

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

February 16, 1977

8:00 A. M.

Room 132

State Capitol Building

Subject: Community Collges

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

Sen. Matt Himsl
Rep. Jack Moore
Sen. Larry Fasbender
Rep. Ora Halvorson
Rep. Oscar Kvaalen

Vernon Kailey, President, Miles Community College; Jim Hoffman, President, Dawson Community College; and Richard Mattson, President, Flathead Valley Community College.

A witness sheet is attached.

Chairman South called first upon Jim Hoffman of Dawson Community College who made his presentation of budget. He said that the 9.8% biennium increase as outlined in the fiscal analyst's budget would not be adequate. They requested seven new positions, the Regents approved six and the analyst recommended 3.9 positions.

Mr. Hoffman introduced Mr. George Samuelson, Board Chairman, who spoke to the committee concerning the local board's postion in regard to the budget.

Chairman South pointed out that the fiscal analyst's recommendation did not include a cost of living increase.

Chairman South asked how a full-time student is computed at Dawson. Mr. Hoffman said 15 credits a quarter or 45 a year is a full-time student. Their tuition is lower than the other two colleges for in-district students. They are in convormity for out-of-district or state students. They last raised tuition at Dawson about three years ago. Chairman South asked how they determined a residency status and he answered by Regents' policy which is one year's residence. The point being that the student can establish residency.

Chairman South asked what the policy was on fee waivers. Mr. Hoffman said that there is a merit scholarship. They have an arrangement with the high school. They use the high school for some classes and for every 90 hours useage they award one merit scholarship. They extend these scholarships to outlying high schools. They also have basketball scholarships, girls' track, and rodeo participants. Currently, there are twenty-two athletic scholarships.

Chairman South said that the community colleges couldn't continue to increase budgets without raising studentfees and that it should be done at a regular-interval and not wait until there is a need to catch up. He suggested that fee waiver and financial aid policies should be based more on the concept of need. Mr. Hoffman pointed out that nationwide the trend is toward tuition-free community colleges.

Chairman South said that he thought that there should be an evaluation of the tuition plan at the community colleges. He said that they do have the option of raising tuition and lowering taxes. Mr. Hoffman said that by raising tuition which is part of the 35% local share all that is being done is lowering the mandatory portion of that 35% but the community college is not being given any more budgeting authority. Chairman South said that he was aware of that but he was referring to the total amount of taxes that people in Dawson county pay whether it is mill levy or a mandatory tax. Chairman South said that his concern is that everyone should be able to go to college whether they can afford it or not and raising tuition is not going to affect alot of students.

Chairman South asked if there were any trustee policy in writing regarding the vocational-educational reimbursement monies. The Board sets this money aside for future needs or building needs in the vocational areas. They anticipate using these funds for any new capital equipment.

Chairman South asked what building plans they had in mind and Mr. Hoffman said that currently they are considering a lease or purchase of a building in the community for ag-business mechanics and welding and the water technology course that they have started. South cautioned against using reimbursement funds for leasing or buying a new building since there is no guarantee that they will always get reimbursement.

Chairman South pointed out that their presentation showed that federal funds were diminishing in 1977-78-79 and he asked if it was their intent that the state pick up those employees. Mr. Hoffman said that they did include the loss of the federal funds in their budget request. South said that this was an area of concern to him when federal funds are used to hire FTE's and then the state is put in the awkward position of either funding the position or getting rid of the employee. Mr. Hoffman said that in their case it did not represent that large an amount of money. The second year of the biennium it would amount to \$51,000 if they picked up all four employees. He said that they anticipate receiving \$23,639 in federal money and the balance of the four employees' salaries is being paid locally now. So, for the second year it would be \$51,000 minus 23,639.

Rep. Halvorson asked how many high school districts there are in Dawson County and was told there are two. However, they only encompass Dawson County High School district and must charge Richey County High School District students an out-of-district fee.

