

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION**

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on January 16, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Rep. Ray Peck, Chairman (D)
Sen. Greg Jergeson, Vice Chairman (D)
Sen. Don Bianchi (D)
Rep. Larry Grinde (R)
Sen. H.W. Hammond (R)
Rep. Mike Kadas (D)

Staff Present: Pam Joehler, Senior Fiscal Analyst (LFA)
Skip Culver, Associate Fiscal Analyst (LFA)
Doug Schmitz, Budget Analyst (OBPP)
Mary Ann Wellbank, Budget Analyst (OBPP)
Melissa Boyles, Secretary

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

Announcements/Discussion: **CHAIRMAN PECK** stated that Item #2, Building Maintenance under the Education program needs to go into Long Range Building. **CHAIRMAN PECK** asked for a motion to reconsider the subcommittee action.

MOTION: **SEN. HAMMOND** moved to reconsider the action on Item #2, Education Program 04 for the MSDB.

RECOMMENDATION AND VOTE: **MOTION CARRIED**, unanimously

MOTION: **REP. KADAS** moved that we reverse the action on the \$20,000 per year in Building Maintenance to Item #2, Education Program 04 and warn the school to pursue the matter with the Long Range Building.

RECOMMENDATION AND VOTE:
MOTION CARRIED, unanimously

EXECUTIVE ACTION ON OPI

Tape No. 1

025

CHAIRMAN PECK stated that **Mr. Groepper** had discussed with him some unique ideas and would like some discussion on them before getting in to Executive Action.

031

Greg Groepper stated that OPI is looking for ways to find money to pay for critical needs in the office. Recognizing that the subcommittee is in a difficult position with not enough money to go around, OPI discussed two options with **CHAIRMAN PECK**. The first option is to take operating expenses as indirects off of the foundation program.

Mr. Groepper stated that there is a 55 mill county equalization and a 40 mill state wide levy. The 55 mill levy is collected at the county level and is distributed back to the school district budgets. When the distribution doesn't generate enough money to pay for the school districts allocation through the foundation program OPI makes the payment on top of that. That causes the Treasurer and the County Superintendent to do a lot of work, because not all of those taxes are paid. OPI feels that the 55 mills should be collected by the County Treasurer but come directly into the Foundation Program. This way, beginning in July, OPI could pay the full amount they have coming to them and districts could invest that and collect interest money. This would be a winner for the schools. **Mr. Groepper** stated that the winner for the counties would be that they wouldn't have to mess around with this and the schools are protected from protested taxes. The problem for the state is that it will have to wait till November for the money to come in, but the state has obligations in July, August, September and October so the state is cash short.

Mr. Groepper stated that he and **REP. KADAS** have a difference of opinion on the matter but if it works out right the State would sell tax anticipation notes at 6 1/2%. They could then turn around and put that into the State Investment Pool and arbitrage it and make 1% or 1 1/2% in arbitrage, so it generates additional revenue off of the arbitrage. **Mr. Groepper** stated that if this works they would come up with enough money to pay a major portion of Priority 1 programs 1, 5, and 6 modes at no additional cost to the state. No new tax and a greater simplification how we handle the foundation program is the overall result.

Mr. Groepper stated that of the two ideas the second concept holds more merit.

114

CHAIRMAN PECK asked **Mr. Groepper** what kind of estimate in total dollars he was applying to Item 2. **Mr. Groepper** stated that it

would be 55 mills applied against 1.5 Billion dollars taxable value.

CHAIRMAN PECK stated that it would be a minimum of 1%. **Ms. Fabiano** stated that it has varied over the past few years but they were right around 1 %.

121

REP. KADAS stated that the standard is 2%.

124

Greg Groepper stated that 82 1/2 million would be what 55 mills would bring in off of 1.5 billion dollars. **CHAIRMAN PECK** asked if that would be total revenue. **Mr. Groepper** said yes, if the tax base stays at 1.5 Billion.

REP. KADAS stated that the federal rules are that if you ask for more than what you need you lose all the arbitrage. **Mr. Groepper** stated that they need to do more research on this subject.

CHAIRMAN PECK asked if Local Government or anyone else would be a loser on Item #2. **Mr. Groepper** stated that Local Government can't make interest off this money now. **CHAIRMAN PECK** asked if the Local District could make money off it. **Mr. Groepper** stated that the local district doesn't get that money until November. **Mr. Groepper** stated that we need to be sure that this doesn't jeopardize PL-74 funding.

151

Mr. Groepper stated that the State has to account for that 55 mills as state revenue to balance its accounting books, their should be a way, in language, to show the 55 mills remaining as local effort even though it gets deposited with the state treasury. **Mr. Groepper** stated that if this proposal, in terms of general fund funding, has merit we could find a new or unique pool to OPI. **CHAIRMAN PECK** asked **Mr. Groepper** if he saw more merit in #2. **Mr. Groepper** stated that if it works it would be more meritorious because in addition to coming up with a lot of money it saves a lot of work.

200

SEN. HAMMOND stated that he has uncomfortable feelings with Item #2, because it would take the Assessor out. **SEN. HAMMOND** stated that there have been some situations through audits that the Assessor found taxes were underpaid which amounted to \$800,000 in one district and \$600,000 in another. If this should happen than the Assessor isn't going to be actively involved. **Mr. Groepper** stated he didn't feel that would be the case. The Assessors involvement wouldn't be any different they still have to apply the mills to all the properties and make sure they get turned over to the treasurer for billing. The work saving comes in the Treasures Office.

225

SEN. HAMMOND stated that this was an underpayment of severance

tax and he doesn't feel the auditors would be nearly as aggressive if they were taken out of that operation.

228

CHAIRMAN PECK stated that this situation is a long ways from the committee being able to respond with any knowledge or responsibilities.

SEN HAMMOND stated that he would like to find out how the Schools, where the 55 mill covers their foundation program, fair.

Mr. Groepper stated that they wanted to throw this out to the subcommittee to see if the initial reaction was that it merits further exploration.

267

SEN. HAMMOND stated that he would like to explore indirect cost. **Mr. Groepper** stated that indirect cost would depend on how much money was sent to the schools, then OPI would take a portion of what was spent, not what was appropriated.

323

Mr. Groepper stated that OPI would like to come back and give a brief report on what the indirect cost rate is that they feel they could apply to the program.

367

Skip Culver stated that the LFA current level budget for the Office of Public Instruction is based on FY90 projections. The overall general fund has increased approximately 2.3% over FY90 to FY92 and increased approximately 3% from FY90 to FY93. Operations have increased 3% from FY90 to FY92 and approximately 2% from FY90 to FY93. **Mr. Culver** referred to page E17 in the LFA Budget Analysis Book. **EXHIBIT 1**

Mr. Culver stated that he has met extensively with the staff of OPI and they have identified 6 major issues that should be addressed. To simplify the process **Mr. Culver** presented the issues of contracted services, travel and equipment.

Mr. Culver stated that he made a funding error in Program 05 and it is approximately \$42,000 per year. **Mr. Culver** stated that he made the error in General Fund. Therefore, General Fund for OPI will have to increase by \$42,000 each year. **Mr. Culver** stated that he continued forward some federal funds that existed in FY90 but will not exist in FY92 and FY93. **Mr. Culver** recommends that the General Fund be increased to reflect the funding error in his calculations.

