

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

February 1, 1979

8:15

Room 104

State Capitol Building

Subject: Commissioner of Higher
Education, WAMI, WICHE,
Student Assistance

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

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

Also present at the meeting were: Judy Rippingale, Fiscal Analyst; George Bandy, Commissioner of Higher Education; Jack Noble, Deputy Commissioner of Higher Education; Bill Lannan, Commissioner of Higher Education Office; Jeff Morrison, Board of Regents; Dr. Irving E. Dayton, Commissioner of Higher Education Office; and Bill Tietz, President, Montana State University.

Chairman South commented on the faculty lay-off threat at MSU if \$700,000 is not appropriated. He cautioned the university system in this prejudgment. He further explained that HB 145 budgeted for 76 more students than were in the system in fiscal 78; since shifts in enrollment were anticipated, guidelines were put in to authorize the Regents to transfer funds. This was not done. Chairman South does not feel the blame should be put on the Legislature.

President Tietz stated that the connotations presented did not put the blame any more on the Legislature than it did on the administration of the institution. Because of previous transfers, the only area where cuts could be made is in the area of personal services. If cuts are made, he felt it was necessary to make the faculty aware of it.

Chairman South felt the statements put a tremendous amount of pressure on the Legislature simply because the university over-budgeted in certain areas based on a projected enrollment; he felt the Legislature's obligations to make an adjustment would be based on the actual enrollment and the appropriations in HB 145.

Judy Rippingale, Fiscal Analyst, will use the same methodology as used in HB 145 to determine how much the committee thinks the Legislature is obligated to provide; Chairman South stated it is not going to be \$700,000 based on that rationale.

Commissioner of Higher Education

Mr. Bandy stated that they have asked for \$5,000 per year for travel and attending meetings; besides attending Regents' meetings, commissioner and university presidential candidates must be interviewed.

With regard to the operating budget, Mr. Bandy did an assessment of office functions and concluded that three or four additional employees are needed. Planning is the major area where not enough time is devoted; this is in preventive legal work, fiscal areas and academic areas. The present people cannot devote as much time to planning as desired by Mr. Bandy because they are required to spend much of their time in collective bargaining. Mr. Bandy felt that the functions of the office in the area of planning could not be done with a 3 FTE cut in support staff.

Chairman South stated that the LFA had not put fringe benefits into its recommendations so there is no discrepancy in personal services.

In the area of the operating portion of the budget, Mr. Bandy believes that a \$31,000 cut in operations is too much to perform the office's functions.

The Commissioner feels that ten out-of-state trips will be insufficient, although it cannot be anticipated how many trips will be necessary for HEW meetings.

The Commissioner's office believes it is appropriated in academic, educational and legal terms for the office to be involved in federal projects, especially if a federal project involves all or several of the campuses. There is one federal project in the office which will be moved to a university campus, while others belong in the office..

In response to the LFA's questioning regarding the appropriateness of the office's involvement in the Title IV grant to provide training for financial aid administrators, Mr. Bandy gave evidence supporting their office's involvement in the State Student Incentive Grant and Title I programs; they feel they have an appropriate place in federal programs.

Chairman South inquired whether the office receives any indirect costs for their federal programs; Mr. Noble stated that they did not.

In the Title I program, the office receives \$125,000 and they allow some to be used for the direct administration of that program and they do provide some salary assistance; however, there is not an indirect cost allowance. The rent for two federal projects is paid out of federal monies and is housed in a separate office; in July,

one project will move into the office, federal funds can be used to pay for partial rent of the office.

Rep. Bengtson inquired which campus the UAP would be moved to; Dr. Dayton replied they had not decided at this time, but they were compiling criteria at this time.

Dr. Bandy stated that after the budget has been established, the office should be given a degree of flexibility because expenditures for 1981 cannot be anticipated - how many out-of-state trips will be necessary, equipment condition, etc. They stated they have no intent not to be accountable.

Chairman South expressed his concern that a certain amount is appropriated for personnel and salaries, but either the personnel is not hired or salary increases are given far in excess of those appropriated. Mr. Bandy gave an explanation that faculty salaries at several universities were equated with administrative salaries for Montana administrators.

Chairman South stated that administrators in Montana generally are well below the average salary of administrators in other states with comparable jobs due to the fact that they do not get increases above the pay plan. His concern is that an elite group of administrators within the university system will develop. President Tietz explained that his university has lost prospective administrators because the salaries were low; even on a regional level, Montana is 5-10% under regional counterparts. There have been 211 files for applicants for the Western Montana College president's position. The Commissioner's office has tried to devise a plan that leaves the administrative salaries as faculty salaries are below those comparable to others.

The Commissioner's office has recommended that an accounting position added to have a top-rank SBAS expert and also a relief for Mr. Noble to perform his designated duties.

