

MINUTES OF THE MEETING  
OF THE LEGISLATIVE SUB-COMMITTEE ON APPROPRIATIONS FOR EDUCATION

January 26, 1977

8:00 A. M.

Room 132

State Capitol Building

Subject: University System

(Supplementals, Base, Contingency)

The meeting was called to order by Chairman Carroll South. The following members were present:

Sen. Matt Hims1  
Sen. Larry Fasbender  
Sen. Oscar Kvaalen  
Rep. Jack Moore

Rep. Ora Halvorson was excused from the meeting.

Chairman South welcomed the following persons to the meeting:

Koehler Stout, Montana Tech  
Ken Heikes, Eastern Montana College  
Dr. Lawrence K. Pettit, Commissioner of Higher Education  
Jack Noble, Office of Commissioner  
Vic Burt, Montana Tech  
George R. Bandy, Western Montana College  
Larry Clinton, Northern Montana College  
Joe Aslason, Montana State University  
George McClure, Jr., Montana State University  
Richard C. Bowers, University of Montana  
Mae Nan Ellingson, Montana Student Lobby  
Patricia P. Douglas, University of Montana

Also present in the meeting was Judy Rippingale, Fiscal Analyst, and John Krutar, Budget Analyst.

Chairman South requested supplements be given to the committees. He requested that they open the meeting by discussing the 1.4 million dollars that was to revert and it is now the understanding of the committee that it is sequestered at the six different units. His question was, "Why should the University system be allowed to spend that 1.4 million dollars?" He said that he realized that it is money from increased student enrollment and that most of it is from student fees. However, he said, one thing that concerned him is that each unit is required to hold out a percentage of that in relation to their total budget which does not really relate at all to where the money came from. Chairman South went on to say that he would need to ask someone from the Commissioners Office why this was done--if the student fee increase reflects a student enrollment increase, then why doesn't the money go to the school where the increase is being experienced.

Jack Noble answered that the 1.4 million dollar question was raised late in the biennium and at that time some of the money was built into the operating budgets. The issue was discussed in meetings with the interim finance committee and it was agreed then to withhold 1.4 million dollars back. Noble passed out supplements to the Committee which made explanation of the expenditure of the 1.4 million dollars in question.

Mr. Noble said, in regard to the supplements, a major portion of this money did come from MSU student fees. In essence what we did, he said, was give MSU the authority to spend those monies that had been ear-marked for student fees and we removed from them the money that was allocated from the discretionery account of general fund money. We then took General Fund money on the basis of Board of Regent guidelines and that money became a floater distributed to all segments of the universities. So, the reason the dollar is not coming back from the same source it was generated is because we have penalized MSU twice--once for having the money and once for refunding the money.

Dr. Pettit explained that MSU had been allocated between 900,000 and a million dollars out of the discretionery fund at a time when they had one million in student fee money that we didn't know about. Once we learned of that, we took away the \$900,000 and re-allocated that amount.

Chairman South said that he thought he and Dr. Pettit were looking at the money from two different perspectives: He said that "you are thinking if they have to give the money back, it will hurt, and I am thinking if we give you a supplemental, it should go to where the enrollment has increased. MSU has already been penalized for the additional student fees by our withholding some of the discretionery funds."

Jack Noble said that MSU produced one million dollars of this 1.4 million yet they were asked to sequester only \$446,000 and the reason the others were asked to sequester more money than they had produced in this 1.4 million is because we had taken \$900,000 back from MSU. The \$900,000 had been given to them when we didn't know they had a million dollars in reserve. In relationship to the guidelines MSU did get to keep a million more than other units.

Chairman South said that the information that the committee has is the UM did get to benefit because they came to us with the budget base that had \$419,000 more than they had spending authority to use. They got a budget ammendment to increase that authority during the session. Immediately afterward they got another budget ammendment for \$300,000 which gave them 3/4 of a million dollars since the guideline was applied for the discretionery fund. It is true that UM did apply for a budget ammendment in the Spring, 1975, as did other units. MSU did not seek a budget ammendment. It would have been more appropriate if MSU would have sought the budget ammendment in the years that the student fees were collected. Then we could have avoided this problem. All units were given the same opportunity to express this request and make needs known.

Chairman South said that it seemed to him that they are rewarding U of M for spending over their authority and penalizing MSU for not spending over their authority even though they could have.

Jack Noble said that he didn't think that he would express that in exactly those terms. The bill did provide for budget ammendment over the appropriated amount and the budget ammendments were justified and processed in the manner of the bill. "Whether U of M did benefit, I couldn't say, but they did step forth and justify it."

Chairman South said that MSU had the same opportunity to overspend and they didn't. "They hung onto it and now they are being penalized for not spending what they could have spent. It just doesn't make sense to me, They are being penalized because funds were withheld from the Regents Discretionary Fund." Each one of the units have been asked to sequester a certain amount of that 1.4 million dollars--doing it on the basis that they are not going to get the supplemental and that is what they're going to have to give up, but "I am looking at it if we give them the supplemental, more spending authority should go back to MSU because that is where the funds came from and they've already been penalized."

A comparative analysis of the two universities was given to the members of the committee. There was a discussion regarding the six-campus budgetary profile for the expenditures from 1974-75.

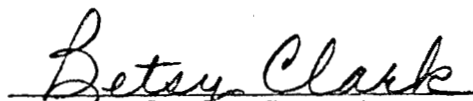
Chairman South said that the U of M was allowed to put into their base \$419,000 which they didn't have authority to spend. This automatically increased our appropriation to them. By giving the budget ammendment before the Regents applied their guideline for disclosure of the discretionary fund for another 1/3 million, they were granted more spending authority. Then they would get more of the discretionary fund because they had a higher base. MSU provided us with a budget that was exactly the amount of their spending authority which gave us the base upon which we gave our budget. It was not inflated by us in our appropriations. The Regent guideline was applied against that more accurate base. When it was found that they could have had some budget ammendments to spend their student fee money and they did not get it, then they were penalized and the discretionary fund taken away from them. This, he felt, would cause a ripple effect and it has an effect on how we're basing our 1976 budget this time.

MSU is asking the legislature for \$450,619.01 to pay the costs of a judgment that has been made against the school because it was found to have discriminated against women faculty members. Judge William D. Murray, U. S. District Court, Butte, heard the case. The amount was determined by a committee that he appointed. George McClure testified concerning this matter. The committee investigated 138 women faculty members and found 81 who had been discriminated against. The pay dates back to 1972-73 and the

major part of the money is for \$274,453 to pay back salary differentials from what men were paid for the same type of work. Another \$81,000 was requested for adjustments to the women's salaries for this year. Two-thirds of the settlement went to the nursing faculty but the highest individual settlements went to two women in the physical education department. They were better qualified than the men they were working with but were receiving lower wages. Mr. McClure did not have a complete breakdown of the figures but he said that it also included \$50,596 in legal fees and expenses and \$20,796 for the university's share of social security payments. The Governor allocated \$454,000 to pay the judgement with \$300,000 of it to come from the state's general tax funds and the remainder from money earmarked for MSU programs. The deputy budget director, David Lewis, was present and he said, "That was what we had available in the general fund when we made the estimate and the university will have to pay the rest of the settlement."

A tape has been made of this meeting and is on file in the office of the fiscal analyst.

The meeting was adjourned at 11:15 A. M.

  
CARROLL V. SOUTH, CHAIRMAN  
Betsy Clark, Secretary