

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION

Call to Order: By Chairman Peck, on February 9, 1989, at 8:00  
a.m.

ROLL CALL

Members Present: All with exception of:

Members Excused: Rep. Peck

Members Absent: None

Staff Present: Keith Wolcott, Senior Fiscal Analyst  
Joe Williams, Budget Analyst, OBPP  
Claudia Johnson, Committee Secretary

Announcements/Discussion: None

HEARING ON UNIVERSITY SYSTEM SUPPLEMENTALS

Tape No. Y1\1:000

Presentation and Opening Statement:

Joe Williams, OBPP, announced that it is recommended by the Executive office that the Agriculture Experiment Station be funded for FY 1990 for \$8,642,606 and \$8,654,183 for FY 1991. Funding for the station increases about \$90,000 for FY 1990 and \$101,000 for FY 1991. The FTE recommend level is 273.27 FTE for both years of the biennium.

Mr. Wolcott distributed handouts on the presentation of the AES from the LFA book. (See Exhibit 1, page F-40) Starting with personal services for the AES main station, the FTE decreases by 2. Mr. Wolcott stated that one FTE was added for the 1989 biennium to start the Spring Wheat Breeder program. The language in HB 2 states that the general fund support for startup of the Spring Wheat Breeder and Biotechnology program at the AES is for 1989 biennium only. Mr. Wolcott stated that Other funds will be required to continue the program beyond the 1989 biennium. The other FTE reduction is a result of changing categories of FTE's. The table on page F-41 of the LFA Budget Analysis, (See Exhibit 1) shows changes made to the positions. Salaries increased slightly and the FTE level decreased by one. Operating expenses decreased by 10.7 percent in the 1989 biennium and the 1991 biennium. The Spring Wheat program operating costs of \$5,097 will be removed from the base. Overall operating expenditures were \$38,577 above the

appropriated level for FY 1988. The current level budget is \$1,323,000 in FY 1990 and \$1,330,000 in FY 1991. Contracted services, materials and supplies, communications and utilities are continued at the level expended for FY 1988 with inflationary adjustments. Travel, repair and maintenance, and other expenses are added to the level that was appropriated in 1988. In FY 1986, the agency spent \$114,000 and \$165,000 in FY 1988. The equipment rental and leases were reduced to one contract that will continue in FY 1990. Faculty or researchers that want to conduct research can apply for the space and pay rent. Equipment expenditures appropriated in FY 1988 were \$116,000 for the main station, plus \$10,000 for the two new spring wheat programs. Of the \$155,000 spent, \$31,000 was for the Spring Wheat program, and \$123,000 for the remaining station programs. Current level equipment is included at the level appropriated for 1988 biennium without the Spring Wheat program. Mr. Wolcott stated that LFA is about \$7,400 below actual FY 1988 expenditures. See Exhibit 1.

(108)

Mr. Wolcott referred to the handout of the cooperative extension service on the difference between LFA and the executive budget. See Exhibit 2. The executive budget included 15.69 FTE to adjust the cooperative extension service faculty from academic year to fiscal year FTE. The LFA current level includes 14.47 for adjustment of FTE in the cooperative extension service budget.

Salaries and benefits: LFA Current level is \$8,833 more than executive budget for each year of the biennium.

Operating Expenses: Current level includes the FY 1988 appropriated amount of \$134,916 for travel, the executive includes actual expenditures of \$169,382.

(133)

Rental of Equipment: The LFA current level appropriated is less the Spring Wheat program. The Executive budget includes total FY 1988 expenditures in the base. The Executive budget is higher by \$16,900 in FY 1990 and \$21,211 in FY 1991.

Repair and Maintenance: Current level includes the FY 1988 appropriated level for repair and maintenance; the executive budget includes actual FY 1988 expenditures. The executive budget is higher by \$67,008 each year of the biennium.

(146)

Other Expenses: LFA current level includes \$106,755; The Executive budget uses actual expenditures of \$165,745. FY 1988 actual expenditures, and are half the increase from recharges to MSU. (See Exhibit 1, table 3, page F-42).

Equipment: LFA current level includes equipment at the current

level appropriated for the 1989 biennium, less the appropriated amount of the Spring Wheat program of \$7,965 by the executive budget.

(166)

U.S. Range Station: Current level FTE and personal services are at the agency's request for the 1990-91 biennium. The Executive includes .67 fewer FTE and \$41,000 more in personal services. Vacancy savings were added back because of the Appropriation's Committee policy. Funding comes from the sale of livestock at the station. This action will drop their funding balance by \$15,000 each year, total of about \$34,000. Based on the current level budget, the U.S. Range Station will start the biennium with an estimated \$103,000 fund balance. They anticipate revenue of about \$356,000 each year and the budget will spend \$375,000 each year. The Projected ending fund balance of \$35,000. See Exhibit 3.

EXECUTIVE ACTION:

(240)

Motion: Sen. Jacobson moved the current level funding of \$7,948,191 for the biennium.

Amendments, Discussions, and Votes: Sen. Nathe called the question. The motion CARRIED unanimously. Rep. Peck was absent.

Sen. Hammond went through the issues on Exhibit 2. Issue 1: faculty for the academic year FTE adjustments, Issue 2: Salaries and benefits, current level includes \$8,833 more than the executive budget for each year of the biennium.

Mr. Williams stated that the executive level intended the FTE to be 242 and the LFA recommended level is 241. Mr. Williams stated that he would like the agencies to state which FTE they want to keep.

(288)

Gerry Sutton, MSU, AES/ES, stated that when they had the templates, they had a duplicate position number in two cases that caused a difference in what was presented to the Governor's office. Ms. Sutton stated it resulted in \$51,000 less than the adjusted personal services when the Spring Wheat position had been taken out. Ms. Sutton stated that all Spring Wheat funding had been taken out before they had prepared the budget. Through an error in having a duplicate number in professional and classified, it was deleted and the Governor's budget was prepared on that basis.

(309)

Mr. Wolcott asked Ms. Sutton how it would affect table 1? (See Exhibit 1, table 1, page F-41). Ms. Sutton replied that the total of the average salaries with the requested FTE would

be correct and that table 1 is correct.

(337)

Mr. Wolcott asked Ms. Sutton if the 242 is correct for the FTE requested? Ms. Sutton replied that it is the correct number, but it does not have the Spring Wheat Breeder program included.

Mr. Wolcott stated that he will have to adjust the FTE level to 242, but the intended salaries would not change.

Ms. Sutton commented that the averages in (See Exhibit 1) table 1, page F-40 are greater than the amount shown on Exhibit 2.

Mr. Wolcott asked Ms. Sutton if she has a figure that shows what the total salaries should be? Ms. Sutton replied that the total salaries without benefits should be \$5,683,240 including the main station.

(396)

Mr. Wolcott stated that the Subcommittee will have to add \$51,112 to the LFA current level and 1 FTE.

EXECUTIVE ACTION:

(404)

Motion: Sen. Nathe moved to add \$51,112 to the LFA current level and add 1 FTE for FY 1990 and 1991.

Amendments, Discussions, and Votes: Sen. Hammond called the question. The motion CARRIED unanimously.

(415)

Issue 3, Travel: Mr. Wolcott stated that current level for FY 1988 appropriated level is \$134,000. The agency spent \$169,000 for travel.

