

MINUTES OF THE MEETING  
EDUCATION SUBCOMMITTEE  
50TH LEGISLATURE

February 24, 1987

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 7:08 a.m. on Tuesday, February 24, 1987 in Room 104 of the State Capitol.

ROLL CALL: All members were present. Also present was Dori Nielson and Jim Haubein of the Legislative Fiscal Analyst office, Sib Clack of the Office of Budget and Program Planning, and Deb Thompson, Secretary.

(Continued) UNIVERSITY SYSTEM - FUNDING - EXECUTIVE ACTION

Indirect Costs: The issue of state agencies that are not paying their obligated indirect costs was discussed. Senator Jacobson moved to send a letter to the appropriate agencies stating that they should continue to pay indirect costs to the units of the university system for work done for those agencies. The motion PASSED unanimously.

Senator Jergeson moved that indirect costs should reflect the recommendation to return all indirect costs to the units as in Representative Brown's bill. Representative Peck pointed out that if this was done, \$4 million of general fund would replace it. Dori Nielson said that the funding page shows a breakdown by unit (Exhibit 1). Commissioner Krause said that an amendment to Representative Brown's bill was being worked out. This amendment would allow the Board of Regents to re-allocate 15 percent of these funds to go to the smaller colleges so that they would become more competent in writing grants and contracts. This would give maximum advantage of economic potential of these resources. They would report back next biennium on where these funds were utilized. They would be used primarily in support of the grants and economic development. The Small Business Administration Assistance program has \$221,000 available to the state through the Department of Commerce in order to set up the small business assistance centers. This kind of activity focuses on economic development and applied research. Senator Jacobson asked about colleges in other states being accountable for indirect costs. The assessment of actual costs for grant activity and accountability for how the funds were used and applied to the role and scope of the institution could be requested. Senator Jergeson added boilerplate to track these costs be included in his motion. The motion FAILED with Representative Nathe, Senator Hammond, and Representative Peck voting NO.

Senator Jergeson (266) moved to accept indirect costs at 50 percent of the total including the provision for tracking the costs. The motion PASSED unanimously. Senator Jergeson clarified that the motion is for 50 percent of the full 100 percent. The LFA current level figure represented 85 percent. President Tietz asked for clarification (318) as to whether this was 50 percent of the LFA estimate for next year or 50 percent of the money that was in their current operating level. The figures that were used in the LFA current level incorporated the amount that was stated at Special Session III meetings as the amount of money that the institutions would receive beyond the ceiling that was set in SSIII. Estimates were given for three of the institutions that said they would exceed the figures set in HB500. Those figures were incorporated into the estimates. Dr. Tietz questioned that in SSIII the concept was retaining all indirect costs over and above the revenue portion of indirect costs. There was a change in philosophy here and his inquiry was whether this was the intent of the committee. Fifty percent could be construed as 50 percent of the \$935,000 which is where the current operating budget is or 50 percent of the estimate which would change the general concept of handling indirect costs. SSIII granted an exception to the 85 percent category for the 87 biennium only and the full funds were included for the 1989 biennium leaving it up to the committee to determine the figure.

Senator Jergeson (462) discussed indirect costs estimate resulting from the current level figures with 50 percent allocated to current unrestricted fund and any amount over that going 100 percent to the units. The incentive was discussed. Senator Jergeson moved that 50 percent of the LFA current level indirect cost reimbursement estimate be applied to the funding for the University System and anything over that amount go to the university units and that tracking language be included in boilerplate. The motion PASSED unanimously.

Other Funds: Dori Nielson explained that other funds listed as a funding source were a combination of the miscellaneous sources of funding.

Income revenue projections at Montana State University were discussed in the categories of federal institution funds, financial aid administration, and other sources in miscellaneous, including one time items. Dori Nielson commented that Bureau of Mines indirect transfer money to Montana Tech was included by the LFA in the indirect cost figures.  
(1-B-033)

Senator Jacobson moved to accept LFA current level Other funding costs adjusting the figure to \$260,000 for FY88 and

to \$250,000 for FY89 for Montana State University and \$60,000 for Montana Tech be shifted from indirect cost to other funds to total \$75,000, in other funds. The motion PASSED unanimously (056).

Tuition and Fees: Dori Nielson explained the tuition calculations that were used and any adjustments that were made. The out of state tuition figures were adjusted to reflect a decrease in non-resident fees. Admission fees were also adjusted downward. The adjusted tuition figures changed the scholarship and fellowship program by a small amount (Exhibit 2). The student fee revenue estimates for the 1989 biennium for the six units was distributed (Exhibit 3). The need for review was mentioned by the presidents of the six units. The LFA estimates are based on FY86 actual revenue with adjustments for tuition rate and enrollment changes. The scholarship and fellowship portion is a set figure that has a direct relationship to tuition.

