

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION**

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By **CHAIRMAN PECK**, on March 13, 1991, at 7:00 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)

Members Absent: Rep. Mike Kadas (D)

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

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

HEARING ON CLEAN UP

Tape No. 1

Pam Joehler, LFA, distributed a handout on the agenda for the meeting. **EXHIBIT 1**

CHAIRMAN PECK stated that Great Falls is requesting a budget amendment for excess tuition and fee money generated in FY89. Since they didn't spend it, it reverted to general fund. **CHAIRMAN PECK** asked Mr. Weaver why the excess money wasn't spent. **Mr. Weaver** said it was an oversight on the part of Great Falls. **Jack Noble** stated that when the Commissioners Office recognized the amount available at the end of the year Laurie Neils reverted that amount in accordance with the appropriation language.

037

CHAIRMAN PECK asked Mr. Weaver what Great Falls intended to do with the \$42,906 if they got it. **Mr. Weaver** said they would put most of the money into buying equipment and supplementing the telecommunications.

055

Motion: **SEN. BIANCHI** moved to recommend to the full committee that the \$42,906 academic support be appropriated to the Great Falls Vo-Tech from the General Fund, where it has ended up inadvertently.

Discussion: **REP. GRINDE** asked if **CHAIRMAN PECK** has ever seen a reversion from the University System. **Jack Noble** said there are not substantial reversions but there are some. There was approximately \$800,000 in the last biennium.

SEN. HAMMOND stated that he feels this is their money and they should have it back.

Vote: Motion **CARRIED** unanimously, **REP. KADAS** voting yes by proxy.

077

Ms. Joehler reviewed Personal Services Line Item, page 2 of **EXHIBIT 1**.

CHAIRMAN PECK asked Mr. Noble if he had any comment of the Personal Services Line Item. **Mr. Noble** said no, if this is the legislatures intent, it is as fair as we can hope for. The reporting system should give the campuses an incentive to maintain consistent with the operating budget. The Commissioner and the Board of Regents feel strongly that there should be a lump sum appropriation. **Mr. Noble** said the Commissioner will be speaking later this morning, Wednesday February 13, 1991, in terms of the benefits of lump sum appropriation.

Motion/Vote: **SEN. JERGESON** moved the adoption of the language as presented and agreed to by the LFA and Commissioner of Higher Education. Motion **CARRIED** unanimously, with **REP. KADAS** voting yes by proxy.

153

Ms. Joehler reviewed Tort Claims Charges, page 3 of **EXHIBIT 4**.

Mr. Noble stated that Tort Claims sent the Commissioners Office a bill for \$41,700. The Commissioners Office responded immediately and said they have no intentions of paying that kind of liability claim for 15 employees. **Mr. Noble** stated that Tort Claims has given up on the \$41,700 and have come back and now want \$6,694.

CHAIRMAN PECK said that this is a more reasonable figure than the \$41,700.

212

SEN. BIANCHI asked if this were passed, does it prevent them in coming back with the \$41,700 bill. **CHAIRMAN PECK** said yes.

218

Motion/Vote: **SEN. BIANCHI** moved to add \$1,275 in FY92 and \$1,694, in FY93 to the Commissioner of Higher Education for the current Tort Claims Division and \$3,725 each year of the biennium for the vehicle insurance charges at four of the five vocational technical centers. Motion **CARRIED** unanimously, **REP. KADAS** voting yes by proxy.

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Pam Joehler said she would go ahead and prepare the amendments.

Mr. Noble stated that there was some concern raised about the 15% administrative reduction from HB974 (Rural Physician Incentive Program) heard on February 12, 1991. The 15% may be too high but to incur the cost there is no money available and when the cost taper out and the program is in place more than enough money becomes available. **Mr. Noble** said he would like a chance to work with the subcommittee on a resolution to find a way to get money into the program. **CHAIRMAN PECK** stated that there may be a need to put money into HB974.

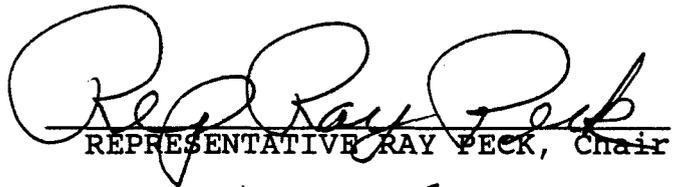
SEN. HAMMOND asked **Mr. Noble** if he was saying that the 15% will bring more than enough money, but not at the right time.

