

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
59th LEGISLATURE - REGULAR SESSION**

**SELECT COMMITTEE ON EDUCATION FUNDING**

**Call to Order:** By **CHAIRMAN MONICA LINDEEN**, on January 28, 2005  
at 3:25 P.M., in Room 137 Capitol.

**ROLL CALL**

**Members Present:**

Rep. Monica Lindeen, Chairman (D)  
Rep. Bill E. Glaser, Vice Chairman (R)  
Rep. Norma Bixby (D)  
Rep. Tim Dowell (D)  
Rep. Verdell Jackson (R)  
Rep. Bob Lake (R)  
Rep. Holly Raser (D)

**Members Excused:** Rep. Dave Gallik (D)  
Rep. Pat Wagman (R)

**Members Absent:** Rep. Jon Sonju (R)

**Staff Present:** Connie Erickson, Legislative Branch  
Kim Leighton, Committee Secretary  
Chris Lohse, Legislative Branch  
Eddy McClure, Legislative Branch  
Jim Standaert, Legislative Branch

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

**Committee Business Summary:**

Hearing & Date Posted:  
Executive Action:

**CHAIRMAN MONICA LINDEEN** opened the meeting and took care of general housekeeping issues.

**Madalyn Quinlan, Office of Public Instruction(OPI)**, gave a presentation on school funding using power-point. She spoke of budgeted versus non-budgeted funds, as well as the general fund. She also referred to HB 667 when talking of principles of education. She also provided a document to support her presentation.

**EXHIBIT** (esh22a01)

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 5}*

**REP. VERDELL JACKSON** asked about differentiating the funds.

**REP. BILL GLASER** added that you need to look at expenditures versus budget.

**REP. TIM DOWELL** inquired about funding for preschool through the first grade.

**Ms. Quinlan** stated that if a child is past kindergarten they are considered first grade.

**REP. HOLLY RASER** asked about funding for students that enroll at different times of the year.

**Ms. Quinlan** stated that it is up to each district to decide how to allocate that.

*{Tape: 1; Side: A; Approx. Time Counter: 5 - 9.1}*

**REP. RASER** asked, "How far in the future do we have numbers for?"

**Jim Standaert, Legislative Fiscal Division**, stated that they have researched the numbers through the year 2013.

**REP. RASER** touched on some studies that Larry Swanson has done.

**Ms. Quinlan** mentioned that there are some graphs of studies in the back of the information she handed out.

**REP. JACKSON** asked about changes in the percentages.

**Ms. Quinlan** replied that it dropped approximately 1.5% over the last year.

*{Tape: 1; Side: A; Approx. Time Counter: 9.1 - 10.3}*

**Ms. Quinlan** spoke of the elements that affect a budget.

**REP. RASER** asked Ms. Quinlan about funding for special needs children.

**Ms. Quinlan** commented that there is a block grant provided to every school district.

**Ms. Quinlan** provided some specific numbers for budget elements in Fiscal Year 2005.

**REP. JACKSON** asked where the two first numbers came from.

**Ms. Quinlan** stated that they are tied to the regression analysis.

**REP. JACKSON** asked, "So you don't know what the regression analysis represents?"

**Ms. Quinlan** replied that she wasn't sure which fund this regression analysis was taken from. She stated, "I think it's from the general fund."

**REP. JACKSON** inquired if the amount is the same for each sized district.

**Ms. Quinlan** answered, "Yes."

**REP. RASER** asked Ms. Quinlan about the regression analysis continuing.

**Ms. Quinlan** stated that most of the time it was a percentage increase. However, sometimes it was a per student increase.

**REP. GLASER** stated that the fifty cent and twenty cent numbers never changed.

*{Tape: 1; Side: A; Approx. Time Counter: 10.3 - 17.4}*

**Ms. Quinlan** then went on to address maximum budget versus base budget, and how those are comprised. She also talked about district trends since 1995.

**REP. BOB LAKE** asked Ms. Quinlan if she had information by each school district.

**Ms. Quinlan** replied, "Yes." She then went on to explain the trends and why they changed.

**Ms. Quinlan** also touched on grants and levies. She talked about the Guaranteed Tax Base (GTB).

**Jim Standaert** asked to see an example of how this works.

**Ms. Quinlan** discussed Havre Elementary School, and their non-levy revenue and the fund balance being re-appropriated.

