

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

February 9, 1979
8:15 a.m.
Room 104
State Capitol Building
Subject: MSU Supplemental
and the Regents

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

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

Rep. Bardanouve was present.

Chairman South said the committee realized during last session that the enrollment system used for university budgeting was not perfect; therefore, language was written in HB 145 to allow the Regents to transfer money from one unit to another. Chairman South commented where does the committee's responsibility end and the Regents begin for transferring money between university units, given the fact, the committee cannot do anything in the interim and must wait until the next legislative session.

Jeff Morrison, Board of Regents member, commented that if the Regents had adequate funds to do this, it would have been the appropriate thing to do. But, my own personal opinion is that the Regents should not transfer funds from unit to unit, especially if it is going to create a hardship on the unit from which it is being transferred. A person is locked into these expenses they just can't automatically say we are going to transfer the money over.

Mr. Morrison said the Regents would not have to come to the legislature with supplementals unless the need was clearly shown. The need was there. We hope the committee will recognize there is a problem and, in the best interest of the system, provide the Regents with some relief. If you don't, the Regents are in trouble.

Chairman South inquired whether the Regents are going to control the system or are they going to let the commissioner control the system.

Mr. Morrison stated he felt he shouldn't have to be questioned on this. I cannot be looking over the shoulder of the commissioner every day to see what he is doing, you give him a job to do and

he does it, let him do it. They've got to give us a certain amount of latitude. We can't be locked into these things where we are air-tight and have no flexibility.

Jack Noble stated that there is a committee called MACRA, Montana Association of College Registrars, they meet at least quarterly and discuss all aspects of enrollment, enrollment count and enrollment problems. We used to publish a registrar's manual which showed how enrollment procedures were laid out. Evidently, the problem at Western still exists. I think, looking at what has happened, there is a consensus that we will re-initiate, publish, and update a registrar's manual.

Chairman South asked Mr. Noble if anyone ever thought to go around to the campuses and see that they were counting enrollment the same way. He said that he simply can't believe that with all the high priced help in the commissioner's office that was never done.

Mr. Noble stated this was not done, but we have an individual whose primary responsibility is that of enrollment and working with registrars. He does not go out and be an internal auditor on the campuses.

Chairman South asked if the Regents want the authority to transfer money between units. Mr. Morrison stated that he feels that they already have that authority.

Mr. Morrison stated that the Regents are at the mercy of the committee. The revenues that didn't materialize, such as indirect cost, we had no control of. If the committee will recognize this and give us some support in this area, that is all we ask.

Dr. Tietz, President of MSU, stated he would like to retrace the enrollment situation which MSU has dealt with in HB 271 and HB 145 and the enrollment estimates that went before that. The Regents and the executive budget recommendations for 1975 enrollment at MSU was 7746. As I understand it, the figure that was adopted for HB 271 was 8467; that was for full enrollment for 1975. That means MSU had an excess of 1351 students for the biennium. We are requesting dollars that meets our expenditure level for operations a year ago and last year requesting an operational supplemental just to reach our expenditure level of 77-78. We are asking for a revenue shortfall of \$338,000.

Chairman South said he would have to ask why MSU is asking for the revenue shortfall. It is putting us in a difficult position to cover a problem which was made on campus and concurred in by the Board of Regents. Why is the legislature getting involved in that?

Dr. Tietz stated because at this particular stage of the game we have basically no where else to turn. Again, it is our appeal for the case which we basically understood was due to circumstances beyond our control. MSU hasn't operated irresponsibly. MSU has been operated close to the line compared to other institutions around the country. Internally, MSU has done the best job we could.

Chairman South stated MSU had mentioned that in May MSU attempted to get to the 19:1 Faculty student ratio. In that attempt, how many faculty did you hire? Dr. Tietz stated they had hired an additional 18 faculty.

Chairman South asked Dr. Tietz if the faculty Dr. Tietz mentioned were to be terminated would be from the 18 faculty MSU had recently hired. Dr. Tietz said the 18 recently hired were contract faculty. The faculty who would be layed off would be non-contract faculty.