(438)

Dr. Muntifering stated that the increased costs are due to increased cost of travel, not increased number of trips.

(450)

Rep. Peck asked Dr. Muntifering where did they get the money that was transferred into there? Mr. Wolcott answered that it was a combination of vacancy savings and utility costs. Mr. Wolcott referred to table 2, Page F-41, (See Exhibit 2) operating expenditures were at \$38,577. The vacancy savings was used to fund overexpenditures and operating costs. Utilities was \$59,000 less than budgeted.

(535)

Mr. Wolcott reminded the Subcommittee Members that the Appropriation's Committee policy is putting back \$230,000 in vacancy savings. The policy was that they could not

transfer out of personal services. On table 2, Page F-41, (See Exhibit 1) they overexpended by \$38,000. Mr. Wolcott informed the Subcommittee Members that they cannot go above the appropriated level, because if they do, it will double count the issues because they overexpended their operating by transferring money out of personal services.

Tape Y1\2:000

Sen. Nathe asked Mr. Wolcott if he had placed the utilities back in to the current appropriated level? Mr. Wolcott stated that he did not, the utilities are in at the expended level plus inflated about 20 percent per year.

(030)

Mr. Wolcott referred to (See Exhibit 2) Issue 3 under operating expense. The total difference between appropriated level and current level is \$116,557. The total amounts for Issues 3,4,5 and 6 is \$177,450 for a difference of \$60,893 between Executive and LFA to get back to the 1988 appropriated level.

EXECUTIVE ACTION:

(043)

Motion: Sen. Hammond moved to accept the funding back to the appropriated level of 1988. It does not add nor decrease their budget.

Amendments, Discussions, and Votes: Sen. Nathe called the question. The motion CARRIED unanimously. Sen. Jacobson was absent.

Mr. Wolcott stated that rental of equipment, repair and maintenance and other expenses were taken care of by the last motion.

Sen. Boylan asked Dr. Welsh if the Spring Wheat program had been done away with? Dr. Welsh replied that the Spring Wheat program is being considered a part of the budget modification request. It was authorized by the last Legislature in a separate legislative bill with a 2 year time frame on it. Dr. Welsh stated that the question is reinstating the funding for it.

(100)

Rep. Peck on Rental Equipment, Issue 7: Current level includes equipment at the level appropriated for the 1989 biennium, less that appropriated for the Spring Wheat Breeder Program. Current level is \$79,065, less than budgeted by the executive for each fiscal year.

(105)

Mr. Wolcott referred to page F-40 (See Exhibit 1). (120) AES spent \$426,412 on equipment that was secured from other

sources, e.g., grants and contracts, and etc..

Dr. Welsh on equipment issue stated that they have an inventory list of \$5.2 million at the research centers at the main station. To replace the equipment schedule would cost \$400,000 or more a year.

(174)

Issue 8 was informational and does not need to be taken care of at this time.

EXECUTIVE ACTION:

(193)

Motion: Sen. Nathe moved to adopt the funding as adjusted by the amendments made by the Subcommittee.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

HEARING ON U.S. RANGE STATION

Tape Y1\2:203

Mr. Wolcott stated that the Executive current level has an error in the template that placed an additional \$41,000 in the budget, but stated that there are no funds in there to fund it. See Exhibit 3.

Mr. Williams stated there was an error in the template and the farm and ranch hands were working at a grade 15.

(220)

Dr. Welsh stated that the U.S. Range Station is operated on all earmarked funds.

EXECUTIVE ACTION:

(226)

Motion: Sen. Hammond moved the adoption of the current level for the U.S. Range Station for FY 1990 and 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

(332)

Motion: Sen. Hammond moved the adoption of the funding for the U.S. Range Station, state special revenue funding of \$375,044 for FY 1990 and \$374,364 for FY 1991.

(336)

Amendments, Discussions, and Votes: The motion CARRIED unanimously. Sen. Jacobson was absent.

HEARING ON EXTENSION SERVICE

(400)

Mr. Williams addressed the Extension Service budget as recommended by the executive office. The recommended budget for FY 1990 is \$4,016,298 for the Extension Service and \$4,015,710 in FY 1991. Apply the 2 percent vacancy savings rate to be added back in, expenditures of \$25,696 and \$22,750 in FY 1991, and the recommendation of 101.8 FTE level.

Mr. Wolcott stated that the Montana Cooperative Extension Services budget will decrease 4.4 percent and reduce travel anticipated by the last Legislature. The FTE decreased by 1.22 due to agency recategorizing positions. Refer to tables Page F-50 and 51 (See Exhibit 5). Employee benefits, excluding health insurance, has increased from 20.39 percent of salaries in FY 1988 to 23.79 percent in FY 1990 and 24.77 percent in FY 1991. This causes a budget increase of \$90,977 in FY 1990 and \$117,291 FY 1991. Health insurance costs are not adequately analyzed due to lack of timely information. The agency budget requested an additional \$55,724 for health insurance, which is a 42 percent increase. The LFA current level uses federal funds to fund the increased cost of those benefits, rather than general fund. ISSUE 1; Personal Services differences; 1.22 FTE, part-time salaries. The executive budget has included those salaries twice. They are \$8,500 each year. The vacancy savings difference was \$72,000 each year. ISSUE 2; The difference in employee benefit amount was lower in the executive than the LFA current level, \$12,443 in 1990 and \$37,987 in 1991. See Exhibit 4.

(547)

Issue 3; Current level assumes benefits of \$663,000 in 1990 and \$690,000 in 1991. Of those amounts, current level assumes the increase of \$106,844 in FY 1990 and \$133,000 in FY 1991 will be paid in federal funds.

(561)

Issue 4, Travel: The LFA current level at FY 1988 budgeted level is \$163,000. The executive uses the actual travel expenditures of \$200,000.

Tape Z1\1:000

Dr. Luft stated that the package of benefits have not been increased, the costs have increased. The federal benefit system saved the state of Montana about \$350,000 per year. The federal benefit package cost is about 13 percent. The federal government came up with the Federal Employee Retirement System (FERS), increasing the cost to 31 percent. It allowed current employees to shift from civil service to the FERS package. New people could go on the Teacher's Retirement System and that figure is about 22 percent. As people retire or leave that are currently on the civil service program of 13 percent, the benefit costs increase as

replacements are hired on the Teacher's Retirement System, and not hiring new people on the federal system. Dr. Luft stated they are converting people from the cheaper federal system to a higher priced state retirement system.

Dr. Luft stated that the figure for converting from federal to state was \$659,000 the first year and \$666,000 in the second year. The federal appropriated dollars for FY 1988 was \$81,000. Most of it reverted back to the general fund. Dr. Luft stated that they have a lot of people still on the civil service retirement program and it will take about 25 years to clean that group out. As they retire they are moving them onto the state system.

(091)

Clyde Carroll, Fiscal Analyst/MSU, stated that the federal retirement system has one retirement program which the employee contributes 7 percent and the employer matches that. 1.45 percent is for federal Medicare. On state retirement, the teacher's retirement has two retirement systems, social security and teacher's retirement.

EXECUTIVE ACTION:

(111)

Motion: Sen. Nathe moved to adopt LFA current level for FY 1990 and FY 1991 for the Extension Service.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

ISSUE 1: Mr. Wolcott stated that Issue 1 was taken care of in the adoption of the funding.

