

MINUTES OF THE MEETING
JOINT SUBCOMMITTEE
ON EDUCATION APPROPRIATIONS
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 6, 1985

Tape 41 Side A

The meeting of the Education Subcommittee was called to order by Chairman Gene Donaldson at 8:05 A.M. on Wednesday, February 8, 1985, in Room 104 of the State Capitol.

All members were present, except Senator Haffey, who joined the meeting later on.

The purpose of the meeting was EXECUTIVE ACTION on the Budget of the Office of Public Instruction (OPI) (EXHIBIT 1).

The first program considered was the Chief State School Officer Program.

Bill Sykes (41:A:040) of the Legislative Fiscal Analyst's office distributed a handout, "OPI - Summary of Federal and State Special Funds and Indirect Costs by Program" (EXHIBIT 2). He explained that the Executive budget funded one FTE at a cost of \$16,130 in FY 86 and \$16,136 in FY 87.

Representative Moore (41:A:050) moved adoption of LFA current level for personal services and operating expenses at \$141,921 for FY 86 and \$133,849 for FY 87. The motion passed 6 - 0.

Turning to the Basic Skills area of the budget (41:A:120), Mr. Sykes explained that a secretarial position was transferred into the program from the indirect cost pool function. The Executive provided General Fund support for the position while the LFA did not. Regarding the big difference between the Executive and LFA in operating expenses and non-operating costs, Mr. Sykes explained that part of the difference is due to inflation. He said the Executive made some base reductions, which were not made by the LFA. The main difference in non-operating costs results from the LFA's charging indirect costs to the audio-visual library.

Representative Hand (41:A:304) moved adoption of LFA current level for personal services at \$886,839 for FY 86 and \$888,967 for FY 87 and operating expenses at \$279,812 for FY 86 and \$293,988 for FY 87. The motion passed unanimously.

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Representative Hand (41:A:371) moved that the additional FTE be funded as a modified and moved into the Basic Skills Program from the indirect cost pool, at \$15,485 for FY 86 and \$15,491 for FY 87.

Discussion of the motion followed.

Chairman Donaldson pointed out that this motion did not involve additional people in the office but has to do with the funding source. Senator Jacobson said she would resist the motion because the office has gotten a lot of computer equipment but has not reduced its clerical staff. Chairman Donaldson said that as much as possible these positions should be shifted into the indirect cost area.

The motion to move the additional FTE into Basic Skills from the indirect cost pool failed 4 - 3.

Discussion of the equipment budget for the Basic Skills Program followed (41:A:470).

Representative Moore (41:A:544) moved adoption of LFA current level for equipment at \$30,640 for FY 86 and \$32,208 for FY 87. The motion passed unanimously.

Representative Moore (41:B:646) moved acceptance of LFA current level non-operating costs at \$33,385 for FY 86 and \$34,802 for FY 87. The motion passed unanimously.

Tape 41 Side B

Representative Moore (41:B:070) moved acceptance of LFA current level funding sources at \$866,222 for FY 86 and \$880,594 for FY 87. The motion passed unanimously.

The Subcommittee next considered the budget for Vocational Education (41:B:111).

Mr. Sykes pointed out that the difference in FTE and personal services results from 4.25 FTE being deleted in the LFA current level analysis as federal vocational education funds decrease by 61 percent from the 1985 biennium. Senator Haffey asked Mr. Sykes if the positions of the curricular specialists would be jeopardized if 20.15 FTE were funded. Mr. Sykes said that the positions would not be jeopardized.

Representative Peck pointed out that basically what was being discussed is a decrease in federal funds that need to be replaced. Mr. Chesbro, Budget Director, OPI, said that as long as there is enough funding to cover 20.15 FTE his primary concern is satisfied. Senator Haffey said his

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concern is whether or not the issue should be considered current level or modified. Chairman Donaldson said he thinks it should be considered current level. Senator Haffey agreed, but said it should be "flagged". Senator Jacobson pointed out that 20.15 FTE is what the agency currently has, less an accounting tech, but when the bottom line figure is reached, it's important that people know that General Fund dollars have been plugged in to replace missing federal funds. Representative Peck stated that if the states continue to pick up the positions that the federal government is dropping there will be serious financial problems.

