

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - 1st SPECIAL SESSION**

SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By CHAIRMAN PECK, on January 6, 1992, at 2:31 P.M.

ROLL CALL

Members Present:

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

Members Excused: None

Members Absent: None

Staff Present: Taryn Purdy, Legislative Fiscal Analyst
Rod Sundsted, Office of Budget Program & Planning
Sylvia Kinsey, Committee Secretary

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

Announcements/Discussion:

HEARING ON PERCENTAGE REDUCTIONS OF HIGHER EDUCATION

Taryn Purdy, Legislative Fiscal Analyst, said the Committee requested the LFA to make adjustments to the base and then reductions would be made against each of the units. Our office and the budget office came up with these allocations. **EXHIBIT 1.**

The Commissioner's Office had a concern about the allocations among the various components of the university system, especially with the community colleges. One of the reductions made to the base was to forgive \$152,000 worth of cuts to community colleges.

REP. PECK said there is concern that MSU has not received the same percentage of adjustment as the other units.

REP. BIANCHI said part of that was the reduction in the Math Grant.

Ms. Purdy said the concern that the Commissioner's Office have is, when the FY92 reductions were made they were essentially distributed across the various units. The commissioner's office allocation of the FY92 cuts were \$2.165 million. There are varying degrees of percentage changes. In FY93 the reductions approved by the Subcommittee were the allocated reductions made by the Office of Budget & Program Planning which were evenly distributed across the various units. The Subcommittee voted to approve that allocation with the adjustments to the Vo-Tech Bond Payment, Community Colleges, Student Assistance, and the Math Match. The Commissioners Office was concerned because of the method used to allocate the cuts after the adjustment. Particularly the Community Colleges which received less than 8% cut.

REP. KADAS The Community Colleges are the main problem. The percentage reduction in FY93 is lower than everyone else's. Is there a possibility of shifting some of that FY92 burden to FY93?

Rod Sundsted, OBPP said I don't believe we have a problem that can't be solved. A couple of ways of looking at the problem are: 1) did you intend to reduce their budget by \$150,000, or 2) did you intend to reduce that by 4% in FY92 and 8% in FY93, and forgive the first 4% the first year? It is my understanding, the administration had initially asked for 8% each year of the biennium. The Regents said they cannot take 8% in the first year so they are going to take only a 4% reduction the first year. The administration's response was, take 4% the first year, but you will have to take 12% in the second year. The intent of my motion under those circumstances was to take 4% in the first year and 8% in the second year.

REP. PECK said if that is your intent, we can do that.

REP. PECK said the other problem is, should MSU have a 10.66% reduction like the other units. REP. KADAS asked if the 10.8% was on the base of \$37.2 million or on the base of \$38.2 million?

Ms. Purdy said the 10.66% was applied against \$37.2 million.

REP. KADAS asked, is the reason you show 10.38% in the final column because you are comparing that with the 38.2 million? MS Purdy replied "yes".

REP. KADAS asked, is the problem because the final column shows 10.38% instead of 10.66%? Ms. Purdy said "yes".

Mr. Sundsted said I believe the way it was worked out with MSU, there may be a slight problem.

REP. PECK said the chairman sent all Subcommittees back to re-examine all the cuts they have made. I don't see any additional cuts that I am going to vote for. If you have cuts you wish to propose we will entertain motions on those now.

REP. KADAS said having seen the results of last Saturday's action regarding my questions about tuition the day before; I would like to know if there is any further response from the Commissioner and the Regents as to how tuition will change as a result of the cuts proposed by the Subcommittee?

Dr. Toppen, Deputy Commissioner of Academic Affairs said we have had little opportunity to communicate with the Regents on the issue of tuition to determine what their attitudes are. They intend to defer their decision until the January 30th meeting in Butte.

REP. KADAS asked have you had the opportunity to communicate with the Regents with the extent they told you they are going to defer any consideration on this until their next meeting? Is that what they told you two weeks ago? Dr. Toppen said we are reluctant at this time, to make any comments as to what action the Regents may make.

REP. PECK said he asked Dr. Toppen last week, if there is no relief granted from the cuts, then there is a motion on record by the Regents that they will proceed with the tuition surcharge.

Dr. Toppen said that is correct, it is their intent to go forward with previously approved surcharges.

REP. KADAS said I hope you have talked with the Regents and they know we expect them to participate in this discussion. I am disappointed that they have not participated.

Dr. Toppen said I have spoken only with the Commissioner who has spoken with representatives of the Board of Regents, and your message has been conveyed to them.

REP. PECK said there is a rule that a board cannot take action until they are in a meeting. They could have held a meeting by a conference call, but Dr. Toppen said he is not aware of any conference call.

REP. KADAS said I am assuming the bulk of these cuts will be covered by tuition increases. If I read board action correctly, I think that is how it is going to go. I am concerned about the impact on students' financial aid assistance. I would like the Commissioners Office to try to provide the campuses with the ability to soften the tuition increases. Particularly on the most financially needy students.

