

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIR EVE FRANKLIN**, on January 20, 2005 at 8:12 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Eve Franklin, Chairman (D)
Sen. Don Ryan, Vice Chairman (D)
Sen. John Esp (R)
Rep. Bill E. Glaser (R)
Rep. Verdell Jackson (R)
Rep. Carol C. Juneau (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Amy Carlson, Office of Budget
and Program Planning
Mike Burke, Office of Budget
and Program Planning
Jim Standaert, Legislative Branch
Alan Peura, Legislative Branch
Diana Williams, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to material immediately preceding.

Committee Business Summary:

Hearing & Date Posted: None
Executive Action: Office of Public Instruction State
Level Activities; Office of Public
Instruction, Local Education
Activities

Prior to the meeting, Office of Public Instruction (OPI), handed out two documents. One was a corrected version of the spreadsheet that dealt with Facilities Reimbursement and Debt Service Summary, addressed during the hearings on OPI.

[EXHIBIT\(jeh15a01\)](#)

Next is a 15-page document "Amendment to House Bill 2." It explains various Decision Packages (DPs). This was referred to as an "Amendment Package" in the meeting.

[EXHIBIT\(jeh15a02\)](#)

Excerpts from the Legislative Budget Analysis 2007 Biennium are also part of these minutes. Program (06) State Level Activities is Exhibit 3. There is a correction page dealing with DP 29- Indirect Cost of Base Adjustments and is Exhibit 4. Program (09) Local Education Activities, Distribution to Schools is Exhibit 5.

[EXHIBIT\(jeh15a03\)](#)

[EXHIBIT\(jeh15a04\)](#)

[EXHIBIT\(jeh15a05\)](#)

With OPI, there were additional requests made by Governor Schweitzer. These are called NP Packages. The amendment to Legislative Budget Analysis 2007 Biennium is Exhibit 6.

[EXHIBIT\(jeh15a06\)](#)

EXECUTIVE ACTION

PROGRAM (06) State Level Activities

CHAIR FRANKLIN opened the meeting and explained the procedure for OPI's executive action. She said that the staff has supplied the Subcommittee a sheet that was dated 1/20/04. It laid out the DPs broken out by fund source with corresponding E-pages that are related to the specific DPs. The E-pages refer to the Legislative Budget Analysis 2007 Biennium.

[EXHIBIT\(jeh15a07\)](#)

Present Law Adjustments

Statewide Adjustments

All Funds

Jim Standaert, Legislative Fiscal Division (LFD), said that the Statewide Present Law adjustments are for the pay plan, the vacancy savings, fixed costs and inflation or deflation. These are standard categories of adjustments made to all agencies.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.9}

Motion/Vote: REP. JUNEAU moved STATEWIDE PRESENT LAW ADJUSTMENT IN ALL FUNDS BE APPROVED. Motion carried 7-0 by voice vote, with proxy by SEN. WILLIAMS.

{Tape: 1; Side: A; Approx. Time Counter: 3.9 - 5}

Present Law Adjustments
General Fund
DPs: 12, 13, 16, 18, 29, 30

Asked a question by CHAIR FRANKLIN, Jim Standaert, LFD, recognized that DPs that have "stars" next to them mean there may be an amendment offered.

{Tape: 1; Side: A; Approx. Time Counter: 5 - 7}

Motion: SEN. ESP moved DP 12 [Provide funding for Surplus Computers], DP 13 [Education Licensure Increased Costs], DP 16 [Audiology], DP 18 [Statewide Student Assessment], DP 29 [Indirect Cost of Base Adjustments] and DP 30 [Statewide FTE Reduction] BE APPROVED. (This is for General Fund Only.)

Discussion:

CHAIR FRANKLIN informed the Subcommittee that DP 30 is the statewide FTE Reduction that was put in place last biennium and is built into the budget.

At this point in the meeting, there was confusion since the people representing OPI did not have the sheet that the Subcommittee was using. OPI Representatives were supplied with it. It was also the wishes of the Subcommittee to take action on the DPs per each specific fund source rather than taking the DPs as a whole.

Vote: Motion carried 7-0 by voice vote, with proxy by SEN. WILLIAMS.

Present Law Adjustments
State Special Funds
Decision Packages: 26 & 29

CHAIR FRANKLIN said that the next box down [In Exhibit 3] is the State Special Funds. She said that DP 26, Growth in Commodities and Cooperative Purchasing, is a proprietary account, and DP 29 is the Indirect Cost of Base Adjustments.

Motion/Vote: REP. JUNEAU moved that DP 26 [Growth in Commodities and Cooperative Purchasing] AND DP 29 [Indirect Cost of Base Adjustments] BE APPROVED. Motion carried 7-0 by voice vote, with proxy by SEN. WILLIAMS. (This is for State Special Funds only.)

{Tape: 1; Side: A; Approx. Time Counter: 7 - 10}

Present Law Adjustments

Federal Funds

DPs: 27 & 29

CHAIR FRANKLIN said that these DPs can be found on pages E-9 and E-10. The specific programs asking for increases are in Figure 2, Page E-10 Legislative Budget Analysis 2007 Biennium.

Motion: SEN. RYAN moved DP 27 [Federal Grant Increases] AND DP 29 [Indirect Cost of Base Adjustments] LISTED UNDER FEDERAL FUNDS [in Exhibit 7] BE APPROVED. (The total here is \$5,316,665).

