

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION

Call to Order: By Chairman Peck, on March 13, 1989, at 7:00 a.m.

ROLL CALL

Members Present: All with exception of:

Members Excused: Sen. Jacobson, Sen. Boylan and Rep. Kadas

Members Absent: None

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

Announcements/Discussion: None

HEARING ON UNIVERSITY SYSTEM

Tape No. 1:\1:00

Presentation and Opening Statement:

Dr. Carroll Krause, Commissioner of Higher Education, opened by stating they have been trying to determine how to make some modifications to meet the requirements of the reduction. Dr. Krause stated they have been in meetings with the Board of Regents all weekend trying to set priorities where the most important areas are and those that could be cut. Dr. Krause stated the Board of Regent's first priority is to get the bond payments out of the two mill levy. Dr. Krause stated they need to come up with \$1.4 million dollars and gave a list of priorities and explained why in that order: 1) The Law School of accreditation. Dr. Krause stated there is some additional state money in there, mainly for libraries and maintaining journals and serials, and reduced it by half. 2) Water Center. Dr. Krause stated the rationale for eliminating that modification was to try to come up with federal money to replace it. Dr. Krause stated he would be working with Dr. Teitz to refocus the efforts of the Water Center with Federal funds. Dr. Krause stated the transition funding has been reduced but those institutions need the ability to make the adjustments with the current staffing and enrollment levels and if reduced to make sure they have the maximum flexibility to adjust to the level of funding that is available. 3) New Space. Dr. Krause stated the new mods have been reduced by three times the amount they needed.

Dr. Krause stated they will be able to open and use the buildings but will not be able to get the maximum use of capacity. 4) Spring Wheat Breeder Program. Dr. Krause stated the mod that was left in there is what was absolutely necessary to operate the program. 5) MBA Program. Dr. Krause stated the Board of Regents felt it was necessary to maintain the Institution and will have to provide some additional service and make some modifications in the fee to operate the program. 6) State Workstudy . Dr. Krause stated they made an adjustment in the modification for \$58,000, but given the amount of revenue available the Board felt they could make some minor modification in there as well. 7) Academic Support. Dr. Krause stated they are making an allocation of \$600,000 against academic support and stated it would represent about \$25 per student in that area, and the adjustment would be based on a percentage of the formula as it was calculated.

Dr. Krause addressed the Subcommittee by stating that the reductions that were made by the Board of Regents this weekend felt it was as equitable as they could get. Dr. Krause stated that no one Institution was hit any harder than the other and thought the cut was distributed evenly.

Questions From Subcommittee Members: Rep. Marks asked Dr. Krause that was allocated to the support formula reduction? Dr. Krause stated it is \$25 per student and that it would be allocated according to the enrollments and needs of the Institutions and stated they had moved 1/8th and 1/12th with that. With this reduction the support reduces the gap with the peers by 1/8th and 1/30th.

Rep. Marks asked Dr. Krause with the Workstudy that remains what would be the increase over the last biennium? Dr. Krause stated there is \$250,000 in there now and the increase over current level would be \$58,000.

Rep. Marks asked Dr. Teitz how they would compensate the Water Research Program? Dr. Teitz replied that the water project had two phases to it to support the existing program and conduct an inventory of all research programs that had to do with water that are currently under way in the University System and associated programs such as: 1) Bureau of Mines. 2) Experiment station. 3) Extension Service etc. The second phase consisted of conducting through the Commissioner's office a statewide effort to develop a water policy for Montana. Dr. Teitz stated in view of the three institutions, the research administrators could make it a priority item to develop a plan for a Water Center in Montana.

Mr. Wolcott distributed a handout that showed the proposed adjustments to the Instructional Support rate. Mr. Wolcott indicated the approval already made by the Subcommittee to close the gap between Montana and the peer institutions with a move of 1/8th the first year and 1/8th the second year. See Exhibit 2.

Mr. Wolcott presented the proposed adjustments for the Plant program and the actions already taken by the Subcommittee without the new space modifications. See options 1 and 2 in Exhibit 3.

Mr. Wolcott gave a synopsis of proposed adjustments for the program modifications and transition money with the options that would be available. The modifications were in the Subcommittee approved budget for the biennium.

