

MINUTES OF THE MEETING
LEGISLATIVE SUBCOMMITTEE ON APPROPRIATIONS FOR EDUCATION

January 26, 1979

8:15 a.m.

Room 104

State Capitol Building

Subject: Supplemental Requests

Montana Tech and

Montana State

University

The meeting was called to order by Chairman Carroll South, with the following members being present:

Sen. Larry Fasbender
Sen. Harold Nelson
Rep. Oscar Kvallen
Rep. Jack Moore
Rep. Esther Bengtson

Also in attendance were: Fred DeMoney, President of Montana Tech; Dr. Tietz, President of Montana State University; Mr. Nopper, Montana State University; Judy Rippingale and Miral Gamradt, Legislative Fiscal Analyst office; Tom Crosser and Glen Leavitt, Office of Budget and Program Planning; and for others present see Visitors' Register.

MONTANA TECH

President DeMoney stated that Tech's request is based on the enrollment increases experienced over the last two bienniums. There was an increase of about 33% in enrollment over the FYFTE budgeted. They have a history of unfunded student enrollment. This biennium they are budgeted for 954 FYFTE students, and it is estimated that that figure will be 1,118 or an increase of some 17%. The amount of the underfunding for the biennium depends on which final enrollment figure is used. Spring semester head-count enrollment is up about 10% over a year ago and full-time is up about 11%; they would expect a substantial increase in FTE count. They will have the full FYFTE count for spring semester in about a week.

With regard to how the underfunding money would be distributed, ideally it would go for additional faculty because of the higher faculty-student ratio; the reality is that they cannot hire faculty in such a short time if given the money. Other needs as itemized in an attachment to these minutes are as follows:

1. Recruiting of additional faculty and staff. They normally have no way of budgeting for this cost. It costs approximately \$500 per interview for persons brought into the campus and there are also advertising costs; it would cost approximately \$12,500 for the five current positions they are trying now to fill. There would be a total cost of \$40,000 if the total 12 positions were filled.

2. The audit. Tech has had a two-year audit, and there is no way to fund it. The cost is approximately \$23,000.

They recently made an analysis of where they are in their current operating budget. They start out with a contingency of \$19,000, assuming the budget guidelines are met; after necessary expenditures are made, it is estimated \$5,000 will be left for the remainder of the year.

Summary

The college has been underfunded for 4 years. They have managed to exist because they are borrowing on existing supplies and inventories and don't have a full faculty.

Chairman South inquired whether the Regents were approached to request a supplemental request, and they were not. There was never a written or oral request. They did not feel supplementals would be entertained, so they didn't pursue it.

Chairman South inquired whether, Dr. DeMoney thought Tech could make it through the fiscal year on the revenue available. Dr. DeMoney referred to the contingency, stating that if expenditures were as budgeted and commitments were met, there would be around \$5,000 left.

Chairman South inquired about capital expenditures. Last year it was \$83,000; this year it's \$88 or \$89,000 in the budget. Last year they spent \$133,000 and this year they plan to spend around \$50,000, so over the biennium they believe they will beat the legislative guidelines. He stated they are holding back on capital expenditures.

Tech has had 10 to 12 new hirings with a net gain in faculty of 3 to 4 last year; in the current fiscal year there has been a net gain in faculty of approximately 2.

Representative Bengtson inquired whether the \$40,000 needed for recruiting would be bringing people into the campus for interviews; in 95% of the cases, they are brought to the campus.

Representative Moore inquired about the actual fall semester enrollment for 1978; it was 1,147 FTE.

Chairman South stated that the Governor has presented the legislature with \$13 million in supplemental requests. That takes \$4 million out of the \$12 million surplus, which takes it down to \$8 million. He inquired whether the units could get by until the next fiscal year if the legislature appropriated an additional amount at the beginning of the next biennium.

President DeMoney stated there had been some increases in revenues due to the added student enrollment, but he is uncertain about the indirect costs. On the expenditure side, capital spending

is the only area that can be controlled since personnel spending is fairly fixed. He felt the University would violate legislative intent if some areas were underspent.

Chairman South stated he felt the legislature would have to determine how strictly the guidelines were to be adhered to by the university units.

Representative Bengtson inquired whether Tech was considering deferring payment of the audit; this payment cannot be deferred and there was no pre-payment made.

