

MINUTES

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

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **MADAM CHAIR EVE FRANKLIN**, on January 13, 2005
at 8:05 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: Mike Burke, OBPP
Mark Bruno, OBPP
Amy Carlson, OBPP
Marilyn Daumiller, 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 notation refers to material immediately preceding

Committee Business Summary:

Hearing & Date Posted: None

Executive Action: Montana State Library
Montana Arts Council
Board of Public Education
Montana Historical Society
Montana School for the Deaf & Blind

The meeting was opened by **MADAM CHAIR FRANKLIN**. She and **Alan Peura, LFD** discussed the tentative travel arrangements for the Great Falls trip and the trip to the Helena College of Technology.

MADAM CHAIR FRANKLIN explained to the Subcommittee that the Tribal Colleges will be a part of the Community College's hearing and explained why. There are two issues that the Tribal Colleges are facing. One is the non-beneficiary students' fees and the other is that, for a large group of people, some of the tribal colleges function as community colleges.

MADAM CHAIR FRANKLIN explained the color coded sheets that Ms. Daumiller made for the executive action on each agency. For continuity of agencies, the packet was broken out. These sheets are Exhibit 1,3,6,8, and 11.

Ms. Daumiller pointed out that with the Historical Society, there is an additional page that deals with the Historical Society's language. For continuity of agencies, this is Exhibit 9.

REP. JUNEAU asked for an overview of how the executive action will take place, asking in particular how amendments should be done. Starting with the Montana State Library **MADAM CHAIR FRANKLIN** said that at any point in the section an amendment can be added in. She said that a representative from each of the agencies is present in the audience. The Subcommittee is free to ask questions, have comments and discuss issues as they come up.

MADAM CHAIR FRANKLIN wanted to point out to the new members that there are multiple levels at which the budget will be looked at. She explained how the Subcommittee may have to come back and address an agency's budget prior to transmittal.

MADAM CHAIR FRANKLIN said that the next level that the budget will be looked at is in the full Appropriations Committee. At that time a person could intervene in the budget process with amendments or suggestions. And amendments can also be done on the floor of the House of Representatives. **MADAM CHAIR FRANKLIN** said that the Senate has the same process. She ended by saying that this is a work in progress and this is the beginning stage. There are several opportunities that amendments can be submitted.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 8.7}

EXECUTIVE ACTION ON STATE LIBRARY COMMISSION

At the beginning of the meeting Ms. Daumiller provided the Subcommittee an outline for the executive action on the State Library Commission. It is the white sheet.

EXHIBIT (jeh09a01)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deal with the State Library Commission are included in these minutes.

EXHIBIT (jeh09a02)

MADAM CHAIR FRANKLIN asked the Subcommittee how they wanted to proceed with executive action.

Statewide Present Law Adjustments**All Agencies except Montana School for the Deaf and Blind**

SEN. RYAN suggested that the statewide present law adjustments gets addressed globally with the exception of the Montana School for the Deaf and Blind (MSDB).

MADAM CHAIR FRANKLIN stated that with MSDB there are global issues, which are: vacancy savings, the inflation/ deflation factor and fixed cost. This agency can be addressed separately.

{Tape: 1; Side: A; Approx. Time Counter: 8.8 - 11.3}

Motion/Vote: REP. JUNEAU moved STATEWIDE PRESENT LAW ADJUSTMENTS FOR THE FOLLOWING AGENCIES: STATE LIBRARY COMMISSION, MONTANA ARTS COUNCIL, BOARD OF PUBLIC EDUCATION, AND THE MONTANA HISTORICAL SOCIETY BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 11.4 - 12}

MADAM CHAIR FRANKLIN said that the major issues for the Library Commission are listed on page E-51 of the Legislative Budget Analysis 2007 Biennium and the white sheet outlines the Decision Packages.

Base Year Budget

All Agencies except Montana School for the Deaf & Blind

SEN. ESP wanted to know if the Subcommittee should approve the base year budget first.

{Tape: 1; Side: A; Approx. Time Counter: 12.1 - 12.7}

Motion/Vote: **SEN. ESP** moved **THE BASE YEAR BUDGETS FOR ALL THE AGENCIES EXCEPT FOR THE MONTANA SCHOOL FOR THE DEAF & BLIND** [STATE LIBRARY COMMISSION, MONTANA ARTS COUNCIL, BOARD OF PUBLIC EDUCATION, AND THE MONTANA HISTORICAL SOCIETY] **BE ADOPTED. Motion carried 7-0 by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 12.18 - 13.4}

Other Issues Brought up by Subcommittee

Prior to the discussion on DP 2, Library Federation Support, there was a lengthy discussion on the global issue of the \$293 million surplus.

REP. GLASER said that there is more money than the legislature has budget authority due to the statutory cap. His concern was that this Subcommittee would be making decisions and due to the cap, the money may not be available.

REP. GLASER thought this issue will have to be addressed either at the Subcommittee level, full Appropriations Committee or maybe through a conference committee.

REP. GLASER suggested to each Subcommittee member that maybe we all should go out and explore where we are and how we got there and what we individually can do.

MADAM CHAIR FRANKLIN asked that this Subcommittee focus on the function that the Subcommittee has and that is to look at the particular budgets in the agencies. She said that it wouldn't be wise to subject each decision package to the larger global issues at this point.