Mr. Culver stated that the staff at OPI has been courteous helpful and patient over the past two months and he would like to publicly thank them.

CHAIRMAN PECK asked how many of the four FTE were Perkins

vacancies and how many were position vacancies. **Mr. Culver** stated that 2.5 were Perkins and 1.5 were position vacancies.

Mr. Culver stated that the OPI current level includes HB28 and HB16 accounting GAAP funding which the LFA budget did not include so there is an additional 2 FTE reflected.

CHAIRMAN PECK asked **Mr. Culver** if he had a total of 6 FTE removed from the Executive Level. **Mr. Culver** said yes.

Mr. Culver stated that the LFA did not include HB28 or HB16 funding for the accounting. The LFA felt it was a special session bill and in most cases try to tie LFA current level with HB100.

496

CHAIRMAN PECK asked which positions were specifically deleted. **Mr. Groepper** stated it was a Director and a 1/2 time Administrative person in Chapter 1 the other 2 1/2 were in Vocational Education. **CHAIRMAN PECK** asked why they weren't used. **Mr. Groepper** stated that the Chapter 1 director took another position and he had a vacation payoff that when that was paid off, they were to far into the year.

CHAIRMAN PECK asked **Doug Schmitz, OBPP**, is he had any thing to add to what has been said. **Mr. Schmitz** stated that he conferred with the recommendations of **Mr. Culver**. **Mr. Schmitz** stated that the OBPP did not have a problem with OPI reprioritizing the OBPP approved modifications.

551

CHAIRMAN PECK stated that the subcommittee may want to note that in 1981 OPI had 170.6 FTE and they now have 120.4 this is a decrease of 50 FTE.

CHAIRMAN PECK stated that the subcommittee has been adopting the LFA base and going from there for adjustments.

Program 01, Superintendents Office

Motion:

584

REP. KADAS moved LFA current level in Program 01 for \$711,000 in FY92 and \$710,890 for FY93.

Recommendation and Vote:

MOTION CARRIED, Unanimously

Contracted Services

CHAIRMAN PECK stated that the LFA budget is less in each year of the Biennium, primarily in printing.

Mr. Culver stated that the net difference in the budgets is

\$10,000 in each year.

640

REP. KADAS asked Doug Schmitz, where the difference was with OBPP and LFA on item #3, Other Operating Expenses. Mr. Schmitz stated that he didn't know. Mr. Culver stated that the OBPP is higher in travel and contract services with the rest of the categories combined the LFA budget is greater.

CHAIRMAN PECK asked if there was any special information dealing with any of these issues that would be considered in the MOD area? Mr. Culver said no.

CHAIRMAN PECK stated that the Governor recommending increases in items 1 and 2, the LFA would be higher in 3.

Motion:

693

REP. KADAS moved to adopt the Governors level in Program 01 for \$10,041 in FY92 and \$10,512 in FY93.

Discussion:

SEN. JERGESON asked if REP. KADAS' motion included all three items. REP. KADAS said yes.

CHAIRMAN PECK asked SEN. JERGESON if he wanted to segregate. SEN. JERGESON stated that he doesn't feel that the only two choices the subcommittee has is to go with LFA or Executive Budget.

Recommendation and Vote:

MOTION CARRIED 6/0

Program 05, Central Services

Motion:

737

REP. KADAS moved the LFA Current Level for \$1,862,889 FY92 and \$1,834,392 for FY93.

Recommendation and Vote:

MOTION CARRIED, Unanimously

GAAP Accounting Standards

Motion:

760

REP. KADAS moved to adopt the GAAP 4 FTE and \$177,824 for FY92 and 178,558 for FY93.

Discussion:

767

REP. GRINDE asked why it is broke down in to two years as apposed to giving them the money now. CHAIRMAN PECK stated that he did not understand the question. REP. GRINDE stated that he thought the money was appropriated and spent to adopt the GAAP regulation by July 1990. Mr. Culver stated that this money represents continuation of the program. REP. GRINDE asked if this had anything to do with the implementing of GAAP. CHAIRMAN PECK stated it is a continuation of the program. REP. GRINDE asked if this was meant to handle the reporting.

Greg Groepper, OPI, stated that in FY92 and FY93 these people will continue putting on training clinics for school people and this fall they will start reviewing school district audits. Mr. Groepper stated that if the review is not handled in the OPI office it will jeopardize federal requirement for single audit agency and could start jeopardizing a lot of funds. Mr. Groepper stated that the HB28 Implementation is not associated with GAAP. This goes for a programming person to rewrite the computer programs and the continued data processing of the additional work load associated with HB28.

800

REP. GRINDE stated that he did not have a problem with the audit portion, but wondered why there was ongoing training when he was told it had been completed. Mr. Groepper stated that there is an on going training requirement because of turnover and the General Accepted Accounting Principals change on a regular basis.

SEN. JERGESON asked Mr. Groepper if GAAP accounting standards change. Mr. Groepper said yes.

837

REP. GRINDE how much money is for on going training. Mr. Groepper stated that he could get REP. GRINDE a sheet on how many classes are scheduled this spring and through the biennium.

SEN. HAMMOND asked Mr. Groepper if he saw a time when this may not be needed. Mr. Groepper stated that it depends on the shape of the Audits. If OPI gets good audits and the districts have complied with GAAP over the next biennium and there is no longer a need for the people a recommendation to discontinue will be made.

REP. KADAS asked what effort is being done to set up the same computer program. Mr. Groepper stated that there was a bill drafting request in to allow OPI to get a loan from the General Fund to contract with a private vender to develop a common soft

ware package for school districts to use in accounting.

REP. KADAS asked Mr. Groepper asked how OPI would react to a state mandate that would require everyone to be on the main system. Mr. Groepper said that in the long run it would be in the best interest of the taxpayer. REP. KADAS said he would like to encourage Mr. Groepper to encourage the school districts to move to uniformity.

934

CHAIRMAN PECK asked for further discussion on the motion to adopt Issue #1 as recommended by the Executive.

Recommendation and Vote:

MOTION CARRIED, Unanimously

Contracted Services

CHAIRMAN PECK stated that Contracted Services is a mix of Proprietary and General Funds. If approved the increases would be paid from the proprietary fund, and the general fund transfer would need to be increased.

Skip Culver stated that the Central Pool of OPI operates out of the proprietary fund. The proprietary fund consists of indirect cost taken off ear-marked funds taken off federal funds and the balance consists of general fund. In constructing this budget Mr. Culver took the ear-marked and the federal indirect cost and put them into this pool. The amount available was maximized from the ear-marked and federal sources. If the proprietary fund is to be increased beyond the level presented in the LFA budget the committee would have to increase the general fund as well. The general fund would then be transferred into the proprietary.

CHAIRMAN PECK asked if this related to the computer network question. Mr. Culver said it is partially related.

REP. KADAS asked what portion of the \$72,271 is network cost. Mr. Culver stated that it was approximately \$60,000 per year for the network cost. CHAIRMAN PECK asked if all the \$60,000 would come from the \$72,271. Mr. Groepper stated that there was \$60,000 for D of A charge for PC's for the network and another \$10,000 for inflation of bonds and insurance.