**Mr. Standaert** asked if there is an alternative to the 10% requirement.

**Ms. Quinlan** stated that it is \$10,000 or 10%.

**REP. JACKSON** asked if this is why schools sometimes have a flurry of activity toward the end in terms of spending.

**Ms. Quinlan** explained that this could account for some school districts however, not necessarily all of them.

**REP. JACKSON** inquired if a lot of schools don't do this.

**Ms. Quinlan** commented that she didn't know of specific numbers.

**REP. JACKSON** stated that he doesn't understand why anyone wouldn't do it.

**Ms. Quinlan** talked about School General Fund Revenues.

**REP. RASER** mentioned that the money used to go through the counties as opposed to each school district.

**Ms. Quinlan** touched on Special Revenue Funds and went into pupil transportation and county retirement in detail.

**REP. RASER** asked, "Why is there a difference between high school and elementary?"

**Ms. Quinlan** discussed the subsidy amounts that REP. RASER was referring to.

**Ms. Quinlan** also stated that it is tough to play with the existing formula. She went into detail on Special Revenue Funds, Debt Service Fund, and School Facilities Payment.

**REP. RASER** asked how the School Facilities Fund has been affected.

**Ms. Quinlan** stated that they have pro-rated a number of years. She also stated that Governor Brian Schweitzer has allocated sufficient funds for this.

**Ms. Quinlan** then discussed Capital Projects Fund, Proprietary Funds, Fiduciary Funds, Expenditure "function," and Expenditure "object" all in detail. She also commented on Lottery Funds.

**REP. LAKE** discussed the lottery system in a little more detail.

**REP. RASER** elaborated as well.

**REP. LAKE** discussed expenditures and investments within the state.

**REP. RASER** asked if the federal money is distributed evenly.

**Ms. Quinlan** stated that some have more access than others. She then went on to discuss the Department of Natural Resources Commission and their anticipated amount of money.

**REP. RASER** requested some information on that.

**Ms. Quinlan** spoke of the charts in the back of Exhibit 1.

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 29.5}*

**Jim Standaert** stated he would give a presentation on BASE aid and HB 2. First Roger Lloyd, Legislative Fiscal Division, would talk about the Common School Trust. They provided a document that supported both of their presentations.

**EXHIBIT** (esh22a02)

**Mr. Lloyd** talked briefly about the Common School Trust. He spoke of where the money goes and what it affects.

**SEN. JIM ELLIOTT, SD 7, TROUT CREEK,** asked Mr. Lloyd to expand on the revenues of timber.

**Mr. Lloyd** explained the process of timber funds.

**REP. RASER** asked about the amount set for timber sales.

**Mr. Lloyd** stated that this is happening right now in a subcommittee.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 10.9}*

**Mr. Standaert** referred to the back of Exhibit 2 which dealt with BASE aid and what the requirements are for this.

**REP. RASER** asked if a change in the amount of money was due to increased enrollment.

**Mr. Standaert** replied that they were off on the state aid and they also had more high school students than those in elementary. He then discussed solutions to problems that might arise.

**SEN. ELLIOTT** asked if this was entered under Gadsby.

**Mr. Standaert** said, "Yes."

**SEN. ELLIOTT** added that if there is more in the reserve there might be a temptation to spend that money. He mentioned that some supplemental funds are generated.

**REP. RASER** asked Mr. Standaert if they had thought of any ongoing solutions.

**Mr. Standaert** commented that it would be helpful if they could eliminate the guaranteed fund.

**REP. RASER** inquired if this could be delayed.

**Mr. Standaert** stated that it would be helpful. However, that first time would be a big bump that would probably cost the state close to 45 million dollars.

**REP. LAKE** emphasized, "There is a God."

**Mr. Standaert** explained that there are estimates for FY06 AND FY07.

**SEN. BOB HAWKS, SD 33, BOZEMAN**, stated that the Senate is approving a proposal for increased income on state land. He asked Mr. Standaert if he expected much increase.

**Mr. Standaert** claimed that Roger Lloyd would be the one that deals with that.

**REP. LINDEEN** thanked everyone for their presentations and closed the meeting.

**ADJOURNMENT**

Adjournment: 4:45 P.M.

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REP. MONICA LINDEEN, Chairman

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KIM LEIGHTON, Secretary

ML/kl

Additional Exhibits:

**EXHIBIT ([esh22aad0.PDF](#))**