ISSUE 2: Mr. Wolcott stated that there is a difference between the executive and LFA current level of 1.22 FTE that the LFA had removed because of recategorization of FTE's and the dollar amounts as reflected in table 1, page F-51, (See Exhibit 5).

Dr. Luft stated that some individuals were reclassified and upgraded to the master's level and when that happens they get a salary bump.

(175)

Sen. Jacobson asked Mr. Wolcott when vacancy savings would be realized? Mr. Wolcott stated that LFA would be adding back \$140,000 in vacancy savings. Mr. Wolcott stated if they reduce the dollar amount by \$36,000 the next time they come in, the template automatically generates dollars to those FTE's. If an FTE is in, even if the money has been taken out, it will generate the next time.

(232)

EXECUTIVE ACTION:

Motion: Sen. Nathe moved to restore the 1.22 FTE and the necessary funding for FY 1990 and FY 1991 on Issue 3. The motion will bring the FTE back up to 115.77 and funding would be \$36,000 plus benefits for a total of \$41,586.

Amendments, Discussions, and Votes: The motion CARRIED 4/3.  
Rep. Peck, Sen. Jacobson and Rep. Marks voted no.

(325)

ISSUE 3: Benefits for federal employees. Mr. Wolcott stated that the Subcommittee had adopted current level which has the benefit of \$663,000 in FY 1990 and \$690,000 in FY 1991 plus the benefits to go with the position that the Subcommittee just added in. The increase is \$106,000 in FY 1990 and \$133,000 in FY 1991 over the FY 1988 level of benefits. Mr. Wolcott stated that LFA concludes that the increase costs are under federal funds rather than general funds.

(422)

Motion: Sen. Nathe moved to adopt LFA current level funding for FY 1990 and 1991 as presented.

(500)

Amendments, Discussions, and Votes: The motion CARRIED. Rep. Kadas voted no.

(524)

ISSUE 4: Mr. Wolcott stated that LFA put in the amount at the budgeted level rather than the expended level because they expended higher in FY 1988. The total difference is \$36,763 between executive and LFA. Mr. Wolcott stated it was out of vacancy savings.

No motion on travel at this time.

(559)

Appropriation Committee Policy:

Motion: Rep. Kadas moved the adjusted LFA funding on the action taken by the Subcommittee.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

Tape Z1\2:000

Rep. Peck commented to Dr. Krause that the question of the 4 Mods had been mentioned while he was out of the room, and if they would be considered next Monday? Dr. Krause stated that the Board of Regent's presentation on Monday will include the recommendation on the AES, but does not include the

consideration on the four mods.

(062)

Rep. Peck stated that the Subcommittee will withhold action on the mods until next Wednesday after they hear the overall view from the Board of Regents.

#### HEARING ON FORESTRY AND CONSERVATION EXPERIMENT STATION

(075)

Mr. Wolcott distributed a handout on the comparisons of the executive and LFA. See Exhibit 6. The executive budget includes .27 fewer FTE than LFA for a difference of \$423. The agency's average increased salary decreased the FTE. Mr. Wolcott stated that LFA left it at 16.09 FTE, \$488,789 dollar level. Vacancy savings was not applied to this budget. Operating expenses difference is \$10,500 for equipment in FY 1991 where the executive budget includes \$23,500 and LFA current level includes \$13,000. The total difference in FY 1990 is \$46 and in FY 1991 a difference of \$10,723. See Exhibit 6.

Dr. Sidney Frissell, MSU, said that they have a concern because the FTE level stays the same but the salary dollars go down.

(203)

Mr. Wolcott stated that the Subcommittee could add back in the .27 FTE. The executive has \$489,212 for 15.82 FTE and current level has \$488,789 for 16.09 FTE a difference of \$423.

Mr. Wolcott stated the difference is that the executive applied back to vacancy savings which amounted to \$9,984 when added against the other differences it amounted to \$423. If the Subcommittee goes with the executive FTE level, they will be adding \$8,593 to the salaries. The intended benefits are \$1,814. Mr. Wolcott stated that if the Subcommittee added the .27 FTE they would be adding \$10,407 each year of the biennium. (302) Mr. Wolcott stated that LFA left the salaries at the 1988 appropriated level of \$406,533.

#### EXECUTIVE ACTION:

(308)

Motion: Rep. Kadas moved to accept LFA current level total expense of \$630,275 for FY 1990 and \$628,973 for FY 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

#### HEARING ON PERSONAL SERVICES

ISSUE 1: Personal Services. See Exhibit 6.

Rep. Kadas commented that he thought the Subcommittee should fund them at the same level they were appropriated at last year.

Mr. Wolcott stated that they funded them at the current level of \$488,789 which is their appropriated level because they spent \$494,495.

EXECUTIVE ACTION:

(376)

Motion: Sen. Jacobson moved to add \$10,407 to personal services for FY 1990 and 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously. Rep. Marks voted no.

(400)

ISSUE 2: Operating Expenses. No motion at this time.

(403)

ISSUE 3: Equipment. Mr. Wolcott stated that the difference is \$10,500 in FY 1991 only. No motion at this time.

Rep. Peck commented to the Subcommittee Members that a motion is needed to see if they want to go with the Executive budget for equipment or stay with the LFA current level. No motion was made so the action will stay the same.

(425)

Appropriation Committee Policy: See Exhibit 6.

Motion: Rep. Kadas moved the adoption of funding on the action taken so far by the Subcommittee on the amendments for FY 1990 and 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

HEARING ON BUREAU OF MINES

(454)

Mr. Wolcott distributed a handout on the Bureau of Mines. See Exhibit 7. The Executive office took \$17,708 from vacancy savings and LFA did not. The operating expenses total difference of \$1,012 in current level. Mr. Wolcott stated that operating expenses is based on the agency requested level. The Executive added in more for equipment than the LFA current level by \$18,000 for FY 1990 and \$20,000 for FY 1991. See Exhibit 7.

EXECUTIVE ACTION:

(564)

Motion: Rep. Kadas moved LFA current level for FY 1990 of \$1,255,392 and \$1,258,987 for FY 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

ISSUE 1: Operating Expenses requested by the agency for FY 1988 expenditure level with inflationary adjustments.

Tape A2\1:000

ISSUE 2: Equipment; Rep. Kadas asked Mr. Dunston why their request is higher than the \$55,000 for the biennium? Mr. Dunston stated that it is based on a specific equipment list that was for hydrogeologic equipment.

Sen. Jacobson stated that the average yearly expenditures is not \$24,000, more like \$54,000, and she asked if some of that equipment is also a modification? Mr. Dunston stated it was incorporated in a budget mod with the Board of Regents.

((028))

Motion: Rep. Kadas made the motion to add \$3,500 each year of the biennium to the equipment expenditure making it a total of \$26,500 for FY 1990 and \$28,500 for FY 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

(040)

Mr. Dunston asked if anything was brought up on operating expenses because they are still down about \$58,000 in operations in comparison to this fiscal year? Rep. Peck stated that was due to the transfer of funds out of equipment.

(045)

Mr. Wolcott stated they were appropriated \$369,151 by the last Legislature and they have a difference of \$35,622 between what was appropriated last time and what the current level is this time. Mr. Wolcott stated they expended only \$331,000.