Senator Jacobson moved to accept tuition and fees to be set at current level with \$26,920,359 for FY88 and \$26,780,677 for FY89. The motion PASSED unanimously. (568)

Senator Jergeson moved to adjust the previous motion to add \$134,411 for tuition and fees for Montana State University for each year of the biennium to provide for retention of the School of Architecture. President Tietz asked for time to check the programs and the opportunity to respond. Senator Jacobson questioned if the motion were more generalized to include an extra surcharge on high cost programs. (2-A) Chairman Nathe said the intent was to give flexibility without interfering with management. Commissioner Krause said the board had to look at every campus to see if a fee could salvage a program, without pricing it too high.

Senator Jergeson suggested boilerplate language to give the regents authority to establish supertuition for the purpose of retaining unique programs that had been slated for elimination. Chairman Nathe clarified giving the regents authority for the supertuition where they see fit (065). Commissioner Krause suggested that the word be "encouraged" to look at higher tuition levels to save programs being considered for elimination.

Mr. Dennis Stephmire, a 4th year architecture student, said that the regents can't react until they get an indication from the legislature. He could see that the intention was to keep the school operating.

Mr. Todd Hudak spoke about the concern for other students whose programs would be eliminated. He felt the supertuition set a bad precedent (110).

Ms. Karlene Peterson (116) said the added tuition would not look bad to the architecture students and supported the plan.

Ms. Janet Stover (124) stated that the architecture school provided a unique program and opportunity.

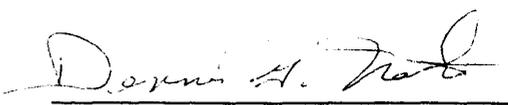
Senator Hammond expressed concern about the football program at Western. Senator Jergeson (154) said that supertuitions should be involved in high cost, unique programs. Representative Peck suggested that a letter written to the board might serve the purpose, since the motion was to send a message to the Board of Regents concerning a supertuition charges, but was not meant to interfere in management decisions. Senator Jacobson made a substitute motion for the subcommittee to send a letter to the Board of Regents to encourage the consideration of a supertuition charge for non-duplicated programs within the units. (231) This would put the intentions of the committee on record. The motion PASSED unanimously.

Scholarship and Fellowship: These figures are proportional to tuition and fees revenue figures (248). Representative Peck moved to adopt the figure for scholarship and fellowship for the six units at \$2,993,188 for FY88 and at \$2,979,037 for FY89. The motion PASSED unanimously.

Law and Pharmacy special fee: (292) Dori Nielson suggested to line item this in order to trade the extra tuition. The expenditure authority was needed to balance the revenue inclusion of \$174,000 for law/pharmacy fees at UM. Mr. Glen Williams said he preferred this be placed in a separate account so as not to be confused in future years.

Representative Peck moved the law and pharmacy special fee be line-itemed adding spending authority of \$174,000 annually at UM. UM is not required to expend the full amount if the revenue is not realized. The motion PASSED unanimously.

ADJOURNMENT: The meeting was adjourned at 9:05 a.m. The next meeting was announced for approximately 7:00 p.m., February 24, when the Senate has cleared it's board.

  
DENNIS NATHE, Chairman





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MONTANA UNIVERSITY SYSTEM APPROPRIATIONS SUMMARY--1989 BIENNIUM

CALCULATIONS: 2/20/87 97% INSTRUCTION, 90% SUPPORT, SUBCOMMITTEE ENROLLMENT, TECH BASE ENROLLMENT,

-Fiscal 1988-	MSU	UM	EMC	NMC	MNC	MCMST	TOTAL
Instruction	\$24,235,408	\$18,586,558	\$6,381,915	\$4,190,393	\$2,321,136	\$3,995,761	\$59,711,171
Support	11,870,962	10,137,319	4,057,543	2,124,607	1,154,867	2,329,961	31,675,259
Research	597,925	445,254	0	0	0	43,718	1,086,897
Public Service	10,300	195,692	231,435	8,891	0	0	446,518
Physical Plant	5,156,872	5,216,702	2,000,181	944,384	729,090	1,377,643	15,424,872
Scholar. & Fellowships	1,125,273	983,741	353,209	245,304	83,472	202,189	2,993,188
Audit	40,800	39,600	39,600	32,400	31,500	40,500	224,400
CURRENT LEVEL FY88	\$43,037,540	\$35,605,066	\$13,063,803	\$7,545,979	\$4,320,065	\$7,989,772	\$111,562,305
FY86 ACTUAL	\$45,110,620	\$35,748,831	\$13,779,825	\$7,534,412	\$3,936,907	\$8,736,399	\$114,846,994
OVER/(UNDER)FY86 LEVEL	(\$2,073,080)	(\$143,765)	(\$715,942)	\$11,567	\$383,158	(\$746,627)	(\$3,284,689)

