

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

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OF MONTANA

March 15, 1979

The Joint hearing of the House Appropriations and the Senate Finance and Claims met in Room 104 at 7:30 p.m. on the above date.

ROLL CALL: All members were present except Senators Thiessen and Lockrem.

The nineteenth meeting was called to order by Chairman Bardanouve at 7:39 p.m. and Mr. Opitz was told he could address the committee on the problems he was having with the budget.

Mr. Opitz, Executive Director for the Public Service Commission, said that on February 21 the Supreme Court made an order in a case that they would have to appear in against Montana Power which involves four issues. He said they prevailed in three, and the other involves the authority of the commission to audit the Montana Power Company. He said \$15.7 million involves property they acquired in 1940-50. He felt the commission needs \$300,000 - a one time appropriation to have the audit performed. The figures come from briefs provided by the company in the lawsuit. He gave an explanation saying the statute dealing with original cost sites 69-109 asserting property valuations, and he read the law to the committee. This law said the valuation cannot exceed the original cost of the property, and the commission feels that the \$15.7 million is in excess of what was first on the books when first committed to public use.

Rep. Bardanouve: Why can't you use the base that the federal power commission has established rather than establish them all over again?
Mr. Opitz: Basically, that record was made in 1944. He said he did not feel they would prevail in court if they did not make this evaluation.

Sen. Himsl: Are you asking for an additional \$300,000 for an audit?
Mr. Opitz: That would be for the biennium to be able to audit the hydro equipment. The savings to the state should be about \$3 million each year in reduced electric rates.

Sen. Himsl: Who will perform the audit? Mr. Opitz: It would be put out for competitive bids. Mr. Bursett will help the agency draw up the specs and contact the various firms to set up what is needed to do this.

Rep. Bardanouve: Did you say you figure there is additional base that is not justified that would save the Montana consumers \$3 million?
Mr. Opitz: The commission would have to amortize this back to the Company. The weighted cost of capital has been in the area so far of 9-9 1/2%.

University System: Dr. Bandy, Acting Commissioner of Higher Education, said he had deferred his comments in the interests of time, but had been granted ample time to testify before the subcommittee. The subcommittee had worked very hard; they don't always

agree with them, but they are doing all they can for education. We are concerned about the level of research as well as the needs. Others would address the following: He said the campuses have concerns about the area of operations. These will vary on the campuses under the Regents and the revenue. The high priority in our minds is faculty salaries. The subcommittee has recognized this. We need more information on the pay plan to know what the impact will be. The two universities had submitted a program regarding the MPA program here in Helena. The subcommittee would not approve this. I will submit testimony on this. The subcommittee is using a three year rolling enrollment average to budget the campuses. It provides the lag time to make adjustments. It does not serve the institutions whose enrollment is climbing. Northern is cutting faculty. We would urge you to consider the Regents' budget for research. It was to upgrade the level of research to somewhat near that of MSU. The program modification can stand on its own merits. They will also express concern over the forest experiment station not being removed. My logic is: If you accept the plan that faculty should be entitled to the same pay in any unit of the system with the same degree, if you check EMC it stands somewhat between Western and Northern, if you start with the principle of equal pay, EMC is not being treated accordingly.

Rep. Ellis: Gave an explanation of MPA.

Montana State University: Dr. William J. Tietz, Jr., President of MSU, Bozeman, said they would like to express their thanks to the sub-committee, and extend it also from the experiment station and the coop extension service. He said they wanted to give special thanks for the support they had received in their seeking a new computer. He said they would further thank the committee for their efforts on the salary situation. The salary adjustment should give us better competition with the other universities. MSU has had an increase in enrollment for the last 6 years. Less than anticipated this year. They had held about even, only 211 over the budgeted amount the second year. There are 1700 students in the college of engineering. An increase in business and agriculture of 1300 students more than the budget provided for before 1977. In 1977 they had 497 more than they were budgeted for. Using that amount would be to operate on a budget prior to the 1977 period. They have a 20-21 faculty ratio. Now, it is at 19.5. We would like to have reconsideration here. We would like to hold even, not reduce. The expenditure level of 1977-78 would be at the level of '77-78 expenditure year. He said that on the student revenue - the revenue as provided, is a two-phase issue. He said MPA was Master of Public Administration. That is a grant program. It is offered in the two universities through sciences. They approached 60 students in Helena last year. This was discussed before and the recommendation is before you. It is a pilot program between the two universities in dealing with a program that seems to have a great deal of appeal. He said he would encourage a planning model for Higher Education for all institutions, particularly those of us in the graduate game. A university system - one that is accordingly applicable to all the units.

Rep. South: In regard to the revenue - we are very hesitant to reduce the indirect costs. Money came in, and the money was spent in ways the legislature probably would not have approved had they addressed the problem. In regard to student fees - the college has additional enrollment - we would expect you to use the increased fee revenue.

President Tietz: We appreciate the words of Rep. South. We are not requesting the cost recovery - but the reduction. It does present a challenge, however, to meet them. We are seeking a level of funding commensurate with the present enrollment.

Rep. Kvaalen: In regard to the MPA program. It was started up with federal funds. In one of our hearings earlier in the session, I asked the question as to whether they would have started the program if the federal funds had not been there. Now it comes back to the state. That is the reason we are hesitant of the whole thing. This could go on and on.

President Tietz: We are gradually weaning into this. This was a success, and one has to judge whether it is a worthy project to be funded by the public.

Dr. Bowers: The program was actually approved prior to the application for federal funds. It turned out that we were successful in obtaining federal funds. The intent was to inaugurate the program anyway.

Rep. Bengston: As a member of the subcommittee - when we considered the MPA program, you handed out the budget. Is this the budget as it relates to the Helena branch?

President Bowers: It is to pay the instructors salaries and their travel costs to get to Helena. No administrative costs are in the budget.

Rep. Bengston: I visited with about three people, and was rather impressed with the job that is being done. How many are enrolled in U of M and MSU in this program? Answer: About 35 enrolled in the U of M and about 25 in the MSU.

Rep. Bardanouve: Does each unit teach a different program? Answer: There is a different emphasis on each. Rep. Bardanouve: By using both facilities they can provide both expertise? Pres. Bowers: By combining the two we are providing a broader program. Dr. Tietz: This is not overlapping, it is complimentary.

Senator Aklestad: I would like to ask the subcommittee a question. Why does MSU, with around 16-17% larger enrollment, have a 10-11% increase in general fund money? Is it that much higher cost to educate a student or what?

Rep. South: It relates to the other sources of revenue available. You build the budget around what you can expect them to spend and then plug the revenue sources in. You can't make a fair comparison by using these figures.

Senator Aklestad: In regard to the operating expenses. U of M has more money, MSU more students. How does it figure in regard to the general fund?

Rep. South: It is difficult to take general fund out as one item and compare it between campuses. The expenditure level is what is important.

Sen. Aklestad: The other operating appropriations are also high for the biennium each year. Rep. South: Perhaps I just don't understand the question.

Sen. Aklestad: Why are the operating expenses higher at U of M than MSU? Rep. South: What is in a designated fund in one unit is not necessarily what is designated funds in another.

Senator Himsl to Dr. Tietz: Is this program what you would call continuing education plus? Dr. Tietz: The term extension would not apply in this case. Extension is more the dissemination of information. Continuing education does not always have a degree objective. This is a bona fide program for a degree. The intent is to provide a clear organized method to get a masters.

Senator Himsl: I thought continuing education was more self-supporting. Dr. Tietz: This is a net general fund contribution to the program. The fee charge would be the same here in Helena as it would be on the campus.

Senator Himsl: Does the subcommittee have a clear cost understanding of the program?

Senator Fasbender: The whole program is hard to break out. Another component is the cost of operating the program in Helena. We had proposed to raise the fees to \$20 a student, and to require at least 15 students in the program. There would be 8 classes for the 15. This would generate \$2400, add travel costs of about \$11,400; \$9,000 of which would have been put in by the general fund. The subcommittee refused to back up the \$9,000.

Senator Himsl: This is on the continuing education?

Senator Fasbender: This is different.

Rep. Moore: This is a resident center. It is running a course in a location to provide resident courses in education for the people in the Helena area. They will count each FTE. A resident center is set up for the purpose of providing education for the people who can't go out as a campus resident.

Rep. Hand: Isn't this a method of continuing education? Rep. Moore: No.

Rep. Kvaalen: The people cannot leave their jobs and go to the campus. We are bringing it to them. Why can't they pay the cost? We are doing them a good service. I would think they would be willing to pay the cost.

Dr. Bandy: This is not directly continuing education. It only happens they are attending here rather than on campus. The difference is that the instructors who come out to teach depends on the course which makes it difficult to assign it as a part of the load.

Senator Himsl: These schools are doing this. The faculty is going out and offering courses for people? Dr. Bandy: That does not constitute a whole degree in one place. This does.

Rep. Yardley: If the population is staying the same, there is a reduction of 18 FTE. What is it based on? Senator Fasbender: U of M. There was discussion that they would be reduced. Faculty does not show up necessarily here.

Rep. South: The FTE is for the entire biennium and any variation between the bienniums. It averages out.

University of Montana: Dr. Bowers: I would add our appreciation for the subcommittee work. He would also extend his appreciation to the whole committee for this opportunity to present concerns about the budget. The subcommittee faces difficult decisions because of the scarcity of resources. However, I would be remiss as president of U of M in not telling you of our problems. (1) The Forest Conservation program. We had requested it be a separate fund. There have been three experiment stations created. Each has as its purpose research for the primary industries of Montana. There is the Bureau of Mines, the Forest, and the Agriculture experiment stations. We are being asked to absorb the cost of the forest extension program.

We have concern about the level of our operation budget. It is 2.8% above the current year budget. We have a concern about that. U of M made a number of program requests. In addition to the research budget, there is additional maintenance cost - routine type of maintenance on the campus. \$119,000 in the first year. If this was approved, we would have had adequate money for maintenance. We are concerned about Title 9. This is a difficult problem to address. At U of M, we are going to have a very difficult time if we cannot take funds to meet Title 9 and to meet costs in some other area. Title 9 is a federal law which requires that there be no sex discrimination on the campuses in this country. One of the ways we have not been providing the same service is in athletics. Some guidelines for universities and colleges for compliance with Title 9 will be adopted in March or April. To come into compliance at U of M we will not decrease the men's program. \$150,000 would have to be expended to bring the program into compliance. That is the program for the state of Montana.

