

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON EDUCATION & CULTURAL RESOURCES

Call to Order: By ROYAL C. JOHNSON, on February 17, 1995, at
8:35 AM.

ROLL CALL

Members Present:

Rep. Royal C. Johnson, Chairman (R)
Sen. Daryl Toews, Vice Chairman (R)
Rep. Don Holland (R)
Sen. Greg Jergeson (D)
Rep. Mike Kadas (D)
Sen. Arnie A. Mohl (R)

Members Excused: None

Members Absent: None

Staff Present: Skip Culver, Legislative Fiscal Analyst
Sandy Whitney, Legislative Fiscal Analyst
Taryn Purdy, Legislative Fiscal Analyst
Amy Carlson, Office of Budget & Program
Planning
Curtis Nichols, Office of Budget & Program
Planning
Paula Clawson, Committee Secretary

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

Committee Business Summary:

Hearing: None
Executive Action: Office of Public Instruction;
Montana University System;
Community College Funding

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION

{Tape: 1; Side: A; Approx. Counter: 36}

CHAIRMAN ROYAL JOHNSON explained that the Office of Public
Instruction (OPI) has requested the committee consider an
amendment to the motion which reduced funding for the biennium by
\$1 million.

Motion/Vote: REP. MIKE KADAS moved to reconsider the motion of January 31, 1995, reducing the Office of Public Instruction (OPI) \$500,000 each year of the biennium from general fund. Motion CARRIED 4-2 with SEN. ARNIE MOHL and SEN. DARYL TOEWS voting no.

Motion: REP. KADAS moved to approve for OPI the reduction in federal funding of \$200,000 each year of the biennium and increase the general fund appropriation by \$200,000 each year of the biennium. EXHIBIT 1

Discussion: CHAIRMAN JOHNSON explained that the essence of the motion is to take the \$200,000 back into general fund under revenues and take money out of federal funds.

SEN. MOHL asked why the general fund reductions can't be taken from areas where there aren't federal fund match concerns. Gregg Groepper, Assistant Superintendent, OPI, answered that it's not an issue of match, it's an issue of supplanting. The federal government has fairly strict rules about using federal funds to fill in for general fund cuts. If OPI takes all the \$1 million cut in general funds, the federal government will be watching closely to assure there is no supplanting. If the cut is taken proportionately between general fund and federal fund, it would be harder for the federal government to make the supplanting argument. OPI did have an audit question along these lines in 1989, which would have required a payback to the federal government of \$125,000, but the issue was resolved without involving a payback. The bottom line cuts are going to be the same for OPI.

REP. DON HOLLAND asked OPI if they could assure that the vocational-education program would not take further FTE reductions. Mr. Groepper said it is a real concern and with the entire \$1 million cut from general fund any positions vacated through vocational-education staff retirements would probably have to be left open to achieve the reduction. With the shift of the \$200,000 to federal funds, in all likelihood any vacant vocational-education positions from retirements will probably be filled in a timely manner.

SEN. MOHL asked what the match ratio is for federal funds. Mr. Groepper said OPI's administrative budget gets approximately \$2 in federal funds for every \$1 in general funds. The request for \$200,000 restored in general fund is just enough to get by with the federal government.

Vote: Motion CARRIED 4-2 with SEN. MOHL and SEN. TOEWS voting no.

EXECUTIVE ACTION ON MONTANA UNIVERSITY SYSTEM

{Tape: 1; Side: A; Approx. Counter: 370}

Motion: SEN. TOEWS moved to accept the boilerplate language for the Montana University System. EXHIBIT 2

Discussion: REP. KADAS asked if the language in the third paragraph, which reads "The budget must contain detailed revenue and expenditures ... Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst ...," is a budget amendment or just notification. CHAIRMAN JOHNSON clarified that this is notification, there is no approval required.

SEN. GREG JERGESON asked if it is still appropriate for the Commissioner of Higher Education office (CHE) to be exempted from the CUBA accounting system, since it is now lump-summed with the Montana University System. Taryn Purdy, Legislative Fiscal Analyst (LFA), said that since CHE is a state agency and follows standard state financial structures the exception still holds.

Rod Sundsted, Associate Commissioner for Fiscal Affairs, CHE, commented that it would be easier for CHE to use the CUBA system along with the Montana University System (MUS) for consistency and management of the group insurance and Guaranteed Student Loan programs.

Curt Nichols, Office of Budget and Program Planning (OBPP), said there probably isn't a problem with CHE using the CUBA system, but it needs to be explored further.

Mr. Sundsted said there is concern that the third paragraph may not be legal. CHAIRMAN JOHNSON asked Mr. Sundsted and Sandy Whitney, LFA, to rework the language and return it to the committee during this meeting.

