Terry Minow, Montana Federation of Teachers (MFT), said MFT would like to go on record as favoring SB 240 because it was not forced consolidation. She urged positive consideration.

Liz Hirst, Kessler School, said current statutes gave \$17,190 for each elementary district; after which the ANB money declined based on the idea ten students were more cheaper to educate than one student. However, when the number of student reached 1,000 students, the income became steady.

{Tape: 1; Side: A; Approx. Time Count: 4:10 p.m.}

She said SB 240 would help districts become more efficient to do the best interest for children. She urged support for SB 240.

Bob Vogel, Helena School District #1, said SB 240 enabled districts who wanted to consolidate to voluntarily do so. He said the voters of the Kessler district would have to vote on joining the Helena district while the Helena District would pass a board resolution; hopefully the decision would be made on what was best for the students and the district. **Mr. Vogel** said the decisions would rest heavily on the financial considerations involved, i.e. taxes. He said the Helena district supported SB 240 because the financial barriers would be eased, local control was in place and more state money would go toward the students rather than administration. He stated he was not sure either district would approve of the consolidation but SB 240 would remove the major obstacles. **Mr. Vogel** urged a DO PASS.

Clifford Roessner, Helena School District #1, said he had been working for about a year to try to make the annexation of Kessler a possibility. He said there would be an annual loss of revenue of about \$32,000; however, the money coming to the Helena district through the bonus would go a long way in helping the annexation. He urged the Committee's support.

Opponents' Testimony: None.

Informational Testimony:

Kathy Fabiano, Office of Public Instruction (OPI), referred to the fiscal note, explaining the bonus payment for annexation was to be reinstated into the law, i.e. the bill drafter used the same language as in the old law. She referred to and suggested changes for the following: (1) Section 1, Subsection (4), --

state Equalization Fund should be changed to the state General Fund; (2) Section 1, Subsection (5), -- Transportation Aid Account should be changed to state General Fund; (3) Page 1, Subsection (5) -- Transportation bonus payment should be 50%, instead of 66 2/3%, because the state paid 50% and the county 50% of the on-schedule costs. **Ms. Fabiano** said OPI would like to see that section deleted because it was difficult to determine the intent of the section; or if the Committee wished to leave the section in the bill, it would be better to put in a certain amount per student, as in the General Fund. She reminded the Committee transportation monies were paid to the districts the current year while ANB was paid based on the count of the previous year.

{Tape: 1; Side: B; Approx. Time Count: 4:19 p.m.}

Questions From Committee Members and Responses:

SEN. BARRY "SPOOK" STANG asked why the language was deleted. **Ms. Fabiano** said it was money; when it was deleted, there were still three districts which were receiving the bonus payments.

SEN. DELWYN GAGE asked from where the money would come, especially if more than one district was involved. **Kathy Fabiano** said SB 240 provided for statutory appropriation from the General Fund, which meant it could be increased as needed to make the obligatory payments by going to the Governor's budget office and providing the evidence for the needed increase.

SEN. GAGE asked the size for first, second and third class schools. **Eddye McClure** said she would get the information.

SEN. LOREN JENKINS asked if the Helena School District was large enough to take in 300 more students. **Marion Evenson, Superintendent of Helena Public Schools**, said their intent was to operate the Kessler School District as a neighborhood school, which would make it the 13th elementary school within District #1, while the middle school students would be absorbed into C. R. Anderson Middle School. **Ms. Evenson** said Kessler middle school students currently attend C. R. Anderson but Kessler paid tuition. **SEN. JENKINS** commented things really would not change and **Ms. Evenson** agreed, explaining the support services would be adjusted because Kessler currently had more resources than used in Helena; however, the teaching staff would remain the same. **SEN. JENKINS** wondered about administrative costs and **Ms. Evenson** said currently Kessler was meeting administrative accreditation standards through an alternative standard (1 position + supporting staff to be superintendent & principal) but if annexed, the administrator would be reduced to a principal while the superintendent's functions would go to the Helena district.

SEN. CASEY EMERSON commented because of the population growth, the taxable valuation of the Kessler district should increase, which would be an aid to mill levies. **Ms. Evenson** said the high

school mill levies had been successful the past three years and suggested the change in population made the issue more favorable. **Cliff Roessner** said one mill in the Kessler district brought in about \$3,600, while one mill in the Helena district brought in about \$56,000. He said the loss of revenue would occur because the loss of the child count.

SEN. JENKINS commented the pupil population for the Helena district was going down while it was rising in the Kessler district, and wondered if a population shift to outlying areas was causing it. **Marion Evenson** said it was.

Closing by Sponsor:

SEN. THOMAS "TOM" BECK said if the annexation did not happen, the state would not lose anything; however, over the long haul there would be savings when small school districts got the incentive payments which would be offset by the drop in ANB due to the smaller district becoming part of the larger. He asked the Committee's consideration to at least try the voluntary consolidation, even if a sunset of two years was included. He urged the Committee's serious consideration of SB 240.

{Tape: 1; Side: B; Approx. Time Count: 4;29 p.m.}

EXECUTIVE ACTION ON SB 165

Amendments: **Eddye McClure** explained Amendments SB016501.AEM (EXHIBIT 3), saying some of them came from the Committee (Amendment #10 & #15) but most came from OPI.

SEN. DELWYN GAGE asked if funding would begin the third day if that was when services began. **Eddye McClure** said it would not begin until the 10th day, which came from existing law, federal law, day of student drop-out.

SEN. BILL GLASER asked from where the money would come and was told the General Fund. **SEN. TOEWS** said we would live by the statute and provide the money.

SEN. MIKE SPRAGUE wondered if a youth who was in detention and had missed school for 10 days would be saved by SB 165. **SEN. TOEWS** said SB 165 had nothing to do with helping or saving a youth; rather, it was about the Constitutional requirement to provide equal education.

SEN. GLASER agreed SB 165 covered equal educational opportunity and reminded the Committee the issue was a child.

SEN. MIGNON WATERMAN commented if one of the 13-year-olds who had committed a major crime could be reached, it would be well worth the effort. She said that was why she supported the bill.

Motion/Vote: SEN. MIGNON WATERMAN MOVED DO PASS ON AMENDMENTS SB016501.AEM. Motion CARRIED UNANIMOUSLY 11-0.

Motion: SEN. BARRY "SPOOK" STANG MOVED DO PASS FOR SB 165 AS AMENDED.


Discussion: SEN. GAGE commented in some respects, the student in detention was being paid for twice because the home district was getting ANB and the detention center would also be getting money. SEN. TOEWS said SEN. GAGE was partly right, though it was not as big as one would think. He also said if too big a job was created for OPI, another employee would have to be hired, so it really was better to "take the hit."

SEN. SPRAGUE commented on the inappropriate reading material he had found in the centers and said it was hypocrisy to think a teacher could be sent into the center to obtain different results.

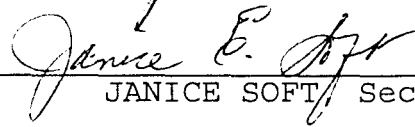
Vote: Motion TO PASS SB 165 AS AMENDED CARRIED 7-4, WITH SEN. MIKE SPRAGUE, SEN. LOREN JENKINS, SEN. DELWYN GAGE AND SEN. CASEY EMERSON voting NO.

ADJOURNMENT

Adjournment: The meeting adjourned at 4:45 p.m.



SEN. DARYL TOEWS, Chairman



JANICE SOFT, Secretary

DT/JS