Rep. Peck stated that the money went to equipment and the Subcommittee just took it back to their average equipment, but they actually lost that because they didn't expend it in the operating area. Rep. Peck stated that what they are suggesting is they be restored to their original budget for operating expense that would be an additional \$35,622.

(072)

Mr. Wolcott stated that the appropriated amounts for FY 1988 for personal services were \$894,624, operating expenses \$369,151, equipment \$22,075. Mr. Wolcott stated that the Subcommittee would want to compare that to FY 1990 because the \$369,151 would have the audit costs in it to correspond with FY 1990 because they are always appropriated the first year of the biennium.

(096)

Sen. Jacobson asked if the issue is the \$35,000 that will be moved down and used for equipment? Rep. Peck replied that the Subcommittee has restored to their average in equipment,

but under the policy of the LFA, the Subcommittee does not restore the actual expenditure costs.

EXECUTIVE ACTION:

(105)

Motion: Sen. Jacobson motioned that the operating costs be restored to the appropriated FY 1988 level for FY 1990 and 1991. It would add about \$35,622.

(146)

Amendments, Discussions, and Votes: Sen. Jacobson made the motion to make an amendment to take \$7,000 out of operating and put it into equipment and the base stays the same. Mr. Wolcott stated that would be \$3,500 less each year than the \$35,622 that would make it \$31,122 for each year of the biennium.

(189)

The motion is to restore to the agency in the amount of \$31,122 in FY 1990 and FY 1991. The motion CARRIED unanimously.

(195)

Motion: Rep. Kadas moved the adoption of the funding subject to the amendments made for FY 1990 and FY 1991.

Amendments, Discussions, and Votes: The motion CARRIED unanimously.

Rep. Peck informed the Subcommittee of the schedule for tomorrow's trip to Havre. They will leave at 6:45 a.m. from the airport. Leave Havre about 7:00 p.m. to go to Eastern Montana College. EMC will pick them up from the Sheraton on Saturday at 7:15 a.m.

There being no further business the Subcommittee was adjourned.

ADJOURNMENT

Adjournment At: 11:00 a.m.

  
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REP. Ray Peck, Chairman

RP/cj

3421.min

DAILY ROLL CALL

EDUCATION

SUBCOMMITTEE

DATE Feb 9 1989

NAME	PRESENT	ABSENT	EXCUSED
REP. RAY PECK, CHAIRMAN			
SEN. SWEDE HAMMOND, VICE CHAIRMAN	✓		
SEN. PAUL BOYLAN	✓		
SEN. JUDY JACOBSON			
REP. MIKE KADAS			
REP. BOB MARKS	✓		
SEN. DENNIS NATHE	✓		

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**MONTANA AGRICULTURAL EXPERIMENT STATION**

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<u>Budget Item</u>	Actual Fiscal <u>1988</u>	Appropriated Fiscal <u>1989</u>	- - - Current Level - - - Fiscal <u>1990</u>	- - - Fiscal <u>1991</u>	% Change 1989-91 <u>Biennium</u>
F.T.E.	259.70	259.70	257.67	257.67	(2.03)
Personal Services	\$6,902,129	\$7,019,097	\$6,870,155	\$6,870,286	(1.29)
Operating Expenses	1,494,559	1,494,420	1,334,080	1,340,854	(10.51)
Equipment	<u>154,800</u>	<u>127,875</u>	<u>119,000</u>	<u>119,000</u>	<u>(15.80)</u>
Total Operating Costs	\$8,551,488	\$8,641,392	\$8,323,235	\$8,330,140	(3.14)
Non-Operating Costs	<u>979</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(100.00)</u>
Total Expenditures	<u>\$8,552,467</u>	<u>\$8,641,392</u>	<u>\$8,323,235</u>	<u>\$8,330,140</u>	<u>(3.14)</u>
<u>Fund Sources</u>					
General Fund	\$6,204,844	\$6,257,135	\$5,917,056	\$5,924,641	(4.98)
State Special	674,320	710,954	700,044	699,364	1.02
Federal Revenue	<u>1,673,303</u>	<u>1,673,303</u>	<u>1,706,135</u>	<u>1,706,135</u>	<u>1.96</u>
Total Funds	<u>\$8,552,467</u>	<u>\$8,641,392</u>	<u>\$8,323,235</u>	<u>\$8,330,140</u>	<u>(3.14)</u>

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### Program Description

The Montana Agricultural Experiment Station was established in 1893 at the state's land-grant university in Bozeman to conduct and promote studies, scientific investigations, and experiments relating to agriculture, natural resources, and rural life and to provide information thereby acquired to the people of Montana. In addition to the campus research departments, there are seven applied research centers located around the state to serve specific agricultural areas and to be representative in soil, climate, and other variables for research tests.

The agricultural experiment station budget consists of two primary components: the Main Station and its research centers; and the United States Livestock and Range Research Laboratory at Miles City.

### Budget

The budget decreases 3 percent. Operating expenses in the main station were reduced to the level appropriated by the legislature for travel, repairs, and other expenses. Equipment rent was reduced to the one piece of equipment the agency showed would still be under a lease/purchase agreement in fiscal 1990. Equipment is below the fiscal 1989 level as the Spring Wheat Program is not continued in current level and more funds were spent on equipment than appropriated in fiscal 1988.

EXHIBIT 1  
DATE Feb 9, 1989  
HB Univ. Sys

MAIN STATION

Budget Item	Actual	Appropriated	- - - Current Level - - -		% Change
	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991	1989-91 Biennium
F.T.E.	243.00	243.00	241.00	241.00	(2.00)
Personal Services	\$6,563,256	\$6,641,843	\$6,508,722	\$6,509,533	(1.41)
Operating Expenses	1,483,699	1,488,720	1,323,469	1,330,243	(10.72)
Equipment	155,213	124,875	116,000	116,000	(17.17)
Total Operating Costs	\$8,202,168	\$8,255,438	\$7,948,191	\$7,955,776	(3.36)
Non-Operating Costs	979	-0-	-0-	-0-	(100.00)
Total Expenditures	<u>\$8,203,147</u>	<u>\$8,255,438</u>	<u>\$7,948,191</u>	<u>\$7,955,776</u>	<u>(3.37)</u>
<b>Fund Sources</b>					
General Fund	\$6,204,844	\$6,257,135	\$5,917,056	\$5,924,641	(4.98)
State Special	325,000	325,000	325,000	325,000	0.00
Federal Revenue	<u>1,673,303</u>	<u>1,673,303</u>	<u>1,706,135</u>	<u>1,706,135</u>	<u>1.96</u>
Total Funds	<u>\$8,203,147</u>	<u>\$8,255,438</u>	<u>\$7,948,191</u>	<u>\$7,955,776</u>	<u>(3.37)</u>
<b>ISSUES</b>					
	- - - - Fiscal 1990 - - - -		- - - - Fiscal 1991 - - - -		
	General Fund	Other Funds	General Fund	Other Funds	
1. Examination of Total Budget	N/A	N/A	N/A	N/A	

**Program Description**

The Main Station budget funds agricultural research at 13 departments in Bozeman and at seven applied research centers: central in Moccasin, western in Corvallis, northern in Havre, southern in Huntley, northwestern in Kalispell, eastern in Sidney, and western triangle in Conrad. There are seven advisory committees comprised of representatives from the area served by each center and a statewide agricultural experiment station advisory council consisting of delegates elected by the local committees.