REP. KADAS asked if it would automatically be built into here one way or another when the Full Appropriations Committee resolves it. Skip Culver stated that the subcommittee could defer on this issue. CHAIRMAN PECK said that if the House Appropriations takes a position on this it would automatically be put in.

Mr. Groepper stated that \$10,000 of the \$72,271 is for bonds and insurance costs that OPI has to pay the Department of Administration regardless of the inflation issue. The remaining

\$60,000 is for \$40 a PC for local area network charges. The \$40 is not in OPI budget because the PC's weren't all networked until this year. Mr. Groepper stated that if the subcommittee puts in \$46,240 that would cover the current level PC charges of \$20 per PC to the Department of Administration. If it should go to \$40 a PC the subcommittee would need to come up to the full level.

Skip Culver stated that the bonds and insurance issue will be decided by the Full Appropriations Committee. Mr. Groepper stated that the \$10,000 can be set aside at this time and leave it at \$36,240.

Motion:

026

SEN. JERGESON moved \$36,240 for each year of the biennium. (will track based on the on House Appropriations) (Program 05)

Recommendation and Vote:

MOTION CARRIED, Unanimously

Travel

CHAIRMAN PECK stated that current level is based on FY90 actual and Executive budget is FY91 appropriated.

032

REP. KADAS asked why there was such a big difference. Mr. Groepper stated that a bulk of the charges in FY90 went to HB28. OPI feels that the figure in OBPP appropriated is closer to the actual annual expenses for travel. CHAIRMAN PECK asked Mr. Groepper if he was saying that HB28 didn't really pick up until the current appropriated figure year. Mr. Groepper stated that HB28 travel is in HB28 for FY90 now this year they are back in OPI budget for travel.

SEN. BIANCHI stated that their total travel for FY90 was \$311,000 they adjusted between 01, 05, and 06 for travel and it will be \$314,000 in FY92 and FY93 so the total travel between these programs increased very little. SEN. BIANCHI feels this should be an Administrative prerogative. Travel has only gone up \$3,000.

Mr. Culver stated that the handout from OPI was based on the FY90 figure that the budget office supplied OPI. The LFA FY90 actual is in disagreement of what the true base is. Mr. Culver stated that it is the LFA position that the Executive Budget includes some FY90 budget amendments which should not have been in the base. In the last session the budget amendment bill approved some budget amendments which were approved for FY89 and Continued in to FY90. The Executive Budget included these in the base and

the LFA did not. Mr. Culver stated that it's the LFA's contention the travel has actually gone up more.

CHAIRMAN PECK stated that he asked Mr. Culver to get a figure on the total agency travel increase last session. For FY90 it was \$83,114 and for FY91 \$87,879. CHAIRMAN PECK stated that the travel budgets were up significantly last year and everyone should have that information.

SEN. BIANCHI asked Mr. Groepper to state his position on travel. Mr. Groepper stated that he couldn't explain why the previous superintendent didn't do much travel, but OPI has extensive demand from the school districts to go out and provide training to them. Mr. Groepper stated that they are not asking to do more but to maintain the level from last year.

CHAIRMAN PECK asked Doug Schmitz why OBPP is \$18,000 higher each year. Mr. Schmitz stated that it is based on FY91 appropriated levels.

SEN. JERGESON asked if the subcommittee adopts the Executive on this Travel budget, then adopts the Executive on the other Travel budget would that make the \$3,000 difference. CHAIRMAN PECK stated that the appropriated budget figure should be consistent throughout Executive Action.

244

Mr. Culver stated that the OPI request is based upon the 1991 appropriation. The 1991 appropriation is higher than the 1990 expenditures.

CHAIRMAN PECK asked Ms. Keenan if she wanted the Governor's level. Ms. Keenan stated that OPI wants the Governors level.

Motion:

278

REP. KADAS moved the Executive level for other years of the biennium \$18,803 for FY92 and \$18,770 for FY93.

Recommendation and Vote:

MOTION CARRIED, 5/1, REP. GRINDE voting no.

Equipment

CHAIRMAN PECK stated that Equipment was a mix of Proprietary and General Fund. Mr. Culver stated that he allowed less than the OBPP. CHAIRMAN PECK asked Mr. Schmitz why he was \$10,000 higher. Mr. Schmitz stated that they had requested lap top computers for HB28 and updating equipment.

Mr. Groepper stated that OPI requested a file server and five personal computers in the first year and 6 lap tops a Mackintosh upgrade and a model 70 computer in the second year. Mr. Culver

stated that he had a target level that he was trying to achieve and in turn had to get rid of some equipment. **REP. KADAS** asked **Mr. Culver** what his target level was based on. **Mr. Culver** said he had a percentage increase from FY92 an FY93.

Motion:

REP. KADAS moved the Executive Level for \$10,000 per year.

Recommendation and Vote:

MOTION CARRIED, 4/2, **SEN. HAMMOND** and **REP. GRINDE** voting no.

Funding Error

CHAIRMAN PECK stated that the LFA included federal funds which will not be available for the 93 biennium, and were removed from the Executive base.

Mr. Culver stated that there was approximately \$54,000 in federal funds in this program. Of that \$54,000 approximately \$42,000 per year was spent on equipment. **Mr. Culver** stated that he carried the funding forward at current level of \$54,000 into FY92 and FY93. These federal funds were removed from the Executive Budget.

SEN. JERGESON stated that what the amendment will not change expenditures, of the budget items, what will Change is the funding source? **Mr. Culver** stated that the Executive Budget did not make that error, he did.

CHAIRMAN PECK stated that his concern is that **Mr. Culver** is continuing the money spent on equipment as part of the operating budget. **Mr. Culver** stated that he pulled the money spent for equipment out, but did not remove the funding source.

Mr. Culver stated that the equipment they're requesting this biennium is out of the general fund.

Motion:

436

REP. KADAS moved to add \$42,366 for FY92 and \$42,245 in FY93 to correct the computation error.

Discussion:

REP. GRINDE asked if federal funds had been lost and were now being made up. **CHAIRMAN PECK** said yes. **REP. GRINDE** asked if we were making this loss because federal money was pulled back and were going to substitute general fund to keep it at current level. **Mr. Culver** said no.

CHAIRMAN PECK stated that what the subcommittee is doing is putting the \$42,366 and \$42,245 in general fund to fund the program.

REP. GRINDE asked if Doug Schmitz would like to comment. Mr. Schmitz stated that he agrees with what Mr. Culver has said.

Recommendation:

MOTION CARRIED, Unanimously

EXECUTIVE BUDGET MODIFICATIONS

Fees and Assessments

Ms. Keenan stated that they are the fees they collect for workshops that have already deposited and would like authority to spend. Mr. Groepper stated that they had deposited \$61,000 into the general fund this year for conference charges.

Motion:

REP. KADAS moved Priority #1, Fees and Assessments, to general fund for \$46,000 in FY92 and \$15,000 in FY93.

Recommendation and Vote:

MOTION CARRIED, Unanimously

Financial management and data processing

CHAIRMAN PECK stated that he has a memo from January 15, 1991, regarding financial management and data processing. There are two items, one with 12 FTE and one with 9 FTE. Mr. Groepper stated that they were looking at 12 FTE because OPI thought they might have to hire their own data processing staff because Administration was transitioning to the private sector approach. Mr. Groepper stated that they have since gotten this straightened out and it will be less expensive to contract with Administration.