Rep. Moore requested of Dr. Bandy an explanation of the \$46,000 budget amendments for the first six months of fiscal 1979; this would include where the amendments came from and what they were used for. The office would provide this information to the committee.

WAMI

The office was pleased that the recommendation was to fund the program. Rep. Bengtson questioned whether the \$1,158,216 figure includes out-of-state tuition or just pays for the slot; the tuition and the cost of the program is included in this figure.

WICHE

Mr. Bandy presented the two recommendations in the analyst's report regarding WICHE:

1. The recommendation that all students entering the WICHE program in fiscal 1980 and 1981 pay their own out-of-state tuition.
2. The recommendation that state students presently enrolled in out-of-state programs would not be allowed to enter the WICHE program. A handout was given and Mr. Noble gave an explanation of what the added average cost per student would be in the different fields for out-of-state tuition. The WICHE students would pay additional total tuitions of \$616,669 for 1978-79. If this were done, the WICHE Commission passed a resolution stating that it would be the state's obligation to collect the additional fees. Mr. Noble gave further explanation of the impact of the proposals in the WICHE program.

Rep. Moore, as a member of the select Gubernatorial Legislative Committee to determine the future and scope of WICHE, stated that the basic compact would not be changed as written and accepted in 1953; the WICHE commission would be required to establish a four-year financial plan, and be responsible to the chief executive. A primary concern over the program is that many graduates do not return to practice in Montana.

President Tietz testified on his views on WICHE in regard to comparing Montana with Colorado. He believes that if the schools saw people saying they were going to have to pay tuition based on costs, they would all go to a full-cost estimate. Montana had only one less student coming back from the Colorado State Veterinary Medicine School than they had sent over 5 years.

Chairman South questioned how students remained Montana residents if their spouse became employed in the state the school is located in and they pay taxes in that receiving state. It was stated by Mr. Noble that this has occurred, but one of the requirements is that students maintain ties with Montana or they become uncertifiable.

Chairman South questioned why Montana could not just pay the out-of-state tuition and not pay the receiving unit for those students who on their own initiative enroll in an out-of-state program. The student obtained the slot so the state should not have to pay for it. Mr. Noble felt it would be inconsistent with compact agreement. President Tietz gave further explanation: Some schools have agreements that they will take out-of-state students only if they are WICHE certified. It was felt that there would be potential legal problems if Montana began paying individuals' non-resident fees. Mr. Noble was to reproduce copies of the WICHE compact and present them to the committee. Mr. Noble testified on behalf of the Minnesota Dentistry program and it was initiated that it would be no greater than the WICHE rate. They held for one biennium, and the rates increased. He stated that the Dean of the dentistry school stated Montana would be favored over other states at the lower rate. At the present time he feels WICHE will have no trouble absorbing the students presently served by Minnesota. He further stated he would like some consideration, using the WICHE

rate, of increasing the quota for WICHE students. Mr. Noble feels that Minnesota will re-think their support agreement.

A handout and up-dated information on the student incentive grants were given.

Mr. Noble stated that when they prepared their budgets, they were attempting to estimate what the level of federal matching would be. It is a 1 to 1 matching so it did require a fairly large federal match if the federal portion is going to be fully utilized, it will require a fairly large increase. President Carter is recommending a steady level in the SSIG program, and it appears that Montana's share will be \$206,375; in order to fully utilize that match, and assuming the private college participation stays the same, they would need a slightly larger appropriations increase. The LFA's budget does provide authority, if private gifts and grants are put up, to fully utilize the federal match.

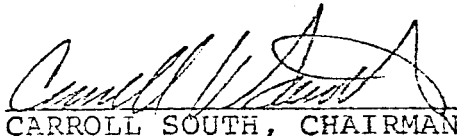
With regard to the University Affiliate Program, Rep. Bengtson asked Dr. Dayton to project what the state's involvement in that program would be. He felt the great value of the program is that the expertise of the entire university system as well as the expertise of the various state agencies can be utilized.


Sen. Fasbender questioned if the Office didn't begin to "dilute its function" when it begins to have more and more such programs in the Commissioner's Office, instead of being in a position of management or overseeing. Mr. Bandy stated that they intend to assign the program to one of the campuses by July 1, 1979.

Chairman South commented on Mr. Morrison's statement that high-salaried personnel are doing mundane chores and starting federal projects that the legislature has never authorized, and the work not being done within the Commissioner's office which should be done. Mr. Bandy felt Dr. Crow was doing the work on that project at the present time; the only high-priced help that was contributed was in research. If the whole program would be of service to the state, it could be a legitimate part of Dr. Dayton's functions.

The meeting was adjourned until 8:15 on February 2.

Minutes were transcribed by Linda Berg.


CARROLL SOUTH, CHAIRMAN


Jeanne Glennon, Acting Secretary