We are concerned about faculty positions. The average enrollment would be worse. Average 403 faculty positions compares to 415. A difference of 12. The subcommittee does not recognize that we need to bring up the salaries. U of M will have to be reduced by another 12 or we cannot give the faculty what they deserve on salary increases. The university is aware that we had not reached the 19-1 faculty ratio. We made cuts very near to 60 in the past biennium.

We have reduced our flexibility to zero. These are almost tentative changes. I had to recommend some decreases. Decreases we now make in faculty because we went so deep last year will be very harmful to our university. We need a period of stability. We met the mandate and we need time to stabilize.

In the first year of the biennium the legislature provided funds to retain faculty and allowed the university to get to 19-1 with a little more time.

Rep. Bardanouve: How much faculty would you have if the committee recommendation had been based on present enrollment? Dr. Bowers: About 5 more. U of M's enrollment is still declining slightly. We have our responsibility to the committee. The cuts we made were damaging to our university, and further would be serious.

Rep. Kavalen: The forest experiment station - you did not want to absorb it? You want the present budget plus the forest experiment station?

Dr. Bowers: Over the years we do not want to absorb it. We want to pull it out of our budget and set it aside.

Dick Barrett, President of the Teachers Union, spoke in support of Dr. Bowers' statement. The situation we face is to cut 12 positions or not to raise faculty salaries. This gives us concern. If we have to cut another 12 positions, we are creating another chaotic situation like we had last year. If we face further salary and faculty cuts, the faculty will be going to the grocery store and find the cost of living is higher than their salary increases. The matter of the formula is too simple. We offer a large number of graduate hours. They generate students along side other courses. He said he did not think the possibility of changing the whole formula this year is possible - it is remote. The funds Dr. Bowers has requested might help ease the situation. If we are just to face what we have today we are facing the same thing that led to the attacks on Dr. Bowers that said he was not responsible.

Bill Bronson, Association of Students Union of Missoula, U of M, said he would like to thank the committee, and he felt one of the most important things to come out of the session was to clear up the feeling that many in Missoula had that the subcommittee had a personal vendetta against the university. He said there is a sincere interest on the part of the subcommittee in regard to the university. He said one of the arguments that he has heard is that when you look at the entire budget system, U of M received a hefty increase in general fund money. My response is to take a look at all the increases in general fund - you can't see the trees for the forest. Our budget increased 13%; this does not mean you will increase the quality or the quantity of education at U of M. I am about to receive my masters degree in the MPA program, he said, and would hate to see that program ignored by the legislature. It has a lot to contribute to the people of Montana.

Mr. Dowlan: This has been an issue since fiscal 1977. During the 1977 legislature, he had not realized what was being done, but once it was on campus it was trouble. We failed to stop the dismemberment of U of M - we lost 60 faculty members, and lost students because we don't have the teachers to provide the classes the students want. If we lose 12 more now we will lose whole programs.

Rep. Ellis: Is the school of foresters losing their accreditation?
President Bowers: They have a 20-1 student faculty ratio. We are reallocating some positions to the forestry school. It is hoped to be at a 20-1 ratio in a couple of years. The Society of American Foresters issue the accreditation, and this is required for accreditation. I think when we present what we have done, we will be in compliance in a very short time.

Rep. Ellis: In regard to the outreach of organized research funds. It was in good shape and then got out of shape or what? I read about it in the newspapers. What happened?
Rep. South: The subcommittee backed away somewhat from its original recommendations until we can study it a little more. MSU contends they are spending more of the money on Title 9. We felt we would be penalizing them since they are complying more than U of M.

Rep. Bardanoue: Any time a subcommittee even considers a subject the press reports the gospel as already confirmed. Many times it is rejected afterward.

Rep. Kvaalen: The Society of American Foresters - what authority do they have to say what we have to do to be accredited?

President Bowers: The federal government recognizes certain accredited agencies for accrediting purposes. They have been recognized by this. My answer is qualified since I am not sure of all of it. It is recognized by the federal government though.

Rep. Kvaalen: If so, what happens?

President Bowers: If they decide the school is not accredited, we lose our accreditation. Accreditation is tied to licensing. Employers put considerable weight on employability if a student graduated from an accredited school.

Rep. Menahan: It is like certification. If you were operated on by a doctor you would want it done by someone who was not a fly-by night. You do want some accreditation. I think we should try to stay within the accreditation system. Has anything been done to try to compare salaries between the U of M and the MSU?
Rep. South: The average guidelines are the same for both units.

Eastern Montana College: Dr. Van de Wetering: We are talking about equity for faculty salaries. A bill that produces a 2.6% increase for the faculty pool for EMC can only be trouble. We want equal pay for equal work, adjustments for womens' salaries, and for stronger qualifications than other members. The discrepancy comes in when you say EMC is a category 2 school. You have the description

for graduate level work. This would set EMC out from other schools. This is only addressing the graduate level of training. We have three MA degrees. We also have the only two-year MA degree among the smaller schools. We have also a larger proportion of our total graduate class committed to the graduate level. Other differences are the level of training. On the average, Eastern is growing with a staffing pattern a good deal larger than the other institutions. If the committee gives 94-96% of the 6 university salaries - the difference between Eastern and the other smaller schools will be granted.

Rep. Waldron: How many business professors did you have in January? Answer: About 14 now, about the same then. Part of them are hard to get. We are recruiting replacement positions. Rep. Kvaalen: I understand the Society of American Foresters rejected the AUP on Eastern.

President Van de Wetering: This is the only place where they are using the AUP tables. It is not an AUP guideline or an AUP standard.

Senator Blaylock: Eastern has a good point when they say they are significantly different than the other small institutions. Nearly 3,000 students - 1200 for one of the other schools and 500 in the other. A large staffing pattern is needed. We want this for a university system, if we are going to have them attend good schools. We have to keep the faculty level at a high morale. I would ask the committee to give it consideration.

Senator Towe: I am concerned for Eastern Montana College. The student-faculty ratio is put on a 19:1 basis. Salaries are funded at 90% of the other universities. The only consistency is we get the short end in both cases. The longevity - EMC has done a good job of keeping their people. I think there should be some better evaluation of the situation.

Rep. Gerke: I would like to support what President Van de Wetering has stated. We feel we are being discriminated against. We got a 13% increase - that is all we hear. All we are looking for is fair treatment. They have the faculty at Eastern - give them a fighting chance of equal pay for equal work. Give it some serious consideration.

Senator Hager: I would echo in defense of EMC.

Rep. Rameriz: I would go on record as feeling the same.

Rep. Kessler: We want fair treatment. We cannot be treated the same as the smaller schools. This merits the consideration for a little better treatment.

Senator Regan: I have addressed this issue. I don't believe it is equity. 90% funding is improper. Either the question of 90% should be addressed or the faculty-student ratio. You just can't have it both ways.

Montana College of Mineral Science and Technology: Dr. De Money: I would like to thank the subcommittee. The increase in the general fund is appreciated. The other appropriations have gone up likewise. The budget follows along the regents' proposed requests. There are some things I would like to mention, however. The equity enrollment. The three year average - 1056 down from 1141. Less than the 1978 figure. We are short some FTE students in the budgets. That accounts for five faculty members. The history is that in our enrollment there is usually 15% more - we are working against a backlog of instant dollars. The question is: should every student be funded? He said he had a proposal to make the enrollment more equitable - going back to equality and fairness - and enrollment in the system. They should be equal. On a headcount basis, we are \$1100 ahead of par. We are \$1100 lower. You might consider adding to our facility the \$1100. The salaries given do show health insurance. When this is taken away we are left with 4% in the first year. On our operation budget - the subcommittee did reconsider this whole area. There were some serious problems on the campus. Recommendations for 1980 is \$19,000 less than we feel should be budgeted. The expenditure does not include the \$2 million organized sponsor cost. Our facility contributes about \$250,000 on the revenue side of the picture and will be able to take off pressure to fund for that amount. The funds that are so indicated should not be used for other areas. Utility data should be reviewed. Recalculation on the utilities is available. Our utilities will be 21% less than budgeted for this year - we then project short fall about \$72,000 for the bid. Your level of funding does not consider heating the new facility that they will have on stream. It is a 50,000 square foot structure and the calculations are that they will be short \$148,000 for the biennium. I think this is probably an oversight, and not intentional. We appreciate the supplemental. We have to point out that these are the dollars for 1058 students that we are not funded for, by the summer method to compare with actual enrollment for this year. You have listed general fund plus appropriation fund dollars. I am not sure where the other fund dollars are coming from. This supplemental is not on the base. It does not do us any good in the long term to add to the future projection - it is a retroactive offset.

Senator Stimatz: I would like to support Dr. DeMoney in everything he has said.

Northern Montana College: Dr. Erickson, President, NMC, said he has listened to the enrollment difficulties being discussed. Northern has suffered an enrollment decline of 10%. The method of reporting aided clearly by the rolling average concept. This helps those of us in present difficulty. We have reduced 4 positions. These are resignations through not filling vacancies. The remaining two options - we could have fired two, but find the last two people not very easy. It would be wrong. We would point out that they can't find diesel technologists to serve the area. One was a plant - new - diesel mechanic we hired last fall. The other is freshman English teacher. A second would be to engage in program study - some have a declining student population. Northern took the harder course - the program study resulted in a steady decline from 50 to 15 students. This is offered on five vo-tech campuses. Because of

our faculty labor contract we have to give one year notice. We are asking for \$40,000 appropriation for two staff members plus the benefits for one year. This is a sensible decision. It costs us \$40,000 extra to make it. We want your help in making this a rational decision. A one time only - extra appropriation of \$40,000.