CHAIRMAN PECK stated that this was a big question for the subcommittee and he is unsure at this time.

SEN. JERGESON asked if the 12 FTE is more important than the 9 FTE. Mr. Groepper stated that they are drawing down the request to the 9 FTE to reflect that they would contract with Department of Administration for data processing services.

CHAIRMAN PECK stated that he is reluctant about putting 9 FTE into OPI and asked what they could get by with. Ms. Keenan stated that what they need is to make programs 01, 05, and 06 one program. This would give them the flexibility to move people from one program to another. Ms. Keenan stated she could get by with half of what she asked for.

REP. KADAS asked Mr. Groepper if OPI had the money to contract for data processing. Mr. Groepper stated that he kept some money for contracting.

REP. KADAS stated that Mr. Groepper said he could fund the two budget officers out of proprietary. If the request is cut in half can you still fund both budget officers out of proprietary. Ms. Fabiano stated that they would still have the money but not the FTE.

Motion:

REP. KADAS moved to keep two Budget Officers and cut others in 1/2. 1 Administrative Officer, 1 Administrative Assistant, 1 Programmer and 1 Support Staff. Two Proprietary positions and Four General Fund.

Recommendation and Vote:

MOTION CARRIED, 4/2, REP. GRINDE and CHAIRMAN PECK voting no.

Resource Center Fund Balance

SEN. BIANCHI asked if it were necessary for this subcommittee to make a motion to allow OPI to combine program 01, 05, and 06. CHAIRMAN PECK stated that he felt the committee should do 6 first.

CHAIRMAN PECK stated that the resource center is \$8,000 OPI has collected in fees and need spending authority. Mr. Groepper said yes.

Motion:

SEN. JERGESON moved the adoption of the Resource Center Priority #1, Executive Budget modification for \$8,000 in FY92 and \$0 in FY93.

Recommendation and Vote:

MOTION CARRIED, Unanimously

CHAIRMAN PECK called a 10 minute recess.

Program 06, Educational Services

CHAIRMAN PECK stated that standard form has been to adopt the LFA and go from there.

Motion:

729

SEN. BIANCHI moved the adoption of the LFA for \$3,991,950 for FY92 and \$3,921,046 for FY93.

Recommendation and Vote:

MOTION CARRIED, 5/0, with REP. KADAS absent and not voting.

Contracted Services

CHAIRMAN PECK stated that if you want to get back to appropriated level and the Executive recommended level you would add the two amounts after Item 1, contracted services.

SEN. JERGESON asked if the federal funds are available or will the appropriation enable them to spend this amount of money pending the availability of federal funds. **CHAIRMAN PECK** stated that if they get less they can only spend up to what they receive and if they get more they'll come in for a budget amendment.

Motion:

758

SEN. JERGESON moved the approval of Item #1, Contracted Services, for \$26,614 in FY92 and \$26,614 in FY93.

Recommendation and Vote:

MOTION CARRIED, Unanimously

Equipment

CHAIRMAN PECK stated there was \$20,194 in Executive Budget above the LFA current level.

REP. KADAS asked what the difference is. **CHAIRMAN PECK** stated that the LFA is a five year average and the OBPP goes by the appropriated level.

Mr. Groepper stated that the equipment is for audiology. **REP. KADAS** asked if this was part of the other MOD on audiology. **Mr. Groepper** stated it is not a part of the other MOD.

Motion:

834

REP. KADAS moved the adoption of \$20,194 increase in each year of the biennium to bring the equipment amount up to the Executive Budget.

Recommendation and Vote:

MOTION CARRIED, 4/2, **SEN. HAMMOND** and **REP. GRINDE** voting no.

Travel

Mr. Culver stated that travel is all federal funds and will be primarily the difference in the FY90 actual versus the FY91 appropriated. **CHAIRMAN PECK** asked if this was the projected anticipated figure. If they get the money they have spending authority, if they get more they will come in for a budget amendment.

Motion:

843

SEN. BIANCHI moved the adoption of the Executive Budget on Item

#3, Travel, federal money only.

Recommendation and Vote:

MOTION CARRIED, Unanimously

Vocational Education

Skip Culver stated that this is due to the loss of Carl Perkins funds. CHAIRMAN PECK asked Mr. Culver to keep track of what happens to Carl Perkins Funding and the subcommittee will get back to Item #4, Vocational Education.

Chapter 1 (federal funds)

CHAIRMAN PECK stated that the Chapter 1 director had resigned and had to pay off on the leave and the timing was such that they postponed filling it. The position was removed and this would merely restore the position.

Motion:

873

SEN. JERGESON moved to restore Chapter 1 funds and 1 FTE for \$35,741 in FY92 and \$35,620 in FY93

Recommendation and Vote:

MOTION CARRIED, Unanimously

Modifications

Skip Culver stated that the Modifications were presented yesterday by OPI. They are listed in the order of priority by OPI.

Special Education Staffing

REP. KADAS asked how many general fund and federal people were doing this now. Ms. Keenan stated there was 1 general fund and 11 federal fund. The program is paid by federal money only, the state pays none of the program cost.

Ms. Keenan stated that federal audit has said to OPI that the state needs to take a look at paying for the program also. REP. KADAS asked what Ms. Keenan meant by taking a look. Ms. Gray stated that they didn't threaten with anything, but said if OPI was not able to better document it, in the future they would be sure all federal work was done before the state.

CHAIRMAN PECK asked if Ms. Gray was talking about a budget type person that would distribute the special education funds. Ms. Gray said yes a budget person and also an administrative assistant to help that person.

CHAIRMAN PECK asked if there were any motions dealing with priority 1 on Special Education Staff. NO MOTIONS

Audiology Program

CHAIRMAN PECK stated that this is the loss of the grant money from US West.

REP. KADAS asked how much the commitment **SEN. BIANCHI** got from US West was for. **CHAIRMAN PECK** said it was \$65,000. **REP. KADAS** said he didn't understand because US West said they would make a six month commitment and it looks like they committed to almost 1 years worth of funding. **Ms. Keenan** said this \$68,000 was what the Executive Budget recommended, **OPI** had requested the \$136,000. **Ms. Keenan** said the \$136,000 is what replaces the US West grant.

SEN. HAMMOND stated that US West may go as high as \$65,000.

SEN. BIANCHI stated that if the subcommittee takes up US West on the \$60,000 in the first year plus the \$8,500 by Burlington Northern that brings it to \$68,500.

Motion:

950

SEN. BIANCHI moved to adopt the Executive recommended amount of FY92 for \$68,000.

Greg Groepper stated that they need appropriation authority for \$136,000, the subcommittee only has to appropriate the revenue for \$68,000 but this allows **OPI** to receive private money up to \$68,000 and spend it.

SEN. BIANCHI would like his motion changed to so reflect.

SEN. JERGESON stated that given the relative uncertainty of US West and potential of reapplying for a grant in successive years. **SEN. JERGESON** asked if it would make sense to add this all up and make it a biannual appropriation in order to give **OPI** the flexibility they need.