Chairman South stated that if they should get the supplemental, what is the dollar amount you would have to save. Dr. Tietz said they are looking at between now and the end of the year we don't really have a figure. But, as a guess, \$100,000 in terms of faculty.

Chairman South stated last session, the committee did attempt to make adjustments between MSU and UM in support staff, but we did not do that in operations. This is the first year we have really taken a look at operations relative to cost per student.

Dr. Tietz stated that MSU is concerned about shifts which have concurred within the University. As MSU's enrollment has gone up, it's not been uniform across the institution. We find that the college of engineering which is basically an expensive program has gone from 1140 to 1804 students. We have gone up almost 70% in the period between 1976 and 1979. The enrollment shifts have been in areas where students are finding jobs. 89% of our business students get the job they want; 92% of our agriculture students; and 95% of our engineers.

Rep. Moore asked if the \$100,000 figure for faculty and \$400,000 for contract personnal services are primarily for the spring quarter. Dr. Tietz said it amounted to the total year. We have to refine this line between the 9th of February and the 30th of June.

Rep. Moore then asked if MSU has determined yet, after our discussion, which of those contract faculty and part-time faculty and courses would have to be dropped, in order to reclaim this money. Dr. Tietz said they are looking at basically three pools. One pool is the classified, the second pool is the unfilled Regents' contract, and the third pool is that we could call non-contract faculty, or individuals who are offered term employment per course or quarter.

STUDENT ENROLLMENT

Dr. Tietz stated that the tuition rate change came during the 1977 legislative session, the rate changes both resident and non-resident fee. There was a significant increase. The revenue estimates for fiscal 1979 were put together in May 1978 for the following fall. So when the tuition and fee estimate was made at that time, of course it was based upon future enrollment projections which didn't occur during the 1978 fall quarter.

Chairman South asked MSU if they had brought any documentation on the shortfall of \$205,000 indirect costs. Mr. Nopper said yes. The difference between HB 145 and our indirect cost allowance was about \$117,000. What happened there, I think, is that we had included administrative allowance. Primarily what happened during this period of time, was the decrease from 63 to 52% in our audited indirect cost rate.

Chairman South asked when the fall from 63 to 52 took place. Dr. Tietz said it happened after the estimates were made.

Dr. Tietz stated that NIH and NSF made some alterations in their policies relative to indirect cost recoveries. All of the institutions as far as I know in the west, were altered at the same time. When I was at Colorado State, they dropped the rate almost at the same time.

Mr. Nopper commented that there are two other fluxuations in the area of indirect cost. One of the change in the indirect cost rate, and also the amount of grants and contracts went up. Therefore, we couldn't establish the pool quickly with our auditors.

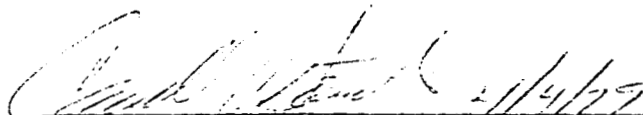
BOARD OF REGENTS

Chairman South stated that he would like the Board of Regents to answer a few questions about Tech's supplemental. Mr. Morrison stated that the board has not taken any position on Tech's supplemental. We have not been asked directly, but we have been asked indirectly. We have agreed that Tech is in the same basic position as MSU.

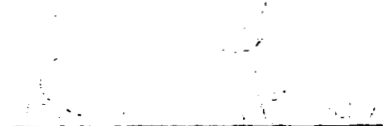
Mr. Bandy stated that after the Regents took their position on the MSU supplemental request, Dr. DeMoney got in touch with him and said he would like to have a hearing before the Regents. But, I haven't seen what Dr. DeMoney is going to present.

Rep. Moore commented that the way he understands it, MSU is requesting \$720,427 from the Board of Regents. How did you come by this. Dr. Tietz stated that MSU is taking the calculations drawn from their best assesment as of the January 10 SBAS report. And then the difference between \$3,249,000 which was appropriated for operations in HB 145 and the expenditure for roughly 3 million from FY 1978.

Being no further business, the meeting was adjourned.



CARROLL V. SOUTH, CHAIRMAN



Jeanne Glennon, Secretary