Dr. Erickson said during 1978 NMC changed the method of personnel service. The change in operations requires a change in the budget. An increase of \$9,000, and a decrease of personnel service by a like amount. 1979 is the first complete year the computer has been in operation. The cost was about \$77,000. About 95% of the charges are from the NMC current operating account. \$84,000 the first year and \$89,000 for the second year. About 95% of the budget will be recharged. Our first calculations for the first year were about \$35,000 and for the second about \$37,000. For NMC to properly operate its computer center additional funds are necessary. He said they have been trying to reach Title 9 requirements for womens' athletics in the intercollegiate activities within the state funding. The subcommittee has recommended using designated funds as an offset for general fund support. This is a departure from what has been done before. The designated funds are self supporting at Northern. No additional funds are here. There is no guarantee of a continued level of service. We ask the committee not to use these for an offset to general funds.

Mr. Obern, collective bargaining representative: This is a collective bargaining campus. The staff has contracts. It would have been easier to can the two youngest faculty members; now there is a good deal of flack given about this. The Chamber of Commerce is meeting on this. Dr. Erickson needs the \$40,000 to carry out the filed contract. He needs \$1,000 in another contract to carry out the obligation there. There is a lot of promise for Northern. They have the tech needs and the liberal education combined on the one campus.

Rep. Bardanouve: On these contracts - in the face of possible declining enrollment - remember MSU and Montana Tech - should there not be written in all our contracts that should reductions be mandated by the legislature their contract can be terminated. It is an increasingly difficult situation. It is difficult for the legislature, it is difficult for the university.

Dr. Erickson: We would suddenly be involved as to non-tenured faculty members. There is a similar retrenchment in the contract; it is such that at least a year notice would have to be given. We don't know what the enrollment will be until we are well into the term. The official enrollment report goes in in October, and it is difficult to break the contract between October and July 1. There is some slack - you can terminate or not contract for people hired in the community. We do not hire for a short term range, our contracts are written a year in advance.

Dr. Bandy: One of the reasons we have not jumped to answer your question is that some matters are on the bargaining table that cannot be discussed. We know that enrollments are expected to decline; they also fluctuate. We are attempting to bargain into the contract a way to do what you are talking about. That is one reason we are

moving so slowly.

Senator Boylan: What if the voted levy fails? Answer: That is not an appropriation.

Western Montana College: Dr. Tash, President, said that much of his testimony would be done by Mr. Briggs. He would like to mention the athletic program. Athletics is teaching coaches. It is the only program that puts money out, and is a shared program. They do serve a purpose.

He said that operations was a problem. They had \$139,000 plus in Montana Power bills. He said this year's maintenance bills were more than anticipated. The bills that are not paid are more than the entire appropriation for the next year's budget. We have made administrative cuts, but have been promised that some relief will be granted, and hope this is true. The smaller the college is the more varied is the task of administration. Over 200 man-hours were spent in preparing for this session. It was work done by three of them.

Tom Briggs, Business Manager for WMC, said he would first like to answer a remark that had been made earlier in regard to Western taking faculty salaries and upgrading their positions. What was done was a joint decision of the commissioner's office and WMC to make the salaries commensurate with the other two colleges. It is still below, but closer. It was recommended that we cut 7 FTE. Two were put back. The comptroller was not put back. The priority is to control the current unrestricted budget. Putting this in at the same time that you are planning to put in over-expenditures in building is tough. There are some first requirements. What that cut-off line is, is up to the university to establish along with the board of regents. The operating budget level is \$100,000 below the LFA recommendations; \$128,000 below our request, and about \$7,000 less than we expect to spend. It is a 1% decrease. We would spend more than originally appropriated in the 1977 budget. The Natural Heritage and the Computer preventative maintenance program was instituted. It was never done before and it is a program to keep up the buildings. He told of the increase in prices due to inflation on the various aspects of running the school. He said natural gas is up 78%; postage 50%; printing up 20% and subscriptions for the library have gone up 23%. He said they do have an increase in students this year and expect an increase again next year over the current one. We have Industrial Arts also, and feel our administration expenses should be comparable with other schools.

He continued on the Bond Indenture. He said their indenture was not in danger of default. To keep from endangering our debenture, we put money for utilities, etc., into the program. Without any program we could not fund it, and we pushed it into the auxiliary - then to prevent default on the '66 we put into it the other indenture. We were at the bonded level. The board recommended we take it to the governor. We are planning on putting more expenses into this system however. We have one issue with the revenue - that is the raising of tuition and the fees.

Rep. Hand: I am concerned with the human service programs that was criticized. How does the curricula shift and change with the needs of our society. Rep. Bardanouve: The program in question had not been approved by the Regents.

Rep. South: That is essentially what happened - the Regents had not authorized the program. We establish a practice of not funding something the Regents have not authorized. We have no responsibility for curriculum. No programs are funded if not authorized by the Regents.

Dr. Bandy: Technically, that is true. We can approve no new programs now; there is a moratorium on any new programs being started. As soon as the moratorium is lifted, it will be approved. I would point out that through the fall and winter quarters, this is programs which serve the workers at those two institutions.

Rep. Moore: Rep. South and I had a long talk last week. The programs are not approved; and therefore, since they are not approved, we did not fund them.

Rep. Hand: Western's threats of closure are equally as serious. All these things add up to a serious question so far as WMC is concerned. They have requested \$93,000 for FY 80, and \$114,820 for '81. The bottom line on Western is - will Western remain open?

Dr. DeMoney, Montana College of Mineral Science and Technology said he would like to thank the committee and also to thank them for the \$47,000 that was put in for the study.

Dr. Carl Hoffman, Vice president and Director, Cooperative Extension Service, Montana State University, said that area is an agricultural community and it is important. He said that the reason they were concerned is that we are the 4th largest state, and the 7th so far as income is concerned, and in help we are #50. The amount of money going into the extension service in Montana is not much. We rank as the 46th - the only states that provide less on a percentage basis are Massachusetts, New York, Pennsylvania and West Virginia. The agriculture industry is aware of this. They are aware of these facts now. The agriculture industry in the state deserves more support. The sheep specialist has been added, the KEEP program and EDEAM have been dropped. It seems to me that one can get into a considerable amount of trouble playing God on actual predictions. We can't tell what Congress is going to do in the next two years. In '76 this was underestimated by \$80,000. The extra funding went back to the general fund. Last year it was \$66,000. 5% salary savings has been pumped into this this year, and further puts us in a bind. We need this offset - the 5% salary savings. The salaries are based on comparable institutions. We would like to have the extension salaries based on ranch area support. We propose we be on the state pay plan this year. The faculty of the extension service should be compared with those of other states where comparable services are offered.

Rep. Waldron: What sort of priority did the people at the extension service put on the KEEP program? Dr. Hoffman: The Agricultural program was first.

Rep. Menahan: Maybe if we could come up with a fair increase on school lands, say 80% parity, we might be able to come up with enough money to really fund your program.

Rep. Bardanouve: The "cowboys" probably got the biggest increase that has happened.

Rep. Yardley: This budget does not include any additional employees in the field? Answer: No.

Dr. Aaleson, Agricultural Experiment Station, said that the professional faculty is different than the university faculty.

In regard to the Agricultural Station, Dr. Aaleson said, these are the people who are going to make it go. We are hiring the same people with the same qualifications that the university is hiring. There are several people who came out of the Army after the Second World War and are looking at the retirement in the next few years. This is when the whole character of the institution is going to change. We are not competitive now, but will have to be competitive or not produce. We have taken from the operation cost to keep the salaries up. We have the same operation cost for three bienniums now that has been the same. We are getting tight. We will have to cut programs.

Dr. Bandy: Part of the problems of the Extension Service, the Experiment Station and the Forest Service is that they are similar problems. You are paying an individual for different rates during the same year. It is difficult to administer and hard to justify. They should be compared on the same basis as faculty salaries are. They are not.

Rep. Bardanouve said the appropriation committee is meeting as a House Appropriation Committee at 8:00 and beginning to review the appropriation bills. The meeting was adjourned, the Joint Committee was dismissed, and the official adjournment time was 10:47 p.m.

Matt H imsl, Senate Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 3-15

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	✓		
SENATOR STORY	✓		
SENATOR AKLESTAD	✓		
SENATOR LOCKREM	✓		
SENATOR ETCHART	✓		
SENATOR NELSON	✓		
SENATOR SMITH	✓		
SENATOR BOYLAN	✓		
SENATOR REGAN	✓		
SENATOR FASBENDER	✓		
SENATOR THIESSEN		✓	
SENATOR THOMAS	✓		
SENATOR STIMATZ	✓		

DATE 2-15-79 12

COMMITTEE ON

APPR OPERATIONS

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Red W. DeMurray	Montana Tech			
Ray B. Bury	Montana Tech			
Carl Hoffmann	St. Ignace Mont State Univ.			
Clyde Crowell	MSU Extension Program			
Nic Burt	MT Tech			
Bill Tiedt	Mont. State Univ			
Tom Carlin	Helena Adult Hearing Center			
John Van de Wittering	SNIC			
Lab Tash	NMC			
James Erickson	NMC			
William Byars	NMC			
Tom Crockett	OBPD			
Jack K. Lewis	OBPP			
Dale Thompson	Montana Kaimin			
Michael Dahlem	ASUM			
Bill Bronson	ASUM			
Tom Brubaker	WMC			
Patricia Dwyer	UM			
Anna M. Shuff	UM			
Wendell Hable	UM			
Curtis Johnson	Montana Student Lobby			
William Nell	Yellowstone Newspapers			
Baron Peterson	Handicapped in Montana			
With Cox	Montana Dept of Conservation Wildlife			
Bob Bingham	Univ. of Montana			

(Please leave prepared statement with Secretary)

VISITORS' REGISTER

[illegible]

pared statement with Secretary)

