

MINUTES OF THE MEETING
EDUCATION SUBCOMMITTEE
50TH LEGISLATURE

March 5, 1987

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 9:10 a.m. on Thursday, March 5, 1987 in Room 104 of the State Capitol.

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

(Continued) COOPERATIVE EXTENSION SERVICE

Dr. Luft informed the committee of a recent phone call to an extension service of the proceeding in Washington D.C. on the retirement issue. Two changes were being worked out in the retirement package. A ruling that would allow states to terminate the new PERS appointments as of 12-31-86 and put them on a state retirement program is being considered, to include a strong enough ruling in wording to avoid lawsuits. Legislation that would disallow the pre-1984 hires from converting to the first system is in the drafting process. Dr. Luft was concerned that this matter would be unresolved by July 1.

Jane Hamman discussed increased costs for the 124 state employees under the federal retirement and the differences between CSRS and the state TRS retirement. She presented three options to pay for the increased costs (Exhibit 1). Dori Nielson said that if the committee left as accepted earlier it would leave 60 thousand on top of the old plan that could be used for a cushion. Jane Hamman mentioned that the \$60,871 would be more than would be required if the scenario in Washington would come to pass. The 16 people affected would only cost \$1,952 each and the extra money would revert back. Sib Clack clarified that meant 41 thousand more in the budget than needed if the scenario goes. Jane Hamman said that language would needed to be added under legislative intent for the new communication specialist and for the improved communication.

Senator Hammond moved to make necessary corrections on boilerplate so money would be available to make changes needed to followup on Dr. Luft's information from the phone call. Senator Jergeson said the effect of the motion would be to rescind yesterday's motion for social security. He

questioned the effect this would have if the full amount was necessary.

Sib Clack discussed budget amendment criteria. She said the requirements were that funds were not available during regular session and state special revenue could not be used unless it was an emergency. She recommended not budget amending general fund but rather a supplemental. Senator Jacobson suggested a contingency fund that could be triggered if necessary, however this would tie up general fund money. The problem in obligating general fund was that it does not earn interest. Representative Peck questioned how an emergency was defined. He said that appropriation must be based on some assumption. Dr. Luft discussed the difficulty of knowing the timing. He agreed with the intent of the committee but that they needed to be protected.

Jack Noble said they would need 5/8 of the amount in contingency fund to cover the plan before the legislature met again in 15 months. He said they would have the cash flow to go 3 months in the hole. Representative Peck said that 6/8 looked more realistic by the time the legislature acts. Senator Hammond asked what the time frame was for federal action. Dr. Luft said that a legislative ruling was being drafted. Senator Jacobson pointed out that the position would be clearer in April.

Jane Hamman recapped the motion by Senator Hammond. She said the \$60,871 each year of the biennium would change the statement of legislative intent from using this for the purpose of federal retirement adjustments for 8 administrators to include any adjustments as may result from the emerging federal picture regarding this law and would revert if not used for that purpose.

Senator Jergeson suggested putting this in the bill so there is a clearer idea of the revenue needs by the end of the session. Senator Jacobson agreed that the subcommittee does have the obligation to let the appropriation committee know. He said that language may be necessary in the next 30 days to authorize contingency fund for 15 months depending on information so that the appropriation committee is aware that money may have to be set aside. Senator Jergeson said that as a technical question (658) if the state does not admit to pay the retirement costs, why cushion the agency with the 60 thousand. Senator Hammond said they earned the cushion through effort. Representative Peck said that would be taking the remote possibility that it may happen July 1 by the decision of a bureaucrat. It is wiser to stick with the decision made the other day based on what the law is. There is no need for the contingency fund until a decision is reached on the lawsuit. No basis for changing. He said

you can't build the budget on one phone call. The social security is reasonable obligation and will pay but the other retirement package the committee does not agree with. However, the social security funding did need to be implemented.

Jane Hamman mentioned that the committee had voted on the issue but did not decide to fund. Representative Peck said the sense of the committee is clear. Senator Hammond WITHDREW his motion.

Senator Hammond moved to provide funding for social security for FY88 of \$145,273 and for FY89 of \$151,584 and to add recourse language and indicate opposition. Representative Peck said a meeting with the congressmen Saturday would make the committee view known and that this issue could be line itemed. The motion PASSED unanimously.