EXECUTIVE ACTION:

DISPOSITION OF PROPOSED ADJUSTMENTS

Tape No. 1\1:780

Motion: Rep. Marks made the motion to adopt the changes listed under the contingency list in case SB 287 fails. See Exhibit 1.

Discussion: Rep. Peck asked Mr. Williams if the 2 mill levy and the \$13 million go above the proposed adjustment or is it a revenue source of the \$13 million? Mr. Williams stated that Governor Stephens has not expressed his feelings regarding the 2 mill levy and stated that before Mr. Shackelford left they had wanted to consider it as an option but never said what action should be taken on it. Mr. Williams stated he is going to meet with Mr. Dave Lewis later today regarding that issue to find out if there is a specific proposal at this time.

Amendments, Discussion, and Votes: None

Recommendation and Vote: Rep. Marks called the question. Roll call vote was taken. The motion CARRIED 4/3. Sen. Jacobson, Sen. Boylan and Rep. Kadas voted no.

ADJOURNMENT

Adjournment At: 8:00 a.m.

  
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REP. Ray Peck, Chairman

RP/cj

5821.min

EXHIBIT 1  
 DATE March 13  
 HB VO-tech

1ST PRIORITY

- 1) \$1,447,973 - VO-TECH BOND PAYMENTS  
 Use 2 Mill Levy Proceeds if SB 287 becomes law and conversion of title agreements is obtained

CONTINGENCY LIST IN CASE SB 287 FAILS

<u>ITEM</u>	<u>AMOUNT CUT</u>	<u>AMOUNT REMAINING</u>
1) Law Accreditation	\$ 75,000	\$ 75,000
2) Water Research Center	\$ 225,000	-0-
3) <u>Transition Funding:</u>		
NMC	\$ 200,000	\$300,000(1)
WMC	\$ 75,000	\$125,000(1)
(1) Provide biennial appropriation for remaining amounts		
4) <u>New Space:</u>		
U of M	\$ 125,000	\$225,000
MSU	\$ 25,000	\$ 50,000
EMC	\$ 10,300	\$ 20,000
5) Spring Wheat Breeder	\$ 18,140	\$170,000(1)
(1) (Continues on-going program)		
6) MBA Program	\$ 38,926	\$260,000(1)
(1) (Continues on-going program)		
7) State Workstudy	\$ 58,664	\$118,826
8) Support Formula (2nd year)	\$ 600,000	
TOTAL REDUCTIONS	<u>\$1,451,030</u>	

PROPOSED ADJUSTMENTS  
SUPPORT PROGRAM

EXHIBIT 2  
DATE March 13  
higher ed.

SUBCOMMITTEE -----  
1/8TH X 1/12TH INCREMENT

	PEER \$/FTE	MT \$/FTE	MT-PEER GAP	1/8TH ----	1/10TH INCREMENT	1/12TH ----	FISCAL 1990 TOTAL	FISCAL 1991 TOTAL	BIENNIUM TOTAL
MSU	\$1,874	\$1,321	\$553	\$69	\$55	\$46	\$13,172,825	\$13,609,510	\$26,782,335
UM	1,874	1,306	568	71	57	47	10,684,143	11,051,402	\$21,735,545
EMC	1,648	1,443	205	26	21	17	4,840,588	4,896,895	\$9,737,483
NMC	1,546	1,453	93	12	9	8	2,388,803	2,401,444	\$4,790,247
HMCUM	1,945	1,511	434	54	43	36	1,372,724	1,404,442	\$2,777,167
MCMST	2,403	1,626	777	97	78	65	2,719,091	2,821,267	\$5,540,358
<b>TOTAL</b>							<b>\$35,178,174</b>	<b>\$36,184,960</b>	<b>\$71,363,134</b>