DATE

3-15

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Clyde CARROLL	MSU Extension			
Katy Delano	Assoc. of Montana Agric.			
Cheryl S. Hutchinson	UM Alumni			
Janet Vuk	Extension Homemakers			
Bob LeProuse	MT. Woodland Council	ET Forests	✓	✓
J.T. HAMM	Self	agri. net	✓	
Carl Hoffman	Ext Service, Mont State Univ			
Darwin S. Haugla	UM		✓	
Daryl G. Swanson	U of Montana			
Tom Morgan	MSU			
Mike Fick	MSU			
Vernon Jensen	Montana Voc Tech Center			
Gene Jensen	Montana Voc Tech Ctr.			
Yusef Barakat	CHIE			
Bill Van der Vliet	SMC			
Kenner Hejlskov	EMC			
Chae Thomas	OPI			
Maureen Thomas	MFT			
George Rose	Dept of Public Inst.			
John S. Thompson	Montana State U. of M.			
Bob Stackhouse	Office of Public Inst.			
William Thompson	Mont. State College			
James Todd	Univ. of Mont. - USTC			
Richard Van der Vliet	Univ. of Montana			
Bill Bryan	NMC			
Phil Ward	OPI			

(Please leave prepared statement with Secretary)

DATE

3-15 - 8 AM

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Tom Chasbro	OPI			
Carol Spruti	G.F. VU-Tech Center			
John Fagan	G.F. VU-Tech Center			
Joe Arleson	Mont Agr Expt Sta. MSU			
Tom Kehler	Miles Community College			
Jim Lucad	" " "			
Norman Carey	" " "			
Gerald Brown	" " "			
Bill Lannan	CHE			
Jerry A. Williams	Univ. System			
GEORGE BOOSLIMAN	OBPP			
Donald Hable	Univ. of Montana			
Dick Bowen	University of Montana			
Delores Harlip	Flat M-More Dept. Grad			
Kathie Harlip	same			
Jean H. Locker	Flathead Valley Com College			
Dwight Milner	" " "			
Louise Kehoe	" " "			
George Astrom	" " "			
Elmer Sawyer	Livingston Center			
Judson H. Flower	Miles Community College			
Jessie P. Stirling	" " "			
James P. Lucas	Miles Community College			
Joe Lannon	UPJ			
Gail J. Keilman	Miles Community College			
Max Speda 11/24	University of Montana			

(Please leave prepared statement with Secretary)

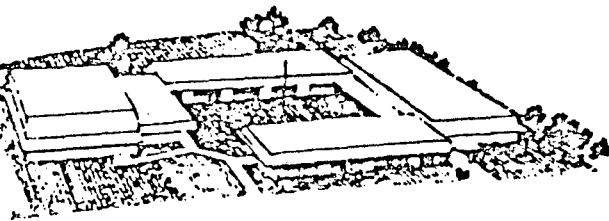
VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Dennis Lamborn	University of Montana			
Virginia Nichols	City Extension - 4-H Program			
Boggs Bypass	City Extension - 4-H Program			
J. George Cation	Flothead Valley Community College			
Harley P. Lee	U. of Montana			
Paula L. Leland	Union of Montana			
W. H. Ketchum	Dawson Community College			
James Hoffman	President - Dawson Com. College			
Mike Dahlem	Union of Montana			
Tom Harris	Union of Montana			
Charles G. Miller	Union of Montana			
H. B. Hansen	Trinity Community College			
Louise M. Kehoe	Flothead Valley Com. Col.			
William Ball	Wooded Ado Council			
Louise J. Thomas	House District 94			
Daniel Kemmings	House District 94			
Alfred Chubbuck	Helena Co. Tech			
Rep. Danny Cherry	House Dist 8 - NMC			
Rep. Dennis Hanks	House Dist 1			
David E. Linton	House Dist 1			
Paul J. Chumra	Union of Mont - Missoula			
Tom Carlin	Helena Outhearing Center			
Kara Tinkner Jones	myself			
Cedron Jones	myself - Helena, MT			

(Please leave prepared statement with Secretary)

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
(Ziggy) M. L. (unclear)	University of Ill.			
William Nell	Yellowstone Newspapers			
Tom Crosser	OBBP			
Jack K...	OBBP			
Patrick O'Leary	Helen Ault Learning Ctr			
Fred W. DeMing	Montana Tech			
Vic Burt	Montana Tech			
Chris Johnson	Montana Farmer Union			
Rick Thomas	Montana Farm Bureau			
Frank Murphy	Battle Mountain College			
Tom Park	Great West Valley C. Coll.			
Marybeth Little	U of M Music Dept			
Glen LEAVITT	OBBP			
FED DELANEY	UCFMA - MISSOULA			
Virginia Carlson	U of M Music Dept			
Stephen L. Fenter	U of Montana Alumni Assn			
Bill Branson	Associated Students, UMN			
Dan Whitehead	United Student Council Y-2d			
Alice CARBY	Missoula Community College			
Donna Schucke	U of M Missoula			
John Schlegel	U of M Missoula			
J. J. Jones	U of M - Missoula			



Dawson Community College

TELEPHONE (406) 365-3396

BOX 421

GLENDIVE, MONTANA 59330

March 15, 1979

JAMES HOFFMAN
PRESIDENT

DONALD KETTNER
VICE-PRESIDENT

TO: Members of Joint House Appropriations and
Senate Finance & Claims Committees

FROM: James Hoffman, President
Dawson Community College
Glendive, Montana

SUBJECT: Response to Community College State Reimbursement Recommendations
Sub-Committee on Education Appropriations
Carroll South, Chairman

What I'm presenting here is local impact on our taxpayers, as a result of reported state reimbursement levels for Dawson Community College in the next biennium.

In all meetings with the Sub-Committee on Education Appropriation, an expression of concern repeatedly has been voiced about local tax burden, especially the mandatory non-voted portion of the 35% local responsibility. What that impact is now as a result of state funding should be known.

Now, you're saying: This is what we're giving you -- if you want to continue to exist, go once more to your taxpayers for voted levy support.

We've been cut back some \$43,720 from the present state level biennial reimbursement amount. We at least implore you to keep this present state level amount intact, and we'll handle inflationary cost increases in voted levies.

We feel, too, it is patently unfair to deduct teacher benefits that have always been a local responsibility just because someone slipped up in telling us that the last biennium reimbursement supposedly included this amount.

Do legislators feel they have some kind of grass roots people mandate to cut essential educational services? We don't think so. The vote on the 6-Mill University Levy should be convincing proof that the people support and want educational services to continue at their present level.

We want only our fair share of the educational dollar and feel that the state reimbursement amount should be commensurate with costs we sustain and the job we're doing for Montana.

We're the only post-secondary education entity required to foot this kind of local tax burden. Understanding of this situation is imperative, as it is possible for the legislature to eliminate us by their appropriation.

OTHER FACTS THAT SHOULD BE KNOWN--

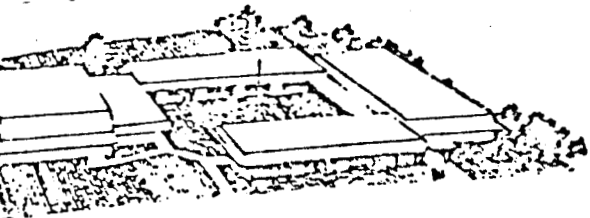
- 1) We were never told, informed by writing or verbally, that the last state biennium appropriation supposedly included 65% of the teacher benefits cost. (now, spread on the county as a permissive amount: 1978 -- \$67,435.86 (3.95 mills); 1979 -- \$72,343.25 (4.31 mills)) Why then, subtract it out now--out of state reimbursement?

If 65% was included in the state appropriation for 1977-8, we would have had to operate on a \$759,451 budget; an increased mandatory levy amount of \$23,603 or 1.38 mills more. A total impact of \$20,229 less dollars to work with.

If 65% was included in the state appropriation for 1978-9, we would have had to operate on a \$865,307 budget; an increased mandatory levy amount of \$25,320 or 1.51 mills more. A total impact of \$21,703 less dollars to work with. The biennium total less budget dollars: \$41,932

- 2) There is no grass roots taxpayer mandate in Montana to respond to Proposition 13 in cutting state costs for essential educational services. Passage of the 6 mill university levy is convincing evidence Montana people overwhelmingly support education.


James Hoffman, President



Dawson Community College

TELEPHONE (406) 365-3396

BOX 421

GLENDIVE, MONTANA 59330

JAMES HOFFMAN
PRESIDENT

DONALD KETTNER
VICE-PRESIDENT

The Joint Sub-Committee on Educational Appropriations will make their recommendations Thursday, March 15, 1979. What will these recommendations mean to Dawson Community College for the 1980-81 biennium?

ANSWER: Disaster -- locally

The recommended state appropriation in 1980 of \$492,147 is even \$38,128 less state money than we're receiving now! Even with pay raises of 5, 6, or 7% added to this by the state, the result will be:

ADDED STATE MONEY -- SALARY INCREASES

	5% (mills)	6% (mills)	7% (mills)
1980 Voted Levy	\$148,500 (8.84)	\$139,842 (8.32)	\$131,184 (7.81)
1981 Voted Levy	\$200,970 (11.96)	192,265 (11.45)	183,562 (10.93)

TOTAL TAX BURDEN -- MILLS (Presently 24.06 mills)

1980	29.62	29.28	28.95
1981	33.41	33.08	32.74

TAX PERCENTAGE INCREASE OVER PRESENT

1980	23.1%	21.7%	20.3%
1981	38.9%	37.5%	36.1%

QUESTION: Will our local taxpayers stand for voted levies and the total tax burden?

ANSWER: NO!!