Discussion:

After REP. JUNEAU's question, Mr. Standaert concluded that DP 29 in the Legislative Budget Analysis 2007 Biennium is DP 27 and the Subcommittee received the corrected language for DP 29 previously. For clarity purposes, this page is Exhibit 4.

Vote: Motion passed 7-0 by voice vote, with proxy by SEN. WILLIAMS.

{Tape: 1; Side: A; Approx. Time Counter: 10 - 12.6}

New Proposals

General Fund Only

DP 4, DP 60, DP 53, DP 54 and DP 62

Prior to taking action on the new proposals, SEN. ESP wanted some clarification on the procedure that is needed for proposing amendments. He asked if an amendment needed to be formally written up before it could be submitted to the Subcommittee.

CHAIR FRANKLIN said that the budget can be revisited if additional time is needed to formulate an amendment.

DP 4 and DP 60 dealt with Indian Education For All. CHAIR FRANKLIN suggested in lieu of taking action today on these DPs, a working group be formed. This group would be a three-member strategic steering committee. They would have a ten-day window to collect materials from various agencies and meet people who have

worked on this issue for the past 30 years, particularly from the Indian Education Summit. They would review the curriculum work that has been done and archived materials. They would supply the Subcommittee some recommendations for how to proceed with the funding allocation.

CHAIR FRANKIN believed the working group would provide more meaningful appropriation requests that the Subcommittee could supply to the larger Appropriations Committee. The three-member working group will be **SEN. WILLIAMS, REP. JACKSON** and **REP. JUNEAU**. Since no person objected to this idea, **CHAIR FRANKIN** said that the working group will move forward and present the proposal to the Subcommittee after the ten-day period is up.

{Tape: 1; Side: A; Approx. Time Counter: 12.6 - 18.4}

CHAIR FRANKIN informed the Subcommittee they will be taking action on DP 4 and DP 60 in ten days.

Motion: **SEN. ESP** moved **THE GENERAL FUND FOR DP 53** [Gifted and Talented Assistance], **DP 54** [Audiology Equipment-OTO], and **DP 62** [Student Education information Data System (Schweitzer)-OTO] **BE APPROVED**.

Discussion:

Through questions and answers between **CHAIR FRANKLIN** and **Superintendent McCulloch, OPI**, if DP 53 is approved, the money allocation will stay in OPI. OPI did request an additional \$9,000 above the \$43,000 that is in this DP.

[SEN. Williams arrived.]

Through comments between **Madilyn Quilan, OPI**, and **SEN. ESP**, DP 62 will be noted as a biennial appropriation.

{Tape: 1; Side: A; Approx. Time Counter: 18.4 - 22.1}

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 22.1 - 22.4}

New Proposals
State Special Funds
DP 17 - Educator Preparation Unit Reviews

At the wishes of **SEN. RYAN**, rather than introducing an amendment, the Subcommittee addressed the New Proposal(NP) that dealt with

the State Special Account. The only DP is DP 17--Educator Preparation Unit Reviews.

Mr. Standaert informed the Subcommittee that this DP will review teacher preparation programs and the funds are proprietary.

Motion/Vote: SEN. ESP moved DP 17 [State Special--Educator Preparation Unit Reviews] **BE APPROVED. Motion carried 7-0 by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 22.4 - 24.2}

OPI Requested DPs
General Fund
DP 72 - Curriculum Specialists
and Amendment

SEN. RYAN asked to have discussion on DP 72--Curriculum Specialists (6 FTE). He did not know if funding could happen for all six and wanted the Subcommittee's thoughts.

Motion: SEN. RYAN moved DP 72 FOR PURPOSES OF DISCUSSION.

Discussion:

Responding to **SEN. ESP's** question, **Ms. Carlson**, said that there is no philosophical reason not to support it, but the lack of funds is the reason why the Governor's office cannot support it

SEN. WILLIAMS said while she recognizes the problem of not having enough money, she believes that without Arts and Music in our schools, that the reading and math scores of the children will not be raised. She offered an amendment with the understanding it would not pass.

Motion/Amendment: SEN. WILLIAMS moved TO HAVE AN ARTS AND MUSIC SPECIALIST BE INCLUDED IN OPI'S BUDGET.

Discussion:

SEN. WILLIAMS talked about the cost associated with this Arts and Music position, as well as the duties.

EXHIBIT ([jeh15a08](#))

Through questions and comments from **REP. GLASER, Mr. Standaert, SEN. RYAN** and **CHAIR FRANKLIN**, it was learned that there was a free-standing motion on the table, and that the amendment would add approximately \$86,000 each year for an additional specialist.

Discussion(Relating to the original six specialists):

REP. JACKSON thought it would work best to prioritize and, if possible, consolidate the areas that might work well together, such as Math and Science, which could then cut the cost of this proposal. **REP. JACKSON** said that he agreed with SEN. RYAN that this package was too costly.

CHAIR FRANKLIN asked Bud Williams to give the Subcommittee a "thumbnail" on this proposal.

{Tape: 1; Side: A; Approx. Time Counter: 24.2 - 30.2}

Bud Williams, Deputy Superintendent, OPI, said that with DP 72 there would be four specialists and two support staff. The four specialists would be in Math, Science, Language Arts/Reading and in Early Childhood.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 0.3}

CHAIR FRANKLIN asked OPI to comment on the Arts and Music Specialist that was proposed by SEN. WILLIAMS.