CHAIRMAN PECK stated that a biennial appropriation would be better.

REP. KADAS stated that he would be willing to appropriate the Executive amount and have a biennial appropriation, and then **OPI** can supplement that with what ever they can find.

024

SEN. HAMMOND asked if the Burlington Northern grant of \$8,500 is annual. **Ms. Gray** stated that all they have at this point is a 1 year grant.

SEN. BIANCHI withdrew his motion.

Motion:

SEN. JERGESON moved the biennial spending authority of \$218,000 with \$136,000 of which would be General Fund balance would be

other funds.

* Language to be put into the bill indicating that permission to submit budget amendment is encouraged.

Discussion:

108

REP. GRINDE stated that it seems that this is another example of federal funding. We implement the programs and full appropriations pull it out and we have to come up with general fund. CHAIRMAN PECK stated that REP. GRINDE could raise the issue when the subcommittee gets to full appropriations.

SEN. JERGESON said that what happened was that general fund was reduced for the audiology program and US West made a practice of replacing some of that money.

REP. KADAS stated that there is a policy and it is clearly defined by what the LFA has done. They cut it out of current level and now it is up to a modified to get it back in. This forces the subcommittee to look at each one.

SEN. BIANCHI asked how much the motion was under current level.

REP. KADAS stated that it is \$54,000 less than what was spent last year.

Recommendation and Vote

MOTION CARRIED, Unanimously

Curriculum Specialist

170

Ms. Keenan stated that the Curriculum Specialists have been paid with Chapter 2 federal money. OPI is requesting that since they are statutorily required that they be paid with general fund.

CHAIRMAN PECK asked what OPI is proposing to do, assuming the federal funds continue at same level. Ms. Keenan said they would use it for effective schools and utilizing programs out in the districts. CHAIRMAN PECK asked if Ms. Keenan was saying they would distribute it to the school. Ms. Keenan said they wouldn't hand the money over to the schools but effective schools is designed to have OPI do curriculum and assessments.

SEN. JERGESON stated that the schools may see a savings because OPI would be helping their curriculum. Or in the case of small schools, they would be giving them assistance that they don't have in house to do. Ms. Keenan said yes.

CHAIRMAN PECK asked how general the practice was that is taking place in Chester where the small schools are going together and getting their curriculum specialists locally. Ms. Keenan stated that was Chapter 2 money they utilized there to help the consortium come together.

Motion:

SEN. JERGESON moved the adoption of the Curriculum Specialist.

Discussion:

SEN. BIANCHI asked what the State Special or General Fund is. Mr. Groepper stated that these are two different options on how OPI may come up with extra money to pay for.

CHAIRMAN PECK opposed the motion until the subcommittee hears from Mr. Groepper on the two options he is talking about.

SEN. JERGESON withdraws his motion on Curriculum Specialist.

Accreditation:

Ms. Keenan stated that under statute OPI presently has to visit schools under new accreditation standard to accredit them.

SEN. BIANCHI asked how many people were on staff for this function now. Mr. Groepper stated that there were 4 for Certification and 2 for Accreditation.

SEN. HAMMOND asked if they had one person visit. Ms. Keenan stated that it was a team of people. SEN. HAMMOND asked if they were all made up from OPI. Mr. Groepper stated that the specialists go out with the accreditation team looking at various curriculum.

Priority 1: Accreditation 1.0 FTE (General Fund) NO MOTION

Indian Education Specialist

CHAIRMAN PECK stated that the Indian Education Specialist is currently paid half from Johnson O'Malley and half from General fund.

Motion:

344

SEN. JERGESON moved to increase General Fund for FY92 to \$24,071 and \$23,997 for FY93 for Indian Education Specialist.

Recommendation:

MOTION CARRIED, 4/2, SEN. HAMMOND and REP. GRINDE voting no.

Mr. Culver asked if an additional .5 FTE was needed. Ms. Keenan stated that they have the FTE.

Gender Equity Specialist

CHAIRMAN PECK stated that this would take .5 FTE general fund. CHAIRMAN PECK asked Ms. Keenan if she already had a gender equity person on staff. Ms. Keenan said yes, this issue is the court decision Ridgeway Versus the state of Montana. The court has directed OPI to do monitoring in schools. CHAIRMAN PECK

asked if because of the court decision they need a .5 FTE.

Discussion:

REP. KADAS asked what the requirements are set by the courts.

Ms. Gray stated that there were a number of things listed on page 45 in the Superintendents Budget Request. EXHIBIT 3

384

REP. KADAS asked how much of this the current staff person is doing. Ms. Gray stated that they have a full time specialist under federal grant and a half time support. Ms. Gray stated what they are asking for is a half time support.

Motion:

396

REP. KADAS moved to adopt the MOD on Gender Equity which would add one half FTE at the cost of \$27,588 in FY92 and \$27,588 in FY93 (General Fund)

REP. GRINDE asked if this salary were doubled would that be what a full time person would make. Ms. Gray stated that it would be salary, benefits and the cost of the conference. SEN. JERGESON said there would be operating cost also.

SEN. BIANCHI stated that he did not understand the judgement in the court case.

Ms. Keenan stated that there was a court case called Ridgeway brought by a student in Missoula on equity in sports. The court not only asked OPI to remedy that but also the Montana High School Association. The court has been specific in laying out what needed to be done.

Recommendation and Vote:

MOTION CARRIED, 4/2 SEN. HAMMOND and REP. GRINDE voting no.

At Risk Intervention

Skip Culver asked Ms. Keenan if there was an FTE involved in At Risk Intervention. Ms. Keenan said yes.

Ms. Gray stated that there were two different modifications approved. One was approved by the Governors Office for Early Childhood with one FTE and the other was for At Risk Rural and it doesn't involve an FTE.

CHAIRMAN PECK asked if this was a new position not currently staffed. Ms. Gray said yes.

CHAIRMAN PECK asked if there were any motions for At Risk Intervention, Early Childhood.

REP. GRINDE asked what the at Risk Child Intervention Program does. Ms. Gray stated that this person would work with children who are at risk of cognitive failure in the public schools generally children within three to five years old. The specialist would also work with the parents of these children.

REP. GRINDE asked if these programs are all being placed federally. Ms. Gray stated that there are some programs but there is no real coordinated method for doing this.

REP. GRINDE asked Ms. Gray how they identify at risk children. Ms. Gray stated that they do it through Social Service Agencies. Public schools have a search for identification of handicap children birth through 21.

CHAIRMAN PECK stated that he has a problem with what is the definition of an at risk child.

Ms. Keenan stated that this was not a recommendation from OPI, this was the Governors proposal.

CHAIRMAN PECK asked for any motions on Priority 3: At Risk Early Childhood, NO MOTIONS.

REP. GRINDE stated that he needed to leave the meeting and would like to leave his vote with SEN. HAMMOND.

Motion:

SEN. JERGESON moved to adopt At Risk Rural Early Childhood Program for \$66,118 for the biennium (no FTE).

SEN. HAMMOND asked how you would find these children. SEN. JERGESON stated that is what is needed, someone who will find them.

CHAIRMAN PECK stated that there are county health nurses, social workers, and the spring round-up for special education that all find the at risk children. CHAIRMAN PECK stated that his main problem is the term At Risk, just about anyone can be determined at risk.