**Budget**

The number of FTE decreases by two. The 1 FTE added for the 1989 biennium for start-up of the Spring Wheat Breeding and Biotechnology Program was not continued in current level. Language in House Bill 2 states:

General fund support for start-up of the Spring Wheat Breeding and Biotechnology Program at the agricultural experiment station is for the 1989 biennium only. Other funds will be required to continue the program beyond the 1989 biennium.

The other FTE reduction is a result of changing the categories of FTE. Due to the higher salary requirement of the recategorized FTE, this decreased the overall FTE by 1 and increased the salary cost \$2,062 as shown in the following table.

Table 1  
FTE Comparison and Cost Analyst of Agency Changing FTE Categories

Category	Approp.	Req.	Diff.	Average Salary	FTE Cost Diff
Contract Faculty	91.00	90.09	(0.91)	\$31,357	\$(28,535)
Contract Prof.	23.00	27.09	4.09	25,238	103,223
Classified	96.00	90.92	(5.08)	17,510	(88,951)
Grad. Research Asst.	16.00	17.00	1.00	17,965	17,965
Part-Time	17.00	16.90	(0.10)	16,401	(1,640)
<b>Total</b>	<b>243.00</b>	<b>242.00</b>	<b>(1.00)</b>		<b>\$ 2,062</b>

Operating expenses decrease 10.72 percent. The Spring Wheat Program operating costs of \$5,097 are removed. Table 2 shows the second level expenditure by category for the fiscal 1988 appropriation, actual expenditures, and the 1991 biennium current level budget.

Table 2  
Comparison of Operating Expenses Appropriated Versus Expended  
In Fiscal 1988 and the 1991 Biennium Current Level Budget

Category	Fiscal 1988			Current Level Budget	
	APPROP.	Spent	Difference	Fiscal 1990	Fiscal 1991
Contract Services	\$ 166,083	\$ 181,498	\$ 15,415	\$ 181,497	\$ 181,497
Mat. & Supplies	479,734	410,481	(69,253)	414,478	416,804
Communications	130,246	114,282	(15,964)	108,022	107,274
Travel	134,916	169,382	34,466	134,916	134,916
Rent					
Office Equip.	14,778	6,604	(8,174)	4,218	--
Other Equip.	-0-	6,201	6,201	-0-	-0-
Leased Equip.	4,940	8,406	3,466	-0-	-0-
Rent-Bldg.	18,959	31,661	12,702	31,661	31,661
General	8,637	1,799	(6,838)	1,799	1,799
<b>Total Rent</b>	<b>\$ 47,314</b>	<b>\$ 54,671</b>	<b>\$ 7,357</b>	<b>\$ 37,678</b>	<b>\$ 33,460</b>
Utilities	\$ 223,768	\$ 164,253	\$(59,515)	\$ 188,910	\$ 198,324
Repairs	151,210	218,290	67,080	151,213	151,213
Other	106,755	165,746	58,991	106,755	106,755
<b>Total</b>	<b>\$1,440,026</b>	<b>\$1,478,603</b>	<b>\$ 38,577</b>	<b>\$1,323,469</b>	<b>\$1,330,243</b>

Contracted services, material and supplies, communications, and utilities are continued at the level expended in fiscal 1988 with inflation adjustments. Travel, repair and maintenance, and other expenses are at the level appropriated. Travel had been reduced by the 1987 legislature. However, actual travel expenditures by the agency were not reduced in fiscal 1988. The agency spent unused utility funds on repair and maintenance. The agency explained the other expense increase as shown in Table 3.

Table 3  
Increase in Other Expenses

	<u>Fiscal 1986</u>	<u>Fiscal 1988</u>	<u>Difference</u>	<u>Percent</u>
Dues	\$ 2,069	\$ 9,889	\$ 7,820	378
Subscriptions	6,188	7,002	814	13
Reg. Fees-Training	-0-	2,892	2,892	--
Entertainment	-0-	4,759	4,759	--
General	22,908	28,534	5,626	25
Recharges	<u>82,850</u>	<u>112,669</u>	<u>29,819</u>	<u>36</u>
Total	<u>\$114,015</u>	<u>\$165,745*</u>	<u>\$51,730</u>	<u>45</u>

\*Appropriated level was \$106,755 versus \$165,745 spent, which is a 55 percent increase above the appropriated level.

No documentation was provided to justify the other expense increases. In fiscal 1988, no pay raises were appropriated and inflation was not fully recognized, yet recharges paid to Montana State University were increased 36 percent.

Equipment rent and leases were reduced to the one contract which will be continuing in fiscal 1990. The building rent increase is due to bench space for faculty in the new Plant Growth Center. The agency stated that the income provided from this rent is used mostly to provide supplies for the faculty. No documentation was provided by the agency. However, the expenditure is continued into current level as the supply budget had a decrease.

Equipment expenditures appropriated in fiscal 1988 were \$116,553 for the main station plus \$10,000 for the new Spring Wheat Program, or \$126,553. Of the \$155,213 spent, \$31,247 was for the Spring Wheat Program and \$123,966 for the other main station programs. Current level equipment is included at the level appropriated for the 1988 biennium without the Spring Wheat Program, or \$7,413 below actual fiscal 1988 expenditures.

### Funding

There is \$325,000 state special revenue included each year from agricultural sales based on the agency's revenue projections. Federal revenue increases 1.96 percent and includes \$1,143,730 of Hatch Act formula funds and \$562,405 of Hatch Act regional research funds for agricultural research in cooperation with other western states.

DATE Feb 4, 1984  
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AGENCY: AGRICULTURAL EXPERIMENT STATION      PROGRAM: ORGANIZED RESEARCH  
 LEGISLATIVE ACTION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	243.00	257.27	241.00	16.27	257.27	241.00	16.27	-0.82%
Personal Services	\$6,563,256	\$6,594,529	\$6,508,722	\$ 85,807	\$6,595,353	\$6,509,533	\$ 85,820	-0.83%
Operating Expenses	1,483,699	1,500,999	1,323,469	177,530	1,511,991	1,330,243	181,748	-10.80%
Equipment	155,213	123,965	116,000	7,965	123,965	116,000	7,965	-25.26%
Non-Operating	979	0	0	0	0	0	0	-100.00%

TOTAL EXPENSES	\$8,203,147	\$8,219,493	\$7,948,191	\$271,302	\$8,231,309	\$7,955,776	\$275,533	-3.11%
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FUNDING	\$6,204,844	\$6,188,358	\$5,917,056	\$271,302	\$6,200,174	\$5,924,641	\$275,533	-4.64%
General Fund	325,000	325,000	325,000	0	325,000	325,000	0	0.00%
State Special	1,673,303	1,706,135	1,706,135	0	1,706,135	1,706,135	0	1.96%

TOTAL FUNDING	\$8,203,147	\$8,219,493	\$7,948,191	\$271,302	\$8,231,309	\$7,955,776	\$275,533	-3.11%
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**CURRENT LEVEL  
 PERSONAL SERVICES**

ISSUE 1: Faculty Academic Year FTE Adjustment

The executive budget includes 15.69 FTE to adjust Cooperative Extension Service faculty from academic year FTE to fiscal year FTE. LFA current level includes a 14.47 adjustment FTE in the Cooperative Extension Service budget.