Representative Hand (41:B:360) moved adoption of LFA current level for personal services and operating expenses with 21.15 FTE.

Discussion of the motion followed.

Senator Jacobson said she thinks it is only fair to the rest of the Appropriations Committee to let them know that federal funding, which has disappeared, is being replaced with state funds.

Senator Haffey (41:B:405) made a substitute motion that the 4.25 FTE be put into the budget. (This removes the accounting tech and leaves the curricular specialists in the budget.) The motion passed 6 - 1, with Representative Peck dissenting.

A discussion of whether the FTE recommendation is current level or modified followed (41:B:460).

Senator Jacobson said the reason for a current level column and a modified column is to clarify what is being shifted to the General Fund.

Senator Jacobson moved adoption of LFA current level personal services for both years of the biennium at 15.90 FTE in each year. The motion passed 4 - 3 with Chairman Donaldson, Representative Moore and Senator Hammond dissenting (41:B:481).

Senator Jacobson (41:B:508) moved that the additional 4.25 FTE be added as modifieds and that appropriate language be used saying that although these are really current level positions, they have been placed in the modified column because the state has to replace missing federal funds. (Specifically, the federal funds are being replaced because of federal funds which were lost under the Carl Perkins Act.

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Discussion of the motion followed. Representative Moore said he feels the Subcommittee is not taking the right approach to the issue. He said current level funding should be accepted first; then the boilerplate language should be added.

The motion that the 4.25 FTE be added as a modified passed 6 - 1 with Representative Moore dissenting.

NOTE: No tape references for remainder of meeting due to malfunction of recorder.

Representative Moore moved adoption of LFA current level for operating expenses at \$141,680 for FY 86 and \$139,107 for FY 87. The motion passed unanimously.

Representative Hand moved acceptance of LFA current level for equipment at \$1,470 for FY 86 and \$2,400 for FY 87. The motion passed unanimously.

Representative Moore moved acceptance of LFA current level for non-operating costs in the amounts of \$62,930 for FY 86 and \$61,119 for FY 87. The motion passed unanimously.

Senator Haffey moved acceptance of LFA current level federal revenue sources. The motion passed unanimously.

The Subcommittee next considered the Administration portion of OPI's budget.

Following discussion, Representative Hand moved adoption of LFA current level for personal services, with one additional FTE, at \$1,269,927 for FY 86 and \$1,271,997 for FY 87. The motion passed unanimously.

Representative Hand moved adoption of LFA current level for operating expenses at \$639,286 for FY 86 and \$623,661 for FY 87. The motion passed unanimously.

Representative Moore moved acceptance of LFA current level for equipment at \$4,687 for FY 86 and \$4,705 for FY 87. The motion passed unanimously.

Representative Moore moved acceptance of LFA current level non-operating costs at \$123,056 for FY 86 and \$133,446 for FY 87.

There was discussion of the motion between the Subcommittee members, Mr. Sykes and Mr. Chesbro.

Representative Moore made a substitute motion that non-operating costs of \$110,986 for FY 86 and \$120,952 for FY 87 be adopted. The motion passed unanimously.

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Senator Haffey moved acceptance of revenue sources in the amounts of \$445,666 for FY 86 and \$443,768 for FY 87. The motion passed unanimously.

A discussion of the Special Services portion of the OPI budget followed.

Representative Hand moved adoption of the LFA current level amounts for personal services, to include one additional FTE, in the amounts of \$775,079 for FY 86 and \$776,357 in FY 87. The motion passed unanimously.