Superintendent McCulloch agreed with SEN. WILLIAMS on the importance of the Arts. She said that Arts provide non-academic opportunities for students and keep many students in school. But in her opinion, the priority is still with the four specialists that are in DP 72. She ended by saying that "in a second swing, I sure would love to have Arts in that group."

REP. JUNEAU wondered if the Gifted and Talented Position, DP 53, that was just passed could be expanded to a full-time position and have that person do Arts and Music in addition to the Gifted and Talented program.

CHAIR FRANKLIN said that she guessed that those would be in two different areas of expertise and asked for a comment.

Superintendent McCulloch thought it would be difficult to find a person qualified both in Arts and Music and a Gifted/Talented area. She was concerned that with the person who is only qualified in one of the two areas but teaching both, the non-emphasis area would be lacking. She felt that would be "kinda dangerous." She ended by saying that with REP. JACKSON's comment on a Math/Science specialist, finding a qualified person in Math and Science could be very difficult.

CHAIR FRANKLIN also believed like **SEN. WILLIAMS** that Arts and Music is probably one of the most critical issues in student learning but at this time, she will not support the motion.

{Tape: 1; Side: B; Approx. Time Counter: 0.3 - 4}

Vote: Motion failed 2-5 by roll call vote with **REP. JUNEAU** and **SEN. WILLIAMS** voting aye.

{Tape: 1; Side: B; Approx. Time Counter: 4 - 4.5}

Motion: **SEN. RYAN** moved to AMEND DP 72 TO REFLECT 2 FTE FOR CURRICULUM SPECIALISTS AT GRADE 16 AT APPROXIMATELY \$174,000 EACH YEAR OF THE BIENNIUM WITH A PROBABLE PRIORITY IN READING/LANGUAGE ARTS AND MATH.

Discussion:

SEN. RYAN wanted OPI to have the flexibility and make the determination of which two areas to service. He hoped the original DP could get revisited at a later date to see if the OPI's needs of all four specialists could be fulfilled.

Through discussion between **Mr. Standaert**, **SEN. RYAN**, **REP. GLASER**, and **Superintendent McCulloch**, these positions would only include the specialists, at grade 16, at a cost of \$174,000 per year.

SEN. ESP asked if any of the proposals that are in the DPs that OPI is asking for deal with general fund and whether one DP is carrying more priority than the other. **Superintendent McCulloch** said the curriculum specialist serves the children in the classroom so that DP has a higher priority.

REP. JACKSON thought it would be a workable thing to have a Math/Science combination and Language/Arts and Reading combination.

CHAIR FRANKLIN asked if right now Reading and Math are the strongest priorities for OPI and **Superintendent McCulloch** said that these would be the top two.

CHAIR FRANKLIN's comment to the Subcommittee focused on telling a nursing analogy. The nursing profession has suffered because of the lack of specialists, and it is her belief that these education specialists can directly affect what happens in the classroom. She ended by saying, "I would support **SEN. RYAN's** motion."

SEN. RYAN closed by saying that curriculum specialists provide a sound economic way to provide the needed support that districts are looking for in the various teaching areas. He ended by saying "This is a good investment."

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 4.5 - 12.3}

Through discussion between **CHAIR FRANKLIN, Mr. Standaert** and **SEN. RYAN**, the executive action will still be with Program 06.

OPI DPs

General Fund

DP 71 - SABHRS Fixed Cost

DP 73 - Measurement and Accountability

SEN. ESP asked for clarification into DP 71-SABHRS (State Accounting Budget and Human Resource Services) Fixed Cost.

Julia Dilly, Fiscal Services Division Administrator, OPI, said that this was a request that did not make the Executive Budget. She explained why the proposal is needed. DP 71 is Page 5 of the "Amendment Package," Exhibit 2.

SEN. ESP asked how DP 73 can enable more accountability and **Mr. Standaert** referred him to the "Amendment Package," Exhibit 2, Page 7.

Nancy Coopersmith, Assistant Superintendent, Department of Education Services, OPI, said that with the data that is collected, this position would provide the districts an analysis to improve the teacher's instructional decisions.

Through a question from **SEN. ESP, Ms. Coopersmith** said part of this funding will be used to take data back to the districts.

Motion: **SEN. ESP** moved DP 73 [MEASUREMENT AND ACCOUNTABILITY] **BE ADOPTED.**

Discussion:

SEN. ESP asked the Subcommittee to consider this motion. He said, "If we are going to improve, we got to know what we need to improve on." He thought if providing the data to the schools will help, then supporting the DP would be worthwhile.

Ms. Carlson's comment was, "We don't have the money to fund this either."

Asked by **REP. JUNEAU** what DP 73 and DP 62 have in common, **Ms. Quinlan** replied there is certainly some tie between these two DPs. The data warehouse is the foundation and the analysis takes it to the next step. The human component of analyzing data and providing a report is as important as the whole issue of quality schools.

Through questions and answers between **REP. JUNEAU**, **Ms. Quinlan** and **Ms. Coopersmith**, this position would be Grade 16, which is about \$42,000 in salary and an additional 25 percent for benefits.