Recommendation and Vote:

MOTION FAILED, 2/4 SEN. HAMMOND, REP. KADAS, REP. GRINDE, REP. PECK voting no.

630

Mr. Groepper stated that they have two clean up issues that don't involve general fund money. CHAIRMAN PECK asked if they were relative to program 06. Mr. Groepper said yes, OPI had a motorcycle safety program that was passed as a bill with an appropriation. The statute allows the those revenues to continue to come in and the program is ongoing. It would not be in LFA current level because it was a cat and dog last session. Mr.

Groepper stated that the dollar amount that needs to show up some place is \$81,564 in FY92 and \$81,810 in FY93, state special.

CHAIRMAN PECK asked what the source of the money is. **Mr. Groepper** stated that it is an additional fee charged to individuals who register their motorcycles, plus revenues from motorcycle training classes.

CHAIRMAN PECK stated that the program is operational and asked if **Mr. Groepper** was saying he needed the spending authority. **Mr. Groepper** said yes.

CHAIRMAN PECK asked if there was a statutory appropriation with this bill. **Kathy Fabiano** said it is statutorily appropriated but because of **REP. BARDANOUVE** bill last session that took away all statutorily appropriations for personal services and operating expenses the budget office has applied the intent of that bill to the Motorcycle Safety program.

Motion:

668

REP. KADAS moved the adoption of \$81,564 in FY92 and \$81,810 in FY93 (State Special).

Recommendation and Vote:

MOTION CARRIED, Unanimously

Mr. Groepper stated that **OPI** would like committee direction on the last date they could update federal estimates. **Mr. Groepper** stated that at some point they need to give the subcommittee the most current numbers for program 06 and program 09 federal money. **CHAIRMAN PECK** stated that when he presents this to the Full Appropriations **OPI** could present them at that time.

Pam Joehler stated that the budgeting law requires that if availability of additional federal revenues could have been presented to the House Appropriations at any time during session that it could be in consideration. **CHAIRMAN PECK** stated that if **Mr. Groepper** is aware of it he has an obligation to get to Senate Finance and Claims Committee with it. **Mr. Groepper** said he was aware of that. **CHAIRMAN PECK** asked **Mr. Groepper** to remind him and they can meet the day before the Full House Appropriations meet.

CHAIRMAN PECK stated that the other issue is the consolidation of program 01, 05, and 06.

745

REP. KADAS stated that unless there are objections he would like to go ahead and vote on the consolidation of program 01, 05, and 06. **SEN. HAMMOND** stated that he does not feel right voting for **REP. GRINDE** on this subject.

CHAIRMAN PECK asked **REP. KADAS** how he felt about dealing with

Distribution to Schools. REP. KADAS stated that to fund the foundation program at 0 and 0 we would need to put more money in. The question is whether we should do that in this bill or in an entirely separate bill. Usually a second bill is required and that carries the appropriation and the scheduled changes, but this is only needed if schedule of changes is needed.

SEN. HAMMOND stated that he would prefer to do look it in another bill. CHAIRMAN PECK stated that he thinks the Senate will get to this sooner then the Education Subcommittee.

SEN. JERGESON stated that he had hoped the legislature would do something better than 0 and 0 for the Foundation Program and doesn't feel the subcommittee has a basis to make an appropriation that is better than 0 and 0. SEN. JERGESON stated he would hesitate to vote for an appropriation that is 0 and 0.

CHAIRMAN PECK ruled that we will come back on a clean up and deal with the foundation program when full committee is present.

848

Mr. Groepper stated OPI has four clean up language statements. Issues 6, 7, 8, and 9 on Motions Requested handout. EXHIBIT 4

CHAIRMAN PECK asked Mr. Groepper to give the subcommittee the rationale for wanting the language. Mr. Groepper stated that it has always been this way. CHAIRMAN PECK asked if this was just an ongoing continuation OPI wants as language in the general appropriation bill.

REP. KADAS asked why it has always been this way. Ms. Fabiano said it has always been there because these are federal funds that flow to the school district. They are available for 27 month period. When they are allocated to the school district on SBABS if it is an annual appropriation OPI has to reallocate the budget for a federal project that is probably covering a 27 month period.

CHAIRMAN PECK stated that a bill has gone through to update the boiler plate language versus the statute activity. There is a conflict in statute and what is commonly in language of the appropriation bill. CHAIRMAN PECK said he wondered if this would be in that bill.

Motion:

SEN. BIANCHI moved that we adopt the requested language in Item #6.

Recommendation and Vote:

MOTION CARRIED, 5/0 REP. GRINDE absent and not voting.

CHAIRMAN PECK stated that #7 adds language appropriation for distribution of state traffic education monies to schools. Ms. Fabiano stated that this language has also always been in OPI

bill. The law says that OPI will distribute what they have received after Ms. Keenan takes off the amount allowed for administration. Ms. Fabiano stated that they may not need it this year because they are going off of the LFA base. Pam Joehler asked if this is a statutory appropriation. Ms. Fabiano stated it was a language appropriation. Ms. Joehler asked if there was language in the boiler plate before. Ms. Fabiano said the language is in HB100 under OPI.

Ms. Joehler suggested that they identify the revenue estimate. CHAIRMAN PECK asked Ms. Joehler if she was aware of the bill on clean up. Ms. Joehler said she read it briefly, and would review it to clarify some positions before meeting again.

CHAIRMAN PECK stated that he didn't feel the language is necessary because the Audit, Legislative Council, and LFA have gone through and checked statutes against boiler plate language. So the bill will correct what has been practiced in the general appropriation bill.

Motion:

SEN. JERGESON moved to add the language if needed for distribution of state traffic education monies to the schools.

Recommendation and Vote:

MOTION CARRIED, 5/0 REP. GRINDE absent and not voting.

CHAIRMAN PECK asked Mr. Groepper if he wanted the language statement put into motion as they have on 6 and 7. Mr. Groepper said they want the language on 6 and 7 and will defer on 8 pending further action on Special Education.

ADJOURNMENT

Adjournment: 11:39 a.m.


REPRESENTATIVE RAY PECK, Chair


MELISSA J. BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES

EDUCATION SUBCOMMITTEE

ROLL CALL

DATE

1-16-91

NAME PRESENT ABSENT EXCUSED

NAME	PRESENT	ABSENT	EXCUSED
REP. RAY PECK, CHAIRMAN	✓		
SEN. GREG JERGESON	✓		
REP. LARRY GRINDE	✓		
SEN. DON BIANCHI	✓		
REP. MIKE KADAS	✓		
SEN. H.W. "SWEDE" HAMMOND	✓		