DAWSON COMMUNITY COLLEGE

	<u>1979-80</u>	<u>1980-81</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1979-80</u>	<u>1980-81</u>
Budget (General Fund)	\$948942	\$1015567	\$948942	\$1015567	\$948942	\$1015567
Personal Services	704089	753375				
Operation	206438	221472				
Capital	38415	40720				
TOTAL	\$948942	\$1015567				
Proposed State Appropriation	492147	501200	492147	501200	492147	501200
Salary Increases - 5% of						
(80) 562,804 (81) 565,764	28140	28288	33768	33946	39396	39603
Total State Appropriation 65%	\$520287	\$ 529488	\$525915	\$535146	\$531543	\$540803
Mandatory Levy	227688	232642	230718	235689	233748	238735
Tuitions -77-78 Actual	52467	52467	52467	52467	52467	52467
Total Local 35%	\$280155	\$ 285109	\$283185	\$288156	\$286215	\$291202
Voted Levy	148500	200970	139842	192265	131184	183562
TOTAL REVENUE	\$948942	\$1015567	\$948942	\$1015567	\$948942	\$1015567
LOCAL BURDEN 1 Mill= 16.799						
Mandatory Levy	13.55	13.85	13.73	14.03	13.91	14.2
Voted	8.84	11.96	8.32	11.45	7.81	10.9
Adult Education	1.00	1.00	1.00	1.00	1.00	1.0
Debt Service	.86	.86	.86	.86	.86	.8
Benefits (12.64% of Pers. Svc.)	5.30	5.67	5.30	5.67	5.30	5.6
Comp Insurance	.07	.07	.07	.07	.07	.0
TOTAL MILLS	29.62	33.41	29.28	33.08	28.95	32.7

Smith

OTHER EDUCATION
1981 Biennium

	<u>FTE</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Executive Budget	343.93	\$101,030,032	\$30,611,660	\$131,641,692
LFA Recommendation	333.65	109,310,995	30,388,502	139,699,497
House Bill 483	336.40	102,291,714	30,755,728	133,047,442

BOARD OF PUBLIC EDUCATION

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$420,850	\$378,961	(10.0)
FTE	7.0	7.0	

The appropriation to the board of public education includes funds for board costs, administration and the fire service training school.

The decreased funding is primarily due to discontinuing the appropriation of rent funds to the fire service training school. In the 1979 biennium, \$30,000 was appropriated to the school to pay rental costs for the space it occupies in the Great Falls vo-tech center. The revenue to the Great Falls vo-tech center was to be used within the center's budget.

In the 1981 biennium, all operating costs are appropriated directly to the Great Falls vo-tech center--eliminating the need to appropriate rent funds to the fire service training school. The school will remain housed in the Great Falls vo-tech center at no cost. Other reductions include reducing out-of-state travel in the board of public education and the fire service training school. The fire service training school is discontinuing contracted instructional services.

OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION

	1979 Biennium	1981 Biennium	% Increase
<u>Chief State School Officer</u>			
General Fund	2,697,125	3,145,597	16.6
Other Funds	6,684,298	5,578,340	(16.5)
Total	9,381,423	8,723,937	(7.0)
FTE	165.6	162.6	.

The chief cause for the large rise in general fund appropriated is a necessity to pay accounting and other administrative costs that were previously paid by indirect charges against federal funds. The anticipated revenues from indirect charges are addressed by language in the bill that requires a reversion of general fund if actual recoveries are higher than currently anticipated. Because of the short-fall of these indirect revenues, the general fund had to be increased nearly \$315,000.

Eight FTE are eliminated from this office. The superintendent will use her discretion in selecting which positions will be eliminated.

The office was authorized \$90,769 general funds to purchase new data processing equipment.

The committee authorized expenditure of federal funds for the addition of 2 FTE for food distribution and 1 FTE for a reading development program.

Special education staff was increased by two for review and approval of district special education budgets. The individuals will be supported by federal funds. Except for pay increases, federal special education funds in the amount of \$521,297 will be used in the biennium for program administration.

School Lunch

General Fund	1,238,570	1,395,000	12.6
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The figures are based upon six percent per year increases in reimbursement rates and three percent per year increases in numbers of lunches served.

School Transportation

General Fund	6,874,000	7,409,000	7.8
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The recommendation is based upon increases in reimbursement rates for bus transportation from 45¢ per mile and 2¢ per mile per seat over 50 seats to 50¢ and 2¢ in fiscal 1980 and 55¢ and 2¢ in fiscal 1981.

VOCATIONAL TECHNICAL CENTERS

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$ 7,042,721	\$ 7,391,027	4.9
Other Funds	<u>3,751,644</u>	<u>4,937,131</u>	<u>31.6</u>
Total	\$10,794,365	\$12,328,158	14.2
FTE	237.16	237.16	

The vo-tech centers' operations and staff are continued at the fiscal year 1978 level with allowances made for inflation. Sufficient funds are appropriated to fund all programs existing during fiscal 1978. No funds are appropriated for new or expanded programs. The appropriation includes funds for employee salary raises at the same rate provided state employees.

Included in the other funds appropriated are federal funds, student fees, millage and unrestricted funds. The large increase in other funds is due to an increase in the millage from one mill in the 1979 biennium to 1.25 mills in fiscal 1980 and 1.5 mills in fiscal 1981. The appropriation for student fees is increased. In order for the student fees to meet the fee revenue appropriated, it will be necessary for the board of public education to raise student fees.

The appropriation bill allocates funding among the centers. The funds are appropriated in three broad categories--personal services, operations and capital. The centers will be prohibited from transferring funds from operations or capital to personal services. The board of public education will have the authority to transfer funds between the centers.

The appropriation includes adequate funds to support the new facility to be constructed in Billings.

*Student fees - In Vo tech enrollment,
\$40 now increase to \$80.*

PUBLIC SCHOOL SUPPORT

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$72,700,000	\$78,810,000	8.4
Other Funds	<u>16,200,000</u>	<u>17,000,000</u>	<u>4.9</u>
Total	\$88,900,000	\$95,810,000	7.8

The general fund appropriation recommended would fund an increase in schedules of eight percent in fiscal 1980 and ten percent in fiscal 1981. The increase in other funds reflects a slightly higher allocation of federal revenue sharing.

Total expenses for special education are increased seven percent per year from fiscal 1979.

The appropriation allows the same inflationary increases calculated for other state agencies.

A ceiling is established for special education programs at \$48.26 million.

expect no deficiency levy.

School foundation funding.

8% 1980 - 10% 1981

ADVISORY COUNCIL FOR VOCATIONAL EDUCATION

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
Other Funds	\$160,463	\$150,000	(6.5)
FTE	2.0	2.0	

The advisory council for vocational education is given full appropriation authority for federal funds anticipated in the 1981 biennium.

In the 1979 biennium the council anticipated and received legislative authority for \$100,000 of federal funds. Additional funds became available and spending authority was obtained by budget amendment.

The council anticipates developing and providing technical assistance to local advisory committees with the additional federal funds. Contracted services will be used to provide the additional services and no FTE will be added to the council's staff.

STATE LIBRARY COMMISSION

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$ 634,000	\$ 634,000	-0-
Other Funds	<u>581,151</u>	<u>542,754</u>	<u>(6.6)</u>
Total	\$1,215,151	\$1,176,754	(3.2)
FTE	25.5	24.5	

The state library commission is appropriated \$317,000 general fund each year of the biennium--the same general fund appropriation as the 1979 biennium. The reason general fund support of the state library commission is held constant is due to the library's funding history. In 1975, the state library received a budget amendment to pass federal funds, normally used for operations, on to library federations. As a result, general fund support increased to approximately \$317,000 in fiscal 1976 which was significantly higher than previous years. Due to federal maintenance of effort requirements, the state must continue to provide at least \$317,000 each year to continue receiving federal funds. General fund will pay 54 percent of the pay raises. Federal funds received in excess of the amount necessary to support the state library commission will be passed on as grants to library federations.

Reasons for total funds dropping include:

1. The elimination of an administrative officer position in the administration program;
2. The reduction of out-of-state travel;
3. Discontinued CETA funds;
4. One-time expenses relating to the pre-white house conference on libraries incurred in the 1979 biennium.

HISTORICAL SOCIETY

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$ 806,730	\$ 914,980	13.4
Other Funds	<u>1,591,809</u>	<u>992,073</u>	<u>(37.7)</u>
Total	\$2,398,539	\$1,907,053	(20.5)
FTE	40.75	40.25	

The increase in general fund appropriation is attributed to the following changes:

1. The director's position in the administration program is included at grade 20 rather than grade 18.
2. The business manager position in the administration program is included at grade 16 rather than grade 15.
3. Three additional FTE are added to the historic sites program. Two of the FTE are professionals required under federal regulations. The other FTE is a clerical position for the program.
4. General fund of \$17,598 over the biennium is included to cover the anticipated loss in the magazine program.

Changes affecting other funds include:

1. Eliminating a federally funded accountant position which worked for the Libby Dam project. The accountant's duties will be handled with existing staff and the society will receive indirect costs from the federal government for these services.
2. Eliminating 1.5 FTE in the magazine program. The FTE handled subscription services which are now contracted out.
3. Reductions in the merchandising program which were made by the society to control costs.
4. In the 1979 biennium, \$465,000 was included in other funds for the purchase of the painting "When the Land Belonged to God".

SCHOOL FOR THE DEAF AND BLIND

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$2,251,102	\$2,070,333	(8.0)
Other Funds	<u>969,163</u>	<u>1,176,019</u>	<u>21.3</u>
Total	\$3,220,265	\$3,246,352	.8
FTE	95.05	96.05	

The reduction in the general fund appropriation results primarily from appropriating interest and income funds from school lands which have accumulated in the school's accounts. Other general fund reductions result from utilizing federal special food reimbursements in place of general fund money and reducing travel funds in the administration program.

Included in the school's general fund appropriation is \$25,000 each year of the biennium for the transportation of students on weekends between the students' residences and the school. In the 1979 biennium, these costs were paid by the students' respective school districts. This procedure required a number of transactions between the school for the deaf and blind, the students' parents, and the local school districts. The school for the deaf and blind initially paid the transportation costs. The students' parents were then required to submit claims to the school districts and subsequently reimburse the school for the deaf and blind. Appropriating funds directly to the school for these transportation costs will eliminate the unnecessary paper work.

The increase in other funds appropriated is due to additional federal Title I funds anticipated by the school. These funds are specifically earmarked for supplementary services. Therefore general fund has not been reduced due to the availability of these additional funds. The additional FTE added to the education program will be supported entirely with federal Title I funds.

ARTS COUNCIL

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$133,245	\$142,816	7.2
Other Funds	<u>72,016</u>	<u>379,411</u>	<u>526.8</u>
Total	\$205,261	\$522,227	254.4
FTE	4.0	4.0	

The appropriation to the Montana arts council provides funds for travel and per diem of council members and funds for operation of the council's office and staff.