Present Law Adjustments
Decision Packages

DP 2-Library Federation Support
State Special Funds

Jim Hill, Administrator of the Library Division of the State Library, stood in place of Darlene Staffeldt. He said that there are six federations in the state. The federation offers the ability of smaller library services to work together to take advantage of strength in numbers, to pull their resources, to provide a state wide database and that sort of thing. The federation has a lot to do with funding the smaller libraries that are working together.

MADAM CHAIR FRANKLIN said that this is money that is shared by local libraries to get access to information.

{Tape: 1; Side: A; Approx. Time Counter: 13.5 - 20.3}

Motion: SEN. RYAN moved THAT DP2[LIBRARY FEDERATION SUPPORT] BE ADOPTED.

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 20.3 - 21.0}

DP 8-Standard Base Adjustments
And Language
General Fund and Federal Funds

MADAM CHAIR FRANKLIN briefly explained the decision package and **Ms. Daumiller** went into further detail. Since the library has a commission, per diem and expenses are attached which are zero based and then added back every year. With the federal grants they are set and the Library is asking for spending authority. **Ms. Daumiller** ended by saying, "... they have done this historically over many of the biennia."

{Tape: 1; Side: A; Approx. Time Counter: 21.1 - 22.7}

Motion: SEN. ESP moved DP 8[STANDARD BASE ADJUSTMENTS] AND THE LANGUAGE WHICH CAN BE FOUND ON PAGE E-58 WITH THE AMENDED FIGURES OF \$205,138 AND \$850,000 BE ADOPTED.

[For clarification Page E-58 should read "item 1 includes biennial appropriation of ~~\$251,138~~ \$205,138, in general fund money and ~~\$850,000~~ \$800,000 in federal funds for grants to local libraries.]

Discussion:

SEN. RYAN stated that the language item is included with this motion and explained the appropriation included in this language. [Exhibit 1, 3rd bullet under DP 8 states the exact details to the appropriation funding.]

REP. JUNEAU wanted to know if the \$205,000 would be taken out of the \$293 million surplus.

Kris Schmitz, Central Services Manager, said that the \$205 thousand was in the last biennium. The Library Commission is just asking for the authority as a biennial appropriation to be allowed to spend it. It is in the base budget.

The discussion then went to whether the \$205,000 was considered new money. Through **Ms. Daulmiller's** input along with **REP. GLASER's** and **REP. JUNEAU's** comments, it became known that the \$205,000 isn't considered new money. Even though it has a zero base to begin with, the only way it could be considered new money is if the legislature said that the Library Commission no longer needed the money so it would be gone.

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 22.8 - 26.6}

DP 10

Transfer Base Expenses

From Renewable Resources to Reclamation Division

MADAM CHAIR FRANKLIN said that two data systems were merged and asked Ms. Daumiller to talk about this item.

Ms. Daumiller said that the Library Commission has merged into one program. There is still NRIS, which stands for National Resource Information System. Through the biennium, the Library Commission was informed that the Renewable Resource fund of the RIT fund had been over expended. The Governor proposed to transfer funds to the Reclamation and Development funds of the RIT fund.

Ms. Daumiller said that this package is an accounting decision package that basically allows the funds used in one of the grant programs that funded the Library Commission to be transferred to the other category of the RIT funds.

Mark Bruno, OBPP, explained that both the Reclamation Development Account and the Renewable Resource Account get interest earnings from the RIT Trust. If DP 10 passed, the administrative expenditures would be moved to the Reclamation account because it is a healthier account due to the fact that it gets a little gas money.

{Tape: 1; Side: A; Approx. Time Counter: 26.7 - 29.2}

Motion: SEN. WILLIAMS moved DP 10 [Transfer Base Expenses from Renewable Resources to Reclamation] **BE ADOPTED.**

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 29.3 - 29.5}

New Proposals
Decision Packages

DP 7000-Clerical Assistance in Library Development
DP 7001-Interlibrary Loan Reimbursement
DP 7002-Computer Equipment Upgrade
General Fund

Motion/Vote: SEN. ESP moved the New Proposal DP 7000 [Clerical Assistance in Library Development], DP 7001 [Interlibrary Loan Reimbursement], DP 7002 [Computer Equipment Upgrade] **BE ADOPTED.** Motion carried 7-0 by voice vote.

{Tape: 1; Side: A; Approx. Time Counter: 29.7 - Side: B Approx. Time Counter .07}

Present Law Adjustment
DP 8 - Language

MADAM CHAIR FRANKLIN said that there was language associated with DP 8. The language issue is on Page E-58 of the Legislative Budget Analysis 2007 Biennium. DP 8 [Standard Base Adjustments] and the related language were both passed with the change to the language of "biennial appropriations of \$251,138" should read "\$205,138, and \$850,000 should read \$800,000."

{Tape: 1; Side: B; Approx. Time Counter: 0.8 - 1.2}

EXECUTIVE ACTION ON MONTANA ARTS COUNCIL (MAC)

At the beginning of the meeting Ms. Daumiller provided the Subcommittee an outline for the executive action on the Montana Arts Council. It is the yellow sheet.

EXHIBIT (jeh09a03)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deal with the Montana Arts Council are included in these minutes.

EXHIBIT (jeh09a04)

Present Law Adjustments
Decision Packages

DP 1-Rent Increase: General Fund/State Special Fund/Federal Funds

DP 2-Equipment Replacement: General Fund

DP 4-Federal Funds Increase: Federal Funds

**Dp 5-Administrative Cost Adjustments: General Fund, State
Special, Federal Fund**

**Dp 7000-Alternative Payplan conversion: Reduction in General
Fund, State Special, Federal Fund**

MADAM CHAIR FRANKLIN said that MAC pays another agency for their office space.

