

MINUTES OF THE MEETING OF THE JOINT APPROPRIATION SUBCOMMITTEE
ON EDUCATION
January 17, 1981

The Appropriations Subcommittee on Education convened in Room 104 of the Capitol Building on Saturday, January 17, 1981 at 7:30 a.m. with Chairman Gene Donaldson presiding. All members were present.

EXECUTIVE SESSION

Executive Session was opened to discuss supplementals. First item under discussion was the budget of the Cooperative Extension Service as outlined in EXHIBIT 1 and presented by Curt Nichols of the Legislative Fiscal Analysts Office. Mr. Nichols pointed out that an increase in the budget was partly due to two new programs being funded, i.e., Public Health and Coyote Air Hunt. Net cost to the General Fund would be about \$114,000.

REP. BENGTON asked if the two programs are included in the next year's budget. The answer was yes.

REP. THOFT asked if the increase can be justified. Mr. Nichols said they would have to spend less in fiscal year 1981 and would spend less. They are absorbing the increased costs.

CHAIRMAN DONALDSON asked if they need additional spending authority for the \$104,344. Answer was yes. Mr. Leavitt from the Governor's budget office concurred that the committee give them the increased supplemental.

REP. BENGTON moved that the committee appropriate the supplemental of \$104,344 and increase the spending authority for the same level of funding for the two new programs of Public Health and Coyote Air Hunt. The motion was seconded and let the record show that it PASSED UNANIMOUSLY.

Item number two discussed was the Experiment Station. See EXHIBIT 2. They have actually overspent their budget by \$18,946 in 1980. Mr. Nichols felt they should absorb that shortfall. The agency knows their budget at the beginning of the year and they should live within that budget. Travel is one area that should be trimmed back.

CHAIRMAN DONALDSON stated that revenue comes from the sale of livestock at the station. Is there some reason to think more income has come in this year? Dr. James Welsh said the sale portion of the earmarked funds is very unpredictable. He is projecting \$100,000 to \$150,000 short on the predicted figures.

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CHAIRMAN DONALDSON asked where they would have that type of loss. Answer, that it would be in sales revenue. For example, the dairy herd operation has been reduced.

SENATOR NELSON asked when they reduce the herd, where do the assets go? Dr. Welsh replied they would probably sell the herd and so there would be some offsetting.

REP. BENGTON asked where the \$50,000 comes in. Mr. Nichols said they would overspend their budget by \$60,000 at their current spending rate. Somehow they will have to absorb at least \$50,000. Mr. Nichols recommended they get nothing for a supplemental.

CHAIRMAN DONALDSON asked what is the \$18,946. Mr. Nichols said it is what they have actually overspent and is being picked up in fiscal year 1981.

REP THOFT asked if there is an allowance made for utilities, etc. Mr. Nichols referred to EXHIBIT 2 saying the same schedule was used as for MSU.

DR. WELSH said one serious point of difference is about \$170,000 between the two budgets. Supplies and communications are a vital part of these expenditures. Cannot operate the programs on the indicated operating expenses from the LFA. We have been trying to determine the program level. Should the program be constricted because of cost overruns? Dairy program cancelled because it was a large item. Several other programs have either been cancelled or severely cut back because of funds. Expenses are about as low as they can be. If we bring this program through to a conclusion, it will be to basically close or reduce most of the operation until the end of the year.

REP. BENGTON said that the department has overspent \$64,000. Mr. Welsh replied that they know they must operate at zero point by the end of the year.

CHAIRMAN DONALDSON said he is concerned about where the program is. Everything is down by the budget but expenses would be increased by 34% over the last fiscal year.

It was decided that the LFA staff and Dr. Welsh would work on the problem and come back later to the committee.

Item number three discussed was the supplemental for the Vo-Tech Centers. Presentation was made by Tom Crosser and John Bebee. See EXHIBIT 3. There were some problems between the Vo-Tech and the LFA but after several discussions, things were agreed on by both parties. The Executive recommendation is that the supplemental be approved for a total of \$235,645.

MR. BEBEE pointed out the different options for the committee to use. Options 1 and 2, the State would not pick up any delinquent or protested taxes. Option 3, tuition deficiencies would not be picked up and option 4, there would be no picking up of protested and delinquent taxes.