MODIFIEDS

Requests: Dori Nielson explained corrections on the Montana university system program modifications (Exhibit 2). The committee discussed on-going maintenance, expansion and current funding sources. (201) Sib Clack mentioned that an issue for examination during the interim study is that of current funding sources that pay for joint maintenance on buildings built with student fees. Commissioner Krause pointed out that the buildings that are built with student fees are a benefit to the state and the state has an obligation for upkeep of state owned property.

Jack Noble discussed the Board of Regents policy to approve remodeling costs under \$25,000 for revenue producing facilities that are self-liquidating. Though not in statute, by inference the state funds projects for instructional facilities. (405)

MSU - Museum of the Rockies

Mic Hager, director of the museum, summarized the program modifications for the Museum of the Rockies (Exhibit 3). The museum is funded with private donations for operation and maintenance (473). He pointed out that the state had paid for personnel since day one and the museum was requesting funding for additional personnel. Senator Hammond noted that the 6 new FTE's to help open the museum were not covered currently (2-A). Senator Jacobson questioned whether in the next biennium if these 6 personnel would be rolled into the instruction and support costs. Commissioner Krause replied that these would be in the public service as part of the museum operation. He explained that they have adjunct appointments as faculty. Sib Clack clarified that

formula funds are supporting the Museum of the Rockies presently. Dori Nielson mentioned that a resolution was passed to access the proper location of programs. The question of how to fund next time when formula driven needs examination. Mr. Ish clarified that it was common for professionals to teach in the instructional program. The cost of salaries are within the department (116). The costs are not expensed in the instruction program. Representative Peck said this seemed inaccurate if they were paid out of another fund area of the budget and they are generating student FTE that will generate dollars on the formula side and there should be some accounting for that (127).

Representative Iverson said the project is important for growth and tourism in the state and is not good without adequate personnel. Senator Jacobson discussed placing it in the appropriation bill as part of the budget rather than getting lost in a bill.

University of Montana - Corbin Hall: The change in function from dormitory to instructional space which was approved by the regents, was discussed (247). This utilizes space efficiently but there is no way to pay for maintenance other than to continue with student fees.

Senator Jacobson (357) said to look at this during the interim but new space has been converted and student fees should not be used. She pointed out that this position cannot be clarified until next session. Senator Jacobson moved to appropriate money under Corbin Hall remodeling at University of Montana for FY88 of \$103,000 and for FY89 of \$107,000. The remodeling is done and the operating and maintenance costs exist and are reasonable. The motion PASSED unanimously (460).

Eastern Montana College - Center for Handicapped Children: Chairman Nathe mentioned the request for the additional \$131,030 for the extension of the handicapped children's services through the summer months. Representative Peck pointed out that this was requested last session also. He said it was difficult to add additional time. It is worthy but has been functioning on a 9 month basis, and special education evaluation in the state had improved over the last two years.

The asbestos issue at EMC was discussed. Chairman Nathe said that long range building had set aside \$500,000 for handling this problem.

Northern Montana College: Chairman Nathe said this modified request was for a security person and a heating specialist. Testimony indicated that they were short staff over the

biennium. The motion PASSED with one NO vote by Chairman Nathe and with Representative Peck present and not voting.

Western Montana College: Glen Leavitt discussed the maintenance engineer that was needed. The materials and equipment was included in the cost. (608) Representative Peck moved to approve \$30,000 each year of the biennium. He said this was less than the request since the engineer was approved on a need basis but not the equipment and supplies. Dori Nielson clarified that an adjustment of about \$25,000 additional from fiscal 1987 was added to the base. Representative Peck WITHDREW the motion.

Senator Jacobson moved to approve \$25,000 each year of the biennium for the maintenance engineer for Western Montana College. Commissioner Krause said a small adjustment had been made last biennium but did not solve the problem at Western. (2-B) The motion FAILED with Representative Peck and Chairman Nathe voting NO.

Montana Tech: The grounds maintenance request of \$8,000 annually was mentioned. Representative Peck questioned the amount of new area being developed. Commissioner Krause would get a comparative figure for Tech in terms of square footage costs. Senator Jergeson pointed out that the grounds maintenance was a different issue. The new space should be dealt with consistently.