SEN. RYAN stated he was not willing to support this proposal at this time because there were more DPs that had a higher priority.

SEN. ESP closed on the motion. He said that the commitment to gather the data, which will cost several million dollars, has happened but without the funding for the analysis, the data will not be used. He sees this same problem happening in tobacco prevention. He said that it made no sense to him to gather the information and not figure out how to get it to the people who could use it. He urged the Subcommittee to support the motion.

Vote: Motion failed 3-4 by roll call vote with **SEN. ESP**, **REP. JACKSON**, and **SEN. WILLIAMS** voting aye.

{Tape: 1; Side: B; Approx. Time Counter: 12.3 - 22.9}

OPI DPs - Federal Funds
DP 74 (Program 06) and DP 75 (Program 09)
Homeland Security Grants

DP 74 is the second to last box on the front of Exhibit 7. DP 75 is explained in the last box on the back of Exhibit 7.

Motion: **SEN. WILLIAMS** moved DP 74-HOMELAND SECURITY GRANT BE APPROVED.

Discussion:

Mr. Standaert informed the Subcommittee that with this DP, the money stays at OPI and with DP 75, the money will get distributed to the schools.

CHAIR FRANKLIN said that with DP 74, the Subcommittee is voting on spending authority for the Homeland Security federal money in OPI for a total of \$254,000 for the biennium.

SEN. RYAN said that whatever can be done to help speed up the Homeland Security the better. **REP. JACKSON** wondered if some of the money could be used for vocational education.

Ms. Coopersmith said that it can be tied to the vocational curriculum, as well as the arts curriculum and language arts. It depends upon the focus of that grant. She further explained some of the components to the grant. DP 74 is Page 8 of the "Amendment Package."

[EXHIBIT\(jeh15a09\)](#)

SEN. ESP realized that DP 74 is federal money, but it must be prioritized. The \$127,000 cost to administer the program could be better spent by teaching first aid and "stuff like that."

CHAIR FRANKLIN said that her guess is that this grant is pretty prescriptive and the Subcommittee will not get to prioritize where they think the money should be spent.

{Tape: 1; Side: B; Approx. Time Counter: 22.9 - 28.2}

After comments from **REP. JACKSON** and **CHAIR FRANKLIN, Ms. Coopersmith** informed the Subcommittee that the service learning groups do work with community organizations. She knew that the Red Cross was involved in helping with a brochure. She was not sure if 4-H or vocational leadership were also involved but the grant is set up so these community organizations could be a part of the program.

Vote: Motion carried 6-1 by voice vote with **SEN. ESP** voting no.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 1.9}

Motion: **SEN. WILLIAMS** moved DP 75 BE APPROVED.

SEN. WILLIAMS explained DP 75. It is Page 12 of the "Amendment Package."

[EXHIBIT\(jeh15a10\)](#)

Vote: Motion carried 6-1 by voice vote with **SEN. ESP** voting no by proxy.

{Tape: 2; Side: A; Approx. Time Counter: 1.9 - 4.5}

Indirect Cost Rate
Advanced Drivers Education Rates
(Program 09: Distribution)

The last box on the front side of Exhibit 7 is addressed.

Mr. Standaert explained that he would like the Subcommittee to take action on the first two items, Indirect Cost Rate and Driver's Ed Rates, then deal with the three components concerning language.

Mr. Standaert explained that the indirect cost rate is 17.3 percent. With the Driver's Education Rate, he believes that the cost is about \$225 per day for taking the course and is constant with the last biennium.

Motion/Vote: REP. JUNEAU moved INDIRECT COST RATE & ADVANCED DRIVER'S ED RATES BE APPROVED. Motion carried 7-0 by voice vote with SEN. WILLIAMS and SEN. ESP by proxy.

{Tape: 2; Side: A; Approx. Time Counter: 4.5 - 6.0}

Language Additions to HB 2
1. Instate Treatment
2. Traffic Education
3. Federal Monies are Biennial Appropriations
(Program 09: Distribution)

Mr. Standaert said that the language additions to HB 2 are the last three pages of this amendment packet that OPI handed out.
[EXHIBIT\(jeh15a11\)](#)

1. Instate Treatment

Bob Runkel, Director of Special Education, OPI, explained why this language is needed. When OPI has paid their obligations to cover the education costs for children who are in state residential treatment and money is left over in the line item appropriation, this language allows OPI the authority to distribute those left-over sums to schools for students who have significant physical or behavioral needs. It really serves as the safety relief valve for schools, for the high-cost students.

Superintendent McCulloch clarified that this is the money that goes to the schools - 09 program.

Motion/Vote: Motion [Language Related to Instate Treatment] carried 7-0 by voice vote, with proxy by SEN. ESP.

{Tape: 2; Side: A; Approx. Time Counter: 6.0 - 8.2}

2. Traffic Education

With the State Traffic Education language, **Ms. Dilly** stated the funds come from drivers' license fees and the language allows OPI to reimburse school districts for a portion of their drivers education programs. This language is part of program (09), Distribution to schools appropriation.

Ms. Carlson said with these open-ended appropriations, a numerical cap is needed. After conferring with **Ms. Dilly**, she stated that a \$1.1 million per-year limit would work.

