

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on February 12, 1991, at 8:00 am

ROLL CALL

Members Present:

Rep. Ray Peck, Chairman (D)
Sen. Greg Jergeson, Vice Chairman (D)
Sen. Don Bianchi (D)
Rep. Larry Grinde (R)
Sen. H.W. Hammond (R)
Rep. Mike Kadas (D)

Staff Present: Pam Joehler, Senior Fiscal Analyst (LFA)
Mary Ann Wellbank, Budget Analyst (OBPP)
Melissa Boyles, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: **CHAIRMAN PECK** quoted one of the morning newspaper who wrote "the Education Subcommittee will revive the fight between the legislature and the Board of Regents (BOR) over which entity has the most control over the state's University System". **CHAIRMAN PECK** stated that this is one of the most grotesque exaggerations he has read in a long time. The topic of the hearing does not deal with the control over the University System, it deals with the issue of whether or not the University System will be at the Regents level of \$40,000,000 more than what the Executive has proposed.

CHAIRMAN PECK stated that when a subcommittee has two proposals that differ in this amount it would be irresponsible of them not to know what the differences are within the Educational programs.

CHAIRMAN PECK stated that as a Legislature there is no problem, in terms of the BOR and the Commissioner of Higher Education managing the University System in its day to day operation.

CHAIRMAN PECK stated that the Education Subcommittee can only appropriate what is available. The Montana Constitution requires that the Legislature balances the budget and all committee members take that very seriously.

HEARING ON COMMISSIONER OF HIGHER EDUCATION

Tape No. 1

042

Commissioner Hutchinson said he appreciated **CHAIRMAN PECK'S** opening remarks and is glad there is not going to be a feud.

Commissioner Hutchinson stated that on January 17 he stood before the subcommittee hoping to inaugurate in partnership with the Legislature a time for new commitment and a time for new beginnings throughout Montana's PostSecondary Educational Enterprise.

Commissioner Hutchinson stated that the discussion of downsizing that triggers severe and damaging consequences throughout the state. This discussion today has the potential to hammer the already fragile morale of students, faculty and staff and could erode further the confidence of potential students and parents.

Commissioner Hutchinson said he understands the subcommittees desire to have this information and is prepared to outline several scenarios that could accomplish the downsizing of the Montana systems of higher education in the case of a significant budget shortfall.

Commissioner Hutchinson stated that the information presented to the subcommittee has not been discussed by the BOR. This is a product of the Commissioner's Office and would need a good deal wider discussion before any of the scenarios that would be considered actually came into being.

Commissioner Hutchinson distributed and reviewed a handout on General Strategies for Downsizing the Montana Higher Education System. **EXHIBIT 1**

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REP. KADAS asked what type of mechanisms would be used in enrollment and how would it be decided on who got in and who didn't. **Commissioner Hutchinson** stated that one way would be through scholastic achievement. **REP. KADAS** asked if something like this would work, how wide would you have to go.

Commissioner Hutchinson stated that he couldn't get a specific number because it depends on the programs that are eliminated. If it were pretty severe, there would have to be widespread enrollment limitations. **REP. KADAS** asked if you can place enrollment limitations on just one school or do you need to make other limitations on other schools in order to make that work. **Commissioner Hutchinson** said yes.

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REP. KADAS asked Commissioner Hutchinson which he would choose, first-come, first-serve or academically superior? **Commissioner Hutchinson** stated that speaking as an educator and not as a Representative of the BOR, he would come down on the side of the academically superior student and not do it on a first come first serve basis.

Commissioner Hutchinson stated that he has spent a good deal of time on the presentation on the options of decoupling and would like to defer the presentation until February 13, 1991.

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Commissioner Hutchinson stated that he has completed his presentation on the downsizing scenarios and stands ready for questions.

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REP. KADAS stated that it is important for the Commissioner to explain to the subcommittee the complications that could arise from decoupling and wants to know what steps the Commissioner's Office goes through and the complications that were dealt with along the way.

