

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

March 11, 1977
8:00 A. M.
Room 132
State Capitol Building

Subject: Work Session

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

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

Also present for the meeting were Judy Rippingale, Fiscal Analyst, and John Krutar, Office of Budget and Planning.

Present for the meeting for testimony were:

Richard C. Bowers, President, University of Montana
Dale Tomlinson, Staff, UM
Patricia Douglas, Staff, UM
Robert Stockton, Office of Superintendent of Public Instruction
Bill Byers, OSPI

Chairman South asked Dr. Bowers to discuss Plant Maintenance of UM and the FTE that are included in this operation. UM has 23 more FTE in that area of service than MSU even though they contract all of their custodial service. A general comparison was made of MSU and UM in budget since schools are similar in size. Dr. Bowers said that he didn't think that MSU includes any of its FTE in their figures who are paid through charge backs. They are not included as FTE's. UM includes these employees paid through charge backs in the count and Dr. Bowers said that this is where the difference lies. He said that if UM took out these employees it would be 15.5 fewer in count. They had data which was given to the Committee showing figures. The data which was given to the Committee showing figures. The data detailed the expenditures of the two schools in a comparison study. The total expenditures in the operation of Maintenance of Plant differs in the amount of \$85,000. Dr. Bowers said that it was difficult to compare figures because they didn't think that MSU's craft employees are budgeted in this amount.

Chairman South asked Dr. Bowers if they have 15.5 FTE shown in the 85.3 FTE that are being re-charged for. Dr. Bowers said that was true. South then asked where the re-charges are shown and Bowers said that the re-charges are shown in the Plant budget. The re-charges are netted against the expenditures.

Tomlinson said that the dollars are netted, subtracted, as is the case from MSU's. Re-charges are netted against the expenditures to that level. MSU's presentation goes on then to also net the FTE. UM did not do that. Chairman South said that he didn't remember the FTE showing in the re-charge schedule that was sent to the Committee. Tomlinson said that the FTE were shown but not identified.

There was discussion here regarding re-charges and Tomlinson again said that the FTE were in the original re-charge schedule that was sent to the Committee. A negative is shown as other compensation. Dr. Bowers said that when they budget, they under-budget the physical plant and then the expenditures are always larger than they budgeted for through the re-charge. They are given authority to spend at the level that they feel is necessary but then build in a re-charge amount that we think they will generate and net that re-charge against the positive expenditure authority thereby reducing the over-all positive amount. They are consistent with MSU in that respect. South said that MSU does not show that reduction in actual expenditures for 1976 in the same worksheet that you have. South asked Dr. Bowers and staff to get together with Judy Ripplingale, Fiscal Analyst, after the meeting.

There was discussion regarding the computer at UM being put into a designated account. Dr. Bowers pointed out that at MSU the crafts and the computer are self-supporting. He said that when you net those up they have 23 additional FTE which is equivalent to the janitorial contract and 15.5 that are being recharged. There are 24 crafts that are included in UM's budget but not in MSU's and the net of those three figures is 16.5 FTE. Bowers said that they thought UM's FTE would be about the same as MSU's. A portion of the crafts are charged back. Bowers said, "We think that our expenditures compared to MSU Operation and Plant are quite similar for about the same sized plant."

Chairman South said that he didn't know just what they included in Repair and Maintenance but it seems that MSU is spending a lot more in this area than UM is. In 1976 UM spent \$87,000; MSU spent \$197,000. In 1977 UM is projected to spend \$12,000 for Repair and Maintenance and MSU is going to spend \$269,000. South said that he didn't know what was included in that but it would appear that MSU is better maintaining their buildings. Bowers said that he couldn't really speak for MSU. He said at UM there are recharges for repair and maintenance type work. What occurs is that the Physical Plant is given a budget at the beginning of the year and a recharge is provided in their budget representing the amount of money that will flow from other campus departments to the Physical Plant to do repair and maintenance work. That is why UM spent \$87,000 last year and we show \$12,000 budgeted at the beginning of this year. There will then be a flow of money throughout this year to Physical Plant to cover the work that they do on campus that we feel will qualify repair and maintenance. Whether we feel the same things qualify as repair and maintenance as MSU does, I couldn't say.

