

MINUTES OF THE MEETING  
EDUCATION SUBCOMMITTEE  
50TH LEGISLATURE

March 4, 1987

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 8:15 a.m. on Wednesday, March 4, 1987 in Room 104 of the State Capitol.

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

(Continued) MONTCLIRC

Senator Hammond reported on the MONTCLIRC issue. After reviewing the public service funds handbook it appeared that the program did not fit the criteria. The subcommittee within the subcommittee suggested that the full appropriation committee consider placing the program in the Justice Department. Senator Jergeson questioned whether to put the budget authority in this budget and then transfer the program. He said it is a worthwhile program but belongs in the Justice Department. Chairman Nathe reiterated a recommendation to the full appropriation committee that MONTCLIRC was a worthwhile program and should stay at the law school but funding should be in the Department of Justice, not in the university system budget. Senator Hammond moved to request the appropriation committee look at placing funding of MONTCLIRC in the Justice Department (064). The motion PASSED unanimously.

Instruction: The Montana State University declining enrollment problem was discussed. Dori Nielson presented the subcommittee action biennium figures, plus the data requested on the one percent support program increase and increase in expenditures for MSU if enrollment is increased to 9,403 in fiscal 1989 or to 9,500 for the biennium (Exhibit 1). Representative Peck moved to change MSU to add \$456,470 for FY89 budget, with no change in enrollment, to be phasedown funds added to instruction and line itemed (164). The motion PASSED unanimously. The funds will be an instruction supplement.

Tuition and Fees: The committee had adopted current level projections based on new enrollment figures. Chairman Nathe discussed the controversy concerning the mix between resident and non resident fees. The out-of-state projections were a concern for MSU and UM. Dori Nielson pointed out the

difference in figures between the LFA, the commissioner's office and the units. Jim Haubien mentioned the budget amendments resulting from the surcharge approved by the regents that expanded the units spending authority. Commissioner Krause clarified that an increase in students meant money had to be absorbed from tuition and that general fund could not be used as an offset. He said the differences with the LFA resulted from using fall head-count while the units used a later date for information.

President Koch talked about the decline in out-of-state enrollment and if that rate continued it would be below the LFA estimate. He proposed budgeting them according to UM projections. (420)

President Norman (530) said that Montana Tech looked stable and increasing with a 52 percent out-of-state enrollment for freshman.

Bill Byars, Northern Montana College, said the majority of non-residents receive fee waivers. He distributed an analysis of scholarships, fellowships, fee waivers, and non resident fees (Exhibit 2). The fee waivers show a gap of \$30,000 between past spending authority and present appropriation. Bill Byars stated that the LFA estimate for non-resident fees was not consistent with past allocations. Chairman Nathe questioned the obligation of the state to support athletics. Senator Jergeson proposed a solution to either increase the appropriation for scholarships or reduce anticipated revenue from tuition and fees. Bill Byars said that would avoid having a shortfall.

(1-B) Ken Heikes, Eastern Montana College, said there was only a minor difference of \$2,000.

Chairman Nathe discussed the various options (013), either do nothing and the regents might have to raise tuition, adjust uniformly for all units, handle specific cases such a University of Montana and Northern Montana College, or accept the universities projections that they have given on their mix and the impact on tuition and fees. Commissioner Krause suggested the possibility of contingency funds that were based on actual revenue for each unit. Representative Peck said there were two units with the problem.

Mr. Ish, Montana State University, said that their projection for out-of-state would mean \$400,000 difference per year impact compared to the LFA. He pointed out that as tuition costs increase, MSU is less attractive to out-of-state students. Because of the economy, the national trend is for students to stay home. This will continue. Representative Peck asked if the regents had considered

changing out of state tuition. Commissioner Krause said that would be discussed at the April meeting. The regents had a policy of getting feedback from students.

The possibility of a contingency fund was discussed. Dori Nielson said that a compromise figure for a dollar amount would be needed. Jim Haubien discussed the problems these funds create in management. Sib Clack mentioned the problem with the language in monitoring tuition and fees.

Commissioner Krause (203) commented on out of state tuition. The fact that tuition had raised by 20 percent with the additional two percent surcharge made tuition 102 percent when compared with peers for the two universities. Dori Nielson pointed out that many states had the same crunch and have raised current rates. Commissioner Krause said one problem was the loss of eastern Montana students to North Dakota. Chairman Nathe mentioned calls from students in the midwest stating that it was cheaper to go to Montana than instate schools.