REP. KADAS asked if there were any other schools that require high academic performance to stay in school. **Commissioner Hutchinson** said there are institutions that do expect extraordinary high standards. However, they generally are not public institutions. They are private institutions and can attract the very scholastic superior student and can make those kind of demands. Once you move into the public arena you will find that the forced student attrition approach is not the norm. The only exception would be in a state where you have tiered institutions, such as California that has the University of California System, the California State University System and the Community College System. Each one of these systems is designed to attract a certain caliber of students. **REP. KADAS** asked Commissioner Hutchinson if he is familiar with what kind of standards exist in the California system at the different levels. **Commissioner Hutchinson** said he could not answer that question and referred it to David Toppen. **Dr. Toppen** stated that the attrition scenario is the most difficult of all scenarios to manage. One of the things the University of California System and the California State System adopted some years ago was a rigid set of standards for suspension and probation. In addition, there is a certain amount of pressure put on the faculty by their administrator to ensure maintenance quality. There is a feedback process where the faculty are graded on how many As, Bs, Cs, Ds, and Fs they give. A certain level of their institutional performance and their merit pay is coupled to the grade point average of their classes. **REP. KADAS** asked if it is based on grades or what type of classes the student takes. **Dr. Toppen** said that varies from each campus, school and administrator. **REP. KADAS** asked what kind of standards exist in

the Montana System today. **Dr. Toppen** said that the academic standards of the individual campuses are the responsibility of the individual faculty. **George Dennison, President, University of Montana**, stated that it is important when adopting standards to differentiate between the two kinds of concerns, how the faculty member grades, and how the student stays enrolled. **REP. KADAS** asked how long a student could maintain less than a 2.0 grade point average and continue to stay enrolled. **Mr. Dennison** stated that falling below the 2.0 would lead to a probation status for the student. There is one more opportunity to get the grade point up and if this isn't done there is a dismissal. **Mike Malone, President, Montana State University**, stated that their standards are very similar to UM. **Ken Heikes, Vice President for the Administrator, Eastern Montana College**, stated that they can be on probation for two quarters and then you are suspended for one year. **REP. KADAS** asked if probation is determined by being less than 2.0 grade point average. **Mr. Heikes** said yes. **REP. KADAS** asked what the reaction would be if the standards were moved up to 2.5 grade point average and some of the flexibility in terms of the leniency allowed by the administration and the faculty were taken away. **Mike Easton, Western Montana College**, stated that there is a need for flexibility and feels it would result in a drop of student body enrollment.

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CHAIRMAN PECK asked how many of the six units do not have a graduate degree in Education. **Commissioner Hutchinson** said that the University of Montana delivers a graduate program in Education at Western and involves faculty and facilities at Western. It is a partnership agreement and ultimately awarded by UM. Four of the units do and two do not provide a graduate program. **CHAIRMAN PECK** asked if there are certain costs when establishing a graduate program. **Commissioner Hutchinson** said yes, there is an increase in the library because of the research component. There will also be an increase in faculty to help sustain a healthy graduate program.

CHAIRMAN PECK stated that he is trying to deal conceptually with the executive budget versus the Regents Budget. The Executive recommended budget says we can possibly keep the store open, however, it doesn't do much to help support any new significant salary increases. **CHAIRMAN PECK** asked what the Board of Regents proposal does. **Commissioner Hutchinson** stated that it allows the Units a sound structure with no frills. **CHAIRMAN PECK** asked **Commissioner Hutchinson** if his perception of the Governor's budget is what he described. **Commissioner Hutchinson** said yes. **CHAIRMAN PECK** stated that he has spoken with the Governor and he says "no new general tax base". The committee has wrestled with this and are concerned with meeting its obligations to balance the budget. **CHAIRMAN PECK** stated he is trying to find a way to respond positively and doesn't see any escape from the rules that have been laid down. **CHAIRMAN PECK** asked what the Regents hope is in this respect. **Commissioner Hutchinson** stated that some variety of tax reform is necessary and understands the Governor's

position but doesn't know what the solution is. **CHAIRMAN PECK** asked if Idaho is in the same downward spiral as Montana. **Commissioner Hutchinson** said no, Idaho has had a number of good years and is basically a result of a very aggressive effort on part of the Governor in partnership with the Legislature to attract new business into the state. They have made property tax attractive and provide considerable tax relief. **Commissioner Hutchinson** stated that they have a more balanced tax system and the fact that they have a 5% sales tax which allows them some relief in other areas.

078

REP. GRINDE asked Commissioner Hutchinson if he thought the students that don't make a certain grade point average be redirected to a Vo-Tech or Community College. **Commissioner Hutchinson** stated that that would be the proper thing to do for the students who are not making the grade. However, keep in mind that the purpose of this is to downsize. If redirected to another institution it wouldn't have the kind of savings you're looking for. **REP. GRINDE** asked if Commissioner Hutchinson could ever perceive WMC and NMC as colleges of education. Colleges with strictly a curriculum for Education. **Commissioner Hutchinson** stated that WMC is a standard education institution. **Commissioner Hutchinson** stated that we could pare the institution down in terms of available programs so there is rather narrowly defined institutions. **REP. GRINDE** asked if Commissioner Hutchinson if he saw that as an option. **Commissioner Hutchinson** said yes, it is really a continuation or an extension of the program elimination option.