Motion: **SEN. ESP** moved DP1 [Rent Increase], DP2 [Equipment Replacement], DP4 [Federal Funds Increase], DP5 [Administrative Cost Adjustments], DP7000, [Alternative Pay Plan Conversion].
FOR PURPOSES OF DISCUSSION. [All of these Decision Packages relate to present law adjustments.]

SEN. ESP said that looking at bottom of page E-48 [of the Legislative Budget Analysis 2007 Biennium] it succinctly lists all five. The net effect is not a lot of money.

Discussion: None.

Vote: Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 1.3 - 5.3}

New Proposals
Decision Packages

DP 3-E-Grants and Data Base System
General Fund

MADAM CHAIR FRANKLIN explained DP 3, on Page E-50 of the Legislative Budget Analysis 2007 Biennium, E-Grants and Data Base System.

Mike Burke, OBPP, said that this is a very good proposal. It gives MAC the ability to develop the data base and e-grants system which will really streamline MAC's craft system. The Governor's Office supports this.

Motion/Vote: SEN. RYAN moved that DP3 [E-Grants and Data Base System] BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 5.4 - 7.1}

DP 7001-Additional Grant Money for
Loss of Cultural and Arts Interest
General Fund

MADAM CHAIR FRANKLIN said, "Those of us who were around in '97 remember the gentlemen's agreement that was made when the sale of Virginia City was accomplished and there was money taken from the Cultural and Aesthetic Grants. It seems to me that the Governor was attempting to make good on that, keeping that as whole as possible."

Mark Bruno, pointed out that HB 9 contains the general fund money and if this decision package is adopted the money will transfer to the C&A Trust Fund.

{Tape: 1; Side: B; Approx. Time Counter: 7.2 - 8.2}

Motion: SEN. ESP moved DP 7001 [Additional Grant Money for Loss of C&A Interest] BE ADOPTED.

Discussion:

SEN. RYAN had two questions relating to DP 7001.

SEN. RYAN wanted to know if this money would show up as general fund expenditure and then get transferred to the Cultural Heritage Trust Fund. **Mark Bruno** said that it will be a transfer from the general fund to the Trust Fund. It would not show up as an expenditure in the Art Council's budget.

SEN. RYAN's follow up question was, "Will it show up as part of what we spend as an expense of state government in the \$3.9 million of spending authority by moving it in this direction that **REP. GLASER** talked about earlier?"

Ms. Daumiller said that right now this is general fund money. It will go as an expenditure appropriation. She pointed out that in the Long Range Planning Committee, within their discussion of the Cultural Trust, there is a recommendation from the LFD that the Cultural Trust money absorb this \$40,000 as there is hopefully balance enough. The Subcommittee does have an option here to say if there are indeed enough funds and the LRP Committee passes this, the use of the general fund would be avoided.

REP. JUNEAU wanted to know what would happen if the Subcommittee didn't approve of using general fund money.

Ms. Daumiller said that if this motion didn't pass today and the Cultural Trust motion in HB 9 did not include the \$40,000, the Arts Council would be out the \$40,000 for Cultural Trust grants.

The additional \$40,000 would help fund more of the applications in the Cultural Trust.

MADAM CHAIR FRANKLIN said that the C&A grants are the community grants for a variety of the community based projects.

SEN. ESP said that he had a discussion with the LFD staff and the Budget Office. It was his understanding that transfers are considered in a different way than an outright appropriation. He was of the opinion that the passing of this motion wouldn't affect the cap.

REP. JUNEAU wanted to know where the purchase of Virginia City fits into this issue.

Ms. Daumiller said that when Virginia City was purchased, money was taken out of the Cultural Trust, hence the interest income that MAC was to receive has dropped.

Ms. Daumiller said that with the original Martz budget, it was recommended to put \$40,000 of general fund to help augment the grants. This would help replace some of the funds that MAC didn't receive due to the interest drop in the C&A Trust.

REP. JUNEAU wanted to know if this \$40,000 would make the agency whole.

Ms. Daumiller said that with the Cultural Trust Committee and the funding process, the applications that have been recommended are still underfunded. The Governor recommended \$40,000 general fund to help that out a bit, which will get more money into the communities.

REP JACKSON asked if someone could give the Subcommittee some background on the Cultural Trust and where it came from originally.

Arlynn Fishbaugh, Executive Director of the Montana Arts Council, said that the Cultural Trust was established originally out of earnings out of the coal tax. This Trust funds all things cultural in the state, like art projects, library projects, historic preservation in communities. It funds rural projects as well as projects in communities in Montana.

Ms. Fishbaugh's further explanation focused on what the corpus of the trust was prior to the purchase, how much it cost to purchase Virginia City, and the result which has been a loss of interest from \$4 million dollars. The loss has been continually backfilled with general fund monies. **Ms. Fishbaugh** said that Governor Martz's action in this budget restores a portion of that corpus with one-time-only money. Therefore, it eliminates that need for the continual draw on the general fund.

Ms. Fishbaugh said that when the Citizen's Advisory Committee made their recommendations on the grants, the value was a quarter of a million dollars higher than what is currently in HB 9. With the Martz's administration, MAC asked for the quarter million and the decision was \$40,000 in general fund monies which is the value in this decision package.