Rep. Halvorson asked if DGC had something pending before the Coal Board in the form of a request for additional funding for impact because of the coal. Mr. Hoffman said that their request had been turned down. They felt that at this time they cannot document direct coal impact, and although some coal impact can be shown primarily through the railroad, it cannot relate to the college. They would like to submit an application and plan to do so as soon as they complete their census. The Coal Board gave the city-county money to run a census so that they can document growth. The only recourse they have right now for capital expenditures is to run a bond issue.

Sen. Fasbender asked if the continuing education programs were self-supporting and Mr. Hoffman said that there are. Sen. Fasbender asked if the community service programs were self-supporting and Mr. Hoffman said that a good many programs were paid for through the one-mill levy adult education. Some courses are offered free of charge because of that mill levy. This type of course is not included in the enrollment figure that they turn in. They turn in only credit classes that generate FTE. Sen. Fasbender asked if it was their intent to have the state pick up 65% of the continuing education classes. Mr. Hoffman said that it did put them in a less favorable light that they were not including community service courses and students in their figures. Sen. Fasbender pointed out that the budget was including a portion of salary for a faculty member--Bob Schall--65%--which was paid by federal funding and now would be paid by state which would be considered to be a new program as far as funding is concerned.

Sen. Fasbender asked "when you say that the state's share of 55% of the total budget--is that 55% of the budget that the legislature authorized or is that 55% of the money you expended." Mr. Hoffman said that it was 55% of the money expended. Sen. Fasbender said that if the legislature authorizes a certain level of funding and you exceed that, then obviously we fall below the 65% share. Is that a percentage of the total budget authorized or is that a total of the budget the Regents authorized or is that a percentage of the total budget you expended. Mr. Hoffman answered that it was their actual expenditure.

Jack Noble, Commissioners Office, said that in regard to the continuing education, this is one reason why the one mill adult levy is treated as neutral money. They did not get 65% leverage on their one mill adult levy so on the issue of whether the state is indirectly financing community college continuing education, the only way you could get to that figure is if the continuing education activity is greater than the one-mill adult levy, then, yes, there would be some spill-over in the support of continuing education. This is why this money is considered to be neutral money by the Regents.

Sen. Fasbender said that in the new budget if the state has to start picking up funding that was federal, that will be worked into the whole budget and continuing education comes in on top of that and if those programs are self-supporting, then it becomes double funded.

Jack Noble pointed out that it is a difficult problem for the community college since they might offer courses which are credit, non-credit, and free of charge. He said it is a joint-cost and joint-benefit thing.

They also discussed how determination is made to offer credit for a course. Noble said that this decision is made by faculty.

Chairman South said that it is important that there be uniformity in counting FTE at all three units. Noble said that they did not try to derive a student-faculty ratio in regards to determining number of faculty at community colleges. He said that it is difficult because many courses are six week courses and might begin in the middle of a quarter. Dawson is shorter in FTE's because of the way they are counting them. Chairman South said that there must be an equitable decision between the three colleges. At Dawson there are 206 students taking night courses and the full-time FTE teach at night school. They are paid for evening teaching with the fees generated by the course. Some of the courses are credit courses and some are not. Some of the night students are also full-time day students. Noble said that in figuring the budget they consider each new position and also the merit of the course. They also consider whether it is a permanent course or a short-term thing being offered in the community. George Samuelson said that when the trustees of the three colleges met in Billings, they discussed the seriousness of the problem and the need for uniformity within the three units.

Chairman South referred back to a figure of \$620,000 that was the total budget authorized by the Regents. In the audit for FY ending June 30, 1976, it shows educational and general expenditures being at \$740,762 and the difference would be adult education and federal funds added to the figure given in the Regents' budget.

Mr. Hoffman said that any monies from community service courses is deposited with the county treasurer. Sen. Fashbender asked if the money was accounted for separately and Mr. Hoffman said that it was.