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REP. KADAS stated that the subcommittee asked Commissioner Hutchinson to present a set of options because of the Governor's budget and asked if the Governor's Budget is appropriated will we see utilization of some of these options. **Commissioner Hutchinson** stated that if they get the Governor's budget, downsizing will occur in the University System. **REP. KADAS** asked if the Regents feel that the System cannot continue serving the number of students and services that it is doing now under the proposed budget. **Commissioner Hutchinson** said yes. **REP. KADAS** asked what the Regents see as a minimum level of funding to maintain their current level of operations. **Commissioner Hutchinson** said they have not had that conversation, it is not a simple one to one relationship between the amount you have to downsize and the distance you are between the Regents budget on the top end and the Governor's budget on the other end.

REP. KADAS asked what happens to the MODS the subcommittee hasn't seen under something other than 1/5 and 1/5. **Commissioner Hutchinson** stated that if they were to get the 1/5th, 1/5th, plus inflation, plus the enrollment adjustment there would be no problem taking care of pharmacy accreditation. As the system moves further and further down there will be a point when pharmacy accreditation is going to pop out. Since it is a high

priority it could be carved out of the Regents discretionary fund. The Regents discretionary could be used in that fashion but there may come a point when it might naturally pop out as a MOD. **REP. KADAS** asked if the formula is funded and don't fund any other MODS where does that leave you. **Commissioner Hutchinson** stated that the MODS put up were ones considered to be absolutely critical to the continuation of certain programs and will need to be looked at. **REP. KADAS** asked **Commissioner Hutchinson** if the subcommittee comes out of Full Committee with something close to the Governor's level will the Regents will continue to refine this list and move towards the point of narrowing down the scenarios. **Commissioner Hutchinson** stated that once there is a level where we have a fairly predictable dollar amount and doesn't agree the downsizing process will have to be kicked in.

REP. KADAS asked if the public hearings will be done during or after the Legislature. **Commissioner Hutchinson** said if there is a predictable appropriation there is no advantage to wait to get this under way. **REP. KADAS** thanked **Commissioner Hutchinson** for the depth he provided the subcommittee.

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CHAIRMAN PECK asked **Commissioner Hutchinson** if he will be prepared when the bill comes off the House Floor to advise the Senate what the House Bill means in terms of downsizing. **Commissioner Hutchinson** said yes.

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REP. GRINDE asked **Commissioner Hutchinson** what his feelings are on the junior college system as an Educator. **Commissioner Hutchinson** said that this kind of model works well with the population we have and would work well to provide access. However, if we were going to go back and reconfigure the system in a way that hindsight may tell us is impossible. **Commissioner Hutchinson** stated that the educational configuration that we have in Montana is not bad.

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REP. BARDANOUVE stated that he doesn't feel the Regents are serious about downsizing the Units when they are starting a new campus in Great Falls. **Commissioner Hutchinson** stated that there isn't any one on the BOR who envisions the creation of a full blown campus in Great Falls. The Regents are attempting to respond to the large population in Great Falls that is under served by higher education. We have attempted to create a Higher Education Center in Great Falls but there is no movement on the part of the Regents to create a 7th campus of the University System.

CHAIRMAN PECK thanked **Commissioner Hutchinson** on behalf of the subcommittee.

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Jack Noble distributed and reviewed a handout on Tuition considerations. **EXHIBIT 2**

Mr. Noble stated that the Regents deferred their discussions on tuition until they have some input from the Legislature in regards to what level of funding was going to come forth from the Governor in this subcommittee.

Mr. Noble stated that if tuition is adjusted upward significantly students will drop out.

REP. KADAS asked if a 10% total increase for non-resident students would be enough. **Mr. Noble** stated that the BOR wanted to wait and see if there was an effort on the part of the State, student tuition would not displace General Fund. There is a desire on the BOR to place tuitions into the Budget in a manner of which there would be an identifiable outcome or product. As it stands right now we are concerned at the start of the pay plan deliberations when there was 6.9% vacancy savings the second year.

770

SEN. HAMMOND asked what the Registration fee is right now. **Mr. Noble** said it is \$15. per quarter.