The arts council's operations are continued at current level. Administrative operating costs of the council and its staff are divided equally between general fund and federal funds. The increase in other funds results from appropriating funds relating to the artists in the schools program. These are not new funds but have previously been spent outside of the budget. The council will be prohibited from using spending authority in the "artists in the schools" program to supplement the council's administrative operations.

Included in the current level general fund appropriation to the council is \$39,473 to help local communities match federal grants. The funds are available only to match federal grants and cannot be used to supplement the council's operating costs.

Butte

SUPERINTENDENT OF PUBLIC INSTRUCTION

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
1. Chief State School Officer	1,587,590	2,717,628	1,558,007	2,860,712
2. School Lunch	665,400		729,600	
3. School Transportation	<u>3,557,000</u>		<u>3,852,000</u>	
Total Superintendent of Public Instruction	5,809,990	2,717,628	6,139,607	2,860,712

The appropriation of "Other Appropriated Funds" for item 1 contains \$284,263 in fiscal 1980 and \$344,376 in fiscal 1981 for internal transfers of indirect costs. To the extent indirect costs in excess of these amounts are recovered, the appropriated general fund shall revert.

PUBLIC SCHOOL SUPPORT

1. Foundation Support	24,530,000		25,410,000	
2. Permissive Support	13,320,000	8,500,000	14,550,000	8,500,000
3. Special Education Emergency Contingency	<u>500,000</u>		<u>500,000</u>	
Total Public School Support	38,350,000	8,500,000	40,460,000	8,500,000

All revenues received under provisions of 20-9-343 for state equalization aid are appropriated.

Within the above appropriations and funds received under provisions of 20-9-343 there are \$25,470,000 in fiscal 1980 and \$21,790,000 in fiscal 1981 to support the maximum-budget-without-a-vote for special education. The appropriation in item 3 is for emergencies that may arise in special education programs at local districts. A district's board of trustees may apply for an allocation from these funds by presenting a child study team report and individual educational plan for each child relating to the unforeseen expense and a current listing of programs, caseloads and related costs to the superintendent of public instruction.

The appropriation in item 3 is for the biennium and the specific amounts may be transferred between fiscal years.

Notwithstanding other provisions of law, the superintendent shall not approve a maximum-budget-without-a-vote for special education which, in the aggregate, exceeds \$48,260,000 in the 1981 biennium.

The appropriation in item 2 is made to the permissive levy account and notwithstanding 20-9-352 shall be used to offset a permissive levy deficiency.

Other appropriated funds in item 2 is revenue received by the state under provisions of P.L. 94-488, the federal revenue sharing extension act. Revenue sharing received by the state in excess of the amounts appropriated may be spent only to reduce levies authorized under provisions of 20-9-351 (3) and 20-9-352.

Federal funds to support special education programs in excess of \$5.95 million during the 1981 biennium shall be placed in a reserve and not spent until appropriated by the 1981 legislature.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
ADVISORY COUNCIL FOR VOCATIONAL EDUCATION		75,000		75,000
STATE LIBRARY COMMISSION	317,000	267,284	317,000	275,470

Pay raises shall be paid with 54 percent general fund and 46 percent federal funds. ISCA Title I and Title III funds received in excess of other funds appropriated and in excess of federal funds needed to meet 46 percent of employee pay raises shall be passed through as grants to local libraries.

MONTANA HISTORICAL SOCIETY

1. Administration, Library, Archives, & Museum Program	407,129	108,352	398,409	110,217
2. Historic Sites Program	45,819	45,819	46,025	46,025
3. Magazine Program	13,059	121,110	4,539	133,221
4. Merchandising Program		84,268		84,761
a. Goods Purchased for Resale		126,000		132,300
Total Montana Historical Society	466,007	485,549	448,973	506,524

Of other funds appropriated for the museum program, \$20,000 is restricted each year to contract artifact and painting conservation.

Appropriation authority for goods purchased for resale must be expended only for that purpose.

The office of budget and program planning shall monitor all expenditures for compliance with the appropriation.

SCHOOL FOR THE DEAF AND BLIND	1,010,700	602,702	1,059,633	573,317
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Notwithstanding section 20-10-142, transportation costs for students who reside outside Cascade county who attend the school for the deaf and blind shall be paid only by the school for the deaf and blind.

MONTANA ARTS COUNCIL

1. General Operations	51,838	186,269	51,505	193,142
2. Local Community Grants	19,198		20,275	
Total Montana Arts Council	71,036	186,269	71,780	193,142

Administrative operating costs of the council and its staff shall be supported equally between federal funds and state general fund.

The general fund grant money is to be used for helping local communities match federal grant funds.

\$28,000

ME

OTHER EDUCATION

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
BOARD OF PUBLIC EDUCATION				
1. Board Costs				
a. Office - Administration	65,475		65,949	
b. Fire Service Training Academy	123,679		123,858	
2. Billings Center				
a. Personal Services	392,422	405,112	396,582	452,650
b. Operations	146,777	151,523	134,162	153,129
c. Capital Expenditures	12,966	13,386	12,953	14,786
3. Butte Center				
a. Personal Services	471,393	300,397	503,622	315,752
b. Operations	49,587	31,599	53,339	33,441
c. Capital Expenditures	12,413	7,911	13,397	8,399
4. Great Falls Center				
a. Personal Services	453,167	322,085	483,584	342,698
b. Operations	84,348	59,949	90,269	63,971
c. Capital Expenditures	12,797	9,097	13,738	9,735
5. Helena Center				
a. Personal Services	768,289	377,803	825,977	392,095
b. Operations	174,798	85,957	188,466	89,465
c. Capital Expenditures	22,609	11,118	24,633	11,693
6. Missoula Center				
a. Personal Services	768,501	477,924	817,247	507,687
b. Operations	200,583	124,741	214,078	132,989
c. Capital Expenditures	23,246	14,457	25,084	15,582
Total Board of Public Education	3,783,050	2,393,059	3,986,938	2,544,072

The board of public education shall be provided office space free of charge in the building leased by the state and paid from the appropriation to the commissioner of higher education. The fire service training school shall be provided office, classroom, and storage space in the Great Falls vocational-technical center at no charge.

The board of public education may transfer funds between operations and capital within each vocational education center or between vocational education centers. No funds appropriated herein for operations and capital expenditures at the vocational education centers may be transferred to personal services. Personal services include salaries, wages and employee benefits.

75,000
75,000

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY				
1. Personal Services	1,596,449	1,064,299	1,740,001	1,112,459
2. Operating Expense	314,859	209,906	338,430	216,373
3. Capital	80,475	53,650	86,725	55,447
4. Scholarships & Fellowships	56,986	37,991	56,986	37,991
5. Supplemental	73,452	69,515	81,881	61,086
Subtotal	2,122,221	1,435,361	2,304,023	1,483,356
6. Designated Subfund				
a. Motor Pool		34,000		34,000
b. Computing Center		60,289		66,022
Subtotal		94,289		100,022
Total Montana College of Mineral Science and Technology	2,122,221	1,529,650	2,304,023	1,583,378
NORTHERN MONTANA COLLEGE				
1. Personal Services	1,878,080	767,103	2,036,912	792,133
2. Operating Expense	367,634	150,160	397,047	154,407
3. Capital	88,090	35,980	94,691	36,824
4. Scholarships & Fellowships	63,598	44,602	67,805	40,395
Subtotal	2,397,402	997,845	2,596,455	1,023,759
5. Designated Subfund				
a. Service Shop		156,703		167,431
b. Computing Center		84,242		89,921
c. Motor Pool		12,597		19,091
Subtotal		253,542		276,443
Total Northern Montana College	2,397,402	1,251,387	2,596,455	1,300,202
WESTERN MONTANA COLLEGE				
1. Personal Services	1,134,537	513,780	1,230,054	529,639
2. Operating Expense	191,784	86,851	207,757	89,462
3. Capital	28,792	13,039	30,994	13,117
4. Scholarships & Fellowships	26,533	12,095	27,454	11,174
Total Western Montana College	1,381,646	625,765	1,496,259	643,392

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
BUREAU OF MINES				
1. Personal Services	475,004	58,708	505,256	68,899
2. Operating Expense	155,813	19,258	159,781	21,788
3. Capital	38,254	4,728	40,094	5,467
4. Water Analyzer	105,057			
5. Transfer	156,716	33,788	181,607	20,328
Total Bureau of Mines	930,844	116,482	886,738	116,482

COOPERATIVE EXTENSION SERVICE

1. Personal Services	1,006,769	1,510,153	1,157,498	1,534,357
2. Operating Expense	187,186	280,779	204,044	270,476
3. Capital	3,163	29,457	18,000	15,556
Subtotal	1,197,118	1,820,389	1,379,542	1,820,389
4. Designated Subfund				
a. Multilith		195,491		209,743
Total Cooperative Extension Service	1,197,118	2,015,880	1,379,542	2,030,132

Any Smith-Lever or Title V rural development funds received in excess of \$1,820,389 shall cause an equal amount of general fund to revert. All Smith-Lever and Title V rural development funds available to the cooperative extension service are to be expended each fiscal year.

AGRICULTURE EXPERIMENT STATION

1. Personal Services	2,249,403	1,817,103	2,625,911	1,750,607
2. Operating Expense	657,182	536,058	758,110	505,406
3. Capital	98,487	75,184	96,645	87,454
4. U.S. Range Station		707,227		759,835
5. Hanson & Denzer Property Payments	28,649			
Total Agriculture Experiment Station	3,033,721	3,135,572	3,480,666	3,103,302

From H.B. 282 of the 45th legislature there is \$18,750 general fund reappropriated for the last payment on the Denzer property.

Any Hatch and regional research funds received which when added together exceed \$1,253,737 shall cause an equal amount of general fund to revert. All Hatch and regional research funds available to the agriculture experiment station are to be expended each fiscal year. All interest earned on earmarked revenue belongs to the state general fund. All earmarked revenue funds over \$100,000 ending fund balance on June 30, 1981 shall revert to the state general fund.