Representative Hand moved acceptance of LFA current level operating expenses in the amounts of \$443,911 for FY 86 and \$407,820 in FY 86. The motion passed unanimously.

Representative Hand moved adoption of the Executive budget amounts for equipment at \$7,250 for each year.

There was a discussion of OPI's equipment needs.

Representative Hand made a substitute motion that LFA current level for equipment be adopted at \$20,396 for FY 86 and \$20,397 for FY 87. The motion passed unanimously.

Representative Hand moved adoption of LFA current level non-operating expenses at \$238,365 for FY 86 and \$226,865 for FY 87. The motion passed unanimously.

Representative Hand moved acceptance of funding sources of \$136,104 for FY 86 and \$136,610 for FY 87. The motion passed unanimously.

The Subcommittee next turned its attention to the modified requests of the Office of Public Instruction.

Mr. Sykes (EXHIBIT 3) discussed Request No. 1 which asks for General Fund replacement of the funds lost due to the reduction of federal funding under the Johnson-O'Malley contracts. There was a general discussion of the request.

The second modified requested is for General Fund money to coordinate and complete on-site standards reviews for 20 percent of the schools in the state each year, Mr. Sykes explained, This money would also fund coordination and completion of on-site standards reviews of 20 percent of the teacher education units of higher education each year. After discussion among the Subcommittee members, Mr. Sykes and Mr. Olson, Office of the Budget and Program Planning, a decision on this request was delayed, pending receipt of additional information.

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The third modified request for General Fund monies to cover costs of proposed Board of Public Education rules to test teachers prior to certification, and all school children in grades 3, 6, 8, and 10 for student achievement was discussed by the Subcommittee.

Representative Hand moved acceptance of the third modified request from OPI for \$50,500 for FY 86 and \$11,500 for FY 87 for testing of teachers prior to certification and achievement testing of students. The motion passed 5 - 0.

The fourth modified request for General Fund monies to upgrade and re-direct the services of the film library, placing more emphasis on distribution of video tapes and video recording as well as satellite replay programming was discussed by the Subcommittee.

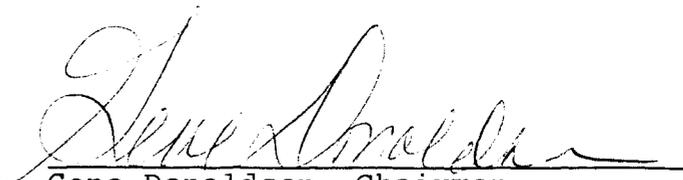
The Subcommittee discussed the fifth modified, which is for General Fund monies to provide assistance to local districts in adapting the use of computers and related technology in various curricular areas.

Senator Hammond said he wants to keep Montana number one in the computer field. Representative Peck said that since the state is already number one, he does not feel the additional funding is necessary. Senator Hammond said schools in the outlying districts are not as far along in the computer areas as those in the larger cities.

Senator Hammond moved acceptance of the fifth modified request which would provide General Fund monies to local school districts to develop computer-related programs at \$98,000 for the biennium. The motion failed 1 - 4.

Regarding the sixth modified request that General Fund monies be provided to replace funding currently provided by federal vocational education funds, it was pointed out by Mr. Sykes that this request was already taken care of by the Subcommittee when it funded the additional 4.25 FTE for the Vocational Education program.

The meeting adjourned at 10:15 A.M.


Gene Donaldson, Chairman

SUBCOMMITTEE ACTION

Agency: Office of Public Instruction

Program: Chief State School Officer

FY 1984 Actual	FTE	Executive		Subcommittee		Fiscal 1986		Fiscal 1987		FY 84-86 % Change
						Current Level		Current Level	Subcommittee	
\$ 72,007	2.0	\$ 87,125	3.0	\$ 72,205	2.0	\$ 87,160	3.0	\$ 72,235	2.0	
71,850		72,982		69,716		62,799		61,614		
\$143,857		\$160,107		\$141,921		\$149,959		\$133,849		
<u>FUNDING</u>										
\$124,934		\$129,832		\$112,797		\$130,064		\$114,724		
18,923		30,275		29,124		19,895		19,125		
\$143,857		\$160,107		\$141,921		\$149,959		\$133,849		

The difference in personal services between the executive and LFA current level results as the executive provided funding for a 1 FTE secretary transferred from the Vocational Education Program.