OFFICE OF PUBLIC INSTRUCTION

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	124.40	124.40	121.90	120.40	-4.00
Personal Services	3,679,912	3,935,367	3,967,079	3,896,399	3.26%
Operating Expenses	2,114,340	2,865,813	2,189,700	2,163,153	-12.60%
Equipment	185,164	83,352	54,260	45,976	-62.67%
Local Assistance	41,996,368	43,168,937	43,168,940	43,168,940	1.38%
Grants	5,436,689	4,132,782	4,153,600	4,159,600	-13.13%
Transfers	<u>360,000</u>	<u>0</u>	<u>334,000</u>	<u>334,000</u>	<u>85.56%</u>
Total Agency	\$53,772,473	\$54,186,251	\$53,867,579	\$53,768,068	-.30%
Fund Sources					
General Fund	44,845,969	44,899,381	44,780,753	44,724,344	-.27%
State Revenue Fund	1,502,449	1,489,475	1,489,378	1,489,378	-.44%
Federal Revenue Fund	6,657,964	6,890,530	6,830,765	6,793,280	.56%
Proprietary Fund	<u>766,091</u>	<u>906,865</u>	<u>766,683</u>	<u>761,066</u>	<u>-8.68%</u>
Total Funds	\$53,772,473	\$54,186,251	\$53,867,579	\$53,768,068	-.30%

Agency Description

The Superintendent of Public Instruction is an elected official mandated by Section 1, Article VI, of the Montana Constitution. Section 20-3-106, MCA, states that the Superintendent "...has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for K-12 vocational education in Montana. The office provides services to Montana's school-age children and to teachers in 546 school districts. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance, and school law. The staff administers a number of federally funded programs and provides a variety of information services.

Current Level Budget

In fiscal 1990, the Office of Public Instruction (OPI) reorganized. The "actual fiscal 1990" column in the tables for each program reflects the new

structure, while the "appropriated fiscal 1991" column reflects the former organization.

The LFA current level budget deletes 4.0 FTE from the 1991 biennium authorized level due to: 1) a reduction in federal Carl Perkins funds available for administrative purposes in the 1993 biennium; and 2) extended position vacancies in the 1991 biennium. Personal services increase 3.3 percent in the 1993 biennium due to vacancy savings experienced in fiscal 1990 and the fiscal 1991 pay plan increase continued in the 1993 biennium.

Although operating expenses show a 12.6 percent biennial reduction compared to the 1991 biennium, the LFA current level budget provides a \$75,000 increase from fiscal 1990 to 1992 and a \$49,000 increase from fiscal 1990 to 1993. Major increases include: 1) inflationary adjustments of approximately \$31,000 in fiscal 1992 and \$33,000 in fiscal 1993; 2) an additional \$44,000 in fiscal 1992 and \$35,000 in fiscal 1993 in contracted services for consulting and professional services; and 3) approximately \$40,000 per year in indirect/administrative costs, primarily due to increased federal and state special revenue. Operating expense reductions include: 1) lower

OFFICE OF PUBLIC INSTRUCTION

publication costs in the Central Services program (\$10,500 less in fiscal 1992 and \$34,500 less in fiscal 1993 to reflect a more normal level and biennial cycle); and 2) Title IV funding reductions of approximately \$15,000 each year, reflected in various operating expense categories.

The current level equipment budget includes \$54,260 in fiscal 1992 and \$45,976 in fiscal 1993 for office equipment, audio-visual equipment, and personal computers. Actual fiscal 1990 equipment expenditures were \$185,164 or \$63,725 more than the legislative appropriation.

The LFA current level budget includes \$334,000 general fund each year as a transfer to the indirect cost pool in the Central Services program.

Grants and local assistance include the distribution of state and federal assistance funds, such as special education, school transportation, vocational education, and school foods to local school districts. The LFA current level budget maintains the fiscal 1991 appropriation for these grants.

Current level funding for OPI, exclusive of the Distribution to Schools program, is 43 percent general fund, 41 percent federal, 12 percent proprietary, and 4 percent state special revenue. The Distribution to Schools program is approximately 89 percent general fund, 8 percent federal, and 3 percent state special revenue.

Executive Budget Modifications

1993 Biennium

<u>Budget Modifications</u>	<u>FTE FY92</u>	<u>FTE FY93</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
1) Fees & Assessments			\$ 61,000		\$ 61,000
2) Audiology			136,000		136,000
3) At Risk	1.0	1.0	80,150		80,150
4) Expanded food coop				\$ 26,032	26,032
5) Bicentennial Comp				15,000	15,000
6) Chapter I				100,000	100,000
7) Dist to disadv students				180,000	180,000
8) EHA				642,000	642,000
9) Race Equity				50,000	50,000
10) Drug Free	2.0	2.0		264,980	264,980
11) AIDS Education	1.5	1.5		198,000	198,000
12) Nutritional Education				25,000	25,000
13) Chapter II				283,686	283,686
14) Dist - Migrant				640,000	640,000
15) Bilingual	0.5	0.5		50,000	50,000
16) National Origins	0.5	0.5			
17) School Foods	<u>0.5</u>	<u>0.5</u>			
Total	6.00	6.00	\$277,150	\$2,474,698	\$2,751,848

The Executive Budget includes the budget modifications listed above. The Superintendent of Public Instruction will request the additional budget

modifications shown in the following table. These budget modifications are not included in the Executive Budget.

EXHIBIT 2
 DATE 1-16-91
 HB Ed. Cur. Des. Sub.

OFFICE OF PUBLIC INSTRUCTION
 SUPERINTENDENT'S OFFICE (01)

ISSUES	EXEC OVER (UNDER)		LFA	ACTION	ACTION
	FY92	FY93			
1. CONTRACTED SERVICES - The LFA Budget for contracted services is less in each of in each year of the biennium, primarily in printing.	4,692	4,692			
2. TRAVEL - Overall travel for the Superintendent's Office is less in the LFA current level due primarily to a shifting of priorities and the higher FY91 base upon which the Exec budget is based.	15,559	16,333			
3. OTHER OPERATING EXPENSES	(10,210)	(10,513)			
TOTAL	10,041	10,512			

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	16.00	16.00	16.00	.00	16.00	16.00	.00
Personal Services	575,576	582,045	582,045	0	580,828	580,828	0
Operating Expenses	126,128	138,996	128,955	10,041	140,574	130,062	10,512
Equipment	5,701	0	0	0	0	0	0
Total Expend.	\$707,405	\$721,041	\$711,000	\$10,041	\$721,402	\$710,890	\$10,512
<u>Fund Sources</u>							
General Fund	675,743	686,429	681,092	5,337	686,871	680,979	5,892
Federal Revenue Fund	31,662	34,612	29,908	4,704	34,531	29,911	4,620
Total Funds	\$707,405	\$721,041	\$711,000	\$10,041	\$721,402	\$710,890	\$10,512