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REP. KADAS asked how the current graduate tuition compares to the undergraduate tuition. **Mr. Noble** said it is the same, the only differential is in the Law School.

814

SEN. JERGESON asked if the higher tuition fee is initiated based on credit hour will the person that is coming back to school to get a second degree they going to pay higher assessments. **Mr. Noble** stated that they would consider it. **REP. KADAS** asked **Mr. Noble** if he felt it was a good idea to charge a student who is coming back for a second degree 50% more than a student who is in for his first degree. **Mr. Noble** stated that it is worthy of consideration until someone demonstrates otherwise.

CHAIRMAN PECK asked **Mr. Noble** if he was saying that there is a direct relation to tuition increase and what the Legislature does, but is a component and consideration by the Regents. **Mr. Noble** stated that the Regents would wait till they saw what effort the state was going to put up, but it is inevitable that there is going to be a tuition increase. **CHAIRMAN PECK** asked if it is fairly common for graduate tuition to be higher than undergraduate tuition. **Mr. Noble** said it is very common now, but it use to be split in terms of the peer states.

885

SEN. BIANCHI asked what the pay plan agreement is at this point. **Mr. Noble** stated that there was no agreement when the pay plan

started out. There was a tremendous gap in terms of vacancy savings. As the pay plan changed it is now funded including 2.4 million dollars in tuition and fees to make up part of that. **SEN. BIANCHI** asked if that was an agreement with the Governor. **Mr. Noble** said there has been no discussions in arriving at this figure or how it would play against the scenarios provided to the subcommittee today.

905

CHAIRMAN PECK asked who arrived at this pay plan agreement. **Mr. Noble** stated that the agreement the Commissioners Office signed identified what the expenditures base and the fact that it was funded. **Ms. Wellbank, OBPP**, stated that the Executive Recommendation incorporates tuition in proportion to cost. **CHAIRMAN PECK** asked if the Executive approved the memo that the subcommittee received. **Ms. Wellbank** said yes.

917

REP. KADAS stated that the Commissioners Office has not approved the additional increase but has said that those are what the numbers in the Executive Pay Plan mean but don't necessarily agree where all of the money is coming from. **Mr. Noble** said yes.

CHAIRMAN PECK stated that the subcommittee will not begin Executive Action until the Informational testimony is completed on February 13, 1991.

ADJOURNMENT

Adjournment: 10:45 a.m.


REPRESENTATIVE RAY PECK, Chair


MELISSA J. BOYLES, Secretary

RP/mjb

HOUSE OF REPRESENTATIVES
EDUCATION SUBCOMMITTEE

ROLL CALL

DATE 2-18-91

NAME	PRESENT	ABSENT	EXCUSED
REP. RAY PECK, CHAIRMAN	✓		
SEN. GREG JERGESON	✓		
REP. LARRY GRINDE	✓		
SEN. DON BIANCHI	✓		
REP. MIKE KADAS	✓		
SEN. H.W. "SWEDE" HAMMOND	✓		

EXHIBIT 1
DATE 2-11-91
HB Ed. & Our. Dev. Sub.

**GENERAL STRATEGIES FOR DOWNSIZING
THE MONTANA HIGHER EDUCATION SYSTEMS**

**John M. Hutchinson
Commissioner of Higher Education**

The purpose of this document is to summarize strategies that might be used to downsize the Montana Higher Education Systems in the face of a severe budget shortfall. This information has been compiled at the request of the Education Subcommittee of the Fifty-Second Montana Legislature to aid in its deliberations of the several appropriations for post-secondary education. Prepared by the staff of the Commissioner of Higher Education, this information has not been discussed by the Board of Regents nor have the several campuses and centers had an opportunity to provide substantive advice and counsel.

Before enumerating the several scenarios for downsizing, eight principles governing this discussion must be presented:

1. The Regents, the Commissioner of Higher Education, and the chief executive officers of the campuses and vocational-technical centers remain totally committed to the Regents' budget request and urge the Legislature to contemplate acceptable methods of revenue enhancement to assure adequate funds to meet the Regents' request.

2. The State of Montana does not currently have an adequate tax base to continue its cherished policy of wide accessibility to excellent higher education at low cost. Therefore, tax reform will be central to the future availability of low-cost, high-quality post-secondary education.

3. Higher education in Montana can show, by a variety of measures, the presence of demonstrable quality. The real concern is future quality and, if downsizing is necessary to preserve and enhance that quality, it must be achieved with a deliberate, well-conceived plan. Precipitous and inappropriate reactions could easily create a self-fulfilling prophecy of decline. The Regents have endorsed an outcomes assessment program which will allow one important measure of the impact of downsizing on educational quality.