Dr. Bowers said that they didn't know if that amount of money for MSU includes personnel. Chairman South said that MSU is also spending more money on capital equipment than UM is. He said that his concern is not with the bottom line of the budget but how it is distributed and whether the fact that you are not spending money on capital is going to catch up with you. Bowers said that he is afraid that they will have some major capital needs to take care of in the future because their capital equipment funds have gone to take care of other things instead of buying the capital they need. He said that he thought throughout the university--in all departments--they are spending too little on capital equipment.

There was discussion regarding a letter that had been sent to the University administration from the Committee giving them the figures of decrease in faculty and support staff, based on enrollment decrease, that they felt was now necessary. Chairman South asked Dr. Bowers if they understood how they arrived at the figures. South explained by saying that in terms of support staff, you used a cost or expenditure per FTE student for support staff and that is how you arrived eventually at the number so what that is doing, of course, is putting all our support services aside from Physical Plant. I understand, South said, that Physical Plant, Research and Extension is outside that but all other support services are driven entirely by enrollment.

Dr. Bowers said that is their understanding; however, they would argue that. He said that although they may be somewhat dependent upon enrollment, they are not as dependent on enrollment as other things. In terms of faculty we understand that you used a 19.6 percent student-faculty ratio to determine that figure and I have argued that because of the UM greater percentage of enrollment at the graduate level and at the upper division as straight number of student-faculty ratio is not really detailed enough. Chairman South said that the Committee was aware of this.

Dr. Bowers said that they fully recognize the Committee's concern and it is their concern, too, that their enrollment has dropped and has not increased as much as MSU's. Perhaps, MSU has been penalized. It is difficult to argue that very much but from what we can figure, he said, this would be an extremely severe impact on the University of Montana. (He was speaking of a decrease in support staff and faculty suggested by the Legislative Committee in a letter to the administration, i. e., 77 faculty decrease and 51 support staff decrease) Dr. Bowers said it would mean a very sizeable decrease.

Chairman South said that no one has come into the meeting with a suggestion of what can be done about this problem--no one has come up with a plan, he said. The fact is, South said, that MSU has 1200 more students than UM and you want the same amount of money. South said that he didn't think that was fair. If MSU must have more faculty and more support staff because of increased enrollment, and obviously, they would need more with that much increase, then it would also stand to reason that if there is a decrease in enrollment, there would have to be a decrease in personnel.

Dr. Bowers said that when the Regents adopted their budget, they did take into account in the faculty personnel that there had been an enrollment decrease. The Regents used the 19.6-1 student-faculty ratio for all its support for both institutions. Their budget was developed prior to our knowing the enrollment. In the fall we did revise that enrollment figure. Bowers said that they did accept the 19.6-1 student-faculty ratio although we argued that it didn't take into account the difference in levels of curriculum and with the change in enrollment, the budget would be changed. The Board of Regents have already submitted that budget. Bowers said that we have now submitted enrollment revisions and are already prepared for a decrease but now applying the 19.6-1 student-faculty ratio, it is made very severe. According to our calculations, Bowers said, what these per sonnel figures would mean is, assuming an over-all salary increase of 5% for faculty, a decrease in faculty of 78 and our support personnel by 51.

Chairman South said to Dr. Bowers, "What are your intentions since your enrollment is down 1200? What do you think this Committee should do? MSU is not here to say anything because they know what we have done and they are happy with it. You (UM) are not happy with what we have done and you are here, but no one has come in here with any suggestions about what we can do--that is one problem that this Committee has. This Committee has to make a decision based on the enrollment increase at one unit and the enrollment decrease at the other unit and we must make this decision right away."

Dr. Bowers said that he can understand that with a drop in enrollment there must be a decrease in faculty but he does not feel that support staff level is that affected by enrollment fluctuation. Most departments just have one secretary and it will be difficult for departments to share staff. He said that he felt it was impossible legally to cut back without first adjusting to the cutback within each department. He said that to face next year with a dislocation like this would be impossible--that it would be most difficult to rebuild the enrollment without the support staff that is needed. He said that in terms of a suggestion, he would say that the Board of Regents had used a formula, or some modification of it, that took account of the level of offerings and the high cost of programs. The legislature was not satisfied at all by that formula, he said, and that is one of the reasons why the Board of Regents backed off.