Chairman South asked about the figure of \$99,674 fees listed in the restricted portion of revenues. Mr. Hoffman said that the auditor had included institutional fees and workshop revenues in that category. South asked him what he considered an institutional fee to be \$5 of the \$20 that they have. It also includes 3% NIH administrative fees as well as workshop fees. He said that he thought the \$5 portion of the fee would be the same as designated funds at the university. However, Charles Kinz said that the \$99,674 was not fees but that the amount included some Title III money, graduation fees, PSE program, salary for custodian, GED applicants. He said that he knew it was a poor way of accounting for these funds but that was the way it had been done. He said that he knew about it because he saw the fund and asked the auditor what it was. Of the \$99,674 amount, \$22,000 was federal funds that were part of a match with a 10 mill levy carry-over from when they built on to the college. Of the match money that they used, \$22,000 was left over and this was included in the \$99,674.

Sen. Himsel asked if all extra money was put into this account and where it was invested. Mr. Hoffman said that it was in an account at the County Treasurers and local banks invested it so this amount also includes interest.

Rep. Kvaalen asked by what authority new vocational-educational programs are started and Mr. Hoffman said that permission is granted by the local Board. They are responding to the need in the area as surveyed by Northwest Regional Educational Association in Portland and programs are funded locally until they see that they are a worthwhile program. At that time they would present the request for funds to the Regents. Rep. Kvaalen pointed out that the Board of Education is supposed to grant permission to begin vocational-education programs. Mr. Hoffman said that since programs are funded locally, they didn't think that they needed to get permission from anyone if their Board saw fit to start a program. Mr. Lannan, Coordinator of the Community Colleges, said that only the programs approved by the Board of Education would be eligible for state reimbursement funds. Rep. Kvaalen asked if the Vo-Tech instructors are part of the FTE's included in the budget and Mr. Hoffman said yes. There was discussion regarding the various courses offered through vocational education.

Vernon Kailey, President of Miles Community College, gave a brief history of the community college and discussed its mission in the region. He said that he didn't think it had ever been funded as a post-secondary institution to the extent that they need for operation. Vocational education is twice as expensive as regular academic education. All comprehensive community colleges operate in three areas--academic, vocational and community service. Courses are offered in several surrounding towns. While the cost of the instructor is paid by the generating fee or the community, he said that he felt that the state has an obligation to direct some funding into community activities. Dr. Gerald Rowen, Miles CC trustee, spoke to the committee regarding courses offered. About 102 students have graduated from the nursing course offered which is 2 years in length and costs about \$2000 to complete. Graduates are registered nurses. They take the state board exam in Helena. One-third of the nursing staff at the local hospital and the VA hospital are graduates of the nursing program. About 80% have stayed in Montana to work. They said that they need funds to continue the program. Of the federal money that came into Montana in 1974-76 for vocational education, Miles CC received \$18,000 in 1974-75 and it went up to \$20,000 for 1975-76.

Mr. Kailey referred to a letter that he had written Carroll South. He said that he had held out \$40,000 in residual. He said that it would be the same type of fund that Dawson had deposited with the county treasurer.

More room is needed for electronics and auto mechanics. They will need this money for land or building. They will also need some equipment.

There is a one-mill levy in this county for adult education and all funds are kept separate with the county treasurer. It is not a part of the 65/35 state-local funding. He said in his written report he had over-estimated the tuition expectation.

Chairman South asked if Miles was including continuing education hours in the projected enrollment. Mr. Kailey said that they count everyone who takes classes at MCC as students. Each student costs just the same whether they are receiving credit for their work or not. They count credit equivalence in all programs. However, there are many community service courses that aren't counted; therefore, they generate no FTE.

Chairman South asked if Mr. Kailey was then saying that the non-credit students are totally self-supporting. Mr. Kailey said they are self-supporting only in the classroom. He said that they don't pay any portion of maintenance, administration salary, utilities, but only pay for their teacher, materials, etc., in the classroom. He said that he felt this was true of all courses no matter where they were taught. He said that education would be very expensive if it cost the student for all of these things.