General Strategies for Downsizing the Montana Higher Education Systems

4. Higher education has evolved to its current fiscal climate over a number of years. A "quick fix" solution is simply not available and any of the downsizing scenarios identified in the paragraphs to follow will require many months to implement fully.

5. There is no incentive to downsize if the current formula funding procedure continues to operate. There must be a decoupling of the formula and permission to downsize in such a fashion that Montana higher education institutions reach the average funding level of established peers.

6. Any downsizing effort should be allowed to proceed with maximum flexibility and a proper mix of local control and central oversight. Specifically, once the basic downsizing strategies are identified, campuses and centers must be permitted to develop local responses in accord with broad prescriptions developed by the Regents and Commissioner. The Regents and Commissioner must exercise final approval for locally originated efforts to assure consistency among campuses and centers as well as to preserve programs that are essential to the well-being of the State. Any downsizing effort will be impeded by strict line-item appropriations that stifle creativity and efficiency.

7. In accord with the thrust of the report, Crossroads, by the Education Commission for the Nineties and Beyond, the scenarios identified here affect primarily the academic dimension of the Montana Systems of Higher Education. However, any serious discussion of downsizing will have to include evaluation of those aspects of campus activity that are less central to the academic mission of the institution.

8. The following scenarios are not presented in hierarchical order. They must not be interpreted as Regental threats of action but are merely a set of possible strategies to be considered.

Scenario #1 - Institutional Reconfiguration

Two forms of institutional reconfiguration can be identified. In the first, a state junior college system would be created by reducing several of the senior institutions to junior colleges with a primary mission of awarding transfer associate degrees. In the second, several of the campuses would be converted to community colleges and assume the traditional mix of lower division academic and vocational-

EXHIBIT 1
DATE 2-29-71
HB Ed. Over. Reg. Law

General Strategies for Downsizing
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technical programs. In this case, a portion of the economic support for the college would be transferred from the State to local communities.

Advantages:

1. Over the long term, savings could be significant because the cost of educating lower division students is considerably less than for upper division students.
2. It would be easier to develop higher admission standards for entry into the remaining upper division institutions. This would enhance quality.
3. Access to college courses, at least those offered in the first two years, would be preserved. Access to vocational-technical courses would be enhanced if the community college reconfiguration is adopted.

Disadvantages:

1. Both forms of reconfiguration would create a two-tiered educational system, one perceptibly more elite than the other.
2. Access to senior institutions would be reduced.
3. Transfer and articulation problems, though by no means insurmountable, would increase.
4. The pipeline of rural teachers that normally come from smaller, regional campuses would be narrowed.
5. In the community college reconfiguration, local communities and regions would bear a larger burden of institutional support.
6. Faculties and administrations in affected institutions would experience considerable turn over, some by individual choice and some through layoffs occasioned by the process of reconfiguration itself.
7. Divisive political battles will be fought over any reconfiguration effort.

Scenario #2 - Institutional Closure

In this case, one or more institutions (campus or center) would be closed and would cease to function as an institution

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of higher education. Savings would be distributed to other campuses and/or centers thereby improving their funding bases. Presumably, the Regents would try to sell the facilities to another agency or group in order to recover some of the original investment.

Advantages:

1. This action would be responsive to the widely held belief that Montana has too many institutions of higher learning.
2. Long-term savings would be significant so long as enrollment limitations are placed at other institutions to prevent the transfer of educational costs from the terminated institution to the receiving institution.

Disadvantages:

1. Institutional closure wreaks economic havoc in the affected communities and regions.
2. Bond obligations would continue as would the maintenance costs of "mothballing" the institution until it is purchased and refitted for another purpose.
3. The specter of institutional closure will launch a vicious and extraordinarily divisive political battle.
4. Access to higher education is reduced, particularly for local, place-bound students.
5. Closure would take at least four years and educational quality in the phase-down period will decline significantly.
6. If South Dakota is instructive (the only state in the West to close a public institution in recent history), litigations by faculty and students will be massive, long in duration, and very expensive to the State.

Scenario #3 - Program Elimination

Program elimination would involve careful assessment of those programs that are not essential to the State and for which interstate (e.g., WICHE) or other bilateral exchange

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opportunities exist for Montana students. Program elimination may have to be coupled with enrollment limitations in other programs. Otherwise, many students will simply change majors or transfer to other institutions which offer the major in question. Such transfers do not reduce the costs of educating the students; the costs are merely shifted from one place to another.