Motion Withdrawn: SEN. TOEWS withdrew the motion until the questioned language could be rewritten.

EXECUTIVE ACTION ON COMMUNITY COLLEGES FUNDING

{Tape: 1; Side: B; Approx. Counter: 43}

Motion: SEN. MOHL moved to increase community colleges funding by \$776,854 over the biennium. EXHIBIT 3

Discussion: SEN. MOHL explained that this motion is for Miles Community College (MCC), Dawson Community College (DCC) and Flathead Valley Community College (FVCC) along with the FVCC subsidiary in Libby.

The increase was developed by using the average students anticipated (2,296) multiplied by the cost per student (\$4,163) multiplied by 51%. This figure was \$4,874,706, from which the budget of \$4,501,959 was subtracted. This was a difference of \$372,747 for FY96. The same formula for FY97 yields \$404,107 which is a total of \$776,854 for the biennium.

This additional money is to assist the community colleges in preparing for additional students from the University System. Even with this increase, it costs considerably less to educate students at the two-year units than at the four-year units. This budget increase will also help the community colleges fund additional students without increasing district mill-levy taxes. Currently MCC and DCC districts are around 41-mills, plus the six-mills for the University System and FVCC is around 16-mills, part of which is the building, plus the MUS six-mills. This motion is contingent on SB 396 failing to pass.

REP. HOLLAND told the committee that his wife is employed by MCC but his family doesn't live in the district or pay district taxes for the school. **REP. HOLLAND** told the subcommittee that at MCC, 51.95% of the students are in-district; 42% out-of-district; and 5% out-of-state. Because the district taxpayers are carrying the load for 50% out-of-district students, **REP. HOLLAND** supports the increase to community colleges.

REP. KADAS said although community colleges are important and should have increased support, he cannot support this increase in light of the reductions taken at the other institutions.

SEN. JERGESON said one important issue to consider is that MCC and DCC have excessive student fee waivers which if reduced could decrease the need for district tax-payer support. Also DCC and MCC taxpayers are paying a disproportionately high local levy in comparison with FVCC. Neither of these issues are addressed in this motion and **SEN. JERGESON** cannot support the motion until these issues are addressed.

SEN. TOEWS commented that community colleges are not state institutions and can provide education more economically than the Montana University System.

SEN. JERGESON pointed out that community colleges only have lower division course work, which is less expensive than junior and senior course work offered at four-year institutions. It doesn't make sense to take funds away from the four-year institutions because it costs more to educate their students than to educate community college students. If the subcommittee adds money into the community colleges, it should address the disparity in mill-levies for FVCC.

Vote: Motion CARRIED 4-2 with **SEN. JERGESON** and **REP. KADAS** voting no.

{Tape: 1; Side: B; Approx. Counter: 468}

Motion: SEN. MOHL moved to approve \$372,747 for FY96 for the community colleges if SB 396 passes.

Discussion: SEN. MOHL explained that if SB 396 passes, it will not go into effect until FY97. This motion will provide for the community colleges during FY96 before SB 396 takes effect. The motion to increase community colleges by \$776,854 would not be in effect if SB 396 passes.

Vote: Motion CARRIED 4-2 with SEN. JERGESON and REP. KADAS voting no.

EXECUTIVE ACTION ON MONTANA UNIVERSITY SYSTEM

{Tape: 1; Side: B; Approx. Counter: 527}

Motion/Vote: SEN. TOEWS moved to accept the boilerplate language for the Montana University System with the language change as presented by Ms. Whitney and Mr. Sundsted. EXHIBIT 4 Motion CARRIED 4-2 with SEN. JERGESON and REP. KADAS voting no.

EXECUTIVE ACTION ON COMMUNITY COLLEGES FUNDING

{Tape: 1; Side: B; Approx. Counter: 851}

Jeff Baker, Ph.D., Commissioner of Higher Education, said CHE continues to support state assumption of community colleges, but that support is qualified in light of the \$18 million budget reduction. Dr. Baker said the intent of the subcommittee for higher education is not clear if it is slowing the growth of the University System while giving additional funding to support growth at the community college level.

SEN. MOHL said the intent of the funding increase for the community colleges is to help district taxpayers who are responsible for supporting two higher education systems - the community colleges and the Montana University System.

Dr. Baker pointed out that the language says "additional money to help the community colleges prepare for additional students."

SEN. TOEWS said that although the additional money for the community colleges is primarily for taxpayer relief, there will be some additional students at the community colleges as there will be at the four-year units.

Motion: SEN. JERGESON moved to approve general fund appropriation for community colleges as lump-sum funding with the Montana University System.

Discussion: SEN. JERGESON said the intent of the motion is for the regents to use this funding keyed for mill levy equalization among the three community colleges districts and for a phased in reduction of fee waivers at Miles Community College and Dawson Community College.