CHAIR FRANKLIN asked **Ms. Dilly** if the office could live with that. **Ms. Dilly** said, "Yes," and went into the historical aspect of distributing the dollars and thought \$1.1 million should be sufficient.

Superintendent McCulloch said if there is more money than what was used, the money will sit there and not be appropriated to schools until the next session.

Motion/Vote: REP. JUNEAU moved LANGUAGE - STATE TRAFFIC EDUCATION WITH \$1.1 MILLION CAP BE APPROVED. Motion carried 7-0, with proxy by SEN. ESP.

{Tape: 2; Side: A; Approx. Time Counter: 8.2 - 12.3}

3. Federal Monies are Biennial Appropriations

Discussion with the language for biennial appropriation occurred. It is the third page in Exhibit 10. **Mr. Standaert** said language will have to be crafted, but the intent is written on the page.

Through questions from **Mr. Standaert**, **Ms. Dilly** informed the Subcommittee that both Federal appropriations and General Fund in program 09 and the federal appropriations in program 06 is what this covers. Even though all federal appropriations are biennial appropriations this language ensure that all the appropriations that are introduced remain biennial.

Vote: Motion [Biennial Appropriation] carried 7-0 by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 1.9 - 14.9}

EXECUTIVE ACTION
PROGRAM (09) Distribution to Schools

Present Law Adjustments - DPs
General Fund

The DPs associated with the General Fund is Exhibit 12.

EXHIBIT(jeh15a12)

Through **CHAIR FRANKLIN** and **Mr. Standaert's** discussion, DP 1 and DP 5 which were associated with present law adjustments with the General Fund were explained.

Mr. Standaert informed the Subcommittee that with DP 5, Special Education is broken down into two areas. He went into detail on the Base Aid Component. He ended by saying that all DP 5 does is bring Special Education spending up to FY05 levels. FY04 was about a million and a half dollars lower than FY05.

CHAIR FRANKLIN stated if all the DPs that are in the "top box" would be approved, there would be \$22,373,692 in Present Law Adjustments in General Fund.

Motion: **REP. JUNEAU** moved **ALL PRESENT LAW ADJUSTMENTS DEALING WITH GENERAL FUND IN PROGRAM 09.**

Discussion:

REP. GLASER believed inflation should be tied to an automatic process, so the Subcommittee would not have to come back and make a positive vote on decisions made in the previous biennium.

Mr. Standaert went into detail on Adjustment for Higher Common School Revenue. On Exhibit 12 it has DP "None" with Page # E-18.

Mr. Standaert said that since there is a discrepancy in interest and income revenue that is expected to flow into the guarantee account, LFD is talking with the Board of Investments on what they think those revenues are going to be. There is a subcommittee of the House Taxation Committee meeting on Monday morning to review both the budget offices revenue estimates and LFD revenue estimates. He thought it was a very uncertain right now.

{Tape: 2; Side: A; Approx. Time Counter: 14.9 - 20.8}

REP. GLASER asked **Mr. Standaert** if he is recommending at this particular time that the Subcommittee be patient and wait on the "none." **Mr. Standaert** said that he would recommend that.

Motion/Amendment: REP. GLASER amended REP. JUNEAU's MOTION TO EXCLUDE THE "NONE" VALUES [Adjustment for Higher Common School Revenue].

Through Subcommittee discussion between Mr. Standaert, REP. GLASER and CHAIR FRANKLIN, it was learned that the "none" values could be left in and amended to reflect the new numbers once they become available. Basically, this is an accounting issue so REP. GLASER withdrew his amendment.

Through questions from Ms. Quilan and answered by Mr. Standaert, it was learned that the "none" is tied in with DP 1.

Vote: Motion [by REP. JUNEAU] carried 7-0 by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 20.8 - 23.7}

Present Law Adjustments
Federal Funds
DP 28

CHAIR FRANKLIN said that those increases are approximately \$35 million dollars. Mr. Standaert said that the Federal Grant Awards that deal with present law adjustments are listed in Figure 6, on Page E-22 Legislative Budget Analysis 2007 Biennium.

Motion: REP. JUNEAU moved DP 28 [Federal Increases in Present Law Adjustments] BE APPROVED.

Discussion:

Through SEN. RYAN's question and Ms. Coopersmith's response, the Subcommittee learned that the values that are in Figure 6 are the "best guesses" that OPI has. She explained how OPI arrived at the figures and why they have to do it that way.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 23.7 - 25.6}

New Proposals
General Fund
DP 6 and DP 61

The DPs here are on the back of Exhibit 7, third box. This deals with seven DPs.

REP. GLASER asked if the Subcommittee finished everything on the first page [of Exhibit 7] that was going to be discussed. He said that DP 70 and DP 71 were not discussed as thoroughly as DP 77.

CHAIR FRANKLIN said these were OPI DPs that needed to be moved by someone. If they did not get moved or brought up for discussion, the Subcommittee could not discuss them. Her preference is to address the DPs in program (09) before the Subcommittee address the DPs in Program (06) from OPI.

Mr. Standaert explained in detail the components to DP 6-Special Education increase which was recommended both by Martz and Governor Schweitzer. The total of General Fund monies for DP 6 is about \$2.7 million.

The second DP that **Mr. Standaert** talked about was DP 61, BASE Aid Changes-Increases in Entitlements and Special Education. In addition to the increase in entitlements, there is a Special Education Increase for \$2.7 million for the biennium. The total components to this package add up to \$30,670,095 in the General Fund for the biennium. This DP came from Governor Schweitzer and can be found on Page S-52, Exhibit 6.