ISSUE 2: Salaries and Benefits

Current level includes \$8,833 more than the executive budget for salaries and benefits for each year of the biennium. This is the result of minor differences in the Main Station personal services categories.

OPERATING EXPENSES

ISSUE 3: Travel

Current level includes the fiscal 1988 appropriated amount of \$134,916 for travel, while the executive budget includes actual expenditures of \$169,382. The executive budget is therefore higher than current level by \$34,466 for each year of the biennium.

ISSUE 4: Rental of Equipment

Current level includes the fiscal 1988 appropriations for equipment rental, less costs for the Spring Wheat Program, while the executive budget includes actual total fiscal 1988 expenditures in the base. The net result is that the executive budget is higher than current level by \$16,993 in fiscal 1990 and \$21,211 in fiscal 1991.

ISSUE 5: Repair and Maintenance

Current level includes fiscal 1988 appropriations for repair and maintenance, while the executive budget includes actual total fiscal 1988 expenditures in the base. The net result is that the executive budget is higher than current level by \$67,080 in each year of the 1991 biennium.

ISSUE 6: Other Expenses

Current level includes other expenses at the appropriated level for fiscal 1988 of \$106,755, while the executive budget uses actual expenses of \$165,745 as the base. Fiscal 1988 actual expenditures are detailed in Table 3, page F-42 of the Budget Analysis. Over half of the increases in other expenses come in the form of recharges to Montana State University. No documentation was provided to justify the "other expense" increases.

EQUIPMENT

ISSUE 7: Equipment Purchases

Current level includes equipment at the level appropriated for the 1989 biennium, less that appropriated for the Spring Wheat Program. Current level equipment is \$7,965 less than budgeted by the executive for each fiscal year.

OTHER

ISSUE 8: Financial Review of all Funds

As detailed on pages F-43 and F-44 of the Budget Analysis, fiscal 1988 expenditures for rent, equipment, and repair and maintenance were higher than anticipated by the 1987 legislature. The executive budget included the higher expenditures in the base. Agency responses to questions show that significant expenditures not in the current unrestricted operating subfund budget approved by the legislature are being made by the Agriculture Experiment Station. As presented in Options A and B on page F-44, the agency may be asked to provide a full financial review of all funds, expenditures, and specific revenue sources for fiscal 1988 through fiscal 1991.

**APPROPRIATION COMMITTEE POLICY**

Vacancy savings of \$229,083 in fiscal 1990 and \$229,112 in fiscal 1991 must be added back to current level personal services.

Changes From Current Level

	- - - Fiscal 1990 - - -	- - - Fiscal 1991 - - -
	General Fund	General Fund
	Other Funds	Other Funds
<b>Current Level</b>		
<b>Personal Services</b>		
Issue 1: Academic Year FTE	\$ -0-	\$ -0-
Issue 2: Salaries and Benefits	8,833	8,833
<b>Operating Expenses</b>		
Issue 3: Travel	34,466	34,466
Issue 4: Rental of Equipment	16,993	21,211
Issue 5: Repair & Maintenance	67,080	67,080
Issue 6: Other Expenses	58,911	58,911
<b>Equipment</b>		
Issue 7: Equipment Purchases	7,965	7,965
<b>Appropriation Committee Policy</b>		
Vacancy Savings	229,083	229,112

*5,623,240  
Revision  
Repair*

SWS:kj:aeswk

DATE Feb 9, 1989  
 HB Univ Sys

AGENCY: AGRICULTURAL EXPERIMENT STATION

LEGISLATIVE ACTION

PROGRAM: U.S. RANGE STATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990			Fiscal 1991			FY 88-90 % Change
		Executive	LFA Curer Lvl	Difference	Executive	LFA Curr Lvl	Difference	
FTE	16.70	16.00	16.67	-0.67	16.00	16.67	-0.67	-0.18%
Personal Services	\$338,873	\$409,502	\$361,433	\$48,069	\$409,263	\$360,753	\$48,510	6.66%
Operating Expenses	10,860	10,611	10,611	0	10,611	10,611	0	-2.29%
Equipment	(413)	3,000	3,000	0	3,000	3,000	0	-826.39%
<b>TOTAL EXPENSES</b>	<b>\$349,320</b>	<b>\$423,113</b>	<b>\$375,044</b>	<b>\$48,069</b>	<b>\$422,874</b>	<b>\$374,364</b>	<b>\$48,510</b>	<b>7.36%</b>
=====								
<b>FUNDING</b>								
State Special	\$349,320	\$423,113	\$375,044	\$48,069	\$422,874	\$374,364	\$48,510	7.36%
<b>TOTAL FUNDING</b>	<b>\$349,320</b>	<b>\$423,113</b>	<b>\$375,044</b>	<b>\$48,069</b>	<b>\$422,874</b>	<b>\$374,364</b>	<b>\$48,510</b>	<b>7.36%</b>
=====								

**CURRENT LEVEL**

ISSUE 1: Personal Services

Current level FTE and personal services are at the agency request for the 1991 biennium. The executive budget includes 0.67 fewer FTE and \$41,366 in fiscal 1990 and \$41,831 in fiscal 1991 more in personal services than current level.

**APPROPRIATION COMMITTEE POLICY**

Vacancy savings which must be added back to current level is \$15,060 in fiscal 1990 and \$15,031 in fiscal 1991. This policy will cause the fund balance to be drawn down an additional \$15,000 each year more than the \$19,000 projected on page F-44 of the Budget Analysis. The total "draw down" will then be about \$34,000 in each fiscal year if revenue estimates are accurate.

Changes From Current Level

	- - - Fiscal 1990 - - -	- - - Fiscal 1991 - - -
	General <u>Fund</u>	General <u>Fund</u>
	Other <u>Funds</u>	Other <u>Funds</u>
<b>Current Level</b>		
Issue 1: Personal Services	\$41,366	\$41,831
<b>Appropriation Committee Policy</b>	15,060	15,031

ISSUE 3: Benefits for Federal Employees

Current level assumed benefits of \$663,051 in 1990 and \$690,201 in fiscal 1991 would be necessary. Of these amounts, current level assumed that increases of \$106,844 in fiscal 1990 and \$133,067 in fiscal 1991 would be paid with increases in federal funds, while the executive budget utilized general fund.

ISSUE 4: Travel

Current level set travel at the fiscal 1988 budgeted level of \$163,572. The executive utilized actual travel expenditures of \$200,335, resulting in a travel budget of \$36,763 higher each year of the biennium than current level.

**APPROPRIATION COMMITTEE POLICY**

Vacancy savings which must be added back to current level is \$140,242 in fiscal 1990 and \$141,238 in fiscal 1991.