Senator Hammond moved to accept current level for tuition and fees in resident and non-resident mix (326).

Senator Jergeson, as a substitute, moved to accept current level for tuition and fees for in state and out of state student minus 3 percent for the total for all units for both years of the biennium. He said that there had been a reduction in every funding source except tuition and fees (403). Representative Iverson said he resisted the motion as the wrong way to go. He said to consider raising tuition and fees to keep the institutions viable. The substitute motion FAILED with 3 NO votes by Representative Peck, Representative Iverson and Chairman Nathe. The committee considered the original motion by Senator Hammond to accept tuition and fees at current level. The motion PASSED with one NO vote by Senator Jergeson.

Fee Waivers and Scholarships: Out-of-state fee waivers are calculated using 18.45 percent of non-resident revenue for all units. In the case of Northern Montana College, being a smaller school the numbers were small. They had more waivers in the past but this is not a base budget area. She pointed out that as out-of-state enrollment decreases fee waivers also decrease.

Senator Jergeson (026) moved to increase scholarship and fellowship for the university system by 13 percent each year of the biennium which would result in an increase of about \$780,000. This would bring NMC up to their former level. The motion FAILED with Senator Hammond, Representative

Iverson, and Chairman Nathe voting NO. Representative Peck was present and not voting.

Representative Donaldson, from the Appropriation Committee, spoke to the subcommittee concerning the budget process as a whole. He wanted to get the best possible budget from the subcommittee and then consider the available funds. He briefed the committee on the deficit figure, taking into account the various revenue measures. He asked the committee to reconsider the various agencies and come up with a barebones, defensible budget and distributed a list of considerations for cuts. Chairman Nathe inquired about the K-12 foundation program being protected. Representative Donaldson said that even K-12 education funding may be reduced by 4 percent (396). Senator Hammond asked about the foundation program and who was hearing that budget. Representative Donaldson suggested this subcommittee should look at the foundation program also. Representative Iverson pointed out that half the deficit could come from postsecondary education.

Vice Chairman Jacobson chaired the meeting while Chairman Nathe attended other responsibilities.

Cooperative Extension Service: Jane Hamman distributed information that was a response to questions raised concerning the cooperative extension service retirement costs (Exhibit 3, 3a, 3b). She mentioned that North Carolina would not appropriate retirement funds (Exhibit 3b). Representative Iverson said that a declaration by the subcommittee could be drafted. Senator Hammond said that in the declaration it could say the employees were state employees. Jane Hamman suggested this matter be clarified with Greg Petesch and the Attorney General. She suggested the committee may want to reconsider decisions on the retirement costs of the eight professionals and the communications specialist. (2-B-056) The comparison between PERS and civil service retirement plans was discussed. Senator Jergeson (197) questioned whether the case would be strengthened or damaged by actions of the subcommittee. Representative Peck suggested obtaining a legal determination. Jane Hamman will do a detailed calculation on the difference and try to get legal opinion.

Agricultural Experiment Station: Jane Hamman discussed a summary of the total subcommittee actions (Exhibit 4). Representative Iverson moved to reconsider the equipment portion actions. Representative Iverson moved to go back to current level in equipment and take \$82,000 out. The motion PASSED unanimously.

March 4, 1987

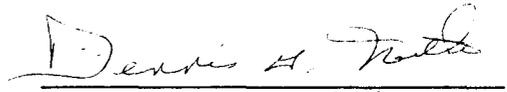
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Representative Iverson moved to adopt current level in equipment of \$116,553 in FY88 and \$114,875 in FY89. The motion PASSED with one NO vote by Senator Jergeson.

Representative Iverson moved to adjust funding under general fund to reflect the former action. The motion PASSED unanimously.

Student Assistance Program: Jane Hamman reviewed a \$23,000 general fund savings in the Minnesota Rural Dentistry student assistance program due to impact of reductions made during the 1985 session on the number of continuing students. Senator Hammond moved to reduce Minnesota Rural Dentistry student assistance by \$23,000 in the second year. The motion PASSED unanimously.

ADJOURNMENT: The meeting was adjourned at 11:33 a.m. The next meeting was announced for 9:00 a.m., March 5.