The U.S. range station expenditures shall not exceed those appropriated and the U.S. range station current operating account shall revert all funds over \$100,000 ending balance on June 30, 1981 to the state general fund.

The designated cattle replacement fund expenditures shall be used only to replace cattle and to transfer funds to the U.S. range current unrestricted subfund.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
MONTANA STATE UNIVERSITY				
1. Personal Services	11,557,740	8,718,996	12,667,769	9,023,617
2. Operating Expense	2,036,078	1,535,989	2,191,447	1,561,030
3. Capital	626,229	472,419	680,107	484,460
4. Scholarships & Fellowships	315,828	212,592	320,559	207,861
Subtotal	14,535,875	10,939,996	15,859,882	11,276,968
5. Designated Subfund				
a. Service Shop		1,438,639		1,534,225
b. Motor Pool		152,830		162,194
c. Computing Center		736,621		787,027
Subtotal		2,328,090		2,483,446
Total for Montana State University	14,535,875	13,268,086	15,859,882	13,760,414

Federal nursing capitation of \$109,431 in fiscal 1980 and \$116,517 in fiscal 1981 is included in the above appropriations.

UNIVERSITY OF MONTANA

1. Personal Services	10,002,982	6,634,001	10,966,150	6,826,481
2. Operating Expense	2,488,725	1,641,939	2,666,936	1,651,988
3. Capital	559,670	369,243	607,894	376,550
4. Scholarships & Fellowships	333,779	220,594	343,220	211,153
Subtotal	13,385,156	8,865,777	14,584,200	9,066,172
5. Designated Subfund				
a. Service Center		919,447		981,201
b. Computing Center		800,796		846,799
c. Office Stores		190,375		202,431
d. Motor Pool		160,290		170,699
Subtotal		2,070,908		2,201,130
Total University of Montana	13,385,156	10,936,685	14,584,200	11,267,302

EASTERN MONTANA COLLEGE

1. Personal Services	3,659,163	1,970,318	3,974,421	2,047,429
2. Operating Expense	1,175,974	633,216	1,274,226	656,420
3. Capital	165,188	88,948	177,794	91,591
4. Scholarships & Fellowships	72,095	108,517	107,534	73,078
Subtotal	5,072,420	2,800,999	5,533,975	2,868,518
5. Designated Subfund				
a. Services Center		500,622		536,147
b. Computing Center		371,908		396,205
c. Motor Pool		22,779		24,146
d. Stores		70,401		74,729
Subtotal		965,710		1,031,227
Total Eastern Montana College	5,072,420	3,766,709	5,533,975	3,899,745

HIGHER EDUCATION

For units of the university system other than the office of the commissioner of higher education, the appropriations made under the column heading, "Other Appropriated Funds", are from funds within current unrestricted funds unless otherwise indicated.

All funds, other than plant funds and those specifically appropriated herein, may be spent and are appropriated contingent upon approval by the board of regents by July 1 of each year of a comprehensive program budget containing a detail of revenues and expenditures and anticipated fund balances of current funds, loan funds, and endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund accounting entities shall be clearly identified in the state budgeting and accounting system.

Programs for the university budgets include instruction, organized research, public service, academic support, institutional support and operation and maintenance of plant.

Included within other appropriated funds to the six institutions is the sum of \$9,915,528 in fiscal 1980 and \$10,393,944 in fiscal 1981 from revenues generated under the provisions of House Bill 191, 46th legislature.

Unit	Student-Faculty Ratio	Average Faculty Salary	
		Fiscal 1980	Fiscal 1981
Montana State University	19:1	21,130	22,457
University of Montana	19:1	21,130	22,457
Eastern Montana College	19:1	19,017	20,211
Western Montana College	16.6:1	19,017	20,211
Northern Montana College	16:1	19,017	20,211
Montana College of Mineral Science and Technology	16:1	19,968	21,222

The student-faculty ratios and average faculty salaries shown above were used by the 46th legislature in determining appropriations to the respective units. The board of regents is authorized to transfer the appropriations for personal services between the six universities and colleges in order to maintain the intended faculty salaries and student-faculty ratios.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
BOARD OF REGENTS		20,127		20,225

The legislature intends to provide only one out-of-state trip, except in extraordinary circumstances, for one regent member each year of the 1981 biennium.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
COMMISSIONER OF HIGHER EDUCATION				
1. Office Administration	534,787	41,500	567,385	41,900
2. WAMI	1,268,866		1,351,114	
3. WICHE-Student Assistance Program	724,582	641,918	829,082	641,918
4. WICHE-Administrative Dues	39,000		39,000	
5. University of Minnesota-Rural Dentistry	164,900		164,800	
6. Federal Incentive Matching Money	150,297	299,703	150,297	399,703
7. NDSL	<u>100,000</u>		<u>100,000</u>	
Total Commissioner of Higher Education	2,982,432	983,121	3,201,678	1,083,521

The above appropriations may be spent only for the purposes specified.

Other appropriated funds in item 3 are generated under provisions of 90-6-211.

COMMUNITY COLLEGES

1. Miles Community College	512,350	551,907
2. Dawson Community College	516,345	553,311
3. Flathead Community College	<u>911,395</u>	<u>975,530</u>
Total Community Colleges	1,940,090	2,080,748

Funds generated from student fees and mandatory mill levys, in excess of the funds necessary to provide 35 percent of the respective college's operating budget, shall be used to reduce the following year's mandatory mill levy provided in 20-15-303(b).

The above appropriations provide 65 percent of the respective operating budgets that shall be approved by the board of regents pursuant to 20-15-302 and 20-15-303. The remaining 35 percent of the operating budget shall be financed from student tuition and fees and a mandatory mill levy as provided in 20-15-303. The board of trustees of a community college district may elect to adopt a general fund budget in excess of 100 percent of the operating budget specified herein, only with the approval of an additional mill levy proposition as provided in 20-15-306.

COMMISSIONER OF HIGHER EDUCATION

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
Office Administration			
General Fund	\$1,246,180	\$1,102,172	(11.6)
Other Funds	89,603	83,400	(6.9)
Total	\$1,335,783	\$1,185,572	(11.2)
FTE	19.0	18.0	

Office Administration - The office of commissioner of higher education is funded to maintain all the full-time equivalent employees paid from general fund during the 1979 biennium. Operating expenses are trimmed. Ten out-of-state trips are funded. Funds are included for the office to have continuous use of a state motor pool car.

No housing or utility costs are included for the commissioner of higher education.

Full rent and utilities for the office leased by the commissioner are funded in this budget. The board of public education's staff is to be housed in the building with no charge.

Summary

The general fund appropriation is \$204,149 above the LFA recommendation and \$72,572 below the executive budget.

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
Student Assistance			
General Fund	\$5,666,635	\$4,998,638	(11.8)
Other Funds	359,583	2,066,642	474.7
Total	\$6,026,218	\$7,065,180	17.2

WAMI, a cooperative medical program with Washington, Alaska, Montana and Idaho, is funded as requested. This provides for 60 medical students at the university of Washington: 20 in each class. The freshmen are trained at Montana state university.

WICHE, a cooperative program between 13 western states, provides medical educational opportunities not otherwise available. Funding is provided for all programs except for beginning students in physical therapy. The university of Montana is funded to begin a physical therapy program in fiscal 1980.

WICHE dues are funded at \$39,000 a year.

Minnesota dentistry is funded for all continuing students and four new freshmen each year.

Student incentive grants are funded with constant general fund. Spending authority is given for other funds to match all federal funds which might be available to private schools or above the general fund provided.

General fund is provided to match federal funds available on a 9:1 match for NDSL student loans.

The general fund decreases because coal tax revenue allocated to higher education funds part of the WICHE program and allowances for private schools and other funds are used as match for student incentive grants.

Summary

The general fund appropriation is \$365,057 above the LFA recommendation and \$1,938,778 below the executive budget.

COMMUNITY COLLEGES

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$3,847,857	\$4,020,838	4.5

The community colleges' operating budgets are funded with student fees, property taxes and a state general fund appropriation. The operating budgets are funded with 35 percent local funds and 65 percent state funds. The local share is first funded with student fees and the remaining local share is funded with a mandatory mill levy on the community college districts. The community colleges also have the option of raising additional funds through a voted levy on the community college districts.

There were two reductions to the 1978 general fund base for community colleges because:

1. The 1977 legislature appropriated additional funds to support 65 percent of the fringe benefits with general fund. The remaining 35 percent was to be generated through the mandatory mill levy. Prior to the 1977 legislature, employee benefits were paid from a separate mill levy on the community college district. However, in the 1979 biennium after the legislature allowed fringe benefits in the "65/35 budget", the community colleges again raised funds for employee benefits through the special levy on the community. Therefore, general fund put in the 1979 biennium budgets for fringe benefits has been eliminated.

2. The 1977 legislature allowed funds in for added faculty to cover anticipated enrollment increases. As enrollment anticipated did not materialize, the added faculty were removed.

After the above two adjustment, appropriations to the community college budgets were developed by projecting the fiscal 1978 "65/35 operating budgets" forward to the 1981 biennium.

Included in the appropriation to the community colleges are funds necessary to operate two new facilities at Miles community college. The facilities were constructed with coal impact funds allocated by the coal board. The additional amounts appropriated of \$28,103 in 1980 and \$30,057 represent 65 percent of the projected costs for one FTE custodian and operating costs of the new facilities. The remaining 35 percent will be generated from the mandatory levy or the community college district.

UNIVERSITY SYSTEM - SIX UNITS
Current Operating Accounts - Summary

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$ 67,925,146	\$ 81,269,514	19.6
Other Funds	50,294,323	52,028,179	3.4
Total	\$118,219,469	\$133,297,693	12.8
FTE	2,604.51	2,583.41	

Major components of the university budget are enrollment, faculty costs, other salary costs, operating expenses, capital, scholarships and new programs.

Enrollment is declining at all units except MCMST. As it is difficult to make enrollment adjustments immediately, a three-year rolling average is used for the units. The unrestricted three-year enrollment average is shown below.