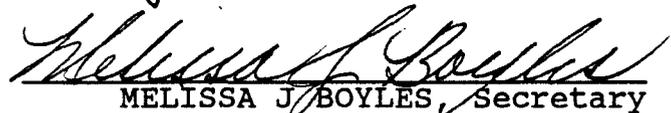
273

SEN. JERGSON said that there is some administration cost and that is the reason for the language. At the time of the draft there was uncertainty as to what amount of dollars should be in. Someone suggested that up to 15% should be inserted in. Once it is fully operational there will be a lot of money and 15% will be too much. **CHAIRMAN PECK** said he did not find fault in the language, but some people felt the 15% was excessive

ADJOURNMENT

Adjournment: 7:25 am


REPRESENTATIVE RAY PECK, Chair


MELISSA J. BOYLES, Secretary

HOUSE OF REPRESENTATIVES
EDUCATION SUBCOMMITTEE

ROLL CALL

DATE

3-13-91

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	✓		



TERESA OLCOTT COHEA
LEGISLATIVE FISCAL ANALYST

STATE OF MONTANA
Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

EXHIBIT 1
DATE 3-13-91
HB

March 12, 1991

TO: Joint Appropriations Education Subcommittee Members
FROM: Pamela D. Joehler *PJ*
Senior Fiscal Analyst
RE: March 13, 1991 Subcommittee Meeting Agenda

There are three items requiring subcommittee discussion or action at the scheduled March 13, 1991 meeting:

- 1) The House Appropriations Committee has requested the education subcommittee examine a budget amendment submitted by the Great Falls Vocational Technical Center and report back to the House Appropriations Committee with its recommendation.
- 2) The subcommittee needs to discuss the personal services line item requirement contained in the general appropriations act and how that will affect the university system.
- 3) The Department of Administration, Tort Claims Division has requested the Commissioner of Higher Education to seek additional funding for insurance charges in the Commissioner's Office and the vocational technical centers.

Great Falls Budget Amendment

The Great Falls Vocational Technical Center is requesting a budget amendment in House Bill ⁴/₇ that would have the effect of budget amending

general fund. In fiscal 1989, the center collected more revenue from student tuition and fees than was estimated and appropriated in the general appropriations act. By the end of fiscal 1990, \$42,906 of the additional revenue remained unspent. This amount was reverted to the general fund. Technically the budget amendment requests this amount from the current unrestricted fund, however, the budget amendment requires a general fund appropriation because of the reversion.

Personal Services Line Item

The legislature has decided to line item personal services for all state agencies. "Boilerplate" language similar to language in the 1991 biennium general appropriations act will be included in House Bill 2. Attached is a copy for your reference. The subcommittee exempted the vocational technical centers from this requirement. The university system has not been exempted from this requirement. Attached is proposed language for insertion into the general appropriations act specifying the personal services line item requirement for the university units. The language proposes:

a. the line item for the Research, Public Service, and Plant Operation and Maintenance programs would be the personal services amount in the LFA current level budget;

b. the line item for the Instruction program would be the personal services amount identified on the original regents' approved operating budget each fiscal year, but should be no less than the faculty compensation amount driven by the funding formula using the formula factors adopted by the education subcommittee;

c. the line item for the Support program would be the personal services amount identified on the original regents' approved operating budget each fiscal year; and

d. the personal services amounts identified by program on the original regents' approved operating budget each fiscal year and the original budgeted personal services by program on the Regents' Employee Reporting System should be equal.

Also attached is a table showing the personal services amounts by university unit which can be quantified at this time.

Additional Tort Claims Charges

The Department of Administration, Tort Claims Division has requested the Office of the Commissioner of Higher Education request additional funds or two items:

a. \$1,275 in fiscal 1992 and \$1,694 in fiscal 1993 for the Office of the Commissioner of Higher Education to cover general rate increases applied to all other state agencies; and

b. \$3,725 each year of the 1993 biennium for vehicle insurance charges at four of the five vocational technical centers. These costs were unknown at the time the Tort Claims Division developed its rates for the 1993 biennium.

If the subcommittee supports the addition of these amounts to the agencies' budgets, an amendment can be prepared for House Appropriations Committee action.

PROPOSED LANGUAGE FOR UNIVERSITY SYSTEM PERSONAL SERVICES LINE-ITEM
HOUSE BILL 2

Insert following six university units:

"The 52nd legislature intends for the Montana University System to be subject to the personal services line item requirements contained in section ___ of this act. The dollar amount of the personal services line item is equal to the following:

- 1) For the Research, Public Service, and Plant programs, the line item is equal to the personal services amount contained in table ___ of the Montana University System budget narrative accompanying this act.
- 2) For the Instruction program, the line item is equal to the personal services identified on the original regents' approved operating budget each fiscal year, but shall be no less than the faculty compensation amount contained in table ___ of the Montana University System budget narrative accompanying this act.
- 3) For the Support program, the line item is equal to the personal services identified on the original regents' approved operating budget each fiscal year.