  
Dennis Nathe  
DENNIS NATHE, Chairman

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UNIVERSITY SYSTEM - SIX UNITS  
1989 Biennium

Unit	Subcommittee Action 2/24	Plant Additions	Subcommittee Action 3/3
MSU	\$85,646,162	\$636,554	\$86,282,716
UM	\$71,732,683	\$140,450	\$71,873,133
EMC	\$26,324,778	\$61,434	\$26,386,212
NMC	\$15,449,998	\$36,758	\$15,486,756
MCC	\$8,585,029	\$12,812	\$8,597,841
MCHST	\$16,207,002	\$71,740	\$16,278,742
TOTAL	\$223,945,652	\$959,748	\$224,905,400

	FY1988	Budget Increase FY1989	Biennium
1 1/2 increase - Support Program	\$351,948	\$350,168	\$702,116
MSU at 9403 FTE annually	\$0	\$456,470	\$456,470
MSU at 9580 FTE annually	\$238,247	\$725,873	\$964,120
All units at Fiscal 87 fall FYFTE	\$570,758	\$1,164,332	\$1,735,090

NORTHERN MONTANA COLLEGE

Analysis of Scholarships and Fellowships  
Discretionary Fee Waivers  
Non-Resident Fees

<u>Period</u>	<u>Dollar Amount</u>	<u>FTE</u>
FY 1981	\$ 32,627	34.8
FY 1982	\$ 29,900	22.0
FY 1983	\$ 35,091	34.8
FY 1984	\$ 38,973	34.9
FY 1985	\$ 47,085	37.4
FY 1986	\$ 42,331	31.8
FY 1987 <sup>1</sup>	\$ 48,640	35.1
FY 1988 <sup>2</sup>	\$ 12,638	9.1
FY 1989 <sup>2</sup>	\$ 12,638	9.1

- <sup>1</sup> Budgeted  
<sup>2</sup> Estimated LFA

An increase of approximately \$30,000 is required to achieve fee waiver support at the current level.

**MONTANA COOPERATIVE EXTENSION SERVICE**

**Purpose:** To calculate the increased employer costs for social security coverage under the new Federal Retirement System Act, P.L. 99-335.

**Basis For Calculations:** There are 124 state employees of the Montana Cooperative Extension Service on Federal appointment since the Education Subcommittee and the agency have as of this date deleted one position which has been vacant in fiscal 1987. The total fiscal 1987 salaries for these 124 employees is \$3,541,223. This figure includes the total salaries for the county extension agents because, although part of their wages are paid by the counties and not appropriated, the agency is responsible for the total benefits of county agents who are considered university faculty with federal appointments.

**Table 1  
MCES Increased Social Security Costs Under FRS  
Fiscal 1988 and 1989**

Position	\$42,000 Wage Base	FY 87 Social Security @ 1.45%	FY 88 Social Security @ 7.33%	FY 89 Social Security @ 7.51%
<b>Total Salaries</b>	\$3,541,223			
Associate Director	\$9,750			
Program Coordinator	\$2,987			
Area Supervisor	\$1,580			
Area Supervisor	\$4,710			
Agronomist	\$1,690			
Beef Specialist	\$3,740			
Economist	\$80			
Economist	\$9,360			
Resource Development	\$1,470			
Less Wages Over \$42,000	\$35,367			
<b>Social Security Base</b>	\$3,505,856	\$50,835	\$256,979	\$263,290
<b>Less Social Security included in CL Benefits:</b>			\$50,835	\$50,835
<b>INCREASED SOCIAL SECURITY COST</b>			\$206,144	\$212,455

04-Mar-87

JLH

AGENCY: MONTANA COOPERATIVE EXTENSION SERVICE

LEGISLATIVE ACTION  
February 12-13, 1987

BUDGET ITEM	FY 1986 Actuals	Executive Current Level	Fiscal 1988	Subcommittee	Executive Current Level	Fiscal 1989	Subcommittee	FY 86-88 % Change
FTE	135.30	116.19	121.02	116.77	116.19	121.02	116.77	-16.53
Personal Services	\$3,404,983	\$3,223,172	\$3,355,392	\$3,332,701	\$3,223,172	\$3,355,392	\$3,332,701	-4.4%
Operating Expenses	\$545,757	\$482,699	\$498,984	\$569,052	\$484,439	\$500,456	\$570,524	4.3%
Equipment	\$20,217	\$15,000	\$12,829	\$12,829	\$15,000	\$12,829	\$12,829	-36.5%
TOTAL EXPENSES	\$4,050,957	\$3,720,871	\$3,867,205	\$3,914,582	\$3,722,611	\$3,868,677	\$3,916,054	-3.4%
FUNDING								
General Fund	\$2,237,166	\$1,891,603	\$2,037,937	\$2,085,314	\$1,893,343	\$2,039,409	\$2,086,786	-6.8%
Federal Smith-Lever	\$1,813,791	\$1,829,268	\$1,829,268	\$1,829,268	\$1,829,268	\$1,829,268	\$1,829,268	0.0%
TOTAL FUNDING	\$4,050,957	\$3,720,871	\$3,867,205	\$3,914,582	\$3,722,611	\$3,868,677	\$3,916,054	-3.4%

\* LFA Actual used.