Advantages:

1. The Montana University System does not evidence extensive program duplication. However, there could be further reductions in existing duplication and a focusing of institutional mission.
2. Depending upon the programs selected for elimination, considerable savings could be achieved. This would be particularly true if certain high-cost, professional programs were to be eliminated.

Disadvantages:

1. Access would be reduced, particularly if program elimination were to be coupled with enrollment limitations.
2. Access would also be reduced if institutional mission is narrowed.
3. Natural targets for elimination would be high-cost programs and yet many of those are needed in the State (e.g., law, pharmacy, engineering, nursing, etc.). (The closure of Communication Sciences and Disorders at the University of Montana is a case in point.)
4. Montana would become an educational "third world," increasingly dependent upon other states for the supply of certain professionals. (The increasing shortage of speech pathologists is a case in point.)

Scenario #4 - Enrollment Limitations by Program

In this scenario, institutions would establish enrollment limitations for a significant number of programs. It is difficult to imagine use of this strategy alone because significant cost savings might not follow. That is, reducing a class size from 30 to 20 does not produce much in the way of savings. Also, unless the enrollment limitations are

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widespread, students will simply select programs where openings are available thereby transferring costs from one program to another.

Advantages:

1. Quality could be enhanced because faculty members have fewer students to serve and can give greater attention to those who remain, presumably, the better students.
2. Access to a relatively full range of programs remains if this scenario is not coupled with program elimination.

Disadvantages:

1. There would be insufficient cost savings if implemented alone.
2. Access to certain valuable degree programs will be curtailed. This could result in insufficient labor supplies in certain areas because fewer graduates would be available.
3. The burden of access would fall to the public community colleges.
4. This scenario would not produce instant cost savings.

Scenario #5 - Reduce Graduate Programs

Scenario #5 would call for significant trimming of graduate programs at all campuses currently offering master's and doctoral level instruction. Such programs are often (though not always) high cost programs. Programs selected for elimination would have to be those that are not "borne on the backs" of undergraduate programs. That is, some graduate programs are available because faculty members teach overloads so that graduate seminars and thesis advice can be offered. Elimination of such programs would garner little in the way of savings.

Advantages:

1. Institutional energy could be focused at the undergraduate level and the quality of baccalaureate instruction would increase.

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2. Cost savings could accrue as the burden of high cost graduate instruction would be shifted to other states.

Disadvantages:

1. Attraction of high caliber faculty would be even more difficult because most potential faculty members want to teach at the graduate level.
2. Access to higher levels of learning beyond the baccalaureate degree would be reduced.
3. The research mission of the institutions would be severely compromised.
4. As with Scenario #3, Montana would become an educational third world, increasingly dependent upon other states.

Scenario #6 - Restriction of Freshman Admission

Institutions could simply be assigned a very narrow range of enrollments and would have to manage freshman admissions so as to conform to the enrollment limits. This could be done in one of two ways. First, students could be admitted on a first come, first served basis until the limit is reached. Second, admission standards could be raised so that only the scholastically superior are admitted.

Advantages:

1. If admission standards are raised, quality could improve because only the brightest students will be admitted. Further, fewer students ease faculty load and this would enhance the quality of instruction.
2. Through a self-selection process, certain programs might be eliminated because student interest is marginal. This could prompt further savings.

Disadvantages:

1. Access would be severely limited and, if admissions are managed on a first-come, first-served basis, some of the brightest students will be denied access.
2. This will not be popular with the tax-paying public. Hostility would grow as the number of students denied access increases. Broad-based public support for such things as the six-mill levy would decline.

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3. The savings might not be substantive unless the enrollment limitations are sufficiently severe to overcome certain economies of scale currently in effect.
4. The burden of access would increasingly fall to the public community colleges.

Scenario #7 - Forced Student Attrition

In this case, the institutions would significantly increase the standards for progression and graduation. This would surely become known as the "flunk 'em out" approach. Suspensions would come at much higher grade point averages than is currently the case and readmission after suspension would be more difficult.

Advantages:

1. The quality of education could significantly improve. The level of instruction would be geared to the brightest and most motivated students in the class.
2. This could be popular with many faculty who would prefer not to cater to the less well prepared and less motivated students.