	MT \$/FTE	1/10TH INCREMENT	FY 1990 RATE	1/12TH INCREMENT	FY 1991 RATE	FORMULA ENROLLMENT	--- 1/10TH X 1/12TH INCREMENT ---		
MSU	\$1,321	\$55	\$1,376	\$46	\$1,422	9,476	\$13,041,819	\$13,478,504	\$26,520,323
UM	1,306	57	1,363	47	1,410	7,759	10,573,965	10,941,225	\$21,515,190
EMC	1,443	21	1,464	17	1,481	3,296	4,823,696	4,880,003	\$9,703,699
NMC	1,453	9	1,462	8	1,470	1,631	2,385,011	2,397,652	\$4,782,663
HMCUM	1,511	43	1,554	36	1,591	877	1,363,209	1,394,927	\$2,758,136
MCMST	1,626	78	1,704	65	1,768	1,578	2,688,439	2,790,614	\$5,479,053
<b>TOTAL</b>							<b>\$34,876,139</b>	<b>\$35,882,924</b>	<b>\$70,759,063</b>
<b>SUBCOMMITTEE</b>							<b>\$35,178,174</b>	<b>\$36,184,960</b>	<b>\$71,363,134</b>
<b>SAVINGS</b>							<b>\$302,036</b>	<b>\$302,036</b>	<b>\$604,071</b>

	MT \$/FTE	1/12TH INCREMENT	FY 1990 RATE	1/12TH INCREMENT	FY 1991 RATE	FORMULA ENROLLMENT	----- 1/12TH INCREMENT -----		
MSU	\$1,321	\$46	\$1,367	\$46	\$1,413	9,476	\$12,954,482	\$13,391,167	\$26,345,649
UM	1,306	47	1,353	47	1,401	7,759	10,500,513	10,867,773	\$21,368,286
EMC	1,443	17	1,460	17	1,477	3,296	4,812,435	4,868,741	\$9,681,176
NMC	1,453	8	1,461	8	1,469	1,631	2,382,483	2,395,124	\$4,777,607
HMCUM	1,511	36	1,547	36	1,583	877	1,356,865	1,388,583	\$2,745,449
MCMST	1,626	65	1,691	65	1,756	1,578	2,668,004	2,770,179	\$5,438,183
<b>TOTAL</b>							<b>\$34,674,782</b>	<b>\$35,681,567</b>	<b>\$70,356,349</b>
<b>SUBCOMMITTEE</b>							<b>\$35,178,174</b>	<b>\$36,184,960</b>	<b>\$71,363,134</b>
<b>SAVINGS</b>							<b>\$503,393</b>	<b>\$503,393</b>	<b>\$1,006,786</b>

PROPOSED ADJUSTMENTS  
PLANT PROGRAM

EXHIBIT 3  
DATE March 13  
HB \_\_\_\_\_

PLANT	FISCAL 1990	FISCAL 1991	BIENNIUM
Subcommittee Action w/o mods	\$16,466,632	\$17,125,297	\$33,591,929
Option 1. 3% per Year	16,308,299	16,797,548	33,105,847
Reduction	<u>\$158,333</u> =====	<u>\$327,749</u> =====	<u>\$486,082</u> =====
Option 2. LFA Current Level	15,915,760	16,142,235	32,057,995
	<u>\$550,872</u> =====	<u>\$983,062</u> =====	<u>\$1,533,934</u> =====
Option 3. Schwinden Current Level	15,946,021	16,211,662	32,157,683
	<u>\$520,611</u> =====	<u>\$913,635</u> =====	<u>\$1,434,246</u> =====

EXHIBIT 4  
 DATE March 13

PROPOSED ADJUSTMENTS  
 PROGRAM MODIFICATIONS AND TRANSITION MONEY

Unit	Additions	Fiscal 1990	Fiscal 1991	Biennium
<b>PROGRAM MODIFICATIONS</b>				
CHE	Work Study	\$90,273	\$90,274	\$180,547
AES	Spring Wheat	94,070	94,070	188,140
MSU	New Space	37,500	37,500	75,000
	Water Center	112,500	112,500	225,000
UM	New Space	175,000	175,000	350,000
	MBA Program	148,160	150,766	298,926
	Law Accreditation	75,000	75,000	150,000
EMC	New Space	15,150	15,150	30,300
	<b>Total Mods</b>	<u>\$747,653</u>	<u>\$750,260</u>	<u>\$1,497,913</u>
<b>TRANSITION MONEY</b>				
NMC	Transition	250,000	250,000	500,000
WMC	Transition	100,000	100,000	200,000
	<b>Total Transition</b>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$700,000</u>
	<b>TOTAL ALL</b>	<u><u>\$1,097,653</u></u>	<u><u>\$1,100,260</u></u>	<u><u>\$2,197,913</u></u>