Chairman South asked if the state was picking up part of the bill for community service courses in this way. Mr. Kailey said that the state is paying part of the bill and it should be--that community service courses are of real value to the local residents and the community itself and that these people in business have as much right to have education subsidized for them as the eighteen-year old student at the university. Mr. Kailey said that day care for children of student parents is also needed. He said that there are many one-parent families. Some of them have been on welfare and want to be able to go to work. He felt if the state could provide day care for some of these students, it would be reflected in less public welfare assistance. There was some discussion at this point since South said that he would have to view education in terms of credit earned toward a degree--that there is some concern as to whether the state should continue to fund continuing education or portions of community service courses.

Chairman South said that he agreed with Mr. Kailey's philosophy of education but at least a student would have something in his record bearing credit if the course had offered credit. He said that it was just a line of distinction that had to be drawn if there were just so much money for education. Mr. Kailey said that he didn't think that the community courses generated any FTE because they are usually taught by someone in the community.

Chairman South asked how this would compare with the head count of 206 at Dawson and Mr. Kailey said that he didn't know what the FTE would be but he doubted if it would be very great. There was considerable discussion regarding courses offered for credit and non-credit courses.

Chairman South asked if they are doing renovation at this time and Mr. Kailey said only regular maintenance work.

Rep. Halvorson inquired about the nursing program--if it were LPN or registered nursing course. They said that their graduates are registered nurses, having passed the state board exam in Helena. They take the same exam as the four-year nursing student. They can transfer after the two years to a four-year college and complete the necessary two years for a degree.

Dr. Lannon spoke of legislation that has recently been passed in New York which makes it impossible for a registered nurse to do some of the work which they have been doing without having a degree. He said that this might not be as important to them in the east as it is to rural Montana--that they have some two-year registered nurses who are working as charge nurses and doing a very good job and who will probably stay in rural Montana. He emphasized the seriousness of this. He said that the only reason they were surviving in southeastern Montana medically was because of this school and that because nurses graduating from the program were staying in that area. There appears to be a serious gap in the medical profession in southeastern Montana, he said, due to the influx of people in the last few years. He said that there were many girls who would not have had the money or the desire to leave that area for schooling who are now working as registered nurses because of the nursing course at MCC.

Sen. Fasbender discussed with Mr. Kailey the continuing education program. Sen. Fasbender said that he felt the school would be doubly reimbursed for these courses because they would be receiving state money as well as tuition and fees. There was some discussion regarding this. Jack Noble and Bill Lannon were also involved in this discussion which has been recorded in full on tape.

Mr. Kailey reiterated the need for community service programs and rehabilitation for local persons who are needing to either train or re-train in order to make a living.

Richard Mattson, President of Flathead Community College, went into his position at the college January, 1977. He brought members of the Board of Trustees and two students with him. The budget was presented to the committee. They discussed the needs of the college and cuts that had been made in music, art and drama because of financial need. They feel they need an associate dean of instruction. They are turning students away in forest technology and secretarial science. Both are vocation education programs. They have an LPN course. They do not have health service, housing or food service. When they have to cut operations it comes directly from instructional areas.

Chairman South asked if they are acquiring land or buildings within the budget structure. Mr. Mattson said that this is true. South said that the community college concept is that of the local community supplying the facilities. Again he stressed uniformity--the state cannot buy or furnish buildings at FCC and not at the other two community colleges. In 1969 FCC requested permission to be included

in the long range building program but at that time they were not under the Regents control and the request was refused. Mr. Loft of the Board of Trustees spoke to the committee. He said that they had talked this need over with county commissioners and since 1969 they had made no attempt to hide the fact that they were buying a building. Previous legislative committees had knowledge of this.