Chairman South said that the Committee's opinion of that formula was that the university first determined how much money they needed and then they made the formula fit it.

Dr. Bowers said that he was not involved in the evolution of that formula. He said that he felt it was a formula that took account of the courses offered and their cost.

Chairman South said that the formula was not based on any historical trends here in Montana. Dr. Bowers said that was true--it was based on national figures.

Chairman South said that the Committee didn't buy it then and the Board of Regents really didn't buy it either when it came time for them to spend the four million dollars that had been appropriated for universities. Obviously, he said, they saw a few problems with it when it came their turn to make some decisions. But, he said, our problem is that somehow we have to address this difference in enrollment. This Committee is trying to make a rational decision. Those who are affected detrimentally come in to object, which is fine, but before too many days, we are going to have to make some decisions.

Dr. Bowers said that the enrollment at the University was down about 400 this year but they were only off 200 from their estimate. He spoke of extension figures which the Regents considered in their figures but the Committee didn't include. He and Pat Douglas discussed extension which they said in on the increase. South said that he would rather wait to discuss extension since the Committee had not made a decision regarding extension at that time.

Dr. Bowers said that they revised their estimates for the whole year when they saw the enrollment was decreased. Rep. Halvorson asked if they anticipate a drop in enrollment for the next year and Bowers said that they do not. Halvorson said that national trends are that college enrollment are decreasing and how did they figure to increase enrollment. Bowers said that he knew that college enrollments are dropping all over the nation but they had figured their decrease was due to three major things: (1) That the St. Patrick School of Nursing closed and they lost about 75 students; (2) The University graduated their largest class so there was a built-in loss there; and (3) The percentage of returning students was down. The last reason they don't understand, he said. Bowers said that it seems that enrollment is back up some this winter quarter and the rationale for that seems to be that many students have jobs in the fall which they elect to stay with when school starts. This puts many students into school in the winter and spring quarters that have not been there for fall quarter. He said that new student enrollment did not decrease.

Chairman South asked if their projections are including extension and continuing education. Dr. Bowers said that they have included both. South asked what their projection is without including any figures for continuing education and extension. Bowers said that on-campus full-time students for 1977-78 projection is 8,340 and for 1978-79 is 8,423. This is without extension and without continuing education but it does include AFFIT and SRS. If those are taken out, it would drop by 130 and 133.

Chairman South asked if these projections were made before the fee increase and Bowers said they were. South asked if Bowers thought a fee increase would have some effect and Bowers said that it could. He said that he doubted that it would affect the in-state students because we are all in the same situation but it could very well affect the out-of-state people coming in for education. In addition, Bowers said, extension would add 616 in the first year and 770 in the second year. Bowers again said that when the Regents adopted their budget, they were including extension and when they applied the 19.6-1 student-faculty ratio what it meant for the university was an even number of faculty from the previous year and

for MSU that meant a sizeable increase in their faculty.

Chairman South said that the Board of Regents never did consider how much money was available when they adopted their budget. We have to consider funds available. Bowers said that he felt the Regents were acting in a responsible manner when they considered the needs of the university system.

Chairman South asked what would happen if they broke out instructional support based on the enrollment? Bowers said that they hadn't analyzed that. A big share of the academic support is in the library area and those costs are not that closely tied to numbers of students. The personnel in the library is involved with cataloging, reference work, bibliographies, etc., Some of these positions cannot be eliminated if there are students there even if there are fewer students. If there are 19 students, he said, instead of 20 students, you still have to have some of these people in the library. You simply can't take a secretary away from a department if that is all they have. Bowers said that he was concerned about restructuring the support staff. I guess, he said, what I am detailing to you is my management problems but I feel with a cut in support personnel like that which has been suggested, it would have a severe impact upon the university.