Disadvantages:

1. The cost savings are difficult to predict.
2. This approach would be very unpopular with students and parents because in order to achieve significant savings, courses would become obdurately difficult.
3. The society needs more and more people with college education. This would restrict access and the overall level of education in the State would drop.
4. This is very difficult to initiate and manage.

Scenario #8 - Substantial Tuition Increases

This scenario would simply call for substantial tuition increases designed to force student attrition by pricing them out of the Systems. There are variants of this approach which

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are less severe. For example, a voucher system for a prescribed number of credits or differential tuitions could be introduced to discourage long college careers (i.e., the "professional student"). However, the savings achieved from such measures is not likely to be great.

Advantages:

1. This measure works very rapidly and the savings will be seen in a matter of months.
2. Student motivation might increase because the financial commitment is significant.

Disadvantages:

1. This burden will fall most heavily on the middle class which has less ability to pay than the wealthy class and less access to student financial aid than the poor.
2. Extremely hostile student and public reaction could be anticipated.
3. Cost savings are difficult to predict.

Scenario #9 - Restriction on Non-resident Enrollment

In this case, student populations would be reduced by simply restricting or eliminating out-of-state students.

Advantages:

1. Montana dollars would be spent primarily on Montana students.

Disadvantages:

1. Graduate programs would be hit very hard since they enroll larger percentages of out-of-state students.
2. Quality would decline because diversity of the student body would be lost. Montana would be isolationist in character.
3. Non-residents bring money to Montana and many who graduate stay as productive members of the society.

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4. Institutional costs would be shifted to the resident student since non-residents currently pay over 60% of the cost and in-state students pay 25%.

In examining these scenarios, it may be observed that some of them are aimed directly at the institutional level (Institutional Closure and Institutional Reconfiguration); some of them are aimed at the programmatic level (Elimination of Programs, Reduction of Graduate programs, Enrollment Limitations by Program); and some of them are aimed at the student level (Restriction of Freshman Admission, Forced Student Attrition, Substantial Tuition Increases, Restricting Non-resident Enrollment). Any contemplation of downsizing must involve permutations and combinations of all scenarios to find the best solution with the fewest disadvantages.

1265w



THE MONTANA UNIVERSITY SYSTEM

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EXHIBIT 2
DATE 2-12-91
HB Ed. v Cur. Per Sub

COMMISSIONER OF HIGHER EDUCATION

TO: John M. Hutchinson
Commissioner of Higher Education
FROM: Jack Noble
Deputy Commissioner for Management and Fiscal Affairs
DATE: February 11, 1991
SUBJECT: Tuition Considerations

Tuition Considerations:

#1) RAISE NON-RESIDENT TUITION TO THE LEVEL OF PEERS

Table with 2 columns: Item, Amount. Rows: Peers (\$4,775), Montana (1) (3,505), Difference (\$1,270), Percentage (36% Increase). Note: Per AY (additional cost to the student)

(1) UM, MSU, TECH

Revenue:

Table with 6 columns: Institution, Increase \$30 per sch FY 92, Increase \$30 per sch FY 93, Institution, Increase \$24 per sch FY 92, Increase \$24 per sch FY 93. Rows: MSU, UM, TECH, TOTAL.

#2) ADJUST PER CREDIT HOUR FEE SCHEDULE TO PHASE IN THE EQUIVALENT CHARGE OF \$25 PER SCH FOR THE 13 & 14 CREDIT

Table with 3 columns: Cost To The Student, Peers, Montana, #2 Adjustment. Row: \$75 Per Academic Year.

Revenue:

Table with 3 columns: Institution, FY 92, FY 93. Rows: MSU, UM, EMC, NMC, WMCUM, TECH, TOTAL.