Add to (Subtract From)

LFA Current Level Fiscal 1989

COMMITTEE ACTION  
Fiscal 1988 Fiscal 1989

1. Consolidation of Administration: The Subcommittee discussed LFA issue with savings of \$231,376 and 8.00 FTE each year. The agency proposed savings of \$130,939 and 4.25 FTE each year. The agency plan added 1.0 FTE new communications specialist at \$40,034 each year. The agency projected new federal retirement cost increases to require \$60,871 for 8.00 FTE administrators, for a final net savings of \$70,068 each year. The Subcommittee voted to leave the \$170,973 total savings each year with the agency as an incentive for future reorganization. The Subcommittee voted to line item the \$70,068 per year for improved communications.

2. Number of FTE and Compensation (Executive 4.83 FTE less) (\$132,220) 0 0

3. Vacancy Savings: The Subcommittee voted to increase CL by taking only 2% vacancy savings on 80.56 contract faculty, for an adjustment of \$47,377 each year of the biennium. \$47,377

3. Supplies and Materials: Subcommittee approved CL. 0 0

4. Communications: Subcommittee approved CL. 0 0

5. Travel: Subcommittee approved CL. 0 0

6. Rent: Subcommittee approved CL. 0 0

7. Other expenses: Subcommittee approved CL. 0 0

8. Equipment: Subcommittee approved CL. 0 0

FUNDING

\$2,171 INCREASE to CL

\$47,377

\$47,377

The committee approved funding in the amount of \$1,829,268 each year of the biennium and the balance in general fund as adjus



North Carolina State University **RECEIVED**

MAR 2 1987

University Counsel

January 28, 1987

LEGISLATIVE  
FISCAL ANALYST  
Box 7001, Raleigh, N.C. 27670  
(919) 737-2516

Legal Memorandum

TO: Mr. Dick Rankin  
Mr. Myron Johnsrud  
Mr. Dick Prather

From: Ms. Becky R. French, University Counsel  
North Carolina State University

I have been asked to render an opinion regarding the applicability of Public Law 99-335 on the North Carolina Agricultural Extension Service.

The specific area of concern is whether the North Carolina Agricultural Extension Service must offer to one class of employees the option of converting to the Federal Employment Retirement System (FERS) and the accompanying thrift plan created by Public Law 99-335.

There are four (4) issues that must be addressed in North Carolina before answering the above question. These issues are:

- 1) May the State of North Carolina offer a total retirement package for certain state employees in excess of what the State offers all state employees, or is this a violation of Article I Section 19 of the Constitution of North Carolina (The Equal Protection Clause).
- 2) May North Carolina use state funds to contribute to an excess retirement fund for one class of state employees without being in violation of NCGS 143.34.1 or must those funds come from other than state appropriations?
- 3) Can Agricultural Extension employees in the State of North Carolina that are state employees, but hold a federal appointment in lieu of being a Civil Service Employee, be subject to Public Law 99-335?
- 4) Would requiring the State of North Carolina to comply with Public Law 99-335 result in a disproportionate impact upon state and county funds in violation of state law, thereby unfairly shifting the burden of the federal law to the State?

In answering issue one, a determination must be made as to whether state employees and Agricultural Extension employees are presently being treated the same for purposes of the North Carolina equal protection clause. At present, State employees are being offered a combination of two retirement programs composed of the State Retirement plan and Social Security or in the alternative TIAA-CREF and Social Security. The State of North Carolina does not allow a thrift matching plan for its state employees from state funds. Employees of the Agricultural Extension Service that were employed after January 1, 1984 are offered the same plan as state employees, and no federal plans are offered.

Agricultural Extension employees employed before January 1, 1984 are also offered two retirement plans, those being a combination of the Civil Service Retirement System (hereinafter CSRS) and the State Retirement System or in the alternative TIAA-CREF and CSRS but NOT Social Security. If Social Security and a matching thrift plan were added to the retirement package of that one class of state employees this would be a violation of Article I Section 19 of the North Carolina Constitution, that requires the State to treat all employees equally.