SUBCOMMITTEE ACTION

Agency: Office of Public Education

Program: Basic Skills

	FY 1984	Fiscal 1986		Fiscal 1987		FY 84-86		
	Actual	Executive	Current Level	Subcommittee	Executive	Current Level	Subcommittee	% Change
FTE	40.00	36.80	35.80		36.80	35.80		
Personal Services	\$ 885,537	\$ 902,068	\$ 886,839		\$ 904,148	\$ 888,967		
Operating Expenses	258,219	235,921	279,812		239,550	293,988		
Equipment	40,231	30,228	27,228/		30,228	27,228		
Total	\$1,183,987	\$1,168,217	\$1,193,879		\$1,173,926	\$1,210,183		
Non-Operating Costs	41,865	21,935	33,385		21,935	34,802		
Total Exp.	\$1,225,852	\$1,190,152	\$1,227,264		\$1,195,861	\$1,244,985		
FUNDING								
General Fund	\$ 869,350	\$ 848,441	\$ 862,810		\$ 853,662	\$ 875,614		
State Special Rev.	211,757	237,000	261,454		237,000	265,371		
Federal Revenue	144,745	104,711	103,000		105,199	104,000		
Total Funding	\$1,225,852	\$1,190,152	\$1,227,264		\$1,195,861	\$1,244,985		

The difference in FTE and personal services between the executive and LFA current level results from the executive providing general fund support for a position that was transferred in from the indirect cost pool function. The difference in indirect costs results from the LFA current level analysis charging indirect costs to the A/V library.

SUBCOMMITTEE ACTION

Agency: Office of Public Instruction

Program: Vocational Education

	FY 1984 Actual	Fiscal 1986		Fiscal 1987		FY 84-86 % Change
		Executive	Subcommittee	Current Level	Subcommittee	
FTE	19.44	19.15	16.90	19.15	16.90	
Personal Services	\$520,878	\$575,852	\$448,734	\$576,895	\$449,402	
Operating Expenses	113,761	129,520	152,988	130,994	147,299	
Equipment	3,183	4,750	470	4,750	470	
Total	\$637,822	\$710,122	\$602,192	\$712,639	\$597,171	
Non-Operating Costs	81,602	90,000	62,930	90,000	61,119	
Total Exp.	\$719,424	\$800,122	\$665,122	\$802,639	\$658,290	
<u>FUNDING</u>						
General Fund	\$320,410	\$324,811	\$340,981	\$325,937	\$343,269	
Federal Revenue	399,014	475,311	324,141	476,702	315,021	
Total Funding	\$719,424	\$800,122	\$665,122	\$802,639	\$658,290	

The difference in FTE and personal services results from 4.25 FTE being deleted in the LFA current level analysis as federal vocational education funds decrease by 61 percent from the 1985 biennium. The amount of general fund requested to supplant a decrease in federal vo-ed funds is \$141,411 in fiscal 1986 and \$152,274 in fiscal 1987.