MONTANA STATE UNIVERSITY

President Tietz referred to a situation which began around 1973 in which there was an intensive study of the University and some 50 positions were reduced; a number of the programs were revised or eliminated. Since that time they have been gaining students at the rate of about 380 per year. This average had extended through the first year of the biennium and lead to a predicted enrollment for 1978-79 of 10,100 students. President Tietz discussed with the Interim Finance Committee last spring some type of long-term adjustments in enrollment for more accurate predictions. The second year of the past biennium has not produced the expected enrollment. The current estimates are up 31 students for winter quarter, being 9,443.

In the fall of 1977 there was a changeover in the administration; the University operated on a student-faculty ratio of 20.5 to 1 against appropriation of 19 to 1; they stayed low on faculty increases; and although there were enrollment increases, it was too late in the year to effectively hire staff for that year. As a result, approximately \$280,000 worth of amendment income was directed into operational budgets for the 1977-78 year. For 1978-79, it was their primary concern to meet the classroom needs of the students so they attempted to bring the faculty up to the 19 to 1 ratio and provide the average faculty salary provided in House Bill 145. That would be \$19,432. They managed to pay an average salary of \$19,050 with a 19 to 1 student-faculty ratio, and at the present time they are operating at 19.3 to 1. In order to achieve that guideline, they anticipated the income for 10,100 students and according to their most recent figures, it is about \$345,000 short of the revenue anticipated in the budget in May, 1978. To achieve this, \$435,000 was transferred into the personal services area from capital. They had intended to balance by the end of the fiscal year, but in their most recent assessments, the reversion will amount to about \$107,000. There will be a net deficit of around \$381,968.

They also request an adjustment in the operating budget itself. They have attempted to isolate the various variables within the system, and they chose to hold their operations at a level they had in the appropriations bill (\$3,249,458). This is about \$335 per student which is about \$77 lower per student than the campus at Missoula. Their concern is with the Engineering School and the

Physical Plant. They would like to operate at the level they had during the 1977-78 year and that would require an additional \$381,968.

The fourth item of concern is that they lost a discrimination suit in 1975-76 which cost the state some \$450,000 to make restitution. The administration subsequently established two departments of athletics--womens and mens. They made every effort to comply with the Title IX requirements. About 8 months ago they underwent a Title IX audit. To bring women's athletics up to Title IX compliance standards has meant an additional \$105,000 this year. They are asking for an inclusion in the supplemental request for this amount because of their circumstances.

Chairman South questioned why the total MSU July 1, budget for Personal Services was \$19,005,618 and the information given to the LFA's office in September indicated that the personnel budget was \$18,567,306--the difference being the transfer of the capital.

Mr. Nopper stated that last year at the meeting in Dillon they discussed their internal budgeting, and they anticipated the return of unused salaries into capital when they submitted the budget. They stated the LFA should have information showing the reconciliation of the transfer. They were anticipating \$18,567,306 after vacancy savings at the end of the year, and they stated they always have spent less money in personal services than budgeted. They feel that they will end up with \$18,898,501 for actual expenditures for personal services.

President Tietz felt that at the present time \$18,898,501 is encumbered or accounted for in the contracts. Mr. Nopper stated that in personal services in the benefits account there is a tremendous amount of money that is unencumbered, about \$1,700,000; employee benefits will be paid from this.

Representative Moore asked if they had the total of the budget amendments paid to MSU for fiscal year 1978 and the first six months of 1979. President Tietz stated that the primary budget amendment in 1979 will be the \$281,108. That will be the increase in the total through the budget amendment process. Representative Moore stated he would like the total budget amendments for 1978.

Chairman South inquired whether the Regents had approved the budget amendment from capital into personal services; they have not. Mr. Nopper stated that the Governor's budget and the projections were put together at the time they were still expecting 10,100 students.

In answer to Chairman South's comment that in fiscal year 1978, the operating expenses were half a million dollars above those appropriated, it was stated that the operating costs were just more and the base was considerably low. The operating budget per student is very low.


Spencer Thomas, Teri Baldwin, Randy Lund and Rick Boyland were introduced as officers from the Bozeman campus. Spencer Thomas and Teri Baldwin gave brief testimonials.

In a work session that followed, Judy Rippingale, legislative fiscal analyst, explained that the actual enrollment figures of the university units varied from the legislature's projected enrollment twenty-five percent of that variation would either be added to or subtracted from the operating expenses. The twenty-five percent was at the recommendation of the Commissioner's Office.

The four methods of figuring enrollment were discussed. A motion was made by Representative Moore and approved unanimously by the committee that they would use a three-year average for computing enrollment. They would use actual data for the two previous years and actual data available for the current year; estimates would be used for the remainder of the current year.


CARROLL SOUTH, CHAIRMAN

Transcribed by Linda Berg


Yvonne Borgmann, Acting Secretary