SEN. RYAN said that he understands that this is the Coal Tax Trust Fund money that was developed. He said that the money that is available for the Montana Arts Council is only the interest from the Coal Tax Trust Fund.

Ms. Fishbaugh thanked SEN. RYAN.

Ms Fishbaugh stated that this decision package has confused the issue about the Art Council's budget.

Ms. Fishbaugh said the only role that the Arts Council does is to administer the Cultural Trust Grants in HB 9. MAC has no decision making authority so the \$40,000 isn't a part of MAC's budget; it goes directly to the Grant program.

The Art's Council asked originally that this decision package be in HB 9 because HB 9 provides the funding mechanism for various grants. **Ms. Fishbaugh** ended by saying MAC was concerned that inclusion here would cause confusion.

SEN. RYAN wanted to know if MAC would be better off if the agency would receive a quarter of a million dollars and not replace the \$3.9 million in the corpus of the Trust.

Ms. Fishbaugh said, "In the short term, yes."

SEN. RYAN then addressed the members of the Subcommittee. He said, "This is a philosophical thing. If it passes through the Committee it is fine. I, at this time, think that one of the fallacies that we do here is that if we replace this all we do is we create a fund that will be rated in the future for some other purpose."

SEN. RYAN was of the opinion that it might be better to give the agency the money that is needed. This would allow them to better serve the public than having the legislature put the money back into the Corpus which then could be used at a later date.

SEN. ESP said that the interest on the \$4 million that will be restored will generate in the next biennium much more money than the \$40,000.

SEN. ESP said, "The \$40,000 is an attempt to replace the interest they would have gotten in addition to some other monies that they are getting to do cultural trust grants. So, I respectively sort of disagree with your approach. I think this is the way to do it. To move back to the way it was before we bought Virginia City and allow them to administer the grants from the interest."

SEN. RYAN said that he follows what **SEN. ESP** is saying. Through a question from **SEN. RYAN** to **SEN. ESP** it was found out that it took a three-quarter vote from the legislature to take the money out of the Trust to pay for Virginia City.

MADAM CHAIR FRANKLIN said that she remembers the time when the process of buying Virginia City took place. She said, "That was a pretty volatile discussion at that time, ... hate to replay it here. I think those are the struggles that we do go through and how to fund these budgets, that we see as so critical to our constituents, but trying to find stable funding source. There is a motion on the floor."

{Tape: 1; Side: B; Approx. Time Counter: 8.3 - 21.4}

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

{Tape: 1; Side: B; Approx. Time Counter: 21.5- 21.8}

A discussion occurred over what would happen if HB 9 approves the \$40,000 additional C&A Trust funding which means the money would not come out of the general fund.

Through **REP. JUNEAU's** question and **Ms. Daumiller's** question, it was learned that the status of the C&A Trust funding will only be available at the full Appropriation Committee's meeting.

MADAM CHAIR FRANKLIN thought that the LFD staff could track the bill.

REP. GLASER suggested that language could possible be adopted in this Subcommittee that would address the tracking issue.

Ms. Daumiller said that the language would show the intent of the Subcommittee and she personally recommended that the Subcommittee look into this option.

{Tape: 1; Side: B; Approx. Time Counter: 21.9- 23.7}

Motion/Vote: **REP. JUNEAU** moved **THAT LANGUAGE BE ADOPTED THAT WILL ALLOW THE SUBCOMMITTEE TO TRACK HB9's RECOMMENDATION ON THE \$40,000.** Motion carried 7-0.

{Tape: 1; Side: B; Approx. Time Counter: 23.8 - 24.3}

Briefing Paper

After **MADAM CHAIR FRANKLIN** informed the Subcommittee that the executive action on the Montana Art's Council's budget was complete, **Alan Pura, LFD**, asked to address the Subcommittee. He provided the Subcommittee a briefing paper, "Montana's Expenditure Limitation," Exhibit 5. The paper is a point of reference. He said that this paper addresses transfers among other things and SEN. ESP's point about transfers as being exempt was correct.

EXHIBIT (jeh09a05)

{Tape: 1; Side: B; Approx. Time Counter: 24.4 - 25.6}

EXECUTIVE ACTION ON BOARD OF PUBLIC EDUCATION (BPE)

At the beginning of the meeting Ms. Daumiller provided the Subcommittee an outline for the executive action on the Board of Public Education. It is the green sheet. The Board of Public Education has two programs: 01-Administration and 03-Advisory Council.

EXHIBIT (jeh09a06)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deals with the Board of Public Education are included in these minutes.

EXHIBIT (jeh09a07)**Program (01) Administration**
Decision Packages**Present Law Adjustments**
DP 1-Per diem reinstated
General Fund**New Proposals**
DP 2-Out-of-State Travel and
DP 3-Additional Meetings-Board of Public Education
General Fund and State Special

Motion: SEN. ESP moved DP 1 [Per diem reinstated, Present Law Adjustment], **DP 2** [Out-of-State Travel, New Proposal], **and DP 3** [Additional Meetings, New Proposal] **BE ADOPTED.** [All of this is in program 01-Administration]

Vote: **MADAM CHAIR FRANKLIN** said that there was a motion on the floor. During the vote **MADAM CHAIR FRANKLIN** acknowledged that **REP. JUNEAU** wanted to speak.

Discussion:

REP. JUNEAU said that she had an amendment and asked about the procedure of getting the amendment included as part of executive action.