SENATOR JACOBSON asked if the difference is entirely tuition estimates. The answer was yes. They are committed to certain fixed costs and some contracts which they do negotiate. The estimate for the number of students attending is the same.

CHAIRMAN DONALDSON felt there is a need for the \$235,645 and that it is based on need.

There was some concern about how the funds would be spent and the accounting of them. Rep. Bengtson said the funds cannot be spent with the appropriation. She felt comfortable with a monitoring of the funds and did not insist on separate funds for each type.

CHAIRMAN DONALDSON said it is the intent of this committee to monitor the system.

MAYNARD OLSON of the Office of Public Instruction said that would be satisfactory to his office if the system were monitored.

A representative of the Helena Vo-Tech said if it happened that tuitions were overcollected, the money would be reverted to the general fund.

REP. THOFT made a motion to allow the \$235,645 to Vo-Tech Centers based on their need to continue operation for the current year and for the consideration of any delinquent or protested taxes to not be spent over the figure of \$703,274 for estimated millage. It was seconded and let the record show it PASSED UNANIMOUSLY.

The committee then returned to the discussion on the Experiment Station. Dr. Welsh stated that some of the costs in the communications column were due to increased mailings to scientists, etc. The current utilities cost is the same increase that was given to MSU.

MR. LEAVITT of the Governor's Office said he felt there were places to tighten down.

DR. WELSH said his department is estimating expense and revenue also.

Meeting adjourned at 9:15 a.m.

The meeting reconvened in Room 103 at 2:10 p.m. with all members present and Chairman Donaldson presiding.

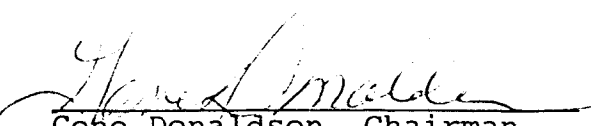
The representatives of the Governor's Office and the LFA reached a compromise with Dr. Welsh and his department of \$187,633. It is somewhere between the high AES figure of \$215,000 and the low LFA figure of \$162,000. Mr. Leavitt felt the regents will agree to the \$187,633. Also, everyone agreed there should be a reversion clause.

DR. WELSH felt the information presented was reasonable.

REP. BENGTON felt there should be a reversion clause so that any money that comes in over the \$800,000 earmarked revenue funds would revert. The discussion centered on sales revenue. Interest income goes to the general fund.

REP. BENGTON moved that the committee give the Agricultural Experiment Station \$187,633 with a reversion clause stating that any money over the \$800,000 in the earmarked revenue account revert to the general fund. Any Hatch and federal money that comes in above \$187,633 also go into a reversion clause. It was seconded and let the record show that it PASSED UNANIMOUSLY.

Meeting adjourned at 2:25 p.m.


Gene Donaldson, Chairman

Cooperative Extension Service

1

FY80

\$ 128,124 Added Smith-Lever Funds in FY80

14,364 New Federal Restricted Programs

113,760

Public Health \$6840

Coyote Air hunt 7520

\$14364

113,760 Added Smith-Lever Funds in FY80 that should have caused a reversion

FY81

113,760 Reversion From FY8

104,344 FY81 Supplemental (CES Request)

59,416 Net Reduction in FY81 General Fund Approval

15,500 Increased Smith-Lever Funds for FY81 related to new restricted programs

Points for discussion

(1) Is supplemental necessary, just right, or insufficient?

(2) How much Smith-Lever authority should be added in FY81, reducing reversion?

Account	Fiscal 1950	Fiscal 1951	% Increase	AES	Personnel
Personnel Services	4017757	4326775	7.6	4371571	972
Contracted Services	144140	161163	11.8	170288	207
Supplies	536677	516107	1.8	645603	303
Communications	60385	65715	5.8	80780	38
Travel	109246	122237	12.7	115000	62
Rent	66012	80703	24.7	37477	(21)
Utilities	178555	237001	33.7	245425	375
Repairs and Maintenance	134140	117175	(11.1)	150745	05
Other	4000	4723	19.2	9473	107
Totals	1070034	1321577	23.8	1400001	228
Equipment	162190	177677	10.8	135184	13.9
	5452263	5830216	8.0	612748	

Indicates Travel 75 Appropriated Level
 Amount is probably over Antag
 Personnel paid number indicated = possible persons

Fiscal 1980

	Appropriated <u>HB 483</u>	Actual <u>Expenditures</u>	(over) <u>under</u>
Personnel Services	4,066,506	\$4,019,939	46,567
Operating Expenses	1,193,240	1,270,234	(76,994)
Equipment	173,671	162,190	11,481
TOTAL	5,433,417	5,452,363	(18,946)
General Fund	3,005,072	3,010,693	(5,621)
Match and Regional	1,253,737	1,313,604	(59,867)
Enrmarked	1,174,608	1,128,066	46,542

In fiscal 1980 The AES should have used it full enrmarked appropriation and reduced general fund in proportion to increased match and Regional Funds as required by HB 483.