Rep. Halvorson said that she felt this should be considered by the Committee. She said that a decrease of 400 the last quarter would not be noticeable in each department since it would be scattered throughout the departments. She said that you couldn't decrease staff and move them around just because there are a few less students in that one class. In the support area no matter where you look, one or two less students, he still has to have the support staff for the ones who are left. She said that perhaps 400 aren't there this quarter but 8000 are. You can't move secretaries all around because one or two students aren't in that particular class right now.

Chairman South said that the Committee is not comparing UM in isolation. We'll have MSU come in and say that they are 1200 higher in enrollment and that they must have more secretaries. It seems to me that if we are going to play the ball game, South said, with certain type rules, that those rules are going to have to stay the same whether you are winning or losing.

Chairman South said that if it is true that support staff is not in any way related to enrollment, then there is no reason to even consider an increase for MSU. Bowers said that he did understand what the Committee must try to do but he also is concerned about what he will do in trying to run a school without the staff that it takes to do the job.

Chairman South said that everyone knows that we are not going to buy the Regents budget. We have a real disparity between two units of comparable scope and size as far as Plant is concerned and we are expected to take the increased enrollment into account in one case and not take the decreased enrollment into account in another case. I don't see how we can do that and treat either one of the units fairly.

Dr. Bowers said that the university is prepared to address this problem in a longer-term manner but we can't address the problem, legally, in a short period of time as the Committee is asking us to do. We feel that, legally, we could decrease by about 15 by taking into account those resignations and retirements that normally come in each department. It is already a high student-faculty ratio and to cut back as the committee is asking us to do would be a great disservice to the students. Bowers said that legally they could only cut back about 15 the first biennium. South said that this is all that the Committee is expecting them to cut back. It is true that it will give them a higher student-faculty ratio. Bowers said that they can see how they could do it this way, but his understanding was that that was not what the Committee was asking him to do. Bowers said that he understood that the Committee is talking about a decrease of 78 in faculty and 51 in support staff right away.

Sen. Fasbender asked if the University decreased 15 the first part of biennium, what could they expect to decrease the second year? Bowers said if they took action right away, they could expect to decrease a fairly substantial number the second and third years. Most faculty that don't have tenure could be released.

Sen. Fasbender asked if the University had included a 5% cost of living increase. Bowers said that they had. The Committee had not included a 5% increase in their figures. Bowers said that the figures would be 65 if they gave the salary increase and 44 if they don't. He said that 65 would give a student-faculty ratio of 20.3-1 according to their figures which he didn't think would be accurate. I have told the Committee that we are determined to try to maintain any program improvement money that is appropriated for the library.

Sen. Fasbender said that he was more concerned about what is going to happen as far as staff is concerned. Bowers said that what they have considered and based figures upon are the figures that Judy Ripplingale called over to them plus a 3.65 cost of living added in. He said that this is what we have done to come to what we would estimate you would appropriate given your current thinking and then we have taken our average salary on campus this year for staff, multiplied that by 5%, to estimate a 5% cost of living increase. That is where we have gotten the figures of 77 for faculty if we gave the 5% increase and 51 for support staff or computing 3.65% on to the figures that were given them by the Committee.

Dr. Bowers said that they received the figures just two days prior and haven't had time to analyze where they could turn to for support staff or what impact it would have on the academic programs. The impact would be on the computer, the entire business operation, student service areas such as counseling, placement, etc., where there are already tremendous demands, Bowers said. To be expected to make this drastic a change in one year especially with the problems that there have been with the accounting system, Bowers said, would cause a severe impact on the entire university system.

Chairman South said that one of the suggestions that he was going to make is that the cutback in personnel would not include the computer staff and that the entire computer operation be put in a designated fund so that it would immediately offset 20-25.

Dr. Bowers said that he would be concerned for some of the departments that must use the computer who cannot pay for it such as the computer-science department.

There was discussion regarding the computer service. Chairman South said that he felt other charges should be made for the use of the computer, not necessarily disciplines but anyone using the computer other than the departments. Bowers said that the computer was used for the whole business operation and for instruction, administrative purposes and it is also used for research and other sponsored programs. If those funds are part of the grant, we do ask them to pay for computer use. Bowers said that they are charging agencies outside of the regular educational and instructional budget. If we go to a total charge-back, we will have to charge individual departments as well, he said. South said that isn't being done at MSU but Bowers said that he thought this was the way that it is done at MSU. Each department is being charged and he thinks it should be done that way but it will take time to set it up.