It is further the intent of the 52nd legislature that the original budgeted personal services by program on the Regents' Employee Reporting System each fiscal year shall equal the original regents' approved operating budget by program."

PERSONAL SERVICES LINE ITEM
MONTANA UNIVERSITY SYSTEM - SIX UNITS

FISCAL YEAR	MSU	UM	EMC	NMC	WMCUM	MCMST	TOTAL
<u>FISCAL YEAR 1992</u>							
Instruction Program	\$24,319,052	\$20,428,753	\$6,755,102	\$3,768,783	\$2,209,997	\$4,156,897	\$61,638,584
Faculty Compensation	434,472	430,171	0	0	0	33,368	898,011
Research Program	9,752	158,346	209,600	0	0	0	377,698
Public Service Program	1,967,489	2,724,602	680,122	477,033	538,779	906,139	7,294,164
Plant Program	<u>26,730,765</u>	<u>23,741,872</u>	<u>7,644,824</u>	<u>4,245,816</u>	<u>2,748,776</u>	<u>5,096,404</u>	<u>70,208,457</u>
Total							
<u>FISCAL YEAR 1993</u>							
Instruction Program	\$24,319,052	\$20,428,753	\$6,755,102	\$3,768,783	\$2,209,997	\$4,156,897	\$61,638,584
Faculty Compensation	434,472	430,171	0	0	0	33,368	898,011
Research Program	9,752	158,346	209,600	0	0	0	377,698
Public Service Program	1,967,489	2,724,602	680,122	477,033	538,778	906,139	7,294,163
Plant Program	<u>26,730,765</u>	<u>23,741,872</u>	<u>7,644,824</u>	<u>4,245,816</u>	<u>2,748,775</u>	<u>5,096,404</u>	<u>70,208,456</u>
Total							

21 entity. Within 1 day after the legislative finance committee presents the budget analysis to the 52nd legislature, the
22 budget director and the legislative fiscal analyst shall mutually exchange expenditure recommendations by object of
23 expenditure to the second level of detail and by funding sources detailed by accounting entity. This final information
24 shall be made available to members of the legislature and the general public.
25 Section 7. Operating budget. (1) Expenditures by a state agency must be made in substantial compliance with an

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operating budget approved by an approving authority as defined in 17-7-401. Substantial compliance means that no
category in the approved operating budget may be exceeded by more than 5%, provided that no funds appropriated for
personal services or indicated in legislative intent as having been appropriated for personal services may be expended
under any other category EXCEPT IF THE APPROVING AUTHORITY APPROVES A SPECIFIC AGENCY REQUEST JUSTIFIED ON THE BASIS OF
DOCUMENTED COST SAVINGS OR EXCEPT AS SPECIFIED IN SUBSECTION (3). THE APPROVING AUTHORITY SHALL SUBMIT ITS ANALYSIS OF
THE DOCUMENTED COST SAVINGS TO THE LEGISLATIVE AUDITOR. WAGES AND FRINGE BENEFITS MUST BE SEPARATELY DOCUMENTED FROM
OTHER COST SAVINGS. THE LEGISLATIVE AUDIT COMMITTEE SHALL REVIEW THE APPROVING AUTHORITY'S ANALYSIS AND REPORT TO THE
52ND LEGISLATURE ON POTENTIAL LONG-TERM BUDGET IMPACTS. The expenditure of money appropriated by this act is contingent
upon approval of the operating budget by August 1 of each fiscal year. An approved original operating budget must comply
with legislative intent as expressed in state law and legislative statements of intent. The personal-services--category
as--specified--in--subsection--(2)--may--in--no--approved--operating--budget--include--an--amount--less--than--the--amount--included--in
the--personal--services--detail--included--in--the--narrative--that--accompanies--this--act--plus--money--appropriated--to--fund--the
state--employee--pay--plan; Legislative intent for the general appropriations act includes the narrative that accompanies
this act.

(2) The operating budget for money appropriated by this act must be separate from the operating budget for money
appropriated by any other act except any act appropriating money specifically to fund the state pay plan or any portion
thereof. Each operating budget must include expenditures for each agency program, detailed at least by the categories
of personal services, operating expenses, equipment, benefits and claims, grants, transfers, and local assistance.
no case may the personal services category detail include an amount less than the amount indicated in the personal
services detail included in the narrative that accompanies this act plus money appropriated to fund the state employee
pay plan, EXCEPT AS SPECIFIED IN SUBSECTION (3). Each agency shall record its operating budgets and any approved

DATE 3-13-91