Senator Jacobson moved to appropriate \$22,040 per year for space added in 1982 for Montana Tech. Dori Nielson mentioned that maintenance had been provided in the past four years and was in the base budget. The motion FAILED with Senator Hammond, Representative Peck, and Chairman Nathe voting NO.

Senator Jergeson moved to appropriate \$8,000 for grounds maintenance for each year of the biennium for Montana Tech. Representative Peck asked how many other facilities developed new grounds. The motion FAILED with Senator Hammond, Representative Peck, and Chairman Nathe voting NO.

Vice Chairman Jacobson chaired while Representative Nathe presented HB852.

HB852: Representative Nathe introduced HB852 (Exhibit 4). concerning the non-use of an enterprise fund at OPI which has been noted in audit reports. The funds from the audio visual library will be set up in state special funds and the enterprise fund discontinued. Senator Jergeson moved to recommend a DO PASS to the full appropriation committee. Senator Hammond questioned whether this would implement or

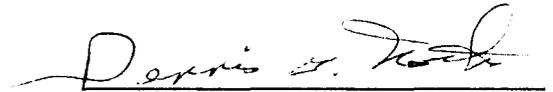
Education Subcommittee

March 5, 1987

6

whether this would implement consolidation of state libraries. The motion PASSED unanimously.

ADJOURNMENT: The meeting was adjourned at 12:08 a.m. The next meeting was announced for 8:00 a.m., March 6.


DENNIS NATHE, Chairman

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Table 2
Total Added Costs to Equalize Retirement Benefits
For 124 Professional State Employees at Cooperative Extension
1989 Biennium

Benefit -----	Fiscal 1988 -----	Fiscal 1989 -----
Difference Between CSRS and State TRS Retirement	\$15,156	\$15,156
Increased Social Security	\$206,144	\$212,455
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TOTAL INCREASE	\$221,300 *****	\$227,611 *****

Options for Education Subcommittee consideration are listed below:

OPTION 1: USE FUNDS ALREADY BUDGETED FOR INCREASED FEDERAL RETIREMENT COSTS

Line-Item appropriation of \$221,300 in fiscal 1988 and \$227,611 in fiscal 1989 to provide retirement benefits for 124 professional state employees at the Montana Cooperative Extension Service who are also on Federal appointment.

Increased Cost	\$221,300	\$227,611
Less 2/11/87 Federal Incre	\$60,871	\$60,871
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TOTAL INCREASE FROM OPTION 1	\$160,429 *****	\$166,740 *****

OPTION 2: USE FUNDS ALREADY BUDGETED FOR INCREASED FEDERAL RETIREMENT COSTS AND FUNDS BUDGETED FOR NEW 1.00 FTE COMMUNICATIONS SPECIALIST

Line-Item appropriation of \$221,300 in fiscal 1988 and \$227,611 in fiscal 1989 to provide retirement benefits for 124 professional state employees at the Montana Cooperative Extension Service who are also on Federal appointment.

Increased Cost	\$221,300	\$227,611
Less 2 Budgeted Items	\$100,905	\$100,905
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TOTAL INCREASE FROM OPTION 2	\$120,395 *****	\$126,706 *****

OPTION 3: USE FUNDS ALREADY BUDGETED FOR INCREASED FEDERAL RETIREMENT COSTS AND FUNDS BUDGETED FOR NEW 1.00 FTE COMMUNICATIONS SPECIALIST AND FOR IMPROVED COMMUNICATIONS.

Line-Item appropriation of \$221,300 in fiscal 1988 and \$227,611 in fiscal 1989 to provide retirement benefits for 124 professional state employees at the Montana Cooperative Extension Service who are also on Federal appointment.