- - - - - Changes from Current Level - - - - -

	FY1990		FY1991	
	General Fund	Other Funds	General Fund	Other Funds
<b>Current Level</b>				
Issue 1: Academic Year FTE Adjustment	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Issue 2: FTE Adjustment	41,586	-0-	41,586	-0-
Issue 3: Federal Employee Benefits	106,844	\$(106,844)	133,067	(133,067)
Issue 4: Travel	36,763	-0-	36,763	-0-
<b>Appropriation Committee Policy</b>				
Vacancy Savings Added Back	140,242	-0-	141,238	-0-

EXHIBIT 4

DATE Feb 9, 1989

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## LEGISLATIVE ACTION

AGENCY: EXTENSION SERVICE

PROGRAM: PUBLIC SERVICE

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	115.77	101.08	114.55	-13.47	101.08	114.55	-13.47	-1.05%
Personal Services	\$3,227,201	\$3,470,181	\$3,365,818	\$104,363	\$3,471,756	\$3,391,882	\$79,874	4.30%
Operating Expenses	520,610	520,421	483,664	36,757	521,204	484,447	36,757	-7.10%
Equipment	13,132	25,696	20,000	5,696	22,750	20,000	2,750	52.30%
<b>TOTAL EXPENSES</b>	<b>\$3,760,943</b>	<b>\$4,016,298</b>	<b>\$3,869,482</b>	<b>\$146,816</b>	<b>\$4,015,710</b>	<b>\$3,896,329</b>	<b>\$119,381</b>	<b>2.89%</b>
<b>FUNDING</b>								
General Fund	\$1,865,470	\$2,069,790	\$1,816,130	\$253,660	\$2,069,202	\$1,816,754	\$252,448	-2.64%
Federal Revenue	\$1,895,473	\$1,946,508	\$2,053,352	(\$106,844)	\$1,946,508	\$2,079,575	(\$133,067)	8.33%
<b>TOTAL FUNDING</b>	<b>\$3,760,943</b>	<b>\$4,016,298</b>	<b>\$3,869,482</b>	<b>\$146,816</b>	<b>\$4,015,710</b>	<b>\$3,896,329</b>	<b>\$119,381</b>	<b>2.89%</b>

## CURRENT LEVEL

## ISSUE 1: Faculty Academic Year FTE Adjustment

Current level includes 14.47 FTE and their funding to account for faculty budgeted on a fiscal rather than an academic year. The executive included the funding in the Cooperative Extension Service budget, but put the FTE in the Agricultural Experiment Station budget.

## ISSUE 2: FTE Adjustment

Current level excluded 1.22 fiscal year FTE and \$83,172 over the 1991 biennium to adjust for reorganization and pay increases granted in the Cooperative Extension Service during the 1989 biennium. One FTE was excluded, and the academic year FTE adjustment was reduced 0.22 FTE from 14.69 to a net of 14.47 FTE. The difference in cost for this adjustment is \$41,586 for each year of the biennium.

**MONTANA COOPERATIVE EXTENSION SERVICE  
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE <u>Fiscal 1991</u>	- - - - - Biennium <u>General Fund</u>	- - - - - <u>Total Funds</u>
Executive Budget	101.08	\$4,138,992	\$8,032,008
LFA Current Level	<u>114.55</u>	<u>3,632,884</u>	<u>7,765,811</u>
Executive Over (Under) LFA	<u>(13.47)</u>	<u>\$ 506,108</u>	<u>\$ 266,197</u>

The executive budget is \$266,197 higher than LFA current level in total funds, but \$506,108 higher in general fund. Expenditure differences occur in two areas: personal services and travel.

**ISSUE 1: FACULTY ACADEMIC YEAR FTE ADJUSTMENT**

The Cooperative Extension Service (CES) has 14.69 FTE to account for faculty budgeted on a fiscal rather than an academic year. For faculty, an academic year equals 1.00 FTE and a fiscal year equals 1.22 FTE. The executive budget includes the fiscal year funding for these faculty in the CES budget but put the FTE numbers in the Agricultural Experiment Station budget.

**ISSUE 2: PERSONAL SERVICES**

The executive budget includes 1.22 FTE more than LFA current level, costing \$83,172 over the 1991 biennium. This position was removed from LFA current level to adjust for the reorganization and pay increases granted in the Cooperative Extension Service during the 1989 biennium. The executive budget includes vacancy savings at 2 percent, compared with 4 percent in LFA current level for a biennium difference of \$146,487. The executive budget includes \$50,430 less employee benefits than LFA current level. This difference results from the amount of benefit increases granted to the program's federal employees. The executive includes \$17,000 for hourly employees over the biennium that are not in LFA current level.

**ISSUE 3: TRAVEL**

The executive budget includes \$73,526 more for travel than LFA current level because LFA current level sets travel at the level anticipated by the 1987 legislature, while the executive maintained the fiscal 1988 overspending pattern.

**ISSUE 4: FUNDING FOR FEDERAL EMPLOYEE PAY INCREASES**

The executive budget includes \$239,911 of general fund for federal employee benefit increases that are funded from federal funds in LFA current level.

MONTANA COOPERATIVE EXTENSION SERVICE

Budget Item	Actual	Appropriated	- - - Current Level - - -		% Change 1989-91 Biennium
	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991	
F.T.E.	115.77	115.77	114.55	114.55	(1.22)
Personal Services	\$3,227,201	\$3,850,150	\$3,365,818	\$3,391,882	(4.52)
Operating Expenses	520,610	500,456	483,664	484,447	(5.18)
Equipment	13,132	12,829	20,000	20,000	(54.08)
<b>Total Expenditures</b>	<b>\$3,760,943</b>	<b>\$4,363,435</b>	<b>\$3,869,482</b>	<b>\$3,896,329</b>	<b>(4.41)</b>
<b>Fund Sources</b>					
General Fund	\$1,865,470	\$2,534,167	\$1,816,130	\$1,816,754	(17.43)
Federal Revenue	1,895,473	1,829,268	2,053,352	2,079,575	10.96
<b>Total Funds</b>	<b>\$3,760,943</b>	<b>\$4,363,435</b>	<b>\$3,869,482</b>	<b>\$3,896,329</b>	<b>(4.41)</b>

**Program Description**

The Cooperative Extension Service, created in 1914, disseminates and encourages practical use of research about agricultural production and marketing, human resource development, and home economics. The agency also provides support and direction to the 4-H program. The main office is located at Bozeman.

**Budget**

The budget decreases 4.41 percent due to excessive benefit amounts being shown in the fiscal 1989 appropriated column and reducing travel to the level anticipated by the 1987 legislature.

FTE decrease by 1.22 due to the agency recategorizing the positions to higher cost categories as shown in Table 1. One contract faculty (1.22 FTE), whose salary is \$36,090, is removed from current level so the agency's restructuring does not increase the cost.

EXHIBIT 5  
DATE Feb. 9, 1989  
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Table 1  
Comparison of FTE and Cost of Salaries by Employee Category

Category	FTE			Cost		
	Approp.	Request	Diff.	Approp.	Request	Difference
Contract Faculty	81.89	81.46	(0.43)	\$2,038,591	\$2,035,662	\$ (2,929)
Contract Professional	9.00	11.11	2.11	351,209	441,988	90,779
Classified	23.20	22.03	(1.17)	369,539	325,144	(44,395)
Part-Time	1.68	1.17	(0.51)	27,984	20,581	(7,403)
Total	<u>115.77</u>	<u>115.77</u>	<u>0.00</u>	<u>\$2,787,323</u>	<u>\$2,823,375</u>	<u>\$ 36,052</u>

Employee benefits, excluding health insurance, have increased from 20.39 percent of salaries in fiscal 1988 to 23.79 percent in fiscal 1990 and 24.77 percent in fiscal 1991. This causes a budget increase of \$90,977 in fiscal 1990 and \$117,200 in fiscal 1991.