MADAM CHAIR FRANKLIN said, "Now would be the time."

SEN. ESP wanted to know if **REP. JUNEAU** would like to segregate one decision package out or do something different.

MADAM CHAIR FRANKLIN asked if **SEN. ESP** would like to withdraw his motion. **SEN. ESP** responded and in midstream **REP. JUNEAU** said that she could amend the motion.

MADAM CHAIR FRANKLIN asked for the vote again. **REP. JUNEAU** wanted to be sure the amendment would be heard before she voted to approve **SEN. ESP's** motion.

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

{Tape: 1; Side: B; Approx. Time Counter: 25.7 - 27.3}

Amendment

Motion: **REP. FRANKLIN** moved that **REP. JUNEAU'S AMENDMENT** [DP 4-\$3,400 for **MACIE** representative, no restrictions, State Special Funds] **BE ADOPTED**.

Discussion:

MADAM CHAIR FRANKLIN invited **REP. JUNEAU** to explain her amendment.

REP. JUNEAU's amendment would add up to \$3,400 into Board Of Public Education's (BPE) budget.

REP. JUNEAU said that this money would be for the travel of the chairperson on the Montana Advisory Council on Indian Education (MACIE) to attend the required BPE meetings in accordance with BPE's constitution and bylaws. She asked for direction as to which DP it would fit under.

{Tape: 1; Side: B; Approx. Time Counter: 25.7 - 27.8}

{Tape: 2; Side: A; Approx. Time Counter: 0 - .3}

Ms. Daumiller said that the amendment could go anywhere that the Subcommittee feels fit. She suggested that the money come out of either the general fund or the state special fund's Research Account. The latter fund is where a percent of the teacher's licensure fees get distributed to.

MADAM CHAIR FRANKLIN directed the Subcommittee to Page E-31 of the Legislative Budget Analysis 2007 Biennium. There is a projected \$75,000 fund balance in the Research Fund. She said that with the Supreme Court decision, which includes Indian Education For All, the money used for funding the MACIE representative might be able to come out of this fund.

SEN. ESP asked for clarification on the amendment.

REP. JUNEAU apologized for not getting the amendment written up but she said that she only got the figures just before the meeting. She explained MACIE's advisory role. They advise the BPE and OPI on Native American Affairs. This request would allow the chairperson of MACIE travel money and meal expense to help attend each of BPE's meetings.

SEN. ESP wanted to know how MACIE was getting reimbursed in the past. **REP. JUNEAU** was unclear and asked that the question get deferred to Mr. Meloy.

{Tape: 2; Side: A; Approx. Time Counter: .4 - 6.6}

Mr. Meloy said that the Board of Public Education (BPE) has never paid that travel. He thought it was appropriate for BPE to pay for the MACIE representative who lives in Lame Deer.

Mr. Meloy's viewpoint was that the funding mechanism for the MACIE representative might be more appropriate if the money came from the general fund as opposed to the Research Account. A percentage of the teachers licensure's fees goes into the Research Account. And with MACIE, the advise BPE gets is not limited strictly to teacher issues. He ended by saying that he wouldn't object either way as to where the money came from.

{Tape: 2; Side: A; Approx. Time Counter: 6.7 - 7.7}

MADAM CHAIR FRANKLIN's perspective on this is that the Subcommittee should use money that is really there.

REP. GLASER said that the Research fund is in statute and was concerned about the legality of using this fund for **MACIE's** representative.

MADAM CHAIR FRANKLIN asked Ms. Daumiller's opinion.

Ms. Daumiller said that in the last session the verbiage of the Research Fund was changed to read, "For activities in support of the Board's constitutional and statutory duties, special projects and research studies of the advisory council," so it would be legal to use this fund.

Mr. Meloy said, "SB 202 did in fact allow us to use the Research Fund for any operations of the BPE. That's why I wouldn't object. It's the legislature's ability to tell us what entities are to be funded in conjunction with the work of the BPE. And we will do it."

REP. JUNEAU wanted direction as to which DP the amendment would fit under.

Ms. Daumiller suggested that the amendment become a new DP with the Subcommittee deciding on where the funding will be coming from.

Through discussion **REP. JUNEAU** suggested that the money come from the Research Fund, and the appropriation would be up to \$3,400 per year.

Mike Burke said that the Governor's Office also agreed that the funding should come from the Research Fund Account.

MADAM CHAIR FRANKLIN asked for any further discussion.

{Tape: 2; Side: A; Approx. Time Counter: 7.7 - 13.2}

MADAM CHAIR FRANKLIN said that the amendment will be called DP 4 and **Ms. Daumiller** wanted to make sure the appropriation was up to \$3,400 with no restrictions.

Vote: Motion carried 4-3 by roll call vote with SEN. ESP, REP. GLASER, and SEN. RYAN voting no. (Prior to this a voice vote was attempted).

{Tape: 2; Side: A; Approx. Time Counter: 13.3 - 14.9}

Program (03) Advisory Council
Decision Packages

Present Law Adjustments

DP 7000- Tie Appropriations to Anticipated Revenue
State Special Funds

DP 7000 can be found on Page E-30 of Legislative Budget Analysis 2007 Biennium. Ms. Daumiller said that this gives BPE permission to spend the funds from the Research Revenue Account in support of the activities that the agency carries on. She said that this is done every biennium.