Several North Carolina cases have addressed the question of protection against unreasonable discrimination as it extends to administration and execution of laws. The cases of S.S. Kresge Co. v. Davis, 277 N.C. 654, 178 S.E. 2d 382 (1971); and Maines v. City of Greensboro, 300 N.C. 116, 265 S.E. 2d 204 (1980) have held that "...the constitutional protection of Article I Section 19 against unreasonable discrimination under code of law is not limited to mere enactment of legislation. It also extends to the administration and execution of laws valid on their face."

The Kresge Co. case goes on further to state that "...even if a law itself is fair on its face and impartial in appearance, if it is applied and administered by public authority with an evil eye and an unequal hand, so as to make unjust and illegal discrimination between persons in similar circumstances material to their rights, this denial of equal justice is within the prohibition of the Constitution. Discriminatory administration of a law is a denial of equal protection of the law."

The case of State v. Wilson 262 N.C. 419, 137 S.E. 2d 109 (1964) further states that the Equal Protection clause of the Constitution of North Carolina and the Fourteenth Amendment to the Constitution of the United States afford protection against discriminatory actions of officials in administering the law.

Clearly, if one subset of state employees holding courtesy federal appointments were offered a combination of three retirement plans plus a matching thrift plan, this would be a violation of the intent of Article I Section 19, and be discriminatory in nature.

Issue two addresses whether North Carolina may use state funds to contribute to a retirement fund for this class of state employees without being in violation of NCGS 143.34.1, or whether those funds must come from other than state appropriations.

NCGS 143.34.1 states if an employee is paid from other than non-state funds the retirement benefits and Social Security must be paid from the same sources as the source of the employees salary and not from state funds or highway funds.

Federal funds have not been appropriated for the FERS conversion or the matching thrift plan. Therefore, the State of North Carolina cannot appropriate money from state funds to contribute to these expenses. It would appear that if the Federal government meant this special category of extension personnel, who are State employees holding a courtesy federal appointment, to have the conversion option to FERS with a thrift matching plan, federal funds would have been appropriated for that purpose. This is clearly not the case.

Issue three deals with the question of whether an Agricultural Extension Employee should be considered a "federal employee" under the definition of Public Law 99-335 or whether the Agricultural Extension employee is a state employee with a courtesy federal appointment only.

The language in Section 301 (elections) of Title III provides that election of coverage under the FERS program must be offered to individuals who are employed by the federal government. North Carolina Agricultural Extension Service employees are employed by the State of North Carolina and merely hold federal appointments. Their paychecks are issued through the State, they receive state health insurance and accrue vacation leave at a rate set by the State of North Carolina. If an employee has a grievance it is heard according to the grievance procedures of the State of North Carolina. Clearly the employees are cloaked with the indicia of state employment and not federal employment.

The North Carolina Agricultural Extension Service has taken steps before this opinion to show that they consider their employees State employees and are not employed by the federal government. In December 1983, Dr. Chester Black, then Associate Dean and Director of the Agricultural Extension Service, now the Dean and Director of the Agricultural Extension Service, issued a directive stating that with the advent of legislation passed during the 1983 Session of Congress making Social Security coverage mandatory for federal

appointees hired on or after January 1, 1984, that from that date forward no Agricultural Extension Service Specialists or Agents employed by the North Carolina Agricultural Extension Service would receive federal appointments, nor receive or be eligible for federal retirement. His action was taken because the State of North Carolina could not put itself into the very position that if finds Public Law 99-335 trying to put the State in now. That is, if Social Security was to be added as a mandatory part of the retirement package, then it would make it discriminatory and unduly burdensome for the State to offer three retirement plans to this one class of employees.

Issue four addresses the problem of the disproportionate impact Public Law 99-335 will have on state and county funds if the State of North Carolina through the North Carolina Agricultural Extension Service is required to comply with it and offer the election.

In North Carolina, the federal contribution to the North Carolina Agricultural Extension Service makes up 34% of the Extension Service budget with 66% of the budget coming from state and county funds. (Figures supplied by Dr. Chester Black, Director North Carolina Agricultural Extension Service.)

This would cause the dollar impact from the election of FERS to be unfairly shouldered by state and county funds in violation of state law.