Jack Noble, Commissioner's Office, was present in the meeting. He said that it would be possible to convert the computer account into a designated fund but it was not a simple procedure. It would take some time to phase out into the other account. MSU has had years of experience operating the computer the way they do and it will take time to convert the computer system at UM. He said at UM, if the committee appropriates the money in the current base approach, it would have to budget amend down a good portion of personal services academic support and budget amend operations up to various departments. The various departments are not use to buying computer time and utilizing it in that manner. He said that he didn't know if the computer center is going to be able to cover all of its costs in the first year or two. It requires, he said, a change of management policy all the way down to the dean of that department.

Chairman South said that the Committee is aware of the problems that will be encountered in making the conversion but it can be done.

Dr. Bowers said that they intend to make the conversion but from an administrative point of view, he feels it would be best to tentatively make the conversion "on paper" first, keeping a record of what those charges would be in each department so it is known how much money the departments will need each year to guarantee that they will have sufficient amount to pay for their computer charges. The conversion would actually take place the second year. He said that the computer is used at all hours.

Jack Noble said that MSU is not the only unit that has experienced enrollment increase--that NMC and TECH have increased enrollment.

If the ~~units~~ are to be treated in an equitable manner, Noble said, there should be consideration on support costs in relationship to enrollment.

Bowers again discussed continuing education. In answer to the Chairman's question as to what degree it might be considered self-supporting, Bowers said that the program was entirely self-supporting except for heat, lights and rent. South said that the information which they have for 1976 is to take the entire budget and divide it by enrollment, the cost per student is \$2500. Bowers said that the cost per credit hour for the student is \$21. Douglas said that it must be considered that a continuing education student doesn't cost the unit as much since the student doesn't receive any extra benefits. Usually the teacher for continuing education class is a regular member of faculty and this class is an additional teaching assignment. If a class doesn't generate enough money to meet the expenses of conducting such a class, it has to be cancelled. A faculty member is limited to the teaching of two extension courses besides their regular day-time teaching. They are paid about \$450 for each course.

Chairman South said that since the Committee had not made any decisions on continuing education, he would rather discuss it at another time.

Dr. Bowers brought up the subject of intercollegiate activities. (sports) He said that when the UM students voted to not participate or help fund intercollegiate sports, the unit absorbed the loss. However, he pointed out that when similar action was taken at the other five units, the Committee appropriated money to take care of the loss. He said that he felt it would only be fair if the Committee would appropriate funds to reimburse the U of M for their loss in absorbing this amount. Bowers said that the UM did not come to the Legislature to help us out as the other units have done. He said that he thought UM was being penalized for having found other ways to solve their problem. He said that one of the ways they solved the problem was to charge the students more for sports activities at the gate. Students were supporting the program in the amount of \$90,000 a year. Gate receipts gave the UM about \$50,000. The balance of \$40,000 was made up by taking money out of several accounts but since it is built into the base of the budget, it is felt that the amount of \$50,000 is the amount that students were penalized when they withdrew support.

Chairman South said that every effort would be made to treat all six units in an equitable way.

Sen. Fasbender said that he didn't think there was much the Committee could do about the student-faculty ratios. The 19.6-1 that has been used will obviously not have much effect but as far as the staff is concerned, Fasbender said, he could see a situation where as a school is growing there is a certain amount of flexibility there in the budget and some flexibility is lost when

there is declining growth. If we were to decrease your budget, 30% the first year, Fasbender said, and 50% the second year, that would lessen the hardship you are going to experience. Bowers said that any flexibility that they can have, especially on the first year will help. He said that he would urge some sort of enrollment contingency because we have no way of knowing what will happen. Next year we may have an enrollment increase. Fasbender said that if the Committee were to decrease UM's staff support 30% and 50%, it still would be receiving in excess of what MSU is making up because they still have the flexibility there. Fasbender asked Bowers if they could bring some supportive figures in for the Committee to consider.