{Tape: 2; Side: A; Approx. Time Counter: 15.0 - 15.8}

Motion/Vote: SEN. WILLIAMS moved DP 7000. Motion carried 7-0 by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 15.9 - 16.1}

Other Issues Related to Board of Public Education

When REP. JUNEAU was voting on DP 1, DP 2 and DP 3, she was under the assumption that her amendment would be placed in one of the current DP's so she voted no on DP 1, 2 and 3. Through Subcommittee action the amendment became a DP by itself so REP. JUNEAU was wondering if she could change her vote to a yes vote on DP 1, 2, and 3. After a lengthy discussion, her vote stands as no.

REP. GLASER asked to speak for a moment. He addressed the lack of funding that BPE has had. He thought a Research Contractor could help out this agency. He said that a lot of agencies have one. In his opinion, he thought that OPI has chosen to be somewhat independent from BPE, so most likely OPI wouldn't help out. He ended by saying that he would like to revisit this issue.

MADAM CHAIR FRANKLIN asked Mr. Meloy if he had a sense of the type of technical assistance that might be needed.

Mr. Meloy said that BPE's ability to meet the demands that the agency has is based on the resources. The quality of work would increase. **Mr. Meloy** sited the Renewable Commission work's project as an example.

MADAM CHAIR FRANKLIN asked that Mr. Meloy provide more concrete ideas for a potential technical assistance position so this idea can be talked about at a later date. **Mr. Meloy** said, "Absolutely Madam Chair."

{Tape: 2; Side: A; Approx. Time Counter: 16.2 - 20.9}

The discussion then focused on the \$75,000 that is in the Research Fund and spending authority.

MADAM CHAIR FRANKLIN wanted to know if a portion of that money could be used for the Technical Assistance position.

Ms. Daumiller said that, less the DP 4 appropriation, the money has the potential of being spent.

SEN. ESP thought that this fund was unallocated and the agency could spend it without authority.

Mr. Bruno said that he thought the legislature would have to appropriate the money since it isn't a statutory appropriation.

{Tape: 2; Side: A; Approx. Time Counter: 21.0 - 23.4}

EXECUTIVE ACTION ON MONTANA HISTORICAL SOCIETY

At the beginning of the meeting, two documents were handed out for the executive action on the Montana Historical Society. The purple-colored document that was supplied by Ms. Daumiller lists the agenda as well as the various decision packages.

For clarification purposes the Historical Society has five programs: 01-Administration Program; 02-Library Program; 03-Museum Program; and 04-Publication Program, 06-Historic Preservation Program.

[EXHIBIT \(jeh09a08\)](#)

The second document relates to the requests that the Montana Historical is asking the Subcommittee to consider.

[EXHIBIT \(jeh09a09\)](#)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deal with the Montana Historical Society are included in these minutes.

EXHIBIT(jeh09a10)

Ms. Daumiller explained that much of the Historical's Society budget is propriety funding, with a small portion of general funds.

Language Change Requested by Agency

Arnie Olsen, Director of Montana Historical Society, explained why the agency wanted the changes. With the Facility Lodging Tax (Number 1 on Exhibit 9), the agency is asking for a reduction in FY 2007 to \$88,299. He went over the specific recommendations on the top portion of the page.

Mr. Olsen said that the requested change is a safety valve. He said that the intent of the Historical Society's Board is to close out the Lewis and Clark Bicentennial Commission without any obligations and this recommendation would help.

{Tape: 2; Side: A; Approx. Time Counter: 23.5- 28}

Motion/Vote: SEN. ESP moved E-1 [Language on Facility Lodging] BE ADOPTED AS WRITTEN. Motion carried 7-0 by voice vote.

Ms. Daumiller asked for clarification. She said that this motion includes the passing of the language and the acceptance of the recommended numbers that was in the Historical Society's proposal.

{Tape: 2; Side: A; Approx. Time Counter: 28.1 - 29.4}

Program (01) Administration
Decision Packages

Present Law Adjustment

DP-7000 Change Requested by Agency
General Fund

MADAM CHAIR FRANKLIN addressed DP-7000 - Computer Server Replacement in Program 1 (Administration Program). This is Number 2 on Exhibit 9.

Mr. Olsen said that this will be a one-time-only appropriation. Since one replacement server will cost more than \$10,000, the agency is asking this be a biennial appropriation. Previously, it's been appropriated annually. The last part of this section deals with the potential surplus. The left over money will be used for buying additional computer equipment that is needed like a PC or printer.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 1}

Motion: SEN. WILLIAMS moved DP 7000 BE ADOPTED.

Discussion:

Through SEN. ESP'S question, MADAM CHAIR FRANKLIN explained that the language change will allow for a biennial appropriation and any remaining balance be used for other computer equipment.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 1.1 - 1.9}

DP 1-Security Equipment Replacement
General Fund

Mr. Olsen said that DP 1 would be simply replacing the worn out security equipment that is seven years old and it is one-time-only money. The Society requested that the funds be a biennial appropriation to ensure timely replacement of the equipment.

{Tape: 2; Side: B; Approx. Time Counter: 2.0 - 2.7}

Motion/Vote: SEN. RYAN moved DP 1[Program 01], AS A BIENNIAL APPROPRIATION BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 2.8 - 3.4}

Through Subcommittee discussion, it was confirmed that the passage of DP 7000 encompasses the language requesting this change as well as the appropriation that is part of Program 01 on the purple handout.