UNIVERSITIES
RESIDENT UNDERGRADUATE TUITION SURVEY

Fiscal Years 1981 Through 1991
Academic Year Costs

STATE/INSTITUTION	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91 (1)
Northern Arizona University	\$ 650	\$ 710	\$ 850	\$ 950	\$ 990	\$ 1,136	\$ 1,196	\$ 1,278	\$ 1,412	\$ 1,540
University of Idaho	\$ 701	\$ 816	\$ 816	\$ 970	\$ 1,010	\$ 1,040	\$ 1,042	\$ 1,048	\$ 1,098	\$ 1,166
University of Nevada - Reno	\$ 840	\$ 930	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,080	\$ 1,200	\$ 1,200	\$ 1,380
New Mexico State University	\$ 745	\$ 798	\$ 798	\$ 870	\$ 919	\$ 1,026	\$ 1,152	\$ 1,284	\$ 1,386	\$ 1,488
Utah State University	\$ 780	\$ 852	\$ 918	\$ 1,002	\$ 1,071	\$ 1,247	\$ 1,293	\$ 1,374	\$ 1,488	\$ 1,596
University of Wyoming	\$ 592	\$ 616	\$ 616	\$ 716	721	\$ 778	\$ 778	\$ 833	\$ 1,003	\$ 1,200
University of North Dakota	\$ 764	\$ 804	\$ 1,020	\$ 1,080	\$ 1,167	\$ 1,266	\$ 1,412	\$ 1,472	\$ 1,724	\$ 2,040
North Dakota State	\$ 732	\$ 732	\$ 948	\$ 1,008	\$ 1,095	\$ 1,194	\$ 1,311	\$ 1,389	\$ 1,656	\$ 2,040
Peer Group Average	\$ 726	\$ 782	\$ 881	\$ 960	\$ 1,007	\$ 1,096	\$ 1,158	\$ 1,234	\$ 1,370	\$ 1,556
Montana - MSU, U of M	\$ 710	\$ 782	\$ 850	\$ 910	\$ 1,086	\$ 1,256	\$ 1,273	\$ 1,296	\$ 1,409	\$ 1,432
Percent of Montana to Peers	97.8%	100.0%	96.5%	94.8%	107.9%	114.6%	109.9%	105.2%	102.8%	92.0%
Annual Percentage Increases	17.5%	10.1%	8.7%	7.1%	19.3%	15.7%	1.4%	1.8%	8.7%	1.6%
National Average	16.0%	20.0%	12.0%	8.0%	9.0%	6.0%	6.0%	4.0%	8.0%	9.0%
CPI	11.6%	8.7%	4.3%	3.7%	3.9%	3.0%	2.2%	4.0%	N/A	N/A
Tuition Index	100.0%	110.1%	119.7%	128.2%	153.0%	176.9%	179.3%	182.5%	198.5%	201.7%
CPI Index	100.0%	108.7%	113.4%	117.6%	117.8%	121.3%	124.0%	129.0%	N/A	N/A

EXH: 2
DATE: 2-12-91
HB Ed. & Corr. Pers. Serv.

Source:

(1) Chronicle of Higher Education - October 3, 1990 (College Board Data)

204HENDRX

UNIVERSITIES
NONRESIDENT UNDERGRADUATE TUITION SURVEY

Fiscal Years 1981 Through 1991
Academic Year Costs

<u>STATE/INSTITUTION</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u> (1)
Northern Arizona University	\$2,500	\$2,750	\$2,995	\$3,200	\$3,244	\$3,692	\$4,086	\$4,336	\$5,788	\$5,916
University of Idaho	\$2,671	\$2,816	\$2,816	\$2,970	\$3,010	\$3,040	\$3,042	\$3,048	\$3,438	\$3,506
University of Nevada - Reno	\$2,448	\$2,930	\$3,280	\$3,280	\$3,280	\$3,280	\$3,280	\$3,400	\$4,500	\$4,680
New Mexico State University	\$2,257	\$2,482	\$2,587	\$2,838	\$3,067	\$3,652	\$4,320	\$4,980	\$5,082	\$5,736
Utah State University	\$2,097	\$2,367	\$2,568	\$2,820	\$3,051	\$3,444	\$3,549	\$3,810	\$4,302	\$4,410
University of Wyoming	\$1,878	\$2,076	\$2,076	\$2,226	\$2,231	\$2,442	\$2,442	\$2,605	\$3,503	\$3,700
University of North Dakota	\$1,534	\$1,572	\$1,926	\$1,986	\$2,160	\$2,460	\$2,906	\$3,356	\$4,742	\$5,058
North Dakota State	\$1,500	\$1,500	\$1,794	\$1,854	\$2,088	\$2,388	\$2,805	\$3,273	\$4,812	\$5,196
Peer Group Average	\$2,111	\$2,312	\$2,505	\$2,647	\$2,766	\$3,050	\$3,304	\$3,601	\$4,521	\$4,775
Montana - MSU, U of M	\$2,078	\$2,222	\$2,398	\$2,602	\$2,850	\$3,074	\$3,090	\$3,115	\$3,482	\$3,505
Percent of Montana to Peers	98.0%	96.0%	96.0%	98.0%	103.0%	101.0%	94.0%	86.5%	77.0%	73.4%

Source:

(1) Chronicle of Higher Education - October 3, 1990 (College Board Data)

205HENDRX