OFFICE OF PUBLIC INSTRUCTION
CENTRAL SERVICES **05**

ISSUES

ISSUES	EXEC OVER (UNDER) LFA			ACTION	
	FTE	FY92	FY93	FTE	FY93
1. HB 28 (G.A.A.P. ACCOUNTING STANDARDS) - The LFA did not include the expenditures for Special session HB 16 and HB 28 in the current level budget presentation. These bills appropriated \$356,950 in the 1991 biennium to assist districts in implementing generally accepted accounting principles by July 1, 1990 and standard reporting practices in local school districts.	4.0	177,824	178,558		
2. CONTRACTED SERVICES (Proprietary/General fund) - The LFA current level does not include any funds for PC support. Other area which the LFA current level is lower include printing, & photocopy pool services. If approved the increases would be paid from the Proprietary fund, and the General fund general fund transfer would need to be increased.		72,271	72,271		
3. TRAVEL - (Proprietary/General fund) The LFA current level is based upon FY90 actual. The Exec budget is the FY91 appropriated.		18,803	18,770		
4. EQUIPMENT (Proprietary / General fund)		10,000	10,080		
5. FUNDING ERROR - (General Fund) The LFA current level funding included federal funds which will not be avail available in the 93 biennium, and which were removed from the Exec base. These federal funds were used to purchase equipment in FY90 and were not used as general operating funds.		42,366	42,245		
NOTE: All increases to the proprietary fund must include a increase in the transfer which is the general fund support of the Proprietary fund.					
Executive Budget Modification:	FTE	FY92	FY93	FTE	FY93
PRIORITY 1: Fees & assessments (general fund)	0.0	46,000	15,000		
PRIORITY 1: Financial management & data processing staff (13 FTE)(general fund/proprietary)	13.0	541,631	462,493		
PRIORITY 1: Resource Center Fund Balance (State Special)	0.0	8,000	0		

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	32.85	34.85	32.85	2.00	34.85	32.85	2.00
Personal Services	947,498	1,073,760	1,005,243	68,517	1,072,756	1,004,165	68,591
Operating Expenses	496,005	716,526	495,646	220,880	696,203	474,227	221,976
Equipment	63,829	33,895	28,000	5,895	32,895	22,000	10,895
Transfers	360,000	425,049	334,000	91,049	426,226	334,000	92,226
Total Expend.	\$1,867,332	\$2,249,230	\$1,862,889	\$386,341	\$2,228,080	\$1,834,392	\$393,688
<u>Fund Sources</u>							
General Fund	1,043,304	1,388,232	1,037,206	351,026	1,363,318	1,014,326	348,992
State Revenue Fund	4,965	5,000	5,000	0	5,000	5,000	0
Federal Revenue Fund	52,972	11,634	54,000	42,366-	11,755	54,000	42,245-
Proprietary Fund	766,091	844,364	766,683	77,681	848,007	761,066	86,941
Total Funds	\$1,867,332	\$2,249,230	\$1,862,889	\$386,341	\$2,228,080	\$1,834,392	\$393,688

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3501 OFFICE OF PUBLIC INSTRUCTION
 06 EDUCATIONAL SERVICES
 00000

DATE : 01/08/91
 TIME : 21/29/24
 CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	75.55	75.55	73.05	2.50	75.55	71.55	4.00
Personal Services	2,156,838	2,466,495	2,379,791	86,704	2,462,178	2,311,406	150,772
Operating Expenses	1,475,296	1,577,509	1,565,099	12,490	1,579,125	1,558,864	20,261
Equipment	115,634	52,257	26,260	25,997	52,257	23,976	28,281
Local Assistance	14,051	0	0	0	0	0	0
Grants	14,796	20,800	20,800	0	26,800	26,800	0
Total Expend.	\$3,776,615	\$4,117,141	\$3,991,950	\$125,191	\$4,120,360	\$3,921,046	\$199,314
<u>Fund Sources</u>							
General Fund	1,028,100	1,117,449	1,093,515	23,934	1,118,186	1,060,099	58,087
State Revenue Fund	297,484	284,475	284,378	97	284,475	284,378	97
Federal Revenue Fund	2,451,031	2,715,217	2,614,057	101,160	2,717,699	2,576,569	141,130
Total Funds	\$3,776,615	\$4,117,141	\$3,991,950	\$125,191	\$4,120,360	\$3,921,046	\$199,314

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EXHIBIT 3

DATE 1-16-91

HB Ed. - Cur. - P.S. - S.S.

assistance to schools on or near Indian reservations and those that have other minority children enrolled. This grant allows the OPI to provide services to approximately 14,000 school age Indian children as well as their parents, teachers, school boards and administrators. The grant award for FY92-93 is expected to increase \$25,000 over current level.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
Federal Funds	\$25,000	\$25,000

National Origins

The Title IV Civil Rights grant to OPI provides current level funding in the amount of \$232,000 for technical assistance to school districts in the areas of gender, national origin and race desegregation. This grant as approved includes a 1 FTE specialist in the area of National Origins, but current level funding is for .5 FTE and 20 hours per week contracted services. In order to comply with the grant as approved by the Department of Education, and to comply with State and Federal guidelines regarding the designation of an individual as an employee vs. a contractor, an additional .5 FTE is requested to replace the contractor.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
FTE	0.50	0.50

Gender Equity

As a result of Ridgeway vs. Montana High School Association, et al., OPI is under federal court order to perform certain activities related to gender equity each year in all school districts in Montana. Documentation of the court order is available in Gender Equity Office or OPI Legal Services. Specific court ordered actions charge that OPI shall:

- provide to the school districts in Montana technical assistance in self-evaluation and self-improvement in providing sex equity in athletics;

Local School District Activities -

continue to respond to questions on issues of equity and shall continue to provide interpretations of state

and federal law pertinent to school districts, school personnel office and trustees throughout the state of Montana;

continue to distribute sex equity materials such as handbooks, policies, new articles, and other vital information which is important for a school district in maintaining compliance;

continue to distribute materials such as sex equity handbooks, examples of school board policies, grievance procedures, etc. to any requesting school district and/or will inform school districts of developments regarding equity laws;

continue to provide the following workshops to school districts, county superintendents and administrators on an "as needed" basis, pending federal funding;

- 1) The Cost of Sex Bias in the Classroom
- 2) Teacher-Student Interaction
- 3) Evaluating Textbooks for Bias
- 4) Women in History
- 5) Career Awareness
- 6) Myth and Reality of Women Workers
- 7) Math Anxiety

continue to provide the following statewide workshops, pending federal funding;

- 1) Women Interested in School Administration
- 2) Sex Equity in Athletics
- 3) Technology's Implications for Education

State Level Activities -

continue its in-house committee on equity to assure that all publications are free from sex bias and are in compliance with the law;

provide districts with handbooks on equity and self-evaluation;

MOTIONS REQUESTED

1. Add the following programs and amounts under state special revenue:

	FY92		FY93	
	0%	4.5%	0%	4.88%
Foundation program	\$348.756	\$364.45	\$349.318	\$382.559
Guaranteed Tax Ba	\$30.843	\$32.231	\$30.892	\$33.832
GTB Retirement	\$14.229	\$14.229	\$14.912	\$14.912

2. Add Chapter 1 modification under Federal discretionary Funds at \$90,000 each year of the biennium.

3. Fund Gifted and Talented out of the foundation program at an additional \$1,500,000 for the biennium.

4. Increase the foundation program, GTB, GTB retirement, and Special Education by an amount equal to inflation.

5. Fund transportation out of the foundation program, increase general fund support of the foundation program accordingly. FY92 \$6,483,120 FY93 \$6,493,558.

6. Add language to make federal special revenue appropriations, and the general fund secondary vocational education appropriation, biennial appropriations.

7. Add language appropriation for distribution of state traffic education monies to schools.

8. Add language for special education contingency funds, making the appropriation a biennial appropriation and stating requirements for awarding contingency funds.

9. Update appropriation for transportation aid to equal most recent estimate of statutory required payments and update federal discretionary flow through appropriations to equal most recent estimates of available federal funding.