-Fiscal 1989-	MSU	UM	EMC	NMC	MNC	MCMST	TOTAL
Instruction	\$23,869,704	\$18,645,270	\$6,391,724	\$4,266,713	\$2,297,033	\$4,002,548	\$59,472,992
Support	11,675,367	10,152,700	4,056,406	2,159,559	1,141,019	2,330,016	31,515,067
Research	597,925	446,534	0	0	0	43,747	1,088,206
Public Service	10,300	195,904	231,447	8,891	0	0	446,542
Physical Plant	5,348,603	5,353,991	2,054,632	969,517	744,443	1,408,730	15,879,916
Scholar. & Fellowships	\$1,106,723	\$985,218	\$353,099	\$249,339	\$82,469	\$202,189	2,979,037
Audit							
CURRENT LEVEL FY89	\$42,608,622	\$35,779,617	\$13,087,308	\$7,654,019	\$4,264,964	\$7,987,230	\$111,381,760
FY86 ACTUAL	\$45,110,620	\$35,748,831	\$13,779,825	\$7,534,412	\$3,936,907	\$8,736,399	\$114,846,994
OVER/(UNDER)FY86 LEVEL	(\$2,501,998)	\$30,786	(\$692,517)	\$119,607	\$328,057	(\$749,169)	(\$3,465,234)

MONTANA STATE UNIVERSITY

Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 469,722	\$	\$ 461,979	\$
Incidental	7,567,927		7,433,177	
Non-Resident	1,583,719		1,511,929	
Admission & Other	<u>135,000</u>	<u>                    </u>	<u>135,000</u>	<u>                    </u>
<b>TOTAL</b>	<b><u>\$9,756,368</u></b>	<b><u>\$                    </u></b>	<b><u>\$9,542,085</u></b>	<b><u>\$                    </u></b>

UNIVERSITY OF MONTANA

Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 414,872	\$	\$ 413,693	\$
Incidental	6,212,508		6,145,724	
Non-Resident	1,731,166		1,551,998	
Admission	91,154		85,205	
Other	<u>115,000</u>	<u>                    </u>	<u>115,000</u>	<u>                    </u>
<b>TOTAL</b>	<b><u>\$8,564,700</u></b>	<b><u>\$                    </u></b>	<b><u>\$8,311,620</u></b>	<b><u>\$                    </u></b>

EASTERN MONTANA COLLEGE

Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 199,177	\$	\$ 199,143	\$
Incidental	2,672,304		2,671,845	
Non-Resident	179,870		179,814	
Admission	45,912		45,881	
Other	<u>63,349</u>		<u>63,305</u>	
<b>TOTAL</b>	<u><b>\$3,160,612</b></u>	<u>\$</u>	<u><b>\$3,159,988</b></u>	<u>\$</u>

NORTHERN MONTANA COLLEGE

Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 100,493	\$	\$ 102,145	\$
Incidental	1,353,721		1,375,991	
Non-Resident	68,500		68,500	
Admission	27,000		27,000	
Other	<u>10,700</u>	<u>                    </u>	<u>10,700</u>	<u>                    </u>
<b>TOTAL</b>	<b><u>\$1,560,414</u></b>	<b><u>\$                    </u></b>	<b><u>\$1,584,336</u></b>	<b><u>\$                    </u></b>

WESTERN MONTANA COLLEGE  
Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 61,657	\$	\$ 60,916	\$
Incidental	720,002		711,355	
Non-Resident	94,320		93,186	
Admission	10,254		10,131	
Other	8,354		8,254	
<b>TOTAL</b>	<u>\$ 894,587</u>	<u>\$</u>	<u>\$ 883,842</u>	<u>\$</u>

MONTANA TECH

Student Fee Revenue Estimates  
1989 Biennium

	<u>1987-88</u>	LFA <u>1987-88</u>	<u>1988-89</u>	LFA <u>1988-89</u>
Registration	\$ 89,500	\$	\$ 89,500	\$
Incidental	1,213,500		1,213,500	
Non-Resident	429,500		429,500	
Admission	18,500		18,500	
Other	7,000		7,000	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$1,758,000</u>	<u>\$</u>	<u>\$1,758,000</u>	<u>\$</u>