Dr. Bowers said that he will discuss these possibilities but he doesn't want to accept anything final in the sub-committee hearings and lose an option to argue in behalf of the unit and its students.

Sen. Fasbender said that in that case Dr. Bowers should be in a position to defend or oppose whatever we propose in that area.

The Committee took up other business. Judy Rippingale explained the schedule which the Superintendent had given her so if the Committee wanted to appropriate transfers, they would know which account to appropriate. South asked her to explain the transfers: Judy said that there is \$875,000 difference between what the Superintendent was recommended to have in the Governor's budget versus what Judy had recommended in her budget that was due to a transfer authority. That was just taking money out of one account and transferring it to another account. They felt they could handle that transfer without spending authority but now they feel it is more complex and they feel it would be easier if transfer authority were appropriated. It could be done this way as long as the spending authority is used for the transfer only. It would be line-itemed under 'Other Funds'. In regard to carry-over money, Judy explained that when they earn indirect cost for carrying out a federal program that money comes into a federal account, it is transferred into a revolving account. They need spending authority to do this. They pay their accountant and people that run general type services out of their revolving account.

Bill Byers said that if they got more indirect costs than anticipated, they would like to be able to transfer that into the revolving fund.

There was discussion regarding the possibility of nine new FTE for Vocational-Educational services. Judy said that she felt that the staff that they now have is large enough to handle the present program. South further explained that there were just so many federal dollars for programs and the more that they are used for employees in the Superintendent's office, the more general fund money that will be needed to augment the secondary and post-secondary Vo-Tech Centers. Judy's recommendation is not to allow the 4/5, total 9, FTE's that the Governor's Budget has called for.

A motion was made by Rep. Kvaalen to disallow the 4/5, total 9, FTE written into the Governor's Budget so that the money will remain for Vo-Tech Programs.

All voted aye. None opposed. Motion carried.

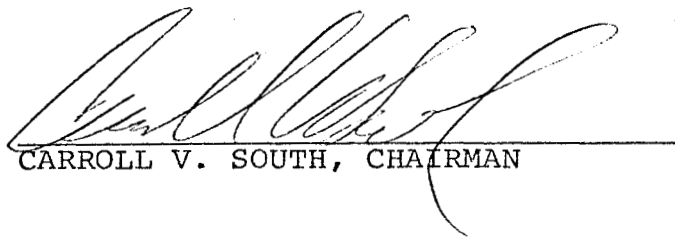
There was a discussion regarding some of the programs (5) that were running out of federal funding, in the OSPI, and they wish to use general fund money in those areas to keep them on-going. The LFA has not recommended that but she has recommended adopting some of the new proposed modified programs that are to be sustained with federal funds. The idea would be that the state does not automatically assume a program when the federal funds run out or to be able to start other programs with federal funds without having some kind of check on it.

The LFA is recommending nine more FTE for 1978 and this is the net difference because within the 161, she has taken out some programs where the federal money has stopped. She has recommended other programs where federal money is coming in. The net difference is 9. The total increase in dollars under the LFA's recommendation over the last biennium is 16.2%.

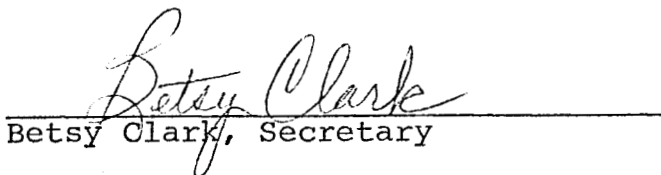
A motion was made by Sen. Fasbender that the Committee accept the LFA expenditure spending levels in 1978 and 1979 of \$4,272,709 in Fiscal 1978 and \$4,380,866 in Fiscal 1979. Judy Rippingale has recommended a substantial decrease in travel. A travel decision will have to be made for the Commissioner's office also. She recommended 1-2 trips per year for professional staff for each program. This would be included in the motion made by Fasbender.

All voted aye. None opposed. Motion carried.

The meeting was adjourned at 11:00 A. M.



CARROLL V. SOUTH, CHAIRMAN



Betsy Clark, Secretary