Dr. Toppen said in the fall, the Board of Regents met to try to cover the governor's decision for the tuition surcharge and one third in cuts. There is evidence that the Board of Regents are willing to go for a full tuition base for cuts. So, when you were assuming the Board of Regents would cover the major cuts through tuition, I think they have demonstrated their willingness to go with two thirds of the cuts in the first year which

corresponds to approximately \$210 per semester for a full-time student. Each campus was directed in September to develop means to ascertain ways to relieve those students who are in the worse financial condition. All campuses have complied, so all mechanisms are in place. However, there are not adequate funds to deal with the short-fall per student basis.

REP. PECK asked, do you have a specific description campus by campus for student aid. Dr. Toppen said not on hand, but I can get one in a day or two.

SEN. JERGESON said in listening to the Governor's speech, I think it is our responsibility to do what he asks. However, in HB2 one paragraph reads "no reductions in education funding". The cuts recommended by the administration and the cuts adopted by the Subcommittee for vocational education were substantial cuts. These programs have not had an increase in the previous biennium and perhaps two bienniums.

EXECUTIVE ACTION

Tape 1, Side A 669

Motion: SEN. JERGESON moved the cuts made in Subcommittee action on Special Education Contingency and Vocational Education budgets be restored to the amount appropriated by the 1991 Legislature.

Discussion:

REP. PECK asked William Groepper, Office of Public Instruction, if it were true there were no increases in Special Education Contingency and Secondary Vocational Education funding in FY91 session? Mr. Groepper said that is correct. The two together had no increases since 1989. However, we did give the Office of Public Instruction more flexibility in contingency. We had a line-item of \$500,000 each year in contingency, and the remainder was for special education. We were allowed to use more money in contingency, but that reduces the amount for special education. If you would add up the previous biennium for special education and contingency appropriation compared to this biennium, there would be no increase in appropriations.

REP GRINDE said this decision isn't easy, but somehow we have to balance this budget. However, we should have some proposals as to where the funds are going to come from.

Vote: MOTION FAILED 3 - 3, ROLL CALL VOTE

ADJOURNMENT

Adjournment: 3:02 P.M.


RAY PECK, Chair


SYLVIA KINSEY, Secretary

RP/KS

EXHIBIT 1
 DATE 01-06-92
 HB Educ Subcomm

Percent Reductions to Various Components of Higher Education
 Executive Budget Proposals
 1993 Biennium

Unit	Fiscal 1992		Percent		Reduction		Fiscal 1993									
	Fiscal 1992 HB 2 & 509	Exec Bgt. Redct	Percent Redct	Percent Reduction	Liq. Str. Initiative	Without Liq. Str.	Fiscal 1993 HB 2 & 509	Mitrus Bond Payment Adjustment	Mitrus CC Adjustment	St. Assistance Adjustment	Minus Math Match Adjustment	Revised Allocation	Revised Reduce Factor	Revised Reduction	Revised Reduce Factor	
CHE Community Colleges	\$7,198,882	\$307,913	4.3%	4.3%	\$307,913		\$7,118,571	\$1,404,408	1,907,918	\$3,809,325		\$1,904,838	10.66%	\$203,001	2.85%	
	3,815,856	152,654	4.0%	4.0%	152,654		4,215,246					2,307,328	10.66%	\$245,895	5.83%	
Six Units											1,000,000					
MSU	37,907,877	553,260	1.5%	5.7%	2,163,260		36,248,406					37,248,406	10.66%	3,969,612	10.36%	
LPH	30,098,370	451,183	1.5%	6.2%	1,875,183		30,484,553					30,484,553	10.66%	3,248,779	10.66%	
EMC	11,346,155	170,082	1.5%	6.6%	744,082		11,321,637					11,321,637	10.66%	1,206,562	10.66%	
NMC	6,417,067	96,194	1.5%	5.4%	344,194		6,508,811					6,508,811	10.66%	693,653	10.66%	
WJOLM	3,702,655	55,504	1.5%	5.6%	208,504		3,750,952					3,750,952	10.66%	399,744	10.66%	
MCNST	7,746,481	116,122	1.5%	4.7%	363,122		7,857,392					7,857,392	10.66%	837,373	10.66%	
Vo-Techis	8,781,558	65,525	0.7%	5.5%	482,525		8,818,612					8,818,612	10.66%	939,811	10.66%	
AES	7,772,961	117,619	1.5%	1.5%	117,619		8,074,323					8,074,323	10.66%	860,491	10.66%	
Ext. Service	2,985,029	44,746	1.5%	1.5%	44,746		3,110,753					3,110,753	10.66%	331,517	10.66%	
FES	738,337	11,068	1.5%	1.5%	11,068		754,542					754,542	10.66%	80,413	10.66%	
Mines	1,337,813	20,054	1.5%	1.5%	20,054		1,370,080					1,370,080	10.66%	146,011	10.66%	
FSTS	234,701	3,818	1.5%	1.5%	3,818		244,626					244,626	10.66%	26,070	10.66%	
Total	\$130,103,742	\$2,165,522	1.7%	5.3%	\$6,838,522		\$131,878,504	\$1,404,408	\$1,907,918	\$3,809,325	\$1,000,000	\$123,756,853	\$13,188,932	\$13,188,932	10.00%	