{Tape: 2; Side: B; Approx. Time Counter: 3.5 - 4.6}

New Proposals
Decision Packages

DP 4-Entrance Fee Collection and Exhibits
DP 10-Registration Fees
Propriety Funds

MADAM CHAIR FRANKLIN said that with DP 4, Entrance Fees and DP 10, Registration Fees, in Program (01) are propriety funds. They are on page E-64 of Legislative Budget Analysis 2007 Biennium. They can be moved together comfortably.

Motion/Vote: REP. JUNEAU moved DP 4 AND DP 10 BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 4.7 - 5}

Program (02) Library
Decision Packages

Present Law Adjustments
DP 11
General Fund (Negative)

New Proposals
DP 1
Propriety Funds

Program 2 starts on Page E-67 of the Legislative Budget Analysis 2007 Biennium.

Motion/Vote: SEN. ESP moved DP 11[Statewide FTE Reduction] AND DP 1 [Library Sales Increase] IN PROGRAM 2[Library Program] BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 5.1 - 6.3}

Program (03) Museum
Decision Packages

This program starts on Page E-69 of the Legislative Budget Analysis 2007 Biennium.

Present Law Adjustments
DP 10
General Fund (Negative)

New Proposals
DP 7
Proprietary Funds

Motion: SEN. ESP moved DP 10 [Statewide FTE reduction] & DP 7 [Original Governor's Mansion Entrance Fees] **IN PROGRAM 3 BE ADOPTED.**

Discussion:

MADAM CHAIR FRANKLIN explained that DP 10 is a statewide FTE reduction which puts into statue cross the board cuts that have occurred previously in other agencies.

Through discussion between **REP. JUNEAU** and **Ms. Daumiller** if the Subcommittee approves this the general fund would be reduced permanently by about \$20,000 per year.

Mike Burke had no comment.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 6.4 - 8.7}

Program (04) Publications
Global Decision Package only
Done at beginning of Meeting

Program (06) Historic Preservation
Decision Packages

New Proposals
DP 11
Proprietary Funds

MADAM CHAIR FRANKLIN said that DP 11 refers to the Historical Society's copy costs.

MADAM CHAIR FRANKLIN reiterated that with the Legislative Budget Analysis 2007 Biennium, the photocopies accounted for \$1,782 rather than the \$24,000 in FY 2004 revenue.

Motion/Vote: SEN. ESP moved DP 11 [SHPO Photocopy Fees] IN PROGRAM 6 BE ADOPTED. Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 8.8 - 10.2}

EXECUTIVE ACTION ON MONTANA SCHOOL FOR THE DEAF & BLIND (MSDB)

At the beginning of the meeting, Ms. Daumiller handed out the pink sheet that relates to the executive action for MSDB. This agency has 4 programs; 01-Administration Program; 02-General Services; 03-Student Services; 04-Education.

EXHIBIT(jeh09a11)

Ms. Daumiller handed out the updated Schweitzer Budget that is related to the School for the Deaf & Blind, Exhibit 12, with discussion afterwards.

EXHIBIT(jeh09a12)

Excerpts from the Legislative Budget Analysis 2007 Biennium that deal with the Montana School for the Deaf & Blind are included in these minutes.

EXHIBIT(jeh09a13)

{Tape: 2; Side: B; Approx. Time Counter: 10.3- 14.7}

Ms. Daumiller requested that some of the wording from the pink handout gets edited; scratch "cuz of MTAP fund sunset." It is on Number 3 Program (04). She said that the words are highly incorrect.

MADAM CHAIR FRANKLIN said, "This is one agency we did not approve the base budget and the statewide present law adjustments because of the vacancy saving issue and the work comp issue that REP. GLASER wanted to speak to."

Motion: SEN. WILLIAMS moved THE BASE BUDGET FOR APPROVAL (MSDB) BE ADOPTED.

Discussion:

SEN. ESP had a question relating to the base budget and sub-program level which is Number 2 on the pink outline.

Ms. Daumiller said that it can be ignored.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 14.8- 17.4}

Program (03) Student Services
Program (04) Education
Present Law Adjustments
Vacancy Savings

SEN. RYAN said that this agency has a couple of issues concerning vacancy savings. He said that the jobs are difficult ones and the salaries are at the lower end of the scale.

Motion: SEN. RYAN moved TO EXCLUDE THE SCHOOL FOR THE DEAF & BLIND FROM VACANCY SAVINGS IN PRESENT LAW ADJUSTMENTS BE ADOPTED.

Discussion:

SEN. ESP asked for clarification. Through discussion between SEN. ESP, SEN. RYAN and MADAM CHAIR FRANKLIN, this motion included direct staff who are included in Program 3 (cottage attendants on 24-hour service) and Program 4 (the education staff).

{Tape: 2; Side: B; Approx. Time Counter: 17.5 - 19.7}

Substitute Motion/Vote: SEN. ESP made a substitute motion TO SEGREGATE PROGRAM 3 from PROGRAM 4. {This will allow the vacancy savings program to be discussed separately}. Motion carried 6-1 by voice vote with REP. JUNEAU voting no.

Motion: SEN. ESP moved THAT MSDB BE EXEMPT FROM VACANCY SAVINGS IN PROGRAM 3 [Student Services & Cottage Staff] BE ADOPTED.

Discussion:

Mr. Gettel, Superintendent, said that with Program 3, residential staff includes the infirmary staff.