SUBCOMMITTEE ACTION

Agency: Office of Public Instruction

Program: Administration

	FY 1984 Actual	Fiscal 1986		Fiscal 1987		FY 84-86 % Change
		Executive	Subcommittee	Current Level	Subcommittee	
FTE	50.55	49.05		50.05		
Personal Services	\$1,200,562	\$1,254,117		\$1,271,997		
Operating Expenses	516,175	585,861		623,661		
Equipment	22,801	10,650		600		
Non-Operating	113,855	132,022		133,446		
Total Exp.	\$1,853,393	\$1,982,650		\$2,029,704		

FUNDING

General Fund	\$ 771,413	\$ 873,300		\$ 890,383	
State Special Rev.	468,307	475,138		456,232	
Federal Revenue	616,673	634,212		683,089	
Total Funding	\$1,853,393	\$1,982,650		\$2,029,704	

Rent was increased on the office building at 1227 11th from \$3,705 paid in fiscal 1984 to \$47,244 in each year of the 1987 biennium as OPI moved into the building in June of 1984. Janitorial services and utilities are budgeted at \$14,250 in each year. Rent on the capital office space was reduced from approximately \$40,000 paid in fiscal 1984 to \$20,000 in each year of the 1987 biennium. A 1 FTE administrative position that was vacant all of fiscal 1984 was deleted at a savings of \$20,175 in each year. General fund support of the indirect cost function has increased from \$31,587 in the 1985 biennium to \$208,075 in the 1987 biennium. The increase results from the rent increase, a decrease in indirect cost assessments from the 1985 biennium, and rent on the 1300 11th avenue office building is now budgeted from the indirect cost function. The 1983 legislature did not budget rent on the 1300 11th Avenue building from the indirect cost function.

The difference of 1 FTE between the executive and current level results from the executive funding the transfer of 1 FTE to the Basic Skills program. The executive also deleted a vacant administrative position from this program. The difference in operating expenses and indirect costs results from the LFA current level using revised federal revenue estimates submitted by OPI.

SURCOMMITTEE ACTION

Agency: Office of Public Instruction

Program: Special Services

FTE	FY 1984 Actual	Executive		Fiscal 1986		Fiscal 1987		FY 84-86 % Change
		26.10	26.10	Current Level	Subcommittee	Current Level	Subcommittee	
Personal Services	\$ 626,209	\$ 747,544	\$ 745,504	\$ 748,779	\$ 746,769			
Operating Expenses	363,746	377,667	473,486	380,290	437,418			
Equipment	45,759	7,250	20,396	7,250	20,397			
Non-Operating Expenses	174,334	168,500	238,365	168,500	226,865			
Total Exp.	\$1,210,048	\$1,300,961	\$1,477,751	\$1,304,819	\$1,431,449			

FUNDING

General Fund	\$ 128,583	\$ 136,473	\$ 136,104	\$ 136,739	\$ 136,610			
Federal Revenue	1,081,465	1,164,488	1,341,647	1,168,080	1,294,839			
Total Funding	\$1,210,048	\$1,300,961	\$1,477,751	\$1,304,819	\$1,431,449			

With an increase in federal funds, the 5.40 FTE deleted in the original analysis have been restored to the budget. The decrease in federal Chapter II funds presented in the original analysis is no longer an issue in this program. OPI expects to receive a federal Title IV sex desegregation grant of \$109,890 in each year of the 1987 biennium. The grant amount is included in operating expenses. OPI requests authority to add a 1 FTE specialist (grade 16, step 2) to be funded from the grant. If the FTE is added, personal services would increase by approximately \$30,000 with a commensurate reduction in operating expenses. The difference between the executive in operating expenses, equipment, and non-operating costs relates to the increase in federal revenues.