Health insurance costs (and probably all benefit costs) for the cooperative extension service are not adequately analyzed due to lack of timely information. In SBAS, health insurance is coded under 1403, group insurance and totaled \$39,196 in fiscal 1988. The agency budget requested \$55,724 for health insurance, which is a \$16,528 or 42 percent increase. The benefit calculation sheet sent in by the agency showed \$63,618 of health insurance each year. A letter received from the agency said:

Our cost for federal health insurance for FY 88 was about \$124,405 and it could be as high as \$170,019 in FY 89 if all positions on federal appointment are covered for the entire year. We are estimating a 26% increase for 1/1/90 and 1/1/91. Our biennium budget for federal health insurance for FY 90 is estimated to be \$214,224 and for FY 91 \$269,222. Because we only pay a part of a county agent's salary, but all of the employer costs for those on a federal appointment, there are 90 employees covered by federal health insurance, but only 60.99 FY FTE's (74.41 AY FTE's). The average budget per each of the 90 employees for FY 90 is \$2,380 and \$2,991 for FY 91.

Table 2 illustrates the percent that benefits would be if federal health insurance as noted in the letter were removed. It shows that benefits increase in fiscal 1990 and decline in fiscal 1991.

**Table 2**  
**Comparison of Benefit Rates without Federal Health Insurance Benefits**  
**at the Level Noted in the Cooperative Extension Service's Letter**

	<u>Fiscal 1988</u>	<u>Fiscal 1990</u>	<u>Fiscal 1991</u>
Total Benefits	\$585,584	\$724,121	\$751,571
Federal Health Insurance	<u>124,405</u>	<u>214,224</u>	<u>269,222</u>
Benefits Without Insurance	\$461,179	\$509,897	\$482,349
Benefits w/o Insurance as a Percent of Salary	17.46%	18.06%	17.09%

All benefit increases above fiscal 1988 are assumed to be paid with additional federal dollars.

The 1987 legislature reduced travel because the agency has less FTE in the 1989 biennium under the consolidation with the Agriculture Experiment Station. However, actual travel costs were not reduced in fiscal 1988. Therefore, in the 1991 biennium, current level operating expenses were reduced \$36,763 for travel which exceed the amount appropriated for fiscal 1988.

Current level equipment is the average of the fiscal 1986, 1987, and 1988 expenditures.

### **Funding**

The federal dollars are unrestricted Smith-Lever funds from the United States Department of Agriculture. The agency's projection is that federal funds will increase to \$1,946,508 each year. To this projection of Smith-Lever and federal retirement funds, \$106,844 is added for increased benefit costs in fiscal 1990 and \$133,067 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: FORESTRY & CONSERVATION EXPERIMENT STATION

PROGRAM: RESEARCH

DATE

Feb 9, 1989

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BUDGET ITEM	FY 1988 Actual	Fiscal 1990		Fiscal 1991		FY 88-90 % Change
		Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	
FTE	16.09	15.82	16.09	16.09	-0.27	0.00%
Personal Services	\$494,495	\$489,212	\$488,789	\$489,389	\$600	-1.15%
Operating Expenses	125,373	126,109	126,486	126,807	(377)	0.89%
Equipment	12,682	15,000	15,000	23,500	10,500	18.28%
<b>TOTAL EXPENSES</b>	<b>\$632,550</b>	<b>\$630,321</b>	<b>\$630,275</b>	<b>\$639,696</b>	<b>\$10,723</b>	<b>-0.36%</b>
=====						
<b>FUNDING</b>						
General Fund	\$632,550	\$630,321	\$630,275	\$639,696	\$10,723	-0.36%
<b>TOTAL FUNDING</b>	<b>\$632,550</b>	<b>\$630,321</b>	<b>\$630,275</b>	<b>\$639,696</b>	<b>\$10,723</b>	<b>-0.36%</b>
=====						

CURRENT LEVEL

ISSUE 1: Personal Services

The executive budget includes the agency request for 0.27 fewer FTE and \$423 in fiscal 1990 and \$600 in fiscal 1991 more in personal services. The agency increased the average salary for professional and classified FTE and decreased the FTE.

ISSUE 2: Operating Expenses

Current level operating expenses are the agency request for fiscal 1990 and 1991.

ISSUE 3: Equipment

The executive budget includes \$10,500 more for equipment in fiscal 1991 than does current level. The average yearly equipment expenditure for fiscal 1986, 1987, and 1988 is \$13,336.

AGENCY: BUREAU OF MINES LEGISLATIVE ACTION PROGRAM: BUREAU OF MINES

BUDGET ITEM	FY 1988 Actual	Executive LFA Curr Lvl	Fiscal 1990 LFA Curr Lvl	Difference	Executive LFA Curr Lvl	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	26.43	25.44	26.82	-1.38	25.44	26.82	-1.38	1.48%
Personal Services	\$885,962	\$880,164	\$898,863	(\$18,699)	\$880,753	\$899,457	(\$18,704)	1.46%
Operating Expenses	331,694	332,517	333,529	(1,012)	333,518	334,530	(1,012)	0.55%
Equipment	60,849	41,400	23,000	18,400	45,000	25,000	20,000	-62.20%
<b>TOTAL EXPENSES</b>	<b>\$1,278,505</b>	<b>\$1,254,081</b>	<b>\$1,255,392</b>	<b>(\$1,311)</b>	<b>\$1,259,271</b>	<b>\$1,258,987</b>	<b>\$284</b>	<b>-1.81%</b>
<b>FUNDING</b>								
General Fund	\$1,232,538	\$1,201,081	\$1,202,392	(\$1,311)	\$1,206,271	\$1,205,987	\$284	-2.45%
State Special	\$45,967	\$53,000	\$53,000	\$0	\$53,000	\$53,000	\$0	15.30%
<b>TOTAL FUNDING</b>	<b>\$1,278,505</b>	<b>\$1,254,081</b>	<b>\$1,255,392</b>	<b>(\$1,311)</b>	<b>\$1,259,271</b>	<b>\$1,258,987</b>	<b>\$284</b>	<b>-1.81%</b>

**CURRENT LEVEL**

ISSUE 1: Operating Expenses

Current level operating expenses are as requested by the agency and reflect the fiscal 1988 expenditure level with inflation adjustments.

ISSUE 2: Equipment

Current level equipment is the average yearly appropriations of \$24,000 for fiscal 1986, 1987, and 1988.

**APPROPRIATION COMMITTEE POLICY**

No vacancy savings were utilized in current level. The difference between the executive budget and current level personal services is a result of the 2 percent vacancy savings applied by the executive.

VISITOR'S REGISTER

Education

SUBCOMMITTEE

AGENCY (S) \_\_\_\_\_

DATE Feb 8, 1988

DEPARTMENT \_\_\_\_\_

NAME	REPRESENTING	SUP- PORT	OP- POSE
Ed Ruppel	MBMG		
Gary Lutton	MSU - AES/ES		
Clyde Carroll	✓		
Russell Montgomerie	✓		
DeRoy Luff	-		
Jim Welsh	✓		
John Newton	MBM		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT.  
 IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.