If FERS was to be completely funded from the portion of federal appropriations only, then the federal mandate that federal funds given to the Extension Service through appropriations of the Smith-Lever Act for extension purposes to land-grant institutions would be negated. Because of NCGS 143.34.1 a great sum of those federal funds would have to be used to fund retirement benefits for state extension workers. This was certainly not the intent of the Smith-Lever Act.

Any other alternative would result in major program reductions, severely impacting the services this land grant institution could render to the people of North Carolina, and the agricultural industry in this region of the country.

For the above reasons, along with the pertinent constitutional, statutory, and case cites, I would suggest that North Carolina Agricultural Extension Employees should be exempt from Public Law 99-335 and its offering the election of FERS and the accompanying thrift plan.

3-11-87

LEGISLATIVE ACTION  
February 11 & 13, 1987

AGENCY: MONTANA AGRICULTURAL EXPERIMENT STATION

PROGRAM: MAIN STATION

BUDGET ITEM	FY 1986 Actual*	Fiscal 1988		Fiscal 1989		FY 86-88 % Change
		Executive Current Level	Subcommittee	Executive Current Level	Subcommittee	
FTE	255.57	231.91	242.00	231.91	242.00	-5.3%
Personel Services	\$6,344,008	\$6,395,159	\$6,498,761	\$6,395,159	\$6,529,561	3.5%
Operating Expenses	\$1,445,559	\$1,429,241	\$1,439,675	\$1,451,035	\$1,462,720	-0.4%
Equipment	\$220,652	\$282,197	\$116,553	\$282,197	\$114,875	-10.0%
TOTAL EXPENSES	\$8,010,219	\$8,106,597	\$8,054,989	\$8,128,391	\$8,107,156	2.4%
FUNDING						
General Fund	\$5,953,382	\$6,108,294	\$5,861,686	\$6,130,088	\$5,913,853	4.3%
State Special	\$289,991	\$325,000	\$520,000	\$325,000	\$520,000	12.1%
Federal Revenue	\$1,766,846	\$1,673,303	\$1,673,303	\$1,673,303	\$1,673,303	-5.3%
TOTAL FUNDING	\$8,010,219	\$8,106,597	\$8,054,989	\$8,128,391	\$8,107,156	2.4%

EXPENDITURE ISSUES	Add to (Subtract From) LFA Current Level		COMMITTEE ACTION	
	Fiscal 1988	Fiscal 1989	Fiscal 1988	Fiscal 1989
1. Personal Services: Subcommittee approved current level FTE and personal services, with an adjustment for vacancy savings. On Feb. 13, the Subcommittee adopted 2% vacancy savings on all 90 FTE contract faculty. This resulted in a net increase of \$68,282 to CL each year.	(\$223,923)	(\$254,723)	\$68,282	\$68,282
2. Operating Expenses: Subcommittee approved CL.	(\$10,434)	(\$11,685)	0	0
3. Equipment: Subcommittee increased CL by \$62,000 each year to a level based on the FY 86 equipment expenditures of \$220,652, reduced for the recissions and special session out.	\$165,644	\$167,322	\$82,000	\$82,000
			EXPENDITURE INCREASE	
	(\$195,000)	(\$195,000)	\$150,282	\$150,282
				(\$195,000)
			\$345,282	\$345,282

1. Personal Services: Subcommittee approved current level FTE and personal services, with an adjustment for vacancy savings. On Feb. 13, the Subcommittee adopted 2% vacancy savings on all 90 FTE contract faculty. This resulted in a net increase of \$68,282 to CL each year.
  2. Operating Expenses: Subcommittee approved CL.
  3. Equipment: Subcommittee increased CL by \$62,000 each year to a level based on the FY 86 equipment expenditures of \$220,652, reduced for the recissions and special session out.
- FUNDING ISSUES
4. State Special ag sales revenue: Subcommittee approved Executive budget which reflects agency revenue projections
  5. General Fund increase due to above four actions

The subcommittee requested that the agency keep records on the unusually-high FY 88 projected retirement costs of \$250,796 and noted subcommittee intent to consider a supplemental request next year if actual costs approach this amount.

HOUSE BILL 187

House Bill 187, which would appropriate \$160,000 each year of the biennium to the Agricultural Experiment Station for the purpose of developing new varieties of spring wheat, was unanimously given a "Do Pass" recommendation by the subcommittee. This would add 4 FTE (1 scientist, 2 technicians, and 1 graduate student) at a personal services cost of \$112,000 each year, plus \$38,000 for operating expense, and \$10,000 for equipment.