SEN. TOEWS is also concerned about fee waivers and athletic programs, but to remain a community college, each community must "feel the pain" of their own decisions. These issues are community choices so he resists equalizing the community colleges.

{Tape: 2; Side: A; Approx. Counter: 8}

SEN. JERGESON said that lump-sum funding has been used as a rationalization for giving the Board of Regents flexibility to deal with budget decisions and there are some unique problems that need to be resolved as the community colleges are assumed into the state system.

REP. HOLLAND said that a time will come when it will be necessary to address the fee waiver issues but he will be voting against the motion at this time.

Vote: Motion FAILED 2-4 with SEN. JERGESON and REP. KADAS voting yes.

OTHER DISCUSSION

{Tape: 2; Side: a; Approx. Counter: 100}

REP. HOLLAND presented the subcommittee with information about the expenditures in higher education in Montana. EXHIBITS 5, 6 and 7 These figures show that there are more tax payer dollars being spent on higher education than just cost-of-education issues. Building projects and bond indebtedness are some of the expense areas.

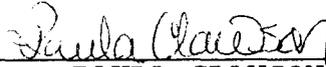
REP. KADAS commented that not all items reflected in the handouts used taxpayer money.

ADJOURNMENT

Adjournment: This meeting adjourned at 9:50 AM.



ROYAL C. JOHNSON, CHAIRMAN



PAULA CLAWSON, SECRETARY

RCJ/pc

[THIS MEETING WAS RECORDED ON TWO 60-MINUTE TAPES]

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EDUCATION

Joint Appropriations Subcommittee

ROLL CALL

DATE 2/17/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Royal Johnson, Chairman	✓		
Rep. Mike Kadas	✓		
Rep. Don Holland	✓		
Sen. Daryl Toews	✓		
Sen. Greg Jergeson	✓		
Sen. Arnie Mohl	✓		

Montana University System

The general fund appropriation for the community colleges is the state share of the total unrestricted budgets for the community colleges in fiscal year 1996 and fiscal year 1997. The total unrestricted budgets for the community colleges must be approved by the board of regents.

Any indirect cost reimbursements received by the office of the commissioner of higher education in excess of \$22,204 in each year of the biennium as a result of an increase in the federal talent search grant requires a reversion of a like amount to the general fund.

University system units are defined in 17-7-102(16). For all university system units except the community colleges, the agricultural experiment station, the forest and conservation experiment station, the cooperative extension service, the bureau of mines and geology, and the fire services training school, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium, contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst prior to approval by the board of regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system.

All university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the national center for higher education management systems program classifications structure, along with the college and university business administration (CUBA) system, as a minimum standard for achieving consistency.

The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide electronically to the office of budget and program planning and to the legislative fiscal analyst: (1) on January 1 and at fiscal yearend, the actual personal services data, which must tie to the actual expenditures as recorded on SBAS; and (2) by November 1 and at fiscal yearend, the budgeted personal services data, which must tie to the operating plan for expenditure of funds appropriated in [this act] and in the pay plan as approved by the regents. The personal services data described in subsections (1) and (2) must include but is not limited to the following for each position number: program number, responsibility center, budgeted and actual salary and benefits, fund type, and FTE position title and position type.

Included in state special revenue appropriations in item [Board of Regents] is \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997 from revenue generated under the provisions of 20-16-202, which requires each county in which a college of technology is located to levy an annual tax of 1.5 mills on all taxable property within the county. Revenue received by the university system under the provisions of 20-16-202 that exceeds \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-16-202 is less than \$990,000 in fiscal year 1996 and \$1,024,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Included in state special revenue appropriations in item [Board of Regents] is \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 from revenue generated under the provisions of 20-25-423. Revenue received by the university system under the provisions of 20-25-423 that exceeds \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997 is appropriated to the board of regents and requires a reversion of a like amount to the general fund. If revenue received under the provisions of 20-25-423 is less than \$13,497,000 in fiscal year 1996 and \$13,840,000 in fiscal year 1997, the commissioner of higher education may request a supplemental appropriation under the procedures contained in 17-7-301 for distribution to the university system. The supplemental request for the biennium may total no more than the difference between actual revenue and the appropriation.

Item [Board of Regents] includes \$114,000 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvement through the state building energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$73,500; Montana state university-northern, \$36,900; and Montana state university-Billings, \$3,600.

EXHIBIT 3
DATE 2/17/95
SB _____

Community Colleges Funding \$776,854 (Biennial)

Funds in item [community colleges funding] are removed if SB 396 is passed and approved.

This additional money is to help community colleges prepare for additional students from the university system. Even with this increase the cost per student is considerably less than the university and technical schools. Local communities should not have to pay more to help the state. The total increase proposed is \$776,854 general fund per biennium.