Vote: Motion carried 7-0 by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 19.8 - 21.3}

SEN. RYAN moved TO EXCLUDE THE SCHOOL FOR THE DEAF & BLIND FROM VACANCY SAVINGS [PRESENT LAW ADJUSTMENTS] IN THEIR EDUCATION PROGRAM (04)-EDUCATION BE ADOPTED.

SEN. RYAN asked Mr. Gettel to explain what the impacts would be on Program 4 if MSDB were exempt from vacancy savings and the problems that are created by having vacancy savings in Program 4.

Mr. Gettel informed the Subcommittee that if no vacancy savings was assessed then funds would be available to fill all of the teaching positions.

Mr. Gettel also stated the reasons why the school itself has been hurt from vacancy savings. In the past 20 years, the school has lost over four FTE for various reasons. Recruitment is a challenge because the money isn't available for these highly specialize teachers. Since there is unfilled positions the school has had to turn down referrals.

REP. GLASER said, "So we are breaking the Constitution. The Constitution says in the first line of the education part '... that every person in Montana has to have that educational opportunity.' So we have children with special needs and we are turning them away. We are breaking the Constitution. So this motion is really about can we get closer to being constitutionally proper."

Vote: Motion carried 5-2 by voice vote with **SEN. ESP** and **REP. JACKSON** voting no.

{Tape: 2; Side: B; Approx. Time Counter: 21.4 - 27.3}

Other Subcommittee Actions

Ms. Daumiller suggested that before the break the Subcommittee addresses the inflation/deflation fixed cost and the rest of the global issues.

Motion/Vote: **REP. JUNEAU** moved **PRESENT LAW ADJUSTMENTS, FIXED COST, INFLATION/DEFLATION, BE APPROVED**. Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 1.8}

The Subcommittee recessed until 10:25 A.M.

MADAM CHAIR FRANKLIN explained what was done previously.

MADAM CHAIR FRANKLIN said that the Subcommittee has approved the base budget and the present law adjustments except for the change in vacancy savings so the Subcommittee has concurrence from the staff that executive action is complete through Program 03.

Program (04) Education

Bill Sykes, Business Manager, pointed out that with DP 2 under Program 04, the correct term is Extracurricular Compensation. He said that is the coaching and class sponsors. It is a little over \$10,000. Page E-44 of the Legislative Budget Analysis 2007 Biennium addresses this.

{Tape: 3; Side: A; Approx. Time Counter: 1.9 - 5.4}

Present Law Adjustments

DP 2, DP 5, DP 7

General Fund

Motion/Vote: SEN. ESP moved DP 2 [Extracurricular Compensation], DP 5 [Replacement Lease Vehicles], DP 7 [Statewide FTE Reduction] **IN PROGRAM 4 BE APPROVED. Motion carried 7-0 by voice vote.** [The DP's are at the bottom of page E-43.]

{Tape: 3; Side: A; Approx. Time Counter: 5.5 - 6.6}

This ended the executive action on the Martz's budget and the Subcommittee moved to the Schweitzer changes.

Discussion occurred over what was different with the current handout (Exhibit 12) compared to the other Schweitzer Budget document that was handed out on January 10.

Ms. Daumiller said that all the budget figures are the same but wanted to note that with the newer Schweitzer Budget, the analysis has an explanation of why the MSDB falls in the \$4 area of the scale of \$4 to \$6.50.

{Tape: 3; Side: A; Approx. Time Counter: 6.7 - 9.6}

New Proposals through Governor Schweitzer's Budget

NP 3, NP 8, NP 6

General Fund

The Subcommittee addressed NP-3 Repair and Maintenance.

Motion: SEN. ESP moved that NP 3 [Repair & Maintenance], NP 8 [Additional Salaries for Teachers], NP 6 [Replace Computers] BE ADOPTED.

Discussion:

REP JUNEAU wanted to know how many more additional staff could be hired since MSDB will be exempt from vacancy savings. Through answers from Ms. Daumiller and Mr. Peura it was found that one percent savings adds about \$30,000. That would total about \$120,000.

MADAM CHAIR FRANKLIN made the point that these teachers are significantly paid less than the local public school teachers. Through commitment they may want to stay.

SEN. ESP commented that if this motion gets passed and the worker's compensation gets reduced it will be his intention to request at a later date that the personal service budget gets reduced.

Vote: Motion carried 7-0 by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 9.7 - 13.2}

Mr. Sykes commented on the involvement that the Budget Office as well as Governor Martz had in trying to help the agency out with the vacancy savings issue. He said that the supplemental income of the \$116,000 and \$125,000 biennial appropriation last fiscal year helped out a lot. He said that Ms. Carlson from the Budget Office was fairly responsible for all of that so, "We thank Amy personally."

MADAM CHAIR FRANKLIN said that there was a general understanding that the MSDB's budget has been "squeezed." It is appropriate to fund MSDB's budget more adequately.

MADAM CHAIR FRANKLIN told the Subcommittee about the room change for tomorrow's meeting and that the meeting will address how the schools get their funds.

{Tape: 3; Side: A; Approx. Time Counter: 13.3- 16.8}

Mr. Sykes handed out a document "Agency Action Plan to Reduce Worker's Compensation Rates", Exhibit 14.

EXHIBIT (jeh09a14)

ADJOURNMENT

Adjournment: 10:40 A.M.

REP. EVE FRANKLIN, Chairman

DIANA WILLIAMS, Secretary

EF/DW

Additional Exhibits:

EXHIBIT ([jeh09aad0.PDF](#))