Mr. Standaert said that DP 64 is tied to SB 48, Senator Harrington's bill, which increases the exemption for business equipment to \$20,000 and below. DP 21 (Martz Budget) and DP 63 (Schweitzer Budget) deal with increasing money for school facilities. Approving these DPs would bring total spending in school facilities up to about \$11.8 million per year; where now it is about \$8.4 million total per year.

Mr. Standaert's comments addressed the last two DPs which have been recommended by Martz and carried over into the Schweitzer budget. With DP 51-Secondary Vo-Ed, there would be an increase of \$570,000 for the biennium. With DP 50-Gifted and Talented, the total increase would be \$170,000 for the biennium.

{Tape: 2; Side: A; Approx. Time Counter: 25.6 - 29.2}

Through a question by **SEN. RYAN** and a response by **Mr. Standaert**, they realized to get the figures that are in DP 61, DP 6 would also have to be approved. If DP 6 does not pass and DP 61 does, DP 61 would have to be refigured. **CHAIR FRANKLIN** said that these are accumulative. The Martz budget was \$2.6 million.

Mr. Standaert readdressed DP 64; which is tied to a bill. If a proposal is dependant upon a bill, then the Subcommittee would

put in language that the Subcommittee will pass this amount or this amount in the line item will go up if the bill should pass.

{Tape: 2; Side: A; Approx. Time Counter: 29.2 - Side: B; Approx. Time Counter: 1.2}

SEN. RYAN suggested that DP 6 is voted on first which can be found on Page E-22,23,24, and 25 of Legislative Budget Analysis 2007 Biennium.

Motion/Vote: **SEN. RYAN moved that DP 06** [BASE Aid Changes-Special Education Increase-Martz: General Fund] **BE ADOPTED.**
Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 1.2 - 2}

Motion: **SEN. WILLIAMS moved that DP 61** [BASE Aid Changes-Increase in Entitlements and Special Education-Schweitzer] **BE ADOPTED.**

Discussion:

REP. GLASER said that he has been looking into a different way to fund schools. The \$250 and \$50 does not help the bigger problem that he sees with school funding. He would prefer not to take action on this DP because, "We don't know enough." If a vote is taken, he would not support it.

Ms. Carlson pointed out that the approval of this DP would set aside the \$30 plus million for school funding. The Legislature would still need to consider the bills allowing the money to be spent.

REP. GLASER said that he thought Ms. Carlson was saying two things need to be done; the money has to be put into HB 2, and the Legislature needs to change the schedule. He said that he has a different plan than the Governor has.

CHAIR FRANKLIN provided initial thoughts on the process of school funding. She said, "The whole process seemed so huge. It's like that old adage: How do you eat an elephant? One bite at a time." She would prefer to give the public some certainty that there is a specific amount of BASE Aid numbers for school funding but knowing that in the future, the distribution and formula of funding may change.

SEN. ESP wanted to know if the \$15 million change per year in DP 61 would go to the programs that are listed in DP 61.

Ms. Carlson explained with the Special Education increase of \$1.3 million per year, that money would go directly into HB 2. The other components would be contingent on Legislation and whether those other pieces passed.

SEN. ESP asked if the figure for Special Education, \$1.3 million, is the only amount that would go into HB 2.

Ms. Carlson said that with the Guaranteed Tax Base Aid (GTB) Section of \$3.9 million, about \$240,000 is for Special Education. About \$1.5 million per year would be committed in HB 2.

Through discussion between **REP. JUNEAU, CHAIR FRANKLIN** and **Mr. Standaert**, DP 61 included all the components that are listed, including the Special Education component and the additional monies that could be added if the need arises.

REP. JUNEAU reiterated she wanted to be clear on the vote; **CHAIR FRANKLIN** said the motion is for the DP 61 in its entirety.

Vote: Motion carried 6-1 by voice vote with **REP. GLASER** voting no.

{Tape: 2; Side: B; Approx. Time Counter: 2 - 10.3}

New Proposals
General Fund
DP 64

CHAIR FRANKLIN said that she would entertain a motion for language related to the Class 8, \$20,000 exemption [DP 64].

Mr. Standaert explained this tax cut is in SB 48. If this bill does not have a reimbursement mechanism, DP 64 will go away. With this tax cut, there will be a slight difference in BASE Aid because of a redistribution around districts. There will be some GTB effect and the GTB will have to be figured.

Mr. Standaert referred to the \$1 million that is associated with DP 64. They could put in language tying SB 48 to BASE Aid and block grants by saying if SB 48 passes, then BASE Aid and block grants would be increased or decreased as needed.

Through questions from **REP. GLASER** and responses from **Mr. Standaert**, the Subcommittee learned that the \$20,000 is referring to the appraised market value and not the taxable value of equipment. The business can only have up to \$20,000 in equipment to receive the exemption. If this DP passes, this would be up to

a \$600 taxable value exemption. This exemption would only apply to a very small amount of businesses.

REP. JACKSON asked how the appraised value on business equipment is computed. **Mr. Standaert** said that it is the market value less depreciation, depending on the age of the equipment. That value is the starting point to the \$20,000 value.