Fiscal 1981

	Appropriated <u>HB 483</u>	LFA <u>Estimate</u>	(over) <u>under</u>
Personnel Services	\$ 4,376,510	\$ 4,326,943	\$ 49,575
Operating Expenses	1,263,516	1,331,574	(118,058)
Equipment	184,099	179,699	4,400
TOTAL	5,824,133	5,888,216	(64,083)
General Fund	3,480,666	3,415,045	65,621
Match and Regional	1,253,737	1,253,737	-
Enrmarked	1,089,730	1,219,434	(129,704)

In Fiscal 1981 AT current expenditure rates the AES would overspend its budget by \$64,083. They should use Enrmarked fund to cover this shortage.

reflect over expenditure and availability of Hatch
and regional Funds in FY80 $\$5621 + \$60,000 = \$65621$
Any added Hatch and Regional Funds that become
available in FY81 should cause an equivalent
revision

I anticipate earmarked revenues of $\$1,168,622$
to be available. Therefore the AES would
have to absorb $\$1,219,434 - 1,168,622 = \$50,812$
in their budget.

Examined Revenues

FY 81 Beginning Balance	\$ 250,807
FY 81 Revenues	<u>950,646</u>
	\$ 1,201,453
Plant Funds	<u>106,961</u>
	1,308,414
Interest to Low Fund	<u>139,792</u>
Available in FY 1981	\$ 1,168,622

Year	Revenues		
	Thru December	Total Year	% in December
1978	\$ 376,146	\$ 810,679	46
1979	414,406	1,005,343	41
1980	412,637	829,053	50
	—	Projected —	—
1981	494,336 [†]	950,646 [*]	52 [*]

[†] Actual collections thru Dec 31, 1981

* LFA "conservative" estimate

1981 Executive (Supplemental)

1981

General Fund average

132524

(replace general fund that was taken off part in 1980)

Other funds average

103121

(made up of \$98230 average in mileage + \$4885 average in tuition)

Total General fund being requested for supplemental

235645

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Millage Information

	2	3	4	5	6	7	8
	FY 1980	FY 1980	FY 1980		FY 1981	FY 1981	FY 1981
	Actual Collection	Perfect Collection	Approp'd Collection		Estimated Collection	Perfect Collection	Approp'd Collection
Belling	213422	226175	227064		257738	280150	286879
Bottle	59789	67043	70486		72900	79239	88423
Switzfall	112811	115541	119541		124659	135499	150662
Helena	66148	72242	69698		78523	85351	87822
Missoula	117574	146019	148491		169454	184190	187724
Total	569744	627020	635280		703274	764429	801510

\$ 57276
this amount
was delinquent
or protected taxes
of the counties

\$ 8260 estimate was
incorrect

\$ 61555
this amount
was delinquent
or protected taxes
of the counties.

\$ 43708 estimate was
incorrect

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	1	2	3	4	5	6	7	8	9	10
General Fund										
<u>Option I</u>	235645 =		1980 Mileage Dependency + 56871	1980 Mileage Dependency + 75653	1980 Mileage Dependency + 98236	1981 Mileage Dependency + 4885	1981 Mileage Dependency + 4885	1981 Mileage Dependency + 4885	1981 Mileage Dependency + 37081	1981 Mileage Dependency + 37081
			132524							
Option I	125879 =		+ 56871	+ 75653	+ 98236	+ 4885	+ 4885	+ 4885	+ 37081	+ 37081
Option II	169605 =		+ 56871	+ 75653						
Option III	155107 =		56871		98236					
Option IV	174490		56871	75653				4885	37081	37081

Row 5 and Row 9 the estimate error in mileage is the difference between what was appropriated and collection of Perfect Miles.