Montana University System

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University system units are defined in 17-7-102(16). For all university system units, except the office of the commissioner of higher education, all funds, other than plant funds appropriated in [long-range planning bill], relating to long-range building, and current unrestricted operating funds, are appropriated contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. For all university system units except the community colleges, the agricultural experiment station, the forest and conservation experiment station, the cooperative extension service, the bureau of mines and geology, and the fire services training school, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium, contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Requests for transfer and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst prior to approval by the board of regents. All movement of funds between the current unrestricted subfund and the designated subfund accounts must be clearly identified in the state budgeting and accounting system.

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REGENTS ITEMS - ARCHITECTURE AND ENGINEERING DIVISION

	DELEGATED PROJECTS	Budget
	University of Montana	
1	Family Housing Apartment Complex	7,772,000
2	Land Acquisition and Foot Bridge	1,650,000
3	Parking Lot Expansion	900,000
4	Parking Lot Renovation	1,000,000
5	Residence Hall Renovations	5,215,000
6	Residence Hall Renovations Life/Safety	2,785,000
7	200 Bed Residence Hall	7,000,000
8	University Center Asbestos Removal	3,500,000
9	Constr Off-Site Cold/Dry Storage	500,000
10	Constr Meeting/Locker Room - Grizzly Stadium	500,000
11	Student Health Service Reno/Addn	3,150,000
12	Prescott House Renovations	350,000
13	River Bowl Playing Field Renovations	125,000
14	Electronic Security Access System	60,000
15	Lodge Renovations	1,300,000
16	Law School Basement Reno	1,000,000
17	Lubrecht Forest Dormitory Bldg	875,000
		37,682,000
	Montana State University	
18	Install Campus Lighting System	2,100,000
19	Family Housing	4,300,000
20	Residence Halls Fire Sprinklers	2,500,000
21	Construct New Residence Halls	8,800,000
		17,700,000
	Total - Delegated Projects	55,382,000
	NON-DELEGATED PROJECTS	
22	Student Union Reno/Addn - MCMST	2,500,000
23	Construct Student Lounge - Helena College of Tech	600,000
24	Utility Sys & Infrastructure Improvements - MSU	6,800,000
25	Washington-Grizzly Stadium Expansion - UM	1,800,000
26	Renovate Apsaruke Hall - EMC	1,200,000
27	Computer Annex Addition - EMC	200,000
28	Renovate Family Housing - NMC	815,000
29	Repair Family Housing Heating System - NMC	400,000
30	Student Union Renovation - WMC	900,000
		15,215,000
	Total - Delegated and Non-Delegated Projects	70,597,000

GRANTS FROM HB6, 7,8 9

EXHIBIT 6
DATE 2/17/95
SB _____

	<u>U OF M</u>	<u>MSU</u>	<u>TECH</u>
	3,900	4,870	84,560
	15,600	7,800	
		15,600	
		26,320	
		100,000	
		150,000	
TOTAL	19,500	304,590	84,560
GRAND TOTAL		408,650	

**MONTANA UNIVERSITY SYSTEM
 CURRENT BUILDING PROJECTS**

(in millions)	State	Other	Total
UM other funds includes delegated projects, does not include life sciences building	14.6	45.6	60.2
MSU incl. AES/ES other funds includes delegated	21.4	33.6	55.0
Montana Tech	0.6	2.5	3.1
MSU Billings	0.6	2.0	2.6
MSU - Northern	1.4	4.3	5.7
WMC - UM state funds includes pool from 1985	0.7	1.1	1.8
Totals	39.3	89.1	128.4

PROPOSED BUILDING PROJECTS

As recommended by the Governor's budget
 (in thousands)

CURRENT REVENUES	LRBPF
Repair old main steam traps WMC-UM	55.0
Repair Brockmann Center MSU - Northern*	200.0
Museum elevator UM - Tech	350.0
Roof replacements	717.7
Life safety/code compliance - U. system	500.0
ADA accessibility	300.0
Total Current Revenues	2,122.7

AUTHORITY ONLY PROJECTS	Other
Authority only projects UM - all*	7,350.0
Authority only projects MSU - all includes plant and soil science building	11,575.9
Total authority only - Other funds	18,925.9

FUNDED WITH BONDED INDEBTEDNESS	State	Other	Total
Central Heating plant phase II MSU BO	3,000.0	2,200.0	5,200.0
Chemistry building renovation - Tech	4,536.0	1,509.0	6,045.0
Underground utilities expansion	6,000.0	0.0	6,000.0
Pharmacy addiiton/renovation - UM Missoula**	2,000.0	2,000.0	4,000.0
Total bonded program	15,536.0	5,709.0	21,245.0

*revised estimates are lower

**revised program by the system increases other funds to \$8.368