Motion: SEN. RYAN moved A CONCEPTUAL AMENDMENT THAT IF SB 48 PASSES IN A FORM THAT HAS A HB 124 TYPE REIMBURSEMENT THEN AN ADJUSTMENT UPWARDS OF BASE AID AND BLOCK GRANTS WILL OCCUR [FROM THE \$1 MILLION].

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 10.3 - 16.9}

New Proposals

General Fund

DP 21 and DP 63: School Facility Increases

Motion: REP. GLASER moved DP 21 [School Facility Increase-Martzt] AND DP 63 [School Facility Increase-Schweitzer] **BE APPROVED.**

Discussion:

REP. GLASER said some school districts have been unable to provide buildings for students, which is not a Constitutionally sound practice. The districts do not have enough taxable value to build a building, so if this proposal will help, he is all for it. He believed that facility improvements needed to be done and he was preparing a bill that addressed this issue.

SEN. ESP and **Ms. Carlson** discussed the fluctuation of the funding for facilities. This proposal is tied to the relative wealth of a district. **Ms. Carlson** said that this proposal is tied to GTB, so districts with less taxable value get more of this money. Districts with more taxable value get none or only a small portion of this money. The increase in DP 63 plus the amount in DP 21, will anticipate a yield of \$11.8 million per year in total state facility entitlements.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 16.9 - 22.3}

New Proposals
General Fund
DP 51-Secondary Vo-Ed

Motion: REP. JACKSON moved DP 51 - SECONDARY VO-ED BE APPROVED.

Discussion:

REP. JACKSON asked Jody Messinger to explain the funding mechanism and how distribution works for vocational programs.

Ms. Messinger, Division Administrator, Career Technical and Adult Education Division, OPI, replied that through an application process in the past, \$715,000 was distributed to over 169 schools out of the 173 which applied. The schools then distribute the money to the different vo-ed programs in their schools. This DP would add a little bit more money. Due to the dynamic nature of current technical education, the added monies would be used for technology and equipment plus professional development.

Ms. Messinger stated a school needed to apply for the funding. The funds are distributed based on a formula that has four components: 1) the Vo-ed Enrollment; 2) the presence of Vo-Ed technical student organizations like FFA or DECA; 3) the percentage the school spends from their general fund for vo-ed programs; and 4) whether a teacher has an extended contract through the summer. The fiscal people put that information into the formula then distribute the appropriate amount to each school.

REP. JACKSON thought that was a good way to distribute the money and encouraged everyone to support the motion. He ended by saying that these programs need to be available from ninth grade on.

SEN. RYAN stated that this is another one of those ways in which the Legislature can honestly enhance a curriculum without just putting money out there. In addition, if the school is doing what it can, then it gets rewarded some more.

{Tape: 2; Side: B; Approx. Time Counter: 22.3 - 27.7}

SEN. RYAN commented about the potential of an amendment to DP 51 (it has stars next to it). He would like to stay at Governor's Schweitzer's \$570,000. He said that it would be nice to provide more but at this time, he would not be supporting an amendment.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 0.6}

REP. GLASER said that he will support this DP. The Constitution does not guarantee vo-ed in the public schools and now would be a good time to support this, because it will not happen in other bills.

REP. JUNEAU wanted to know where Adult Education fits into the OPI's budget and how this Subcommittee could provide additional monies. **Superintendent McCulloch** replied that Adult Education is in the base budget. The Adult Basic and Literacy Education people will request additional money in their program in a bill. **Mr. Standaert** said \$275,000 was in the base every year for Adult Education; a new DP which added more money could be developed.

Vote: Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 0.6 - 3.3}

New Proposals

General Fund

DP 50 - Gifted and Talented Increase

Motion: SEN. RYAN moved TO INCREASE DP 50-GIFTED AND TALENTED BY AN ADDITIONAL \$15,000 PER YEAR OF THE BIENNIUM. (Biennial sum of \$200,000 over and above the existing base.)

Discussion:

Through a question from **SEN. RYAN** to **Mr. Standaert**, the money for this DP will be distributed to the schools. **SEN. RYAN** then explained why he wanted to increase the funding.

SEN. WILLIAMS said that she would support SEN. RYAN's motion and hoped that some of the funding will go to Arts and Music.

CHAIR FRANKLIN said that she, too, will support this motion. This group has been under served, and schools need to find ways to help these students stay busy and live up to their potential. She ended by commenting about the K-12 gifted and talented teacher, who provided public testimony. "She's a remarkable young woman, but I'm sure she can use a little extra help."

REP. JACKSON asked if the gifted and talented program was just for high school or K-12. **Mr. Standaert** replied it was for K-12.

Vote: Motion passed 7-0 by voice vote.

OPI DPs: Program 06**General Fund****DP 70 - National Board Certification**

SEN. RYAN asked for clarification of DP 70. He wanted to make sure that there would be enough money for each person who completed the program. In the law passed in 2001, if there was not enough money, then the money that was left would be pro rated. He asked how many people are currently working on their National Board Certification.

Through **Superintendent McCulloch's** and **Erik Burke's (MEA-MFT)** comments, OPI believed the number was 24 people and 15 people in the second year. With the base budget, \$24,000 per year is going for the stipend. This DP would add money necessary for the additional people who OPI's believes will become certified.