<u>Unit</u>	<u>Enrollment</u>
MSU	9,309
UM	7,842
EMC	2,975
MCMST	1,056
NMC	1,213
WMC	602
Total	22,997

MCMST is the only unit with increasing enrollment. The committee feels MCMST is entitled to a supplemental appropriation due to enrollment over-runs in the 1979 biennium. It is included in the 1981 biennium appropriation. This addition will help MCMST hire faculty and increase operations above the three-year rolling average enrollment.

Faculty costs are determined by applying student-faculty ratios to average faculty salaries.

BOARD OF REGENTS

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$28,290	\$40,352	42.6

Funds are appropriated to provide board per diem, travel and dues. The amount provided is increased to allow sufficient meetings for the regents to manage and coordinate the university system.

Operational costs of the board are to be paid by the office of commissioner of higher education. It is the intent to provide only one out-of-state trip, except in extraordinary circumstances, for one regent member each year of the 1981 biennium.

Summary

The general fund appropriation is \$10,000 above the LFA recommendation and \$9,343 above the executive budget.

HIGHER EDUCATION
1981 Biennium

	<u>FTE</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Executive Budget	3,123.23	\$ 94,490,846	\$61,197,782	\$155,688,628
LFA Recommendation	3,170.13	89,536,265	69,061,659	158,597,924
House Bill 483 ¹	3,081.00	102,340,043	70,559,812	172,899,855

1. Includes pay plan.

Recommended Faculty Salary Increases and Student-Faculty Ratios

Student/ Faculty Ratio	Unit	Budgeted 1979	% Change	Budgeted 1980	% Change	Budgeted 1981
19:1	MSU	\$19,290	9.54	\$21,130	6.3	\$22,457
19:1	UM	19,108	10.58	21,130	6.3	22,457
19:1	EMC	18,526	2.65	19,017	6.3	20,211
16:1	MCMST	18,748	6.51	19,968	6.3	21,222
16:1	NMC	17,176	10.72	19,017	6.3	20,211
16.6:1	WMC	17,616	7.92	19,017	6.3	20,211

The student-faculty ratios are as requested by the board of regents and recommended by the LFA.

Other salary costs are based on the historical costs per student with pay increases added. Personnel costs for organized research and operation and maintenance of plant are continued at current level. Other than organized research and operation of plant, non-faculty personnel costs per student were averaged between UM and MSU and pay increases are added.

Operating expenses are adjusted by 25 percent of the enrollment change. The fiscal 1978 appropriated level with designated fund adjustments is the starting base for calculating operating expenses. Besides the enrollment adjustment, funds are added to current level operations for under-estimation of utility costs for the 1979 biennium.

Capital expenses are funded on the average expenditures per student for fiscal years 1976, 1977, 1978 and 1979.

Scholarships are funded at the same level per student as in the 1979 biennium.

New costs are added due to transferring eastern Montana college's operating costs of the physical education building to the current operating account from auxiliary funds.

Physical therapy of \$27,000 a year is transferred from WICHE student assistance to university of Montana for an in-state rather than out-of-state program.

Janitors and utility costs are added for new buildings.

Western Montana college has substantially less enrollment than anticipated by the 1977 legislature. Western's appropriation is based on a review of the personnel positions. Operational costs are not adjusted for the enrollment decrease. Capital and scholarships are funded on a per student cost.

Summary

The general fund appropriation is \$9,026,804 above the LFA recommendation and \$9,391,867 above the executive budget.

UNIVERSITIES AND COLLEGES

	1979 Biennium	1981 Biennium	% Increase
<u>Montana State University</u>			
General Fund	\$24,680,364	\$30,395,757	23.2
Other Funds	20,766,280	22,216,964	7.0
Total	\$45,446,644	\$52,612,721	15.8
FTE	1,059.47	1,041.26	
<u>University of Montana</u>			
General Fund	\$23,706,438	\$27,969,356	18.0
Other Funds	17,925,996	17,931,949	-0.03
Total	\$41,632,434	\$45,901,305	10.3
FTE	858.19	844.67	
<u>Eastern Montana College</u>			
General Fund	\$ 8,750,884	\$10,606,395	21.2
Other Funds	5,796,396	5,669,517	(2.2)
Total	\$14,547,280	\$16,275,912	11.9
FTE	304.40	305.70	
<u>Montana College of Mineral Science and Technology</u>			
General Fund	\$3,474,187	\$4,426,244	27.4
Other Funds	2,619,002	2,918,717	11.4
Total	\$6,093,189	\$7,344,961	20.5
FTE	135.87	154.86	
<u>Northern Montana College</u>			
General Fund	\$4,514,384	\$4,993,857	10.6
Other Funds	1,951,649	2,021,604	3.6
Total	\$6,466,033	\$7,015,461	8.5
FTE	150.63	145.17	
<u>Western Montana College</u>			
General Fund	\$2,798,889	\$2,877,905	2.8
Other Funds	1,235,000	1,269,428	2.8
Total	\$4,033,889	\$4,147,333	2.8
FTE	95.95	91.75	

BUREAU OF MINES

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$1,666,285	\$1,817,582	9.1
Other Funds	183,093	232,964	27.2
Total	\$1,849,378	\$2,050,546	10.9
FTE	35.82	31.64	

All current level services are continued. Thirty thousand dollars of the special appropriation during the 1979 biennium for water studies is continued into the 1981 biennium to keep the U.S. geological groundwater survey agreement with the federal government. A water analyzer is recommended. Sales and service income is increased \$25,000 a year to recover the cost of the water analyzer in four to five years.

FTE decrease due to the extra appropriation in the 1979 biennium to study underground water in the Burton bench north of Choteau.

Summary

The general fund appropriation is \$159,969 above the LFA recommendation and \$57,325 above the executive budget.

Recommended 1981 Biennium Current Unrestricted Revenues

Sources	1980 Total	MSU	LM	EMC	MCMST	NMC	NMC
General Fund	538,894,720	\$14,535,875	\$13,385,156	\$5,072,420	\$2,122,221	\$2,397,402	\$1,381,646
Millage	9,915,528	4,008,465	3,366,568	1,290,126	445,946	512,252	292,171
Tuition & Fees	12,175,921	4,878,888	4,767,256	1,292,265	528,000	453,662	255,850
Indirect Cost	2,119,978	1,237,878	532,189	79,000	250,911	8,000	12,000
Miscellaneous	350,966	184,600	63,426	74,440	20,000	3,500	5,000
Athletic							
Land Grant	530,814	272,985	136,338	60,747			60,744
Bureau Transfer	190,504				190,504		
Federal	347,111	347,111					
Designated Transfer	34,921	10,069		4,421		20,431	
Total	\$64,560,463	\$25,475,871	\$22,250,933	\$7,873,419	\$3,557,582	\$3,395,247	\$2,007,411

	1981 Total	MSU	LM	EMC	MCMST	NMC	NMC
General Fund	\$42,374,794	\$15,859,882	\$14,584,200	\$5,533,975	\$2,304,023	\$2,596,455	\$1,496,259
Millage	10,393,944	4,201,805	3,528,947	1,352,353	467,456	536,958	306,425
Tuition & Fees	12,175,921	4,878,888	4,767,256	1,292,265	528,000	453,662	255,850
Indirect Cost	2,266,054	1,340,622	559,467	80,000	265,965	8,000	12,000
Miscellaneous	368,406	195,016	65,983	78,907	20,000	3,500	5,000
Athletics							
Land Grant	562,659	289,364	144,519	64,388			64,388
Bureau Transfer	201,935				201,935		
Federal	368,464	368,464					
Designated Transfer	25,053	2,809		605		21,639	
Total	\$68,737,230	\$27,136,850	\$23,650,372	\$8,402,493	\$3,787,379	\$3,620,214	\$2,139,922

AGRICULTURE EXPERIMENT STATION

	1979 Biennium	1981 Biennium	% Increase
General Fund	\$ 6,231,377	\$ 6,514,387	4.5
Other Funds	5,650,741	6,238,874	10.4
Total	\$11,882,118	\$12,753,261	7.3
FTE	306.56	294.86	

A new microscope is being purchased in fiscal 1979. The appropriation includes \$30,500 general fund in fiscal 1980 and \$32,210 earmarked revenue funds in fiscal 1981 to pay for personal services and operating expenses to utilize the new microscope.

Full-time equivalent positions decrease due to moving part-time dollars valued at \$5,000 per FTE last biennium into classified positions at considerably higher salaries per FTE. In the 1981 biennium a part-time FTE is calculated at \$7,000 rather than \$5,000 as in the 1979 biennium.

A reserve of \$100,000 at the end of each biennium is provided for both the agriculture experiment station's earmarked revenue account and the U.S. range station account. Earmarked revenue is estimated to increase during the 1981 biennium and earmarked funds available above the \$100,000 reserve are used to fund the agency.

Federal funds are held constant at the fiscal 1979 level. General fund is paying for pay increases and inflation. Therefore, language is included in the bill which requires general fund to revert if federal dollars increase above the fiscal 1979 level.

Summary

The general fund appropriation is \$1,363,523 above the LFA recommendation and \$17,968 above the executive budget.

COOPERATIVE EXTENSION SERVICE

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$2,273,786	\$2,576,660	13.3
Other Funds	<u>2,556,919</u>	<u>3,640,778</u>	<u>42.4</u>
Total	\$4,830,705	\$6,217,438	28.7
FTE	123.19	153.09	

All Smith-Lever and Title V rural development funds are included in the current unrestricted subfund. In the 1979 biennium there were three separate funds for the Smith-Lever dollars. The federal funds are held constant at the fiscal 1979 level. General fund is paying for all pay increases and inflation. Therefore, language is included in the appropriation bill which requires federal funds to be used to support the on-going programs and revert general fund if federal dollars increase above the fiscal 1979 level.

The EDEAM and KEEP programs are discontinued. A sheep specialist is added. Travel for out-of-state trips is reduced. However, the agency's discretion is to be used for the amount of travel money allocated between in and out-of-state travel.

Summary

The general fund appropriation is \$1,016,464 above the LFA recommendation and \$220,449 above the executive budget.