#2
2-6

EXHIBIT 2
2-6-85

OPI - Summary of Federal and State Special Funds and
Indirect Costs by Program

Program/Grant(s)	- - - Fiscal 1986 - - -		- - - Fiscal 1987 - - -	
	Indirect Costs	Total	Indirect Costs	Total
Basic Skills				
Indian Education	\$ 4,000	\$ 20,000	\$ 4,000	\$ 20,000
Veterans Education	4,000	51,000	4,500	54,000
Highway Safety	---	25,000	---	25,000
Mobile Simulator	---	7,000	---	7,000
Traffic Education	13,135	97,000	13,135	97,000
Audio/Visual Library	<u>12,250</u>	<u>164,454</u>	<u>13,167</u>	<u>166,371</u>
Subtotal	\$33,385	\$364,454	\$34,802	\$369,371
Vocational Education				
Adult Basic Education	\$10,002	\$ 51,500	\$10,015	\$ 51,500
Vocational Education	45,928	229,641	44,104	220,521
JTPA	<u>7,000</u>	<u>43,000</u>	<u>7,000</u>	<u>43,000</u>
Subtotal	\$62,930	\$324,141	\$61,119	\$315,021
Administration				
Chapter II	\$ 68,986	\$344,929	\$68,986	\$344,929
School Foods	46,610	256,565	57,000	269,660
Nutrition	7,460	52,500	7,460	52,500
Summer SFS	<u>-0-</u>	<u>16,000</u>	<u>--</u>	<u>16,000</u>
Subtotal	\$123,056	\$669,994	\$133,446	\$683,089
Special Services				
EHA - B Administration	\$ 75,692	\$355,000	\$ 69,296	\$325,000
EHA - B State Initiated	---	98,110	---	102,500
Chapter I	52,227	270,750	47,646	247,000
Chapter I Migrant	---	52,000	---	56,000
Chapter II	29,913	155,071	31,721	164,443
EHA-D	9,000	45,000	9,000	45,000
Title IV Sex	21,198	109,890	21,198	109,890
National Origins	11,574	60,000	11,574	60,000
EHA VI-C	13,532	70,150	13,768	71,370
Miscellaneous Receipts	---	1,536	---	1,536
National Difussion Network	13,655	64,040	11,088	52,000
Refugees	---	100	---	100
Bilingual	<u>11,574</u>	<u>60,000</u>	<u>11,574</u>	<u>60,000</u>
Subtotal	\$238,365	\$1,341,647	\$226,865	\$1,294,839
TOTAL ALL PROGRAMS	<u>\$457,736</u>	<u>\$2,700,236</u>	<u>\$456,232</u>	<u>\$2,662,320</u>

EXHIBIT 3
2-6-85

Date: February 4, 1985

RE: Actual Exp. for Indian Ed. for 1984 and Projected 1986 and 1987

Program 02 - Basic Skills

<u>Expenditures</u>	<u>1984</u>	<u>1986</u>	<u>1987</u>
Personal Services	\$17,714	\$18,423	\$18,423
Operating Expenses	5,702	6,197	6,507
Transfer	<u>5,709</u>	<u>4,000</u>	<u>4,000</u>
Total	<u>\$29,125</u>	<u>\$28,620</u>	<u>\$28,930</u>

Funding

Federal	\$29,125	\$20,000	\$20,000
General Fund	<u>-0-</u>	<u>8,620</u>	<u>8,930</u>
Total	<u>\$29,125</u>	<u>\$28,620</u>	<u>\$28,930</u>

Program 03 - Vo-Ed

<u>Expenditures</u>	<u>1984</u>	<u>1986</u>	<u>1987</u>
Personal Services	<u>\$13,298</u>	<u>\$13,830</u>	<u>\$13,830</u>

Funding

General Fund	<u>\$13,298</u>	<u>\$13,830</u>	<u>\$13,830</u>
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Total Both Programs

<u>Expenditures</u>	<u>1984</u>	<u>1986</u>	<u>1987</u>
Personal Services	\$31,012	\$32,253	\$32,253
Operating Expenses	5,702	6,197	6,507
Transfer	<u>5,709</u>	<u>4,000</u>	<u>4,000</u>
Total	<u>\$42,423</u>	<u>\$42,450</u>	<u>\$42,760</u>

Funding

Federal	\$29,125	\$20,000	\$20,000
General Fund	<u>13,298</u>	<u>22,450</u>	<u>22,760</u>
Total	<u>\$42,423</u>	<u>\$42,450</u>	<u>\$42,760</u>