CHAIR FRANKLIN asked if the 24 people began after the passage of the bill with the \$3,000 stipend and **Mr. Burke** said that was correct. The people who are in the program know that this stipend is biennium to biennium, and the participants are fully aware of the potential \$3,000 stipend available from the State.

SEN. RYAN said the \$3,000 stipend is truly deserved for completion. He believed becoming certified was not an easy task and worth the \$3,000 commitment of the State.

CHAIR FRANKLIN asked if OPI could get this money from somewhere else in their budget. **Superintendent McCulloch** replied it could not. If there was not enough money, then either the money that is left could be pro-rated or OPI could ask the Subcommittee for a supplemental.

Motion: **SEN. RYAN** moved TO INCREASE DP 70 FROM \$21,000 TO \$45,000 IN ANTICIPATION THAT THOSE PEOPLE BECOME CERTIFIED.

Through **Superintendent McCulloch's** comment and **Mr. Standaert's** explanation, \$24,000 in the base would mean eight people could receive the stipend. With the additional \$21,000, seven more could receive the stipend for a total of 15 people.

Asked a question by **REP. JUNEAU**, **Superintendent McCulloch** believed if the \$21,000 was not all spent, it would revert since the money was a line-item.

Substitute Motion: **SEN. RYAN** made a substitute motion to move DP 70 AS WRITTEN BE APPROVED.

Ms. Carlson said this proposal might work best by being a biennial appropriation. The potential of moving FY06 money into FY07 could be in place which might save some money. Both **CHAIR FRANKLIN** and **Superintendent McCulloch** thought that might be a possibility and explained why they agreed. With this appropriation, the true numbers of people graduating will not come in until November, so it has the potential of being under- or over-funded.

Ms. Quinlan wanted to share some additional information with the Committee. If this appropriation is biennial, then the base would allow stipends for 16 people in the two-year period. **Ms. Carlson** suggested making a restricted biennial appropriation because the money could not get moved into something else.

CHAIR FRANKLIN asked if **SEN. RYAN** would be willing to withdraw his motion for the moment and offer a motion to make it restricted biennial appropriation. **SEN. RYAN** said, "If it is the wishes of the committee, I will withdraw that motion." He wanted to stay away from the possibility of pro-rating the money.

Arriving at a figure that would fully fund the teacher's stipend was a challenge for the Subcommittee, so **Ms. Carlson** suggested putting \$30,000 a year into this restricted biennial appropriation would fund the 15 certified in 2007 and the 5 in 2006 for a total of 20.

CHAIR FRANKLIN said that \$12,000 would be needed over the current base appropriation. \$15,000 would add some "wiggle room."

Motion: **SEN. RYAN** moved TO MAKE AN AMENDMENT THAT DP 70 BECOME A RESTRICTED BIENNIAL APPROPRIATION, TO TAKE OUT THE \$21,000 AND ADD \$6,000 PER YEAR TO DP 70.

Through discussion between **CHAIR FRANKLIN** and **Superintendent McCulloch**, this motion would allow the appropriation to be \$12,000 above the base which would fund only 20 certified teachers. If there were more teachers certified in this time period, either the money will have to be pro-rated or a supplemental will have to occur.

Vote: Motion carried 7-0 by voice vote.

SEN. WILLIAMS paused before she voted because she did not think there would be enough money appropriated if all 24 DPs pass.

SEN. RYAN said that he realized that this appropriation might lead to a pro-rata share which he did not want to happen. He

wanted this money that is appropriated only to go to the National Board Certified teachers.

Mr. Standaert informed the Subcommittee that an additional \$3,000 per year would allow the potential of two more receiving the stipend.

{Tape: 3; Side: A; Approx. Time Counter: 3.3 - 26.3}

Base Year Budget
Program (06) & (09)

Superintendent McCulloch wanted to know if the base budget was approved before she arrived at the meeting.

CHAIR FRANKLIN said present law adjustments were passed, but the Subcommittee did not address the base budget. **Mr. Standaert** said, "We forgot."

Motion: **SEN. ESP** moved **THE BASE BUDGET FOR PROGRAM 06 AND 09.**

Vote: Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 26.3 - 28}

Public Testimony

Bud Williams, Deputy Superintendent, submitted a letter written by Cynthia Sologub, a teacher at Helena High School. She wrote in support of a funding increase for Vocational Education.

[EXHIBIT\(jeh15a13\)](#)

Other Subcommittee Business

{Tape: 3; Side: A; Approx. Time Counter: 28.8 - 29.6}

SEN. ESP wanted an amendment at a later date to allow spending authority for OPI in Program (09) and some grants for school based programs that deal with tobacco prevention in Program (06). Given the funding level that the tobacco program may get, money may be available for this amendment.

Ms. Carlson said that shortly the Governor's Office should know the anticipated allocation that will go to schools for tobacco prevention. A mechanism for allocating the tobacco money to the schools is in law. It is called Administrative Appropriations or Appropriation Transfers; either transfer from Health and Human Services to OPI could occur. **Ms. Carlson** said supplying an amendment would be another way the funds could get transferred.

ADJOURNMENT

Adjournment: 10:58 A.M.

REP. EVE FRANKLIN, Chairman

DIANA WILLIAMS, Secretary

EF/dw

Additional Exhibits:

EXHIBIT ([jeh15aad0.PDF](#))