Increased Cost	\$221,300	\$227,611
Less 3 Budgeted Items	\$170,973	\$170,973
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TOTAL INCREASE FROM OPTION 3	\$50,327 *****	\$56,638 *****

Museum of the Rockies Funding Summary
For the Year ending June 30, 1986

	<u>Percent of Total</u>	<u>Amount</u>
MSU (after budget cut)	26%	\$237,503
Including		
Personnel and benefits		
Utilities		
Custodial services		
Private Revenue and Support	55	478,281
Including		
Donations		
Memberships		
Benefits		
Interest		
Sales Revenue		
Grants	19	164,649
		\$880,443
Capital Donations for building construction		\$1,597,572

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New museum projected budget \$1,400,000
 Program Mod request of \$285,000 plus current funding = 37%
 Program Mod request of \$220,000 plus current funding = 32%

MONTANA UNIVERSITY SYSTEM - PROGRAM MODIFICATIONS
1989 BIENNIUM

UNIT	REQUEST	FY 1988	FY 1989	Biennium	Unit Total
MSU	1. New Space - NPE Addition (.44 FTE, maint, utilities)	\$24,528	\$26,034	\$50,562	\$423,280
	2. New Space - Museum of the Rockies (2.59 FTE, maint, utilities)	\$0	\$128,758	\$128,758	
	3. Workload - Museum of the Rockies (6 FTE, grounds, utilities)	\$220,980	\$28,980	\$243,960	
UM	1. New Space - Corbin Hall Remodel (2.62 FTE, utilities, etc.)	\$103,311	\$107,862	\$211,173	\$436,373
	2. Yellow Bay - research support (4.2 FTE, operations)	\$112,600	\$112,600	\$225,200	
EMC	1. MT Center for Handi. Children	\$59,418	\$71,612	\$131,030	\$206,030
	2. Asbestos removal or encapsulization (has now increased to \$95,000)	\$75,000	\$0	\$75,000	
NMC	1. Security personnel	\$34,000	\$34,000	\$68,000	\$118,000
	2. Heating specialist	\$25,000	\$25,000	\$50,000	
MCHST	1. Maintenance engineer	\$59,450	\$53,300	\$112,750	\$162,750
	2. New space, NPER remodel 4/82	\$22,040	\$22,040	\$44,080	
	2. New space, NPER addition	\$67,500	\$67,500	\$135,000	\$179,080
TOTAL					\$1,346,433

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APP
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1 INTRODUCED BY NAH House BILL NO. 852

2 BY REQUEST OF THE HOUSE APPROPRIATIONS COMMITTEE

3 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT FUNDS
4 DERIVED BY THE OFFICE OF PUBLIC INSTRUCTION FROM THE MEDIA
5 LIBRARY AND DIVISION OF RESOURCES AND ASSESSMENT BE
6 DEPOSITED IN ACCOUNTS IN THE STATE SPECIAL REVENUE FUND; AND
7 AMENDING SECTIONS 20-3-108 AND 20-7-201, MCA."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 20-3-108, MCA, is amended to read:
10 "20-3-108. Division of resources and assessment
11 ~~enterprise---fund~~ account. The superintendent--of--public
12 instruction shall establish an enterprise--fund--within--the
13 office--of--public--instruction--for--the--division--of--resources
14 and--assessment: There is a resources and assessment account
15 in the state special revenue fund. Funds derived from the
16 sale of educational materials or services provided by the
17 division of resources and assessment shall be deposited in
18 the resources and assessment enterprise---fund account. In
19 addition to other available funds, the superintendent of
20 public instruction shall use these funds for the operation
21 and maintenance of the division of resources and assessment
22 as authorized by 20-3-106(25)."

1 Section 2. Section 20-7-201, MCA, is amended to read:
2 "20-7-201. State visual, aural, and other educational
3 media library. A library of visual, aural, and other
4 educational media shall be established and maintained by the
5 superintendent of public instruction. The media shall be
6 selected by the superintendent of public instruction on the
7 basis of their usefulness as teaching aids and resources for
8 schools and other educational groups within the state and
9 shall be made available to such schools and groups on a
10 rental fee basis. The rental fees for the use of the
11 materials in the library shall be set by the superintendent
12 of public instruction and shall be deposited in a media
13 library-enterprise the audiovisual and media library account
14 in the state special revenue fund. The superintendent of
15 public instruction may use these funds, as well as any other
16 funds advanced by a legislative appropriation to the library
17 media-enterprise-fund audiovisual and media library account,
18 for the operation, maintenance, enlargement, and other
19 related costs of the library."

-End-