Chairman South pointed out that one of the buildings was purchased in 1975 after the legislature was in session. Rep. Kvaalen said that he thought the people in Flathead County had voted down a bond for new FCC buildings but Mr. Loft said that was not true. Nothing had been on the ballot for a bond but they had turned down a mill levy not for construction but for other FCC needs.

Chairman South said that the Regents need to set a policy regarding whether or not the state will furnish buildings for community colleges. Jack Noble said that the same thing holds true for the other two colleges because they are allowed money to rent a building.

Mrs. Watson, FCC, said that in the beginning all of the facilities were rentals. They had then been offered the opportunity to rent a building with option to buy which they did. They felt it was a wise thing to do. They are paying the same amount that they had been paying.

Chairman South asked if Dawson was buying any buildings and Mr. Hoffman said that they weren't right now but they are looking for a building out in the community for a shop. Mrs. Watson pointed out that for the same amount of money they have acquired a much larger building that will in ten years be theirs. She said that she considered it a good buy. In addition to the building they are buying, they have acquired some rent-free space that is being utilized by the college. In addition, they have done some renovation which is being paid back with state funds. Mr. Chapeau, Administrative Assistant to the President, also discussed \$50,000 which the Regents gave them. Rep. Moore pointed out that it was money they were not entitled to--that the Regents made a mistake and gave them money that was suppose to go to the university units.

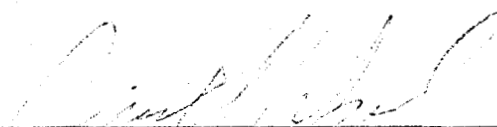
Projected enrollment for 1978-79 were discussed. Mr. Mattson referred to a letter that went to Mr. Noble and a copy to John Krutar. Figures were 890 for 1975, 900 for 1976, 900 for 1977, 1200 for 1978 and 1250 for 1979. South pointed out that enrollment projection had gone from 900 to 1200 in one year. He felt this might be unrealistic.

Sen. Fasbender inquired about the budget worksheet where neutral funds are shown in 1976 in the amount of \$76,000; in 1977 - 5,000 and in 1978 biennium it is back up to \$40,000. He asked what was causing this fluctuation in the budget. Mrs. Watson said that they had federal funds in 1976 that they didn't have in 1977. In 1978 they are projecting what they are requesting from the state. Fasbender pointed out that the \$40,000 figure is shown to be federal funds. Jack Noble said that FCC had received a \$154,000 grant from their unemployment manpower. Fasbender said that their audit showed unrestricted total revenues of 1.87 million dollars and on another sheet they have shown 1.536 total operating costs. Mrs. Watson said that the auditors have included CEDA grants on the one worksheet that were not included on the other sheet.


Chairman South said that in July, 1976, they submitted to the Board of Regents their budget request for that year. In listing their revenues they list \$350,000 which would have brought their sum total to \$1,707,000. On the budget they presented for 1977, their actual projections are 1.4 million. The \$350,000 difference was for a Title III request. Fasbender also inquired about entries that were entitled "loans to students and advances to faculty" and "allowances for doubtful accounts." They said that some loans are made to students and short-term advances to faculty that are immediately taken out of the next salary check.

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

The meeting was adjourned at 11:45 A. M.



CARROLL V. SOUTH, CHAIRMAN



Betsy Clark, Secretary

WITNESS SHEET

NAME

SCHOOL / AGENCY REP.

Norman Kaulby	Miles Community College
Jim Hoffman	- President Dawson C.C. - Glendive
Gary Samuelson	- Trustee - Dawson College
Charles Kintz	Dawson College - Glendive
Bill Langan	- Coord. of Comm. Colleges. C.H.E.
Gerald Rowan	Miles C.C. Trustee
Bruce J. Jarrett	Flathead Valley - Student
Legn Robbier	Trustee FVCC
Raymond A. Debus, Jr.	Student FVCC
Richard Mattson	Flathead Valley Community College